

# ACTIVITY REPORT OF THE EUROSAI WORKING GROUP ON THE AUDIT OF FUNDS ALLOCATED TO DISASTERS AND CATASTROPHES FOR 2022



## EUROSAI

Working Group on the Audit of Funds  
Allocated to Disasters and Catastrophes



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## LIST OF ABBREVIATIONS

EUROSAI	European Organization of Supreme Audit Institutions.
INTOSAI	International Organization of Supreme Audit Institutions.
ISSAI	International standards of Supreme Audit Institutions.
SAI/SAIs	Supreme Audit Institution, Supreme Audit Institutions.
Working Group	The EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes.
Strategic plan of the Working Group	Strategic plan of the EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes.
ERMS	Unified electronic reconstruction management system.

## INTRODUCTION

Every year, disasters and crises have a devastating impact on people, communities and entire societies around the world. Unfortunately, it is predicted that they will become even more common in the future.



Thus, **in 2021**, the Emergency Management Database (EM-DAT) **recorded 432 disasters**, related to natural disasters worldwide, significantly higher than the average of 357 disasters per year for 2001-2020. In total, they caused 10,492 deaths, affected 101.8 million people, and caused

approximately \$252.1 billion in economic losses<sup>1</sup>. **In 2022**, according to the specified database<sup>2</sup>, the number of recorded disasters **was 535 cases**, resulting to 19,588 deaths and 114.3 million injured people.

Unfortunately, **in today's world, there are still many dangers that can take thousands of human lives in** an instant and leave behind millions of ruined destinies. Therefore, the issues of the need to prevent disasters and minimize their consequences remain relevant for the supreme audit institutions that can realize their tasks.

The challenges of recent years, in particular the Covid-19 pandemic and the Russian Federation's military aggression against Ukraine, have changed our usual routes, lifestyles and halted development worldwide. At the same time, they became a new item in the work plans of the supreme audit institutions.

<sup>1</sup> 2021 Disasters in numbers. [Electronic resource] Available from: <https://emdat.be/disasters-numbers-2021>.

<sup>2</sup> The International Disaster Database. Centre for Research on the Epidemiology of Disasters. [Electronic resource] Available from: <https://emdat.be/database>.

Today, countries have suffered great losses from accidents, catastrophes, fires, and natural disasters that have led to the death of people. There are calamities that can affect everyone individually and at the same time all-together!

In particular, not only Ukraine, but also other countries are suffering from the



consequences of the terrible military aggression of the Russian Federation against Ukraine. It is about the **food crisis** that affects millions of people all over the world; a **humanitarian disaster**, as

a result of which, according to the World Bank, more than 12 million Ukrainians became displaced, and more than 13 million people are in need of urgent humanitarian assistance; **environmental disaster** -

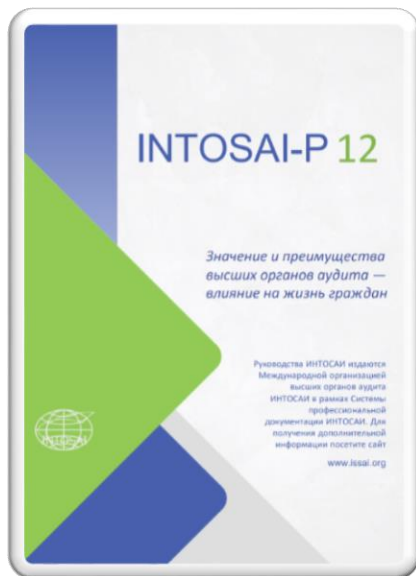
numerous environmental risks are intensifying and threaten to increase the number of victims among the population, and there is also a threat of a **nuclear disaster**,



the consequences of which may exceed the worst and largest radioactive accident at the Chernobyl nuclear power plant known to all.

Disasters have a significant impact on people, the environment and the economy. Accordingly, significant sums are spent on humanitarian aid and rehabilitation of victims, as well as on the restoration and reconstruction of destroyed infrastructure and public facilities.

Supreme audit institutions play an important role in ensuring accountability and transparency in disaster management (implementation of disaster preparedness



measures, response to them and elimination of their consequences).

According to INTOSAI-P 12 "The importance and benefits of supreme audit institutions - impact on the lives of citizens", working in the public interest imposes an additional responsibility on supreme audit institutions, which needs to prove its continuing relevance to citizens, parliament and other stakeholders.

Since the number of armed conflicts in the world has increased significantly since the end of the Second World War, there is a need for joint efforts of the SAI to properly assess the global impact of the war, assess the damage caused by war, and

make recommendations for the governments of our countries on the best ways to overcome their consequences. In particular, to understand how many losses in all areas the country has, what is the size of direct and indirect losses, whether they are fully estimated and calculated?

**Thus, in 2022, the Working Group, along with the growing trends in the occurrence of disasters and calamities, faced new challenges, which increases the level of relevance of its further activities, in order to ensure a high degree of public confidence in SAI.**

## 1. ACTIVITIES OF THE EUROSAI WORKING GROUP ON THE AUDIT OF FUNDS ALLOCATED TO DISASTERS AND CATASTROPHES IN 2022 AND THE SPECIFIC FEATURES OF THIS PERIOD

The Accounting Chamber of Ukraine has been leading the EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes since 2014. In April 2021, the XIth EUROSAI Congress extended its mandate for a further three years under the chairmanship of the Accounting Chamber.

*The mission of the Working Group remains unchanged - to increase capacity building, coordination and consolidation of efforts of the European SAIs to help their governments in development of effective and efficient instruments for prevention and consequences elimination of disasters and catastrophes.*

As of the beginning of 2022, the Working Group **united 20 supreme audit institutions**, of which 18 SAIs are members of the Working Group and 2 observers.

However, in March 2022, the Governing Board of EUROSAI, an organization that unites 51 supreme audit institutions (50 European SAIs and the European Court of Auditors), at the suggestion of the Accounting Chamber of Ukraine, condemned all acts of violence against the population of Ukraine by the Russian military and certified that the ongoing Russian aggression against Ukraine continues to threaten the values and principles of EUROSAI. Thus, at an emergency meeting, the EUROSAI Governing Board decided to suspend any cooperation with the Accounting Chamber of the Russian Federation and the State Control Committee of the Republic of Belarus and any state institutions of these countries.

As a result, **the membership of the SAI of the Republic of Belarus and the Russian Federation** in the EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes **was suspended**.

In 2022, the implementation of the defined mission of the Working Group was carried out "in three steps" by the implementation of three strategic goals of the activity in

order to mobilize the efforts of the supreme audit institutions - members of the Working Group, aimed at:

1. Professional development of auditors (Step 1 "TOWARDS").
2. Disaster prevention and minimization of relevant threats (Step 2 "FORWARD").
3. Effective external communication (Step 3 "TO THE WORLD").

**The activities of the Working Group in 2022** were carried out taking into account the peculiarities of this period, namely the **restrictions related to the COVID-19 pandemic** and caused by the legal **regime of martial law**, provided for by the Law of Ukraine dated 12.05.2015 №389-VIII "On the legal regime of martial law». Martial law was introduced on February 24, 2022 in connection with the military aggression of the Russian Federation against Ukraine. Such features influenced the change of the format of the Working Group session, as well as the development of cooperation with other EUROSAI and INTOSAI Working Groups. In particular, all the activities of the Working Group have been transferred to the online format and the holding of certain planned activities of the Working Group have been postponed.

Therefore, the challenges faced by the entire civilized world at the beginning of 2022 **changed the format of the Working Group's activities. Nevertheless, during this period, the Working Group implemented a number of measures aimed at implementing the measures of the Strategic Plan.**

Together with the growing tendency of disasters and calamities, including those caused by military conflicts, the level of relevance of the further activities of the EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes. At the same time, there is a need to combine the efforts of the SAI in order to appreciate the global impact of the war, the damage caused by the war, and to develop recommendations for the governments of our countries on the ways to overcome its consequences, including by strengthening the cooperation of the Working Group with other EUROSAI and INTOSAI Working



**Groups, expanding cooperation with non-governmental organizations and experts.**

## **2. IMPLEMENTATION OF THE STRATEGIC PLAN OF THE EUROSAI WORKING GROUP ON THE AUDIT OF FUNDS ALLOCATED TO DISASTERS AND CATASTROPHES IN 2022**

**2.1. Strategic goal 1 "Mobilization of the SAI efforts aimed at the professional development of auditors" (Step 1 «TOWARDS»)**

In 2022, as part of the implementation of **task 1.1. «Increasing the practical usefulness of products developed within the framework of the Working Group's activities»** of

Strategic goal 1, the Secretariat of the Working Group conducted a survey (questionnaire) among its members on the possibility of involving the SAI in the

development of practical recommendations aimed at assessing probable losses and minimizing the negative consequences of disasters, which are foreseen within the framework of implementation of task 2.2. Strategic goal 2 of the Strategic plan of the Working Group for the period 2021-2024.

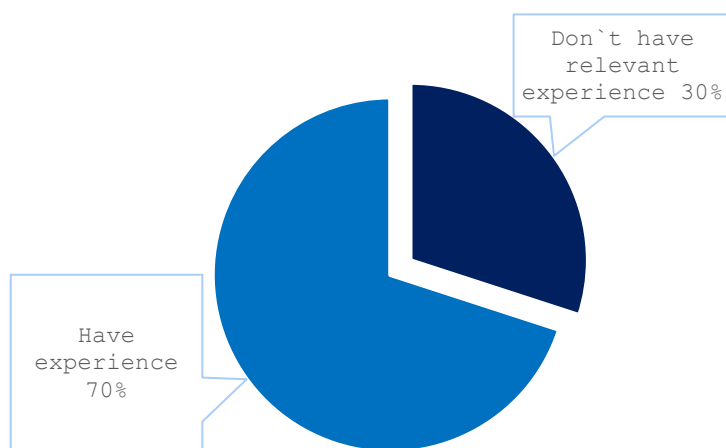
**The purpose of developing these recommendations** is to accumulate, generalize and maximally spread the experience of the SAI-members of the Working Group and to develop guidelines for conducting audits in this area.

