A Sustainable AFROSAI-E: Making a Difference in the Performance of SAIs

Sustainability Plan 2018-2022

October 2017

Executive Summary

AFROSAI-E's Corporate Plan 2015-2019 presents, among other things, a risk assessment that points out various areas of risk to the achievement of the organisation's strategic imperatives. According to this assessment, the main risk area that the organisation faces (in terms of likelihood and impact) is long-term financial sustainability and continuation of donor support.

In its Corporate Plan, AFROSAI-E also underlines the importance of the organisational sustainability of its member SAIs. Under the heading of Strategic Imperative No. 1, it is expected that member SAIs will secure sustainable funding from governments, donors and other local structures. SAI funding models are important for AFROSAI-E, given the fact that in recent years, the estimated total annual member SAI contribution to AFROSAI-E's financial resource base (i.e. membership fees and other support from member SAIs) amounted to more than 40% of total financial contributions. The strength and sustainability of resource bases in member SAIs thus represent an important determining factor of AFROSAI-E's own long-term financial stability and sustainability.

Against this background, AFROSAI-E has decided to adopt the present Sustainability Plan 2018-2022. The reason for looking forward until 2022 is based on the commitment from the Auditor-General of South Africa (AGSA) to host the Secretariat until then. This Plan is closely aligned to the strategic imperatives and operational interventions of the current Corporate Plan, while drawing on additional research and analyses to make optimal use of best practices and lessons learned in the area of organisational sustainability. The Sustainability Plan makes use, in particular, of research into the meaning and importance of organisational sustainability, the results of recent exchanges with a targeted sample of heads of member SAIs and their top management staff regarding the importance of AFROSAI-E for its members, a review of AFROSAI-E's current funding model and the funding models of similar bodies worldwide, an analysis of the IDI SAI Capacity Development Database to better understand the nature and extent of member SAI donor dependency, and a categorisation of specific types of risk commonly associated with donor funding. Among other things, it was confirmed that member SAIs have a strong interest in the organisation's long-term sustainability.

As for the way forward, the Sustainability Plan proposes the following **Strategic Pillars**:

1) Develop and apply funding models that allow AFROSAI-E and its member SAIs to carry out their mandates in a sustainable manner,
2) Develop and nurture a dialogue with member SAIs and international partners to promote a mutual understanding of the meaning and importance of organisational sustainability,
3) Adapt SAI leadership programmes and performance monitoring tools to address issues of organisational sustainability, and
4) Explore new and creative approaches to the creation of a culture of organisational sustainability in AFROSAI-E and its member SAIs.

The Sustainability Plan puts forward a **Results Framework** (Annex A2) that assigns specific results (outputs, outcomes and impacts) to each of the above-mentioned Strategic Pillars. The main impacts (benefits) expected from implementation of the Sustainability Finally, it presents a **Monitoring Framework** (Annex A3) to track progress, with the use of objectively verifiable indicators, in implementation of the present Sustainability Plan at the output level during the period 2018-2022.

The present Sustainability Plan does not represent a stand-alone project. Instead, once adopted, the present Plan shall be considered as a full-fledged component of AFROSAI-E's ongoing Corporate Plan 2015-2019. Monitoring, review and reporting on progress in implementation of both Plans shall hence be carried out as joint exercises.

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List of Abbreviations

AFROSAI	African Organisation of Supreme Audit Institutions
AFROSAI-E	African Organisation of Supreme Audit Institutions (English-speaking)
AGSA	Auditor General of South Africa
ASOSAI	Asian Organisation of Supreme Audit Institutions
CAROSAI	Caribbean Organisation of Supreme Audit Institutions
CSR	Corporate Social Responsibility
EC	European Commission
EU	European Union
FSI	Fragile States Index
GDP	Gross Domestic Product
HR	Human Resources
ICBF	Institutional Capacity Building Framework
IDI	INTOSAI Development Initiative
INTOSAI	International Organisation of Supreme Audit Institutions
ISSAI	International Standard of Supreme Audit Institutions
IT	Information Technology
OECD	Organisation for Economic Cooperation and Development
OLACEFS	Latin American and Caribbean Organization of Supreme Audit Institutions
PAC	Public Accounts Committee
PASAI	Pacific Association of Supreme Audit Institutions
QA	Quality Assurance
SAI	Supreme Audit Institution
SNAO	Swedish National Audit Office
SWOT	Strengths, weaknesses, opportunities, threats
UK	United Kingdom

1 Background information

AFROSAI-E, the African Organisation of Supreme Audit Institutions (SAIs) in English-speaking Africa, is a member-based, non-profit organisation for the SAIs (national audit offices and the like) of 26 countries. Its statement of intent is: ”Making a difference in the performance of SAIs”. Its mission is, through innovation, committed to cooperate with and support its member SAIs, to enhance their institutional capacity to successfully fulfil their audit mandates and thereby make a difference in the lives of citizens.

