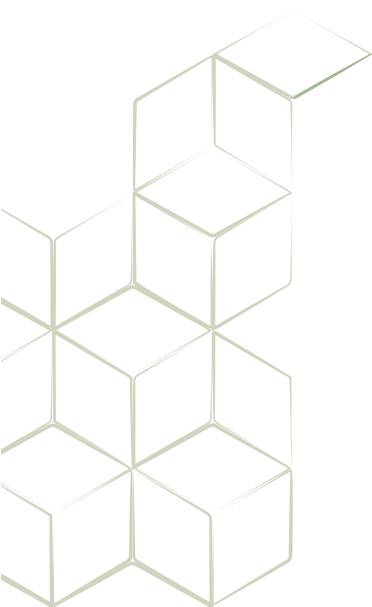
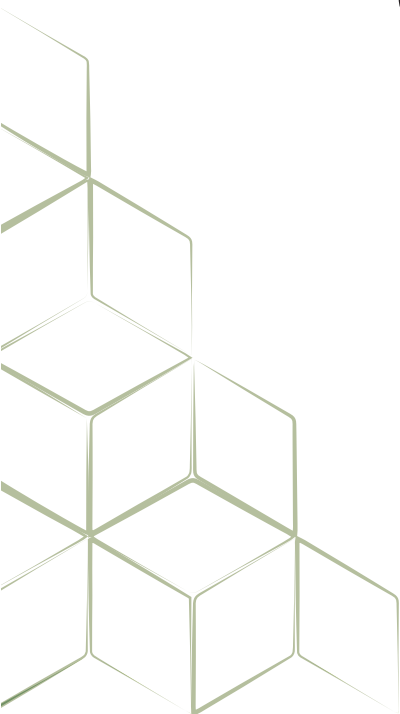


Results of the Swedish National Audit Office's  
International Development Cooperation 2019–2022

# Annex 1. Results per cooperation project



SWEDISH NATIONAL  
AUDIT OFFICE

Swedish National Audit Office

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# Regional cooperation

## African Organisation of English-speaking Supreme Audit Institutions (AFROSAI-E)

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AFROSAI-E<sup>1</sup> is a regional organisation whose members consist of 24 English-speaking and two Portuguese-speaking supreme audit institutions in Africa.<sup>2</sup> AFROSAI-E is a sub-regional organisation within INTOSAI that aims to strengthen members' capacity and ability to conduct public audit. The strategic goals of AFROSAI-E are to professionalise public sector accounting, empower SAIs for greater audit impact and quality, transform SAI organisational capabilities for greater operational impact, and to lead by example and deliver on our mandate. The Swedish National Audit Office (Swedish NAO) supports the implementation of AFROSAI-E's strategic plan, including the vision and mission detailed within.<sup>3</sup>

There are major variations in terms of the political situation in the countries in the AFROSAI-E region, from relatively developed countries to more fragile states. Many of the countries are characterised by corruption and weak parliaments. According to Transparency International's Corruption Perceptions Index its members lie within the range of rank 27 (Seychelles) to rank 179 (South Sudan and Somalia) out of a total of 180 countries.<sup>4</sup> At the same time rapid economic growth is taking place in several of the member countries and in some places democratic progress is being made.

The economic situation varies in the same way. Some countries are characterised by a high level of growth, while others are characterised by widespread poverty, high population growth and ongoing conflicts. The dominating sector is agriculture, which means that climate change has a major impact on the region. Raw material extraction is another important factor.

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<sup>1</sup> African Organisation of English-speaking Supreme Audit Institutions.

<sup>2</sup> AFROSAI-E members: Angola, Botswana, Eritrea, Eswatini, Ethiopia, Gambia, Ghana, Kenya, Lesotho, Liberia, Malawi, Mauritius, Mozambique, Namibia, Nigeria, Rwanda, Seychelles, Sierra Leone, Somalia, South Africa, South Sudan, Sudan, Uganda, Tanzania, Zambia and Zimbabwe.

<sup>3</sup> African Organisation of English-speaking Supreme Audit Institutions. *AFROSAI-E Strategic Plan 2020–2024*, 2019.

<sup>4</sup> Transparency International, "Corruption Perceptions Index 2021", accessed 23 March 2022.



## Project description

### Current project phase

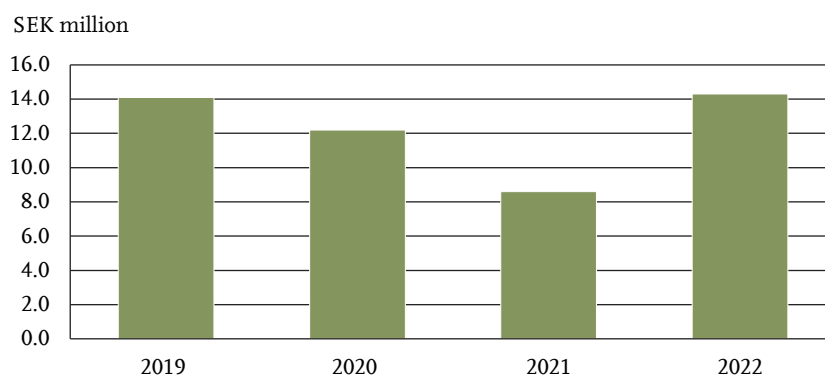
#### Main focus

The Swedish NAO's current cooperation agreement with AFROSAI-E applies to the period 2020–2024 and takes a strategic approach. This means that the Swedish NAO supports the implementation of the AFROSAI-E strategic plan for 2020–2024 financially and professionally, with a focus on audit-related and institutional operational areas. The Swedish NAO is primarily an institutional partner for AFROSAI-E, which involves a collegial exchange, in which many experts from the Swedish NAO contribute by carrying out training and development initiatives in the region. Until 2020, we have had a long-term advisor from the Swedish NAO seconded to the Secretariat. This advisor concluded his position at the AFROSAI-E Secretariat in October 2020 and has been replaced by an expert from the region.

