The importance of a development focus on the building of institutional capacity and promoting good governance

Summary of central themes

The need for strong accountability institutions

- **Accountability is a cornerstone for effective functioning states** and a key element of democratic rule. And the effective use of a country's budget and an effective public administration is important to any country's development journey.

- The **2030 Agenda for Sustainable Development** adopted by the United Nations adopted recently recognises the **need to build effective, accountable and inclusive institutions** at all levels in order to achieve sustainable development.

- Supreme Audit Institutions (SAIs) are created to **support democracy, accountability and good governance** because –

    o They **enhance transparency** through their independent, public reporting;

    o SAIs **inform effective government decision-making** about the proper and effective use of scarce public resources;

    o SAIs **empower parliaments, the media and citizens**;

    o They **strengthen the fight against corruption**, and

    o They have a **positive impact on the levels of trust in society**.

- The **United Nations has acknowledged the direct and positive impact of SAIs** – in 2011 and again in 2014 the General Assembly adopted resolutions calling for the independence of SAIs and for the building of SAI capacity.

    Only an independent and capable external government audit function—consisting of professional staff, valid audit standards, and sound methodologies—can guarantee unbiased, reliable, and objective reporting of useful audit findings.

- **Effective public sector auditing** therefore hinges on the fulfilment of certain requirements which include:

  o A clearly defined scope of independence

  o Provision of sufficient material and staff resources

  o Implementation of professional audit standards and methods

  o Institutional capacity building and development of staff

  o Effective sharing of knowledge and experience.

- Many SAIs, especially from the developing world, struggle to fulfil these requirements in spite of their own efforts at capacity building, and they need external support.

INTOSAI and the CBC building strong SAIs

- The **International Organisation of Supreme Audit Institutions** – INTOSAI – is an independent, non-political organisation consisting of 192 members.

  Since 1953 INTOSAI has been providing support to SAIs and facilitated the exchange of ideas, knowledge, and experience among SAIs.

- **INTOSAI has established a Capacity Building Committee to** promote the development of SAIs' institutional and organisational capability and the professional capacity of staff in the interest of enhanced SAI relevance.

- The **Capacity Building Committee supports SAIs** by –

  o Identifying and prioritising SAI capacity development efforts

  o developing education, training and capacity building guidance

  o promoting the implementation of international auditing standards

  o promoting peer reviews and performance measurement instruments as important tools for the verification of capacity building successes

  o focusing on SAIs in fragile and post-conflict countries as those most in need of capacity building, and

  o cooperating with the seven INTOSAI regional organisations, as well as non-INTOSAI entities delivering capacity development support.

- A 2014 INTOSAI **global stocktaking report indicate that substantial progress has been made** with regard to SAI capacity development. However, a lot more needs to be done.

- **Support from development partners has been invaluable** in the progress made thus far in strengthening SAIs in developing countries and positively impacting national governance systems.

Key lessons learnt from development cooperation

The following are some of the key lessons we have learnt in cooperating with SAIs and development partners in the interest of building capacity:

- **Development efforts need to be linked to targeted programmes that are based on country conditions, priorities and needs** (and avoid the transferral of pre-packaged solutions from one country to another).

- It is **best if the initiative for development comes from inside the institution in need of development** – this is a clear indication of the institutional leadership's commitment to development.

- **Development programmes should not be overambitious** – realistic programmes will allow institutions to absorb capacity and gain confidence to graduate to next more ambitious development levels.

- Leadership of the institution should also **ensure that development priorities are included in the institution's strategic plan**, which at the same time provides a good foundation for consensus as to what support the development partner can offer in the development process.

- It is **important to use proper needs-assessment tools to determine development needs in a systematic way** – institution-specific tools are most beneficial and their development is well worth the investment, e.g. the SAI Performance Measurement Framework.

- **Regular external evaluations and self-assessments offer an opportunity to learn from good practices** and will help to focus on areas where development is still required.

- **In order to achieve lasting development, sustainability must from the outset be a focal point** in the development process.

- **Well-structured and coordinated multiple stakeholder cooperation** is another factor conducive to effective capacity building efforts – e.g. the cooperation agreement that INTOSAI has entered into with donor community in 2009.

- Some of the **successes of this cooperation** have been –

  o the establishment of a **SAI Capacity Development Fund** – a multi-donor trust fund to scale up support, improve allocative efficiency and reduce transaction costs

  o regular global SAI capacity **development needs-assessments reports** also assist in determining SAI performance improvements

  o the creation of a **capacity development database** for providers of capacity development support to actively coordinate and plan their efforts

- **New forms of coordination and cooperation can be beneficial**, e.g. *triangular cooperation* is a relatively recent mode of development cooperation involves a traditional donor, an emerging donor in the South and a beneficiary country in the South.

- **Peer-to-peer cooperation is of great value in building the capacity of professional institutions** and something strongly advocated for within INTOSAI – much success has been achieved through staff secondments, twinning projects, and internships that reinforce the professional capacities of beneficiary SAIs.

  A peer review of the operations of a SAI by a team of professional peers is a wide-spread practice among SAIs that has great learning outcomes.

- **Coordination with other, ongoing country development programmes** is important as in many countries the development of the SAI is not the only measure to improve overall public management – linking into such programmes will have cost benefits and contribute to a wider momentum for change.

- Systemic changes at country level are more likely if **internal institutional developments are spread out to key stakeholders such** as accounting standards authorities, budget offices and parliament.

Conclusion

- **SAIs remain committed to their principal task** of examining whether public funds are spent economically and efficiently and in compliance with existing rules and regulations.

- However, institutions of accountability function within **broader governance, political economic and public finance management systems which may limit their independence and effectiveness**, as well as the impact that even their best work can have.

- While these institutions will continue to influence the dynamics of their environment, **accountability institutions need the support of external stakeholders** – both domestic and international – to engage in a wider policy dialogue to enhance independence and create a more conducive environment in which they can further promote transparency and accountability.

- The **continued support of the European Union, and in particular development partners at country level, will enable accountability institutions to persist in maximising their efforts at building their capacity** so that they can play an even stronger role in promoting efficient, accountable, effective and transparent public administrations throughout the developing world in line with the development goals of the post-2015 development agenda.