AFROSAI-E’s Corporate Plan 2015-2019 puts forward four strategic imperatives:

1) Professionalising public sector auditing and accounting,
2) Being a credible voice for beneficial change,
3) Turning leadership from capacity to capability, and
4) Driving innovation and creativity.

The Corporate Plan presents, among other things, a risk assessment that points out various areas of risk to the achievement of the organisation’s strategic imperatives. According to this assessment, the main risk area that the organisation faces (in terms of likelihood and impact) is long-term financial sustainability and continuation of donor support. Various initiatives are proposed in the Corporate Plan to mitigate this risk, including:

- Effective engagements with existing donors to visibly demonstrate the benefits and positive changes that AFROSAI-E members get through their active participation in the programmes,
- To continue to work with existing institutional and other partners on a project basis, and
- To engage with other interested donors.

AFROSAI-E’s Corporate Plan addresses the issue of organisational sustainability from a variety of angles. It points out, for instance, that AFROSAI-E’s financial situation has improved and its ultimate inspiration is to become financially independent and sustainable in the long term. Due to the nature and operational structure of AFROSAI-E, there is no real interim solution to be financially sustainable and, as a result, the organisation’s Executive Secretariat is still financially dependent on support from its donors and assistance from the institutional partners.

In its Corporate Plan, AFROSAI-E underlines the importance not only of its own organisational sustainability, but also that of its member SAIs. Under the heading of Strategic Imperative No. 1, it is expected that member SAIs will secure sustainable funding from governments, donors and other local structures. The rationale behind this expectation is easily understandable, given the fact that in recent years, member SAI contributions to AFROSAI-E’s operations (financially and in-kind) have exceeded financial investments provided by donors. [1]

AFROSAI-E’s current situation may be described in terms of its strengths, weaknesses, opportunities and threats (SWOT), as analysed in the course of an internal SWOT analysis conducted in late July 2017 (see Annex A1). Many elements of this SWOT analysis will be addressed in the present Sustainability Plan, in particular:

- AFROSAI-E’s strategic commitment to reinforce resilience to external shocks (strength),
- AFROSAI-E’s strong dependence on donor support – financial and in-kind (weakness), and
- Unexpected significant reduction in donor support to AFROSAI-E (threat).

[1] According to an evaluation carried out by Swedish Development Advisors (SDA 2014), contributions in-kind from donors (staff salaries) amounted to 49% and 63% of AFROSAI-E’s total income in 2010 and 2013 respectively.

Against this background, AFROSAI-E has decided to develop the present Sustainability Plan. While the issue of sustainability is already taken into account, implicitly and explicitly, in many of the organisation's past and current plans and actions, the present Plan aims to address this issue in a more comprehensive and harmonised manner. It is closely aligned to the strategic imperatives and operational interventions of the organisation's Corporate Plan 2015-2019, while drawing on additional research and analyses to make optimal use of best practices and lessons learned in the area of organisational sustainability.

The timeframe of the present Sustainability Plan is limited to the remaining implementation period of the Corporate Plan i.e. the period 2018-2019, with the understanding that the AGSA will host the Secretariat until December 2022 and the plan will have to be reconsidered for the next Corporate Plan period commencing in 2020. This is to ensure full alignment of the present Plan with the organisation's other strategies and programmes. Of course, there will be a continued need to address issues of sustainability beyond this period. Before implementation of the present Plan is completed, AFROSAI-E and its partners shall therefore conduct a thorough review of the design and realisation of the present Plan (in particular its Results and Monitoring Frameworks), define the lessons learned and integrate them into the next Corporate Plan. With this, the implementation of the present Sustainability Plan shall serve as a pilot exercise leading ultimately to the mainstreaming of organisational sustainability into AFROSAI-E's overall corporate management and culture.

2 The meaning of organisational sustainability

2.1 Definitions of sustainability

The Organisation for Economic Cooperation and Development (OECD) defines sustainability as "The continuation of benefits from a development intervention after major development assistance has been completed. The probability of continued long-term benefits. The resilience to risk of the net benefit flows over time." (OECD 2002, p. 36) As this definition implicitly suggests, there is no single universal approach to the notion of sustainability. Among other things, the OECD embraces the notion of resilience. The notion of resilience will be examined in more detail below.

Many multi- and bilateral donor agencies have based their own definitions of sustainability on the OECD's approach. The European Commission (EC), for example, views sustainability as "… the likelihood of benefits produced by the project to continue to flow after external funding has ended, and with particular reference to factors of ownership by beneficiaries, policy support, economic and financial factors, socio-cultural aspects, gender equality, appropriate technology, environmental aspects, and institutional and management capacity." (EC 2004). As this definition makes clear, sustainability is a multidimensional concept.