According to the results of the survey, more than half of the respondents have experience in conducting audits aimed at assessing probable losses and minimizing the negative consequences of disasters due to force majeure (diagram 1).

Within the framework of this strategic goal, the efforts of the members of the Working Group are focused on the professional development of auditors who conduct audits in the field of disaster prevention and elimination, the exchange of best practices in this field, and the development of effective methodological approaches.

The implementation of this Strategic goal is a contribution to the achievement of the EUROSAI Strategic Goal "Supporting effective, innovative and demanding financial control by promoting and coordinating professional cooperation.»

Diagram 1. The results of a survey among members of the Working Group regarding the availability of experience in conducting audits aimed at assessing probable losses and minimizing the negative consequences of disasters due to force majeure.



Audits conducted by the SAIs concerned, in particular, phenomena and epidemics (for example, the coronavirus disease (COVID-19) pandemic caused by SARS-CoV-2).

The survey also proved the interest of the SAI in developing practical recommendations for conducting audits to assess probable losses and minimize the negative consequences of

disasters.

The majority of respondents support the preparation of practical recommendations for assessing probable losses and minimizing the negative consequences of disasters as a comprehensive document.

**Thus, the members of the Working Group expressed interest in developing practical recommendations for conducting audits to assess probable losses and minimize the negative consequences of disasters.**

**Therefore, the implementation of the tasks of the Working Group in the future requires the consolidation of efforts of all members and observers of the Group, in order to develop recommendations for conducting audits, assessing probable losses and minimizing the negative consequences of disasters.**

Within the framework of **task 1.2. "Improving the qualifications of auditors who carry out audits in the field of prevention and elimination of the consequences of disasters"** of Strategic goal 1, a **Seminar** was held on the topic: **"Methodological approaches to the audit of losses and damages caused by military conflicts"**, which was attended by 32 participants from 14 SAI's, in particular: Republic of Albania, the Republic of Bulgaria, the Republic of Estonia, the European Court of Auditors, Georgia, the Republic of Hungary, the Republic of Italy,

the Republic of Latvia, the Republic of Lithuania, the Republic of Moldova, the Republic of Poland, Romania, the Republic of Turkey and Ukraine.

This topic of the seminar is very important for all the SAIs, and especially for Ukraine. The military aggression of the Russian Federation against Ukraine has already brought enormous destruction and losses to our country. Millions of Ukrainian citizens have been forced to leave their homes and seek refuge in other regions and countries. Thousands of lost lives, which, unfortunately, cannot be returned. Damaged health and disability of those who came under fire. Dozens of cities and villages are in ruins. Production has been stopped. Logistics chains are broken.

These and other losses are not limited to the areas where active hostilities are taking place. This applies to virtually the entire territory of Ukraine, where "conditionally calm" settlements are subjected to rocket attacks from Russia.


Since the full-scale invasion of the Russian invaders, Ukraine has suffered enormous losses and destruction, with thousands of infrastructure facilities, buildings and enterprises completely or partially destroyed.

From the very first days of the large-scale war, bombing and shelling of large industrial enterprises and energy facilities, missile attacks on oil depots, forest arson, etc. were recorded. All this entails not only huge material losses, but also irreparable damage to the environment.

The calculation of the amount of losses is carried out constantly, and because the fighting on our territory does not stop, it is impossible to give exact figures of losses. However, we can already say that the total amount of damage will be hundreds of billions of dollars.

The seminar **presented methods for determining losses aimed at assessing probable losses and minimizing the negative consequences of disasters**, namely, assessing losses from armed conflicts. In particular, the presentation materials on the following topics:



 **«Audit of the assessment of damage caused to Ukraine as a result of the armed aggression of the Russian Federation».**

According to the presented materials, **in order to strengthen the validity of the assessment of the damage** caused to Ukraine as a result of the

armed aggression of the Russian Federation, conducted according to the relevant approved methods (in particular, to use the results in courts of various instances), **the Accounting Chamber may carry out:**

- *at the first stage* - audit of compliance of approaches applied at the state level to the development of the methodology for evaluating the losses caused to Ukraine as a result of the armed aggression of the Russian Federation;
- *at the second stage* - audit of compliance with the evaluation of the losses caused to Ukraine as a result of the armed aggression of the Russian Federation, according to the approved methodology.

**Stage I - Audit of correspondence with the approaches to the development of the evaluation methodology.**

**The purpose of the audit** - is to confirm the correctness of the approaches applied by the Accounting Chamber to the development of the evaluation methodology (the existence of a single approach that will ensure the validity and reliability of the evaluation).

**The subject of the audit** - is the results of the activities of all working groups that are involved in the development of the methodology for assessing damage and losses at the state level, mutual coordination of their actions and compliance with the best practices of project management.

**The result of the audit** - is the conclusion of the Accounting Chamber on the correctness of the approaches applied at the state level to the development of the methodology for assessing the damage and losses caused to

Ukraine as a result of the armed aggression of the Russian Federation, and the provision of relevant recommendations.

**Stage II - Compliance audit of the damage assessment.**

**The purpose of the audit** - is to confirm that the Accounting Chamber complies with the approved methodology.

The audit is conducted **in two stages**: interim and final:

Component	Intermediate stage	Final stage
<b>Subject of the audit</b>	Results of interim loss estimates (e.g., at the end of the financial year, by industry or individual entities)	The results of the final assessment in terms of the objects of the assessment (e.g. human losses and related social costs, losses of housing stock and/or sectors (e.g. infrastructure, cultural heritage)).
<b>Period of the audit</b>	after receiving the results of the loss assessment	based on the results of the final assessment
<b>Result of the audit</b>	Providing an audit opinion and recommendations on the compliance of the assessment process with the approved methodology	Providing an audit opinion and recommendations on the compliance of the assessment process with the approved methodology



**"Analytical Approach to Assessing Damages, Losses and Needs".**

According to the materials presented, **the traditional method of assessing damaged facilities in Ukraine has always been an object-by-object assessment.** However, this assessment **is not suitable for the current situation in Ukraine,** as it requires the possibility of obtaining physical access for a detailed inspection of the object, and significant time spent on assessing each destroyed and damaged object. In this case, **indirect methods of assessment are used,** which are applied in the absence of physical access to the destroyed facilities.

**The overall assessment of direct losses is carried out in accordance with the World Bank's methodology and in**



close cooperation with the World Bank's dedicated team, taking into account a significant amount of microdata collected by the relevant authorities and local civil-military administrations since the beginning of the full-scale war.

**For reference.**

**World Bank methodologies used for damage assessment:**

Jovel, Roberto J. Mudahar, Mohinder. 2010. *Damage, Loss, and Needs Assessment Guidance Notes: Volume 1. Design and Execution of a Damage, Loss, and Needs Assessment.* World Bank, Washington, DC.  
<https://openknowledge.worldbank.org/handle/10986/19047>.

Jovel, Roberto J.; Mudahar, Mohinder. 2010. *Damage, Loss, and Needs Assessment Guidance Notes: Volume 2. Conducting Damage and Loss Assessments after Disasters.* World Bank, Washington, DC.  
<https://openknowledge.worldbank.org/handle/10986/19046>.

Jovel, Roberto J.; Mudahar, Mohinder. 2010. *Damage, Loss, and Needs Assessment Guidance Notes: Volume 3. Estimation of Post-Disaster Needs for Recovery and Reconstruction.* World Bank, Washington, DC.  
<https://openknowledge.worldbank.org/handle/10986/19045>.

2017. *Post-Disaster Needs Assessments Guidelines Volume B The Global Facility for Disaster Reduction and Recovery*  
<https://www.gfdr.org/en/publication/post-disaster-needs-assessments-guidelines-volume-b-12>.

**Methodology for calculating direct physical losses from the war (damages):**

The estimates are based on the analysis of reports from citizens, data from the government, local authorities, and private enterprises on losses and damage throughout the country, as well as indirect estimation methods, such as calculating the estimated area of property damaged as a result of hostilities in the most affected cities.

Estimates of direct economic losses due to physical destruction and damage to objects (damages) are calculated at replacement prices (prices at which a similar asset/building could be restored/rebuilt as of the end of 2021); takes into account all damaged or destroyed objects that were destroyed in the territories controlled by the Government of Ukraine as of 23. 02.2022; does not take into account the objects that remained in the occupied

territories after 02/24/2022, but are not considered destroyed/ damaged.

The assessment of direct economic losses as a result of physical damage is calculated using indirect methods and is based on the total number of objects of a certain category as of the beginning of the war.

The calculation is based on a preliminary estimate of the amount of damage to the objects **by three coefficients (no damage; damage up to 40 percent; damage above 40 percent)**, which, according to the World Bank's approach, equals the need for complete reconstruction/replacement of the object). For buildings, **4 coefficients** are applied (0 percent damage; up to 10 percent damage; up to 40 percent damage; above 40 percent).

**Individual damage coefficients** may be used to assess large infrastructure facilities. Whenever possible, microdata on the level of damage/destruction of specific objects are used for the assessment. In particular, the cost of damage/destruction to large objects (airports, large industrial enterprises, ships, aircraft, etc.) is estimated individually using financial statements or other available data. For identified enterprises, the value of fixed assets as of the beginning of 2021 is taken.

