



Accountability State Authority
SAI EGYPT

**A Success story from SAI Egypt in the field of Auditing and Controlling
SDGs
"Protecting the shores of the Arab Republic of Egypt from the Climate
Changes "**



SUSTAINBLE DEVELOPMENT

GOAL 13

Take urgent action to combat
climate change and its impacts*




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Introduction

Egypt is characterized by its northern coastal borders on the Mediterranean Sea, and its eastern coastal borders on the Red Sea. Egypt is exerting great efforts to protect and preserve these shores from the climatic changes affecting them which may lead to the loss of the highly productive agricultural lands in the Nile Delta and thus threatening food security as well as the tourism sector along the North-West coast, which has a direct and serious impact on the whole Egyptian economy.

Therefore, Egypt has been keen to exert great efforts to preserve its shores from the adverse impacts of climate changes. During the past years, many projects have been implemented to protect the shores especially as maintaining the sea level provides benefits to the citizens' safety. It also preserves the existing industrial, agricultural and touristic projects on Egypt's coasts which enables achieving the economic development in these area in addition to preserving the archaeological areas located on Egypt's coasts especially in the Delta zone as well as implementing the future economic and social development, and preserving the natural resources for future generations.

In this context, SAI Egypt was keen to implement its role in auditing all the state's national projects in terms of financial, compliance and performance audits.



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First: The State's Efforts for Coastal Protection:

- The State implements projects to adapt to climate changes, among which are the following:
 - ❖ Adapting the North Delta zone that is affected by the sea level rise.
 - ❖ The natural protection of Rashid Coast using the sand mover.
 - ❖ Integrating the coastal protection in 3 Egyptian Mediterranean cities.

The adaptation policy procedures and measures in the coastal zones are mainly dependent on:

- ❖ Developing an integrated coastal zone management plan (ICZM) capable of adapting to Egypt's northern coast's climate, linking the land use development plans to the coastal protection activities.
- ❖ A long-term monitoring of the sea changes as well as an early warning system in order to reduce the impacts of the extreme weather phenomenas.
- ❖ Avoiding the accumulation of plastic wastes in the marine and terrestrial environment.
- ❖ Combating the phenomenon of erosion and the impacts resulting from the sea level rise.
- ❖ Stopping the decline of the coastline and preserving the agricultural lands as well as the coastal investments.
- ❖ Maintaining the safety and stability of the population in the coastal zones.
- ❖ Protecting of the Nile Delta from the intrusion of the seawater.

The Egyptian Public Authority Organization for Shore Protection was established, in the framework of the State's efforts. The Authority's most important objectives were to stop the continuous and increasing decline and erosion of the coasts and try to gain new lands from the sea to be added to the shore, to protect and secure the safety of the tourist and urban



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establishments located on the shore, to protect the coastal agricultural lands as well as preserve the sand dunes that form the shores which are considered the first defense line that protect the shores, in addition to preserving the coastal areas' resorts.

Second: The Challenges Facing the Egyptian Government:

The most important challenges facing the Egyptian government for the mitigation and adaptation measures' projects in the field of protecting the Egyptian coasts are as follows:

- **The funding support:** where the actual implementation of the mitigation and adaptation measures is conditioned by providing an adequate and appropriate international financing through highly concessional conditions and grants where needed.

- **Capacity building and technology transfer.**

- **the human resources needed for the procedures' implementation.**

Third: SAI Egypt's Role in Auditing and Controlling the State's Shores Protection Projects.

SAI Egypt aims to empower auditors in order to help in evaluating the mutual links and the integration aspects between the Sustainable Development Goals (SDGs), to highlight the specific findings and recommendations through the various SDG'S audit processes , and to



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direct governments towards addressing the deficiencies through performing financial, performance and compliance audits, as well as to provide beneficial information for governments and stakeholders and working on the full implementation of the 2030 Agenda.

Fourth: the Auditing process undertaken by SAI Egypt for the State's Shores Protection Projects:

SAI Egypt has developed a model and a framework for implementing a financial audit program for the Egyptian coastal protection projects as well as for monitoring and evaluating the performance during and after the implementation process. This model also ensure the compliance with laws, plans, programs and protocols signed with countries, donors and lenders. On this basis, a model for the audit process was designed in accordance with the INTOSAI auditing standards and the ISAM standards so that this model could achieve the objective of the audit process, where the audit activities are initially carried out for the implementation of these projects and on a regular basis. SAI Egypt has audited 7 projects that were financed through the investment plan and the current State budget as well as through the grants and loans.

SAI Egypt has adopted the auditing procedures that are consistent with the international frameworks and standards in order to implement audit activities according to the following steps:



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**1- Preparing for the
audit process:**

- Initially, SAI Egypt has studied the problem related to the erosion of the Egyptian shores, and the State's plans and projects to solve it, in order to understand the nature of the audit process that will be planned.
- Studying the nature of the companies and entities responsible for implementing these projects to determine the extent of their technical efficiency and solvency.
- Studying the nature and sources of the financing operations for these projects.
- Compiling and familiarizing with the laws related to the shores' protection, the Irrigation and Drainage Law and its executive regulations, the Environment Protection Law and its executive regulations and amendments, the River Nile and Waterways Protection Law and its executive regulations, and the decisions regarding the Egyptian seashores' protection.
- Agreements and protocols regarding financing these projects from grants and loans.
- The laws and the financial and administrative regulations that regulate the spending and purchasing operations, such as the State's General Budget Law and its amendments, the Tenders and Auctions Law as amended by the Law on Regulating Contracts Concluded by Public Authorities, the Financial Regulations for the Budget and Accounts, the Warehouse Regulations, the Governmental Accounting Law and its amendments.
- The contracts, assignment orders and timetables regarding the implementation of these projects.



