

INTOSAI-Donor Cooperation

Program Document Phase 2, 2013-15

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Note on Use of Version Control

Updated versions for internal use by the INTOSAI-Donor Secretariat would be 0.1, 0.2 etc.

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ACRONYMS

3i	ISSAI Implementation Initiative
AFROSAI	African Organization of Supreme Audit Institutions
AFROSAI E	African Organisation of Supreme Audit Institutions in English-speaking Africa
ARABOSAI	Arab Organization of Supreme Audit Institutions
ASOSAI	Asian Organization of Supreme Audit Institutions
CAROSAI	Caribbean Organization of Supreme Audit Institutions
CBC	INTOSAI Capacity Building Committee
CREFIAF	African Organization of Supreme Audit Institutions in French-speaking Africa
CMI	Christian Michelsen Institute
CPA	Commonwealth Parliamentary Association
COOPERATION	INTOSAI-Donor Cooperation
DFID	UK Department for International Development
EUROSAI	European Organization of Supreme Audit Institutions
FAC	INTOSAI Finance and Administration Committee
FTE	Full-Time Equivalent
GCP	Global Call for Proposals
IDI	INTOSAI Development Initiative
INCOSAI	INTOSAI Congress
INTOSAI	International Organization of Supreme Audit Institutions
IPU	Inter Parliamentary Union
ISSAIs	International Standards of Supreme Audit Institutions
MoU	INTOSAI-Donor Memorandum of Understanding
OAGN	Office of the Auditor General of Norway
OLACEFS	Organization of Latin American and Caribbean Supreme Audit Institutions
ODI	Overseas Development Institute
PASAI	Pacific Association of Supreme Audit Institutions
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PMF	Performance Measurement Framework
PSC	INTOSAI Professional Standards Committee
SAI	Supreme Audit Institution
SAI CDF	Supreme Audit Institution Capacity Development Fund
SC	INTOSAI-Donor Steering Committee
SECRETARIAT	INTOSAI-Donor Secretariat
UNITAR	United Nations Institute for Training and Research
WB	The World Bank
WGVBS	INTOSAI Working Group on the Value and Benefits of SAIs

1. Executive Summary

1.1 INTOSAI-Donor Cooperation Strategy for Phase 2, 2013-15

The INTOSAI-Donor Cooperation (the Cooperation) has been successfully established and there is broad agreement from the INTOSAI and donor communities that it has made positive progress towards the shared priorities highlighted in the Memorandum of Understanding (MoU). While the Cooperation is moving beyond the initial implementation phase, much work remains to be done so that recently established initiatives become standard practices and newly mobilised funding is applied to deliver results at the country, regional and global levels. The efforts under the Cooperation must also be evaluated for impact on, and sustainability of, strengthening the capacity of developing countries Supreme Audit Institutions (SAIs).

At the fifth INTOSAI-Donor Steering Committee (SC) meeting held in London in October 2012, the SC set the future strategic direction of the Cooperation. Based on options developed by the Secretariat in consultation with the leadership group and funding donors (Austria, Ireland and Norway), the SC:

- Decided to moderately scale up the current level of activities undertaken by the INTOSAI-Donor Secretariat, as presented in Option 2 during the SC Meeting.
- Agreed to include the following seven broad themes within the 2013-15 program document:
 1. INTOSAI-Donor Cooperation Management
 2. Funding Mechanisms and Project Identification
 3. SAI Performance Measurement Framework (SAI PMF)
 4. Knowledge Center on Support to SAIs
 5. Strengthening the Supply of Support to SAIs
 6. Research and Evidence on SAIs
 7. Monitoring, Evaluation and Lesson Learning
- Approved a work plan for 2013 which set priorities from within the agreed themes
- Requested the Secretariat to identify opportunities for the Cooperation to maximise impact with available resources, while continuing to identify further financial and in-kind support from Donors and SAIs

This program document sets out in more detail how the Cooperation intends to deliver results under these seven themes, to contribute to improving the performance of SAIs in developing countries.

1.2 Purpose and Expected Results

The program document is designed to achieve the objectives of the MoU between the INTOSAI and the donor communities, namely the capacity development of SAIs in developing countries, and improvement of the overall effectiveness of support provided by the INTOSAI and donor communities. Carrying out this work will help towards the goal of making the lives of citizens better in all developing countries through improving Public Financial Management, strengthening fiscal accountability and transparency, contributing to better public sector governance, and tackling corruption.

Program Purpose: Improve SAI performance in developing countries, through scaled-up and more effective support

It is the responsibility of SAIs in developing countries to continuously improve their performance. The Cooperation contributes to and facilitates these efforts. It is essential to measure and monitor against the program purpose, and to be able to evaluate the relevance and sustainability of the Cooperation's activities towards that purpose. SAI performance can be measured by examining aspects of financial audit results, compliance audit results, performance audit results, SAI value added services and SAI annual reports. Initially these will be measured through INTOSAI surveys and relevant extracts from PEFA assessments. In the longer term, the SAI PMF will provide a tool for more in-depth measurement of performance at the level of SAIs.

The expected results attributable to the Cooperation will be at the initial outcome level, grouped under the following areas.

- i. Effective capacity development initiatives for better SAI performance
- ii. Effective support to INTOSAI regions
- iii. Stronger INTOSAI knowledge networks and communities
- iv. Global public goods developed and disseminated
- v. Scaled-up and more effective support
 - a. Increased financial and in-kind support for SAI capacity development
 - b. Support coordinated between providers of support and aligned behind SAI-led and owned strategic development plans
 - c. Better design, monitoring and evaluation of support programs
 - d. Continual improvement in support provided to SAIs

These expected result areas reflect the potential for the Cooperation to deliver direct initiatives to strengthen SAIs, and to contribute to sustainable change by strengthening permanent structures such as the INTOSAI regions, bodies and networks. The Cooperation can also contribute by developing and disseminating global public goods. Finally, it seeks to add value by strengthening the way in which support is provided by both SAIs and donors, addressing the challenges of the aid effectiveness agenda by ensuring that SAIs and donors are working together in partnership.

1.3 Themes for Phase 2 and Priorities for 2013

At the 5th Steering Committee meeting the following seven broad themes and specific outputs were agreed for inclusion in the 2013-15 program document. The priority for each activity in the 2013 work plan is also shown.

- **Theme 1: INTOSAI-Donor Cooperation Management.** Planning and administering SC Meetings, leadership group teleconferences; development and execution of annual work plans; and communication and outreach activities. 2013 work plan priority: **HIGH**

- **Theme 2: Funding Mechanisms and Project Identification.** Matching those in need of support to those interested in providing support, including through Global Calls for Proposals and pooled funding mechanisms. 2013 work plan priority: **HIGH**
- **Theme 3: SAI Performance Measurement Framework.** Role of the INTOSAI-Donor Secretariat (Secretariat) as coordinator for the task team developing a SAI PMF under the INTOSAI Working Group on the Value and Benefits of SAI (WGVBS). 2013 work plan priority: **HIGH**
- **Theme 4: Knowledge Centre on Support to SAIs.**
 - Maintenance of the SAI Capacity Development Database to facilitate better coordination in the planning of support to SAIs (2013 work plan priority: **HIGH**)
 - Disseminate global public goods, support donors in their engagement with the INTOSAI community, and represent INTOSAI in development fora (2013 work plan priority: **MEDIUM**)
 - Provision of training for donors on working with SAIs (2013 work plan priority: **MEDIUM**)
 - Training for SAIs on engagement with donors and writing funding applications (2013 work plan priority: **MEDIUM**)
- **Theme 5: Strengthening the Supply of Support to SAIs.**
 - Work with the INTOSAI Capacity Building Committee (CBC) to establish and support a SAI supply side Community of Practice (2013 work plan priority: **MEDIUM**)
 - Develop guidance on better evaluations of SAI capacity development programs (2013 work plan priority: **MEDIUM**)
- **Theme 6: Research and Evidence on SAIs.**
 - Explore the question of SAI involvement in the audit of extractive industries and INTOSAI engagement with the Extractive Industries Transparency Initiative (2013 work plan priority: **LOW**)
 - Benchmarking of SAI funding levels (2013 work plan priority: **LOW**)
 - Establish mechanisms for identifying, funding and disseminating research on SAIs (2013 work plan priority: **planned for 2014**)
- **Theme 7: Monitoring, evaluating and lesson learning.**
 - Annual progress report (2013 work plan priority: **HIGH**)
 - Potential Update of 2010 stocktaking (2013 work plan priority: **MEDIUM**)
 - Synthesis of evaluations on completed SAI projects (2013 work plan priority: **planned for 2014**)
 - Impact assessment of the INTOSAI-Donor Cooperation (2013 work plan priority: **planned for 2014-15**)

The SC also recognized the importance of strengthening relationships with the legislative oversight community and supporting efforts for stronger SAI independence. It was agreed that these themes would continue to be addressed elsewhere within INTOSAI, specifically recognizing the work of the INTOSAI General Secretariat. The SC agreed to continue the established practice of inviting SC members and observers to inform and update the SC about relevant activities in these areas at future SC meetings.

1.4 Budget and Financing

During 2010-2012, the activities of the Cooperation were carried out by the Secretariat, with the generous financial support of Austria, Ireland and Norway. The Office of the Auditor General of Norway (OAG Norway) also provided in-kind support through provision of secondees, and the World Bank provided financing towards the costs of the SAI PMF. These organizations expressed their satisfaction with the Secretariat and the progress of the Cooperation, and indicated an intention to maintain levels of support consistent with their previous annual cash disbursements and in-kind contributions.

The scope of the Cooperation has expanded since its establishment in 2010, when its initial focus was on the SAI stocktaking and matching of prioritized global and regional initiatives. In 2011 the Global Call for Proposals was launched and the SAI Capacity Development Database was designed, followed by the beginning of detailed work on the SAI PMF. As 2012 draws to a close, the Secretariat's activity level and costs are approximately twenty-five percent higher than the average over the 2010-12 period. The level of Secretariat staffing to deliver the expanded work plans has increased from 2.5 full time equivalents (FTEs) in 2010 to 4.5 FTEs at the end of 2012. At the same time, funding is declining in real terms due to inflation, adverse currency fluctuation, and the fact that the proposed work program will cover a longer period than the first phase, now covering 36 months as opposed to the initial phase of 31 months.

Section nine presents the budget required to deliver the seven themes within the program document. It is estimated that a total budget of around €3,5 million is required for phase 2, for 2013-15. Indicative financing of around €2,4 million has been identified from existing providers of support¹, leaving a funding gap of just over €1 million or 31% of the total budget. This is summarized below.

Budget and Financing Summary	2013	2014	2015	Total
Administration Budget	784 118	797 442	812 981	2 394 541
Program Budget	439 170	315 316	341 561	1 096 047
Total Budget	1 223 288	1 112 758	1 154 541	3 490 588
Indicative Financing	823 071	825 037	772 767	2 420 874
Financing Gap	400 217	287 721	381 775	1 069 714
Financing Gap as % of total budget	33 %	26 %	33 %	31 %

All figures in Euros

1.5 More and Better Use of Resources

At the 5th SC meeting SC members agreed that despite the initial gap, the Cooperation should maintain the ambition to deliver the seven themes agreed upon during phase 2. A number of donors and SAIs confirmed they were exploring options for additional support to the Cooperation, which if successful would eliminate the financing gap. The SC agreed on the following measures.

- **Better use of resources:** through cost cutting measures within the Secretariat, as well as greater prioritization of the Secretariat's activities and engagements. It was also agreed to deliver training for donors on working with SAIs on a cost recovery basis.

¹ Funding is not yet contracted, and for some donors funding commitments must be made on a year to year basis

- **Increased Financial Support from Donors:** seeking further support, either for the core costs of the Secretariat, or ring-fenced support for the different themes under the work program, similar to the World Bank's contribution towards the costs of developing the SAI PMF. The themes most in need of additional financial support are:
 - Theme 3 SAI PMF: especially provision of training on use of the SAI PMF in all regions, targeted to SAIs, donor staff and consultants
 - Theme 4 Knowledge Centre on Support to SAIs: especially training for SAIs and INTOSAI regions on building capacity of SAIs to develop funding proposals
 - Theme 7 Monitoring and Evaluation: especially an impact assessment of the Cooperation towards the end of phase 2.
- **Increased in-Kind Support from the INTOSAI Community:** currently OAG Norway provides in-kind support through provision of one FTE on a rolling annual secondment basis. Other SAIs are providing in-kind support to program activities (e.g. membership of the task team developing the SAI PMF) and through hosting SC Meetings. The SC discussed the possibility of further in-kind support, including greater involvement in delivery of program activities and further inward secondments to the Secretariat. The SC also recognized potential benefits and cost savings from having staff based in the regions rather than within the IDI in Oslo.

Progress reports on the Cooperation will include an update of progress on addressing the financing gap.

1.6 Conclusions

At its 5th meeting the SC discussed the ambition and scope of the Cooperation for the next three years. It agreed to a moderate scaling up of the activities of the Cooperation, as presented in Option 2. This comprises seven broad themes for phase 2. Given the current financing gap compared to the costs of delivering the seven themes, prioritization of themes and activities is of crucial importance. The 2013 work plan sets out priorities for the first year of phase 2, and the SC will continue to set annual work plans and priorities from within the overall scope of work of the Cooperation.

The SC also recognized the importance of having a careful balance between successfully delivering the core mandate of the Cooperation – scaling-up and increasing the effectiveness of support to SAIs in line with the underlying principles of the MoU – and expanding into new areas which offer potential to contribute to improving the performance of SAIs in developing countries.

The SC gave careful consideration to the timing and sequencing of the long term development of the Cooperation. It recognized that new mechanisms created, such as the SAI Capacity Development Database, need to be maintained and incorporated into the core practices of the INTOSAI and donor communities. Increased financial support mobilised will be executed over the coming years. The use of that financial will be monitored and the results delivered will be carefully evaluated. The SC has given the Secretariat a clear mandate to deliver the high priority activities with the resources available, and to deliver the remaining priorities once additional resources are available.

2. Background and Program Rationale

2.1 Why do Effective Supreme Audit Institutions Matter?

Effective external government audit matters for three reasons.

- **Firstly, government audit is a key component of public financial management (PFM).** Weak government audit means that systemic problems in the collection and spending of public funds, and the use of public assets, may go unnoticed. Conversely, strong oversight of government functions can be a catalyst to continual improvement in PFM, strengthening government performance and service delivery, as well as reducing opportunities for corruption.
- **Secondly, holding governments accountable strengthens state-society relations.** Effective external audit bodies independent from the executive are uniquely placed to contribute to building state-society relations. Where they are recognized by non-state actors as being independent and are able to undertake and report transparently to society on the utilization of public funds, they contribute to enhancing the legitimacy of the state, as well as strengthening the formal accountability chain between state and society. Their work also supports the core functions of the state; those basic building blocks which all states need to function effectively. Examples of these core functions are: improving the efficiency of the collection of state revenues and management of natural resources, ensuring public funds are utilized in accordance with the law, and strengthening the financial control environment to reduce the occurrence of corruption, which can otherwise undermine state legitimacy.
- **Thirdly, managing donors' fiduciary and development effectiveness risks.** When development funds are channelled through partner country systems, donors rely on government audit to know whether funds are used for the purposes intended and achieve expected results.

2.2 Challenges Faced by SAIs in Developing Countries

SAIs in developing countries face a substantial and varied set of challenges in their institutional environment, in their operations and in their capacity development efforts.² Some of these are beyond the direct control of the SAI in the short term, but can be influenced by the SAIs activities and performance in the longer term, including:

- Insufficient independence in legislation and in practice, e.g. SAIs subordinated to the Ministry of Finance rather than Parliament, a Head of the SAI who can be removed by the Executive Head without consent of the legislative or judiciary, or the executive setting or interfering with the SAI's budget.

² The United Nations has stated that: "There is no commonly agreed definition of developing countries." However, the World Bank and the OECD define developing countries as countries eligible to Official Development Assistance (ODA). According to the World Bank, "a developing country is one in which the majority lives on far less money—with far fewer basic public services—than the population in highly industrialized countries."

- Inadequate mandates, e.g. restrictions in auditing defence spending, off-budget expenditure, certain state-owned entities, or lack of mandate to review the performance of government policies and programs.
- Corrupt political elites who have a vested interest in limiting the SAI's independence and resources, or in controlling and hiding the findings of the SAI.
- Inadequate funds, staffing, equipment and infrastructure to discharge their mandates.
- Operating in environments which limit accountability, transparency and public participation (including inadequate publication of audit reports and findings according to Lima and Mexico Declarations), or in which their reports are not properly scrutinized by the legislative and recommendations are not implemented by the executive.
- A lack of political competition or an effective opposition to the ruling party, meaning limited interest in SAI reports.

Internally, SAIs also face a number of developmental challenges which, with adequate funding, staffing and support from the INTOSAI and donor communities, are within their power to address. These include:

- Strengthening the quality, quantity and impact of public sector auditing through adopting and applying the International Standards of Supreme Audit Institutions (ISSAI) framework. The challenges of ISSAI implementation should not be underestimated. The Global ISSAI Implementation Initiative (3i program) managed by the INTOSAI Development Initiative (IDI) in cooperation with the INTOSAI Professional Standards Committee (PSC), the INTOSAI CBC, and the INTOSAI regions is currently developing Strategy 2021, to put ISSAI implementation into a suitably long term perspective.
- Meeting increasing public expectations of the role and scope of SAIs, particularly into newer areas including performance audit, environmental audit, IT audit and forensic audit. This places a significant challenge on SAIs that may be struggling for resources and competency to discharge their traditional mandates of compliance and financial auditing and/or rendering of accounts respectively, reflecting their administrative traditions.
- Adapting to the computerization of public finances and the rapid implementation of Integrated Financial Management Information Systems (IFMIS), requiring SAIs to keep up with technological developments, change their auditing practices and secure the necessary IT infrastructure and competency to audit and extract data from these systems.
- Improving the internal functioning of the SAI, through better strategic planning, management, human resource management, and other support structures.
- Communicating effectively with their audit clients, Parliaments and civil society regarding the role of the SAI, results of the SAIs work, and the value and benefits of the SAI to society.

