

GLOBAL SAI STOCKTAKING REPORT 2020



SAI WORLD

Overview of the SAI World and coverage by the Global Survey 2020



Trends that weaken democracy, accountability and transparency also transcend to budget and oversight processes.

1.1 GLOBAL CONTEXT OF THE SAI PERFORMANCE

SAIs operate in a world characterised by democratic backsliding. According to the Economist Democracy Index (EIU) 2020, only about half (49.4%) of the world's population live in a democracy of some sort, and even fewer (8.4%) reside in a "full democracy". In the 2020 Democracy Index, 75 of the 167 countries and territories covered by the index, or 44.9%, are considered to be democracies.

During 2020, the year of the COVID-19 pandemic, the average global score in the 2020 Democracy Index fell from 5.44 in 2019 to 5.37, an all-time low. The score fell due to receding scores in regions already dominated by countries characterised as "authoritarian regimes". Furthermore, scoring on EIU's indicator on the "functioning of government" regressed further since 2019. This indicator measures systems with checks and balances and government systems characterised by transparency and accountability.

This demise continues a trend observed over the last 12 years. The downturn is particularly visible for civil liberties. The Freedom House Index⁴ concluded that 2020 constituted the 15th consecutive year of decline in global freedom. While these downturns are seen in all thematic areas covered by the index, the most common areas of decline are functioning of government, freedom of expression and belief, and rule of law. According to Freedom House, nearly 75% of the world's population lived in a country that faced deterioration last year.

In 2020, the number of Free countries in the world reached its lowest level since the beginning of a 15-year period of global democratic decline, while the number of Not Free countries reached its highest level.

The Transparency International's Corruption Perceptions Index (CPI) 2020, also report that corruption is contributing to undermining democracy.⁵ The index, which ranks 180 countries and territories by their perceived levels of public sector corruption, finds that most countries have made little or no progress in tackling corruption in the last decade, with more than two-thirds of these scoring below 50, on a scale from 0 to 100. Research from 2019 suggests that falls in scores on the CPI index correlates with drops in levels of democracy.⁶

The last decade's deterioration of democracy is a part of trend that was intensified by last year's COVID-19 pandemic. The pandemic affected the overall democracy scores, in particular in scores for civil liberties. EIU also report that "confidence in government" was influenced by the public's perception of governments' handling of the pandemic. According to

EIU Index, throughout the pandemics the population has become more critical of their governments, even when endorsing measures to combat COVID-19.

Trends that weaken democracy, accountability and transparency also transcend to budget and oversight processes. The Public Expenditure and Financial Accountability (PEFA) Global Report 2020⁷ concludes that governments perform strongest on budget preparation, and weakest on internal audit, external audit and scrutiny. The 2019 Open Budget Survey (OBS) notes that budget transparency remains limited, with average global scores of 45 out of 100, and that meaningful public participation in the budget process remains low with averages scores of 14 out of 100.

Countries that score well also score highly on overall transparency. Global average PEFA scores also suggest that, for fiscal transparency, countries score lowest on performance information for service delivery (PI-8) and public access to fiscal information (PI-9). Research has suggested that fiscal transparency is a determinant for budget credibility.⁸

According to the Inter-Parliamentary Union (IPU), the fundamental objectives of parliamentary oversight are to promote people's freedoms and well-being and to improve governance. For SAIs in many countries, the Legislature is an ally in holding government accountable for public expenditure and service delivery to citizens. IPU reports that almost all parliaments (90%) receive reports from SAIs, but a much smaller percentage (66%) report having clearly established procedures for reviewing reports.

OBS 2019 corroborates that only 34 countries have adequate legislative oversight. Legislature budgetary oversight covers budget formulation, approval, implementation, and review. Performance is overall better at budget approval than formulation, implementation, and review.

