

# **INTOSAI-Donor Cooperation Phase 3: 2016-18**

## **Program Document**

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**Developed for the INTOSAI-Donor Steering Committee**

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**Note on Use of Version Control**

Updated versions for internal use by the Working Group would be 0.1, 0.2 etc.

Updated versions for the INTOSAI-Donor Steering Committee would be 1.0, 2.0 etc.

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## ACRONYMS

<b>AFROSAI</b>	African Organization of Supreme Audit Institutions
<b>AFROSAI-E</b>	African Organisation of Supreme Audit Institutions in English-speaking Africa
<b>ARABOSAI</b>	Arab Organization of Supreme Audit Institutions
<b>ASOSAI</b>	Asian Organization of Supreme Audit Institutions
<b>CAROSAI</b>	Caribbean Organization of Supreme Audit Institutions
<b>CBC</b>	INTOSAI Capacity Building Committee
<b>CREFIAF</b>	African Organization of Supreme Audit Institutions in French-speaking Africa
<b>COOPERATION</b>	INTOSAI-Donor Cooperation
<b>CSO</b>	Civil Society Organization
<b>DFID</b>	UK Department for International Development
<b>EUROSAI</b>	European Organization of Supreme Audit Institutions
<b>FAC</b>	INTOSAI Finance and Administration Committee
<b>FTE</b>	Full-Time Equivalent
<b>GCP</b>	Global Call for Proposals
<b>iCAT</b>	ISSAI Compliance Assessment Tool
<b>IDI</b>	INTOSAI Development Initiative
<b>INCOSAI</b>	INTOSAI Congress
<b>INTOSAI</b>	International Organization of Supreme Audit Institutions
<b>ISSAIs</b>	International Standards of Supreme Audit Institutions
<b>MoU</b>	INTOSAI-Donor Memorandum of Understanding
<b>OAGN</b>	Office of the Auditor General of Norway
<b>OLACEFS</b>	Organization of Latin American and Caribbean Supreme Audit Institutions
<b>PASAI</b>	Pacific Association of Supreme Audit Institutions
<b>PD</b>	Program Document
<b>PEFA</b>	Public Expenditure and Financial Accountability
<b>PFM</b>	Public Financial Management
<b>SAI</b>	Supreme Audit Institution
<b>SAI CDF</b>	Supreme Audit Institution Capacity Development Fund

<b>SAI PMF</b>	Supreme Audit Institutions Performance Measurement Framework
<b>SC</b>	INTOSAI-Donor Steering Committee
<b>SDGs</b>	Sustainable Development Goals
<b>SECRETARIAT</b>	INTOSAI-Donor Secretariat
<b>UN</b>	United Nations
<b>WB</b>	World Bank
<b>WGVBS</b>	INTOSAI Working Group on the Value and Benefits of SAIs

## Executive Summary

### What is the INTOSAI-Donor Cooperation?

The [INTOSAI-Donor Cooperation](#) (Cooperation) is a strategic global partnership in the domain of public financial management aimed at enhancing the capacity of Supreme Audit Institutions (SAIs) in developing countries. The Cooperation was formed in 2009 by a Memorandum of Understanding (MOU) between the Donor Community and the International Organization of Supreme Audit Institutions (INTOSAI). [INTOSAI](#) is an autonomous, independent, professional and nonpolitical organization consisting of 192 member SAIs.

The Cooperation recognizes the important role of SAIs in strengthening accountability, transparency, good governance and the stewardship of public funds. As of 2016, twenty-three [donors](#) have joined the Cooperation.

### What has the Cooperation accomplished?

#### Impact and accomplishments

The Cooperation has accomplished the following:

- Global Stocktaking identifying need for support, with 72 percent of respondents, or 129 SAIs indicating capacity development needs as medium to high.
- Focus on professional standards implementation, including creating 199 certified trainers.
- Strategic plan development across specific INTOSAI regions for individual SAIs, increasing those with strategic plans from 73 to 92 percent.
- Global programs to identify SAI specific funding needs to match with providers of support.
- Capacity development database to record and track projects.
- Knowledge sharing and support through capacity building guides and other training initiatives.
- SAI Performance Management Framework (SAI PMF) -- a comprehensive assessment tool for measuring, monitoring and managing SAIs' performance.
- SAI Capacity Development Fund, an alternate funding mechanism, was established through a Trust Fund Administrative agreement between the World Bank and Switzerland's State Secretariat for Economic Affairs (SECO).
- Global Survey reporting audit coverage for financial, compliance and performance audits increased since initial 2010 Global Stocktaking.
- External independent evaluation commissioned and completed, finding evidence of positive behavior change towards more effective support by both donors and SAIs, with recommendations towards effectively achieving the Cooperation's goals.
- Funding to the INTOSAI-Donor Secretariat has been provided by Austria, Australia, Ireland, France, Norway, Switzerland and the United Kingdom, and in-kind contributions were provided by SAI Brazil and SAI Norway, amongst others.

## What are the Cooperation's plans for the future?

### Goals and objectives

- The INTOSAI-Donor Cooperation Program Document: 2016-18 outlines the Cooperation's plans for the next three years.
- The Cooperation seeks to optimize the joint efforts of the INTOSAI and Donor partners in enhancing the capacity of SAIs in developing countries.
- The Cooperation recognizes and supports Goal 16 of the Sustainable Development Goals, dedicated to the promotion of peaceful and inclusive societies for sustainable development, the provision of access to justice for all, and building effective, accountable institutions at all levels.
- This main objective will be carried out through
  - Enhanced and coordinated support to SAIs in developing countries; and
  - Effective capacity development initiatives for strengthened SAI performance.
- Expected program results are:
  - Enhanced financial support for capacity development of SAIs in developing countries;
  - Enhanced quality of knowledge on SAI development initiatives and performance;
  - Enhanced tools and capacity development approaches;
  - Increased awareness of the Cooperation and the needs of SAIs in developing countries; and
  - Strengthened donor and INTOSAI coordination and collaboration on SAI capacity development.
- To support these expected results, the Cooperation will work toward six specific outputs, each made up of a number of related activities:
  - Preparation and implementation of updated strategies.
  - Increased funding for SAI capacity development.
  - Research, guidance and training on donor aid practices and dissemination.
  - Outreach and linkages to all high-priority stakeholders.
  - Upgrade of the SAI Capacity Development Database and support for the Global Survey.
  - Support for finalizing the SAI PMF, and a strategy for continued implementation and maintenance.
- The budget for 2016-2018 amounts to around 18 million NOK in total over the three years. This equates to an estimated 1.9 million euros or \$2.1 million.
  - Funding is expected from Austria, Ireland, Norway and Switzerland, in addition to in-kind contributions from SAI Brazil, SAI Norway and others.
  - The current financing gap for the Cooperation is around 2.9 million NOK in total over the three years. This equates to an estimated 300,000 euros or \$325,000.

## 1. Introduction

This document presents the planned scope and strategic direction of the Cooperation for the three year period commencing January 2016 (Phase 3), as decided by the INTOSAI Donor Cooperation Steering Committee (SC). It highlights the objectives of the Cooperation, progress to-date towards the objectives, and strategic direction for taking the Program forward. It should be noted that the SC established a number of working groups to further develop key components of the strategy during 2016. The results of these working groups will be incorporated into an updated Program Document for consideration by the SC at its 2016 Annual meeting.

The document is organized as follows.

Section 2 explains the nature of the Cooperation and the rationale for continuing with Phase 3 of the Program. It summarizes the current state of SAIs at the global level, and the challenges they face. It also outlines the guiding principles of the MoU between INTOSAI and the Donor community, and other lessons learned which inform the Cooperation's approach to SAI Capacity Development.

Section 3 presents a brief assessment of the Cooperation's achievements during the first two phases, as well as the findings from the 2015 independent evaluation of the Cooperation, and the Steering Committee's response to the evaluation findings. Section 4 outlines the strategic direction of the Cooperation's Program for Phase 3, drawing on the evaluation findings, in particular the need to focus on the core MoU principles, and address observed implementation challenges.

Section 5 shows the estimated resources requirements and indicative financing for Phase 3, based on plans to transfer responsibility for implementation and financing for the SAI Performance Measurement Framework (SAI PMF) to INTOSAI bodies following its endorsement at the INTOSAI Congress in December 2016. The Cooperation will remain an active partner in SAI PMF implementation, and fulfil an important advisory role. An estimated funding gap of 300,000 euros for Phase 3 needs to be addressed.

Section 6 presents the approach to measuring and reporting on program results, monitoring progress, and continual evaluation and lesson learning.

Section 7 summarizes the Cooperation's governance arrangements, including the Steering Committee, leadership, Secretariat and the SAI Capacity Development Fund.