#### Other support

The Swedish NAO is one of AFROSAI-E's most long-term partners and external donors. The other donors are comprised of Sida, the Embassy of Norway in South Africa and the member AGSA (the South African audit agency). AGSA also hosts the Secretariat. In addition, AFROSAI-E has revenue in the form of project funding and membership fees corresponding to five per cent of the costs in 2020.<sup>5</sup>

**Figure 1** Costs of cooperation with AFROSAI-E charged to the international development cooperation appropriation



Source: Swedish National Audit Office Annual Reports for 2019, 2020 and 2021 and budget for 2022.

<sup>5</sup> African Organisation of English-speaking Supreme Audit Institutions, *AFROSAI-E Integrated Annual report, 2020, 2021*.

## Earlier project phases

The Swedish NAO has cooperated with AFROSAI-E since its formation in 2005, but AFROSAI-E's forerunner also received Swedish development support from 1989. Historically, the Swedish National Audit Office's support has mainly been focused on the development of performance audit in the region, but has also included other areas such as methods and skills development in financial audit, quality control and quality assurance, as well as HR, leadership and communication.



## Institutional conditions

The circumstances of the members of AFROSAI-E vary. Some audit institutions hold a relatively strong position in their countries and have the capacity and room to manoeuvre and carry out public auditing within the scope of their mandate. Other members operate in challenging environments characterised by such things as insufficient resources, political turbulence, immature administrative cultures, weak parliaments and repression when criticism of the government is expressed.

The AFROSAI-E-Secretariat holds a strong position in the region and is a driving force for development among its members. However, in terms of resources the Secretariat is dependent on external donors and cooperation partners, above all as regards financing of the Secretariat, but also for carrying out activities.<sup>6</sup>

The Global SAI Stock Taking Report includes a comparison between the regional bodies in terms of four principles of independence. AFROSAI-E scored higher points (86) than the global average (84).<sup>7</sup> AFROSAI came third with 61 points, after PASAI<sup>8</sup> and EUROSAI<sup>9</sup> with 72 and 63 points respectively out of 100 points.<sup>10</sup> 25 of 26 Supreme Audit Institutions in AFROSAI-E have a good organisational structure, where the majority of SAIs implement their strategic plans and are resource efficient. AFROSAI-E has an audit coverage of 28 per cent in performance audit, which refers to the number of audits carried out in relation to the number of planned audits.<sup>11</sup>

Among AFROSAI-E's 26 members there are great variations as regards the context in which the SAIs operate, the scope of their mandates, the degree of independence, the structure of the organisation and access to resources and competence. According to the members' self-assessment, independence has

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<sup>6</sup> African Organisation of English-speaking Supreme Audit Institutions, *AFROSAI-E Integrated Annual report, 2020, 2021*.

<sup>7</sup> INTOSAI Development Initiative, *Global SAI Stocktaking Report 2020, 2021*, p. 26.

<sup>8</sup> Pacific Association of Supreme Audit Institutions.

<sup>9</sup> European Organization of Supreme Audit Institutions.

<sup>10</sup> INTOSAI Development Initiative, *Global SAI Stocktaking Report 2020, 2021*, p. 26.

<sup>11</sup> AFROSAI-E, *State of the Region: ICBF Self-Assessment Report for the Year 2020, 2021*.



increased from 3.07 in 2017<sup>12</sup> to 3.17 in 2020 (on a scale from 1 to 5). However, there are major variations between different audit institutions in the region.<sup>13</sup> These variations make high demands on the flexibility of AFROSAI-E and its partners in terms of adapting support to the circumstances of the members, developing and creating platforms for exchange of experience. The COVID-19 pandemic is deemed to have had a negative effect on audit institutions' independence.<sup>14</sup>



## Results

In 2021, at Sida's request, an evaluation of AFROSAI-E was carried out with the aim of capturing the long-term impact of the support of the Secretariat's efforts in the region.<sup>15</sup> These reports form the basis for the description of the results below. In addition, the Swedish NAO sends out surveys after each completed activity to evaluate it. Every year, the Secretariat also submits a comprehensive results report.

Support to AFROSAI-E differs from the Swedish NAO's other cooperation projects since the technical support is supplemented with a financial contribution. This is done in the light of the view of AFROSAI-E as a motor of development of audit capacity in the region. This is also related to the fact that the Secretariat has reached a level of maturity where it assumes ownership of its own development and where the Swedish NAO's role increasingly is about being a dialogue partner.

The Swedish NAO's cooperation projects with AFROSAI-E also differ from bilateral cooperation. The activities that the Swedish NAO participates in are planned and run by the AFROSAI-E Secretariat, in accordance with the members' priorities, instead of being formulated in a project document between the Swedish NAO and the other partner. This means on the one hand an inbuilt ownership, where the AFROSAI-E Secretariat and the members of the organisation themselves identify needs and take responsibility for their own development. On the other hand, it means that the Swedish NAO has less influence over how the combined work is conducted and developed, and fewer opportunities to influence content.

The Swedish NAO therefore supports the implementation of AFROSAI-E's strategic plan, with a clear ambition to steer support towards certain priority areas. This means that the cooperation to a greater extent is steered towards results in defined operational areas, rather than towards specific activities.

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<sup>12</sup> AFROSAI-E, *State of the Region: ICBF Self-Assessment Report for the Year 2018, 2019.*

<sup>13</sup> AFROSAI-E, *State of the Region: ICBF Self-Assessment Report for the Year 2020, 2021.*

<sup>14</sup> Ibid.