34

countries have adequate legislative oversight according to OBS 2019



Global developments can clearly impact SAIs as well as other oversight institutions. SAIs, which often report to their parliaments and are charged with holding the Executive to account, form a key pillar of the state's separation of powers which forms a basis for democracies. The results of the Global Stocktake are therefore presented against the backdrop of trends in governance and independence, as they are likely to already be affecting, and will continue to affect SAIs.

4. Freedom in the World 2021. Freedom House. freedomhouse.org

5. Corruption Perception Index 2020. Transparency International. www.transparency.org/cpi

6. <https://www.transparency.org/en/news/tackling-crisis-of-democracy-promoting-rule-of-law-and-fighting-corruption>

7. 2020 Global Report on Public Financial Management (if it takes up space use abbreviation PFM. <https://www.pefa.org/global-report-2020/>

8. Exploring the Determinants of Budget Credibility. De Renzio & Cho (2020). IBP.

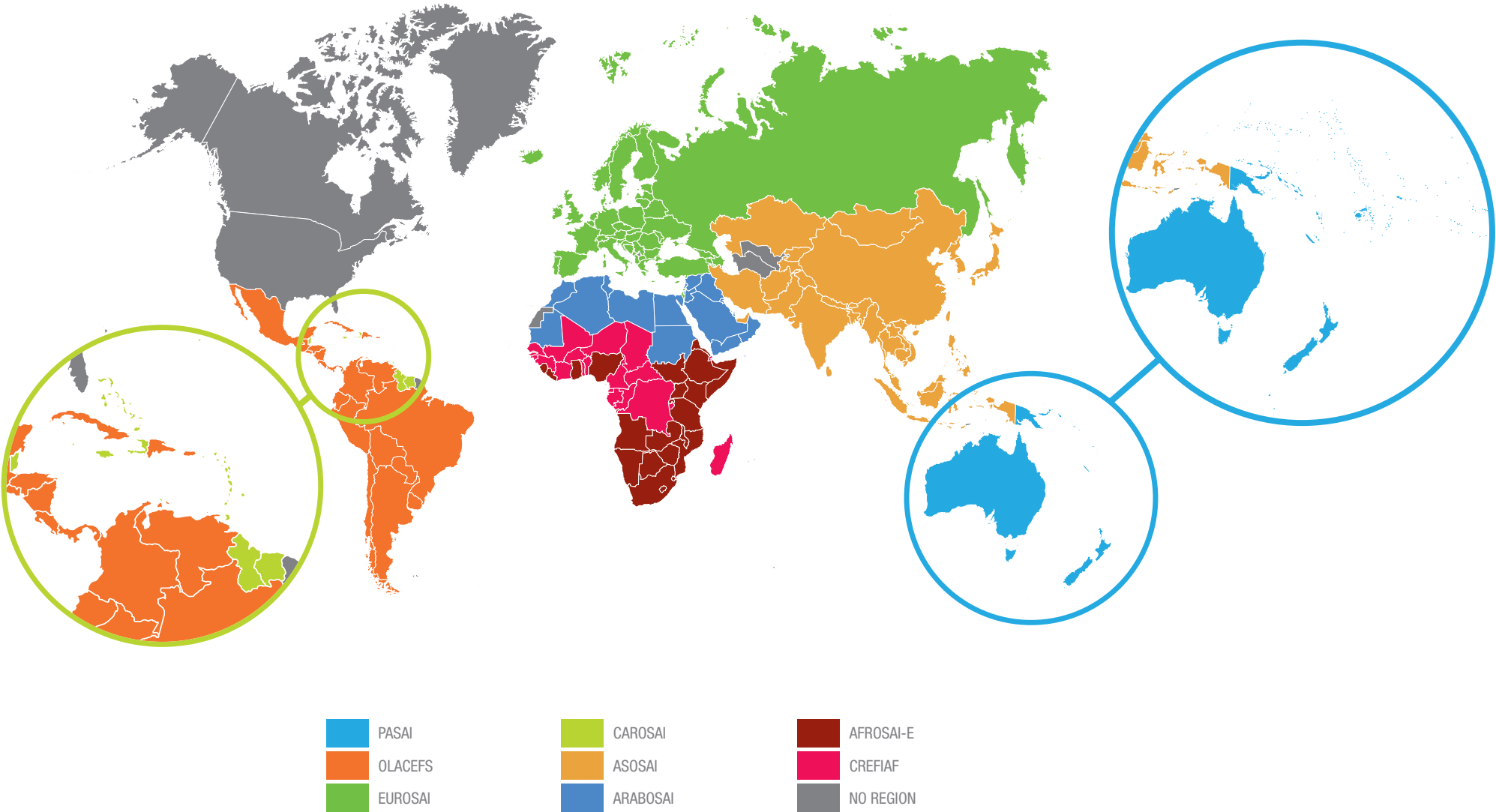
1.2 INTOSAI REGIONAL STRUCTURE

