# Input to the Elements Paper on Financing for Development

## Submission by INTOSAI Development Initiative

The 2015 Addis Ababa Action Agenda called for strengthening national control mechanisms, such as Supreme Audit Institutions, along with other independent oversight institutions. The 4th International Conference on Financing for Development (FFD4) is an opportunity to elevate the important role national Supreme Audit Institutions play in strengthening and providing oversight of governance of public financial management systems. It can also ensure increased use of audits by Supreme Audit Institutions to inform and monitor stewardship of domestic resources and external financial support, and support implementation of Sustainable Development Goals.

1. **A global financing framework (including cross- cutting issues)**

**Rationale:** Supreme Audit Institutions are key actors to achieve strengthened accountability of public resources. Their role as external independent oversight actors provides them with a unique position to audit public expenditure and policy implementation. Publication of audit reports allows citizens to hold government accountable for the use of public resources. The role and mandates of Supreme Audit Institutions align well with the overarching aim of the Conference, to strengthen the follow up process and accountability. Elevating the importance of public audit and Supreme Audit Institutions will strengthen the commitment of the parties and substantiate the credibility of the statements made in the outcome document.

**Action:** Support the work of Supreme Audit Institutions, to enable parties to hold themselves accountable against the commitments by this Conference.

**Action:** Promote a holistic approach to public financial management, where independent audits carried out by Supreme Audit Institutions, and legislative oversight of public finances carried out by Parliaments, are integral part of the system and recognized as key elements to the Public Financial Management.

**Action:** Use audit reports produced by Supreme Audit Institutions to promote transparency on progress towards the commitments made by the member parties.

1. **Action areas**
2. Domestic Public Resources

Successful mobilization of Domestic Resources is based on sound financial management, accountability and public trust in government. Willingness to pay taxes and public fees increases when citizens believe government will use these contributions to provide services to the citizens, and not waste money. External audits that are published and scrutinized by Parliaments enhance transparency which helps build the trust and willingness to contribute to that resource mobilization. Independent Supreme Audit Institutions can serve as pillars of integrity that provide assurance that government is managing public funds adequately, avoiding waste and complying with regulations. They can also assess government performance on programmes where public funds are intended to be used to provide service to citizens.

**Action:** Recognize the vital role independent Supreme Audit Institutions play in improving fiscal transparency and building trust in government, through providing information to citizens and oversight institutions. Encourage continued strengthening of audit and oversight to support the efforts of mobilizing domestic revenues.

c) International development cooperation

**Rationale:** In the Addis Ababa Action Agenda partners committed to strengthen country systems, use programme-based approaches where appropriate, strengthen partnerships for development, reduce transaction costs, and increase transparency and mutual accountability.

Supreme Audit Institutions are national agencies that provide assurance on the use of donor funds, to donor organisations who provide financial and technical support to developing countries. More than 60% of Supreme Audit Institutions audited donor funds during the period of 2020-2022, suggesting that they are already playing a valuable role in providing assurance to donors.

**Action:** Optimizethe use of national country systems, by consulting and building the capacity of all institutions involved in PFM and policy delivery, including Supreme Audit Institutions and Oversight Institutions.

e. Debt and debt sustainability

**Rationale:** During the period of 2020-2022, 68% of SAIs undertook audits of public debt. Their mandate to assess public debt management is important to inform national economic outlooks and forecasts for public investments. Furthermore, it is necessary information to strengthen public debt management and build resilience to future external shocks. The use of the information from audits can supplement other national frameworks to monitor debt and debt sustainability. The audit of public debt management is a technical area which requires specific expertise, which already has been developed by many Supreme Audit Institutions. The Supreme Audit Institutions’ access to all financial information from government puts them in a unique position to have insight also into non-public transactions, and through their reports they can increase transparency, by providing information to other oversight institutions, such as Parliament, and to citizens.

**Action:** Support the efforts of Supreme Audit Institutions in oversight of public debt management through audits and use the results to inform monitoring of policies and wider oversight.

**Cross-cutting issues (e.g. Climate change or Gender equality),**

*Sustainable Development Goals*

**Rationale:** Supreme Audit Institutions are increasingly undertaking audits of national agendas for Sustainable Development Goals, ranging from implementation of national frameworks to audits on specific goals. Supreme Audit Institutions are also auditing their countries implementation of national commitments under the SDG agenda. Supreme Audit Institutions are recognized as playing a role in supporting the agenda, both on national and global level.

**Action:** Encourage and reinforce public audits of SDG frameworks and specific SDGs by Supreme Audit Institutions and increase the use of results to inform the monitoring of the SDG Agenda. Support the role of the Supreme Audit Institutions have in national voluntary review frameworks.

1. **Emerging Issues**

**Rationale**: The COVID-19 pandemics demonstrated the important role Supreme Audit Institutions have in providing assurance during a crisis. Globally, around 90% of Supreme Audit Institutions audited emergency funding allocated as a response to the pandemics. This has led to increased focus on the role of Supreme Audit Institutions in safeguarding public monies during crisis. The recognition also reflects Supreme Audit Institutions’ continuous focus on key aspects of financial management such as procurement, public debt, tax collection and the banking sector. In addition, Supreme Audit Institution audits showed that the crisis exacerbated existing weaknesses in governance systems and in public financial management, rather than being a unique mismanagement because of the pandemic. Many Supreme Audit Institutions reported threats to their independence, through interference from the Executive, during audits of extra-budgetary funds and pandemics-related programmes. This underlines the importance of a continued support of Supreme Audit Institutions in their efforts to contribute to the system of checks and balances and reduction of loss of public resources, also in extraordinary situations.

**Action:** Appreciate the important role Supreme Audit Institutions have in providing assurance on the use of public expenditures when checks and balances are bypassed during a crisis. Support and advocate for the independence of Supreme Audit Institutions in situations where this is challenged. Acknowledge the potential that lies in ensuring independent public audits during future situations where additional sources of finances will be channelled into country systems. Recognise the importance audits will have to safeguard climate finance sources intended to build resilience for countries facing the effects of climate change, and support the development of capacities of Supreme Audit Institutions to strengthen their responsiveness.

1. **Data and monitoring**

**Rationale:** Enabling the successful follow-up of the commitments made by the parties to the outcome document, requires regular monitoring on a country level. Data and information provided by independent external auditors, can build trust with stakeholders and provide them with information that enables them to hold government accountable. Through regular and timely audit Supreme Audit Institutions can contribute as an objective, credible and professional source of information.

**Action:** Encourage the use of audit reports to inform the monitoring of the implementation of the commitments made by the parties to the outcome document.

1. **Overarching Reflections**

**Rationale:** Audit, assurance and oversight are fundamental to identify and confirm whether a commitment has been successfully achieved. Nevertheless, the role of accountability actors in the governance systems could be further recognised, acknowledged and considered in national and international strategies by key stakeholders. The outcome document represents a unique opportunity to elevate the role of oversight institutions to optimise the use of their work and support their efforts to contribute to achieving the commitments made.

**Actions:** We welcome the important contribution of accountability actors to achieve our common commitments and encourage a better integration of Supreme Audit Institutions and oversight committees in dialogues on how to achieve national objectives.