<sup>15</sup> Niras, *Evaluation of Sida's support to the African Organisation of English-Speaking Supreme Audit Institutions, 2022.*

In our opinion, support to AFROSAI-E has contributed both to developing audit capacity in financial audit, performance audit and quality assurance in the region and to strengthening the Secretariat in supporting its members. This is also clear in that the Swedish NAO has on several occasions used experts from the region as facilitators in our other cooperation partnerships. We also see good prospects of sustainable results. Sida's evaluation identifies a couple of factors as favourable for creating sustainable results. The first is that we, as well as Sida, work with capacity building that reaches a large number of auditors in the region. In addition, the concept "train-the-trainer" is identified as an important factor to create sustainable results. We train regional trainers, who in turn train colleagues in various audit-related subjects. Another factor is that we support the development of material in the form of manuals and guides, which provide guidance for the SAIs' development and operations.<sup>16</sup>

The strength of the cooperation is the close and long-standing relation that the Swedish NAO has with AFROSAI-E, which enables an open dialogue about challenges and opportunities. However, challenges remain in the cooperation, such as the fact that the Swedish NAO often takes on a driving role and that the planning horizons are often short.

### **Strengthened skills within performance audit**

Our assessment is that through our support we have strengthened both the Secretariat's skills in supporting the members, and the region's overall capacity in performance audit. This has been achieved for example by our supporting AFROSAI-E in the basic courses implemented within performance audit. These are implemented in three modules a couple of times per year. In an evaluation conducted digitally in 2021 the participants stated (an average of 4.8 on a scale of 1 to 5) that they will use the knowledge in their work and that they will spread the knowledge from the course (an average of 4.7 on a scale of 1 to 5).<sup>17</sup> The number of performance auditors in the region increased from 685 to 704 in 2020. However, high staff turnover is a challenge for many of the SAIs in the region.<sup>18</sup>

As part of the cooperation, we have also actively participated in producing training material and manuals and in discussions of how audit capacity in performance audit in the region can be developed. Apart from that the Swedish NAO supports a prize awarded to the best performance audit report in the region ("The Prize"). The Swedish NAO sponsors the prize and chairs the committee that nominates the winner. From this work it is clear that the quality of the audits is increasing,

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<sup>16</sup> Niras, *Evaluation of Sida's support to the African Organisation of English-Speaking Supreme Audit Institutions*, 2022.

<sup>17</sup> Swedish National Audit Office, Questionnaire survey: Module course in Performance audit in cooperation with AFROSAI-E, 2021.

<sup>18</sup> AFROSAI-E, *State of the Region: ICBF Self-Assessment Report for the Year 2019, 2020*, p. 58.

and an increasing number of countries can participate in the competition. The corona pandemic has, however, hit some SAIs hard and they have not been able to conduct as many audits as was initially planned.

More evidence of the development journey that AFROSAI-E has travelled is that the Swedish NAO now uses the Secretariat and staff from other SAIs as facilitators in other regional and bilateral cooperation. Something that AFROSAI-E itself notes in its reporting of results is that the basic courses in performance audit are now conducted by regional facilitators, which is evidence of improved skills and capacity to incorporate international standards in their operations. Many of the facilitators have previously completed the training modules. Through great efforts, AFROSAI-E was able to implement most of the training courses digitally during the pandemic.<sup>19</sup>

### **Development of manual for financial audit**

The Swedish NAO has helped to create conditions for developing financial audit capacity in the region. Our activities have included the development of the manual for financial audit to comply with international standards. The Swedish NAO has also provided advisory support on how the manual can be updated to meet new international standards.<sup>20</sup> At the end of 2020, 17 SAIs in AFROSAI-E had adapted their manuals to comply with these.<sup>21</sup>

### **Strengthened quality assurance and quality control work**

We have supported AFROSAI-E and its members in quality control and quality assurance. In our opinion the quality of the operations has increased due to our support. However, this is an area that has suffered under the corona pandemic, as quality assurance and quality control were difficult to perform digitally because legislation in AFROSAI-E's various countries makes it difficult to share documents required digitally.<sup>22</sup>

The Swedish NAO has participated in workshops held in member countries. We have also acted as a reference group in the production of a manual for quality assurance and quality control.<sup>23</sup> The international standard for quality assurance in SAIs is being changed, so our support also covers updating working methods to the coming new standard set for the area.

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<sup>19</sup> African Organisation of English-speaking Supreme Audit Institutions. *Evaluation report against logframe*, 2020.

<sup>20</sup> Swedish National Audit Office, *AFROSAI-E: Mission report on Revision of the financial audit manual*, 2021.

<sup>21</sup> African Organisation of English-speaking Supreme Audit Institutions. *Evaluation report against logframe*, 2020.

<sup>22</sup> Ibid.

<sup>23</sup> Swedish NAO, *Activity report on support to QA in AFROSAI-E*, 2021.

## **Development in HR, communication and leadership**

In our opinion, HR, leadership and communication have developed due to our support. AFROSAI-E states in its own performance reporting that they have noted capacity growth.<sup>24</sup> Among other things, we have provided coaching support in communication and the development of AFROSAI-E's manual. We have also supported production of training material for how SAIs can strengthen and simplify the language in their performance audit reports. This provides the conditions for better response and understanding for the SAIs' audits. AFROSAI-E states in its reporting that members' external communication improved as a result of the guidance they received through the communication manual.<sup>25</sup> In the area of communication members' self-assessment increased between 2018 and 2019 and then decreased in 2020, which stems from the effects of the corona pandemic.<sup>26</sup>

In the HR area AFROSAI-E, together with the Swedish NAO, has developed a digital HR tool. The tool makes it possible to assess employees' capacity in a number of areas, such as analytical capabilities and values. The idea is that the tool can be used in recruitment, training and development. This was launched as a pilot with nine SAIs and was subsequently fine-tuned. SAIs in Kenya and South Africa have subsequently used the tool. In Kenya 1 700 candidates were tested and the equivalent of 600 candidates were tested in South Africa.<sup>27</sup> We have also supported AFROSAI-E in producing material and structure for the leadership programme.