Addressing these challenges and strengthening the environments in which SAIs operate will enable SAIs to improve their performance in areas such as:

- The quality and coverage of financial and compliance audits and/or rendering of accounts.

- Completion of performance audits which tackle subjects of significance to the country, citizens or audited entity.
- Submission to Parliament, publication and dissemination of individual audit reports and the SAI's annual report on its own performance.
- Effective follow up of audit recommendations.
- Responding to and reporting on emerging needs and issues in public finance.
- Becoming a model organization, able to lead by example in public sector reform.

2.3 The Need to Improve the Effectiveness of Support to SAIs

Historically there have been a number of weaknesses in the effectiveness of support provided to SAIs in developing countries, from both peers within INTOSAI and donor communities. These reflect observed problems in development which led to the Paris Declaration on Aid Effectiveness, the Accra Agenda for Action and the Busan Global Partnership for Effective Development Cooperation. However they were exacerbated in the area of support to SAIs due to lack of coordination between the INTOSAI and donor communities, and the fact that aid management relationships often were forged between donors and executive agencies. SAIs either chose to remain outside these relationships to preserve auditor independence, or were kept outside these relationships because they were not seen as a priority, or there were vested interests in keeping SAIs weak.

- **Firstly, support was often poorly coordinated at the country level.** Peer support from other SAIs as well as donor financed support programs sometimes worked in isolation rather than in partnership, with SAIs and consultancy firms competing and proposing different solutions to the same challenges. Support was often piecemeal and not linked to a coherent approach to sustainable capacity development.
- **Secondly, there were weaknesses in the allocation of resources for SAI capacity development.** Some SAIs and regions with significant support needs received little attention, whilst others had overlapping support projects. Support was often driven by donors' priorities rather than SAI's priorities, and in many cases the SAI had not determined its own development priorities.
- **Thirdly, there was no clear global picture on the results of support to SAIs.** For all the money spent on support to SAIs, it was not possible to measure globally whether SAIs had become more independent, increased the quality and

2010 Stocktaking Findings

Global SAI Performance

- ✓ 75% of SAIs issued annual audit reports within the established legal time limits
- ✓ Financial audit coverage: 59% of SAIs managed to audit more than 50% of their client base annually
- ✗ ...but 16% of SAIs audited less than 10% of their client base annually
- ✗ 66% of SAIs were not meeting their own expectations in performance auditing

Strategic Planning

- ✓ 71% of SAIs had a strategic plan in place
- ✗ 63 SAIs expressed a need to develop or update their strategic plan

Capacity Development Needs and Support

- ✓ Capacity development support was being provided to 98 SAIs
- ✗ ...but additional future funding needs were estimated at US \$269 million
- ✗ ...or around US \$2 million per SAI with major support needs
- ✓ Support is being provided by 48 SAIs, 8 INTOSAI regional / sub-regional bodies, and the IDI

coverage of their audit work, and contributed to improved accountability, transparency, good governance and the utilization of public funds. Looking forward, it was also unclear how much support SAIs in different regions required, how much was being provided, and where major resource gaps existed.

2.4 Status and Needs of SAIs

A 2010 [Stocktaking](#) report ‘Capacity Development of Supreme Audit Institutions: Status, Needs and Good Practices’ carried out by the Cooperation painted the first ever global picture of the state of external government audit. Previous studies of public financial management reform, synthesized in ‘[What do Public Financial Management Assessments tell us about PFM reform?](#)’ (Overseas Development Institute (ODI), 2010) had drawn on Public Expenditure and Financial Accountability (PEFA) data to highlight that external audit and legislative oversight appeared to be among the weakest components of PFM. But the Stocktaking was the first study to look in detail at external government auditing, covering 183 countries.

The Stocktaking showed mixed results. The majority of SAIs performed well on timely issuing of annual audit reports and on coverage of financial audit, even though there were considerable regional variations. But measured by audit coverage, one in six SAIs were barely carrying out their core mandate, and the development of performance auditing remained particularly weak in many countries. Data on performance improvement over time is scarce, but early analysis of those countries that have carried out repeat PEFA assessments during 2005-10 suggests SAI performance improved in more countries than it declined, but that the improvements overall had been marginal.

At the country level, performance improvements are more observable. Support to the Office of the Auditor General of Zambia from 1997-2010 has contributed to audit reports being submitted within 12 months of the year end (from 2-3 years previously), audit coverage increasing from 20-30% to 75% of the audit client base, and a reduction in mismanagement of public funds to 2% of GDP per year.

2.5 International Organization of Supreme Audit Institutions (INTOSAI)

INTOSAI was established in 1953 to foster collaboration between SAIs, and constitutes an autonomous, independent, and non-political organization of SAIs from 190 countries that operates as an umbrella for the external governmental audit community. INTOSAI aims to promote good governance by enabling SAIs to help their respective governments improve performance, enhance transparency, ensure accountability, maintain credibility, fight corruption, promote public trust, and foster the effective receipt and use of public resources. It is a truly **global peer partnership** where SAIs work together through INTOSAI’s committee structures and regional working groups to agree global standards, develop and make available global public goods, strengthen capacity building, and foster knowledge sharing.

The INTOSAI Strategic Plan 2011-16³ highlights six strategic priorities for the INTOSAI Community:

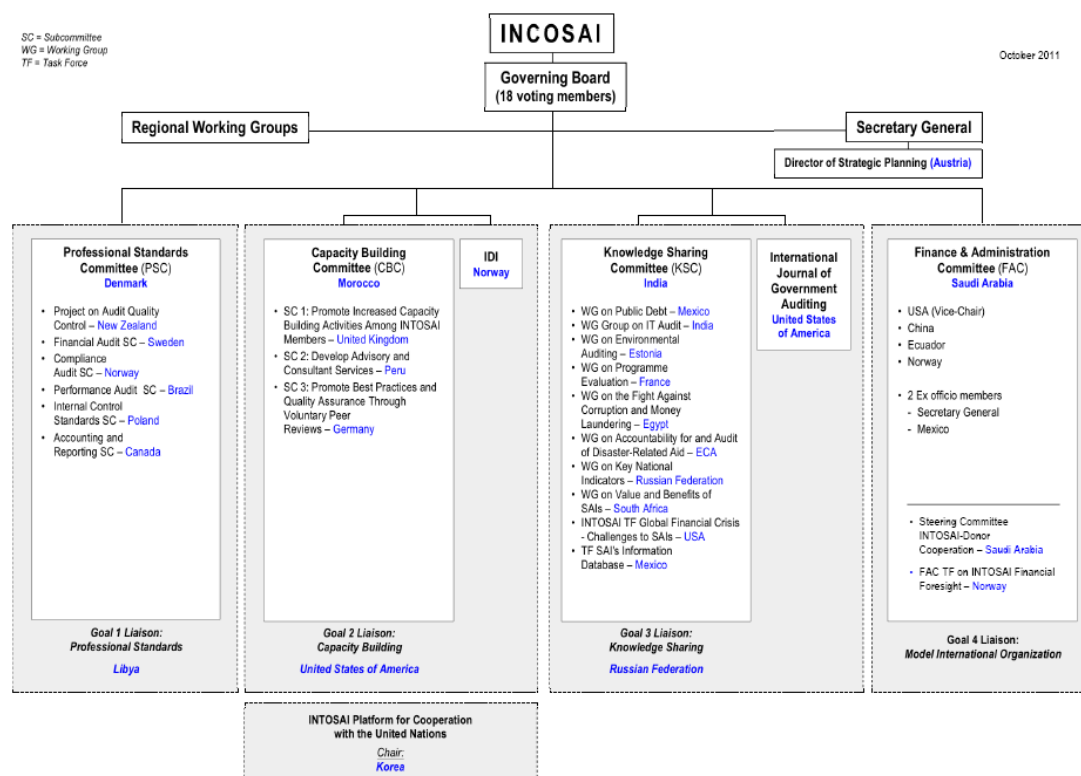
1. Help Ensure Independence of SAIs

³ Adopted in 2010 by the XX INCOSAI in South Africa <http://www.intosai.org/uploads/intosaispenglishv9web.pdf>

2. Implementation of ISSAI Framework
3. Strengthen Capacity Building of SAIs
4. Demonstrate the Value and Benefits of SAIs
5. Further the Fight Against Corruption
6. Enhance INTOSAI Communications

INTOSAI has developed an organizational structure (below) to facilitate implementation of this plan. The supreme decision making body of INTOSAI is the Congress (INCOSAI) comprising all members, which meets every three years (2010, 2013, 2016). The Governing Board makes decisions on matters between Congresses, and is chaired on a rotating basis by the host of the previous INCOSAI (2010-13 SAI South Africa, 2013-16 SAI China), supported by a Secretary General (President of the Court of Audit of Austria) and General Secretariat (located in Austria). INTOSAI has four main committees, supported by various subcommittees, working groups and task forces. These are responsible for developing and disseminating standards and public goods at the global level. A fuller description of the current principal INTOSAI bodies is provided in Annex 1. INTOSAI bodies which are established as legal entities able to enter into contracts are the General Secretariat, the Regional Working Groups, the African sub-Regional bodies AFROSAI-E and CREFIAF, the IDI and the INTOSAI Journal.

Figure 1. INTOSAI Organizational Structure



The IDI, including the Secretariat, works in partnership with INTOSAI committees, sub-committees, working groups and task forces, as well as seven regional and two sub-regional INTOSAI bodies, to build **professional, organizational and institutional capacity**. IDI is set up to provide permanent resources

dedicated to developing the capacity of SAIs in developing countries. The IDI programs are carried out in partnership with the INTOSAI regions and sub regions, and frequently in cooperation with relevant INTOSAI committees and working groups, such as the CBC. Programs are delivered through the development and dissemination of capacity building guidance material, on-the-job assistance, peer-to-peer support, as well as south-south and triangular cooperation. Stronger SAIs help the weaker SAIs: the 2010 SAI stocktaking demonstrated that 48 SAIs are actively providing support to their peers. Similarly, SAIs in developing countries expressed a clear added value from receiving support from their peers as compared to other providers of support.

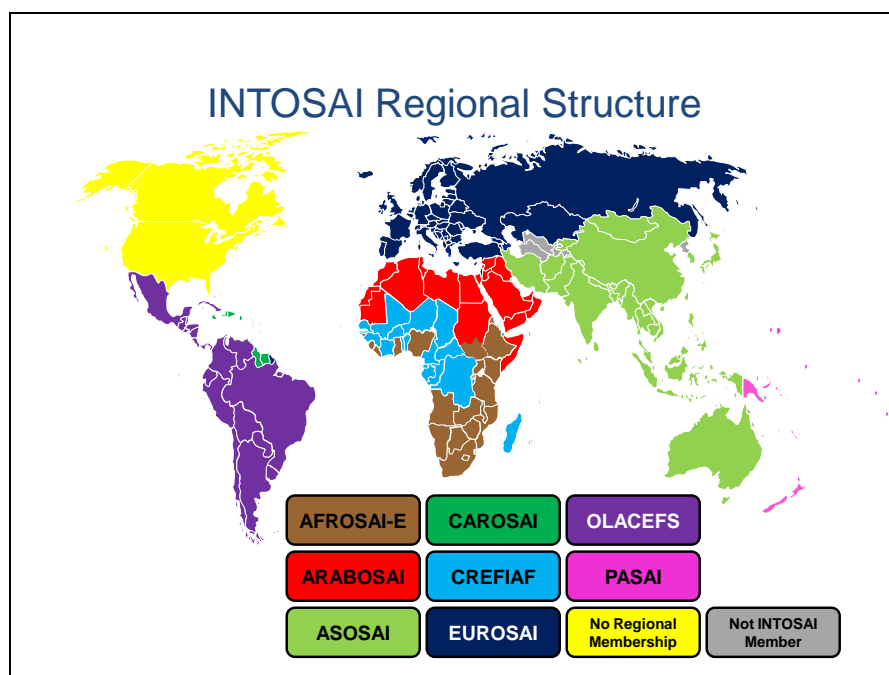
The CBC and its sub-committees focus on global initiatives for the benefit of all SAIs: recent products include a series of capacity development guides currently being disseminated as global public goods. Sub-committee 1 of the CBC is also emerging as a fora for bringing together the INTOSAI regions. INTOSAI committees generally meet once per year and are chaired and resourced through the in-kind contributions of their members.

The regional and sub-regional bodies are structured along geographical and language groupings, cutting across developed and developing countries. They operate to support the capacity development of all their member SAIs. The structure and resourcing of the INTOSAI regional and sub-regional bodies varies significantly, which impacts on their respective abilities to deliver capacity development initiatives.

INTOSAI comprises seven regional organizations: the African Organization of Supreme Audit Institutions (AFROSAI)⁴, the Arab Organization of Supreme Audit Institutions (ARABOSAI), the Asian Organization of Supreme Audit Institutions (ASOSAI), the Caribbean Organization of Supreme Audit Institutions (CAROSAI), the European Organization of Supreme Audit Institutions (EUROSAI), the Organization of Latin American and Caribbean Supreme Audit Institutions (OLACEFS) and the Pacific Association of Supreme Audit Institutions (PASAI). The geographical coverage of the INTOSAI regions is shown below.

Figure 2. INTOSAI Regional Structure

⁴ AFROSAI has three sub regions, namely AFROSAI-E (mainly English speaking SAIs but also includes Portuguese Speaking SAIs), CREFIAF (mainly French speaking SAIs but also includes Portuguese Speaking SAIs), and AFROSAI-A (Arabic speaking SAIs), many of whom also have dual membership in ARABOSAI.



2.6 International Standards of Supreme Audit Institutions (ISSAIs)

Implementation of the ISSAI framework constitutes one of INTOSAI's top strategic priorities.

The ISSAI framework, formally established in 2007, reflects the ambition of INTOSAI to provide its membership and other interested parties with a framework of professional high quality auditing standards. The ISSAIs aim to safeguard independent and effective auditing and support the members of INTOSAI in the development of their own professional approach on the basis of their specific mandates. The first complete set of ISSAIs was launched at the XXth INCOSAI in Johannesburg, South Africa in 2010. In the South Africa Declaration INTOSAI called upon its members to:

- Use the ISSAI framework as a common frame of reference for public sector auditing
- Measure their own performance and auditing guidance against the ISSAIs
- Implement the ISSAIs in accordance with their mandate and national legislation and regulations

The ISSAI Framework (www.ISSAI.org)

The ISSAIs form a hierarchy of official pronouncements with four levels:

Level 1 - Founding Principles (ISSAI 1)

Level 1 of the ISSAI framework contains the founding principles of INTOSAI. ISSAI 1 The Lima Declaration from 1977 calls for the establishment of effective SAIs and provide guidelines on auditing precepts. The full set of ISSAIs draw and elaborate on this historical document.

Level 2 - Prerequisites for the Functioning of Supreme Audit Institutions (ISSAIs 10-99)

The Prerequisites for the Functioning of SAIs contain INTOSAI's pronouncements on the necessary

preconditions for the proper functioning and professional conduct of SAIs. These include principles and guidance on independence (Mexico Declaration), transparency and accountability, ethics and quality control. The prerequisites may concern the SAI's mandate and further legislation as well as the established procedures and daily practices of the SAI and its staff. By issuing pronouncements on these generally accepted prerequisites, INTOSAI aims to advance sound principles for the effective functioning of public sector auditing on an international level.

Level 3 - Fundamental Auditing Principles (ISSAIs 100-999)

The Fundamental Auditing Principles express the essence of public sector auditing. They contain the common pronouncements by INTOSAI's members of the generally recognized professional principles that underpin effective, independent auditing of public sector entities. The principles draw and elaborate on the founding principles of ISSAI 1, the Lima Declaration, and provide the authoritative international frame of reference that defines public sector auditing in its contemporary forms. The purpose is to advance and safeguard good auditing practices, support the continued development of effective SAIs and provide a common professional foundation for international cooperation within INTOSAI and its regional organizations. The principles should be pursued on the basis of the individual SAIs mandate and strategies and applied as relevant and appropriate for the specific audit assignment taking cognizance of the prerequisites of independence, transparency and accountability, ethics and quality control.

Level 4 - Auditing Guidelines (ISSAIs 1000-5999)

The Auditing Guidelines translate the fundamental auditing principles into more specific, detailed and operational guidelines that can be used on a daily basis in the conduct of auditing tasks. The purpose of the guidelines is to provide a basis for the standards and manuals on public sector auditing which may be applied by the individual members of INTOSAI. The *General auditing guidelines* contain the recommended requirements of **financial** (ISSAIs 1000-2999), **performance** (ISSAIs 3000-3999) and **compliance** (ISSAIs 4000-4999) auditing. They are developed and continuously updated by specialized subcommittees and define the internationally recognized best current practice within their general scope of application. The *Guidelines on specific subjects* (ISSAIs 5000-5999) provide supplementary guidance on specific subject matters or other important issues which may require the special attention of SAIs such as IT audit, the audit of public debt, the audit of international institutions and the audit of disaster-related Aid. These guidelines express the key lessons resulting from the sharing of knowledge and good practices among INTOSAI's experts.

