



In recent days, I led a strategic forum within the World Bank, brainstormed what it takes to manage for results with fellow heads of multilateral development banks, joined the deliberations of Organization for Economic Cooperation and Development (OECD) finance ministers laying the groundwork for a G-8 summit meeting in June 2004, and traded observations on challenges to development and peace with a group of parliamentarians from around the world.

No matter the audience, no matter the venue, everyone has the same hope: building a better life for our children and for all children. But the question is, How do we go about it? How do we make every penny count? How do we scale up our efforts to serve millions over time? How do we ensure leadership, partnership, and inclusion?

The Importance of SAIs

Financial accountability is a necessary condition for efficient public management and hence for the management of funds in favor of poverty reduction, health and education, a clean environment, and peace.

Over the last decade, the development community has come to understand the importance of public financial management for reaching the Millennium Development Goals, as well as the need for

accountability systems that perform well in client countries. At the same time, donors realize that for development impact to be sustainable, they must depend on these national systems, rather than impose separate systems of their own.¹

Effective supreme audit institutions are a key element of such systems. As the Lima Declaration states, they seek “the proper and effective use of public funds; the development of sound financial management; the proper execution of administrative activities; and the communication of information to public authorities and the general public through the publication of objective reports.”

The World Bank-SAI Partnership

The World Bank is at the forefront of support for and mutually beneficial interaction with SAIs. Examples of practical partnerships and dialogue include the following:

- Supreme audit institutions are already helping to shape the World Bank’s audit policy. Public audit institutions (among them a large number of supreme audit institutions) already provide close to half of all audit reports on loans and credits received by the Bank.
- When changes to the Bank’s audit policy were discussed in November 2002, an advisory panel of SAIs offered insights and recommendations.
- The Bank’s Development Grant Facility has been supporting the INTOSAI Development Initiative (IDI), the training arm of INTOSAI, since 2001 and more recently helped to underwrite the INTOSAI Working Group on Auditing Standards.
- An increasing number of grants from the Institutional Development Fund support staff training, needs assessment, and the design of auditing manuals or information technology in SAIs.
- Between 1997 and 2002, more than 90 adjustment loan conditionalities were designed to have developing country governments better support their SAIs.
- As part of its governance agenda, the World Bank Institute provides training and organizes seminars aimed at enhancing government auditing abilities.

SAI Independence Is a Prerequisite

The Bank is cautious not to endanger the independence of SAIs—indeed, we do all we can to bolster it. As the Lima Declaration articulates, SAIs must have the capacity to perform their professional mission—to report freely to the parliament and the public on their findings.

There are many obstacles to overcome: formal and unofficial limitations to their mandate, limited access to the public and the media, underfunding, understaffing, and “incentives” given in favor of “soft” auditing.

¹The OECD-DAC Good Practices Paper on Financial Reporting and Auditing prepared as part of the harmonization initiative states, “Donors should accept the Supreme Audit Institutions of partner countries as auditors of donor-supported projects when their capacity is judged to be acceptable.”

The survey INTOSAI conducted in March 2001 clearly showed that putting independence into practice is a complex and constant struggle requiring patience and strength and—somewhat ironically—some support from the government itself through proper funding.

In our dialogues with country representatives, especially through diagnostic work on public financial management,² the World Bank continuously makes the case for improved accountability, transparency in the management of public funds, and independence for government auditing.

The agendas of the donor and SAI communities are highly consistent: to promote better public management, increase transparency, and improve accountability. Development and the fight against poverty depend on it.

Our Growing Commitment

The Bank—like other donors—can do more to strengthen public sector financial management institutions in borrowing countries and to increase our reliance on those countries' audit institutions. A strategy paper is under preparation, with much-appreciated input expected from an advisory panel of SAIs in March 2004.

One area for exploration relates to the practice of peer reviews. Peer reviews are, for many reasons, a preferred means of identifying necessary changes, improving performance, and better serving a country's citizens. The World Bank fully supports this approach and is very willing to increase the feasibility and frequency of such reviews by providing grant funds for that purpose.

The Bank is also exploring ways in which it could cooperate with regional organizations of SAIs to better and more often draw on the expertise of the SAI community to improve the design and implementation of projects related to strengthening the government audit function.

Helping Each Other

Cooperation and mutual support were at the heart of the founding of INTOSAI in 1953. The organization's motto—"Experientia mutua omnibus prodest"—speaks to the need for exchanging experiences in order to guarantee that government auditing progresses.

The next INTOSAI Congress in Budapest in October 2004 represents an opportunity to further enhance our bilateral and multilateral partnerships in support of accountability. Speaking on behalf of the Bank, we look forward to continued progress and mutual reinforcement.

²This work is reported in Country Financial Accountability Assessments, some of which are available on the Bank Web site, www.worldbank.org.