In the context of AFROSAI-E's Corporate Plan 2015-2019, the notion of sustainability is not defined as such. It is, however, approached from a variety of stakeholder perspectives, notably:

- From the **corporate perspective**: AFROSAI-E's proclaimed "ultimate inspiration" is to become financially independent and sustainable in the long term.
- From the **member state perspective**: It is expected that member SAIs secure "sustainable funding from governments, donors and other local structures …"; AFROSAI-E and its partners aim to "help grow the (external auditing) profession and build sustainability among the members".
- From the **donor perspective**: AFROSAI-E intends to engage effectively with existing donors to "visibly demonstrate the benefits and positive changes that AFROSAI-E members get through their active participation in the programmes".
- From the **developmental perspective**: The Corporate Plan underlines the importance of the Post-2015 sustainable development goals. AFROSAI-E intends to guide and train external auditors in member states on topics of sector-specific issues, fact sheets or methodologies in the broad areas of Democracy and good governance and Sustainable development in external auditing.

Implementation of the Corporate Plan is expected to "ensure alignment with priorities of sustainable development in member countries".

2.2 Definitions of organisational sustainability

White (2013) enumerates a large number and variety of definitions of organisational sustainability taken from scientific journals published during the period 2000-2013. Here are some examples: [2]

- Keep the business going,
- Future proofing,
- Achieving success today without compromising the needs of the future,
- The ability to meet the needs of present customers while taking into account the needs of future generations,
- The principle of enhancing the societal, environmental and economic systems within which a business operates,
- A simultaneous focus on economic, social and environmental performance ("three-way focus" or "triple-bottom accounting"),
- Developing an underlying culture of sustainability through policies highlighting the importance of the environmental and social as well as financial performance,
- The creation of meaningful values that shape strategic decision-making and building a culture that reinforces desirable behaviour.

The notion of organisational sustainability is closely related to the concept of Corporate Social Responsibility (CSR). Other related terms are virtue ethics, shared values, brand, image, reputation, cost reduction, risk management, resilience, durability, flexibility, robustness, adaptability, access to capital, sustainable competitive advantage and corporate philanthropy.

For the purposes of the present Sustainability Plan, it is recommended to choose a definition of organisational sustainability that is not too broad, allowing AFROSAI-E, its member SAIs and their partners to focus on specific aspects of sustainability during a preliminary phase before venturing into more challenging and uncertain territory. The following definition appears to meet this requirement, whereby the current focus will be on economic, specifically financial opportunities:

> *Organisational sustainability is an organisation's ability to achieve its goals and increase long-term stakeholder value by integrating economic, environmental and social opportunities into its strategies.*

Resilience is understood to mean:

> *The organisation's capacity to recover quickly from difficulties.* [3]

In an initial phase (2018-2019), AFROSAI-E shall focus on its own financial sustainability and resilience and that of its member SAIs. Thereafter, AFROSAI-E may choose to broaden its definition of organisational sustainability and resilience and integrate it into its medium-term strategies and plans, thereby helping its member SAIs to do the same.

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[2] Terry White, Organisational sustainability: What is it, and why does it matter?" in Review of Enterprise and Management Studies, Vol. 1., No. 1, November 2013, pp. 38-49.

[3] Sources: https://de.slideshare.net/davidalman/organisational-sustainability and http://www.huffingtonpost.com/sunmin-kim/sustainability-vs-resilie_b_2526849.html

3 Current practices in organisational sustainability

In the present section, consideration will be given to the pros and cons of specific funding models for non-profit member-based organisations such as AFROSAI-E. In particular, the statutory funding models of regional umbrella organisations of SAIs and INTOSAI-supported initiatives have been investigated with a view to identifying realistic options for AFROSAI-E.

The identified statutory funding models tend to be quite similar, comprising the following elements:

- Membership fees / dues,
- Donor contributions,
- Revenues from sales and publications, and
- Any sources of revenue approved by the governing board.

The INTOSAI Development Initiative (IDI) is unlike other organisations considered here, in that it is 100% donor financed.

Some organisations under review have foreseen additional sources of funding including e.g. admission fees (ASOSAI and CAROSAI), voluntary contributions from members beyond the membership fees (CAROSAI), dues from Associate and Affiliate members (INTOSAI), loans (OLACEFS), sale of assets (PASAI), and interest earned from the investment of surplus cash (PASAI).

As compared to AFROSAI-E's current practices, the funding models reviewed here for the purposes of preparation of AFROSAI-E's Sustainability Plan fail to include any significant innovative elements. Furthermore, against the background of AFROSAI-E's experience, no attempts have been identified aiming to translate funding models into dollars and cents. This is most likely due to the difficulty of assigning monetary value to in-kind contributions (seconded staff, rental equivalents of training facilities etc.). More detailed analysis of funding models is also difficult due to the weak financial transparency of some organisations.