Global implementation of the ISSAI framework is now being supported by the 3i program coordinated by IDI in cooperation with the PSC, CBC and INTOSAI regions, and with initial funding from the World Bank. It is the largest single capacity building program ever undertaken by the global INTOSAI community, with funding over US \$3 million for 2012-14. The initial World Bank funded program is now being consolidated into a longer term strategy for ISSAI implementation (Strategy 2021), which will form the basis for much of the capacity development work of IDI, the INTOSAI regions and many SAIs for the years to come.

ISSAI implementation is far more than a technical exercise to adopt modern standards for the conduct of audit work. As is clear from the 3i planning meetings, for SAIs to follow audit guidelines at level 4 of the

framework, they must have certain core organizational capacities in place, and operate within an appropriate institutional framework (levels 1 and 2 of the ISSAIs). ISSAI implementation requires holistic transformation of SAIs and efforts to address the environment in which they operate. In effect, ISSAI implementation is about everything that an SAI does. It also requires working outside the SAI to shape and influence the SAI's operating environment, in areas such as the SAI's legal and operational independence, reporting and publication practices, and its mandate. This is an area in which SAIs may not be able, or even authorized, to engage directly, but may need to form and influence coalitions of actors which share the objectives of more independent, transparent and accountable SAIs.

2.7 UN General Assembly Resolution A/66/209 on SAI Independence

Strengthening the independence of SAIs from the audited entity and protecting them against outside influence is crucial for effective external government auditing and remains one of INTOSAI's strategic priorities. It is essential to the implementation of the ISSAI framework.

On 22 December 2011 the 66th United Nations General Assembly adopted the [Resolution](#) "Promoting the efficiency, accountability, effectiveness and transparency of public administration by strengthening supreme audit institutions". The resolution is a landmark achievement in the common efforts of all SAIs to strengthen their independence and to obtain global recognition of the Lima and Mexico Declarations.

The UN General Assembly for the first time explicitly recognizes:

- That SAIs can accomplish their tasks objectively and effectively only if they are independent of the audited entity and are protected against outside influence.
- The important role of SAIs in promoting the efficiency, accountability, effectiveness and transparency of public administration, which is conducive to the achievement of national development objectives and priorities including the Millennium Development Goals.

The UN General Assembly resolution encourages Member States and relevant United Nations institutions to intensify their cooperation with INTOSAI, including in capacity building, in order to promote good governance by ensuring efficiency, accountability, effectiveness and transparency through strengthened SAIs. It also takes note with appreciation of the Lima Declaration of Guidelines on Auditing Precepts of 1977 and the Mexico Declaration on Supreme Audit Institutions Independence of 2007, and encourages Member States to apply, in a manner consistent with their national institutional structures, the principles set out in those Declarations. It provides SAIs with a tool with which to require more insistently the application of the basic principles of independence set out in the Lima and Mexico declarations and is of particular relevance to those SAIs that are still struggling to achieve the basic elements of their independence.

2.8 Program Purpose and Beneficiaries

The program is designed to improve the lives of citizens in all developing countries through improving PFM, strengthening fiscal accountability and transparency, contributing to better public sector governance and tackling corruption. It does this by supporting the capacity development of SAIs in

developing countries, directly as well as through regional and global programs, and through improving the overall effectiveness of support provided by the INTOSAI and donor communities.

Program Purpose: Improve SAI performance in developing countries, through scaled-up and more effective support

At the country level, the potential direct beneficiaries are the SAIs of 144 developing countries and territories, as listed in Annex 2. This includes 48 least developed countries and six other low income countries, 39 lower middle income countries, and 51 upper middle income countries and territories. 141⁵ of these SAIs are members of INTOSAI, or an INTOSAI regional body, or are actively engaged in capacity development projects supported by the INTOSAI and/or donor communities.

At the regional level, the program will benefit the eight INTOSAI regions and sub-regions as listed in the diagram above. While some regions consist entirely of countries eligible for development assistance, the regional bodies of ARABOSAI, ASOSAI, CAROSAI, EUROSAI and PASAI include both eligible and non-eligible countries. These bodies fund and run some of their own programs and knowledge sharing activities, and in addition receive development assistance for initiatives which are wholly or predominantly for the benefit of their developing country members. In addition all regional bodies develop and share public goods, meet regularly to share experiences, and have various working groups and committees tasked with advancing aspects of the work of SAIs in the region. It may be noted that the INTOSAI regions and sub-regions in section 2.5 above are all established as legal entities.

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 the IDI, or the development and dissemination of global public goods such as the ISSAIs. It may be noted that within the INTOSAI structures, the General Secretariat, INTOSAI Journal and IDI are established as legal entities, whilst the Congress, Governing Board, Committees, working groups and task forces are not legal entities but committees chaired by the Heads of SAIs. Thus they can not receive funding directly but must identify a legal entity to receive and manage funds on their behalf.

⁵ I.e. all 144 countries and territories except for the Democratic Republic of Korea (North Korea), Turkmenistan and Uzbekistan.

3. The INTOSAI-Donor Cooperation

3.1 Memorandum of Understanding between INTOSAI and Donor Communities

The INTOSAI and the donor community share common goals of enhancing accountability, transparency, good governance and the sound utilization of public funds. Recognizing these common goals and the need to work together more effectively, INTOSAI and a number of international development agencies signed a [Memorandum of Understanding](#) (MoU) in October 2009 establishing an initiative that has become known as the INTOSAI-Donor Cooperation.

The MoU has been signed by INTOSAI and representatives of the following 19 donor agencies: African Development Bank, Asian Development Bank, Australian Agency for International Development, Austrian Development Agency, Belgian Ministry of Foreign Affairs, Canada, European Commission, The GAVI Alliance, Inter-American Development Bank, International Monetary Fund, Ireland, Islamic Development Bank, Netherlands Ministry of Foreign Affairs, Norwegian Agency for Development Cooperation, Switzerland, Sweden, United Kingdom, United States of America, and the World Bank.

The [INTOSAI-Donor Cooperation](#) provides a strategic focus for donors and the SAI community in supporting the capacity development of SAIs in developing countries. Its guiding principles are based on sustainable capacity development and aid effectiveness, in particular: the development of country-led strategic plans; donors respecting SAI country leadership; and improved coordination through donor support harmonized and aligned behind SAI-led strategic plans. The purpose of the Cooperation is to improve SAI performance in developing countries, through scaled-up and more effective support.

The MoU opens up to multiple funding modalities, recognizing that some organizations (donors and SAIs) will provide bilateral support to SAIs through funding and technical assistance, while others may wish to contribute to pooled funds at country, regional, and global levels. In cases where donors provide general budget support to a country, donors agreed to underline the importance of adequate SAI funding in their dialogue with the partner country, where possible. INTOSAI representatives on the Steering Committee (SC) will refrain from involvement in funding decisions, to avoid conflict of interest and preserve auditor independence.

A summary of the achievements of the INTOSAI-Donor Cooperation during the first phase, 2010-12, is provided in Annex 3.

3.2 Governance Arrangements

Situation within INTOSAI Structures

The responsibility for the INTOSAI-Donor Cooperation in INTOSAI has been vested in the INTOSAI Finance and Administration Committee (FAC). The Chairman of the FAC reports to the INTOSAI Governing Board on the progress made annually.

INTOSAI-Donor Steering Committee

The INTOSAI-Donor Cooperation is governed by a Steering Committee which provides strategic guidance and counselling in the implementation of the MoU, coordinates activities and monitors progress. The SC comprises all donor signatories to the MoU as well as SAIs appointed by INTOSAI (currently the heads of the General Secretariat, and IDI, heads of the four strategic goal committees, the vice chair of the FAC and Secretaries General of the seven regional bodies). The Chairman of INTOSAI is also invited as an observer to SC Meetings.

At the first SC Meeting in Marrakesh, INTOSAI appointed the chair and vice chair of the FAC, being the SAI of Saudi Arabia and the SAI of USA respectively, as chair and vice chair of the SC. The donor community appointed the World Bank as chair as a representative of multilateral organizations and DFID as vice chair representing bilateral organizations. The first SC also agreed that the tenure of appointment to these posts should be at the discretion of the INTOSAI and donor communities respectively.

The SC meets every seven to nine months and is open to observers. In the meetings the SC evaluates the progress made and takes strategic decisions on the way forward for the Cooperation.

For most issues on its agenda the Cooperation functions as a decision making body, without referral to any other body. However where recommendations have wider impact for INTOSAI as a whole, these may sometimes need to be approved by the relevant INTOSAI bodies⁶. The SC leadership, in consultation with the INTOSAI Chair and Secretary General, seeks to identify any such issues as they arise, to make it clear whether the SC is the decision making body or whether it is making observations or recommendations to other INTOSAI bodies.

INTOSAI-Donor Secretariat

The SC is supported by a [Secretariat](#) within the [IDI](#). The SC asked the IDI to host the Secretariat. This was an open ended appointment, recognizing the importance of INTOSAI ownership as well as IDI's broad experience from SAI capacity building and wide network within INTOSAI. The Secretariat brings together staff with INTOSAI and donor backgrounds. In late 2012 the Secretariat was staffed as follows:

Table 1. Staffing of the INTOSAI-Donor Secretariat, October 2012

Position	Title	Comments
0,5	Head of Secretariat / Deputy Director General IDI	The head of the Secretariat works 50 % for the INTOSAI-Donor Secretariat and 50 % for the IDI as Deputy Director General for administration and stakeholder relations.
1	Advisor – International Post	Salary costs covered over the INTOSAI-Donor Secretariat budget.
1	Advisor – International Post (since Oct 2012)	Salary costs covered over the INTOSAI-Donor Secretariat budget.
1	Advisor – Norwegian	Salary costs covered over the INTOSAI-Donor Secretariat budget, hired from Office of the Auditor General, Norway.
1	Advisor – Norwegian Seconded	Salary costs covered by the Office of the Auditor General of Norway, hired for a rotating one year secondment.

⁶ E.g. the decision to transfer the administration of the SAI Capacity Development Database to the IDI

The IDI was established to help develop the capacity of SAIs in developing countries through needs-based, collaborative and sustainable development programs, and draws on 25 years capacity development experience.

IDI Board

As a legal entity established under Norwegian Foundation law, the IDI, including the INTOSAI-Donor Secretariat, is bound to ensure that responsibility for its activities, and the right to decide on its activities, rests with the IDI Board. The Board approved the establishment of the Secretariat within IDI, and maintains close involvement with the Cooperation. Four of the IDI Board members and observers to the Board represent organizations that form part of the SC. The Board receives and approves the annual work plans of the Secretariat as part of the overall IDI work plans and annual progress reports. It also receives for information the minutes of the meetings of the SC leadership.

Donors to the INTOSAI-Donor Secretariat

During the first phase (2010-12) funding for the Secretariat was provided by Austria, Ireland, and Norway. All three are represented on the SC, and in addition receive and approve annual progress reports (including financial reports). Since March 2012 they also receive minutes of the meetings of the leadership group. There is an annual meeting between the Secretariat and the funding donors, usually in connection with a SC Meeting.

During 2010-12 funding was provided against an initial program document, and disbursed and accounted for in line with a financing agreement, signed by the Secretariat and the three donors. These included expected program results, initial planned activities, and an initial monitoring framework. At the time of developing the phase 1 program document the governance arrangements had not fully evolved, and as a result there was no formal linkage between the SC approval of annual work plans and the planned activities in the 2010-12 program document approved by the three donors⁷. This resulted in a misalignment of reporting frameworks and necessitated additional reporting and budget rescheduling. The use of high level themes in the program document covering a three year period (the duration of the phase 2 program document which forms the basis for formal reporting and accountability to the funding donors for the use of funds by the Secretariat), combined with detailed annual work plans set by the SC is intended to address this.

INTOSAI-Donor Cooperation Leadership

The SC leadership comprises the INTOSAI and donor chairs and vice chairs of the SC. It is supported by the Secretariat. The SC leadership provides strategic direction and interim decision making for the Cooperation between SC Meetings. The tasks of the leadership include approval of terms of reference for work plan activities, input into and review of draft reports, and identification of issues to be brought

⁷ The program document required reporting against the original activities and monitoring framework with no mechanism for updating this, while the annual work plans approved by the SC continued to evolve.

to the SC. It meets by teleconference every two months and exchanges information and views on a continuous basis.

Annual Work Plans

Activities of the Cooperation are set in annual work plans, approved at SC Meetings. The Secretariat is primarily charged with carrying out these activities, in partnership with members of the SC and other stakeholders. During phase 1, 2010-12, planning was on an annual basis. The proposal for phase 2, 2013-15, (section 4 below) is to move towards a three year plan in which high level themes are approved for three years, whilst the detail, timing, priority and sequencing of activities is dealt with annually.

3.3 Coordination with Activities outside the INTOSAI-Donor Cooperation

The Cooperation seeks to be as comprehensive and inclusive as possible. The SC membership is broad and the list of observers to the SC even broader. The Cooperation reaches out proactively to those who are not formally engaged in it, and seeks to communicate its messages to the broadest audiences. All major development partners and networks relevant to SAIs are included in this broad outreach.

However, the majority of financial support made available for SAI capacity development is provided in the form of bilateral and pooled funding at the country level. Whilst most of the development partners providing this support are represented on the SC, the individual donor staff at country level are not, and the financing does not flow through the Cooperation. This is entirely appropriate and consistent with the MoU. It ensures that support is designed and provided by those at the country level with the best understanding of the situation and needs on the ground. In these cases the role of the Cooperation is to influence and facilitate the provision of effective support, through:

- Identifying and disseminating good practice principles on sustainable SAI capacity development.
- Supporting the development of regional bodies and networks, including facilitators, trainers and subject matter experts within each region.
- Making available global and regional public goods which can be tailored and applied at the country level.
- Facilitating effective coordination of ongoing and planned support initiatives, including through establishment of a SAI Capacity Development database.
- Providing guidance and support to development agency staff in their understanding of the role of SAIs and effective processes for design of SAI support projects.
- Ensuring that new project proposals identify and disclose previous, ongoing and other planned initiatives, and explain how they build on or link to these other initiatives.
- Promoting SAI leadership and ownership of development initiatives, through building capacity for SAI strategic planning, and development and management of donor funded projects.
- Improving the quantity and quality of providers of support (the supply side) so they are able to implement bilateral programs in accordance with good practice principles and with an up to date understanding of the role of SAIs.

4. Work Program 2013-15

The work program for 2013-15 is organized under seven themes. These themes were agreed from a broader list of possible themes by the SC at its fifth meeting, held in London in October 2012. Under each theme, indicative content comprises ongoing activities from phase 1 and emerging priorities. The details, priorities and sequencing will be determined through annual work plans approved by the SC. The work plan for 2013 approved by the SC is provided in Section 5.

SC Meetings and the reports of the Cooperation are in English. Activities connected to specific INTOSAI regions are delivered in the appropriate languages (Arabic in ARABOSAI, French in CREFIAF, Spanish in OLACEFS, English in other regions). Global initiatives, such as the Global Call for Proposals, should be delivered in the official INTOSAI languages used in developing countries (English, Arabic, French and Spanish) and where resources permit, Portuguese and Russian as working languages of at least six SAs each. The website pages of the Cooperation, within the IDI website, are maintained as far as possible in English, Arabic, French and Spanish.

4.1 Theme 1: INTOSAI-Donor Cooperation Management

The management of the Cooperation takes place through periodic SC Meetings and leadership teleconferences, the preparation of three year program documents and annual work plans, and regular communication and outreach activities. The Secretariat is tasked with facilitating these activities, as explained in section 3 above. The pivotal points in the work of the Cooperation are the periodic SC Meetings, which have historically taken place every 7-9 months, as follows.

Table 2. INTOSAI-Donor Cooperation Steering Committee Meetings

Meeting	Location	Date	Host
Signing Ceremony	Brussels	October 2009	European Commission and Belgium Ministry of Foreign Affairs
1 st SC Meeting	Marrakesh	February 2010	Cour des Comptes, Morocco
2 nd SC Meeting	Johannesburg	November 2010*	Auditor General South Africa
3 rd SC Meeting	Washington	July 2011	World Bank
4 th SC Meeting	Jaipur	February 2012^	Office of the Comptroller and Auditor General of India
5 th SC Meeting	London	October 2012^	National Audit Office, UK

* In connection with INTOSAI Congress

^ In connection with meetings of the Memorandum of Understanding to Strengthen Accountancy and Improve Collaboration (MOSAIC) Steering Committee

Maintaining a similar regularity and a three year cycle linked to INTOSAI Congresses, the following tentative schedule of SC Meetings is proposed for phase 2. This scheduling is used to determine the planned timing of phase 2 work program activities, such that plans and key outputs are tabled for discussion and approval at SC Meetings. Decisions on the actual timing and location of meetings are made by the leadership group.

Table 3. Proposed Timing for Future SC Meetings

Meeting	Location	Date	Host
6 th SC Meeting	Beijing	October 2013	National Audit Office of the People's Republic of China
7 th SC Meeting	TBC	June 2014	TBC
8 th SC Meeting	TBC	February 2015	TBC
9 th SC Meeting	TBC	October 2015 ⁺	TBC
10 th SC Meeting	TBC	October 2016*	An SAI within ARABOSAI

⁺ Timed to enable consideration of the future of the Cooperation after phase 2

* In connection with INTOSAI Congress

Between meetings, it is suggested that the leadership group continues to meet by teleconference every two months or as needs arise. A proposal for the future of the Cooperation after 2015 should be prepared for the proposed 9th SC Meeting. Communication and outreach activities should remain continual throughout the period, including quarterly newsletters, in accordance with an agreed communications strategy, to be developed.