2. Planning the audit process:

In order to plan the audit process, the following was determined:

•The Audit Objectives:

Audit Objectives:

The audit process aims to achieve a set of objectives, the most important of which are:

- ❖ Verifying the compliance with implementing the laws and regulations in this regard and adhering with the timetable.
- ❖ Ensuring the compliance with spending according to the purposes allocated for these appropriations, auditing the correctness and soundness of accounts, and studying and analyzing the potential cost variances.
- ❖ Determining the performance's efficiency and the management's ability to implement the plans and programs established to solve the problem of the shores erosion.
- ❖ Contributing to achieving effective control over the activities carried out in this regard and evaluating the performance through providing the beneficiary parties with information.
- ❖ Assessing the extent to which the executing companies are capable of progressing as well as fulfilling their obligations, and that there is no inaction in the implementation processes of these projects.
- ❖ Evaluating the policies, programs, practices and systems developed by companies to preserve the environment.



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**Scope of the
audit process:**

Based on the previous study, the audit scope was determined, the audit program was designed and the timeframe identified , in addition to determining the work team that will implement these programs, with regard to the method of the financial, performance as well as the compliance audits.

**Composition of
the audit team:**

Based on the competence and skills of the audit team, the quality of the audit outputs is determined. Therefore, the following steps were taken:

- ❖ Forming an audit team consisting of 1 senior auditor and 4 auditors for each type of audit.
- ❖ With regard to the technical aspects , some specialists and experts were consulted during the audit process.

**Audit program
design:**

The audit program was designed to suit the nature of that activities and to achieve the objective of the audit process.



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**3. Implementation of the
audit process:**

In order to carry out the audit process as well as gather the evidence, the following was implemented:

- ❖ Auditing and evaluating the audit systems as well as evaluating the environmental impacts of the implemented projects .
- ❖ Auditing and examining the financial documents and performing a set of financial analyses.
- ❖ Conducting a series of interviews to obtain the answer of some inquiries related to the implemented operations.
- ❖ Examine the warehouse system to verify the soundness of the storage procedures.
- ❖ Conducting various evaluations of the executed activities in relation to what have been planned, and determining deviations for being corrected.

4.The audit report :

Taking into account the structural aspects of the report, a detailed report on the audit work and the financial, compliance, and performance audits was developed and reported to the Egyptian Shores Protection Authority and to all concerned parties in accordance with the regulations and laws of the Arab Republic of Egypt.



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The most important audit Findings

- Non implementing the achievement according to the required rates, which led to the delay in the implementation of some activities.
- The presence of some administrative obstacles and the delay in obtaining the licenses necessary to start implementing some operations, which led to the modification of their scheduled end dates .
- The presence of some infringements by some companies and individuals on the shores, which negatively affect the coastal environment.

SAI Egypt's Recommendations

- The State, represented by the Ministry of Environment, shall continue to support companies in implementing their projects related to the environment through the technical and financial support.
- Studying the possibility of setting deterrent penalties for those who encroach on the shores' area which is a non-renewable natural resource and represents a public benefit.
- Working on speeding the decision regarding the conditions of touristic villages that were previously penalized.
- Encouraging the companies responsible for executing protection projects and for the development of the Egyptian coasts and shores to increase and speed up the implementation rates of the projects in line with the activities' timetable.



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- Working on hastily obtaining all licenses and coordinations with the concerned authorities before starting to implement the projects so that they could be completed on the scheduled time as well as benefiting from the time factor in protecting seashores .
- Activating the authority responsible for collecting fines and compensations imposed on the establishments that violated the environmental law and implementing the penalties stipulated therein.
- Providing the technical and material support as well as capacity building in order to move towards the green finance and to address the problem of plastic wastes on the Egyptian shores.

The Follow-up Feedback (Impacts and Consequences):

- Most of SAI Egypt's recommendations have been responded to, especially in the field of following up the removal of violations or infringements, the collection of fines, and the follow-up of projects implementation in accordance to the set timetables.
- Following- up the companies' conducting of the studies regarding evaluating the environmental impact on new activities and expansions before implementation, and their related economic feasibility studies as well as the availability of the necessary funds for the projects' implementation.
- The companies that were late in the implementation process were warned to withdraw the projects, and the legal measures were taken against the companies that failed to keep pace with the timetable set for implementation.
- In order to avoid the accumulation of the plastic wastes in the marine and terrestrial environment and increase the production of green petrochemicals, two programs have been planned; the first program is to annually manufacture thousands of tons of biodegradable



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plastic bags, and the second program aims to convert plastic wastes into oil as an intermediate product to produce thousands of tons of polyethylene, which is beneficial to the national economy.