With its 195 members, INTOSAI is the umbrella organisation for SAls globally. INTOSAI members have organised themselves into regional bodies. While there are seven official INTOSAI regional organisations, within AFROSAI there are also two sub-regions AFROSAI-E and CREFIAF for anglophone and francophone SAls

respectively, and under ASOSAI there is the sub-group of ASEANSAI. The analysis of SAI data in the report will be presented according to 8 groups, notably AFROSAI-E, ARABOSAI, ASOSAI, CAROSAI, CREFIAF, EUROSAI, OLACEFS and PASAI.⁹ In addition, North American countries are grouped together.¹⁰



FIGURE 1: THE INTOSAI REGIONAL MEMBERSHIP



1.3 INSTITUTIONAL PROFILE OF SAIS

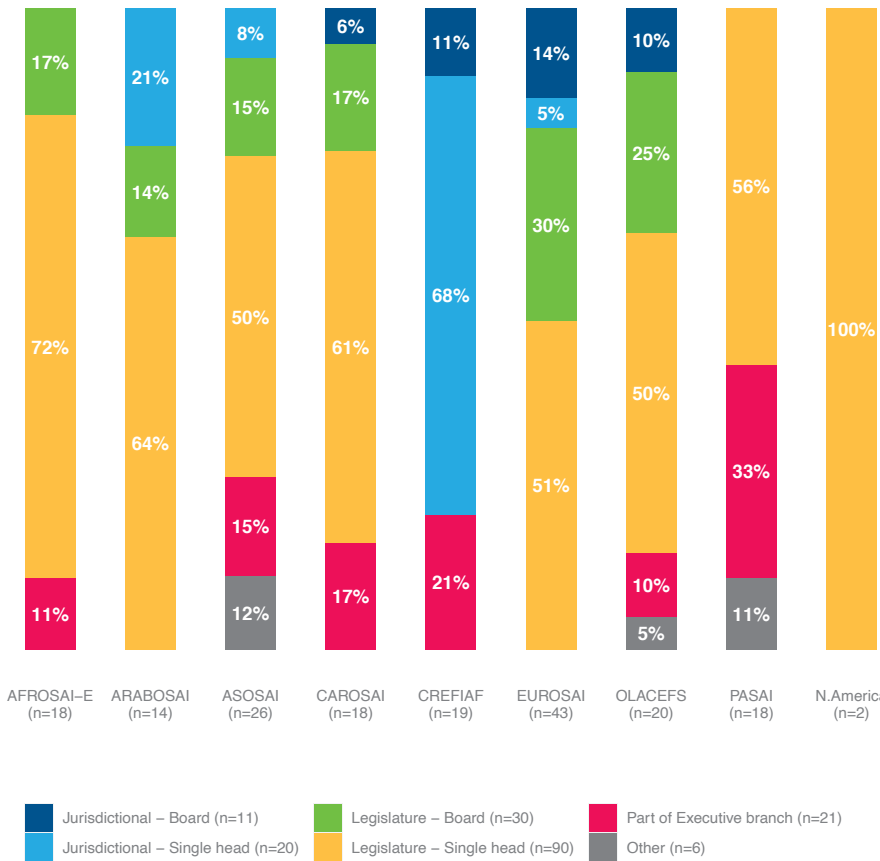
Globally, SAls have different institutional profiles related to history and country governance structures. This Stocktake differentiates between three different models in line with the three branches of government: the parliamentary/ legislative model, jurisdictional model and executive model.¹¹ SAls within the legislative and jurisdictional models can be further distinguished based on their leadership structure. One group of SAls are led by a single person (President or Auditor General), while other SAls are led by a Board.