## 2. The INTOSAI-Donor Cooperation

**The Cooperation is a strategic partnership between the International Organization of Supreme Audit Institutions (INTOSAI) and the Donor community.** In recognition of their common goals of enhancing accountability, transparency, good governance and the sound utilization of public funds, INTOSAI<sup>1</sup> (192 Supreme Audit Institution (SAI) members) and members of the Donor community agreed upon a Memorandum of Understanding<sup>2</sup> (MoU) in 2009 with the overall objective of optimizing the joint efforts of the partners in enhancing the capacity and performance of SAIs in developing countries. 23 donors<sup>3</sup> have now joined the Cooperation and the partners are committed to supporting the guiding principles of the MoU to increase the effectiveness of support to SAIs. An overview of INTOSAI, its organizational structure and bodies is set out in Annex 1.

**In the 21st century, SAIs are faced with many challenges** to strengthen national governance and public finance management, but also new opportunities. These challenges include:

- Public resources that are increasingly under pressure – legislatures, governments and citizens are all asking how public governance can be designed more economically and efficiently and what additional contributions SAIs can make in this regard.
- With a declining trust in governments in many countries, strong and independent public sector audit oversight is increasingly recognized as a key factor in regaining public confidence in governments and national systems and strengthening state-society relations.
- Many countries face serious public debt challenges, and governments are grappling to come to grips with other long-term government liabilities. They realize that what might be affordable and possible today, will be increasingly unaffordable in years to come.
- Environmental assets create a new basis of public value beyond financial resources. Therefore preserving environmental assets and using them effectively are matters on which all stakeholders want assurance.
- The increased use of data by the public and private sectors requires that SAIs have the capabilities to audit and analyze “big data”, expanding the skills required in public auditing.

**INTOSAI members (SAIs) recognize the need to strengthen their capacity and performance**, with special attention to strengthen SAI’s institutional, organizational and professional staff capacity in order to

<sup>1</sup> The International Organization of Supreme Audit Institutions (INTOSAI) is an autonomous, independent, professional, and non-political organization, consisting of 192 member SAIs, which develops and maintains professional standards for public sector auditing; provides institutional capacity building support, including training and standards implementation; facilitates the exchange of knowledge and experiences; and promotes responsiveness and continuous improvement among its member SAIs.

<sup>2</sup> <http://www.idi.no/artikkel.aspx?Mid1=67&Aid=401>

<sup>3</sup> African Development Bank, Asian Development Bank, Australia, Austria, Belgium, Canada, European Commission, France, GAVI Alliance, Inter-American Development Bank, International Fund for Agricultural Development, IMF, Ireland, Islamic Development Bank, Netherlands, Norway, OECD, Sweden, Switzerland, The Global Fund, United Kingdom, United States of America, World Bank

ensure a sustained value-adding role. The results of the **2014 Global SAI Stocktaking Report, which sought to update information from the 2010 Stocktaking highlights the following:**

- SAI Performance is improving in developing countries.** Since the 2010 Stocktaking, SAI performance has improved, on most indicators and in most country income groups, with particular improvements noted in Low and Lower-Middle Income Countries, as reflected by reported results on audit coverage, timely submission of audit reports, and publication of audit reports. Generally speaking, low income countries' SAI performance lags behind their counterparts in lower-middle and upper-middle income countries. For example, the coverage on financial, compliance and performance audits has increased compared to 2010 figures. Within developing countries, 68 percent of SAIs reported they met the benchmark for financial audits<sup>4</sup>, 60 percent for compliance audit<sup>5</sup>, and 46 percent for performance audits<sup>6</sup>. In terms of independence, low-income countries SAIs have legal frameworks (and de-facto independence) that deviate significantly from the principles of the Mexico Declaration on SAI Independence considered in the Global Survey. Results in response to SAIs budgets and related procedures indicate that there are opportunities for improvement in the area of financial independence.
- SAIs continue to professionalize.** The INTOSAI and Donor communities have prioritized the development of SAI-led strategic plans and development action plans since 2010. These are central to the MOU principles, as strategic plans place the SAI in charge of its own development, and provide an opportunity for external partners to align and coordinate their support behind these plans. 92 percent of SAIs now report having strategic plans, up from 73 percent in 2010. Implementation of the International Standards of Supreme Audit Institutions (ISSAIs) has become the overriding focus for the INTOSAI community. Analysis based on results of the 2014 Global Survey, available SAI Performance Measurement Framework (SAI PMF) assessments and ISSAI Compliance Assessment Tool (iCAT) exercises showed that 83 percent of SAIs have decided to adopt Level 2 ISSAIs, and 20 percent have carried out assessments related thereto.
- Demand remains for capacity development support to SAIs as well as enhancing the effectiveness of support.** The annual value of external financial support for SAI capacity development increased from US \$54 million in 2012 to US \$62 million in 2013 and 2014, based on figures from the SAI Capacity Development Database. The Global Survey is one source for identifying the future capacity development needs of the INTOSAI community, at a global, regional and country level, and it indicated that 67 percent of SAIs consider their capacity development needs to be high or medium, down from 72 percent in 2010. SAIs and regions were asked about the financing gap they faced in relation to capacity development. From SAIs, the gap was \$61 million and for the regions, \$19 million. The 2014 Global Survey found increased use of both internal and external evaluations used to assess and learn from SAI capacity development

<sup>4</sup> The SAI audited at least 75 percent of the financial statement received in the last financial year surveyed.

<sup>5</sup> Sixty percent of the entities within the SAI's mandate were subject to compliance audit.

<sup>6</sup> The SAI has issued at least 10 Performance Audits, and/or 20 percent of the SAI's resources have been used for performance auditing on a three-year average.

initiatives. A Synthesis of Evaluations carried out under the Cooperation highlighted some factors crucial to project success, specifically: SAI ownership, alignment with broader PFM reforms, use of results frameworks and baselines, and prior consideration of exit strategies.

**Recent UN General Assembly resolutions highlight the increasing global recognition of the central role of SAIs** within good governance and in promoting the efficiency, accountability, effectiveness, and transparency of public administration and the need to strengthen SAIs. The UN resolution A/66/228 “Encourages Member States and relevant United Nations institutions to continue and to intensify their cooperation, including in capacity-building, with INTOSAI in order to promote good governance at all levels by ensuring efficiency, accountability, effectiveness and transparency through strengthened SAIs”. Building on resolution A/66/209, it “Encourages Member States to give due consideration to the independence and capacity-building of SAIs”.

The comprehensive global development strategy entitled “Transforming our World: The 2030 Agenda for Sustainable Development”<sup>7</sup>, which comprises the 17 Sustainable Development Goals (SDGs) as its center piece, adopted at the 70th summit of the United Nations (UN) in September 2015 by the UN Member States recognizes repeatedly the important role of SAIs in the implementation of the SDGs.

**The SDGs, and in particular Goal 16 and Target 16.6 underline the importance accorded to SAIs in supporting the implementation of the Goals** via safeguarding transparency and accountability. In concrete terms, Goal 16 envisages to “build effective, accountable and inclusive institutions at all levels”, while Target 16.6 specifies this provision with regard to the development of “effective, accountable and transparent institutions at all levels”. INTOSAI has recognized the key role of its member SAIs in supporting the SDGs, through: 1) Auditing national systems of follow-up and review of progress toward meeting national sustainable development goals, 2) Undertaking performance audits that examine the economy, efficiency, and effectiveness of key government programs that contribute to specific aspects of the SDGs, 3) Assessing and supporting the implementation of SDG 16 which relates in part to transparent, efficient, and accountable institutions, and 4) Being models of transparency and accountability in their own operations, including auditing and reporting.

In addition, the outcome document of the Third International Conference on Financing for Development, the “Addis Ababa Action Agenda”<sup>8</sup>, which constitutes an integral part of the 2030 Agenda, contains the explicit commitment to strengthening SAIs as independent national oversight mechanisms and enhancing transparency, as well as equal participation in the budgeting process.

**The auditing of use and stewardship of public resources by independent SAIs has a positive impact on trust in society** as it focuses the minds of the custodians of public resources on how well they are using those resources. SAIs add value by enhancing transparency, ensuring accountability, promoting performance, strengthening the fight against corruption and improving national good governance.

<sup>7</sup> “Transforming our world: the 2030 Agenda for Sustainable Development” ([Resolution adopted by the General Assembly on 25 September 2015](#))

<sup>8</sup> “Addis Ababa Action Agenda” ([Resolution adopted by the General Assembly on 27 July 2015](#))

**In particular, legislatures, government leaders, citizens, the private sector and development organizations are enabled to make decisions and take action** once audit results are made public and SAIs share their insights and make recommendations. It is therefore accepted that legislatures, governments, citizens and development organizations would support strong and effective SAIs<sup>9</sup>.