## **Developed quality in training programmes**

There has been greater demand for auditors in the AFROSAI-E region in recent years. AFROSAI-E has responded to this by developing capacity building programmes, for example "training-of-trainers". This means that the focus lies on "training the trainers", who then implement training at their own SAIs. This programme, aimed at increasing sustainability and quality of training, was developed with the support of the Swedish NAO.<sup>28</sup>

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<sup>24</sup> African Organisation of English-speaking Supreme Audit Institutions, *Evaluation report against logframe*, 2020.

<sup>25</sup> Ibid.

<sup>26</sup> AFROSAI-E, *State of the Region: ICBF Self-Assessment Report for the Year 2017*, 2018, p. 42.

<sup>27</sup> Swedish National Audit Office, *Mission report on the Development and implementation of HR Assessment Tools for the AFROSAI-E Region*, 2018.

<sup>28</sup> AFROSAI-E, *AFROSAI-E Integrated Annual Report 2019*, 2020.



## Association of Southeast Asian Nations Supreme Audit Institutions (ASEANSAI)

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ASEAN is a geopolitical and economic organisation made up of ten countries in South East Asia: Brunei Darussalam, the Philippines, Indonesia, Cambodia, Laos, Malaysia, Myanmar, Singapore, Thailand and Vietnam. ASEAN works together politically through the Political Security Community, which is to work to strengthen democracy, human rights, good governance and ensure that people in the region live at peace.<sup>29</sup>

ASEAN fights for peace, stability and to counteract terrorism in the region. In 2015 ASEAN established a regional economic integration agenda, the Economic Community (AEC). It was established to facilitate capital flows in the region and for a free flow of qualified labour, goods and services. The ten member countries have different languages, cultures and history, but have a common goal to increase prosperity in the region. The ASEAN region is the seventh largest economy in the world and aims to be the fourth largest. They have free trade agreements between the member states and other countries, including China. ASEAN is China's third largest trading partner.<sup>30</sup>

ASEANSAI was founded in 2011 and is a regional organisation for SAIs in ASEAN's member countries. ASEANSAI aims to contribute to good governance and strengthened capacity in the region as well as promoting cooperation through exchange of experience and knowledge between the different SAIs.<sup>31</sup> The conditions for SAIs in the region differ but several are working in challenging political environments with a high degree of corruption and limited democratic space. According to the Transparency International corruption index ASEANSAI members range from rank four (Singapore) to rank 157 (Cambodia) out of a total of 180 countries.<sup>32</sup>

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<sup>29</sup> ASEAN Secretariat, *ASEAN Political – Security Community Blueprint*, 2009.

<sup>30</sup> World Economic Forum, "What is ASEAN?", accessed 23 March 2022.

<sup>31</sup> Swedish National Audit Office, "ASEANSAI", accessed 23 March 2022.

<sup>32</sup> Transparency International, "Corruption Perceptions Index 2021", accessed 23 March 2022.



## Project description

### Current project phase

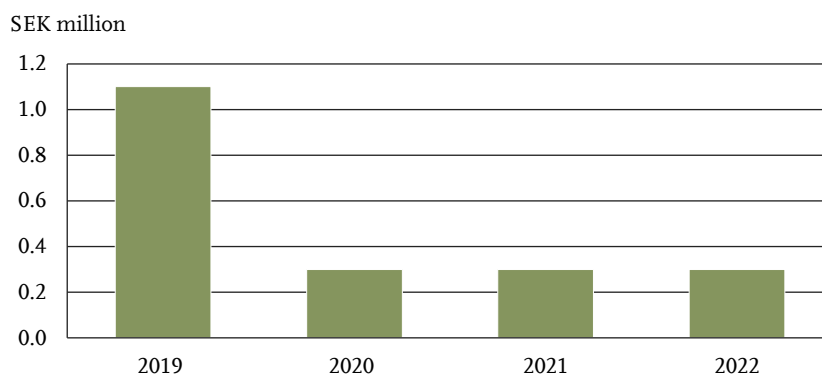
#### Main focus

The main focus of the cooperation between the Swedish NAO and ASEANSAI is to contribute to members' capacity building. The Swedish NAO's contribution includes expertise through various training initiatives and implementation of parts of ASEANSAI's strategic plan. The current project phase runs from 31 December 2019 to 31 December 2022.

#### Other support

Some actors that provide support to ASEANSAI in various ways are the Norwegian SAI, IDI and the World Bank. ASEANSAI's members also receive bilateral or sub-regional support from international donors and partners.

**Figure 2** Costs of cooperation with ASEANSAI charged to the international development cooperation appropriation



Source: Swedish National Audit Office Annual Reports for 2019, 2020 and 2021 and budget for 2022.

#### Earlier project phases

The Swedish NAO and ASEANSAI signed a first cooperation agreement for the period 2017–2019. During the period, the Swedish NAO's support focused on strengthening the capacity of audit techniques, mainly within financial audit and quality assurance, but there was also a preparedness to provide support in other areas, such as performance audit.

However, since 2014 the Swedish NAO has supported ASEANSAI with experts in financial audit for a number of workshops in the context of the Long-Term ASEANSAI Programme on ISSAI Implementation (LTAPII). The purpose of the

programme has been, with a focus on implementing international auditing standards, to strengthen the regional cooperation between members, build up a pool of regional experts, strengthen expertise in each member organisation and promote regional skills transfer.