4.2 Theme 2: Funding Mechanisms and Project Identification

Scaling up support for capacity development of SAIs in developing countries is one of the key purposes of the Cooperation. The 2010 matching of short term priorities and the 2011 Global Call for Proposals were critical to these efforts, as is continuous awareness raising of the role and needs of SAIs amongst the donor community to increase bilateral support outside the Cooperation. The 55 proposals submitted following the Global Call for Proposals represented a sound response from INTOSAI, and the matching from the donor community and SAI providers of support has been very encouraging. Nevertheless, it is clear that there are still significant capacity development needs for the following reasons:

- A small number of proposals have not yet received concrete interest in providing support, while many others have only received concrete expressions of support for parts of the proposal. In the 2010 Stocktaking, 129 developing country SAIs expressed a need for external capacity building support. It is thus likely that a number of SAIs with significant and unmet support needs did not apply, either due to lack of awareness and capacity to react to the Global Call for Proposals, or because the timing did not fit with their own capacity development cycle (particularly SAIs that had not made significant progress in producing needs assessments and strategic plans).
- A number of proposals were for short term activities which are likely to require follow up support.
- A number of individual proposals, when considered together, demonstrate a common need across SAIs and regions which could be met more economically and effectively by regional and trans-regional initiatives.

Since the 2011 Global Call for Proposals, a number of SAIs and INTOSAI regions have been enquiring about the timing of the next round. At the 5th Steering Committee Meeting participants agreed to continue with annual Global Calls for Proposals as a way of mobilizing additional support to developing country SAIs. The next Global Call is likely to be launched during the course of 2013. The

recommendations of a discussion paper on the Global Call for Proposals (GCP), presented at the SC Meeting, were broadly endorsed. In summary, they comprise the following propositions:

- A single format of Global Calls for Proposals for both individual providers and the future pooled fund, established for ODA eligible countries, is to be coordinated by the Secretariat. This will ensure the same project identification system for both bilateral matching and pooled funding
- Applicants will follow a two-step process, starting with concept notes which outline the rationale and nature of support required, followed by full proposals. Those concept notes which receive indicative expressions of interest, either from the pooled fund or individual providers of support, would then be developed into full funding proposals. In the case of interest from the pooled fund, the World Bank (as pooled fund administrative agent) would appoint a task manager with responsibility for the region or country, to provide assistance to development of the funding proposal. For proposals receiving interest from individual providers of support, the Secretariat may be able to provide some advice on development of proposals.
- The GCPs are to be carried out annually, launched at the same time each year.
- Decisions on the future timing of the GCP would be taken by the leadership group, taking into consideration the current matching from the first GCP and progress in establishing the SAI CDF.
- To facilitate coordinated decision making between the SAI CDF and individual providers of support, concept notes would be distributed in parallel to the SAI CDF and individual providers. This option was considered the most consistent with the spirit of the INTOSAI-Donor MoU, and faced none of the disadvantages of alternative options. The coordination arrangements and timetables would be further developed and clearly communicated among all parties, to enable both pooled funding and bilateral support decisions to be made in an effective and coordinated manner.

Under this theme, the Secretariat will also continue its work to support those donors interested in contributing to a pooled fund through the establishment of the SAI CDF.

4.3 Theme 3: SAI Performance Measurement Framework

Work on the SAI PMF, under the WGVBS, is expected to continue throughout phase 2. The SC is one of the bodies collaborating on the initiative, and the Secretariat is the coordinator for the SAI PMF Task Team. According to the Mandate from the Johannesburg Accords, a tool for measuring the value and benefits of SAIs should be developed for consideration at INCOSAI in 2013. The current plan proposed by the SAI PMF Task Team to the WGVBS is to develop and approve an exposure draft, for piloting and consultations, which would be presented at INCOSAI XXI.

Given the need for extensive piloting, it would not be tabled for formal INCOSAI approval in 2013. Rather, an exposure draft would be developed by the Task Team in early 2013 drawing on comments and phase one pilots in 2012. This version would be submitted to the WGVBS for approval before launching an extended period of piloting and pre-consultations. The aim would be to pilot in around 20

countries, with the specific objective of testing the calibration of the indicators (making sure they are set at the right level so they are neither too demanding nor too lenient).

Phase one pilots are being conducted during 2012 by members of the SAI PMF Task Team. Phase two pilots will be conducted by others during 2013, necessitating a phase of development and delivery of training in different INTOSAI languages on use of the framework globally in early 2013. It is proposed this should be done by the Task Team, led by the Secretariat. Connected to this, the Secretariat should provide support to phase two pilots (e.g. development and dissemination of support materials, ongoing support to planning and design of assessments, quality assurance support to assessment design and draft reports upon request). As the timing of such support activities will be subject to demand and may be hard to program, it may be appropriate to consider options for provision of this support, including the use of call down contracts from external suppliers (including SAIs and SAI experienced consultants).

Phase two pilots are likely to continue through 2013 and 2014. During this period there will also be an opportunity for all stakeholders to contribute to a pre-consultation on the exposure draft of the SAI PMF. The Secretariat will provide the ongoing support to both piloting and pre-consultations and will ensure formal due process. After this, it is anticipated that the SAI PMF will be finalized and put forward for official INTOSAI approval. In the long term there will be an ongoing need for support to, and maintenance of, the SAI PMF. The SAI PMF Concept Note approved by the WGVBS initially assumes that this role will be performed by the Secretariat, but it will be appropriate to consider whether there are other permanent structures within the INTOSAI and donor communities that would be well placed to take on this role in the long term.

At the fifth SC meeting in London, it was agreed that in rolling out training on the SAI PMF, the strategy should be to develop the capacity of the INTOSAI regional and sub-regional bodies to become experts in, and eventually trainers on, the SAI PMF.

4.4 Theme 4: Knowledge Centre on Support to SAIs

The SAI Capacity Development Database was established during phase 1 and launched in early 2012. It requires regular maintenance to keep the list of projects up to date and perform administrative tasks (e.g. approve new users, approve projects, quality assure new entries). At this stage there are no plans to revise the content of the database, so activities will focus on ongoing maintenance and periodic requests to update the database around the timing of SC Meetings.

In support of the Cooperation, the Secretariat will continue to disseminate global public goods between the INTOSAI and donor communities, and offer support as requested to the donor community in their engagement with SAIs. At present the Secretariat, together with the Moroccan Cour des Comptes (as Chair of the INTOSAI CBC), is acting as a focal point for INTOSAI engagement with the donor community, in terms of in dialogue with the OECD Development Assistance Committee and the Global Initiative on Fiscal Transparency. This is a temporary arrangement pending discussions at the forthcoming INTOSAI Governing Board meeting in November 2012. The Secretariat may be asked to continue providing such

support in future, and possibly also extend it to other parts of the donor community such as potentially G8 and G20, and this is provided for in the work program.

During phase 1, a number of donors have requested training for their staff on the role of SAIs and how to work effectively with SAIs. While there are a number of existing courses on PFM which include an introduction to SAIs, there is currently no specific, detailed course for donors on SAIs. A training survey conducted by the PFM group of Train4Dev (a joint donor competence centre) has confirmed strong donor interest in such a course. The survey suggests that demand for the course is likely to come from a small number of donor staff spread widely across the world, and therefore an e-learning approach may be the most cost effective solution. Whilst further work may be required to consider different delivery models, it is tentatively suggested to develop a facilitated e-learning course of 6-8 modules, which could be delivered through an e-based learning platform (such as that offered by UNITAR⁸). Different experts could be used to facilitate different modules, through a platform which allows for on-line discussion fora, and submission and review of assignments. The overall format could be similar to that used by U4 Anti-Corruption Resource Centre⁹ for their 'Essentials of Anti-Corruption' training course. An outline proposal for the course will be submitted to the leadership group for consideration. The Secretariat will explore options to pilot the initial course material with interested donors subject to funding, with a view to delivering the course annually each autumn, or more often subject to demand. The Secretariat will seek contributions towards the costs of developing the course and will run the course for donor staff on a cost recovery basis.

The Global Call for Proposals revealed a strong need in some INTOSAI regions and in many SAIs for support in engaging with the donor community, including in developing sound and results-focused funding proposals. Following a request from CREFIAF, the Secretariat developed and delivered (in French) a two day course on developing funding proposals, which was offered to CREFIAF member countries in connection with the CREFIAF General Assembly in Congo Brazzaville in July 2012. Feedback from the course suggests it was highly appreciated, and would be useful to be repeated around the time of future Global Call for Proposals, in various INTOSAI regions subject to demand. It was agreed at the fifth SC meeting that activities such as this should also have the objective of developing the capacity of INTOSAI regional and sub-regional bodies to support their member SAIs. Therefore this is included in the work program, to be delivered (where demanded) in two-parts: first, training experts from INTOSAI regions and regional bodies, then assisting regional experts to deliver training to their member SAIs.

4.5 Theme 5: Strengthening the Supply of Support to SAIs

There has long been recognition of the potential to both scale up and enhance the quality of the supply side of support to SAIs. This is a multifaceted area which potentially includes:

⁸ UNITAR, the United Nations Institute for Training and Research, offers an e-learning platform which has been extensively used by IDI in the past, e.g. for training courses on Risk Based Approach to Financial Audit, and Audit of Public Debt.

⁹ Hosted by the Christian Michelsen Institute (CMI)

- Encouraging established providers to expand their support and push the boundaries of the effectiveness and impact of their support.
- Assisting emerging providers to become established providers adopting agreed good practices
- Encouraging new providers to enter the supply side.
- Ensure all active providers – whether SAIs, INTOSAI regional bodies, other public bodies or private sector suppliers – remain up to date on both technical INTOSAI knowledge and capacity development approaches.
- Addressing the supply side gaps that exist in specific regions, languages and technical skills areas.

Following the 4th SC Meeting in Jaipur, SAI Morocco, as Chair of the CBC, chaired a supply side seminar in Oslo on 21 September 2012 at which a number of existing and emerging SAI providers shared their experiences and ideas. The purpose of the meeting was to set a road map towards strengthening the supply of support to SAIs, and to identify a number of concrete initiatives to take this forward. The 5th Steering Committee endorsed the recommendations of the seminar and agreed to further investigate the following suggestions:

- **Establishment of a Community of Practice:** Providers of support to SAIs should come together in a Community of Practice, possibly including the hosting of regular technical updates to ensure all providers are kept up to date with technical developments in INTOSAI and approaches to capacity development. It is tentatively proposed to establish such a practice and to hold a technical update each November from 2013 onwards.
- **Program and project evaluation:** The seminar revealed the need for more evidence-based knowledge about success factors of support to SAIs. This could include producing a synthesis of existing evaluations (covered under theme 7 below) to identify common themes, and contributing to possible work with SAI Sweden and Norway to develop specific guidance on the evaluation of SAI capacity development projects.

4.6 Theme 6: Research and Evidence on SAIs

A significant number of papers have been written in the past few years regarding the role and importance of SAIs for many subjects, from national governance and state building through to tackling corruption, working with civil society and increasing government revenues. A number of papers focus on approaches to SAI capacity development and the factors which support or hinder SAI development. These papers are commonly written from a combination of theoretical and personal perspectives, and case studies of specific countries and regions.¹⁰ Despite this, there is a lack of a commonly agreed evidence base on both the contribution of SAIs and the factors that determine their strength and successful development, which could inform the future policies of the INTOSAI and donor communities. This theme will cover all aspects of research and generation of evidence relevant to SAIs in developing countries.

¹⁰ Two recent PhD theses, 'Auditing the African State' and 'Institutionalizing Public Accountability' attempt to generate policy relevant evidence to the development of SAIs.

Under the 2012 work plan, an initial piece of work to explore the involvement of SAIs in the audit of extractive industries is already underway, with the aim of presenting an initial mapping and recommended way forward at the 6th SC Meeting.

One specific research question which has long been on the Cooperation's agenda is to explore the levels and adequacy of funding for SAIs. This will look at SAI funding requests and allocated budgets across the world, with an effort to determine key costs drivers and allow more informed benchmarking and analysis. The purpose will be to assist SAIs to make more evidence based assertions regarding the adequacy of the funding they receive for the effective discharge of their audit mandates. It is suggested that initial data for this research is collected as part of the next stock taking exercise (possibly 2013, see theme seven below). The design could be discussed among the leadership group and the results presented at the 6th SC Meeting / INCOSAI XXI.

To stimulate further research and generation of evidence relevant to SAIs in developing countries, one option would be to establish mechanisms for identifying, funding and disseminating research on SAIs. This could include issuing calls for research proposals, awarding and managing research grants, and arranging events at which papers could be presented. While this could be done by the Secretariat, other options should also be explored, for example selecting a service provider such as an academic institute or research council to manage activity and funding in this area. It is suggested that a paper on this be prepared for the 6th SC Meeting, with the possibility of setting up a research program from 2014.

As an illustration, other research topics that have been mentioned in different fora include:

- SAI Independence – what is the evidence on the impact of greater SAI independence for state accountability, fiscal transparency, poverty reduction and growth?
- SAIs in fragile states – what is the contribution of SAIs to state stability and state building; and what factors help shape the successful development of SAIs in fragile states?
- Citizen engagement in audits – what evidence is there that citizen engagement in audits contributes to more accountable states and more effective government policies and programs?
- SAIs, tax and revenues – what are the returns and other benefits from an increased investment in revenue and taxation audit, and does this generate a net benefit to society?
- Performance management in SAIs – in what ways have performance management frameworks and external performance reporting contributed to improved SAI performance and strengthening national governance?
- SAIs and gender – is there evidence that audit activities which pay due attention to the impact of government policies and programs on different genders can enhance government effectiveness?

4.7 Theme 7: Monitoring, Evaluation and Lesson Learning

Program monitoring will be in two forms: updates on activities presented at each SC Meeting, and an annual written progress report submitted for approval to the funding donors and IDI Board. In addition it is proposed to continue a set of evaluation and lesson learning activities as follows:

- **Update of the 2010 Stocktaking Report:** While it is not necessary to repeat the entire 2010 Stocktaking, there are some areas where it will be important to update the global overview of SAI performance to demonstrate the progress being made across the world. This will allow comparison to the baselines established in the 2010 Report. It may make sense for this to become a regular activity, possibly every three years, to be completed in time for each INTOSAI Congress. However, the timing of future stock taking exercises should be coordinated with data collection processes relating to the SAI Information Database¹¹, which provides an opportunity for synergies. As this database is currently being developed and its data collection processes finalized, it is suggested that a decision on the timing of an update of the Stocktaking is taken in due course by the leadership group, on recommendation of the Secretariat. It is further suggested that the next Stocktaking includes gathering information on funding provided to SAIs. This would contribute to research into global levels of SAI funding and benchmarking exercises designed to contribute to the question of whether SAIs receive sufficient funding to discharge their mandates (see section 4.6 above).
- **Synthesis of SAI project evaluations:** To facilitate lesson learning in support to SAIs, it is proposed to undertake a desk based synthesis of existing evaluations of SAI support projects, to identify common lessons and further good practices. Assuming the stocktaking is carried out in 2013, this would be done in 2014. The proposed design would be tabled at the 6th SC Meeting and results presented at the 7th SC Meeting. The synthesis could also feed into a more in depth impact assessment.
- **Impact assessment of the INTOSAI-Donor Cooperation:** An impact assessment of the INTOSAI-Donor Cooperation should be carried out starting in 2014, building on findings from the Stocktaking and Evaluation Synthesis, supplemented by additional impact evaluation work as required. The purpose would be to assess the impact of the Cooperation to date, and inform decisions of the SC on the way forward. Having the impact assessment completed by the 8th SC meeting in early 2015 would also allow the SC to draw on its results for the possible design of the Cooperation beyond 2015.

In addition to this, there will be an external evaluation of the IDI starting late 2012, reporting in June 2013. This will examine implementation of the IDI strategic plan 2007-12 (focusing on IDI programs not the INTOSAI-Donor Secretariat) and the IDI's readiness to facilitate stakeholder expectations in the next strategic planning period. The latter component would include examination of the institutional framework and organizational capacity of the IDI. This would include governance and management structures, professional capacity, organizational systems including the arrangements for the Secretariat, as well as possible synergies between the roles as INTOSAI-Donor Secretariat and being an INTOSAI provider of capacity building support to developing country SAIs.

¹¹ This database is an initiative of the INTOSAI Task Force on SAIs Information Database, under the Knowledge Sharing Committee. An electronic survey tool is expected to be launched in early 2013 to facilitate collection and open publication of information from the SAI community. The results should be a key input into future stocktaking reports, and the Secretariat has coordinated with the Task Force to ensure consistency with the 2010 stock taking.

A results framework to facilitate better monitoring, evaluation and lesson learning is provided in section 7 below, and a program logframe is attached as Annex 4.

4.8 Themes Taken Forward Outside the INTOSAI-Donor Cooperation

At its fifth meeting in London, the SC also emphasized the importance of two further themes for the effective development of SAIs. The SC recognized that whilst of crucial importance, these themes continue to be addressed elsewhere within INTOSAI, specifically recognizing the work of the General Secretariat.

- **Deepening Relationships with the Legislative Scrutiny Community:** The value and benefits of the work of SAIs is significantly enhanced by a strong legislative scrutiny body to which the SAI reports. There are a number of networks which support the strengthening of legislative bodies, such as the Inter Parliamentary Union (IPU), the Commonwealth Parliamentary Association (CPA), and various regional inter-parliamentary organizations.