**The legislatures, governments and citizens of all countries call for the promotion and improvement of national governance** so as to enable the sustainable development of society, economies and the environment. As an indispensable part of national governance, national audit performs its functions in accordance with laws and regulations and provides, in an objective manner, audit supervision, verification, evaluation and recommendations that national decision-makers use to make policy and program decisions<sup>10</sup>.

**The Cooperation has made a concrete contribution to strengthening the capacity of SAIs since its establishment in 2009. It is the only global partnership in this domain of public financial management. The objective of the Cooperation continues to be relevant and provides the basis for the continuation of the Program.**

### Approach to Capacity Development

The INTOSAI-Donor Cooperation subscribes to working in an integrated fashion with the following three aspects of capacity development.

**Institutional Capacity Development**, which involves working within the institutional and legal framework within which a SAI operates. It is a combination of formal laws, regulations and procedures on the one hand, and informal conventions, customs and norms on the other, within which the SAI operates.

The **Organisational Systems Capacity** of a SAI, which includes the processes and structures within the SAI to enable a more effective and efficient achievement of the desired objectives. These include systems in the core business area of a SAI – audit – as well as overall governance and support systems e.g. setting up IT audit unit, establishing a human resource management system, developing policies and procedures, audit manuals, and a management information system.

The **Professional Staff Capacity** of a SAI, being the ability of the SAI management and staff to function effectively together as per their job requirements. It includes the knowledge and skills of SAI staff.

<sup>9</sup> National good governance benefits when all financial operations of government, regardless of whether or not and in what form they are reflected in the national budget, are subject to SAI audit, the results of which are publicly presented and discussed in Parliament (UN/INTOSAI Symposium, March 2013).

<sup>10</sup> Beijing Declaration, INCOSAI 2013

The Cooperation's approach to capacity development is drawn from the MOU between INTOSAI and members of the donor community, and from accumulated experience, continual evaluation and lesson learning. The main principles of the MoU on which the Cooperation program is based are:

- **Country led SAI development agenda** - individual country-led SAI strategic plans and development action plans that are comprehensive, realistic and prioritised, respecting SAI leadership; the donor community is committed to respecting SAI country leadership, independence, and autonomy in developing and implementing SAI strategic plans and development action plans; and INTOSAI will endeavour to achieve the strategic goals set out in the INTOSAI Strategic Plan.
- **Enhanced, Harmonized and coordinated programs of support** - The donor community will endeavour to mobilize additional resources (through a variety of funding mechanisms) to develop and implement country-led SAI strategic plans and development action plans; the signatories encourage the delivery of all forms of capacity development support to these strategic plans in a harmonized and coordinated manner; donor support to SAIs and INTOSAI will be provided through a hierarchy of activities, principally at the country level, and then at the regional and global levels.

Experience, continual evaluation and lesson learning further highlights the following as being essential to effective capacity development.

- **Long-term engagement:** Capacity development is a long-term process. Strengthening SAIs requires building cooperation, trust and mutual understanding between partners.
- **Peer support:** is often a value-added component for capacity development. SAIs have unique institutional knowledge and experience of reporting to parliament, and of measures to maintain a standing as an independent accountability institution. Peer support is often the preferred modalities by SAIs, while multi-disciplinary skills, including change management and institutional development remains important within capacity development programs.
- **Stronger focus on results:** performance baselines are important to measure results from capacity development initiatives. Demonstrating results remains the most important factor for continued justification of capacity development support.
- **Political economy analysis:** SAIs do not operate in a bubble and each capacity development analysis should look at the environment in which the SAI operates and use a political economy analysis to design appropriate support initiatives.
- **Support for strengthening the SAIs operating environment:** strengthening the environmental and foundational factors take a long time and is outside the direct control of the SAI itself. Nevertheless, capacity of SAIs can be strengthened by fostering demand for a fully functioning independent SAI, by promoting these values among parliament, Civil Society Organizations (CSOs) and other external stakeholders that promote accountability and transparency.
- **Working with SAI stakeholders:** To increase SAIs impact and its work, SAIs need appropriate capacity to engage with external stakeholders.

- **Strengthening global and regional structures:** Regional structures within INTOSAI provide a platform to bring SAIs together to share and learn from each other. Working with these bodies provides a unique opportunity to address capacity development needs, shared by several SAIs, and thereby achieve economies of scales.
- **Gender and inclusivity:** consideration of gender balance and impact, as well as an inclusive approach, are essential for sustainable development.

### 3. Assessment of the Cooperation to Date

The objective of the Cooperation provides the basis for the Program. The focus of the Program activities has evolved over the two phases of the Cooperation since the MoU was signed in late 2009.

#### 3.1 Phase 1, 2010-2012

Inaugural meeting held between INTOSAI and Donor Community signatories to the MOU, established a governance structure including a Steering Committee, its leadership, and establishing IDI as the host of the Secretariat. The Secretariat conducted a Global Stocktaking of SAI capacity development needs, providing an indication of the demand for support, as well as the need for improved coordination. Eight priority global and regional capacity development initiatives were matched with providers of support totaling almost USD \$6 million. This included strategic planning and management development programs, and dissemination and implementation of the guides developed by the INTOSAI Capacity Building Committee (CBC), and support for the implementation of the International Standards of Supreme Audit Institutions (ISSAIs).

INTOSAI adopted the ISSAIs in 2010, and in December 2011 as a result of dialogue through the Cooperation, IDI and the World Bank signed an agreement to promote accessibility and application of the ISSAIs with a focus on financial audit standards and to develop a tool for measuring implementation of ISSAIs by SAIs. The program encompassed an ISSAI Certification Process and Management Workshops for SAIs to become familiar with the standards and various tools to support their implementation. For example, 199 people achieved certification, becoming facilitators and trainers of their peers on the ISSAIs. The program has been a great success, based on feedback from key stakeholders, and based on an independent evaluation by Swedish Development Advisers, whose March 2015 final report<sup>11</sup> concluded that that the program achieved its outcomes and outputs and should continue with a new set of activities to help SAIs to increase the quality of their audit work.

A Global Call for Proposals was carried out in 2011/2012 resulting in 55 proposals received, with over half being matched with support, including regional and bilateral projects in ARABOSAI, AFROSAI-E, EUROSAI, OLACEFS, and PASAI. The SAI Capacity Development Database was established in 2012 to improve coordination of support, and now has over 250 project entries and over 4,000 visits. A first draft of the SAI Performance Measurement Framework (SAI PMF) was prepared, and piloted in three countries. SAI PMF is a comprehensive assessment tool for measuring, monitoring, and managing an SAI's performance.

#### 3.2 Phase 2, 2013-2015

With the successful establishment of the Cooperation, Phase 2 has focused primarily on moving beyond the initial implementation phase, to establishing the Cooperation initiatives as standard practices and working towards newly mobilized funding being applied to deliver results at the country, regional and global levels. The Cooperation's activities have supported developments of funding mechanisms and

<sup>11</sup> Independent Evaluation of the Programme on Global Partnerships to Strengthen Capacities of Supreme Audit Institutions, March 29, 2015; Swedish Development Advisers.



project identification, matching of needs and support to SAIs, refinement and roll-out of the SAI PMF, Knowledge Center on Support to SAIs, Research and Evidence, as well as Monitoring, Evaluation and Lesson Learning.

### 3.3 Achievements to Date

Funding Mechanisms and Project Identification	<ul style="list-style-type: none"> <li>•2010: First global SAI capacity <i>needs assessment</i> stocktaking</li> <li>•Support to SAIs for project proposal development</li> <li>•A global <b>SAI Capacity Development Fund established</b>, funding 6 SAI and 1 regional capacity development projects</li> </ul>
Strengthening the Matching of Support to SAIs	<ul style="list-style-type: none"> <li>•<b>Matching 7 SAI initiatives with donor funds</b> in 2010/11 including a global initiative to support <b>ISSAI implementation</b></li> <li>•<b>Global Call for Proposals (GCP)</b> <ul style="list-style-type: none"> <li>•<b>GCP 2011:</b> 28/55 projects (51%) funded and executed</li> <li>•<b>GCP 2014:</b> 25/47 projects (53%) funded and executed or in process</li> </ul> </li> <li>•<b>SAI Capacity Development Database</b></li> </ul>
SAI Performance Measurement Framework	<ul style="list-style-type: none"> <li>•<b>Development of the SAI PMF</b>, in collaboration with the INTOSAI Working Group on the Value and benefits of SAIs .</li> </ul>
Knowledge Center on Support to SAIs	<ul style="list-style-type: none"> <li>•<b>4 Training courses for donors on working with SAIs</b></li> <li>•Establishment of a knowledge centre to provide strategic advice on SAI capacity development initiatives</li> </ul>
Research and Evidence	<ul style="list-style-type: none"> <li>•Completion of various studies, including role of SAIs in the audit of extractive industries, SAIs and citizen engagement</li> <li>•Comparative analysis of SAI funding levels</li> <li>•Synthesis of the evaluations and lesson learning on SAI capacity development</li> </ul>
Monitoring, Evaluation and Lesson Learning	<ul style="list-style-type: none"> <li>•Independent Evaluation of the INTOSAI-Donor Cooperation</li> <li>•Annual monitoring reports</li> <li>•Global Survey in 2013/14 to determine SAI performance improvement since 2010</li> </ul>

Key results which can be directly attributed to the Cooperation Program efforts are:

- An increase in average annual financial support of 6.5% for SAI capacity development, from US \$54 million in 2012 to US \$62 million in 2014 as measured through the SAI Capacity Development Database.
- *Launch of the SAI Capacity Development Fund (SAI CDF)* – a multi-donor trust fund established in 2014 to scale up support, improve allocative efficiency, and reduce transaction costs for SAIs



and donors. The fund has already committed to supporting seven SAI capacity development programs in Gabon, Georgia, the Philippines, Bhutan, Mongolia, Mozambique and a regional initiative for SAIs in South East Asia, covering topics from ISSAI implementation and IT audit, to training trainers and strengthening relationships with external stakeholders. Further disbursements and project awards are expected beyond 2016.

