

**PROJECT INFORMATION DOCUMENT (PID)  
IDENTIFICATION/CONCEPT STAGE**

Report No.: PIDC31263

<b>Project Name</b>	Establishment of ISSAI Facilitators Pool for ASEANSAI Members
<b>Region</b>	EAST ASIA AND PACIFIC
<b>Country</b>	East Asia and Pacific
<b>Sector(s)</b>	General public administration sector (100%)
<b>Theme(s)</b>	Public expenditure, financial management and procurement (100%)
<b>Lending Instrument</b>	Lending Instrument
<b>Project ID</b>	P156884
<b>Borrower Name</b>	ASEANSAI
<b>Implementing Agency</b>	ASEANSAI
<b>Environment Category</b>	C - Not Required
<b>Date PID Prepared</b>	02-Oct-2015
<b>Estimated Date of Approval</b>	09-Nov-2015
<b>Initiation Note Review Decision</b>	The review did authorize the preparation to continue

## **I. Introduction and Context**

### **Country Context**

The Association of Southeast Asian Nations, or ASEAN, was established on 8 August 1967 in Bangkok, Thailand, with the signing of the ASEAN Declaration (Bangkok Declaration) by the Founding Fathers of ASEAN, namely Indonesia, Malaysia, Philippines, Singapore and Thailand. From the original five member countries, ASEAN has grown to ten members (additional members: Brunei, Cambodia, Laos, Myanmar and Vietnam) covering more than 1.7 million square miles—over half the size of the continental United States—and a population of 626 million with an economy valued at \$2.4 trillion. The ASEAN Treaty of Amity and Cooperation (TAC) lays out the key principles of non-interference and cooperative dispute resolution for members. The ASEAN Economic Community (AEC), which is scheduled for implementation in December 2015, aims to create one of the largest single market economies in the world, facilitating the free movement of goods, services, and professionals.

The ASEAN Community is comprised of three pillars, namely the ASEAN Political-Security Community, ASEAN Economic Community and ASEAN Socio-Cultural Community. The ASEAN Economic Community (AEC) that aims for regional economic integration by 2015, envisages the following key characteristics: (a) a single market and production base, (b) a highly competitive economic region, (c) a region of equitable economic development, and (d) a region fully integrated into the global economy. The AEC areas of cooperation include human resources development and capacity building; recognition of professional qualifications; closer consultation on macroeconomic and financial policies; trade financing measures; enhanced infrastructure and communications connectivity; development of electronic transactions through e-ASEAN; integrating industries

across the region to promote regional sourcing; and enhancing private sector involvement for the building of the AEC.

### **Sectoral and Institutional Context**

ASEANSAI was established on November 16, 2011 as a sub-regional group of SAIs of the ten ASEAN countries with the overall objective of building capacity and promoting co-operation and understanding amongst ASEANSAI members through sharing of knowledge and experiences in the field of public sector auditing.

ASEANSAI prepared its Strategic Plan for 2014-17 shortly thereafter. Besides laying out the mission, vision and core values of the organization, the strategic plan lays out the four strategic goals of ASEANSAI. These are (1) to promote recognition and adoption of the ASEANSAI in the ASEAN community; (2) to strengthen the institutional capacity of member SAIs; (3) to strengthen the organizational and audit capacity of member SAIs; and (4) to establish the relationship with the external stakeholders.

The key program identified to address the goal of strengthening organization and audit capacity of members SAIs was accelerated implementation of International Standards of Supreme Audit Institutions (ISSAIs) in member countries.

### **Relationship to CAS/CPS/CPF**

ASEANSAI has now been established as an Associate Member of ASEAN community.