4 A scenario analysis of AFROSAI-E's impacts

In the course of preparation of the present Sustainability Plan, telephone interviews were carried out with heads of a reasoned sample of six AFROSAI-E member SAIs and/or their top management staff. One of the questions put to the interviewed persons was "What would happen if AFROSAI-E ceased to exist?" One might refer here to a "zero-based counterfactual scenario analysis". The responses to this hypothetical question provide an overall impression of member SAI's perceptions of the importance of AFROSAI-E for their own work and, in some cases, for other organisations in Africa and beyond.

In some cases, the first response was "I cannot imagine it". During interviews, however, most respondents were able to add more substance to their assessments. Here is a summary of the main responses, including some memorable quotes:

- "We would turn back the clock by 30 years"
- The consequence would be to slide back
- "Member SAIs would be locked into cocoons and unable to emerge"
- There would be no one thinking ahead; no repository for ideas
- A loss of long-term vision
- "It would be a disaster for the member SAIs"
- ASOSAI might serve as an alternative, but it is less active than AFROSAI-E
- Failure of many SAIs
- Weak consistence (harmonization) in audit methodology and reporting
- Difficulties to enter into new audit areas

- Weaker resource availability
- Weakening of existing networks
- There is no adequate replacement for AFROSAI-E as a unifier and guide
- “Back to square one”
- We would return to the old situation
- Everyone would lose, not only in Africa
- SAI professionalism would cease to progress
- Our SAI’s mandate to audit would become lower
- “AFROSAI-E is irreplaceable”
- We would lose guidance, direction, development and technical updates
- It would be catastrophic to the development of SAIs as most of the SAIs in the region are still at the developing stage
- Skills gap would widen resulting in poor quality audits
- Issues of benchmarking among SAIs would become difficult as AFROSAI-E has created such a platform
- There will be no platform for SAIs to meet as a group to share experiences and challenges
- Capacity building of members SAIs may be impeded on

According to the respondents, AFROSAI-E is largely indispensable for the work of its member SAIs and the future of external audit in the region. In only one case was a possible alternative to AFROSAI-E mentioned, albeit with reservations (“less active”).

Summarizing, we may conclude that, in the perceptions of its members, a scenario in which AFROSAI-E ceases to exist would be disastrous for most if not all SAIs in the region. In some cases, it is expected that harm would be done beyond this region as well. In other words: AFROSAI-E’s member SAIs have a strong interest in the organisation’s long-term sustainability.

5 AFROSAI-E’s current funding model

Since the Lima Declaration (ISSAI 1), approved in 1977 at the IXth Congress of INTOSAI, independence has been high on the agenda of SAIs worldwide. Today, 40 years later, ensuring the independence of SAIs is still a major challenge, especially in Africa. This challenge is well-reflected in AFROSAI-E’s current Corporate Plan, in which the organisation commits itself to “continue to support member SAIs to further strengthen their independence”. The Plan, however, also suggests that some fundamental issues of SAI independence remain to be resolved: citing the recent United Nations resolution on the independence of SAIs, the Plan asks, “what does it really mean to be independent and what organisational changes, structures and systems have to be in place when a SAI becomes independent?” The present Sustainability Plan asks the same question of AFROSAI-E itself.

Drawn from AFROSAI-E's Integrated Annual Report 2016, the following table provides an overview of the recent evolution of the organisation's financial situation:

Table 1 AFROSAI-E's financial resources 2015-16 (in USD and %)

Source	2015 (USD)	2016 (USD)	Total (USD)	Average (%)
Membership fees	138,000	135,000	273,000	3%
Donor funds	828,656	1,663,390	2,492,046	25%
Support from AGSA	282,928	485,909	768,837	8%
Other income	15,772	46,432	62,204	1%
Other support from SNAO	933,990	882,009	1,815,999	18%
Other support from AG Norway	366,312	328,302	694,614	7%
Other support from member SAIs *	1,763,413	2,002,352	3,765,765	38%
Total	**4,329,071**	**5,543,394**	**9,872,465**	**100%**

* Extrapolated value for 26 SAIs based on a sample of 7 SAIs (2015) and 9 SAIs (2016)

Table 1 combines information contained in AFROSAI-E's Integrated Annual Report for the years 2015 and 2016 (pp. 38-39). In particular, it extrapolates information received from a sample of member SAIs regarding the direct costs incurred to them through hosting of events, meetings or workshops where the SAI pays for conference costs etc. and the subsistence and travel costs incurred to send participants to training events or to attend AFROSAI-E related events. According to the results of this calculation, the estimated total annual member SAI contribution to AFROSAI-E's financial resource base (i.e. membership fees and other support from member SAIs) amounted to more than 40% of total financial contributions. This information clearly illustrates the fact that member SAIs' contributions to AFROSAI-E's financial resource base are truly significant. In other words: The strength and sustainability of resource bases in member SAIs represent an important determining factor of AFROSAI-E's own long-term financial stability and sustainability.