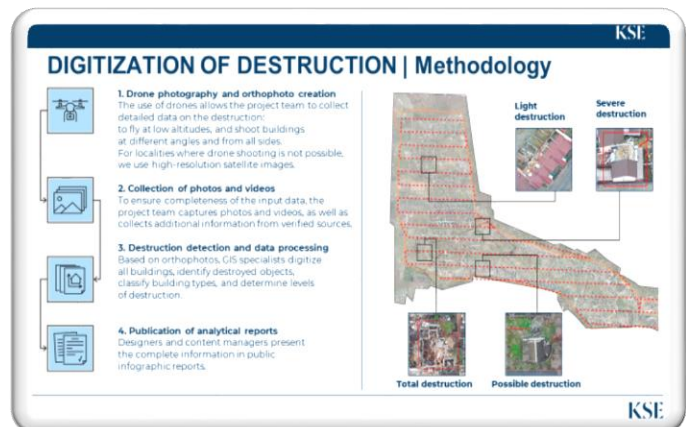
The valuation of the assets of enterprises does not take into account depreciation, as well as added investments in progress and inventories. Medium-sized objects that can be counted (schools, hospitals, shops, cultural facilities, etc.) are valued at the average unit cost (based on financial statements, Prozorro tenders, etc.). Massive assets (real estate, vehicles, small business assets) and networks (roads and railways, electricity and gas distribution, telecommunications) are valued using indirect methods, combining relevant regional statistics and the share of losses for individual regions or cities.

**For the territories for which microdata cannot be obtained** (occupied territories; active combat zones), **assumptions are made** about the level of damage to territories and assets based on public reports and information from military and civilian administrations. To refine the assumptions about the level of damage, data from the analysis of satellite imagery for certain territories

are used. The availability of such images allows us to refine information on the level/amount of damage for all types of objects in the context of individual settlements.

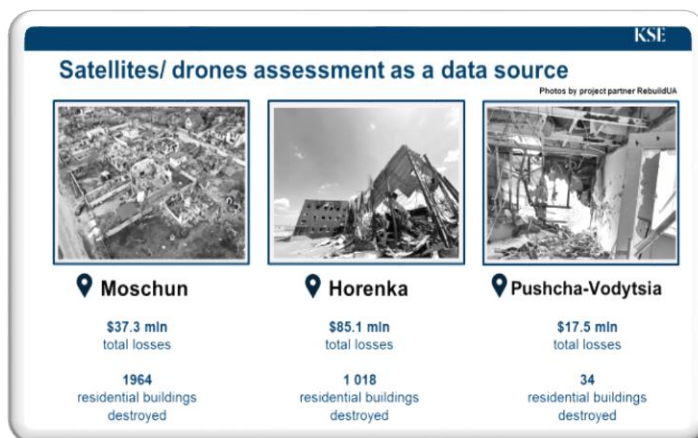
In particular, to calculate the damage to the infrastructure of cities, villages, and towns in the Kyiv region, the KSE Institute used the results

of an analysis based on data from the digitization of high-precision drone imagery collected as part of the Rebuildua project initiated by SmartFarming and Vkursi Zemli. As part of this work, we have already assessed the damage to such



settlements as Moshchun, Gorenka, Ozyera, Pushcha-Vodytsia, and Zabuchchia in Kyiv Oblast.

Thanks to cooperation with the World Bank, we have access to Maxar imagery, which will help us to determine the extent of damage in other cities of Ukraine in the coming months



**Data collection/in-depth interviews** with market participants/

businesses are also conducted to clarify the understanding of the level of damage. For cities that have been liberated and where there is no hostilities, information on the number of damaged and destroyed buildings and infrastructure is provided by local governments (civil-military administrations). For those areas **where active hostilities are taking place** or that are located in the temporarily uncontrolled territories, the total amount of



damage to cities is estimated **based on reports from the heads of civil-military administrations and public data.**

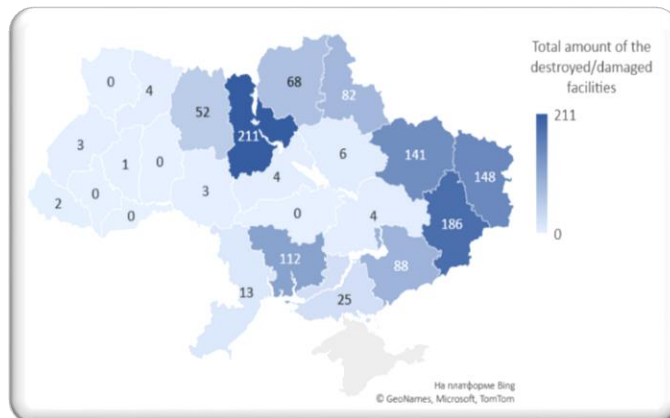


Figure 1. Map of damaged religious, cultural and sports facilities by region

In the absence of information, at this stage, the assessment includes only losses from the destruction/destruction of buildings, excluding the value of equipment (including in hospitals, research institutions, damaged vehicles, etc.). Such estimates will be gradually added in

subsequent updates of the indicator.

#### **Methodology for calculating indirect losses from the war by industry:**

This estimate **is preliminary** and includes the main "side effects" of the losses that the economy suffered as a result of the war, among other things:

- losses of potential income incurred by citizens, the state, and business entities as a result of hostilities by industry and type of loss;
- additional costs incurred by the state, business entities, and citizens as a result of the war (additional costs for business and citizen support programmes; relocation; evacuation operations, etc.).

Such lost income and additional costs could have been used by producers to finance their current operations (including wages, taxes, etc.), invest in working capital, or invest in capital investments to expand production in the future.

**A rapid assessment of indirect economic losses** was carried out in accordance with the World Bank's<sup>3</sup> general and sectoral Post-Disaster Needs Assessments Guidelines and the FAO's<sup>4</sup> Methodology For Damage And Loss Assessment.

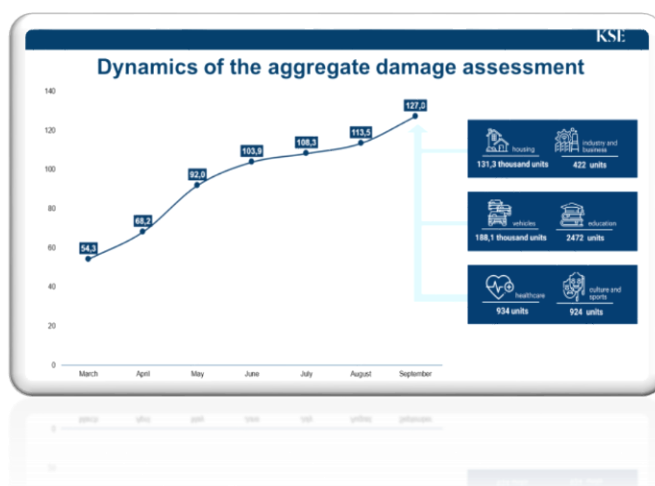
<sup>3</sup> Official website of the Global Fund for Disaster Reduction and Recovery (GFDRR). [Electronic resource] Available from: <https://www.gfdr.org/en/publication/post-disaster-needs-assessments-guidelines-volume-2013>.

<sup>4</sup> FAO methodology for assessing damage and losses in agriculture. [Electronic resource.] Available from: <https://www.fao.org/3/ca6990en/CA6990EN.pdf>.

The assessment is based on an indirect method. Economic losses as a result of the war, by industry, are assessed against a defined baseline scenario, which reflects the baseline scenario of economic development without war.

The baseline scenario is based on production, consumption and trade data for the calendar year 2021 (or the latest reporting year for which official statistics are available).

To determine indirect losses by economic sector, the project analysts used a regional approach, according to which differentiated loss factors were applied (by the duration and/or intensity of hostilities in the region, and, accordingly, the expected production losses). To identify the most damaged regions and sectors of the economy, data on physical infrastructure losses (damages) of all forms of ownership were taken into account.



The starting point for assessing losses is the period from the beginning of the war (February 2022) until the economy and infrastructure are fully restored and the social and humanitarian challenges caused by the war are fully addressed. We assume that the recovery of such business chains and processes will take more than 18 months,

starting from June 2022. Thus, the total period for which indirect losses are calculated is 21 months (March 2022 - November 2023), with some exceptions for industries where the recovery of economic activity will take longer (e.g., horticulture, livestock).

**The economic recovery needs** reflect a mutually agreed vision of Ukraine's recovery strategy in general and each sector of the economy in particular as an important prerequisite for planning the reconstruction and recovery process, which is designed to restore the country's economic strength and address the social and humanitarian challenges that have arisen as a result of the war.

**The assessment of Ukraine's recovery needs is based on estimates of physical infrastructure losses and indirect economic losses.**

According to international approaches, recovery needs are calculated as the total need to finance the recovery of destroyed and damaged assets, which includes:

- directly the cost of restoration of destroyed/damaged assets, but taking into account the principle Build Back Better;

- multi-year inflation (for objects that will be reconstructed/built in the periods after 2022)

- the Government's systemic vision of what structural changes should take place in reconstruction in various directions, for example:

- the expediency of changing the location for individual objects (and, accordingly, the costs of land acquisition; relocation of enterprises and employees);

- a change in the demographic structure of the population, the movement of the population within and outside the country, and, accordingly, a change in the structure of citizens' demand for state services by region;

- the expediency of replacing outdated production facilities/objects with fundamentally new, more economically justified and energy efficient ones;

- sequence and priority of recovery needs (building a schedule (timeline) of recovery needs, taking into account real opportunities and priorities).

