

*Address by Aleksei Kudrin to the participants of the International
Municipal BRICS Forum 2021*

Dear Colleagues!

I welcome the participants of the Third International Municipal Forum of the BRICS countries.

The dialogue with audit institutions of the five countries is one of the key areas of international activities of the Accounts Chamber of the Russian Federation. We actively share the latest solutions and experience in the field of governmental audit with our colleagues.

The topic of the Forum “Challenges to Sustainable Development and International Municipal Cooperation” perfectly meets the priorities of our countries.

Today the world faces two global challenges that are changing both the landscape of our planet and the behavior of society. These are climate change and the COVID-19 pandemic.

The pandemic significantly slowed down the implementation of the SDGs, hitting many areas of our lives. According to [various estimates](#), the losses of the world economy from the pandemic will range from 4¹ to 10² trillion U.S. dollars. A significant part of these

¹ Direct economic losses caused by COVID-19 pandemic. Based on World Bank estimates in “Global Economic Prospects” Report (January, 2021).

² The estimate includes a foregone growth in 2020-2021, based on pre-pandemic estimates, as well as 2020 economic downturn. Based on World Bank forecast on 2020 economic growth (January, 2020), downturn in 2020 and growth in 2021 (January, 2021).

costs will be covered by regional and municipal budgets. However, the damage from the pandemic is not limited to financial losses. Healthcare and social support systems have shown little resilience to global shocks.

Today, the task of public authorities and regulatory bodies on all levels is to develop mechanisms that will allow these systems to become more resilient and efficient.

From the onset of the pandemic, the Accounts Chamber of Russia has been actively auditing the sectors that have suffered most from the crisis. Particular attention was focused on auditing the healthcare and medical aid system.

Thanks to the audits carried out jointly with the audit institutions of Russian regions, as well as to close cooperation with public bodies, we have found violations in the incentives payments totalling 330,6 million rubles (appr. 4,7 million USD). However, during the period of the audit conduct the medical staff received lacking incentive payments in the amount of 251,2 million rubles (appr. 3,6 million USD). At the same time, the total amount of identified violations was less than 0.2% of the total funding.

Together with our foreign partners, we have developed recommendations to improve the resilience of healthcare and social support systems. The main focus of the recommendations is the use of data analysis tools and machine learning elements in assessing public policy.

All our recommendations were included into the final documents of the first International Scientific and Practical Conference under the auspices of the INTOSAI Chair. The participants proposed creating a new platform for testing data analysis algorithms that are most applicable in audit work. We will discuss practical steps within the framework of a new INTOSAI working group created to exchange experience in the field of healthcare and social support systems auditing. We are glad to invite our partners from the BRICS countries to join the Working Group.

During the Forum we will also discuss the issues of climate change, which can lead to losses of 11 to 14% of world GDP by 2050. A significant part of them will fall on the developing countries.

Another important topic will be the transition to a green economy. According to UN [estimates](#), the cost of reducing greenhouse gas emissions will be from 1 to 2.5 trillion US dollars in the medium term.

As part of its activities, the Accounts Chamber pays special attention to the issues of ecology and green transition. In 2020, we conducted audits on the use of water and forest resources. One of the main conclusions was the insufficiency and inadequacy of data in state information systems. In particular, information on 80% of the country's forest fund is outdated by more than 10 years.

Within the professional audit community, the topic of ecology is also quite popular. We are actively discussing it with our international partners.

One of the popular principles within INTOSAI is “think globally, act locally”. In the face of the challenges that affect every country, and ultimately each one of us, the role and responsibility of regional public bodies and municipalities increases dramatically. The importance of the whole of government audit is also growing at all levels of public administrations. Speaking about Russian experience, on September 30, an updated law came into force, which significantly increased the powers of regional audit bodies. We are always ready to exchange experience and best practices with our colleagues from the BRICS countries.

We are grateful to the organizers of the Forum for this opportunity to discuss the most pressing issues in such a unique format that unites the global and municipal agendas of the five countries.

I wish the Forum participants successful work and productive discussions!