## Institutional conditions

The Chairmanship of ASEANSAI rotates, and in November 2021 was handed over from the SAI in Malaysia to the SAI in Myanmar. ASEANSAI also consists of a number of committees and functions led by the various members. For example, the Secretariat function lies with Indonesia for the period 2018–2023, the Knowledge Sharing Committee lies with Malaysia and the Training Committee with the Philippines.<sup>33</sup>

Since December 2016 ASEANSAI has a more permanent structure than before, with the aim of giving the Secretariat a clearer mandate to coordinate support from donors, for example. However, the Secretariat still has a weak role in comparison with other subregional organisations such as AFROSAI-E and in principle all decisions are made in consensus. ASEANSAI has continued to develop in recent years and through the Secretariat has strengthened its professionalism and developed sustainable structures and functioning committees.<sup>34</sup>

INTOSAI's Global SAI Stocktaking Report presents good results in several areas.<sup>35</sup> The World Bank's SAI Independence Index is an index of SAIs' independence. The index is designed using a ten-point scale where 0 is low and 10 is high. The index for the region in 2021 was in the interval 6.0–9.0. The SAIs in Cambodia, Vietnam, Laos and Myanmar were in the interval 6.0–7.5, which places them in the category "moderate independence". The SAIs in the Philippines and Indonesia were in the interval 8.0–8.5, which places them in the category "substantial independence".<sup>36</sup>

According to the Open Budget survey of 2020, Vietnam, Cambodia and Myanmar, from a weak starting point have reported the most improvements when it comes to budget transparency. Thailand reported the highest result for East Asia and the Pacific.<sup>37</sup>

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<sup>33</sup> ASEANSAI, "Secretariat", accessed 23 March 2022.

<sup>34</sup> GIZ, "Support to Supreme Audit Institutions in Southeast Asia (ASEANSAI)", 2018, accessed 23 March 2022, and ASEANSAI, "ASEANSAI information", 2019, p.9.

<sup>35</sup> INTOSAI Development Initiative, *Global SAI Stocktaking Report 2020*, 2021, p. 26.

<sup>36</sup> The World Bank, *Supreme Audit Institutions Independence Index 2021 Global Synthesis Report*, 2021.

<sup>37</sup> International Budget Partnership. *Open Budget Survey 2019 – Global Report*, 2020.



The institutional conditions vary considerably between members of ASEANSAI. There are also major variations regarding the organisational capacity of the SAIs and their status in their respective countries.



## Results

The cooperation with ASEANSAI has not been evaluated during the period 2019–2022. The Swedish NAO plans to make an evaluation at the end of 2022. The results below build mainly on the Swedish NAO's internal performance reporting for completed activities.

The Swedish NAO's support to ASEANSAI is given mainly through participation of experts, training initiatives and coaching for activities organised by ASEANSAI and its sub-committees and members. This form of cooperation means regional ownership, but also that the Swedish NAO has limited influence over how all the work in ASEANSAI is conducted and developed and that it is more difficult to trace and identify specific results of the Swedish NAO's input.

In our opinion, the Swedish NAO's support to ASEANSAI has resulted in the organisation developing better training material and improving its own capacity to facilitate training. The support has also contributed to better strategic planning.

### **Developed training material**

The Swedish NAO considers that ASEANSAI has gained greater understanding of how they can produce relevant training material. The purpose has been to build up regional capacity and strengthen knowledge of international standards in various audit types. The Swedish NAO has acted as external support in regional workshops. In the period 2017–2021 several workshops focused on producing training material were held. For example, one workshop was arranged focusing on producing overall course material on compliance audit for the ASEANSAI region. After the workshops the participants reported that there was now greater knowledge of compliance audit and the opportunity to continue to develop training material themselves.<sup>38</sup>

The Swedish NAO has also supported ASEANSAI in developing a training programme for auditors linked to the global development goals. The participants state among other things that they have gained increased understanding of their role as facilitators and knowledge of the link between performance audit and the UN global sustainability goals.<sup>39</sup>

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<sup>38</sup> Swedish NAO, *ASEANSAI: Mission report on course design on compliance audit on SDG mission*, 2019.

<sup>39</sup> Swedish National Audit Office, *Mission report workshop on Performance Audit (PA related to SDG's Commission on Audit of Philippines (CoA) - Manila)*, 2019.

### **Increased skills in auditing through the “train-the-trainer” concept**

The Swedish NAO considers that the cooperation has strengthened conditions for increasing audit skills in the region. We have, for example, supported four facilitators in financial audit, who in turn conducted training for 39 auditors in the region. The Swedish NAO supported them in their preparatory work, such as preparing presentations and exercises, as well as in the transition to conducting training in digital form.<sup>40</sup>

The Swedish NAO has also supported the SAI in the Philippines and trained 33 new auditors from different SAIs in ASEANSAI as trainers in compliance audit.<sup>41</sup>

### **Strengthened strategic planning**

In the past year ASEANSAI has developed its strategic planning. The Swedish NAO has provided support to the SAI in Vietnam, which led the work on the strategic plan. The strategic plan was approved by all members at the ASEANSAI summit in 2021.<sup>42</sup>

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<sup>40</sup> ASEANSAI Newsletter, “Volume III 2021. The 6<sup>th</sup> ASEANSAI Senior Officials’ meeting”, accessed 23 March 2022.

<sup>41</sup> Ibid.

<sup>42</sup> ASEAN Supreme Audit Institutions, *Strategic Plan 2022-2025*, 2021.



## Joint Working Group for Audit Activities (JWGAA)

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The Swedish NAO's cooperation with the Joint Working Group for Audit Activities (JWGAA) includes the SAIs in Albania, Bosnia and Herzegovina, North Macedonia, Serbia, Kosovo, Montenegro and Turkey.

