



Strengthening Capacity for Sustainable Development

Robert Sattler

Director INTOSAI General Secretariat



Questions

- **What type of capacities should public institutions develop both at national and sub-national level?**
- **How can UN support such activities?**



Strengthening capacities for Sustainable Development

Most important weaknesses in MDG implementation (identified i.a. by the UN Task Team on UN Post 2015 Development Agenda and the Paper of Dr. Zarrouk on strengthening national and local capacities for Sustainable Development Management):

- **Shortcomings in governance and capacity in public administration:**
- **Lack of transparency**
- **Lack of accountability**
- **Lack of ownership**



Strengthening capacities for Sustainable Development

Some findings of yesterdays discussion:

- Do not increase complexity
- No one size fits all model
- Different needs of different countries
- Build on existing national institutions and mechanisms (parliaments, SAIs)
- Ensure transparency and accountability also for outsourced public services
- Ensure value for money in public service delivery
- Ensure control mechanisms regarding the achievement of defined goals



Strengthening capacities for Sustainable Development



- Therefore capacity building on national level is key for transforming public administration for Sustainable Development.
- INTOSAI has been working for accountability, transparency and capacity building for SAIs for many years because
- SAIs are key pillars of national accountability systems: can safeguard transparency and accountability with their audits in every aspect of public activity where public money is involved by providing their information to administrative and legislative bodies and the public



Strengthening capacities for Sustainable Development



- **With their audits SAIs provide independent, unbiased, reliable information to national parliaments and citizens on government activities in all areas of government action**
- **SAIs enhance transparency and accountability by**
- **Financial audits: give insight in the financial situation of the state**
- **Compliance audits: make irregularities visible**
- **Performance audits: reveal information on efficiency, effectiveness and economy of all areas of government action**



Strengthening capacities for Sustainable Development

- Thus the scope of work of SAIs involves virtually all government activities, which are connected to sustainable development, e.g.
- Debt management
- Pensions systems
- Health care sector
- Environmental issues
- Education
- ...



Strengthening capacities for Sustainable Development

But: IMF and auditors around the world identified a set of shortcomings

- Lack of legal, financial and organizational independence of SAIs from government;
- Lack of a comprehensive audit mandate;
- Lack of possibilities for SAIs to provide a formal, comprehensive audit opinion on government accounts to parliament;
- Lack of legal powers to hold government to account;



Strengthening capacities for Sustainable Development



Therefore CEPA already in its draft resolution to ECOSOC in 2010

- welcomed the Lima and Mexico Declarations on Supreme Audit Institutions Independence (i.a. on competences in auditing and reporting; availability of the necessary human, material and monetary resources...) and
- proposed the development of a road map for embedding these principles (...) into international law.



Strengthening capacity for Sustainable Development

On the basis of this CEPA decision and the respective ECOSOC resolution in 2011 the UN General Assembly called for the implementation of these principles in its

Resolution A/66/209

"Promoting the efficiency, accountability, effectiveness and transparency of public administration by strengthening supreme audit institutions"



UN General Assembly Resolution A/66/209



The UN General Assembly emphasized:

- **Efficient, accountable, effective and transparent public administration has a key role to play in the implementation of the internationally agreed development goals, including the MDGs.**
- **The need for capacity-building as a tool to promote development.**
- **Recognition of the cooperation between INTOSAI and the UN.**



UN General Assembly Resolution A/66/209

The UN General Assembly recognized:

- **Supreme Audit Institutions (SAIs) can accomplish their tasks objectively and effectively only if they are independent of the audited entity and are protected against outside influence**
- **Important role of SAIs in promoting efficiency, accountability, effectiveness and transparency of public administration**
- **Importance of SAIs and took note with appreciation of the work of INTOSAI**



UN General Assembly Resolution A/66/209

The UN General Assembly encouraged

- Member States to apply the principles set out in the Lima and Mexico Declarations and
- UN bodies to continue and intensify their cooperation with INTOSAI in order to promote good governance



Action on international and national level necessary

One of the main priorities (and challenges as well) in the Post 2015 development agenda:

- **establish robust accountability mechanisms and**
- **especially to strengthen the national accountability mechanisms**

Action has to be taken on international as well as on national level.