- An increase in the number of SAIs with strategic plans, from 73% to 92%.
- *SAI PMF* assessments have been completed, to at least draft report stage in more than 30 SAIs, and final report stage in 17 countries.
- Expanded knowledge on SAI development initiatives with an *SAI capacity development database* for providers of capacity development support to actively coordinate and plan their capacity development efforts with over 250 projects tracked as completed, ongoing or planned, as well as 50 proposed projects being tracked from 2014 Global Call.

### 3.4 Independent Evaluation

An independent evaluation of the Cooperation was commissioned by the SC in 2014 to serve as an evidence base to inform and improve the future design of the Cooperation and the decision-making processes related to it. As the period since the start of the Cooperation was less than five years, the focus of the evaluation was on learning. The report was finalised in August 2015, and its findings and recommendations were discussed at the 8th SC in October 2015<sup>12</sup>.

The overall evaluation of the performance of the Cooperation was positive, concluding that there is evidence of positive change in behavior of donors and SAIs, and also indications of improved coordination of support to SAIs, which reflect the main objectives and underlying principles of the MoU. The evaluation highlighted the following positive findings:

- The design and set-up of the Cooperation continues to be relevant in view of the evolving context.
- The governance arrangements of the Cooperation continue to be appropriate and adequate in view of the evolving context, but there is a need to look at areas that can be enhanced.
- There is convincing evidence that, as a result of the Cooperation, there have been changes in behavior of SAIs, INTOSAI and its bodies, as intended in the MoU.
- Although early in the life of the Cooperation, there is some evidence of improved donor coordination and more reliable information of SAI performance.

The evaluation also identified challenges and made recommendations to help improve the management, outcomes and results of the Cooperation. These are:

- Better alignment between the MoU and the program document. The MoU should be the main guiding document, and the number of separate Cooperation activities should be limited to the extent possible. The focus should shift to gathering good practices and sharing these in order to

<sup>12</sup> The published Evaluation report is available at <http://www.idi.no/artikkel.aspx?MId1=145&Aid=1068>

improve the performance of the Cooperation in the various regions and countries with the aim to contribute significantly to enhanced performance of SAIs.

- Improved prioritization of Cooperation activities with reducing activities that do not contribute substantially to the objectives of the Cooperation.
- More reflection on the current governance arrangements and the responsibilities of key bodies to enhance linkages between the various levels, to consider the adequacy of representation of the SAIs of partner developing countries in the SC; further strengthening of the joint efforts with INTOSAI bodies and committees such as the CBC, in order to achieve common goals. Focusing on the role of the facilitator rather than as implementer of activities.
- Increase further the visibility of the Cooperation. The Cooperation needs to be sufficiently visible and recognized by key stakeholders at the global regional and country level to justify its continued existence.

While many of the activities of the Cooperation Program will continue, the key issues and the recommendations of the evaluation will be addressed in Phase 3 of the Program. In summary, the SC has put in place the following actions which will be progressed in Phase 3:

- **To achieve better alignment and prioritization** between the Cooperation's MoU and the Program Document and to better prioritize activities to help increase the effectiveness and efficiency of the Cooperation, the SC has established working groups to review and make recommendations on the continuing relevance of each of the pillars and ways to enhance and strengthen the impact of Cooperation activities. The outcomes of the working groups' deliberations will be considered by the SC leadership in defining the future direction of the Cooperation in an updated Program Document, for consideration and approval at the 2016 SC meeting.
- **Linkages between relevant stakeholders and coordination and representation will be pursued:** since the evaluation, the INTOSAI CBC leadership is invited to participate in the Cooperation's leadership teleconferences, and continuing efforts will be made by the INTOSAI SC representatives, particularly INTOSAI regional bodies' representatives and donors, to ensure adequate representation of developing countries. INTOSAI regional bodies play a key role in linking global and country level activities and therefore their active participation in the Cooperation's governance is important and will be promoted. The SC also believes that hosting of the Cooperation's Secretariat within IDI has many benefits and brings direct access to the INTOSAI network and synergies with other IDI activities. Continued vigilance will be maintained to guard against any potential conflicts of interest.
- **A communications strategy and an updated results framework will be developed together with a monitoring and reporting strategy** to better demonstrate the results of the Cooperation. Demonstrating results and making the activities and results of the Cooperation visible is important to its continued success; however such emphasis should not be to the detriment of INTOSAI and SAI ownership and leadership of SAI strengthening activities.

## 4. Strategic Directions and Results Framework for Phase 3

### 4.1 Global and Program Objectives

The overarching **global objective (development goal)** is for:

Strong independent and multi-disciplinary SAIs as a pillar of good governance

### 4.2 Program Objective and Guiding Principles

The Cooperation's Program Objective is:

Optimize the joint efforts of INTOSAI and Donor partners in enhancing the capacity of SAIs in developing countries

This goal reflects the understanding that the Cooperation is focused on helping SAIs develop, through reform and capacity development programs, their capacity to provide effective and efficient public sector auditing for strengthened oversight of the management of public resources in support of strong economic growth and government service delivery. Strong independent and multi-disciplinary SAIs, as a critical accountability institution within a country's public financial management architecture will contribute to greater accountability and transparency in the management of public resources. Based on the overall development goal and the cooperation's program objective, an overview of the intervention logic for Phase 3 of the Program is illustrated in Annex 2. The intervention logic is based on expected causal flows from the direct output of the Program's activities towards the global objective.

The guiding principles and context for the INTOSAI-Donor Cooperation Program are drawn from the MOU between INTOSAI and members of the donor community. The main principles of the MoU on which the Cooperation program is based, and the Cooperation's approach to capacity development, are set out in chapter 2 above.

The Cooperation contributes to the achievement of the global objective but recognises that interventions to achieve the overall objective of strengthened SAIs in developing countries goes beyond the scope and capacity of the Cooperation Program.

All Cooperation partners – INTOSAI, its members and donors – seek to implement and support the principles of the MoU as this is seen as a means to achieve the overall development goal of strengthened SAIs in developing countries. All partners undertake substantive actions within their respective institutions in promoting a country-led SAI development agenda and capacity development initiatives.

The independent evaluation completed in 2015 and the Cooperation's response to the study's conclusions and recommendations, has provided valuable input and the basis for formulating the strategic direction, objectives, results and activities of Phase 3 of the Cooperation Program.

### 4.3 Strategic Directions and Intermediate Program Objectives

In line with the evaluation's recommendations, the Cooperation will be more focused in its efforts to supporting the strengthening of SAIs in developing countries through being more selective in the activities supported, reviewing the benefit and lessons learnt from the initiatives of Phase 2 and strengthening its governance, collaboration, communications and outreach in support of SAI development. The strategic directions for the Cooperation are reflected in the intermediate program objectives of the Cooperation for Phase 3 which are:

- Enhanced and co-ordinated support to SAIs in developing countries
- Effective capacity development Initiatives for strengthened SAI performance.