- additional need for liquidity to restore business entities (usually calculated as the ratio of the volume of annual losses);

- the additional need to strengthen the institutional capacity of the Government to support economic development/relaunch of economic entities, for example, the launch of additional electronic services; registers; creation of credit institutions, etc.

**War also causes irreparable damage to the environment.**

As a result of the actions of the terrorist country, dangerous substances enter the air every day due to forest fires, burning of oil products, industrial facilities.

The threat exists not only for the environment of Ukraine, as the war caused a number of problems for the environment of Europe.



**“Damage to the environment of Ukraine caused by armed conflict: methodologies of assessing damage to environmental components, further steps”.**

According to the presented materials on the methodology for assessing damage to the environment of Ukraine as

a result of the armed conflict, the collection and access to information on environmental damage is provided through the “EcoZagroza” application. The goals of such a platform are: to unify international approaches to determining damage to the environment; deepen international partnership for damage recovery; track the extent of the negative impact of armed conflicts on the environment.

Thanks to the **“EcoZagroza” application**, Ukrainians can report all the facts of environmental crimes against the environment that they have witnessed. For example, about the burning of military equipment; forest fires; ingress of petroleum products or poisonous substances into the soil or water body; emission of poisonous substances (chlorine, ammonia, hydrogen sulfide, hydrocyanic acid, nitric acid) into the air, etc.

The Ministry of Environmental Protection and Natural Resources of Ukraine assesses the damage to nature from the military aggression of the Russian Federation. Since the beginning of the Russian full-scale invasion (as of 20.12.2022) Ukraine’s ecology was damaged by UAH 1 485 billion, calculated by the State Environmental Inspection of Ukraine in accordance with approved methods, which is more than Euro 37 billion. In general, the Ministry documented 2,270 cases of environmental damage caused by war.

The terrorist tactics of Russia's war, as a result of which thousands of houses, objects of civil and critical infrastructure were destroyed, poses another task for Ukraine - it is necessary to go not only the difficult path to victory, but also the path of post-war recovery.

**The scale of Ukraine's reconstruction is unprecedented,** however, it is important to learn the lessons of the reconstruction of other countries, in particular, in matters of speed of project implementation, planning horizon, prevention of corruption and active involvement of the public and local authorities.



**«Building digital infrastructure for managing, monitoring and auditing Ukrainian reconstruction».**

The presentation materials present the concept of the Electronic Reconstruction Management System, developed by the BRDO Effective Regulation Office in cooperation

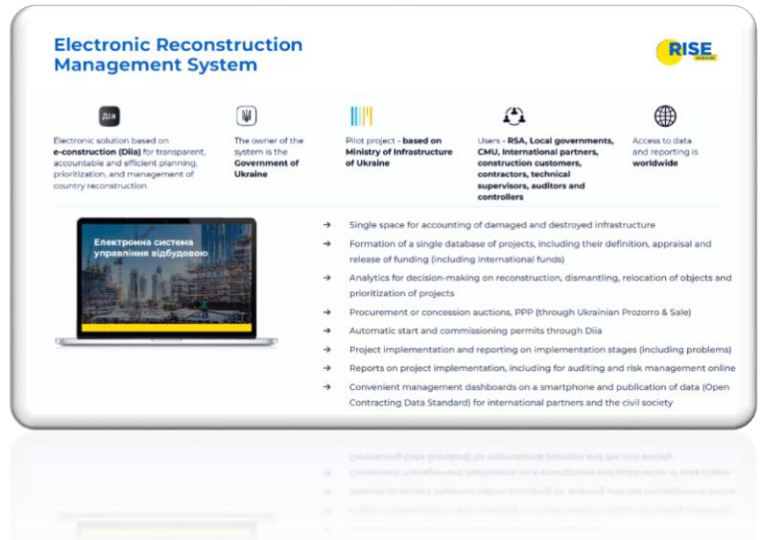
with the "RISE Ukraine" coalition.

**All reconstruction participants** - both in Ukraine and abroad - **must join forces to implement large-scale changes** based on mutual trust, transparency and accountability. That is why the use of electronic tools and systems, disclosure and use of open data is important. These principles are embedded in the Electronic Reconstruction Management System, the concept of which was developed by the BRDO Effective Regulation Office in cooperation with the "RISE Ukraine" coalition.

**The system will be built according to the "umbrella"** principle and will combine as electronic platforms of ministries that are already successfully functioning (for example, eRoad) and interact with other systems and modules that have already been developed (Prozorro, the newly created Register of destroyed and damaged property, etc.), or the development of which is planned or carried out in

cooperation with authorities (for example, regional development GIS).

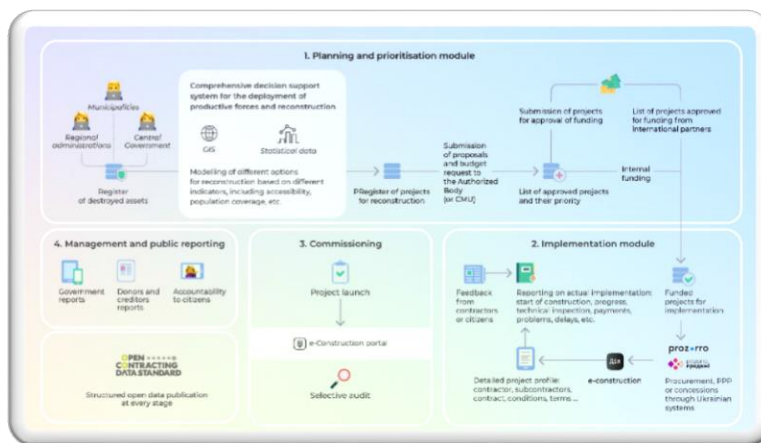
**Reconstruction is a complex process that will involve tens of thousands of projects.** How to manage them all? For this purpose, the concept of the Unified Electronic Management System for Reconstruction (EMSR) was developed in order to comply with the necessary criteria of transparency, efficiency, accountability and anti-corruption.



The system will work according to three main principles.

**The first principle** is ecosystemicity, because the EMSR will combine many digital documents, some of which are already working successfully.

**The second principle** is open by design, or everyone can see everything, for public control of the reconstruction process.



**The third** is transactionality, i.e., the EMSR will not be a reporting system, but a reconstruction system.

A central "bank" of projects will be created, where all projects will have clear stages and a single standard of description for international donors.

Thus, in the system, each Ukrainian and each organization will have their own role in the reconstruction process, and each of us will be able to influence it.

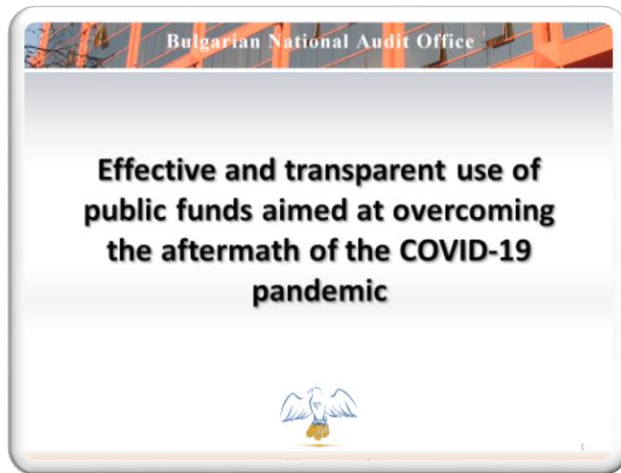
As the study on approaches to the reconstruction of Ukraine, which covers 144 global cases of disaster recovery over the past 10 years, has shown, this experience contains many lessons important for the recovery of Ukraine. The most useful for Ukraine is the analysis of the mistakes of donors and recipients in the reconstruction of Afghanistan with the participation of the United States.

In particular, three key reasons for failed reconstruction attempts can be identified. The first is a failure in the export of expertise, the second is a short-term planning horizon, and the third is insecurity from military and criminal risks. Corruption is a significant challenge of global reconstruction. "It arises not only at the top levels or at the bottom, but also among a large number of organizations that implement these projects".

**The creation of an electronic reconstruction management system is a very important step towards the large-scale reconstruction of Ukraine. It will make it possible to better coordinate and better prepare reconstruction projects within the country and present them to international partners through a "single window" according to standards they understand.**

**Thus, during the seminar on the topic: "Methodological approaches to the audit of losses and damages caused by military conflicts", the participants - representatives of the SAIs members of the Working Group had the opportunity to familiarize themselves with methods for determining losses, which are aimed at estimating probable losses and minimizing the negative consequences of disasters caused by military actions, as well as a digital infrastructure system for management, monitoring and auditing of the reconstruction of Ukraine, which increased the awareness of auditors in the field of conducting audits of the assessment of losses from armed conflicts.**

As part of the **objective 1.3. "Strengthen internal communication to share experiences and best practices between auditors on disaster audits"** of the Strategic goal 1, during the annual meeting of the Working Group, **an exchange of experience in conducting audits** was held by our colleagues from the SAIs of the Republic of Bulgaria, Georgia and Romania.



The colleagues from the **Bulgarian National Audit Office Ms. Galina Milenkova and Ms. Romyana Yordanova** shared the experience of conducting an audit on an extremely relevant topic of today, namely **"Effective and transparent use of public funds aimed at overcoming the aftermath of the COVID-19 pandemic"**.