Donor funds in 2016 included those received from the Royal Norwegian Embassy in South Africa (646,420 USD), the Swedish International Cooperation Agency (SIDA) (578,313 USD) and the Swedish National Audit Office (SNAO) (438,657 USD). Given the "other support" provided by Sweden and Norway in the year 2016 (see above), the total support provided by these countries amounted to 1,898,979 USD (Sweden) and 974,722 USD (Norway), i.e. 34% and 18% respectively of AFROSAI-E's total financial resource base in 2016. These figures underline in particular AFROSAI-E's financial dependence on funding from its Swedish partners.

According to AFROSAI-E's Integrated Annual Report 2016 (p. 44), the organisation's financial reserves amounted to 99,091 USD in 2016, which is equivalent to only 5% of its main donor's (Sweden's) total annual financial contribution to the organisation's financial resource base in the same year. This implies that, if the organisation's main donor's support would be delayed or terminated, the organisation's reserves would cover only a small fraction of the resulting financing gap. AFROSAI-E's capacity to finance its ongoing operations would be seriously impaired.

6 Alternative funding models for risk mitigation

AFROSAI-E's statutes (2013) stipulate in Art. 15 (Financial provisions) that the expenses of the organisation shall be covered through income from the following sources:

a) Member contributions as determined by the governing board in terms of article 4(4). Members shall be notified of assessments by the chief executive officer and payment made at the beginning of each calendar year.
b) Grants, donations or any other kind of contribution from individuals or public or private institutions for the achievement of the objectives of the organisation, or, subject to the approval of the governing board, for a purpose designated by the grantor or donor.
c) Proceeds from the sale of publications and other activities of the organisation.
d) Any other sources of income approved by the governing board.

The final item in the list indicates that virtually any source of income can be mobilised to finance the organisation, as long as it is approved by the governing board.

Specific funding models can give rise to various types of risk. The main types of risk considered here are:

I) Risk that the source of funding is cut off, with important negative impacts on the functioning of the organisation and the fulfilment of its mission,
II) Risk that the source of funding is tied to specific conditions that significantly impede the functioning of the organisation and the fulfilment of its mission, and
III) Risk that the source of funding requires that the organisation engages in additional activities, thereby absorbing important human and other resources, but contributing neither directly nor indirectly to the fulfilment of the organisation's mission ("mission drift").
IV) Risk that the source of funding induces high administrative costs and thereby absorbs important resources that would otherwise be dedicated to the fulfilment of the organisation's mission.

Donor financing is typically associated with the first two types of risk:

- Type I risk: Many donors apply a 3 to 4-year programming cycle and decide to extend, modify or terminate their support shortly before the end of given cycle, based in most cases on their assessment of the success of the programme (or lack thereof) in achieving its goals. Changes in donor priorities and/or changes in the economic climate of donor countries may also play a role. If support is terminated, the beneficiaries will be challenged to find adequate alternative sources of funding or other support, especially if the donor had contributed a major part of the organisation's total funding.
- Type II risk: Most donor funding is earmarked for specific activities and results to be realised by the beneficiary organisation. Ideally, these activities and results will represent a subset of those activities and results defined by the organisation as strategically important and necessary for the fulfilment of its mission. If, however, important resource gaps emerge in important areas of intervention not covered by the donor's support, the organisation cannot simply reallocate donor funding. Important funding gaps will then persist and impede the fulfilment of the organisation's mission.

Donor financing can also induce type III and IV risks, but these are less common than type I and II risks. It should be noted, however, that high administrative costs (type IV risks) are also associated with funding models based on support from a large number of donors.

For various reasons including administrative costs, most donor support is not limited to a single programming cycle, especially if past support is deemed to have been largely successful. After three or four programming cycles, however, many donors begin to consider termination of support - independently of the overall success of the long-term support - as a serious option. In other words: The risk that donor support will be cut off increases with time. In early stages of donor support, this risk is low; in later stages (after 10-15 years of support), this risk becomes significant. This is the main risk that AFROSAI-E is facing today: Its main donors have been supporting it for many years already; with this, the risk of termination of support has become a major threat to the fulfilment of the organisation's mission. And although no immediate threat appears to be pending in this sense, the need to take action to mitigate this threat as soon as possible has been duly recognized.

Given the risk analysis presented above, the following initiatives may be undertaken to mitigate the risks associated with AFROSAI-E's current funding model:

- To ensure a good balance between donors in early stages of support and those in advanced stages of support (cf. type I risk),
- To cooperate with donors from multiple political and economic regions (cf. type I risk),
- To give priority to sources of funding with a high degree of flexibility i.e. minimum earmarking (cf. type II risk),
- To ensure that all donor support is clearly aligned to the organisation's strategic imperatives (cf. type III risk), and
- To keep the number of active donors to a manageable minimum (cf. type IV risk).