International Level: Post-2015 development agenda

On international level:

- **The call for strengthening capacities of SAIs and the preconditions for the accomplishment of their tasks should be incorporated in the post-2015 development agenda.**



International Level: Post-2015 development agenda



This would

- **support the establishment of national audit systems, which significantly could contribute to the monitoring of the implementation of Sustainable Development Goals.**
- **create an environment, which also would allow the UN to draw the conclusions on audit findings and recommendations of SAIs referring to sustainable development questions tabled to national parliaments**



National Level: Application of preconditions of for proper work of SAIs

On national level:

- **The 8 principles as set out in the Declarations of Lima and Mexico and emphasized by the UN GA Resolution A/66/209 should be implemented at national level:**



National Level: 8 Principles on SAI Independence



- 1. Existence of an appropriate and effective legal framework that spells out the extent of SAI independence;**
- 2. Broad legislative mandate and full discretion in the discharge of SAI functions;**
- 3. Independence of SAI heads and members including security of tenure and legal immunity in the normal discharge of their duties;**
- 4. Unrestricted access to information;**
- 5. Right and obligation to report on the government's work;**



National Level: 8 Principles on SAI Independence

6. **Freedom to decide on the content and timing of audit reports and the right to publish and disseminate them;**
7. **Existence of a follow-up mechanism for recommendations;**
8. **Financial and administrative autonomy and the availability of appropriate human, material and monetary resources.**



National Level: Benefits of 8 Principles of SAI Independence

SAIs can:

- **Create more accountability on national level;**
- **Contribute to strengthen transparency and democracy on national level.**
- **Provide independent, unbiased, reliable information to national parliaments and citizens**
- **Provide comprehensive information on development management activities;**
- **Enable citizen participation therein;**



Further shortcomings in fiscal disclosure

Further considerations for improvement also should be given to rules for accounting, reporting and monitoring of public and state budgets

Main shortcomings in fiscal disclosure due to

- A combination of gaps and inconsistencies in fiscal transparency standards;**
- Delays and discrepancies in countries' adherence to those standards;**
- Lack of effective multilateral monitoring of compliance with those standards.**



Further shortcomings in fiscal disclosure

Further identified weaknesses in accounting are:

- Lack of informative value and comparability of the accounting systems;
- No harmonized valuation of assets;
- No harmonized definition of financial debt;
- No or fragmentary recognition of financial commitments pertaining to future years;
- No accounting for financing instruments because of cash accounting.



Measures to improve transparency and accountability

Necessary measures to improve transparency and accountability for sustainable development:

- Improve information on financial sustainability (sources of fiscal risk, fiscal transparency standards and practices).
- More complete coverage of public-sector institutions - Public corporations need to be part of any comprehensive analysis of public finances since their debts are often implicitly or explicitly government-guaranteed.
- More comprehensive reporting of assets and liabilities in the financial statements.



Measures to improve transparency and accountability

- **Recognition of a broader range of transactions and other economic flows.**
- **More rigorous approach to fiscal forecasting and risk analysis.**
- **Alignment of standards for budgets, statistics and accounts.**
- **Valuation of assets and liabilities and gains and losses in financial statements.**
- **Incorporation of information on contingent liabilities in financial statements.**



Conclusion

USG WU underlined in DCF in Berlin:

- **National capacity building – especially for Parliaments and SAIs – in the context of Post 2015 Development Agenda is key for establishment of national transparency and accountability mechanisms**

Therefore a call for capacity building of SAIs through implementing the principles as set out in the Lima and Mexico Declaration and the UN GA Resolution A/66/209 should be included in the Post-2015 development agenda



Conclusion

This years final CEPA report and draft resolution could include an explicit call for capacity building of SAIs (in terms of Lima and Mexico Declarations and GA Res A/66/209) as an essential element in the Post-2015 Development Agenda

This would

- strengthen transparency, accountability and ownership on national level and thus directly address the current weaknesses of the MDGs**
- contribute to develop effective national monitoring mechanisms regarding the SDGs.**
- be perfectly in line with the CEPA decision 2010 and GA Res A/66/209**



Strengthening capacities for Sustainable Development

Some findings of yesterdays discussion:

- Do not increase complexity
- No one size fits all model
- Different needs of different countries
- Build on existing national institutions and mechanisms (parliaments, SAIs)
- Ensure transparency and accountability also for outsourced public services
- Ensure value for money in public service delivery
- Ensure control mechanisms regarding the achievement of defined goals



**Thank you very much
for your attention!**

www.intosai.org