The relevance of the mentioned topics, in

#### **Reference.**

1. "Effective and transparent use of public funds to overcome the effects of the COVID 19 pandemic - social support and employment measures" for the period 01.02.2020-31.03.2021. The audit report is available at the link: [https://www.bulnao.government.bg/media/documents/Covid\\_MTSP\\_12-04-22.pdf](https://www.bulnao.government.bg/media/documents/Covid_MTSP_12-04-22.pdf).
2. "Effective and transparent use of public funds to overcome the consequences of the COVID 19 pandemic - measures to support farmers" for the period 01.02.2020- 31.03.2021. The audit report is available at the link: [https://www.bulnao.government.bg/media/documents/OD\\_Covid\\_19\\_ZP\\_03\\_2022.pdf](https://www.bulnao.government.bg/media/documents/OD_Covid_19_ZP_03_2022.pdf).
3. "Effectiveness of **tourism support measures** to overcome the consequences of the crisis caused by the COVID-19 pandemic" for the period 01.02.2020 - 31.12.2021 (in the process of completion).
4. "Implementation of **health measures** in response to COVID-19" for the period 01.02.2020- 31.12.2021 (in the process of completion).

addition to the tasks of SAIs, was added by a significant state financial resource aimed at the measures taken by

#### **Reference.**

As part of the audits, an external consultant conducted marketing research to obtain feedback from recipients of support provided in response to the COVID-19 pandemic. The purpose of the marketing research was to find out whether potential beneficiaries are aware of support measures and whether those who have already received support are satisfied with its amount and timely delivery.

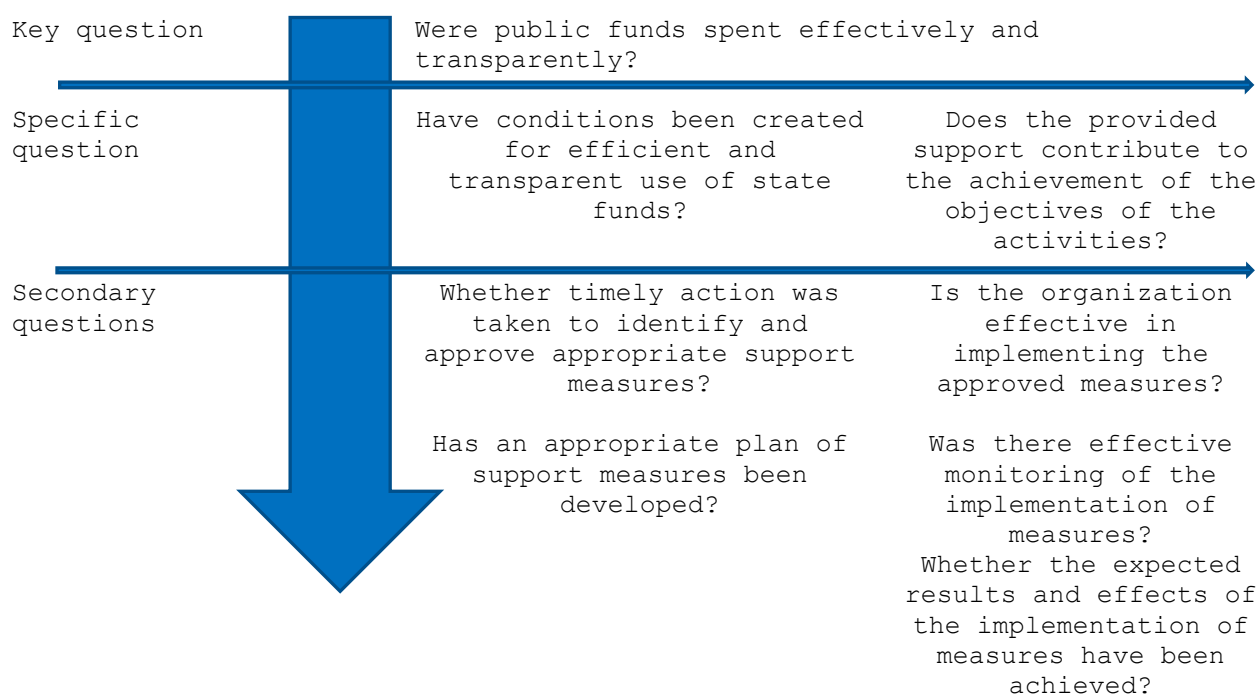
the government to overcome the economic and social



consequences of the complication of the epidemic situation in the country.

During the audits, a combination of result-oriented and systematic approach to auditing was used.

Therefore, the main issues of the audits regarding the use of funds were: efficiency and transparency (pic. 2).



Pic. 2. The main questions of the audits conducted by the SAI of the Republic of Bulgaria in the field of effective and transparent use of public funds aimed at overcoming the consequences of the COVID-19 pandemic.

The conducted audits proved that the measures introduced by the government were timely, and the funds allocated to them were used effectively and transparently.

At the same time, the audits drew attention to the expediency of the responsible authorities:

1) conduct an analysis of the results of the implementation of such a measure to overcome the consequences of COVID-19, such as lending for the development of human resources, and take measures to stimulate interest in it;

2) take measures to ensure that all interested parties are informed about:

- approved measures and their implementation;

- available financial aid instruments and their effectiveness;
- the course and results of consideration of applications for aid.

**Ms. Sophio Dvalishvili from the State Audit Office of Georgia** presented the



results of the **"Audit of management (prevention, preparedness) of emergency situations caused by forest fires"**.

Forest fires occur annually and cover tens and sometimes hundreds of hectares. For example, in the summer of 2017, large-scale fires engulfed Georgia. The fire in the Borjomi

forest was particularly notable, as a result of the fire, an area of up to 1,000 hectares was burned and the ecosystem was damaged. The performance audit on forest fire prevention and preparedness covered the period 2017-2019. There are 42 forest farms under the management of the National Forestry Agency of Georgia. The audit established that:

- forest management plans have already been developed and implemented for 6 districts;
- for 4 districts - under development;
- for 32 districts - there is no plan at all (this is 76 percent - 1411785 ha), which is a significant drawback.

There was also no repair of fire prevention roads and installation of mineralized strips together with highly flammable, fire-hazardous forest areas. Standards and criteria for arranging fire-fighting ponds, helipads, mineralized strips and fire-fighting paths have not been established - this must be developed and approved in active cooperation with all interested agencies, especially the State Emergency Service.

Specific fire-fighting equipment is distributed unevenly both by fire-prone regions and by forest areas.

The main reason for this deficiency is that the appropriate standards and criteria for the distribution of stocks have not been developed.

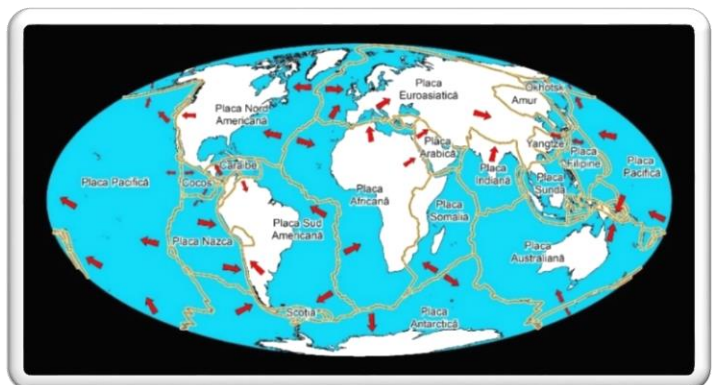
One of the problems is the lack of aviation capabilities. The Emergency Situations Management Service of Georgia does not have aviation assets. In accordance with the action plan for 2019–2023, the purchase and transfer of 2 helicopters to permanent readiness mode was provided for, but the budget does not provide for the financing of this project. Despite significant changes in legislation, the National Civil Security Plan approved in 2015 has not been updated.



In addition, at the Meeting of the Working Group, **the Romanian Court of Accounts** (Ms. Mihaela Doina Voicu and Ms. Eugenia Iancului) presented the materials on the main findings, conclusions and recommendations obtained as a result of the audit on **"The efficiency and effectiveness of the programs and measures**

**undertaken for the prevention, intervention and elimination of the effects of a major earthquake in the City of Bucharest"**.

According to the US Geological Service, more than three million earthquakes occur on Earth each year, resulting in more than 8,000 earthquakes per day, or one every 11 seconds. Some earthquakes are not felt by people, others have devastating consequences.



Pic. 3. The main lithospheric (tectonic) plates and their current directions of movement (indicated by arrows)

The overall objective of the audit was to assess the effectiveness and efficiency of the programs and measures taken to prevent, intervene and eliminate the consequences of the earthquake in the municipality of Bucharest (period 2014-2020). The analysis of natural phenomena indicates a certain cyclicity of the main seismic phenomena in the Vrancea area and the location of Bucharest on the seismic map near the rupture zone, which is the largest densely populated area in the country.

The performance audit formulated recommendations for improving the earthquake risk management system.

In 2017, during the meeting of the Working Group, the Audit Court of Romania signed a Common position with the SAIs of the Republic of Turkey and the Republic of Italy regarding cooperation during audit activities related to the earthquake. The territory of Vrancea in Romania is the intersection of three tectonic plates with 7 global ones - the East European plate, the Inner Alpine subplate and the Moesian subplate. Because of this, and given the way seismic waves propagate, the possible effects are not equally felt throughout Romania.

Romania has started the implementation of goals in the field of natural disaster risk management established at the UN level, as well as programs developed at the level of NATO and the EU. However, the implementation at the national level of the commitments made at the international level, especially through the Chiosa Framework Program for Action (2005-2015) and the Sendai Framework Program (2015-2030), has only been partially achieved in the last 10 years.

There are significant gaps in the strategic planning process and deficiencies in interagency coordination of the application of key strategies affecting the entire earthquake risk management system. Implementation of the Sendai Framework Program of Action is carried out through the National Platform for Disaster Risk Reduction (PNRRD).