Given the fact that, despite the implementation of important risk mitigating measures, AFROSAI-E's donor support might be terminated for fully unexpected reasons, the question arises, to what extent AFROSAI-E can ensure not only its financial sustainability but also its potential **resilience** to external shocks. To ensure such resilience, AFROSAI-E may consider the following two options:

- To distinguish between core and non-core areas of intervention, whereas funding of the latter is contingent upon availability of sufficient funds,
- To establish a substantial financial reserve that can be mobilized when important sources of funding are lost or interrupted, to be used either directly to fund core areas of intervention or as collateral to obtain substitute funding on a loan basis. [4]

7 Ensuring sustainability and resilience in fragile contexts

AFROSAI-E's current funding model depends not only on contributions from its donors, but also on financial and in-kind contributions from its member SAIs. According to AFROSAI-E's own calculations, the latter exceed the former in terms of financial volume. In a positive sense, contributions from member SAIs might represent a safeguard against overdependence on external donors. On the other hand, some member SAIs are confronted with weak and fragile governance environments that translate into weak SAI performance. Inasmuch as weak SAI performance also translates into weak SAI capacities to contribute to AFROSAI-E's operational budget, this implies another potential source of risk to AFROSAI-E's current funding model.

Various indicator systems have been developed and applied in the recent past to measure and rank countries in terms of political and economic governance. While GDP per capita is often considered to be the most important indicator of economic performance, other indicator systems have been developed by international research institutions such as the Mo Ibrahim Foundation (for African states) and the Bertelsmann Foundation (with a global perspective) to measure and track country performance in terms of governance. In addition, the notion of "fragility" has been translated into measurable variables: The Fragile States Index (FSI), for instance, has been published annually since 2005 by the Fund for Peace and the magazine Foreign Policy.

An internal review of the application of various measures of governance and fragility to AFROSAI-E member states suggests, for one thing, that weak governance is not necessarily closely correlated with weak economic performance: Angola and Sudan, for example, are good performers in terms of GDP per capita, but characterized by weak and, in some respects, very weak governance environments. At the same time, the results for overall governance (Mo Ibrahim), democratic governance (Bertelsmann) and fragility (FSI) do not always point in the same direction: Ethiopia and Rwanda, for instance, rank fairly well in terms of overall governance, weak (but not very weak) in terms of democratic governance, and very weak in terms of fragility. The question arises, whether member SAI performance is correlated with any of these economic and governance indicators and, if there is indeed a correlation, whether the impacts of weak and fragile contexts on SAI performance are significant or not.

[4] The assumption made here is that financial reserves should be sufficient to cover the delay or loss of at least two months of average monthly financial contributions provided by the organisation's main donor.

AFROSAI-E's current Corporate Plan makes no explicit reference to the challenges of member state governance environments or fragility, but it does point out the need to establish "contextual conditions conducive to the establishment and sustainable development of the environment in which (external audit) professionals can flourish". AFROSAI-E has no direct influence over these contextual conditions and only limited influence over the work of member SAIs in these states. Nevertheless, AFROSAI-E membership represents an important window of opportunity for SAIs in member states with weak and fragile governance environments, in that member SAIs can acquire important knowledge and skills through AFROSAI-E that help them to ensure their own organisational sustainability and, with that, their capacity to contribute to AFROSAI-E's sustainability.

Like AFROSAI-E, member SAIs are confronted with the potential risk of donor dependence. An internal review of IDI's SAI Capacity Development Database for 22 AFROSAI-E member SAIs, conducted in August 2017, revealed that donor support to member SAIs is dependent on a limited number of donors (in particular the World Bank, EU, UK, Norway, Germany, India and Sweden) and that some member SAIs receive support from up to 8 donors, while the majority of SAIs (59%) receive support from only two or fewer donors. Donor support to AFROSAI-E member SAIs depends on a limited number of donor organisations and is quite unevenly distributed throughout the region. Unfortunately, the IDI database does not indicate the overall importance of donor funding in the funding models of member SAIs. [5]

AFROSAI-E's performance monitoring tools, the Institutional Capacity Building Framework (ICBF) and the complementary Quality Assurance (QA) review process, provide a regular update on the performance of member SAIs. Unfortunately, these tools fail to provide any insight into SAI-level sustainability issues: To what extent are the funding models of member SAIs dependent on donor funding and/or weak or fragile domestic financing frameworks? Obviously, neither the performance of member SAIs nor their capacity to contribute to AFROSAI-E's operations will be sustainable if the underlying funding models are very susceptible to external shocks.