The Western Balkans are characterised both by a common cultural and historical heritage and by highly complex and sensitive relations between the countries. There are positive tendencies in developments in the region, but also continued challenges, which complicate and delay development processes. Regional cooperation is an important part of the continued peace process, in which the relation to the EU and its institutions also plays an important role. Closer relations with the EU require harmonisation and reforms that thus constitute a common driver of development in the region. Several of the countries are affected by widespread corruption and the work of reform is complicated by a polarised political environment with shrinking democratic space and challenges for both the media and civil society. Increasing external influence and extensive disinformation also hamper democratic development in the region. According to the Transparency International 2021 Corruption Index, the Western Balkan countries Albania and Bosnia rank 110, Serbia ranks 96, North Macedonia and Kosovo rank 87, and Montenegro ranks 64 out of a total of 180 countries. Turkey ranks 96. Citizens' confidence in public institutions and those in power is low, partly because of the link between economic and political power.<sup>43 44</sup>

The rate of poverty is high in many of the countries and a large informal economy hinders development. The COVID-19 pandemic has exacerbated the situation, including increased unemployment, which is expected to lead to increased emigration of young and educated people from the region.<sup>45</sup>

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<sup>43</sup> Government Offices, *Strategy for Sweden's Reform Cooperation with the Western Balkans and Turkey 2021-2027*, Ministry for Foreign Affairs, 2021, p. 4–5.

<sup>44</sup> Transparency International, "Corruption Perceptions Index 2021", accessed 25 March 2022.

<sup>45</sup> Ibid.



## Project description

### Current project phase

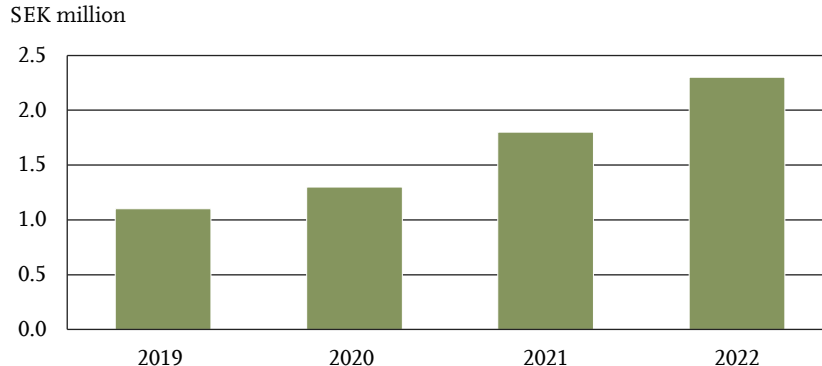
#### Main focus

The main focus of cooperation with the JWGAA is report writing and plain language, quality assurance and performance audit. The current focus decision will apply as of May 2020. Continued cooperation is being prepared in connection with the SAIs' network preparing a new activity plan in which the Swedish NAO will decide on which development areas we are prepared to support.

#### Other support

The Swedish NAO supports the JWGAA together with the European Court of Auditors and SIGMA. In addition, there are a number of bilateral cooperation projects in the region.

**Figure 3** Costs of cooperation with the Western Balkans and Turkey charged to the international development cooperation appropriation



Source: Swedish National Audit Office Annual Reports for 2019, 2020 and 2021 and budget for 2022.

### Earlier project phases

The Swedish NAO has been cooperating with JWGAA since 2013 and since 2016 the Swedish NAO is co-chair of the working group, together with the Romanian SAI. The focus and prioritisation of the operations are decided by the Presidents' Network, which consists of the Auditors General.

Networking and collaboration have an intrinsic value, as well as meeting at different organisational levels and discussing common issues. Within the framework of the JWGAA, the Swedish NAO contributes with project management and expert assistance. The Swedish NAO has also conducted

training courses in audit methodology, plain language and parallel audits. Swedish parliamentarians, together with our staff, have participated in meetings and talks with their respective counterparts in the region to discuss the role of parliaments in accountability and practical issues regarding the reception and handling of performance audit reports.



## Institutional conditions

The JWGAA is a working group of the EU Contact Committee<sup>46</sup> set up in 2002 with the aim of promoting cooperation between the Supreme Audit Institutions of the Member States and their counterparts in candidate and potential candidate countries. The European Court of Auditors (ECA) is a full member of the working group and plays a key role. The ECA offers administrative support and advice and is a neutral actor in an occasionally polarised and politicised debate. In addition, the ECA offers experts to participate in the implementation of activities when they have the opportunity.<sup>47</sup>

In the Western Balkans, this means that SAIs are at different levels of development with employees and managers with varying experience and skills. They also have varying legal frameworks.

The World Bank's SAI Independence Index is an index of SAIs' independence. The index is designed using a ten-point scale where 0 is low and 10 is high. The index for the region in 2021 was in the interval 8.0–9.5. The SAIs in Albania, Bosnia, Montenegro and Serbia were in the interval 8.0–8.5, which places them in the category "substantial independence". The SAIs in Kosovo and Turkey were in the range 9.0-9.5, placing them in the category "high independence".<sup>48</sup>



## Results

In winter 2021-2022, an external evaluation was carried out based on document studies, surveys and interviews with people involved in the JGWAA and the Swedish NAO.<sup>49</sup>

The overall objective of the cooperation is to increase the impact of the audit and for SAIs to strengthen their organisations and skills in order to conduct audits in accordance with international standards.

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<sup>46</sup> The Contact Committee is an assembly composed of the Heads of the EU Member States' Supreme Audit Institutions and the European Court of Auditors. It is a collaborative forum for the exchange of experience and knowledge of auditing.

<sup>47</sup> Swedish National Audit Office, *Fördjupad beredning av Riksrevisionens stöd till det regionala samarbetet på Västra Balkan*, 2020, p. 4.

<sup>48</sup> The World Bank, *Supreme Audit Institutions Independence Index 2021 Global Synthesis Report*, 2021.

<sup>49</sup> Ramboll, *Evaluation of the regional development cooperation between the Swedish National Audit Office and the Western Balkans and Türkiye*, 2022.