### 4.4 Program Expected Results

The following key results, which are essential to the achievement of the Program's objectives, will be pursued in Phase 3 of the Cooperation Program:

1. **Enhanced financial support for capacity development of SAIs in developing countries:** The Global SAI Stocktaking Report (2014) confirmed a continuing funding gap for capacity development at the SAI and regional level. In line with the MoU, the Cooperation should provide the opportunity for funding needs to be matched with funding, without undermining existing, effective country level arrangements. The MoU foresees different support modalities for that matter. Reviewing and improving these modalities will positively contribute to enhancing the financial support for capacity development and link it to results.
2. **Enhanced quality of knowledge on SAI development initiatives and performance:** Capacity development support for SAIs in developing countries should be designed in a way that they facilitates performance improvement. In order to do so it is crucial that SAIs and providers of support target appropriate areas for performance improvement. Ideally, capacity development support should be aligned behind high-quality SAI owned strategic plans. Being a partnership between funders/providers and recipients of capacity development support, the Cooperation needs to focus on both demand-side and supply-side issues for delivering such support. The Cooperation should devote its resources to identify what works in terms of results and disseminate these best practices.
3. **Enhanced tools and capacity development approaches:** The MoU acknowledges the existence of various funding modalities, such as bilateral initiatives, pooled-funding arrangements, budget support, etc. They can be delivered directly at country level, and/or through regional or global initiatives which should be supportive of country-level efforts. Capacity development support can also be provided by different means, ranging from SAI-led developments, to support

focused on peer-learning, to external expert advice and facilitation. For example, stronger diagnostic assessments using global or regional frameworks can help improved sequencing of reform efforts and provide a strategic focus for the design of capacity development activities. Furthermore, this is an area that would benefit widely from more effective donor coordination, particularly at the country and regional levels.

4. **Increased awareness of the Cooperation and the needs of SAIs in developing countries:** An important finding of the evaluation is that awareness of the Cooperation appears to vary considerable and there is not yet sufficient visibility and recognition by stakeholders, especially at the regional and country level. Demonstrating results and making the activities and results of the Cooperation visible and known is important to ensure the Cooperation's continued success. Further, to optimize capacity development support, and consequently ensure continued relevance, the Cooperation needs to know the different challenges faced by developing country SAIs to ensure capacity development interventions are appropriately targeted. Regular analysis of SAI needs is essential to inform future capacity development activities, at the global, regional and country level.
5. **Strengthened Donor & INTOSAI Coordination and Collaboration on SAI capacity development:** To avoid duplication of efforts and unnecessary transaction costs, provision of capacity development support should be coordinated and harmonized to the extent possible, both horizontally within countries, as well as vertically between global, regional and country-level efforts. Strategic work to strengthen the GCP and Database, and increase country level awareness and use of these tools, will be an essential part of strengthening coordination. Research and guidance on good practices in country level coordination – including the link to regional and global initiatives – may also add value here. The Cooperation shall ensure information sharing among stakeholders by providing an overview on ongoing and planned support. Jointly, members of the Cooperation should communicate to stakeholders the importance of independent and effective SAIs in the context of sound Public Financial Management. The importance of strong SAIs as effective institutions for sustainable development and poverty reduction should be stressed, including the important role of SAIs in the context of the Sustainable Development Goals.

## 4.5 Program Outputs and Activities

To support these expected results, the Cooperation will work towards six specific outputs, each made up of a number of related activities, as follows:

1. **Reviews of Cooperation initiatives; preparation and implementation of updated strategies –** key activities such as the SAI PMF, the Global Call for Proposals (GCP), the SAI CDF, and the SAI Capacity Development Database will be reviewed and strengthened. These reviews will focus on achieving better alignment between the Cooperation's MoU and the Program Document, better prioritization of activities to help increase the effectiveness and efficiency of the Cooperation, and identifying ways to enhance and strengthen the impact of Cooperation activities.

2. **Increased funding for SAI Capacity Development** – with a focus on support for developing countries' SAI capacity development needs, and in particular those in fragile and conflict affected situations. Increased funding for the SAI CDF as an important complement to bilateral funding modalities and peer support. Focus on mapping donor aid policies, practices and approach to SAI support.
3. **Research, guidance and training on donor aid practices and dissemination** – with a focus on providing advice to SAIs and donors on developing, initiating and supporting SAI capacity development initiatives at country and regional levels.
4. **Outreach and linkages to all high priority stakeholders** – with a focus on disseminating key information for SAI development needs and programs, establishing linkages between the Cooperation and INTOSAI bodies, and maintaining a dialogue with all key stakeholders.
5. **Upgrade of the SAI Capacity Development Database and support for the Global Survey** – with a focus on increasing the quality of information on capacity development operations, enhanced awareness, accessibility and user friendliness of the SAI Capacity Building Database, and on enhancing knowledge on SAI development initiatives and performance improvements.
6. **Support for finalizing SAI PMF and future implementation and maintenance strategy** – with a focus on finalizing the SAI PMF for submission for approval at the 2016 INCOSAI, and supporting the future implementation and maintenance strategy.

These six outputs constitute the Cooperation's Program components, each comprising a number of activities with defined outputs which will be defined in detail as part of annual work programs. The outputs and associated indicative activities during Phase 3 which will contribute to the achievement of the key results are shown in Annex 4.

Two further program components – but not outputs – are:

7. **Effective Governance and Program Management** – including support to the SC, Cooperation Leadership group and the administrative activities to support delivery of the technical components.
8. **Monitoring and Evaluation of achievement of results and objectives** – with a focus on providing regular Monitoring and Evaluation reports on the Program.

## 4.6 Implementation of Program Activities

Implementation of Phase 3 is planned for three years (starting January 2016). As the program implementation evolves, activities will be reviewed and updated as part of the annual work program. The SC may decide to consider additional issues to support the Cooperation during Phase 3. It is expected that such additional items would be implemented by individual partners and managed and funded by these outside the resources mobilized for the Secretariat managed activities. However, the output of such additional work will be shared by the partners and discussed at the SC meetings.

During project implementation, gender and diversity perspectives will continue to be taken into account. This will be supported by the continued collection of sex-disaggregated data, e.g. on the

participation in Cooperation initiatives, and adjustments to program activities to facilitate improved gender balance.

## 4.7 Program Beneficiaries

At the country level, the potential direct beneficiaries are the SAIs of 148 developing countries and territories, as listed in Annex 5. This includes 48 least developed countries and four other low income countries, 36 lower-middle income countries, and 60 upper-middle income countries and territories. 145 of these SAIs are members of INTOSAI, or an INTOSAI regional body, or are actively engaged in capacity development projects supported by INTOSAI and/or the donor community.

Within these country beneficiaries, the program is designed to be of benefit to all citizens, regardless of gender, ethnicity, religious beliefs, age etc. By strengthening their capacity, the program will enable SAIs to better review the performance and impact of Government programs and policies, including whether these have the desired results in relation to different groups within society.

At the regional level, the Program will benefit the eight INTOSAI regions and sub-regions (see Annex 1). While some regions consist entirely of countries eligible for development assistance, the regional bodies of ARABOSAI, ASOSAI, CAROSAI, EUROSAI, OLACEFS and PASAI include both eligible and non-eligible countries. These bodies run programs and knowledge sharing activities for their member SAIs, and may receive development assistance for initiatives which are wholly or predominantly for the benefit of their developing country members. All regional bodies develop and share public goods, regularly convene their members to share experiences, and have various working groups and committees tasked with advancing aspects of the work of SAIs in the region. The regional bodies are represented in the SC as members.

At the global level, the Program may benefit activities of INTOSAI bodies which are carried out wholly or partly for the benefit of SAIs in developing countries. This may include specific activities such as capacity development programs delivered by, for example, the IDI, and the development and dissemination of global public goods such as the ISSAIs.

## 5. Estimated Resource Requirements & Financing

### 5.1 Assumptions: SAI PMF

As the SAI PMF is being prepared to be formally adopted by INTOSAI, the strategy for its continued implementation and maintenance, as well as the Cooperation's role and responsibilities related thereto, are being worked out. Based on discussions to date, there appears to be a consensus on all sides that from 1 January 2017 onwards, the Cooperation should take on an advisory role in relation to SAI PMF, while the Governance and implementation of SAI PMF should be more clearly located within INTOSAI structures. **Therefore the financing for SAI PMF implementation would no longer be channelled through the Cooperation's Secretariat.** Instead, it would potentially be financed through a combination of IDI core funds from the Norwegian Parliament, and most likely some ring fenced donor support.

All partners agree on the importance of continued work on SAI PMF and the need to establish effective mechanisms to support SAI PMF post-2016. The current favoured solution involves transfer of the INTOSAI custodian role from the WGVBS to the INTOSAI's Capacity Building Committee (CBC), and transfer of implementation support role to the IDI. These solutions require ratification by IDI's Board and the CBC Steering Committee respectively. The risk of failure to identify appropriate support arrangements for the continued implementation and maintenance of SAI PMF is identified in the Program Risk Register (Annex 8).

The estimated resource requirements below have been prepared based on this assumption.

### 5.2 Estimated Resource requirements

The resource requirements for the Program are presented below. These are the required contributions to the IDI to operate the INTOSAI-Donor Secretariat, including implementation of Cooperation activities carried out by the Secretariat. In-kind contributions expected and required are not included here, but are listed in Annex 6. This Annex also includes a programmatic version of the resource requirements<sup>13</sup>.