Some SAls report to have a different institutional set-up, and are grouped together as “other”.

According to the responses to the Global Survey, 68% of SAls are organised according to the parliamentary/ legislative model. Of these, most have a single head (Auditor General). 18% of SAls follow the jurisdictional model, while 11% of SAls are part of the Executive Branch.

Figure 2 shows that the various models exist across all INTOSAI regions. However, some differences can be observed. The single-headed parliamentary/ legislative model is more prevalent in AFROSAI-E, CAROSAI and ARABOSAI. The jurisdictional model is prominent in CREFIAF, while a higher proportion of SAls in EUROSAI operate under the leadership of a Board.

FIGURE 2: INSTITUTIONAL MODELS OF SAIS BY INTOSAI REGIONS



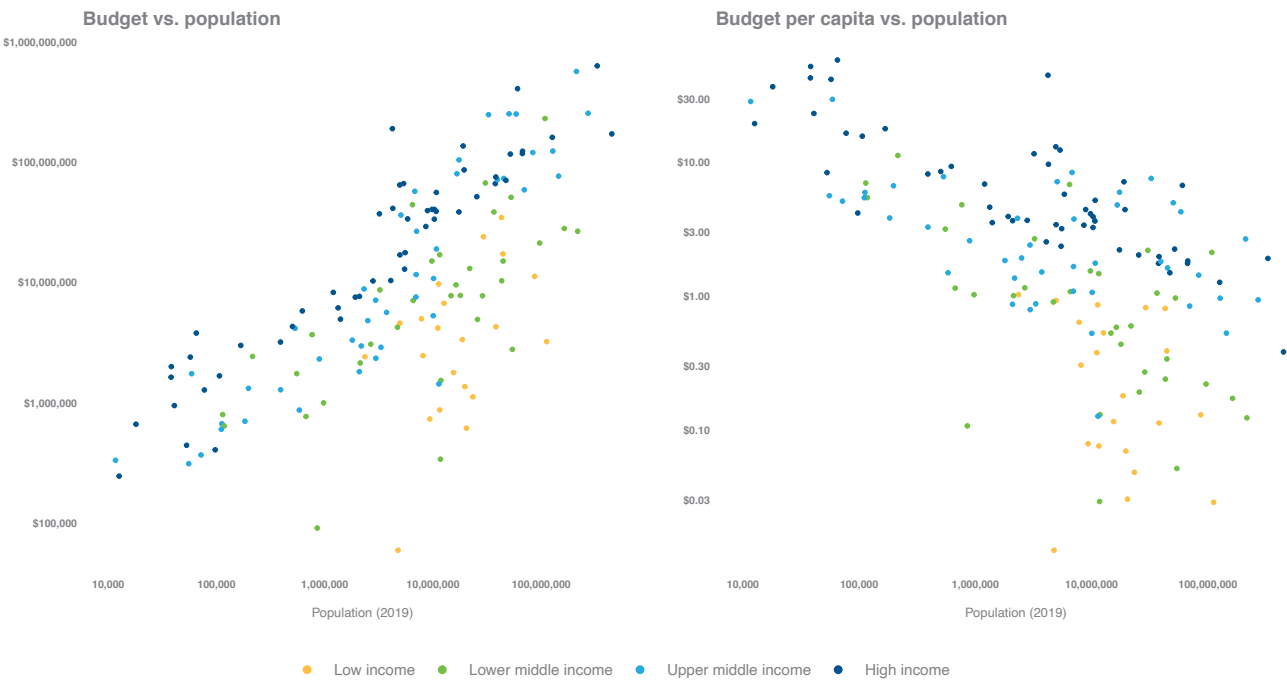
Source: INTOSAI Global Survey 2020

8. ASEANSAI is surveyed under the regional survey.
9. SAls of the United States and Canada, who are not members of a INTOSAI region.