The National Platform for Disaster Risk Reduction was established as a cross-sectoral consultative national body to develop disaster risk reduction strategies and programs. The National Strategy for the Prevention of Emergency Situations is the main program document that defines public

order and security and formulates priority directions for actions in emergency situations.

In 2016, the Government of Romania adopted a Regulation on the management of types of risks, which provides:

- establishment of types of risks;
- determination of responsible bodies;
- formation of directions of actions of responsible bodies for prevention, preparation and response to events;
- distribution of auxiliary functions.

Policy in the field of seismic risk management is carried out at 5 levels regulated by national legislation:

1. Prevention - measures to identify, assess and reduce risks in the event of emergency situations.

2. Preparedness - preliminary measures and actions to ensure response and recovery capabilities.

3. The answer - operative actions to limit and eliminate the negative consequences of an emergency situation until the previous normal state is restored.

4. Assessment - establishing and analyzing the consequences, causes and circumstances that led to the emergence of an emergency situation.

5. Recovery - measures and actions to improve the situation, which are carried out after the research stage.



At every stage of the seismic risk management process, from prevention to recovery, there are numerous deficiencies, as outlined in the Integrated Performance Audit Report, which summarizes over 300 findings and provides 160 recommendations for action from the performance audit.

Measures to prevent crisis situations, civil defense, anti-seismic preparation of the population and authorities are included

in the categories of seismic risk of structures, which is a matter of national security.

The performance audit confirmed that prevention is the weakest link in the chain of stages of seismic risk management. The preparation of the population and institutions to deal with natural disasters caused by a strong earthquake is an area where efforts have not been made in recent years. In addition, the speed of response largely depends on ensuring an integrated system of interaction between various institutional structures.

**Therefore, the exchange of experience in conducting audits is very important in our activities, which is the way to improvement and the guarantee of the effective functioning of SAIs. Almost all countries face a wide range of disasters, calamities and emergency situations, both common and specific to individual territories. Modern threats that arise require urgent answers to their essence, therefore the need to develop and improve skills in the field of auditing is due to the requirements of time.**

Thus, within the framework of the implementation of Strategic goal 1 of the Strategic Plan "Mobilization of the SAI's efforts aimed at the professional development of auditors", the needs of the members of the Working Group in the development of methodological materials have been studied, and training activities aimed directly at auditors, who carry out control measures in the field of prevention and liquidation of the consequences of disasters, as well as exchange experience and best practice between auditors on issues of conducting audits in this area.

As a result, the implementation of the tasks of the Working Group in the future requires the consolidation of the efforts of all members and observers of the group to develop effective practical recommendations for conducting audits of assessing probable losses and minimizing the negative consequences of disasters.

## 2.2. Strategic Goal 2 "Mobilization of the SAI's efforts aimed at disaster prevention and minimization of relevant threats" (Step 2 "FORWARD")

In 2022, within the implementation of the **objective 2.2. "Development of methodological approaches to conducting audits and development of Recommendations for SAIs aimed at assessing the probable losses and minimizing the negative consequences of disasters due to force majeure"** of the Strategic Goal 2, during the VIII Annual Meeting of the group a plenary session on the theme **"Catastrophes caused by force majeure circumstances, assessment of probable losses and minimization of negative consequences: challenges for SAIs"** was held.

Within the framework of this Strategic Goal, the efforts of the SAIs - members of the Working Group will focus on researching the prevention of man-made and natural disasters, identifying the most pressing risk areas, maximizing governments' attention to identified problems, and developing and providing effective recommendations by supreme audit institutions to solve these problems.

The implementation of this Strategic Goal is a contribution to the achievement of the EUROSAI Strategic Goal "Helping SAIs deal with new opportunities and challenges by supporting and facilitating their institutional capacity development".

Force majeure circumstances are divided into three groups:



1) **natural phenomena** of a natural character (epidemic, strong storm, cyclone, hurricane, tornado, flood, accumulation of snow, ice, hail, frost, freezing of seas, straits, ports, passes, earthquake, lightning, fire, drought, subsidence and landslides, other natural disasters);

2) **emergency (extreme) situations in public life** (threat of war, armed conflict or serious threat of such a conflict, including but not limited to enemy attacks, blockades, military embargo, actions of a foreign enemy, general military mobilization, hostilities, declared and undeclared war, actions of public enemy, disturbance, acts of terrorism, sabotage, piracy, disorder, invasion, blockade, revolution, mutiny, insurrection, riot, expropriation, seizure of enterprises, requisition, public demonstration, blockade, strike, accident, illegal actions of third parties, fire, explosion);



3) **prohibitive actions (acts) of the state** (introduction of curfew, quarantine, long interruptions in the operation of transport, regulated by the terms of relevant decisions and acts of state authorities, closure of sea channels, embargoes, prohibition (restriction) of export/import, etc.



This list of circumstances is not exhaustive.

It should be noted that **the first group of force majeure circumstances, namely natural phenomena of a natural character, are constantly dealt with by SAIs**. Members of the Working Group have repeatedly conducted audits in the field of prevention and liquidation of the consequences of floods, earthquakes, forest fires, etc.

In particular, based on the available experience and with the aim of providing assistance to supreme audit institutions in improving the quality of audits in the field of disaster prevention and elimination of its consequences, within the framework of the activities of



the EUROSAI Task Force on the Audit of Funds Allocated to Disasters and Catastrophes, **the Good practice recommendations for the audit of funds allocated to disasters and catastrophes** were approved by the 10th EUROSAI Congress in 2014.

Further, in 2020, **the Good practice recommendations for conducting audits in the field of prevention and consequences elimination of floods** were developed, which logically supplemented and specified the above Recommendations.

**The purpose of this document** is to assist SAIs in improving the quality of audits on flood prevention and mitigation by selecting, generalizing, and disseminating best audit practices in this area.

**At the same time, SAIs have faced the other two groups of force majeure circumstances only in recent years.** This necessitates the development of a guide to audits and the development of practical recommendations for SAIs aimed at assessing probable losses and minimizing the negative consequences of disasters due to force majeure.

Therefore, today in the civilized world, there is probably no person who does not know about the terrible course of events caused by the spread of the coronavirus pandemic (COVID-19) on the planet, which will go down in the history of mankind not only because of the systematic and unpredictability of the impact on the human body, but also due to the rapid global spread in the human community. This, unfortunately, caused a serious crisis in all spheres of life without exception: economy, politics, medicine, social security, international relations, etc.

At the same time, the impact of the COVID-19 virus on the environment is quite ambiguous. It is believed that although the pandemic improved environmental conditions, in particular, improved the state of the atmospheric air, there are also factors that negatively affected the situation in the world. In particular, the UN believes that 75 percent plastic made to fight the coronavirus will become waste, ending up in landfills and the ocean.

In recent decades, the world has faced a considerable number of local and global crises. However, none of the previous crises has been as deep and systemic as the crisis caused by the Covid-19 pandemic. The real consequences of

this crisis can be assessed only after the fact, but it is already clear that the economic losses will be extremely serious. In these conditions, the classic audit functionality is subject to revision.

Therefore, the issues of conducting audits related to the COVID-19 pandemic and its consequences **have become new in the work plans of SAIs and a new challenge.**

As the survey showed, a number of audits related to the COVID-19 pandemic were conducted by individual members of the Working Group (in particular, the SAIs of the Republic of Albania, the Republic of Bulgaria, Georgia), which can form the basis for the development of better practices for conducting audits aimed at assessing probable losses and minimizing negative consequences of the pandemic.

The events taking place in Ukraine this year belong to the second group of force majeure circumstances, which are extraordinary (extreme) situations in public life (war). They also **cause new challenges for SAIs**, in particular, both for Ukraine, which is a direct participant in these events, and for SAIs of other countries that provide assistance to Ukraine and will participate in its reconstruction, and for the rest who feel the consequences of this war on a daily basis.

The terrible military aggression of the Russian Federation actually caused and created significant risks for the **occurrence of a number of disasters, in particular:**

- **a food disaster** that will destroy the lives of people far beyond the battlefield;
- **humanitarian disaster.** The military aggression of the Russian Federation against Ukraine is causing a huge humanitarian crisis. According to the World Bank, more than 12 million Ukrainians have become displaced, and more than 13 million need urgent humanitarian assistance. The trauma suffered by the population will have lasting effects;
- **ecological disaster.** The large-scale Russian invasion of Ukraine has created numerous environmental risks, which are intensifying and threaten to increase the number of victims among the population. The war has already resulted in thousands of victims, including children, and serious damage to Ukraine's economy, infrastructure, environment, and natural heritage.

Added to this was the **threat of a nuclear disaster** in Ukraine. The risks associated with nuclear energy are vividly demonstrated by the Chernobyl power plant, the site of perhaps the worst and largest radioactive accident in history and, without a doubt, the saddest.

**These are far from all the disasters caused by this war, which has already caused a number of problems for the environment in Europe, and in the future threatens even greater ones.**

**In this regard, there is a need to combine the efforts of SAIs to properly assess the global impact of the war, assess the damage caused by the war, and make recommendations for the governments of our countries on the best ways to overcome this crisis.**

It is also necessary to understand the extent of the country's losses in all areas, the size of direct and indirect losses, whether they are fully assessed and calculated.

It should be noted that SAIs do not independently carry out accounting and calculation of losses, this is attributed to the powers of special institutions and organizations. However, **SAIs should evaluate** methods and techniques, procedures for determining damages, their completeness and comprehensiveness, including by involving expert evaluations.

In addition, SAIs need **to identify joint approaches** to conducting audits of assistance provided to counter military aggression.