The General Secretariat of INTOSAI has established cooperation with the IPU, specifically with the goals of enhancing knowledge exchange between the SAI community and legislatures, and will remain in contact with IPU and other bodies to take this matter forward. The UK National Audit Office also works with the CPA to strengthen relationships between SAIs and Parliaments in Commonwealth countries.

- **Stronger SAI Independence through Support to Advocacy Efforts:** As noted in section 2.7, strengthening SAI independence is an INTOSAI strategic priority and essential to implementation of the ISSAIs. The passing of the UN General Assembly resolution on SAI Independence gives this agenda fresh momentum. At the 5th SC Meeting the General Secretariat of INTOSAI highlighted the importance of the UN Resolution on SAI independence, and presented tools for advocacy efforts to strengthen independence of SAIs. Concrete examples of efforts to support SAIs at the national level in pursuing SAI independence were also provided. The SC agreed on the importance of INTOSAI and the Donor communities working jointly to support the efforts of developing country SAIs to enhance their independence.

Given the strategic importance of both these topics, the SC agreed to continue the established practice of inviting SC members and observers to inform and update the SC about relevant activities in these areas at future SC meetings.

A high-level three year work program for the Cooperation is shown below, based on the seven themes contained with the work program.

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5. Annual Work Plan 2013

5.1 Draft Work Plan for 2013

The October 2012 SC Meeting agreed in principle on a draft work plan for the Cooperation for 2013, as shown below. Theme 5, strengthening the supply of support to SAIs, represents a new area for the Cooperation.

No.	Theme and Task	Priority for 2013	Responsibility	Deadline
1	INTOSAI-Donor Cooperation Management			
1.1	Facilitate SC meeting and SC leadership teleconferences	High	Secretariat	Continuous
1.2	Communication and outreach on INTOSAI-Donor Cooperation (inc. newsletters)	High	Secretariat	Continuous
2	Funding Mechanisms and Project Identification			
2.1	Secure pledges for and establish SAI Capacity Development Fund	High	Donors and Secretariat	ASAP
2.2	Launch 2 nd Global Call for Proposals	High	Secretariat	TBC
2.3	Prepare and submit concept notes	High	INTOSAI applicants, Secretariat	TBC
2.4	Develop full proposals and match to funding	High	INTOSAI applicants, World Bank, Secretariat	TBC
3	SAI Performance Measurement Framework			
3.1	Exposure draft SAI PMF published on WGVBS website	High	SAI PMF Task Team	April
3.2	Training courses for assessors run in all INTOSAI regions	High	SAI PMF Task Team	June
3.3	Phase 2 pilots in progress	High	SAIs, INTOSAI bodies, donors	Continuous
3.4	Exposure draft SAI PMF presented at 6 th SC meeting and INCOSAI XXI	High	SAI PMF Task Team	October
4	Knowledge Centre on Support to SAIs			
4.1	Maintenance of SAI capacity development database	High	Secretariat	Continuous
4.2	Disseminate public goods, support to donor engagement with SAIs, represent INTOSAI in development fora	Medium	Secretariat	Continuous
4.3	Training for donors on working with SAIs <ul style="list-style-type: none"> • Training material drafted • Pilot training course completed • Proposal for roll-out completed 	Medium	Secretariat	<ul style="list-style-type: none"> • March • June • October
4.4	Training for SAIs on engagement with donors and writing funding applications	Medium	Secretariat	TBC – linked to timing of

No.	Theme and Task	Priority for 2013	Responsibility	Deadline
				Global Call for Proposals
5	Strengthening the Supply of Support to SAIs			
5.1	<ul style="list-style-type: none"> Establish SAI Supply Side Community of Practice Hold first technical update 	Medium	Secretariat	<ul style="list-style-type: none"> July December
5.2	Develop guidance on better evaluations of SAI capacity development projects <ul style="list-style-type: none"> Terms of reference approved 	Medium	Secretariat, SAI Sweden & SAI Norway	<ul style="list-style-type: none"> September
6	SAI Research Agenda			
6.1	SAI involvement in audit of extractive industries – mapping and way forward	Low	Secretariat with AFROSAI-E	April
6.2	Benchmarking of SAI funding levels <ul style="list-style-type: none"> Decision on inclusion in possible 2013 stock taking, and way forward 	Low	Secretariat	TBC, subject to progress on INTOSAI Information Database
7	Monitoring and Evaluation			
7.1	Annual progress report	High	Secretariat	May
7.2	Stock taking update <ul style="list-style-type: none"> Decision on added value from possible 2013 stocktaking, and way forward 	Medium	Secretariat	TBC, subject to progress on INTOSAI Information Database
7.3	External evaluation of IDI	Medium	IDI	June

5.2 Issues and Decisions for Steering Committee Meeting in 2013

The Steering Committee Leadership, in consultation with the INTOSAI-Donor Secretariat, will in due course announce the timing and location for the next Steering Committee Meeting. SC Meetings are pivotal points in the progress of the Cooperation. The upcoming SC Meeting, probably held in connection with the XXI INCOSAI, will build on discussions at the 5th SC Meeting, which included the following issues:

Issues and Decisions at 5th SC Meeting, October 2012

Agenda Item	Decisions
2. SAI PMF	Written comments to be provided by 30 th November
3. Working with Parliaments	Donors emphasized the critical role of INTOSAI in initializing exchange of SAIs with legislative bodies
4. Global Call for Proposals	Recommendations of Discussion Paper endorsed. Future Global Calls for Proposals from 2013 onwards.
5. SAI Capacity Development Fund	Establishment and design of SAI CDF (by potential donors)
6. Building capacity of SAIs to develop funding proposals	Possible roll-out of training to other INTOSAI regions (upon demand), to be implemented by INTOSAI regions.

	Trainings should be linked to future Global Call for Proposals
7. UN Resolution on SAI Independence	SC thanked INTOSAI General Secretariat for its efforts, and agreed on the importance of INTOSAI and the Donor communities working jointly to support the efforts of developing country SAIs to enhance their independence
8. ISSAI Implementation Initiative (3i)	SC acknowledged the importance of 3i, and called for additional donors to come forward to support the 3i program, especially because of its regional approach
9. Strengthening the supply side	SC agreed to develop a Community of Practice and guidance material for evaluations of SAI Capacity Development programs
10. Good Practices in Supporting SAIs	SC recognized the need to support donor staff through training and other measures
11. Future direction of the INTOSAI-Donor Cooperation	Strategic guidance on future of the Cooperation; endorsement of work program for 2013-15 and detailed work plan for 2012

The likely issues and decisions expected to arise at the next SC Meeting in 2013 are shown below.

6th Steering Committee Meeting, 2013

Agenda Item	Matters Requiring Decisions
Global call for proposals and pooled fund	Decision on timing for launch of 2 nd Global Call for Proposals
SAI PMF – presentation of Exposure Draft and progress on piloting	SC response to Exposure Draft SAI PMF and progress update
Training for donors on working with SAIs	Update on progress
Training for SAIs on engagement with donors	Update on progress
Strengthening the supply of support to SAIs	Possible launch of supply side community of practice
SAI involvement in audit of extractive industries	Response to mapping and way forward
2013 INTOSAI stock taking and review of SAI funding levels	Possible presentation of findings and recommendations

6. Approach to Sustainable Capacity Development

6.1 INTOSAI-Donor Cooperation Good Practice Principles

INTOSAI and its membership, working in partnership with the donor community, have identified a number of lessons for SAIs and donors to ensure better and more sustainable results from efforts to strengthen SAIs. These good practice principles of the Cooperation include¹²:

- 1) **SAI leadership of reforms:** Reforms need to be based on the needs of the SAI and must be owned and led by the SAI, rather than being designed solely to reduce donor's fiduciary and development effectiveness risks. This is the only way of ensuring ownership and sustainable and effective reforms. Interventions should be rooted in SAI owned needs assessments and Strategic and Development Action Plans.
- 2) **Country systems and SAI credibility:** Donors should continue to support the country systems agenda and avoid establishing parallel structures that could undermine national institutions, accountability and governance. For example, in one country in sub-Saharan Africa influential donors assessed the SAI and found it to be too weak to use for auditing donor projects. Parallel structures for auditing donor projects were established, rather than supporting efforts to strengthen the SAI. This had an unintended consequence that the perception of a weak SAI was used by the executive to dismiss the findings of the SAI's audit reports as not being credible, thus undermining an already weak accountability structure in that country. This highlights the importance of working with country systems and accountability institutions, to enhance their capability and credibility.
- 3) **Long term engagement:** Strengthening SAIs takes time. It requires building cooperation, trust and mutual understanding between partners. In the past there has been too much focus on short term, isolated initiatives and too much stop-go reform. SAI capacity development has been most effective when built on long term partnerships. For instance the successful development of the SAI of Zambia has taken place through a partnership with the Office of the Auditor General of Norway and Norwegian Embassy in Zambia which has been ongoing since 1998. This program illustrates that it may take up to 10 years to see sustainable impact from capacity development. Capacity development programs should also advocate for incremental change and include gradual and clearly communicated exit strategies.
- 4) **Peer support:** Development partners should take cognizance of the added value of peer support as a component of SAI capacity development. SAIs have a unique institutional knowledge and experience of reporting to parliaments, and of measures needed to maintain a reputation and standing as an independent accountability institute. Peer support is the preferred modality of

¹² Source: IDI letter to Chair of the OECD Development Assistance Committee, 20 March 2012, sent as follow-up to the OECD Global Forum on Development in Paris, February 2012

the SAI community and can be used to harness the benefits of triangular and south-south cooperation. At the same time, SAIs should recognize the benefits of and need for multi-disciplinary skills including change management, political economy analysis and institutional development within capacity development programs.

- 5) **Stronger focus on results:** Recognizing there was a limited evidence base on SAI performance, the INTOSAI-Donor Cooperation has prioritized work to develop an evidence base and measure results of SAI capacity development. The Cooperation's first output in 2010 was a Stocktaking report which painted the first ever global picture of the state of external government audit, covering 183 SAIs. Similarly, the Global Call for Proposals placed a strong emphasis on results frameworks and measurable indicators of program outputs and contribution to high level outcomes. Work is also ongoing within INTOSAI to develop a global SAI PMF, helping SAIs to apply performance management approaches to their capacity development. This will also enable tracking of changes in SAI performance over time.
- 6) **Political economy analysis:** Reform programs should look at the environment in which the SAI operates and use political economy analysis in the design process to assess prospects and opportunities for reforms and identify possible champions and supporters of reforms. Reform programs should recognize that reform prospects are bounded by political realities and priorities, but that these change over time, creating opportunities for reform.
- 7) **Support for strengthening the SAI's operating environment:** In order to fulfil their role effectively, SAIs need independence from the executive, adequate human and physical resources, and environments which promote accountability through transparency and public participation. These environmental or foundational factors are largely outside the SAI's control, though in the long term SAIs may be able to influence them. Prospects for improvement in the SAI's operating environment are also bounded by political-economy factors. This is where support from domestic parliaments, civil society, the donor community and other stakeholders is most needed: to create coalitions to advocate for change when windows of opportunity arise. Programs and donors should be able to respond flexibly to take advantage of political-economy changes which provide opportunities to strengthen the environment in which an SAI operates.
- 8) **Working with SAI stakeholders:** For SAIs to have more impact, they need to strengthen their capacity to engage and work with external stakeholders. It is also necessary to develop the capacity of Parliamentarians, Civil Society Organizations and donor staff to understand SAI reports and use them effectively.
- 9) **Good practices and guidance on SAI capacity development:** Recognizing the accumulation of dispersed knowledge on SAI capacity development, INTOSAI and the donor community have begun documenting good practices and developing guidance on capacity development of SAIs. A

guide on good practices in working with SAIs was recently published under the auspices of the OECD DAC Taskforce on Public Financial Management¹³.

- 10) **Strengthening Global and Regional Structures:** the INTOSAI community has established global and regional bodies which facilitate bringing SAIs together to share and learn from each others' experiences and develop public goods in a participatory way that builds ownership of change processes within individual SAIs. It has also established networks of trainers, facilitators and subject matter experts that both assist in these programs and can provide support to individual SAIs upon request. Recognising the contribution of these structures to capacity development, and designing capacity development approaches that utilise and further strengthen these structures, contributes to more effective and sustainable capacity development.

6.2 Future of the INTOSAI-Donor Cooperation

The Cooperation is a long-term partnership endeavour between the INTOSAI and donor communities, involving commitment and funding from both sides. During the first phase the Cooperation has been successfully established. It now needs time to consolidate and to ensure the underlying principles of the MoU become the established practices of the INTOSAI and donor communities. Initiatives such as the SAI Capacity Development Database need to be maintained. The SAI PMF needs to be finalized and applied across the world to produce a performance baseline, and applied again to generate evidence of performance improvements and allow analysis of contributors to performance improvement. The additional funding mobilized for SAI capacity development needs to be spent effectively and monitored. Finally, the Cooperation and SAI capacity development projects needs to be evaluated to generate evidence on whether the principles of the MoU make a positive contribution to the sustainable development of SAI in developing countries.

Therefore the program document for 2013-15 focuses on consolidating the initiatives of the Cooperation under the broad governance and operating arrangements established in phase 1.

It is expected that the need for the Cooperation will continue beyond 2013-15. However, the form and nature of the Cooperation beyond 2015 should be the subject of future debate, informed by an independent evaluation of effectiveness in relation to its purpose, as well as its overall impact (intended as well as unintended). Such a debate should look at the main themes under the Cooperation and ask whether each theme is still relevant, and whether there are permanent structures within the INTOSAI and donor communities that could or should take on each theme, or whether there is an ongoing need for the Cooperation.

¹³ Good Practices in Supporting Supreme Audit Institutions,
<http://www.oecd.org/development/aideffectiveness/49066186.pdf>

7. Program Reporting, Monitoring, Evaluation

7.1 Reporting Procedures

The Secretariat will submit a narrative progress report on the previous year to the IDI Board by 28 February each year¹⁴ and to the funding donors for approval by 31 May each year. This will be available to others on request. The report shall include the following:

- An assessment of the progress of implementation against the high level work program 2013-15, and the detailed annual work plan approved by the SC.
- An explanation of the receipt and use of funds compared to budget, for the year and cumulative period to date, including major variances.
- An explanation of major deviations from the program document and annual work plan.
- An assessment of problems and risks that may affect the success of the future work program.
- 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 year¹⁵ and to the funding donors by 31 May each year. These shall include accounting notes showing the income, expenditure and utilisation of grants for the 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.

The Secretariat will also provide an update on progress at each SC Meeting, in the form requested by the SC. During phase 1 the SC requested this to be a brief verbal report for discussion.

7.2 INTOSAI-Donor Cooperation Results Framework

A recent multi-donor evaluation¹⁶ of PFM reform noted that the lack of measurable indicators within PFM reform programs undermined efforts to evaluate both the success of PFM reforms and the success of donor support to those reforms. In response to this, the Secretariat has developed a results framework for the Cooperation, to enable specification of measurable indicators at appropriate levels of the results chain. I.e. indicators of the performance of SAIs, being the ultimate target group for the Cooperation, as well as measures of performance relevant to the Cooperation's efforts to scale up and enhance the effectiveness of support to SAIs. This is designed to facilitate more meaningful progress monitoring, as well as future evaluations and lesson learning.

The diagram below illustrates the proposed results framework for the Cooperation. It defines the results chain as: **inputs-activities-outputs-initial outcomes-intermediate outcomes-final outcomes**, and SAI contribution towards impact. It recognizes the wider environment in which the Cooperation operates.

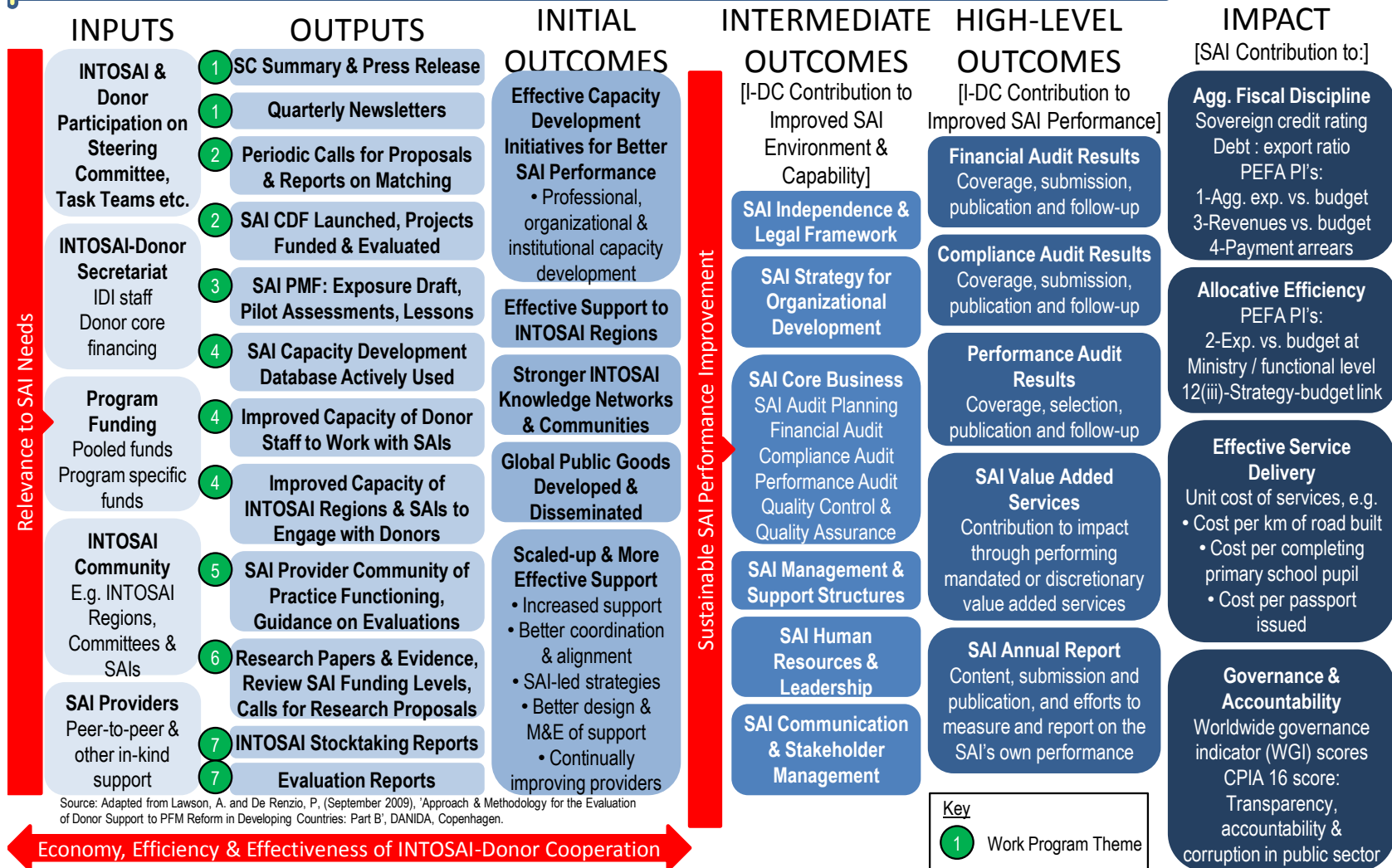
¹⁴ Or earlier as required to enable consideration of the report at the IDI Board Meeting in March.