1.4 SAI FINANCIAL RESOURCES

The size of the budget is an important factor in explaining performance levels among SAIs. The analysis of SAI budgets indicates that, globally, they are correlated with the size of the country’s population and their income status in terms of national GDP. Deviations could be explained by differences in statutory mandates of SAIs.

FIGURES 3 AND 4 SAI BUDGETS BY POPULATION AND PER CAPITAL



Source: INTOSAI Global Survey 2020

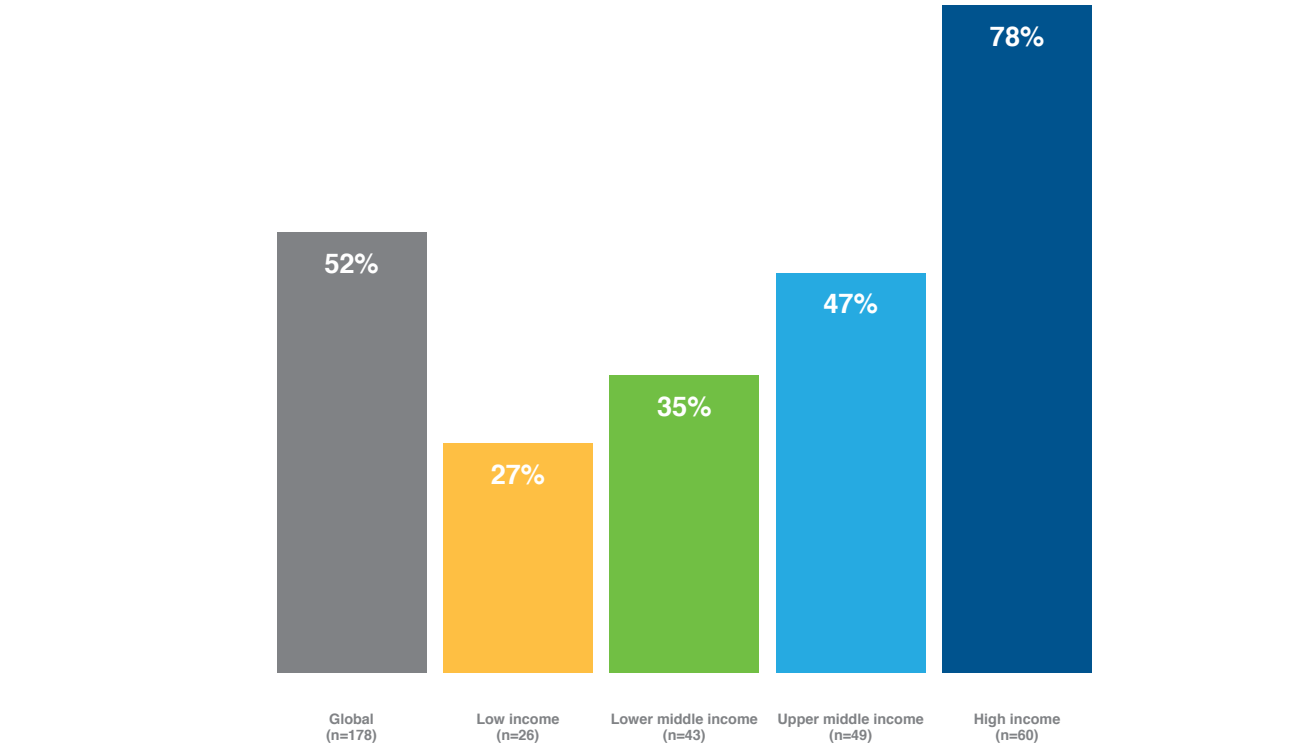
In responding to the Global Survey, only 52% of SAIs worldwide report that they have sufficient financial resources to fulfil their mandate to the expected extent and quality. SAIs

from LI countries are less likely to have adequate resources, and levels of expressed resource sufficiency is correlated to income classifications. SAIs in EUROSAI, North America and

