

## **Motion and concept note in support of SAIs in small island developing states**

CAROSAI proposes to the CBC Steering Committee that the CBC, CAROSAI and PASAI, with support from CIPFA, undertake a joint initiative aimed at identifying ways in which the INTOSAI community and INTOSAI partners can support SAIs in SIDS, as well as SAIs operating in complex and challenged contexts, to adhere to the requirements of the INTOSAI standards in order to bolster the quality and credibility of their audit outputs.

Other CBC members should be invited to participate in the initiative, in particular INTOSAI's Professional Standards Committee, the CBC's ACCC workstream, the IDI, as well as key partners such as IFAC.

Once this motion is approved, the CBC Secretariat is requested to convene a meeting of the participating bodies for purposes of an initiation meeting.

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### ***Background Paper to the CAROSAI motion in support of Small Island Supreme Audit Institutions***

#### **Background**

Small Island Developing States (SIDS) were recognized at the 1992 United Nations Conference on Environment and Development as a special grouping of jurisdictions with a distinct set of shared characteristics and challenges. Together, these 37 UN member states and 20 non-UN members comprise less than 1% of the world's population, approximately 65 million people<sup>1</sup>.

Grouped into three geographic regions, the Caribbean, the Pacific, and the Atlantic, Indian Ocean and South China Sea (AIS), these small island nations make up some of the world's most remote states. Broadly, small island states have economies based primarily on tourism, are heavily dependent on global supply chains, and have limited borrowing prospects. At the same time, these states have a greater exposure to risks linked climate change, natural disasters, and economic/domestic revenue shocks.

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<sup>1</sup> <https://www.un.org/ohrlls/content/about-small-island-developing-states>

A 2019 [rapid review report](#) by commissioned the UK Department for International Development, found:

- There is limited evidence on the effectiveness of public sector reforms or capacity building initiatives undertaken in SIDS.
- Small states invest considerable financial and human resources relative to their GDP in order to deliver public services to small populations.
- The public sector is the main employer in many SIDS and compensates for low capacity within the private sector.
- The public sector in SIDS is not independent and is compromised by political interference, patronage politics and ethnic affiliations.

### **Objective**

This paper proposes that INTOSAI's Capacity Building Committee, CAROSAI, PASAI and other relevant INTOSAI role players and regional organisations, supported by CIPFA, undertake a joint initiative aimed at identifying solutions in support of SAIs in SIDS and other challenging contexts so that these SAIs can better cope with the requirements of the INTOSAI Framework for Professional Pronouncements (IFPP). Given that SAIs in SIDS have less capacity and scope to adhere to international standards, and the framework is quite onerous for small island SAIs and challenged SAI in general, these SAIs need assistance to cope with/adhere to international standards such as those in the IFPP.

This work is integral to demonstrating that the capacity development of small island and other challenged SAIs is a priority for INTOSAI. In-line with INTOSAI's Priority #4: "Promote and Support Equality and Inclusiveness" and is in with the central UN SDG theme of leaving no one behind.

This project could include the following components:

- Identifying the resource needs of SIDS for example via the 2023 INTOSAI global survey, as well as available and future results from assessment tools such as the SAI Performance Measurement Framework (PMF), which provides significance to key areas for SAI limitations.
- Conduct analyses to identify relevant gaps in resources and tools available to small island SAIs. The resulting gap analysis could be used to engage with INTOSAI bodies for solutions and with the INTOSAI Donor Steering Committee to inform the prioritization for capacity development support.
- Exploring the professional standards for SIDS' financial, performance and compliance standards within the INTOSAI Framework for Professional Pronouncements, for additional support that is required by SAIs in SIDS and other challenging contexts so that they can cope with what appears to be onerous and even unachievable requirements.

In line with the theme for the 2023 CBC-IDC-IFAC meetings in Kingston ("Partnering for stronger SAIs and enhanced PFM"), this initiative is not proposed in isolation, but will

be linked to a wider programme of work across the PFM ecosystem, facilitated by CIPFA. This initiative falls within the **Audit** column of the figure below, which demonstrates the challenges faced by small island SAIs are very similar to the challenges also faced by Professional Accounting Organizations and Ministries of Finance in SIDS.