¹⁵ Or earlier as required to enable consideration of the report at the IDI Board Meeting in March.

¹⁶ 'Evaluation of Public Financial Management Reform in Burkina Faso, Ghana and Malawi 2001-10, Final Synthesis Report', Andrew Lawson, April 2012

INTOSAI-Donor Cooperation Results Framework

Purpose: Improve SAI performance in developing countries, through scaled-up and more effective support



Context: Institutional, Economic, Political, Technical, Social and Cultural

Components of the results framework are:

- **Inputs:** all inputs, including engagement of INTOSAI and donor representatives of the SC, Secretariat staff and core funds, financing for specific programs under the Cooperation, participation of SAI staff and leadership in programs, in-kind contributions of SAIs, involvement of INTOSAI regional bodies and committees, contributions from other SAIs including subject matter experts.
- **Activities** (not shown): how inputs are used to develop global public goods, strengthen global and regional support networks and enhance the professional staff capacity, organizational systems capacity and institutional capacity, of participating SAIs.
- **Outputs:** tangible results of Cooperation activities, such as global public goods developed, new financing mechanisms established, projects financed, research findings published, improved knowledge and competencies of SAIs and donors.
- **Outcomes:** these are the end results produced by the system or organization, which contribute to improved governance and public financial management, and thereby to economic growth and poverty reduction. The chain between outputs and high-level outcomes is long and the level of attribution limited. Therefore the results framework separately identifies initial, intermediate and high level outcomes. Initial outcomes are attributable to the Cooperation and contribute to achievement of intermediate and high-level outcomes, which are attributable to the work of SAIs, influenced by the Cooperation.
 - **Initial Outcome:** this is the outcome directly attributable to the Cooperation, which contributes to achievement of intermediate and high-level outcomes. This is the level at which the performance of the Cooperation will be measured.
 - **Intermediate Outcome:** this relates to the SAI's independence and legal framework (including mandate) which governs its operations, as well as its internal capabilities including the quality of its core audit work. Outcomes at this level are observable within the SAI but are less likely to be visible to external stakeholders. This is the level at which the internal capability of SAIs should be measured, noting that significant change is unlikely to happen in less than three year periods.
 - **High-Level Outcome:** the highest level of results attributable to the work of SAIs, including the quality and quantity of financial, compliance and performance audits, the submission of reports to the legislature/judiciary, the publication of reports and findings, and the results of implementing audit recommendations. This is the level at which the external performance of SAIs should be measured, noting that it may take 3-5 years to see any meaningful performance change at this level.
- **Impact:** the contribution made by SAIs towards stronger governance and public financial management, and ultimately economic growth and poverty reduction. It is not possible to attribute changes at the impact level specifically to performance of the SAI, as these are influenced by many additional factors. This is the level at which the performance of national governance and PFM reform programs should be measured.

It is important to explicitly recognize the difference between initial outcomes on the one hand and intermediate and final outcomes on the other hand. Initial outcomes are closely attributable to the activities of the Cooperation (e.g. scaling up support for SAI capacity development) and are useful for evaluating program economy, efficiency and effectiveness. Intermediate and final outcomes are influenced by many factors beyond the activities of the program (e.g. level of audit coverage, and timeliness of submission and publication of audit reports) and are useful for monitoring and evaluating performance improvement at the level of the SAI. One should also recognize that development of global public goods (e.g. new manuals, guidance and training) as well as strengthening global and regional support mechanisms, are an efficient way of contributing to strengthening the performance of SAIs around the world, but are not an end in themselves.

Consequently, evaluations should pay particular attention to the link between initial outcomes and intermediate / high-level outcomes, ensuring that the Cooperation's activities are **relevant** to SAI capacity development needs, and contribute to **sustainable** performance improvement in SAIs.

7.3 INTOSAI-Donor Cooperation Log Frame

To enable monitoring and evaluation of the Cooperation, including its relevance and contribution to sustainable performance improvements in SAIs, it is necessary to define indicators, baselines, milestones and targets for both initial outcomes and intermediate / high level outcomes. A program logframe is included as Annex 4. Baselines are drawn from the 2010 Stocktaking report and relevant PEFA data. In the future the SAI PMF will produce more detailed indicators and baselines which can be used to monitor global performance improvements across SAIs (for both intermediate and high-level outcomes).

Planned monitoring, evaluation and lesson learning activities, making use of the results framework and logframe indicators, are explained in section 4.9 above.

8. Assumptions and Identification and Management of Risks

Assumptions and risks in this section are considered in relation to the program purpose of improving SAI performance in developing countries, as a means of contributing to stronger PFM, good governance, transparency, accountability and tackling corruption. Assumptions are considered to be outside the control of the Cooperation (though it can act in a manner to exert influence upon these assumptions, as shown below). Risks are considered within the control of members of the Cooperation.

8.1 Assumptions and Opportunities to Influence External Agents

Critical assumptions for the Cooperation arise from the environment in which SAIs and the Cooperation operate. This can be considered at three levels. First, whether the program purpose of improved SAI performance makes a difference to PFM, good governance, accountability, transparency and tackling corruption. Second, whether the outcomes of the cooperation have a sustainable impact on SAI performance. Third, whether the institutional context in which the Cooperation operates supports or constrains achievement of the program purpose. The table below records critical assumptions under each level, the underlying factors relating to these, and the opportunities for the Cooperation to influence these underlying factors.

Table 4. Critical Assumptions for the INTOSAI-Donor Cooperation

Nature of Assumption	Assumption	Underlying Factors	Opportunity to Influence Underlying Factors
Program purpose contributes to impact	Improved SAI performance contributes to impact in terms of stronger PFM, good governance, transparency, accountability and tackling corruption	The environment in which SAIs operate promotes fiscal transparency which facilitates accountability of individuals and organizations in the public sector	INTOSAI and donor communities promote and support fiscal transparency and accountability initiatives, and SAIs lead by example in implementing the principles of transparency and accountability (ISSAI 20)
		Executive bodies implement SAI recommendations	INTOSAI community promotes effective audit reporting and communication to facilitate implementation of audit recommendations
		Legislative bodies discuss SAI reports and enforce follow-up	INTOSAI and donor communities support the development of legislative bodies and promote effective interface between SAIs and legislatures
The Cooperation has a positive and sustainable influence on program purpose	Individual SAIs take advantage of the opportunities created by the Cooperation to support their own sustainable capacity development initiatives	SAIs take ownership of their own capacity development	SAI ownership of change is promoted as a core principle of the Cooperation
		SAIs seek to access scaled-up funding and make use of regional networks	Opportunities created by the Cooperation are adequately communicated and disseminated to all SAIs
		SAIs tailor, adopt and implement public goods generated by the Cooperation	Public goods are relevant to the needs of SAIs in developing countries
		Providers of support to SAIs adopt improved and sustainable approaches to capacity development which impact on SAI performance	The Cooperation reaches out to influence and support all types of providers of support to SAIs

Nature of Assumption	Assumption	Underlying Factors	Opportunity to Influence Underlying Factors
Impact of the institutional context	Donors and other actors outside the Cooperation follow the core principles of the Cooperation	Donors not signed up to the MoU also follow the principles of SAI ownership and effective coordination when providing support to SAIs, and adopt good practice in program design	None signatories: are invited to sign the MoU; offered observer status at SC Meetings; and are targeted as part of communication, outreach and training efforts

8.2 Approach to Risk Management

The Secretariat will be responsible for risk management on behalf of the SC. The Secretariat will:

- Develop and maintain a risk register recording critical risks to implementation of the program purpose (below)
- Adopt a risk response (tolerate, treat, transfer or terminate) to each critical risk identified
- Identify, and where necessary propose to the SC, mitigating measures to reduce the likelihood and/or impact of residual risks
- Appoint, and where necessary propose to the SC, a risk owner to undertake the mitigating measures for each residual risk
- Review and update the risk register as part of the annual reporting procedures
- Bring new critical risks and risks that are being realised to the attention of the SC leadership, IDI board, funding donors and SC as appropriate

8.3 Identification of Key Risks

Key risks are those factors which are under the control of members of the Cooperation, but which could undermine achievement of the program purpose if not appropriately managed.

Table 5. INTOSAI-Donor Cooperation Risk Register

Risk	Likelihood (H/M/L)	Impact (H/M/L)	Response	Mitigating Measures	Risk Owners
Resourcing					
1. Secretariat has insufficient staff and financial resources to implement activities of the Cooperation	High	Moderate	Treat	Focus on high priority activities and cost cutting. Bid for further donor funding. Seek more in-kind support from SAIs.	Secretariat
Theme 2					
2. Donors can not agree on common rules and structure for managing pooled funds	Low	Moderate	Treat	Establish parallel single donor trust funds instead of a multi-donor trust fund	SAI CDF admin agent (World Bank)
Theme 3					
3. Task team unable to develop a SAI PMF tool which meets	Moderate	Moderate	Treat	Representative composition of SAI PMF	SAI PMF task team

Risk	Likelihood (H/M/L)	Impact (H/M/L)	Response	Mitigating Measures	Risk Owners
the needs of all types of SAIs, or INTOSAI and donors develop competing tools, or tool not endorsed by INTOSAI and donor communities				task team and effective communication of SAI PMF objectives and outputs across INTOSAI and donor communities	(coordinated by Secretariat)
Theme 4					
4. SC donors and SAI providers of support design and implement SAI capacity development projects which do not reflect the MoU principles and INTOSAI priorities	Moderate	Moderate	Treat	Communication and advocacy on the MoU principles, training and awareness raising for donors and SAI providers, support to strengthening capacity of SAIs to engage with donors and providers	Secretariat
Theme 5					
5. No consensus within the SC on the need to scale up and strengthen providers of support to SAIs	Moderate	Moderate	Tolerate		
Theme 6					
6. No support within the INTOSAI and donor communities for a study into SAI funding levels	High	Low	Tolerate		
7. INTOSAI and donor communities do not cooperate with independent researchers to enable completion of evidence based research and development of policy recommendations	Low	Low	Tolerate		
Theme 7					
8. Poor volume and quality of responses to 2013 stock taking survey	Moderate	Moderate	Treat	Intensive follow-up to stock taking by Secretariat, through regional bodies, and guarantees of confidentiality of individual SAI responses	Secretariat and regional bodies
9. Donors and SAIs do not provide access to SAI project evaluation reports, or help facilitate country level studies for an impact assessment of the Cooperation	Low	Moderate	Treat	Advocate on the importance of evaluations for lesson learning, and guarantee anonymity of country level findings if required	SC members

9. Budget and Financing

The budget presented in this section is based on working on the seven themes outlined in the program document, and includes an overview of the current funding gap between the total Cooperation budget (section 9.1) and current funding commitments (section 9.2). Dialogue is ongoing with numerous donors regarding additional funding, and with SAls regarding additional in-kind contributions. Such dialogue is expected to continue even after phase 2 commences. This partly reflects the fact that different donors operate according to different financial budgets and budgeting timetables. Should sufficient additional funding fail to materialize, the Secretariat will undertake activities according to the priorities in the annual work programs, and will scale back the scope of work as necessary.

9.1 Budget, 2013-15

The proposed budget for the Cooperation is shown below. A more detailed breakdown of the budget is provided in Annex 5. As a continuation of the practice established in phase 1, it is proposed that the Secretariat, in its capacity as provider of support to the SC, manages the budget of the Cooperation. However, the Secretariat does not need to be the implementing partner for all activities of the Cooperation, but may contract service providers, reimburse costs incurred by others, or provide grants for specific activities. The budget is therefore presented according to the costs of running the Secretariat and the costs of specific activities under each of the themes in the program document. New initiatives could be suggested by the SC and would be added under the relevant theme, or a new theme if necessary, and funded from the Cooperation program budget, with the funding managed by the Secretariat.

INTOSAI-Donor Secretariat: Administration Budget	2013	2014	2015	Total
A. Staff Costs (Including Support Staff Costs)	641 084	655 383	670 039	1 966 506
B. Overheads and Other Indirect Costs	109 644	112 385	115 195	337 225
C. Contingency (Including Exchange Rate Provision)	33 389	29 674	27 747	90 810
Total	784 118	797 442	812 981	2 394 541

All figures in Euros

The administration budget shows the core costs of running and hosting the Secretariat, including direct staff costs, apportionment of IDI administration staff costs¹⁷, overheads such as rent and electricity¹⁸, and indirect costs including IT equipment, computing facilities and communications. Travel and accommodation costs are now incorporated into the program budget, in relation to the specific themes to which the costs relate.

The increase in costs compared to phase one are in line with the increase in staff numbers in the Secretariat. During 2012, staffing was 3,5 full time equivalents (FTEs) from January to September, and 4,5

¹⁷ Around 21% of IDI's administrative staff, using relative staff numbers in the INTOSAI-Donor Secretariat and IDI program team as the basis for apportionment.

¹⁸ Around 31% of the overhead costs of IDI, using relative Oslo-based staff numbers in the INTOSAI-Donor Secretariat and IDI program team as the basis for apportionment.

FTEs from October to December. The budget assumes that staffing will stay at 4,5 FTEs and that the expanded scope of work can be delivered with the current staff levels. Specifically, compared to phase one the program document expands work in the following areas:

- Rolling out training to assessors on the SAI PMF and providing a permanent support function for the SAI PMF
- Facilitating regular training courses for donors working with SAIs and for SAIs engaging with donors
- Strengthening the supply of support to SAIs
- Monitoring, evaluation and lesson learning on working with SAIs and the impact of the INTOSAI-Donor Cooperation
- Facilitating an SAI research agenda.

D. INTOSAI-Donor Cooperation: Program Budget	2013	2014	2015	Total
Theme 1: INTOSAI-Donor Cooperation Management	27 687	20 908	32 222	80 818
Theme 2: Funding Mechanism & Project Identification	40 816	40 816	40 816	122 449
Theme 3: SAI Performance Measurement Framework	221 088	89 218	90 020	400 326
Theme 4: Knowledge Centre on Support to SAIs	78 830	69 136	69 659	217 625
Theme 5: Strengthening the Supply of Support to SAIs	13 605	13 605	13 605	40 816
Theme 6: SAI Research Agenda	13 605	13 605	27 211	54 422
Theme 7: Monitoring and Evaluation	43 537	68 027	68 027	179 592
Total	439 170	315 316	341 561	1 096 047

All figures in Euros

In the previous program document, a program budget was not presented. Rather, program type costs were included in the consolidated budget through budget lines such as translation, consultancy, meetings and seminars, and hosting the databank. The budget for 2013-15 includes significantly more program activities as noted above, which are expected to be managed, but not necessarily implemented, by the Secretariat.

The total budget for the whole Cooperation is therefore as follows.

INTOSAI-Donor Cooperation: Total Budget	2013	2014	2015	Total
Total	1 223 288	1 112 758	1 154 541	3 490 588

All figures in Euros

9.2 Financing, 2013-15

Financing, based on contracts, commitments, indications of interest and exchange rates as at 2 November, is shown below.

INTOSAI-Donor Cooperation: Financing	2013	2014	2015	Total
Austrian Development Agency (€100 000 per year)	100 000	100 000	100 000	300 000
Irish Aid (€250 000 per year)	250 000	250 000	250 000	750 000
Norwegian Agency for International Development Cooperation (2,5m NOK)	340 136	340 136	340 136	1 020 408
Office of the Auditor General of Norway (Seconded)	78 649	80 615	82 631	241 895
World Bank (Theme 3, \$70 000 in 2013 & 2014)	54 286	54 286	-	108 571
Total	823 071	825 037	772 767	2 420 874

All figures in Euros

By comparison, expenditure of the Secretariat in 2011 was about €715 000 (5,2 million NOK),¹⁹ and the budget for 2012 is €915 000 (6,765 million NOK).²⁰ There is therefore a need for a significant increase in funding for the Cooperation for phase 2, as compared to phase 1. Based on current indications, the contribution from Irish Aid is assumed to increase from €200 000 to €250 000 per year, and the contribution from the Austrian Development Agency is assumed to be €100 000, which is the same yearly contribution as during phase one²¹. OAG Norway will continue to provide in-kind support in the form of a rotational one year secondment, and the World Bank will increase its support for the SAI PMF from US \$50 000 (€40 000) to \$70 000 (€54 000) in 2013 and 2014 only (the time scale of the present grant agreement). Finally, NORAD intends to provide 20m NOK (€2,7 million) per year to the IDI as a whole, without earmarking support to the Secretariat. IDI's current estimate of the NORAD funding to be allocated to the INTOSAI-Donor Secretariat is about €340 000 (or 2,5m NOK) annually. On this basis there is a financing gap of just over €1 million in total over the three years or 31% of the total budget. To deliver all seven themes in the program document will therefore require additional financial support.