<sup>13</sup> Under which Program staff costs, and administrative staff, overheads and indirect costs, have been apportioned to each output based on the estimated time and total costs of each program staff member expected to be spent on each output.



### Resource Requirements

Budget	2016	2017	2018	Total	Total, €	Total, \$
A. Admin. Staff Costs	1,826,051	1,052,084	1,065,930	3,944,064	410,840	446,161
B. Overheads and Other Indirect Costs	1,255,520	715,324	716,631	2,687,475	279,945	304,013
C. Contingency (Including Exchange Rate Provision)	-	-	-	-	-	-
<b>Total Admin (Cash)</b>	<b>3,081,571</b>	<b>1,767,408</b>	<b>1,782,560</b>	<b>6,631,539</b>	<b>690,785</b>	<b>750,174</b>
Program Staff Costs (Excluding in-kind Support)	3,246,312	1,870,371	1,894,986	7,011,669	730,382	793,175
1. Strategic Reviews	-	-	-	-	-	-
2. Funding Mechanisms	80,000	603,200	603,200	1,286,400	134,000	145,520
3. Research, Guidance and Training	87,000	90,000	180,000	357,000	37,188	40,385
4. Outreach and Communications	90,400	120,400	150,400	361,200	37,625	40,860
5. Data Collection and Management	45,000	233,000	45,000	323,000	33,646	36,538
<i>of which: 5.1 SAI Capacity Development Database</i>	<i>45,000</i>	<i>45,000</i>	<i>45,000</i>	<i>135,000</i>	<i>14,063</i>	<i>15,271</i>
5.2 INTOSAI Global Survey	-	188,000	-	188,000	19,583	21,267
5.3 Other	-	-	-	-	-	-
6. SAI PMF *	2,183,200	-	-	2,183,200	227,417	246,968
<i>of which: 6.1 Custodian of SAI PMF</i>	<i>187,000</i>			<i>187,000</i>	<i>19,479</i>	<i>21,154</i>
6.2 Supporting Assessment Quality and Monitoring	811,600			811,600	84,542	91,810
6.3 Conduct Assessments	328,600			328,600	34,229	37,172
6.4 Facilitate Assessments and Usage of Results	37,000			37,000	3,854	4,186
6.5 Independent Reviews (formerly QA)	96,000			96,000	10,000	10,860
6.6 SAI PMF Regional Employee	723,000			723,000	75,313	81,787
7. Governance and Program Management	132,900	46,800	46,800	226,500	23,594	25,622
8. Monitoring and Evaluation	30,100	-	74,000	104,100	10,844	11,776
<b>Total Program (Cash)</b>	<b>5,894,912</b>	<b>2,963,771</b>	<b>2,994,386</b>	<b>11,853,069</b>	<b>1,234,695</b>	<b>1,340,845</b>
<b>Total (Cash)</b>	<b>8,976,483</b>	<b>4,731,178</b>	<b>4,776,947</b>	<b>18,484,608</b>	<b>1,925,480</b>	<b>2,091,019</b>

All figures in Norwegian kroner (NOK), unless otherwise stated.

### 5.3 Financing

The expected financing is shown below, with SAI PMF costs in 2017 and 2018 falling outside the Cooperation and to be borne by the responsible INTOSAI body. Subject to IDI Board approval, it could be anticipated that Norwegian Parliamentary funding would be reallocated to IDI to cover some SAI PMF implementation costs.<sup>14</sup>

#### Indicative Financing

Financing Expected	2016	2017	2018	Total	Total, €	Total, \$
Austrian Development Agency (€100 000 per year)	960,000	960,000	960,000	2,880,000	300,000	325,792
Irish Aid (€250 000 per year)	2,400,000	2,400,000	2,400,000	7,200,000	750,000	814,480
Norwegian Parliamentary Funding	2,000,000			2,000,000	208,333	226,244
SECO (Switzerland) (SFr 200 000 per year, 2016 & 17)	1,766,000	1,766,000	-	3,532,000	367,917	399,548
<b>Total Financing (Cash)</b>	<b>7,126,000</b>	<b>5,126,000</b>	<b>3,360,000</b>	<b>15,612,000</b>	<b>1,626,250</b>	<b>1,766,063</b>

All figures in Norwegian kroner (NOK), unless otherwise stated.

The financing gap for the Cooperation is around 2.9 million NOK in total over the three years. This equates to an estimated 300,000 euros or \$325,000. Opportunities are currently sought to increase the funding to the Cooperation, including through in-kind support. Prioritization of activities in case the funding gap persists will be made in the annual work plans which are discussed by the SC and approved by the SC leadership.

<sup>14</sup> In addition to this Parliamentary funding, a further 6.727 million NOK (0.7 million euros, or USD 0.76 million) would be needed for SAI PMF implementation (outside the Cooperation) over 2017-18. Delivery of regional programs supporting or based on SAI PMF would require additional funding beyond this.

## 6. Monitoring and Evaluation of Program Results

### 6.1 Results Monitoring

The progress towards the Program's results targets will be monitored and reported on as part of the Secretariat's annual progress reports to the SC, as well as through periodic monitoring reports on particular components or aspects of the Program. A Performance Measurement System, to support identification and monitoring of expected results, is included in Annex 3. Performance Measurement indicators for outputs and activities will be developed throughout the Program period based on approved work program activities. The performance measurement system will be reviewed and endorsed annually by the Steering Committee. Considerations on the availability of data for future evaluations will form part of this review.

### 6.2 Progress Reporting

Progress reporting will serve two purposes, for two different audiences.

#### Progress Reporting to the SC

The purpose here will be to provide timely information to the SC, and specifically SC leadership, to keep the SC informed of progress, to identify issues as they arise, and to ensure corrective action can be taken. It will also provide the basis for discussion and approval of the annual work program. The following reports will be submitted.

Report	Recipient	Date	Action Required
Year end monitoring report: progress and draft budget execution	SC	15 February	Information
Annual performance and financial report on the previous year <sup>15</sup>	SC	31 May	Information only – subject to the formal approval process of the funding donors
Half-yearly monitoring report: progress and draft budget execution	SC	15 July	Information
Updated performance measurement framework	SC	October SC meeting	Review and endorsement
Annual risk register	SC	October SC meeting	Discussion and approval
Draft annual work plan	SC	October SC meeting	Discussion
Final Annual work plan	SC leadership	31 October <sup>16</sup>	Approval
Verbal progress reports	SC leadership	Bi-monthly SC leadership teleconferences	Discussion
Summary of the SC leadership teleconferences	SC leadership, funding	Following bi-monthly SC	Information

<sup>15</sup> Due to the funding donors by 31 May, and subject to their comments, amendments and approval. Once finalized, it will be published.

<sup>16</sup> The Annual work plan reflects decisions taken at the SC meeting, so a final version for approval can only be prepared after the SC meeting, for approval by the SC leadership

	donors, IDI Board	leadership teleconferences	
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A specific slot will be reserved on the annual SC meeting agenda for the SC to review the risk register, to ensure all significant risks are identified and effectively managed, and the SC will be asked to approve the risk management approach.

#### Accountability for the Use of Resources under the Grant Agreement Between IDI and the Funding Donors

The purpose here will be to discharge the responsibilities of IDI in relation to the grant agreement with the donors providing financial support to the INTOSAI-Donor Secretariat. The following reports will be submitted. The funding donors, as members of the SC, will also receive the reports in the table above.

Report	Recipient	Date	Action Required
Annual performance and financial report on the previous year	Funding Donors	31 May	Approval
Budget amendment requests	Funding Donors	As required, with the intention to streamline towards minimum amendment requests, either 31 May for in year requests and/or 31 Oct for requests relating to the following year	Approval

The annual performance and financial report shall include the following:

- An assessment of the progress of implementation against the Project Document 2016-18, and annual work plan approved by the SC. This will be based on results collected from the performance measurement system.
- An explanation of major deviations from the Project Document and annual work plan.
- An assessment of challenges and risks that may affect the success of the future work program.
- Whenever possible, the reporting shall include sex-disaggregated data and information on actions taken to promote gender equality
- An explanation of the receipt and use of funds compared to budget, for the year and cumulative period to date, including major variances.
- An assessment of any need for adjustments to agreed plans and/or inputs and outputs, including actions for risk mitigation.

The financial statements of the Secretariat will be prepared as part of the overall IDI financial statements. The financial statements will be submitted to the IDI Board by 28 February each year<sup>17</sup> and to the funding donors as an Annex to the financial report by 31 May each year. The financial statements shall include accounting notes showing the income, expenditure and utilisation of grants for the

<sup>17</sup> Or earlier as required to enable consideration of the report at the IDI Board Meeting in March.

Cooperation, in Norwegian Kroner, for the previous year ending 31 December. These notes shall be audited as part of the annual audit of the IDI.