In sum, it may be concluded that AFROSAI-E's organisational sustainability is dependent on many factors, including the organisational sustainability of its member SAIs, many of which operate in weak and fragile governance contexts. Hence it is in AFROSAI-E's own interest that its member SAIs design and implement effective measures to reinforce their organisational sustainability and resilience. In this sense, AFROSAI-E may not only serve as a model for its members to emulate, but also as a partner to help them to adopt sustainability plans that are well-suited to their specific needs and contexts.

8 Strategic Pillars of AFROSAI-E's Sustainability Plan

The Strategic Pillars of the present Sustainability Plan are closely aligned to the strategic imperatives of AFROSAI-E's Corporate Plan 2015-2019. This approach is additive in the sense that, once adopted, the Sustainability Plan shall be considered as a full-fledged component of the ongoing Corporate Plan: Monitoring, review and reporting on progress in implementation of both documents shall hence be carried out as joint exercises. In the same spirit, it is important to emphasize that the present Sustainability Plan does not represent a stand-alone project, with its own dedicated logical framework, plan of operations, budget and/or other management instruments. Instead, once officially approved, it shall be treated as an integral element of AFROSAI-E's ongoing Corporate Plan.

The **Strategic Pillars** of the present Sustainability Plan are the following:

1) Develop and apply funding models that allow AFROSAI-E and its member SAIs to carry out their mandates in a sustainable manner,

[5] See http://www.idi.no/en/intosai-donor-cooperation/sai-capacity-development-database

2) Develop and nurture a dialogue with member SAIs and international partners to promote a mutual understanding of the meaning and importance of organisational sustainability,
3) Adapt SAI leadership programmes and performance monitoring tools to address issues of organisational sustainability, and
4) Explore new and creative approaches to the creation of a culture of organisational sustainability in AFROSAI-E and its member SAIs.

9 Results and Monitoring Frameworks 2018-2019

A **Results Framework** for implementation of the present Sustainability Plan is presented in Annex A2. It is understood that this general framework will be defined in more operational detail (with specific activities, required resources, responsibilities, performance indicators, sources of verification, underlying assumptions etc.) once the Plan has been approved by the AFROSAI-E's governing board.

Each line in the Results Framework defines a set of causally interlinked expected results:

- **Outputs** describe products that AFROSAI-E is expected to produce and deliver to specific target groups during Plan implementation. AFROSAI-E is solely responsible for producing and delivering these outputs. This does not exclude the possibility that AFROSAI-E will need to cooperate with its member SAIs and other bodies to provide these outputs.

- **Outcomes** describe how the target groups will utilise the outputs. AFROSAI-E has only limited influence over the target groups' utilisation of the outputs. Nevertheless, AFROSAI-E can adopt specific measures to encourage utilisation of the outputs by the target groups (e.g. distribution of flyers to attract users of e-learning modules).

- **Impacts** describe a new and desirable situation in the future in which utilisation of outputs has produced benefits for target groups and thereby induced important improvements vis-à-vis the current situation. In most cases, diverse external factors will affect the achievement of these impacts and AFROSAI-E's influence over these impacts will be very limited. In some cases, AFROSAI-E may be able to adopt specific measures to encourage the achievement of these impacts. In exceptional cases, AFROSAI-E itself will be the intended beneficiary and therefore exercise strong influence over outcomes and impacts.

Note that the codes in the first column of the Results Framework attribute each set of results (outputs, outcomes and impacts in a given line) to specific Strategic Pillars. Code 1.2, for instance, is the second set of results to be realised under the heading of Strategic Pillar no. 1.

The proposed Results Framework is translated into a corresponding **Monitoring Framework** in Annex A3. The Monitoring Framework proposes a set of objectively verifiable indicators, baseline and target values as well as sources of verification for purposes of monitoring the outputs (products) proposed in the present Sustainability Plan. In order to avoid excessive strain on AFROSAI-E's limited monitoring capacities, however, no monitoring framework for tracking results at the outcome and impact levels is proposed here. Possibilities to implement a more comprehensive results monitoring framework will be taken into account during a review of Sustainability Plan implementation before its completion.

10 Medium and long-term perspectives

The present Sustainability Plan translates AFROSAI-E's strategic commitment to reinforce resilience to external shocks into specific Strategic Pillars and viable sets of expected results that are closely aligned to the organisation's current Corporate Plan (2015-2019). The Sustainability Plan provides a coherent planning framework for a more detailed operational planning exercise that will follow approval of the

Plan by the organisation's governing board. Implementation of the Sustainability Plan will begin in January 2018 and end in December 2019.

Numerous possibilities to enhance AFROSAI-E's organisational sustainability have been taken into account. Most importantly, it has been noted that the organisational sustainability of AFROSAI-E and that of its member SAIs are strongly interdependent. The Results Framework presented here takes this interdependency into account, in that it targets both AFROSAI-E at the regional level and its member SAIs at the national level as potential beneficiaries of Sustainability Plan implementation.