We conducted a survey (questionnaire) among the members of the Working Group on the interest of SAIs in participating in the development of the methodology for the audit of losses and damages due to military conflicts, as a result of which three SAIs expressed interest in participating in the development of the specified methodology and new approaches and in the exchange of knowledge.

**The objectivity of the loss fixation mechanisms used by state bodies, their calculation methods, impartiality and verification are important both for Ukrainian society and for all SAIs.**

**Thus, there is a need to develop methodological approaches to conducting audits and developing**

recommendations for SAIs aimed at assessing probable losses and minimizing the negative consequences of disasters due to force majeure circumstances. Special attention should be paid to the audit guidance for SAIs regarding the assessment of damages caused by international armed conflicts/armed aggressions. It is not only about Ukraine, but also about the development of a universal audit guide that could be used by any state that suffered as a result of the war.

This is a new challenge for SAIs, so we consider it expedient to move in the direction of strengthening the cooperation of the Working Group in matters of determining the purpose and strategies of such specific audit tasks, the scope and depth of research to be performed by auditors, as well as in the development of effective recommendations for the recovery of citizens a sense of justice and security.

As part of **objective 2.3. "Introduce monitoring of government efforts to prevent natural disasters"** of the Strategic Goal 2, a Common position on cooperation in conducting a coordinated audit of **"Governments' preparedness for disaster prevention and elimination of their consequences"** is being developed.

The current state of the development of society is characterized by increasing trends in the loss of people and damage to territories caused by dangerous natural phenomena, industrial accidents and catastrophes. The risks of emergency situations of a natural and man-made nature are constantly increasing, which significantly affects all spheres of social life. After all, their **destructive consequences significantly inhibit sustainable economic development**, increasing costs for liquidation of the consequences of emergency situations, causing social, cultural and environmental damage.

**Ensuring adequate protection** of the population and territories in the event of threats and emergency situations, a guaranteed level of safety of the individual, society and the state **is one of the most important tasks of the state policy in the field of civil protection**. Solving this problem is impossible without using the experience of other countries and international

cooperation in the field of emergency prevention and elimination.

In this regard, an important task for SAIs is to introduce monitoring of government actions aimed at preventing natural disasters by conducting coordinated audits, national audits in this area and developing joint actionable recommendations for our governments. Earlier, we announced a large-scale coordinated audit in 2024 of **"Governments' preparedness for disaster prevention and elimination of their consequences"**.

*The purpose of the international coordinated audit is to assess the effectiveness of national systems for ensuring the safety of the population, the natural environment, objects and structures and the avoidance or reduction of the risks of possible disasters in the countries of the SAIs - participants in the international audit, as well as to provide joint recommendations to governments on improving the effectiveness of their activities in order to protection of the population and territories from disasters in peacetime and in a special period, ensuring the readiness of forces and means for actions aimed at preventing them and responding to disasters.*

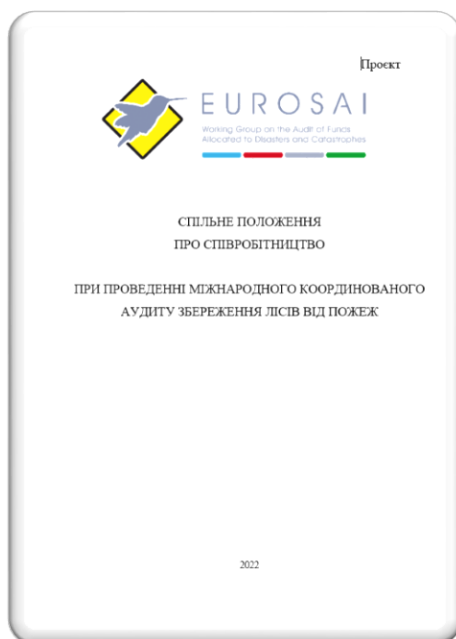
Taking preventive measures to prevent disasters or reduce their consequences is of great importance. Losses of people and material damage will be less if disaster relief measures and government preparedness for them are more effective, ensuring high organization, reasonableness, early planning and prompt response by government agencies, civil defense forces, together with the population, who must know how to behave in emergency situations, showing organization, discipline and moral and psychological stability.

Therefore, 2023 is the time to develop and agree on a Common position on cooperation in conducting this audit.

As part of such an audit, each of the SAIs - participants prepares materials based on the example of the area most relevant for their country. In addition, the more SAIs we can unite in conducting this audit and preparing a joint report, the more comprehensively we will cover the issue of preparedness for possible emergency

situations that our countries may face, and the effectiveness of preventive measures.

According to the results of a survey previously conducted in 2021 regarding the topic and possible participation of members of the Working Group in international coordinated audits, the majority of the SAIs expressed interest in participating in a **coordinated audit in the field prevention and elimination of consequences of fires**.



The Accounting Chamber of Ukraine, as a Chair of the Working Group, has prepared a **draft Common position on cooperation during the International Coordinated Audit of Forest Protection Against Fires**, which was sent to the members of the Working Group for consideration and development of proposals.

**The purpose of this international coordinated audit is** to assess the effectiveness of the national policies in the countries of the SAIs-participants of the international audit aimed at protecting forests from fires, as well as to provide joint recommendations to governments to improve the effectiveness of their

activities in this area.

Since forest fires lead to significant ecological disasters, we hope that the conduct of this international audit will also increase the attention and awareness of society, in particular in terms of compliance with fire safety rules in forests

**The subject of the audit is defined as:**

- activities of authorities aimed at implementing measures to protect forests from fires, including within the framework of international cooperation;
- state funds allocated for this purpose and the procedure for their use.

**The general issues of the audit are defined:**

- productivity, effectiveness, economy and efficiency of use of budget (investment) funds directed to activities related to the purpose of the audit;
- carrying out organizational and technical and other measures aimed at preventing the occurrence of fires, limiting their spread, and reducing fire danger in the forest;
- creation of mechanisms and timeliness of response of authorities in case of detection and liquidation of forest fires;
- the activity of international cooperation and the complete implementation of the provisions of international agreements, the amount of international aid involved and international projects being implemented.

As the conducted survey showed, individual members of the Working Group have conducted audits in the past years in such a field, which gives them the opportunity to join this international audit with the materials of already conducted audits and expand the circle of audit participants, which will make it possible to enrich the information of the future document and increase its usefulness for SAIs.

**Thus, the activity of the Working Group in 2022 was aimed at fulfilling the main objectives of the Strategic Plan for 2021-2024 and provided for the implementation of measures necessary for conduction of international coordinated audits already in 2023.**

**Further activities of the Working Group will be directed, among other things, to the development and provision of the recommendations received in the framework of the specified international coordinated audits, for the relevant authorities to take measures aimed at preventing disasters.**

**Therefore, in 2022, the implementation of Strategic Goal 2 "Mobilization of the SAI's efforts aimed at disaster prevention and minimization of relevant threats" was focused on the identification of the most relevant areas of risk of the occurrence of disasters, the need to develop practical recommendations for assessing probable losses and minimizing their negative consequences, and initiating conducting audits as part of monitoring government actions aimed at preventing natural disasters.**

### 2.3. Strategic Goal 3 “Mobilization of the SAI’s efforts aimed at effective external communication” (Step 3 “TO THE WORLD”)

As part of the objective 3.1. “Ensuring better information of stakeholders on the results of the Working Group’s activity” of the Strategic Goal 3, the Accounting Chamber of Ukraine, as a Chair of the Working Group,

Within the framework of this Strategic Goal, the efforts of the members of the Working Group will be focused on improving the external communication of the Working Group with stakeholders, increasing awareness of its activities, as well as attracting the maximum attention of the wider community to the issues that are the focus of the Working Group’s activities.

has prepared detailed information on the activities of the Working Group for 2021 for publication in the 26th edition of the EUROSAI Magazine, which helps to improve the awareness of the members of the EUROSAI community about



the results of the activities of the Working Group and draws attention to the issues of disaster prevention.

For several years in a row, the world is experiencing not only the Covid-19 pandemic, but also a significant increase in the number of natural and man-made disasters, accidents and emergency situations of various nature. In this regard, supreme audit institutions cannot remain aloof from the problems faced by countries and governments.



The main achievements of the Working Group were presented by the Chairman of the Accounting Chamber of Ukraine Mr. Valeriy Patskan at the 57<sup>th</sup> EUROSAI Governing Board Meeting, which took place in September in Lisbon.

In his speech, he emphasized that there are many disasters in Europe today: floods, droughts, large-scale forest fires, but the main one is, of course, the military aggression of the Russian Federation against Ukraine.

The work of the Working Group should help the governments of different countries to develop effective mechanisms for preventing and eliminating the consequences of disasters to protect the population and economies of our countries. Especially since the large-scale war that is ongoing in Ukraine has already caused a number of problems for the environment in Europe, and in the future threatens even greater.