### 6.3 Evaluation

The results framework in Annex 2 provides the basis for future evaluations of the Cooperation. Given a robust independent evaluation was completed in 2015, the Cooperation foresees for this program period a more robust internal annual monitoring and reporting on results, with an overall evaluation in 2018. It is envisaged that the SC will decide upon the nature, scope and manner of execution of an evaluation of the Cooperation Program at the annual meeting of the SC in 2017 to allow for the evaluation to be planned and designed during 2017, and carried out in early 2018, to report mid-2018 and inform the drafting of the subsequent program document in a timely manner.

Evaluations of individual activities and/or outputs of the Program may be undertaken at the direction of the SC. Such evaluations may either be undertaken by the Cooperation's Secretariat or commissioned and managed by the Secretariat in conjunction with Cooperation Partners.

## 7. Governance Arrangements

### 7.1 Governance Structure

Management of the INTOSAI-Donor Cooperation Phase 3 builds on the governance arrangements during Phase 2 and the administrative arrangements during the initial phase.

The Cooperation was established in 2009 with 15 partners and over phases 1 and 2 has grown to 23 donor partner signatories. The Cooperation partners jointly establish the strategic direction, objectives and scope of the Cooperation program and supporting activities, provide institutional support for implementation and mobilize the necessary resources for the program and its activities.

The Cooperation is managed and implemented through a structure involving the SC, which provides strategic direction and monitors the progress of the Cooperation's Program, and the Secretariat, which implements the Program's activities. The structure and responsibilities are described below.

The Cooperation works in close collaboration with INTOSAI Regions, the IDI, the INTOSAI CBC, and various INTOSAI working groups such as the WGVBS.

The 2014 Evaluation concluded that the governance arrangements of the Cooperation continue to be appropriate and adequate in the evolving context of the Cooperation, but highlighted the need to reflect on the adequacy of representation of the interests of SAIs in developing countries at the SC, the linkages of the Cooperation to INTOSAI committees, particularly the CBC and the clarity of the position of the Cooperation's Secretariat within the IDI and respective roles.

### 7.2 INTOSAI-Donor Steering Committee

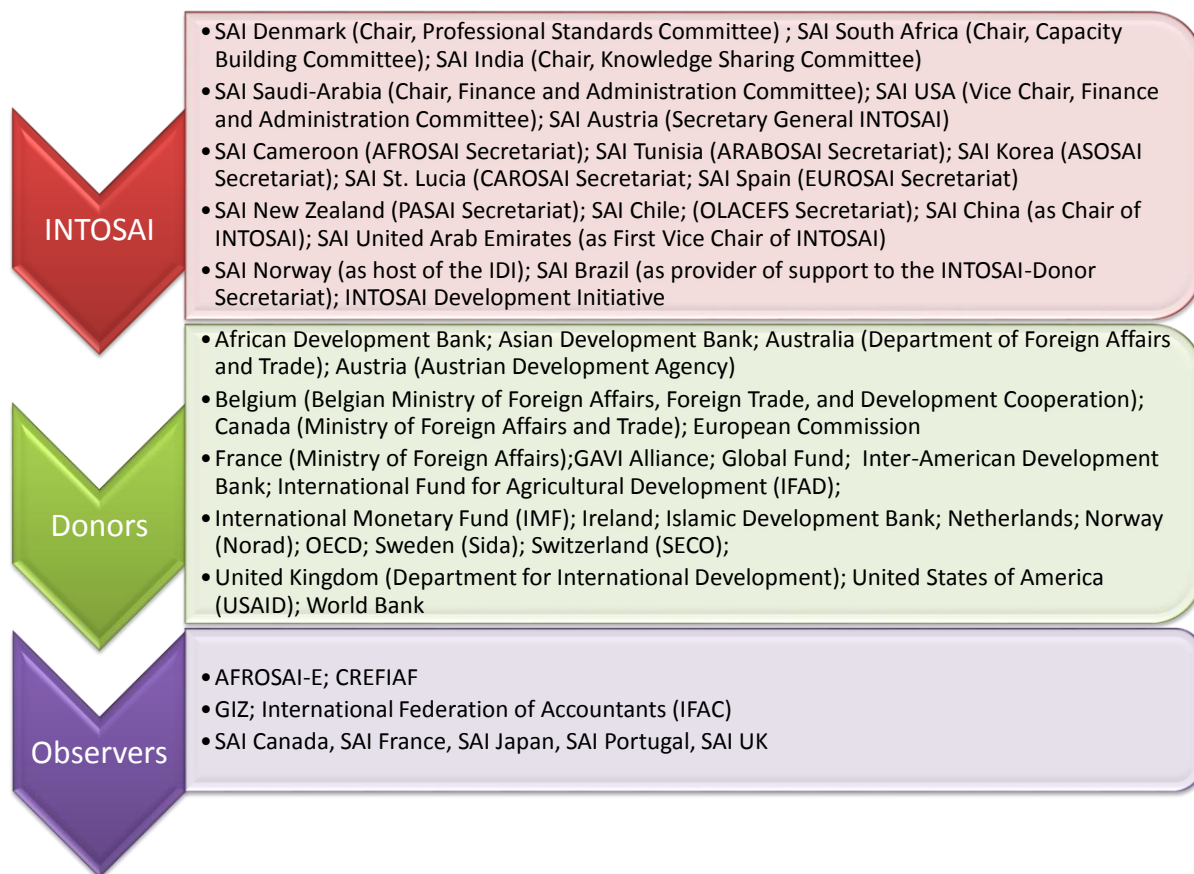
The SC is the highest decision making body for the Cooperation.

#### Membership

The SC membership (see box 1 below) comprises all donor signatories to the MoU, INTOSAI members appointed by the INTOSAI's Governing Board, and observers. The full list of members and observers is maintained on the Cooperation webpages<sup>18</sup>. Guidelines covering the membership, chairing and meetings of the SC were approved in 2015 and are included at Annex 7.

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<sup>18</sup> See <http://www.idi.no/artikkel.aspx?Mid1=23&AId=490>

**Box 1. Steering Committee Members and Observers**

- The SC is led by co-chairs and co-vice chairs from the donors and INTOSAI respectively.
  - INTOSAI has appointed the chair and vice chair of the INTOSAI Finance and Administration Committee (FAC) as chair and vice chair.
  - The Donor Community Signatories has appointed the World Bank as the permanent donor chair and the UK Department for International Development (DFID) as vice chair representing bilateral organizations. The Donor Vice Chair position will rotate every three years from September 2014.
- INTOSAI membership comprises the Chairs of the Professional Standards Committee, Capacity Building Committee, Knowledge Sharing Committee, Finance and Administration Committee, the vice chair of the Finance and Administration Committee, the INTOSAI General Secretariat, the Secretariats of the seven INTOSAI regions (AFROSAI, ARABOSAI, ASOSAI, CAROSAI, EUROSAI, OLACEFS, PASAI), the INTOSAI Development Initiative (IDI), the INTOSAI Governing Board Chair and Vice Chair and the SAIs of Brazil and Norway.
- Decisions to admit a new signatory shall be made by the SC leadership, in consultation with other stakeholders as appropriate.
- The SC is open to observers. Observers may include non-signatory donors and other stakeholders. Observers do not have voting rights on the Steering Committee.
- Decisions of the Steering Committee are based on consensus.

## Responsibilities

The SC is responsible for:

- Providing strategic guidance and counselling in the implementation of the MoU, coordinating activities, and monitoring progress.
- Annually reviewing the Cooperation Risk Register (included at Annex 8) and approving the risk management approach.
- Deciding on operational strategies and procedures for the Program activities.
- Approving the annual work plans for the Cooperation Program.
- Reviewing implementation of the Cooperation Program through considering the Secretariat's progress reports. Secretariat funding partners<sup>19</sup> review and approve annual progress reports and annual budget execution reports.

For most issues, the Cooperation functions as a decision making body, without referral to any other body. However, decisions impacting INTOSAI bodies may also need to be approved by those bodies before taking effect. The inclusion of the Chairs of all INTOSAI goal committees, and the Secretariat's of all INTOSAI regions in the SC, is designed to ensure effective coordination in such matters. The INTOSAI Chair and Vice Chair of the SC, in consultation with the Secretariat, are responsible for identifying any such issues as they arise and communicating this to the SC.

## 7.3 Steering Committee Leadership

### Membership

The SC leadership comprises the INTOSAI and donor chairs and vice chairs of the SC. It provides strategic direction and interim decision making for the SC between meetings.

### Responsibilities

The tasks of the SC leadership include approval of terms of reference for work plan activities, input into and review of draft reports, review of the risk register and approval of the risk management approach, and identification of issues to be brought to the SC. The leadership also makes decisions on admitting new donor signatories and observers, in consultation with other stakeholders as appropriate.