Certain categories of activity to enhance organisational sustainability have been excluded from the present Plan. One such category is that of revenue-generating activity. AFROSAI-E has limited experience in this area, and there is a perceived threat of mission drift associated with this approach. The proposed Results Framework foresees no interventions that are necessarily revenue-generating. Nevertheless, revenue-generating activities may provide significant opportunities in the longer term. This applies to both AFROSAI-E and its member SAIs.

The present Sustainability Plan focuses on issues of financial sustainability and resilience. As such, it represents a viable starting point for a broader and deeper understanding of the meaning and importance of organisational sustainability in the context of public financial oversight in a region of the world that is continuously struggling with weak and fragile governance contexts. With this Plan, AFROSAI-E will send important signals not only to its member SAIs, but also to similar oversight bodies and their umbrella organisations struggling with similar contexts throughout the world.

A1 SWOT Analysis of AFROSAI-E (July 2017)

Strengths

- General homogeneity of AFROSAI-E's member SAIs in terms of missions and mandates
- Good insight into and understanding of the actual development stage in the member SAIs (based on ICBF and QA results)
- Significant member SAI contributions (financial and in-kind)
- Steady long-term commitment of main donors
- Memorandum with Auditor-General South Africa (AGSA)
- Strong network of international contacts
- Implication in relevant international initiatives
- Number and variety of outreach tools
- Strategic commitment to reinforce resilience to external shocks

Weaknesses

- Large number of member SAIs operating under difficult economic, political and social conditions
- Weak relevance of some member SAIs due to weak parliamentary systems, political interference and/or proliferation of (often ineffective) control bodies
- Major capacity and funding challenges in many member SAIs
- Weak objectively verifiable information on AFROSAI-E's specific outcomes and impact on member SAI performance
- AFROSAI-E's strong dependence on donor support - financial and in-kind
- Limited experience in revenue-generating project management

Opportunities

- Knowledge and means available to demonstrate its value and benefit to society
- Potential contribution of IT development to member SAI performance
- Potential use of ICBF and QA review data for different types of analyses and development of analytical evidence regarding member SAI performance

Threats

- Uncoordinated activities within member SAIs by other development organisations and / or partners
- Development organisations and partners use training material and/or techniques different from those promoted by the Secretariat
- Unexpected significant reduction in donor support to AFROSAI-E
- Reduced capacity of member SAIs to provide resource and in-kind contributions
- Donor dependency of some member SAIs inhibits their capacity to contribute to AFROSAI-E
- Competition from capacity building initiatives with similar missions and mandates (e.g. global eLearning platforms)
- Eventual fiscal implications (taxation) of revenue-generating activities
- Risk of mission drift when engaging in revenue-generating activities especially with non-member actors

A2 Results Framework 2018-2019

Code	Outputs (products)	Outcomes (utilisation)	Impacts (benefits)	Timeframe (approx.)
1.1	Plan to attract new and non-traditional donors	Donor negotiations are based on agreed criteria to enhance sustainability	AFROSAI-E's donor portfolio is conducive to sustainability	I/18, I/19
1.2	Plan to increase financial reserves to cover eventual loss of main donor support	Gradual increase in financial reserves to enable compensation of unexpected financial delays or losses	Resilience to unexpected delays or loss of donor support is increased	I/18-IV/19
2.1	Plan to adapt AFROSAI-E's programmes and tools to the need for sustainability	Training programmes and tools (ICBF, QA, HR handbook etc.) are adapted and tested	AFROSAI-E's pro-grammes and tools reflect the need for sustainability	II/18-IV/18
2.2	ICBF and QA reviews adapted to reflect AFROSAI-E's specific impact on SAIs' development	Performance monitoring tools capture AFROSAI-E's specific impact on SAIs' development	AFROSAI-E understands and optimizes its impact on member SAIs in terms of development	I/19-II19

A3 Monitoring Framework 2018-2019

Code	Outputs (products)	Objectively verifiable indicators	Baseline and target values	Sources of verification
1.1	Plan to attract new and non-traditional donors	% contribution of new and non-traditional donors to total budget	2017: 0% 2018: 25% 2019: 50%	Financial records
1.2	Plan to increase financial reserves to cover eventual delay or loss of main donor support	% financial reserves in relation to financial contribution of main donor	2017: 5% 2018: 10% 2019: 17%	Financial statement, own calculations
2.1	Plan to adapt AFROSAI-E's programmes and tools to the need for sustainability	No. of training programmes and tools adapted to need for sustainability	2017: 0 2018: 3 training programmes and/or tools adapted 2019: n.a.	Comparison of old & new programmes and tools
2.2	ICBF and QA reviews adapted to reflect AFROSAI-E's specific impact on SAI development	ICBF and QA questions capturing AFROSAI-E's specific impact on SAI development	2017: 0 2018: 0 2019: ICBF targets	Revised ICBF and QA review questionnaires