

Supreme Audit Institutions: The State of Independence

The World Bank supports the establishment of independent and effective accountability institutions in countries. To promote the independence of SAIs, the World Bank has undertaken an effort to measure SAI independence based on the principles of the Lima Declaration and other proclamations on the importance of an independent audit function. Independence is fundamental for the effective functioning of SAIs. Truly independent SAIs can fulfill their mandate to reduce waste and misuse of public resources, ensuring that funds are better directed towards programs that combat poverty—a central focus of the international development community and the World Bank Group's core mission. By examining SAIs and their operating environments, the World Bank hopes to highlight areas where independence may be affected and motivate country governments to strengthen these critical aspects.

The World Bank's assessment of 120 countries highlights significant gaps in achieving the aspirations set forth in the 1977 Lima Declaration regarding the independence of Supreme Audit Institutions (SAIs). SAIs are crucial for promoting good governance, transparency, and accountability, and they play a vital role in monitoring the attainment of the Sustainable Development Goals (SDGs).

Key findings of our assessment include:

- **Diverse Levels of Independence:** Countries exhibit a wide spectrum of SAI independence levels, ranging from substantial challenges to high levels of independence. This diversity underscores the varying capacities and priorities in governance reforms globally.
- **Opportunities for Improvement:** Many countries, especially those scoring relatively low, have significant opportunities for improvement. Enhancing legal frameworks, ensuring transparent SAI head appointments, and securing financial and staffing autonomy are critical areas for advancement.
- **Weaknesses in Staffing Autonomy and Financial Autonomy:** Many SAIs face challenges in achieving full staffing autonomy and financial independence. Limited budget allocations, bureaucratic hurdles in hiring and retaining skilled personnel, and constraints

in accessing resources necessary for effective audits can hinder SAIs' ability to operate independently and efficiently. Addressing these weaknesses is crucial for enhancing SAI effectiveness and ensuring robust oversight of government finances and operations.

- **Regional Disparities:** There are notable regional disparities in SAI independence levels. Some regions demonstrate higher average scores due to stronger institutional frameworks and historical precedents, while others lag behind due to governance challenges and resource constraints.
- **Impact on Governance:** Strong SAI independence correlates with better overall governance outcomes, including reduced corruption, improved fiscal management, and increased public trust in government institutions. Countries with higher SAI autonomy tend to experience greater transparency and accountability in their public sectors.