The evaluation that the cooperation between the Swedish NAO and the JWGAA has contributed to increased knowledge and developed skills among SAIs in the region. There have been improvements in the form of upgraded manuals and processes. The Swedish NAO's initiatives have been of high quality. They have contributed both to the results and to an active and open dialogue climate between the participants. The active involvement of several SAIs has in turn led to an exchange of experience and the creation of new networks.<sup>50</sup>

As an important success factor, the evaluation identifies the Swedish NAO's regular communication with participating SAIs. Experts from the Swedish NAO have contributed to the training activities being characterised by openness and a non-judgemental atmosphere. Another important success factor is our understanding of the regional context. This is partly due to the fact that the Swedish NAO has an employee in the region, which contributes to increased understanding and removes obstacles such as language barriers. Despite the politically sensitive situation, many activities have been successfully completed in the framework of this cooperation.<sup>51</sup>

In addition to the COVID-19 pandemic, some challenges in cooperation have been varied levels of maturity and skills among SAIs, as well as language barriers. This has resulted in some difficulties for us in adapting training materials and designing initiatives to suit everyone. The geopolitical situation also requires some caution in cooperation.

### **Strengthened methodological development in financial audit**

According to the evaluation, the greatest progress has been in financial audit. The cooperation has contributed, among other things, to increased knowledge of risk analysis among participants from the region. As a result, some SAIs have developed their risk analyses to be more well-structured than before. Survey responses show that the participants believe that they now have a greater understanding of risk assessment and risk analysis as a result of the Swedish NAO's workshops.<sup>52</sup>

The evaluation also shows that our support has contributed to an increased knowledge of the difference between financial and compliance audits among participants. The interviewees in the evaluation indicate that the financial audit reports are of higher quality than before. The participants themselves state that they have gained more knowledge of how to write concise and readable reports.<sup>53</sup>

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<sup>50</sup> Ramboll, *Evaluation of the regional development cooperation between the Swedish National Audit Office and the Western Balkans and Türkiye*, 2022, p. 3, 14.

<sup>51</sup> Ibid., p. 3, 14.

<sup>52</sup> Ibid., p. 15.

<sup>53</sup> Ibid., p. 15.

In 2019, the Swedish NAO completed the final part of a series of financial audit workshops where we followed the audit process from start to finish. The Swedish NAO's experts have here developed a new, more practical approach to achieving better results and learning by moving from traditional lectures to interactively working with audit based on perceived risk. With the help of fictitious government agency accounts, with intentional misstatements, the participants assessed the internal control of the agency based on the respective SAI's own methodology and risk perception. Finally, they took decisions on how the findings affected the scope and focus of the audit. This approach increased learning and understanding of their own approach to financial audit and learning was broadened when the different participants compared their different methods and outcomes.<sup>54</sup>

### **Strengthened skills within performance audit**

It can be inferred from the evaluation that all SAIs have strengthened their performance auditing skills. For example, there are more performance auditors with basic training now than before. Experts from the Swedish NAO have developed a training programme based on AFROSAI-E's three module course and modified it to a digital format and adapted to the region. The programme mixes theoretical lectures and practical exercises. In addition, the participants have also concurrently participated in their national audits coached by our experts from pre-study to final report. By involving experts from AFROSAI-E, there has also been an exchange of experience between the Swedish NAO's regional cooperation in the Western Balkans and AFROSAI-E. In survey responses, participants state that they are very satisfied with the training programme in performance audit and give an average score of 9.4 out of a total of 10 points.<sup>55</sup>

According to the evaluation, the cooperation has contributed to the auditors developing a greater understanding of the methodology and the process of performance audit. Participants also emphasise that they have increased their knowledge of international standards. They have also strengthened their skills in how to conduct an audit and gained greater awareness of the difference between performance audit and other forms of audit. Interviewed participants believe that their development is largely a result of the support and guidance given by the Swedish NAO's experts. They also highlight that the exchange of experience and discussions with other SAIs has been fruitful.<sup>56</sup>

However, the evaluation highlights that the cooperation has not achieved all the results planned and that the results differ slightly between the different SAIs. The main reason for this is the different levels of maturity and needs of SAIs.<sup>57</sup>

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<sup>54</sup> Swedish National Audit Office, *Fördjupad beredning av Riksrevisionens stöd till det regionala samarbetet på Västra Balkan*, 2020.

<sup>55</sup> Ramboll, *Evaluation of the regional development cooperation between the Swedish National Audit Office and the Western Balkans and Türkiye*, 2022, p. 14.

<sup>56</sup> *Ibid.*, p. 15.

<sup>57</sup> *Ibid.*, p. 15.



## **Basic knowledge in quality assurance and quality control**

The evaluation shows that the three participating SAIs in this respect (Kosovo, Montenegro and Bosnia and Herzegovina) have developed a greater knowledge of quality assurance and quality control. This is in part because the Swedish NAO has organised workshops with the aim of increasing understanding of quality assurance. Interviewed participants state that the Swedish NAO's training in quality assurance and quality control has contributed to a broader strategic perspective of the role of SAIs. The cooperation has also contributed to an increased awareness of the difference between quality assurance and quality control.<sup>58</sup>

According to the evaluation, the cooperation has also contributed to improving the reliability of quality controls through clearer processes. For example, through our support, quality control has become a mandatory part of the performance audit process of the Kosovo SAI. However, quality control is still under development and there is still work to be done to establish clear processes. Bosnia and Herzegovina and the Montenegrin SAI have been inspired and started a dialogue on how to strengthen quality work.<sup>59</sup>

## **Networking between cooperation partners**

The evaluation also highlights that the Swedish NAO's support has contributed to enhanced cooperation between SAIs in the region. The Swedish NAO's efforts, with a focus on creating an open discussion climate, have contributed to the active participation of employees from the region. This, in turn, has led to the creation of new networks and greater exchanges of experience among members in the region. According to the participants, the Swedish NAO's workshops have made it possible to compare methods and assignments with other SAIs. Most participants report in interviews that they see great benefits from this exchange of knowledge and experience.<sup>60</sup>

The evaluation highlights that the Swedish NAO's support for these regional networks has been of great importance for the participating SAIs. This is also confirmed by the participants who argue that although SAIs have different mandates, the network is used as a forum to exchange knowledge, but also to discuss common challenges that remain in terms of moving closer to EU membership.<sup>61</sup>

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<sup>58</sup> Ramboll, *Evaluation of the regional development cooperation between the Swedish National Audit Office and the Western Balkans and Türkiye*, 2022, p. 16.