ASEANSAI addresses two key goals of ASEAN community: (1) It seeks to promote good governance and cooperation amongst ASEAN members; and (2) It seeks to address the issue of public sector corruption that ASEAN leaders have recognized as an issue of regional importance. Its strategic plan lays out four goals: (1) to promote recognition and adoption of ASEANSAI in the ASEAN community; (2) to strengthen the institutional capacity of member SAIs; (3) to strengthen the organizational and audit capacity of member SAIs; and (4) to establish the relationship with external stakeholders. ASEANSAI engagement is a strategic partnership as strengthening SAI in member country will contribute to improvement of the country accountability system. A better accountability system will improve the quality of government's spending and control.

## **II. Project Development Objective(s)**

### **Proposed Development Objective(s)**

The proposed development objective is to strengthen the capacity of members of ASEANSAI through accelerated implementation of ISSAIs in each member country.

### **Key Results**

There will be two output from the project:

1. Thirty (30) qualified and IDI-Certified ISSAI Facilitators; and
2. A data base of ASEANSAI Resources: List of experts (ISSAI Facilitators, resource persons, subject matter experts)

The outcomes of the projects are:

1. Institutionalization of ISSAI implementation
2. Quality audits conducted by ASEANSAI members as a result of implementing the ISSAIs.

A survey will be carried out (funded by GIZ) at the end of the project period to evaluate: (a) the extent of improvement of ISSAI implementation amongst member SAIs; and (b) to evaluate if the pool of experts is functioning effectively.

### III. Preliminary Description

#### Concept Description

The project will consist of three components: (1) Workshop on ISSAI implementation focusing on Internal Control Systems and Risk-Based Audit; (2) Certification of ISSAI Facilitators; (3) Monitoring and Evaluation.

Component 1: Workshop on ISSAI implementation focusing on Internal Control Systems (IC) and Risk-Based Audit (RBA). Based on the needs identified in Bandung on August 18, 2014 that identified challenges to implement some standards. A workshop for 30 financial auditors will be held on the theme IC/RBA Workshop. The workshop will be delivered by the existing 11 ASEANSAI ISSAI Facilitators. They will be supported by subject matter expert from SAI Sweden and Training Specialists from IDI. The workshop will be followed by a pilot audit implemented by the participants in their respective SAIs. Assistance will be provided to the SAIs who are unable to apply ISSAI on the pilot audit through twinning of with a more experienced SAI. Thus establishing a mechanism for peer learning will supplement the classroom workshop. The workshop and the pilot audit will provide the participants with a good basis of theoretical and practical knowledge on ISSAI implementation. This will be complemented through the second component with further training on ISSAI and facilitation skills in order to award an IDI-Certificate to the 30 financial auditors.

Component 2: Certification- Using IDI training materials, PIU will organize the certification of the 30 financial auditors. It will be imparted by IDI staff. The training will be on Training of Trainers (TOT) mode and the trained facilitators will then share their knowledge with auditors inside their respective organizations. The certified auditors will integrate the ASEANSAI ISSAI Facilitators Pool to share knowledge and sustain the ISSAI implementation.

Component 3: Monitoring and Evaluation - The database on the certified ISSAI facilitators will be maintained on ASEANSAI website. A year after the implementation of the grant, an analysis will be carried out to review the ISSAI implementation. If the project is successful, a second project could be considered to increase the Pool of ISSAI Facilitators further.

### IV. Safeguard Policies that Might Apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment OP/BP 4.01		x	
Natural Habitats OP/BP 4.04		x	
Forests OP/BP 4.36		x	
Pest Management OP 4.09		x	
Physical Cultural Resources OP/BP 4.11		x	
Indigenous Peoples OP/BP 4.10		x	
Involuntary Resettlement OP/BP 4.12		x	
Safety of Dams OP/BP 4.37		x	
Projects on International Waterways OP/BP 7.50		x	
Projects in Disputed Areas OP/BP 7.60		x	

### V. Financing (in USD Million)

Total Project Cost:	0.325	Total Bank Financing:	0
Financing Gap:	0		
<b>Financing Source</b>			<b>Amount</b>

Borrower	0
Supreme Audit Institutions Capacity Development Fund	0.325

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