



Auditing MBIs

Examples from OAG's performance audits

EUROSAI WGEA

Name of performance audit	Type of MBI audited	Instrument in question
Investigation into target achievement in climate policy	<i>Charges, taxes and levies</i>	<i>Co2 tax</i>
	<i>Tradable permits</i>	<i>Emission trading scheme</i>
Investigation into the Norwegian Authorities' Control of the Norwegian Emissions Trading System	<i>Tradable permits</i>	<i>Emission trading scheme</i>
Investigation into the management of hazardous waste	<i>Deposit refund systems</i>	<i>Producer responsibility systems (EE-waste) Reimbursement schemes for waste oil</i>
Investigation of sustainable management of Norwegian forest resources	<i>Subsidies, incentives</i>	<i>Forest funds and grants for sustainable forest management</i>
Investigation of the authorities' efforts to achieve the goals concerning organic agriculture	<i>Subsidies, incentives</i>	<i>Grants and subsidies for organic agricultural production</i>
Investigation of grants for natural diversity and outdoor recreation	<i>Subsidies, incentives</i>	<i>Grants for fish and game-related measures, and water environment and outdoor recreation measures</i>
Investigation of the authorities' efforts to ensure good air quality in urban areas	<i>Subsidies, incentives</i>	<i>Reward system for public transport for municipalities</i>

The Office of the Auditor General's investigation into target achievement in climate policy

Document 3:5 (2009-2010)

- **Objective of the investigation**
 - *Assess goal achievement in relation to Norway's international climate commitments under the Kyoto Protocol*
- **Main findings**
 - *National policy instruments have helped to curb emissions growth, but have not reversed the trend of growing emissions*
 - *Emissions are expected to continue to increase given the policy instruments adopted at present*

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MBIs covered in the audit

Carbon tax (Co2 tax)

- **Purpose of MBI**
 - *Co2 tax will contribute to cost-efficient emission reductions*
- **Audit findings**
 - *The tax has contributed significantly to curbing the increase in emissions from the petroleum sector*
 - *Has not contributed much to reducing emissions in other sectors*
 - *The level of the tax has increased little over the last decade*
 - *The tax is differentiated across sectors and energy type*
 - *Many businesses have tax exemptions*

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MBIs covered in the audit

Norwegian Emission Trading Scheme

- **Purpose of MBI**
 - *Flexible mechanism will make it cheaper to achieve the climate policy targets*

- **Main findings**
 - *Enterprises' purchases through the emissions trading scheme will probably ensure that the Kyoto Protocol commitment is met*

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MBIs covered in the audit

Norwegian Emission Trading Scheme

- **Audit findings**
 - *First phase (2005-2007):*
 - *Limited scope of the emissions trading scheme (11% of emissions)*
 - *Over-allocation of allowances*
 - *Extremely low prices.*

 - *Second phase (2008–2012)*
 - *Increased scope (36% of emissions)*
 - *Low prices*
 - *No calculation of expected impact on domestic emission reductions*
 - *Uncertain effects of CDM purchases*

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Methodology

Methods applied for evaluating MBIs

- *Collected and analysed statistics on purchases and prices of emission allowances*
- *Report on CDM mechanism conducted by Econ Pöyry AS*
- *Document review*
- *Interviews*