INTOSAI-Donor Cooperation: Financing Gap	2013	2014	2015	Total
Financing Gap	400 217	287 721	381 775	1 069 714
Financing Gap as % of total budget	33 %	26 %	33 %	31 %

All figures in Euros

9.3 Procedures for Amendments to Financing and Budgets

The budget presented above includes the proposed budget for 2013 and the indicative budget for 2014 and 2015. Before the start of each year, the Secretariat will set an annual budget within the broad parameters of the three year funding envelope available. This will be submitted for approval to the funding donors by 30 November and to the IDI Board as required for the annual Board meeting.

Any significant changes to the budget during the year (i.e. over 10% of a budget heading) shall be advised to the funding donors and IDI Board on a no objection basis. Any plans to increase the budget beyond

¹⁹ €640 000 core budget, plus an estimate of €75 000 OAG Norway secondee

²⁰ Core budget of €800 000, plus an estimate of €75 000 OAG Norway secondee, plus World Bank contribution of around €40 000 towards the SAI PMF, which has historically been accounted for as part of IDI program funding.

²¹ No written pledges have been received and no contracts have been entered into to date. Irish Aid funding will be contracted on an annual basis subject to the availability of funding each year.

the agreed funding envelope shall be subject to the availability of such additional financing, and shall be advised to the funding donors and IDI Board on a no objection basis.

9.4 Applicable Laws and Regulations

The Secretariat is located in the IDI. The IDI is established as a Foundation under Norwegian law. While not subject to Norwegian Government regulations, IDI adopts the regulations and procedures applicable to Norwegian Government entities. IDI follows Norwegian procurement and employment regulations, and manages its budgets and expenditure in Norwegian kroner. While the program document is presented in Euros for the ease of understanding, Norwegian Kroner shall be used for the budget to be approved in the financing agreement and for reporting against the budget. The full budget attached at Annex 5 includes, for information, all budget and financing figures in Norwegian Kroner, US dollars and Euros, based on prevailing exchange rates as at 2nd November 2012. In providing funding donors may enter into contracts in the currency of their choice; income received will be converted into Norwegian Kroner at the prevailing exchange rate and any differences from the assumed exchange rate shall be accounted for as an exchange rate gain or loss under the contingency budget heading. Any interest received on balances held during the year shall also be accounted for under the contingency budget heading.

Should donors wish to receive budget reports also showing the figures converted into another currency, this will be accommodated where possible by converting all figures at the prevailing exchange rate. However, the underlying financial reporting shall be performed only in Norwegian Kroner.

The planned program activities of the Cooperation will require access to service providers familiar with working with SAIs in developing countries, engaging with donors, and carrying out robust evaluations and formulation of evidence. As in phase 1, it is proposed to utilize a mixture of service providers from within the INTOSAI, consultancy and research communities, and to select service providers through open, competitive processes (including through competitive establishment of call down arrangements).

Annex 1. Current Principal INTOSAI Bodies

(Extract from INTOSAI Strategic Plan 2011-16)

INTERNATIONAL CONGRESS OF SUPREME AUDIT INSTITUTIONS (INCOSAI)

Hosted by a member SAI, the triennial Congress offers all INTOSAI members a unique opportunity to gather at one time in one place to share experiences, discuss issues, and share recommendations aimed at improving government accountability worldwide. Participation at Congresses by the United Nations, the World Bank, and other international and professional organizations reflects INTOSAI's relationship with these world bodies.

INTOSAI includes two categories of membership:

- **Members:** national and supranational supreme audit institutions that meet specified criteria and would have all membership rights described in the existing statutes. This plan provides that SAIs continue to be allowed to join multiple regional working groups but that SAIs must declare one regional working group to be their “home” group with regard to INTOSAI-level issues such as allocation of Governing Board seats, funding for IDI regional and other training programs, etc.
- **Associate members:** international, professional, and other organizations that share INTOSAI's goals. Associate members would not have voting privileges but could participate in INTOSAI events and programs and benefit from INTOSAI capabilities (e.g., publications and knowledge sharing). They would pay an annual associate member assessment and might also be required to pay additional fees for some events (e.g., attendance at Congresses). The initial assessments and fees would be set by the Governing Board based on a recommendation from the Finance and Administration Committee. When organizations apply to the Board for associate membership, the Board will consult with the SAI representing the country from which the application originates; the Board will solicit and give great weight to the views of such member SAIs in connection with any application.

GOVERNING BOARD

The 18-member Board meets annually to provide leadership, stewardship, and continuity between Congresses. To ensure balanced representation of all member countries, each of INTOSAI's seven regional working groups and the main types of public auditing systems are represented on the Board. The Chairman of the Board is the head of the SAI that hosted the last Congress.

- **Finance and Administration Committee.** The Finance and Administration Committee's mandate is to help the Board and its chairman to: “Organize and govern INTOSAI in ways that promote economical, efficient and effective working practices, timely decision-making, and effective governance practices, while maintaining due regard for regional autonomy, balance and the different models and approaches of member SAIs.” The FAC is chaired by the second vice chairman of the Board, as this is an appointment voted on by the Governing Board, and the chair will also serve as Goal Liaison for Goal 4. The committee's five voting members (including the chair) are elected from within the Governing Board.
- **Goal Liaisons.** Goal Liaisons consult with all chairs of INTOSAI entities within the strategic goal to help facilitate communication and awareness within and among strategic goal areas and across regional working groups, and establish stronger links among the Governing Board, the committees, working groups, and task forces. Goal Liaisons would not lead, direct, or intrude on

committee, working group, task force, or regional working group functions. Rather, they would serve as facilitators and enablers for continuous improvement. Goal Liaisons would always be nominated and approved at the Governing Board meeting immediately following each Congress.

GENERAL SECRETARIAT

Located in Vienna, Austria, the General Secretariat provides central administrative support to INTOSAI, manages the INTOSAI budget, assists the Board and Congresses, facilitates communications among members, and organizes symposia and special studies. The Secretary General is the President of the Court of Audit of Austria. The Director of Strategic Planning (DSP) supports INTOSAI in achieving the strategic objectives and ensures effective coordination in the implementation of the Strategic Plan. The DSP is responsible to the Secretary General and reports directly and regularly to him.

REGIONAL WORKING GROUPS Seven regional working groups promote INTOSAI's goals regionally, thus providing members with opportunities to focus on issues characteristic of their regions. Regional working groups are a central element of INTOSAI and have significant autonomy.

GOAL COMMITTEES, SUBCOMMITTEES, WORKING GROUPS AND TASK FORCES

Most of INTOSAI's technical work occurs in the committees, subcommittees, working groups, and task forces that are established to advance the profession by developing and issuing professional standards, audit guidance, and other practical reference materials. Fostering the transfer and application of knowledge and skills relating to the SAIs' organization and work and making them better able to perform their function by capacity-building efforts also takes place in committees. INTOSAI members participate in this work by joining committees, working groups etc.; commenting on developed products; and attending technical sessions at Congresses.

- **Committees.** Committees of INTOSAI, such as Strategic Goal committees and subcommittees, are formed by the organization to deal with issues of significant, recurring interest to all members. As such, committees should ideally have a balanced representation of the organization's membership and clear direction from the Governing Board.
- **Working groups.** Working groups have traditionally been formed as a result of INCOSAI themes and recommendations to address SAIs' interests in specific topics, and their benefits are evident by the number of SAIs taking part and the guidance on best practices they have promulgated. These working groups do not require any direct oversight by the INTOSAI Governing Board, and because members are free to join according to their interests, there is no requirement for them to reflect regional or other representational factors.
- **Task forces.** In addition to committees and working groups, task forces are formed by the Congress or the Governing Board as needed to deal with issues of significant interest to many member SAIs. Task forces operate for a finite period of time and are dissolved by either the Congress or the Governing Board when their assigned tasks (as outlined by the Congress or Governing Board) are complete. Like committees, task forces should ideally have a balanced representation of the organization's membership.

INTOSAI DEVELOPMENT INITIATIVE (IDI)

The INTOSAI Development Initiative (IDI) is a non-profit organization that aims to enhance the professional and institutional capacities of SAIs in developing countries through needs-based,

collaborative, and sustainable development programs. The IDI works in cooperation with INTOSAI regions and groups of SAIs to meet the existing and emerging needs of stakeholders. Emphasis was on training of professionals and establishment of sustainable training infrastructures in INTOSAI regions until 2006, when the scope was significantly broadened to encompass also institutional strengthening of SAIs and knowledge sharing.

IDI collaborates with INTOSAI committees and working groups and seeks partnership with other organizations to enable delivery of high-quality capacity-building programs. After IDI's establishment at the 1986 INTOSAI Congress, the SAI of Canada hosted the IDI Secretariat until 2000; the SAI of Norway took over in 2001. IDI is organized as a separate legal entity with the Norwegian Auditor General as Chairman of its Board. IDI reports regularly to INTOSAI Congresses and the Governing Board. The IDI Secretariat has a complement of multidisciplinary, internationally recruited staff and operates in 4 to 5 languages. IDI was in 2010 appointed as Secretariat for the INTOSAI-Donor Cooperation and will assist and support the INTOSAI-Donor Steering Committee in implementing the Memorandum of Understanding.

INTERNATIONAL JOURNAL OF GOVERNMENT AUDITING

The *International Journal of Government Auditing*, which is the official organ of INTOSAI, is dedicated to the advancement of government auditing procedures and techniques. The Journal is also used as a teaching tool. Articles focus on pragmatic aspects of public sector auditing and case studies. It is published quarterly in the five official languages of INTOSAI. The Journal is published by the SAI of the United States (Government Accountability Office, GAO).

Annex 2. List of Country Level Potential Beneficiaries

Supreme Audit Institution	INTOSAI Membership	PRIMARY INTOSAI REGION OR SUB-REGION ²²	DAC Classification (2011-2013)
Afghanistan	Yes	ASOSAI	LDC
Albania	Yes	EUROSAI	UMI
Algeria	Yes	ARABOSAI	UMI
Angola	Yes	AFROSAI-E	LDC
Anguilla *	No	CAROSAI	UMI
Antigua and Barbuda	Yes	CAROSAI	UMI
Argentina	Yes	OLACEFS	UMI
Armenia	Yes	EUROSAI	LMI
Azerbaijan	Yes	EUROSAI	UMI
Bangladesh	Yes	ASOSAI	LDC
Belarus	Yes	EUROSAI	UMI
Belize	Yes	CAROSAI	LMI
Benin	Yes	CREFIAP	LDC
Bhutan	Yes	ASOSAI	LDC
Bolivia	Yes	OLACEFS	LMI
Bosnia and Herzegovina	Yes	EUROSAI	UMI
Botswana	Yes	AFROSAI-E	UMI
Brazil	Yes	OLACEFS	UMI
Burkina Faso	Yes	CREFIAP	LDC
Burundi	Yes	CREFIAP	LDC
Cambodia	Yes	ASOSAI	LDC
Cameroon	Yes	CREFIAP	LMI
Cape Verde	Yes	CREFIAP	LMI
Central African Republic	Yes	CREFIAP	LDC
Chad	Yes	CREFIAP	LDC
Chile	Yes	OLACEFS	UMI
China	Yes	ASOSAI	UMI
Colombia	Yes	OLACEFS	UMI
Comoros	No	CREFIAP	LDC
Congo, Republic of	Yes	CREFIAP	LMI
Congo, Democratic Republic of the	Yes	CREFIAP	LDC
Cook Islands *	Yes	PASAI	UMI
Costa Rica	Yes	OLACEFS	UMI
Côte d'Ivoire	Yes	CREFIAP	LMI
Cuba	Yes	OLACEFS	UMI
Djibouti	Yes	CREFIAP	LDC
Dominica	Yes	CAROSAI	UMI
Dominican Republic	Yes	OLACEFS	UMI
Ecuador	Yes	OLACEFS	UMI
Egypt	Yes	ARABOSAI	LMI
El Salvador	Yes	OLACEFS	LMI

²² Many SAIs have dual membership of two INTOSAI regions. This table records IDI's understanding of the INTOSAI region or sub-region with which the SAI primarily cooperates.

Supreme Audit Institution	INTOSAI Membership	PRIMARY INTOSAI REGION OR SUB-REGION ²²	DAC Classification (2011-2013)
Equatorial Guinea	Yes	CREFAF	LDC
Eritrea	Yes	AFROSAI-E	LDC
Ethiopia	Yes	AFROSAI-E	LDC
Fiji	Yes	PASAI	LMI
Former Yugoslav Republic of Macedonia	Yes	EUROSAI	UMI
Gabon	Yes	CREFAF	UMI
Gambia	Yes	AFROSAI-E	LDC
Georgia	Yes	EUROSAI	LMI
Ghana	Yes	AFROSAI-E	LMI
Grenada	Yes	CAROSAI	UMI
Guatemala	Yes	OLACEFS	LMI
Guinea	Yes	CREFAF	LDC
Guinea-Bissau	Yes	CREFAF	LDC
Guyana	Yes	CAROSAI	LMI
Haiti	Yes	CAROSAI	LDC
Honduras	Yes	OLACEFS	LMI
India	Yes	ASOSAI	LMI
Indonesia	Yes	ASOSAI	LMI
Iran (Islamic Republic of)	Yes	ASOSAI	UMI
Iraq	Yes	ARABOSAI	LMI
Jamaica	Yes	CAROSAI	UMI
Jordan	Yes	ARABOSAI	UMI
Kazakhstan	Yes	EUROSAI	UMI
Kenya	Yes	AFROSAI-E	LI
Kiribati	Yes	PASAI	LDC
Korea (Dem. Rep)	No	None	LI
Kosovo	No	None	LMI
Kyrgyzstan	Yes	ASOSAI	LI
Lao Peoples Democratic Republic	Yes	ASOSAI	LDC
Lebanon	Yes	ARABOSAI	UMI
Lesotho	Yes	AFROSAI-E	LDC
Liberia	Yes	AFROSAI-E	LDC
Libyan Arab Jamahiriya	Yes	ARABOSAI	UMI
Madagascar	Yes	CREFAF	LDC
Malawi	Yes	AFROSAI-E	LDC
Malaysia	Yes	ASOSAI	UMI
Maldives	Yes	ASOSAI	UMI
Mali	Yes	CREFAF	LDC
Marshall Islands	Yes	PASAI	LMI
Mauritania	Yes	ARABOSAI	LDC
Mauritius	Yes	AFROSAI-E	UMI
Mexico	Yes	OLACEFS	UMI
Micronesia (Federated States of)	Yes	PASAI	LMI
Moldova	Yes	EUROSAI	LMI
Mongolia	Yes	ASOSAI	LMI
Montenegro	Yes	EUROSAI	UMI

Supreme Audit Institution	INTOSAI Membership	PRIMARY INTOSAI REGION OR SUB-REGION ²²	DAC Classification (2011-2013)
Montserrat *	No	CAROSAI	UMI
Morocco	Yes	ARABOSAI	LMI
Mozambique	Yes	AFROSAI-E	LDC
Myanmar	Yes	ASOSAI	LDC
Namibia	Yes	AFROSAI-E	UMI
Nauru	Yes	PASAI	UMI
Nepal	Yes	ASOSAI	LDC
Nicaragua	Yes	OLACEFS	LMI
Niger	Yes	CREFIAP	LDC
Nigeria	Yes	AFROSAI-E	LMI
Pakistan	Yes	ASOSAI	LMI
Palau	Yes	PASAI	UMI
Palestinian Administered Areas	No	ARABOSAI	LMI
Panama	Yes	OLACEFS	UMI
Papua New Guinea	Yes	PASAI	LMI
Paraguay	Yes	OLACEFS	LMI
Peru	Yes	OLACEFS	UMI
Philippines	Yes	ASOSAI	LMI
Rwanda	Yes	CREFIAP	LDC
Samoa	Yes	PASAI	LDC
Sao Tome and Principe	Yes	CREFIAP	LDC
Senegal	Yes	CREFIAP	LDC
Serbia	Yes	EUROSAI	UMI
Seychelles	No	AFROSAI-E	UMI
Sierra Leone	Yes	AFROSAI-E	LDC
Solomon Islands	Yes	PASAI	LDC
Somalia	Yes	ARABOSAI	LDC
South Africa	Yes	AFROSAI-E	UMI
South Sudan	Applicant	AFROSAI-E	LI
Sri Lanka	Yes	ASOSAI	LMI
St. Kitts and Nevis	Yes	CAROSAI	UMI
St. Lucia	Yes	CAROSAI	UMI
St. Vincent and the Grenadines	Yes	CAROSAI	UMI
Sudan	Yes	ARABOSAI	LDC
Suriname	Yes	CAROSAI	UMI
Swaziland	Yes	AFROSAI-E	LMI
Syrian Arab Republic	Yes	ARABOSAI	LMI
Tajikistan	No	None	LI
Tanzania (United Republic)	Yes	AFROSAI-E	LDC
Thailand	Yes	ASOSAI	UMI
Timor-Leste	Yes	None	LDC
Togo	Yes	CREFIAP	LDC
Tonga	Yes	PASAI	LMI
Tunisia	Yes	ARABOSAI	UMI
Turkey	Yes	EUROSAI	UMI
Turkmenistan	No	None	LMI

Supreme Audit Institution	INTOSAI Membership	PRIMARY INTOSAI REGION OR SUB-REGION ²²	DAC Classification (2011-2013)
Tuvalu	Yes	PASAI	LDC
Uganda	Yes	AFROSAI-E	LDC
Ukraine	Yes	EUROSAI	LMI
Uruguay	Yes	OLACEFS	UMI
Uzbekistan	No	None	LMI
Vanuatu	Yes	PASAI	LDC
Venezuela	Yes	OLACEFS	UMI
Viet Nam	Yes	ASOSAI	LMI
Yemen	Yes	ARABOSAI	LDC
Zambia	Yes	AFROSAI-E	LDC
Zimbabwe	Yes	AFROSAI-E	LI

* Territory

Annex 3. Achievements of Phase 1 of the INTOSAI-Donor Cooperation, 2010-12

Establishment, Governance and Management of the Cooperation

Phase 1 began the establishment of the Cooperation through the signing of the MoU in 2009, and the creation of the governance arrangements in the form of the SC, the SC Leadership and the Secretariat. In 2010 and 2011 the SC Leadership held monthly teleconferences with participation from the Secretariat, to follow up on progress and provide direction for the initiative. From 2012 teleconferences have been held every second month. Full SC Meetings have been held every 8-9 months, and there have been five in total; two in 2010, one in 2011 and two in 2012. The meetings have seen wide participation from both the INTOSAI and the donor community. The establishment of well functioning governance and management arrangements has been a prerequisite for the accomplishment of the tasks on the annual work plans in Phase 1.