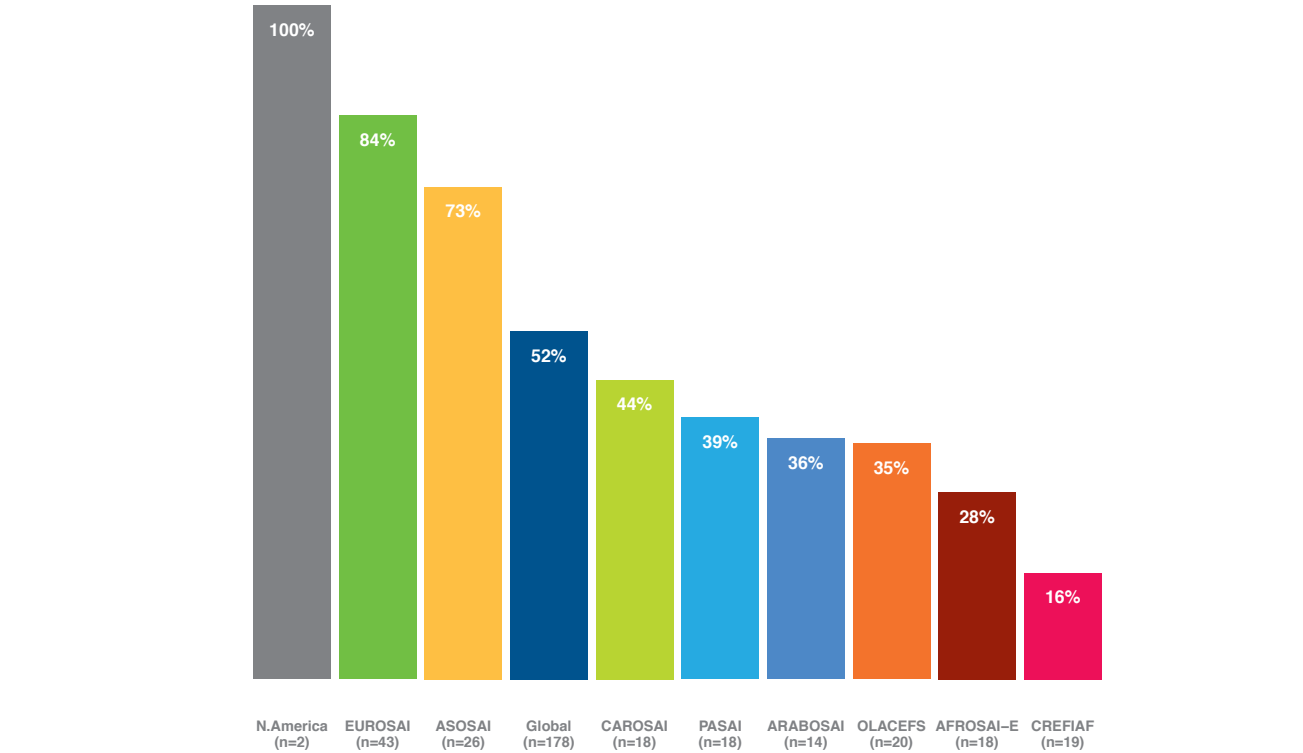
ASOSAI report resource sufficiency above the global average. In contrast, SAIs in CREFIAF, AFROSAI-E and OLACEFS report the highest incidents of under-funding.



FIGURES 5 AND 6 SUFFICIENCY OF FINANCIAL RESOURCES BY COUNTRY INCOME STATUS AND INTOSAI REGIONS (Percent answering 'yes').



Source: INTOSAI Global Survey 2020



Source: INTOSAI Global Survey 2020