Chairman of the Accounting Chamber – **Valeriy Patskan** at the 57<sup>th</sup> EUROSAI Governing Board Meeting

21-22 September 2022, Lisbon, Portugal



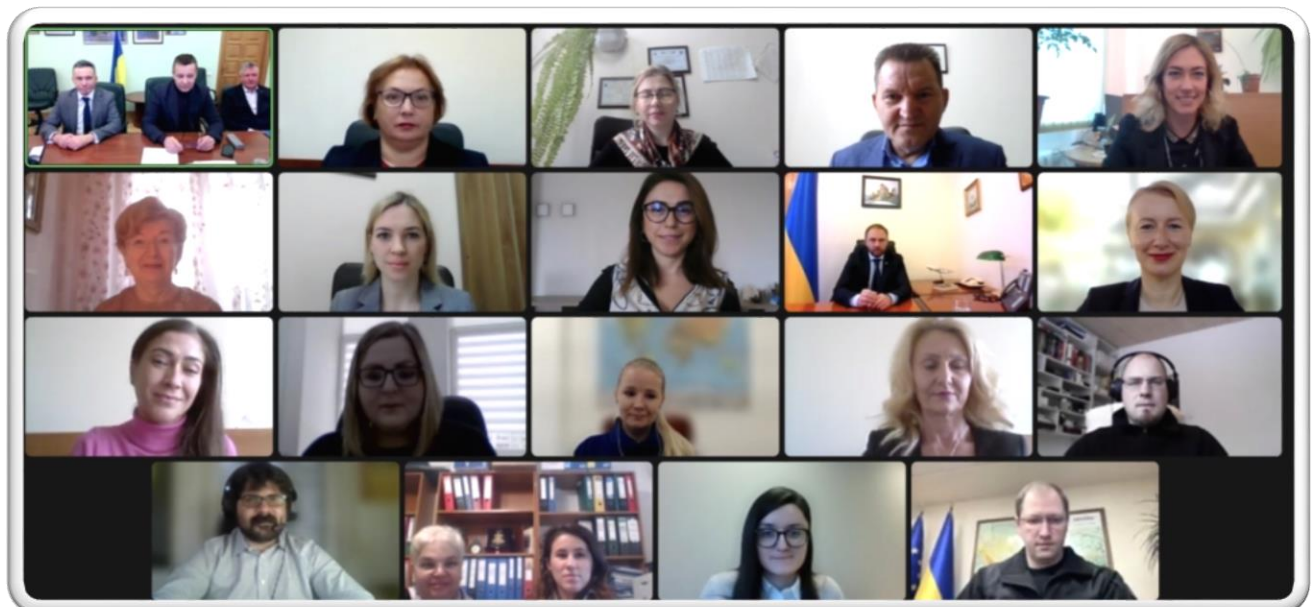
Participants of the 57<sup>th</sup> EUROSAI Governing Board Meeting  
21-22 September 2022, Lisbon, Portugal

In addition, a video recording of the work and achievements of the Working Group was prepared, which was sent to the SAI of the Czech Republic for a general video recording of the activities and achievements of EUROSAI.

**Thus, an increase in the level of awareness of the public and the international community regarding the activities of the**

**Working Group, in particular the status of the implementation of Strategic objectives and the achievement of Strategic Goals, has been ensured.**

To complete the **objective 3.2. "Ensuring the training of auditors, exchange of experience and best practices, in particular on audits in the field of prevention and consequences elimination of catastrophes"** of the Strategic Goal 3, the Secretariat of the Working Group organized and held the **VIII Meeting of the Working Group on the 22<sup>nd</sup> of November 2022.**



Participants of the VIII Meeting of the EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes, 22 November 2022 (online)

Given the restrictions caused by the COVID-19 pandemic and the martial law introduced in Ukraine from 24.02.2022, the event was organized in videoconference mode. A plenary session on the topic "Catastrophes caused by force majeure circumstances, assessment of probable losses and minimization of negative consequences: challenges for SAIs" and the seminar on the topic "Methodological approaches to the audit of losses and damages caused by military conflicts" were also held as part of the event.

The Meeting was attended by 32 representatives of the SAIs of 14 countries, namely: the Republic of Albania, the Republic of Bulgaria, the Republic of Estonia, Georgia, Hungary, the Italian Republic, the Republic of Latvia, the Republic of Lithuania, the Republic of Moldova, the Republic of Poland, Romania, the Republic of Turkey, Ukraine, as well as of the European Court of Auditors.

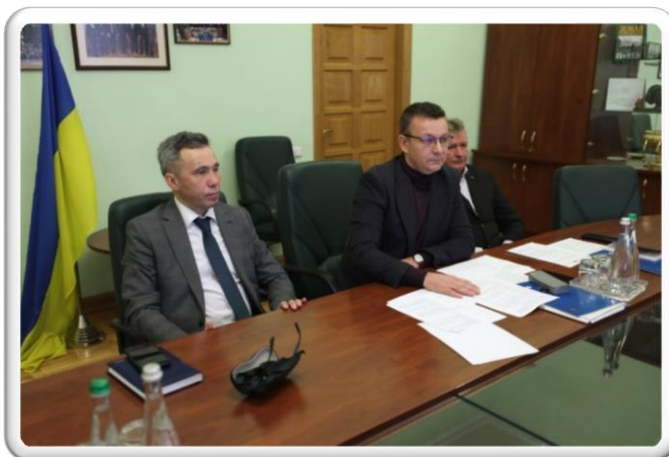


The Meeting began with a welcome speech of the **Deputy Chairman of the Accounting Chamber Mr. Andriy Maisner**. Mr. Maisner thanked the representatives of SAIs – members and observers of the Working Group for their participation in this year Meeting. He drew the attention of the participants to the conditions in which Ukraine is suffering from Russia's aggressive actions, and to what catastrophic consequences this war leads to.

He also thanked European friends and partners for the support that Ukraine receives, for the unprecedented international financial, technical, humanitarian and military assistance that comes from European partners to Ukraine, and also expressed his belief that Ukraine's victory over the terrorist country should prevent further disasters and negative consequences for the whole of Europe.

An invited guest - **Mr. Ruslan Strilets, Minister of Environmental Protection and Natural Resources of Ukraine**, took part in the Meeting.

According to the Minister, it is for the first time in its history when Ukraine faced the need to calculate the damage caused to the environment due to the war unleashed by Russia, as well as the need to develop appropriate methods of calculation. During the UN Conference on Climate Change (COP27), Ukraine presented its initiative for creation of a platform for the development of international methodologies for assessing damage caused by war to the environment. The goal is to create a generally accepted methodology that will not only help in calculating losses, but also act as a safeguard against possible aggressive actions that will cost the aggressor dearly.



From left to right: Mykhailo TOLSTANOV, Viktor BOHUN and Mykhailo HARBUZ

The events were moderated by **Mr. Viktor Bohun, the Member of the Accounting Chamber of Ukraine**.

Mr. Bohun informed the participants of the meeting about the activities of the Working Group in modern conditions and about further steps.

He recalled that since the extension of the Working Group's mandate in 2021, its activities were carried out taking into account the specifics of this period, which affected the format of the work and holding of the group's events. The main factors of this were, in particular, the devastating consequences of climate change

- floods, droughts, large-scale forest fires, the Covid-19 pandemic and, of course, the war in Ukraine.

**International experts were involved** in the seminar, in particular:

**Ms. Inguna Sudraba**, Team Leader of the Project "Strengthening Capacities in External Audit in line with International Standards" (EU4ACU), Auditor General of Latvia in 2004-2013, with the presentation on the theme "Audit of the assessment of damage and losses caused to Ukraine as consequences of the armed aggression of the Russian Federation".



The Project "Strengthening Capacities in External Audit in line with International Standards" will allow to the Accounting Chamber to reach a new professional level and improve auditing in Ukraine.

**Ms. Vlada Grudova**, Co-head of the project "damaged.in.ua" of the Kyiv School of Economics, Member of the working group "Audit of war damage" of the National Council for the Recovery of Ukraine from the Consequences of the War, made a presentation on the theme "Damages, losses and assessment methodology".



Since the beginning of the full-scale war in February 2022, in Ukraine the Project "Russia will pay/damaged.in.ua" led by analytical department of the Kyiv School of Economics, with the support of the Office of the President of Ukraine, the Ministry of Infrastructure, the Ministry of Development of Communities and Territories, the Ministry of Economy, the Ministry for Reintegration of Temporarily Occupied Territories, was founded.

**The purpose of the project** is to collect, record and assess material losses from the war.

Damage information is collected through an analysis of citizen testimony, information from government and local authorities on loss and damage across the country, public sources and initiatives to digitize high-resolution drone imagery. The collected data will be used to record crimes, as evidence in courts, to recover individual compensations and reparations from the Russian Federation.



**Ms. Maryna Shymkus**, Head of the Department of Environmental Assessment of the Ministry of Environmental Protection and Natural Resources of Ukraine, delivered the presentation on the topic *"Damage to the environment of Ukraine caused by armed conflict: methodologies of*

*assessing damage to environmental components, further steps"*.

From the first days of the war, the Ministry of Environment and subordinate state authorities began work on documenting the damage caused to the environment. Due to Russian military aggression, the services of the Ministry of Environment record an increase in air emissions, soil and water pollution.

**Mr. Oleksii Dorohan**, CEO of the Better Regulation Delivery Office (BRDO), Co-founder of the Coalition "RISE Ukraine", made a presentation on the theme *"Building digital infrastructure for managing, monitoring and auditing Ukrainian reconstruction"*.

The Office of Effective Regulation (BRDO) is an independent think tank, a key platform for united reform organizations that share common values to implement change. The office was established in 2015 as a non-governmental non-profit



organization to assist the government in carrying out medium and long-term economic reforms to improve the business environment in the face of political instability.

The Office of Effective Regulation in cooperation with the coalition «RISE Ukraine» developed concept of the Electronic Reconstruction Management System is a system for collecting, processing, systematizing and displaying information about reconstruction projects.

**Thus, the involvement of international experts contributes to improving the qualifications of auditors and expanding their knowledge, which significantly increases the level of their professional activity and the image of SAIs.**

Therefore, the activities of the Working Group within the framework of achieving the Strategic goal 3 "Mobilization of the SAI's efforts aimed at effective external communication" were focused on improving the external communication of the Working Group with stakeholders and increasing awareness of its activities.