## 7.4 INTOSAI-Donor Secretariat

The INTOSAI-Donor Secretariat supports the SC and SC Leadership and plans and implements the core activities of the Cooperation Program.

Upon request of the SC during the establishment of the Cooperation (Phase 1), the IDI Board agreed to host the Secretariat and established it as a separate department within IDI. The expected responsibilities of the Secretariat were initially outlined in a Secretariat discussion paper presented at the 1<sup>st</sup> Steering Committee meeting in 2010. The TORs will be updated to align with the evolving nature of the

<sup>19</sup> Those SC members providing core (unearmarked) financial support to the Secretariat for implementation of the Cooperation Program.

Cooperation and a revised draft mandate for the Cooperation and Terms of Reference for the Secretariat will be developed for consideration by the SC meeting during this Phase.

The Secretariat is a department within IDI, which is a legal entity under Norwegian Foundation law. Responsibility for IDI and the Cooperation's Secretariat's activities, including the right to decide on the activities, rests with the IDI Board. The IDI Board maintains close involvement with the Cooperation. The annual work plans and budget of the Secretariat are included in the IDI Operational Plan and Budget, approved at the IDI Board meeting in November each year. A summary of the performance of the Secretariat in supporting the Cooperation is included in the IDI Annual Performance and Accountability Report, whilst the income and expenditure of the Secretariat is incorporated into the IDI's financial statements. Both these are approved at the IDI Board meeting in March each year. The Board also receives the summary of the meetings of the SC leadership.

The Secretariat's work plans and budgets may need to be submitted to and approved by the IDI Board before they have been agreed with the SC. In such cases the Secretariat has established an understanding with the Board that such documents, once approved by the Board, may be resubmitted at a subsequent Board meeting should they be significantly altered by the SC.

### **Grant Agreement to Provide Funding to IDI to Host the INTOSAI-Donor Secretariat**

In continuation of practices established for the 2013-15 program document, funding will be provided mainly through a single grant agreement between IDI and a number of donors, for the purpose of funding the activities in the Program Document, including the work of the Secretariat. Procedures for reporting against this grant are summarised in the grant agreement. Under the terms of the grant, the donors providing core funding meet annually, usually immediately following the annual SC meeting.

### **Responsibilities**

The core responsibilities of the Secretariat are:

- Providing secretarial support to the SC, including facilitating SC and Leadership meetings and teleconferences
- Proposing for SC approval and implementing the annual Cooperation work plan
- Carrying out and facilitating work plan activities
- Managing utilization of the resources of the Cooperation's Program
- Reporting to the Steering Committee on progress on the annual work plan implementation through progress reports, and on progress against results targets through periodic reports and studies
- Financial reporting to donors funding the Secretariat and its activities
- Submitting the Cooperation plans, budgets and reports to the IDI Board for approval.

### **Staffing**

The Secretariat is managed by the Head of the Secretariat, who is the secretary to the SC and attends the SC as an observer. The Head is responsible for preparing and presenting issues concerning the planning



and implementation of the Cooperation Program for SC discussion and decision. The Head coordinates the Secretariat's activities, proposes staffing composition and allocates tasks to staff members.

The number of staff of the Secretariat remains limited to that necessary for the efficient and effective implementation of the Cooperation's activities. The staff resources of the Secretariat are supplemented by voluntary staff resource contributions by the Cooperation members (donors and SAIs).

The Cooperation Secretariat functions are managed in accordance with IDI policies and procedures, by the Head of the Secretariat under the supervision of the IDI Director General, including with respect to recruitment, appointment, remuneration, leave, travel, performance evaluation, promotion and termination. . All staff are funded by the Cooperation's grants except for staff on funded secondments, where the funding is provided as in-kind support from a SC member.

## 7.5 Resources

The resources for the Cooperation are provided by its members and may take the form of:

- Financial contributions to the IDI for the Cooperation's Secretariat and Cooperation activities carried out by the Secretariat, under administration agreements between the relevant partner and IDI.
- In-kind contributions, such as staff seconded, consultants contracted directly by individual Cooperation members, and logistical support such as hosting meetings, training courses and other events in support of the Cooperation's program.
- Complementary support provided by the Cooperation members' staff.

Financial contributions are included in the annual work program, budget proposals, progress reports and financial reports of the Cooperation. In-kind contributions and complementary support will be included in the work programs and progress reports of the Cooperation, and the budget proposals and financial reports where feasible<sup>20</sup>. This will better demonstrate the costs of implementing the Cooperation Program, and the scale and source of resources provided in support of the Cooperation Program.

## 7.6 SAI Capacity Development Fund Governance

The purpose of the SAI CDF is to strengthen governance and public financial management in developing countries, through direct capacity development support to SAIs and to INTOSAI global and regional bodies. The SAI CDF aims to contribute to the effective implementation of the INTOSAI-Donor Cooperation MoU. Global outcomes of the Cooperation are monitored and evaluated at that level. In the interest of harmonization, the objectives of the SAI CDF are consistent with the outcomes of the Cooperation.

The SAI CDF has the following specific objectives:

<sup>20</sup> This will depend on the feasibility of estimating the financial value of in-kind contributions and complementary support, and the provision of this information by SC members.

- **Scale up support** for SAI Capacity Development in developing countries, by providing a sound and streamlined vehicle for donors to fund improvements in SAI performance
- **Enhance the effectiveness of support to SAIs**, by
  - Improving allocative efficiency of funding for SAI capacity development, by ensuring resources flow to the areas where they are most needed and can have the greatest impact
  - Strengthening SAI leadership and ownership of capacity development, by providing funding for and incentivizing the development and implementation of SAIs' Strategic and Development Action Plans
  - Strengthening donor harmonization and alignment behind SAI-led Strategic and Development Action Plans
  - Improving donor coordination in support to SAIs, by establishing a multi-donor vehicle for funding and decision making on provision of support
  - Reducing the transaction costs for both SAIs and Donors, through developing a single, tailored and streamlined set of procedures for funding SAI capacity development
- **Deliver results through financing and managing SAI capacity development programs**, with a focus on achieving improvements in SAI performance

### Funding Board Membership

A Funding Board, comprised of representatives from all organizations contributing to the SAI CDF ("Contributing Donors"), as well as the World Bank, serves as the supreme governance body of the fund. The Funding Board is chaired by the Chief Financial Management Officer in the Operations Policy and Country Services vice presidency of the World Bank.

### Responsibilities

The Funding Board has the following responsibilities:

- Approve and if necessary modify the SAI CDF Operating Manual
- Approve and if necessary modify the SAI CDF Allocation Criteria
- Enter into agreement with the INTOSAI-Donor Secretariat as regards the Secretariat's role in conducting a preliminary review, if any, of the short proposals received under the INTOSAI-Donor Cooperation's Global Call for Proposals
- Approve or reject funding for Project Concept Notes in line with the available funding and the Allocation Criteria
- Approve the annual work program (i.e. plan of administrative tasks including monitoring and evaluation activities) prepared by the Program Manager (PM)
- Review periodic progress reports prepared by the PM
- Ensure appropriate monitoring of the SAI CDF as a whole and conduct a mid-term review of the CDF. The main objective of the mid-term review would be to review the focus of the ongoing CDF funded activities with regard to the purpose and expected outcomes of the CDF and to review the processes used for the selection and management of the activities. The timing of the mid-term review will be approved by the Funding Board

- Commission an evaluation of the SAI CDF at the appropriate time (the scope, timing, and conduct of such evaluation will be agreed with the World Bank)

### Administrative Assistant

The SAI CDF is a programmatic multi-donor Trust Fund, which is administered by the World Bank.

Roles and responsibilities of the World Bank as the Trustee and Program Manager of the SAI CDF:

- Trust Fund administration activities in accordance with the TF Administration Agreements, including receiving, holding, investing, disbursing and reporting on funds.
- Program management activities coordinated by the PM, including:
  - Providing support to the Funding Board
  - Preparation of annual work programs
  - Receipt of short proposals from the INTOSAI-Donor Secretariat under the Global Call for Proposals including results of the preliminary review conducted by the INTOSAI-Donor Secretariat
  - Managing the process for getting Project Concept Notes from the colleagues within the World Bank (WB)
  - Detailed review of Project Concept Notes for consideration of the Funding Board
  - Progress reporting to the Contributing Donors on the activities financed by the contributions
  - Awareness raising and external communications on the SAI CDF objective, including dialogue with potential donors to the CDF.
  - Updating the SAI Capacity Development Database maintained by the Cooperation Secretariat
- Grant preparation and supervision activities coordinated by each grant TTL, including:
  - Appraising projects to be financed by Recipient-executed grants
  - Entering into grant agreements with Recipients
  - Supervision and monitoring of Recipient-executed activities