To establish the Cooperation, the Secretariat has carried out a number of outreach and awareness raising activities, including writing a column in each issue of the INTOSAI Journal and developing a quarterly newsletter which is widely disseminated amongst both communities. Finally, the Secretariat, along with SC members, has advocated the Cooperation to new members leading to additional signatories to the MoU (Islamic Development Bank in 2011 and Asian Development Bank and the Australian Agency for International Development in 2012²³).

Stocktaking Report 2010

The main task in 2010 was the development of the first global SAI Stocktaking Report. The stocktaking report provided a broad snapshot of the needs identified across the SAI community, established a baseline on donor support, and identified high level indicative funding gaps. The report also identified good practice examples for effective support to SAIs in partner countries, and indicated that opportunities exist for improved donor coordination. The stocktaking covered all SAIs globally as well as the INTOSAI regions and sub regions. The stocktaking was successfully carried out in close cooperation with the INTOSAI regions. It had an extraordinary response rate exceeding 90 percent. Key findings are summarized in section 2.4 above.

The stocktaking has received considerable interest from Donors and the INTOSAI Community, and efforts have been made to disseminate the results of the report. In the view of the Secretariat, the successful execution of the 2010 stocktaking has contributed significantly towards increased knowledge and exchange of information among stakeholders on the capacity building needs facing SAIs in partner countries, and ongoing capacity development support. The high response rate gives the stocktaking considerable credibility and it represents the first overall needs assessment of the global SAI community. As such it provides an important tool for identifying future capacity building interventions, benchmarking the levels of support provided, and working towards more effective capacity building interventions. A

²³ The GAVI Alliance (formerly Global Alliance for Vaccines and Immunisations) has committed to sign at the 5th SC Meeting in October 2012.

follow-up stocktaking, to measure progress, is a proposed activity for Phase 2 of the program, to be carried out in 2013.

Funding Mobilized for SAI Capacity Development

The 2011 Action Plan for the Cooperation was developed on the basis of the 2010 Stocktaking. It identified a number of regional and global capacity development activities in need of funding, and gave priority to efforts aimed at matching them with donor financing. By the end of 2011 eight of the prioritized activities had been successfully matched²⁴ with donors and peers in INTOSAI (including the IDI). The activities included the development of Strategic Plans for CREFIAF and CAROSAI, two strategic planning program for SAIs in CREFIAF, roll out of the AFROSAI-E Management development programme at SAI level, and global programs on implementation of the ISSAIs and on supporting the roll out of the guides developed by the CBC.

The level of additional funding mobilized has been significant. The funding from the World Bank for a pilot program to support global implementation of the ISSAIs was originally estimated at US \$2,85 million over a three year period and has since increased to a total in excess of US \$3 million. It will benefit developing country SAIs in all the INTOSAI regions through programs in French, English, Arabic and Spanish.

Funding and Project Identification Mechanisms Established

The MoU opens up for support to SAIs being provided through multiple funding modalities, in line with donor mandates, priorities and requirements. During Phase 1 of the program a Global Call for Proposals was carried out to identify concrete proposals for capacity development initiatives in need of funding and match them with financing from the members of the Steering Committee. In addition, there have been ongoing efforts to establish a multi-donor trust fund. In the future, it is expected that further Global Calls for Proposals will be issued, and that demand-led initiatives will be funded through a combination of bilateral and pooled funding.

2011 Global Call for Proposals

The third SC Meeting in July 2011 agreed to issue a Global Call for Proposals for SAI capacity development programmes in need of additional financing. The objective was to identify the needs of the global SAI community in the form of needs based, SAI-led proposals which ensure effective donor coordination and sound results frameworks, and then to mobilize support from development partners. The Call for Proposals was launched in September 2011. It was directed at individual SAIs, INTOSAI Regions and Sub-Regions and INTOSAI committees and working groups, and carried out with support from the INTOSAI regional secretariats.

²⁴ Some of the projects have been completed while others currently are being implemented or still are on the planning stages.

There was considerable interest in the initiative, with a total of 55 proposals submitted. These included one global initiative, six regional and 48 country level initiatives. The large number of applications underscores the magnitude of the SAI capacity development needs as identified in the 2010 SAI Stocktaking. Proposals were received from SAIs in all the INTOSAI regions. The sum of the financial support sought was US \$ 90 million. The proposals were diverse in nature and covered all aspects of capacity building, including strengthening of the audit disciplines, other organizational capacity development, infrastructure, work to strengthen SAI independence, and increased citizen participation in the audit process. Proposals were submitted from 21 Least Developed Countries, 1 Other Low Income Country, 10 Lower Middle Income Countries and 14 Upper Middle Income Countries.²⁵ Proposals from Africa represented the bulk of the funding sought, adding up to a total of 50,5 million USD²⁶. About 75 % of the proposals included a request for an external implementing partner. Of these, all proposed peers from the INTOSAI community as implementing partners, while some were also open to private sector service providers. 23 proposals contained elements of south-south cooperation.

By June 2012, 44 out of 55 proposals (80%) had received at least one expression of interest from a potential provider of support. It is the obligation of interested providers and applicants to take forward bilateral matching initiatives, but the Secretariat seeks to provide assistance where necessary and demanded.

SAI Capacity Development Fund

The SC has promoted the creation of a global pooled fund, which would complement existing bilateral arrangements by providing capacity development financial support to SAIs in line with the principles of the MoU. The global fund would mobilize increased peer-to-peer support, enhance the coordination of support provided by the INTOSAI and donor communities, and reduce the transaction costs faced by SAIs in meeting the application and reporting requirements of multiple donor agencies. The fund would also ensure that global development resources for SAIs flow to the areas where they are most needed, and provide an opportunity for donors to support SAI capacity development in countries where they do not have the capacity to manage support projects. Operating procedures for the SAI CDF have been drafted, and funding is currently being sought from interested donors for the establishment of the SAI CDF, to the value of US\$ 30 million for a first five-year phase.

Supreme Audit Institutions Performance Measurement Framework

Another key activity in Phase 1 was to initiate a mapping and possible development of single, global SAI SAI PMF. This work is carried out under the auspices of the WGVBS, by a task team comprising INTOSAI and donor members and coordinated by the Secretariat. It benefits from some initial establishment

²⁵ OECD/DAC Classification for 2011-2013. In addition two proposals were received from SAIs which were upper middle income countries in 2011 but graduated from the OECD/DAC list of ODA eligible countries effective from 1 January 2012.

²⁶ AFROSAI-E and CREFIAP sub-regions, plus ARABOSAI members Algeria, Mauritania, Sudan and Tunisia

funding from the World Bank's ISSAI Implementation grant. It is also supported by a reference group of wider interested stakeholders from the SAI, donor and civil society communities.

A mapping of existing tools was completed in December 2011. The conclusion of the mapping was that there currently is no existing tool which meets all the defined criteria for a SAI PMF. However it was evident that all criteria could be met if the strengths of a limited number of relevant frameworks were combined in a new tool. The recommendation was therefore to move forward with the work on the development of a new SAI PMF, drawing heavily on existing tools such as the AFROSAI-E capability model and the PEFA framework. The goal is to have an SAI PMF developed, piloted, revised and subject to global consultation in time to be presented at the 2013 INCOSAI.

The benefits from developing a global SAI PMF come from improving the ability of individual SAIs to strengthen their performance, to enhance the integrity of the SAI with external stakeholders, and to maintain external support for SAI development. The benefits include:

1. Identify opportunities to strengthen SAI performance through holistic assessment of the environment, organization and processes.
2. Improve SAI approaches to capacity development through use of performance management, including better indicators and baselines for managing performance.
3. Promote transparency and accountability through credible public reporting of SAI performance (ISSAI 20), including promoting and communicating the value and benefits of SAIs.
4. Enable better peer learning, through providing a basis for country and regional dialogue and understanding of performance variation.
5. Demonstrate SAI performance changes to key stakeholders, including society, Parliaments, and development partners.

There are also efficiencies arising from development and use of a single global tool, compared to the alternative scenario under which INTOSAI does not produce and endorse such a tool. Given the needs of various external stakeholders – especially SAIs that provide support and development partners that often fund SAI capacity development – if there is no globally agreed tool then others will continue to use a variety of existing tools and further tools will be developed²⁷. This may mean SAIs being subject to a number of different assessments for different purposes, and the INTOSAI and donor communities having to become familiar with the use of a wide variety of tools.

SAI Capacity Development Database

The 2010 Stocktaking identified room for improvement in terms of coordination of support to the SAI community. In January 2012, a **SAI Capacity Development Database** on support to the SAI community was launched at www.saidevelopment.org. The database builds on the former INTOSAI Capacity Building

²⁷ The mapping showed that around 20 tools have already been developed and are used for different purposes by different stakeholders.

Directory, but the scope has been extended to also include support from donors and other service providers in addition to peer-peer support. The Secretariat has been responsible for the development, and hosts the databank. The ambition is to include all planned, ongoing and proposed capacity development initiatives, thereby contributing to improved coordination of support. By August 2012 close to 250 projects had been registered on the database. An advisory committee, comprising the SAIs of Sweden, UK and Mexico has been established to provide guidance and oversight. The database has also been used for coordination purposes in the process of matching project proposals from the 2011 Global Call for Proposals with financing from providers of support.

Knowledge Centre on Support to SAIs

The Secretariat has increasingly been acting as a knowledge and competency centre for both donors and SAIs and raising awareness of INTOSAI within the development community. The Secretariat coordinated INTOSAI's involvement in the 4th High Level Forum on Aid Effectiveness in Busan and participated as part of the INTOSAI delegation. It has written articles such as 'Supporting SAI Capacity Development' published on the EC's 'Capacity 4 Development' website and contributed to seminars with donor staff on issues such as the ISSAI framework. It has also represented the INTOSAI community in networks such as the DAC Task Force on Public Financial Management, the Building Block on Effective Institutions and on the PFM sub-group of 'Train4Dev' (a joint donors' competency development network). It has provided guidance to donors working with SAIs at the country level, e.g. USAID in Pakistan and ARABOSAI, DFID in Zimbabwe. Finally, the Secretariat has provided support to SAIs facing significant threats to their independence and existence by reviewing and providing advice with positive results on cases such as the dismissal of the Auditor General of the Turks and Caicos Islands.

To support SAI engagement with donors, the Secretariat also designed and delivered a course on developing better funding applications, which was provided on demand to the SAIs in CREFIAF immediately following the CREFIAF General Assembly in July 2012. Possible refinement and roll-out of this course to other regions, on demand, is proposed as an activity for phase 2.

Strengthening SAI Supply Side

The 2010 Stocktaking showed that the need for SAI capacity development is substantial and that most SAIs see an added value from capacity development through peer support as compared to other modalities of support. This was also evident from the 2011 Global Call for Proposals. One of the conclusions from the stocktaking was that demand for peer support appears to exceed supply, and that lack of funding is the major factor preventing SAIs from providing support to peers. A significant number of SAIs indicated they would expand or start providing peer support if they had the funding to do so. Furthermore, the geographical distribution of provider SAIs is uneven, with the bulk located in Europe and South America. The skills and experience of provider SAIs varies; the span of the support provided is wide and ranges from broad institutional twinning projects to the occasional delivery of seminars. Numerous SAIs pointed out in the stocktaking that they do not have sufficient skills and experience in providing capacity development support. The Stocktaking also indicated that there is potential for improvement: about 30 of the current

providers were considering increasing the provision of support, and an additional 30 SAIs were considering initiating capacity development support to peers.

Recognizing the perceived value of expanding the SAI supply base, an initiative was launched to strengthen the SAI supply side, both in terms of quantity and quality of the support provided to SAIs by peers within INTOSAI. SAI Morocco as Chair of the INTOSAI Capacity Building Committee (CBC) is leading the initiative in coordination with US Government Accountability Office (GAO) in its capacity as Goal Liaison for the CBC. The Secretariat is providing support. An initial seminar with participation from established, emerging and potential SAI providers was arranged in September 2012 to explore ways in which this work could be taken forward.

Annex 6. Reporting Arrangements Between the IDI and the Donors Providing Core Funding

(Extracts from the Contract between NORAD, Austrian Development Agency and Irish Aid)

Annual Donor Meeting

3.4 The Donors will meet with IDI once a year (the Annual Donor Meeting) in order to discuss the progress of the Program and the cooperation between the Donors. The documentation submitted under 'Reporting' (below) will form the basis for the discussions. Wherever possible, the Annual Donor Meeting should be organized together with the regular INTOSAI-Donor Steering Committee meetings.

3.5 The Donors will on a rotational basis draft minutes and send the draft for comments and approval to the other Donors within two weeks after the meeting. Each Donor may at any time request additional meetings with the other Donors to discuss the progress and plans of the Program and the cooperation between the Donors.

Reporting

6.1.1 IDI shall submit to the Donors the plans and reports specified below for approval.

6.1.2 If a deadline for a report cannot be met, IDI shall notify the Donors immediately.

6.1.3 The Donors shall approve the annual plan and budget and the contractual reporting.

6.1.4 All plans and all reporting shall be publicly available unless access to the documents is restricted pursuant to the Norwegian Act of 19 May 2006 No. 16 relating to the right of access to documents held by public authorities and public undertakings (Freedom of Information Act/Offentleglova).

Annual plan and Budget

6.2.1 By 31.10 each year IDI shall submit to the Donors a plan and budget for the Project for the following year, January – December.

6.2.2 The budget shall follow the same format as the multi-year budget in the application, and shall contain all expected expenditure and income for the following year as well as estimates for the remaining years of the Support period. The budget shall show Administrative costs, unspent disbursed parts of the Grant and any funds provided by other donors to the Project.

6.2.3 Any significant changes to the budget during the year (i.e. over 10% of a budget heading) shall be approved by the Donors. Any plans to increase the total budget for the program shall be subject to the availability of such additional financing, and shall be advised to the Donors on a no objection basis.

Annual Report

6.3.1 By 31.05 each year, IDI shall submit to the Donors an annual narrative report for the previous year of the Project, limited to a maximum of 25 pages.

6.3.2 The report shall include the following information:

- An assessment of the progress of the implementation of the programme, including achieved results (output and outcome), compared to the Agreed Programme Summary,
- an explanation of major deviations from the plan (if applicable),
- an assessment of the management of internal or external risks to the Project that may affect the success of the Project,
- an assessment of the need for adjustments to agreed plans, including actions for risk mitigation,
- a brief summary of the use of funds compared to budget.

6.3.3 The Donors shall approve the report in writing after the receipt of the narrative report and financial documentation.

Final Report

6.5.1 IDI shall submit to the Donors a report for the entire Support period within six months after the completion of the Support period. The report should not exceed 35 pages and shall include the following information:

- A description of achieved results (outputs and outcome, impact if possible), and an assessment of the extent to which the objectives have been achieved,
- an assessment of the management of internal or external risks to the Project that may have affected the success of the Project,
- an explanation of major deviations from the plan (if applicable),
- an assessment of the sustainability of the Project,
- a summary of main “lessons learned”,
- a brief summary of the use of funds compared to budget.

6.5.2 The Donors shall approve the report in writing after the receipt of the narrative report and financial documentation.

Reviews and Evaluation

7.1 The Donors shall to the extent possible refrain from conducting unilateral reviews/evaluations. However, when a Donor is required to conduct unilateral reviews/evaluations of the Program implementation, this Donor shall in a timely fashion consult with the other Donors to discuss the Terms of Reference (‘ToR’) for the review/evaluation. The cost will be covered by the Donor requiring the review/evaluation. IDI will be consulted immediately on the proposed ToR, and the Donor concerned will immediately share the results of the review/evaluation with the other Parties.