<sup>59</sup> Ibid., p. 16.

<sup>60</sup> Ibid., p. 3, 15.

<sup>61</sup> Ibid., p. 11.

## Pacific Association of Supreme Audit Institutions (PASAI)

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The Pacific region is characterised by two strong states (Australia and New Zealand) and three regions with 15 island nations with different ties to and dependence on former colonisers, and with different financial and democratic opportunities.<sup>62</sup> Of the 15 smaller island nations, three account for 90 per cent of the land mass (528,000 square kilometres).<sup>63</sup> Six of the island nations are on the so-called World Risk List (20 nations) of nations seen as particularly vulnerable, where Vanuatu and Tonga face the greatest challenges.<sup>64</sup>

In recent years, the Pacific region has experienced deteriorating democratic and political rights. Gender inequality and violence against women remain a major problem that escalated during the COVID-19 pandemic.<sup>65</sup> Only five states are included on the 2021 Transparency International Corruption Index. Of a total of 180 countries, New Zealand is the least corrupt country in the world, Australia ranks 18, Vanuatu 66, Solomon Islands 73 and East Timor 82.<sup>66</sup>

The economic situation varies between island nations. Common to many of them is the dependence on aid and the economic challenges posed by climate change.<sup>67</sup> The area is one of the most affected in terms of environmental and climate change, and that will escalate.<sup>68</sup> An important source of income is the sale of fishing licences to foreign interests. There is high unemployment in many of the island nations.<sup>69</sup>

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<sup>62</sup> The 15 other island nations are: Fiji, Papua New Guinea and Timor-Leste, which together account for 90 per cent of the region's land mass and population, as well as 12 small island developing states: Cook Islands, Kiribati, Micronesia, Nauru, Niue, Palau, Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu.

<sup>63</sup> Kahraman, E., 2021, "Stillahavsområdet", European Parliament, accessed 5 March 2022.

<sup>64</sup> Welt Hunger Hilfe, *WorldRiskReport 2021-Focus: Social Protection*, 2021, accessed 25 March 2022. The World Risk List is quoted by the World Bank and published by the Ruhr University (Germany).

<sup>65</sup> Government Offices, *Svensk strategi för utvecklingssamarbete med Asien och Oceanien 2022–2026*, 2021.

<sup>66</sup> Transparency International, "Corruption Perceptions Index 2021", accessed 25 March 2022.

<sup>67</sup> Swedish Institute of International Affairs, "Oceanien", accessed 25 March 2022.

<sup>68</sup> Government Offices, *Svensk strategi för utvecklingssamarbete med Asien och Oceanien 2022–2026*, 2021.

<sup>69</sup> Swedish Institute of International Affairs, "Oceanien", accessed 25 March 2022.



## Project description

### Current project phase

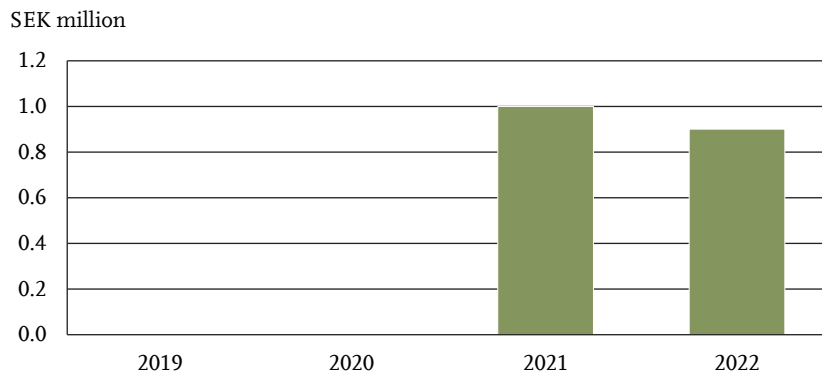
#### Main focus

The main focus of the cooperation between the Swedish NAO and PASAI is support for the HRM area, which is severely disadvantaged and prioritised in PASAI's current strategy. Through the Swedish NAO's relationship with the AFROSAI-E<sup>70</sup> Secretariat, the PASAI Secretariat is also offered partner cooperation with a similar organisation. Support from the Swedish NAO is directed to the island nations that PASAI ranked in need of development. The current project phase will run until the end of 2022 with the possibility of an extension for two years.

#### Other support

The PASAI Secretariat is funded through support from the Office of the Controller and Auditor General of New Zealand, the Australian National Audit Office, the New Zealand Foreign Aid & Trade Programme, Australian Aid, the Asian Development Bank, the Japan Fund for Poverty Reduction, UNDP — United Nations Development Programme, World Bank, European Union, IDI — INTOSAI Development Initiative.

**Figure 4** Costs of cooperation with PASAI charged to the international development cooperation appropriation



Source: Swedish National Audit Office Annual Reports for 2019, 2020 and 2021 and budget for 2022.

<sup>70</sup> African Organisation of English-speaking Supreme Audit Institutions.

## Earlier project phases

Since 2017, the Swedish NAO has supported the PASAI region in<sup>71</sup> the area of organisational development. Until 2020 the cooperation with PASAI consisted of individual activities. These included leadership development and HRM, areas where PASAI had difficulty getting support through its partners in the region. The support included the development of a skills framework with tools and process for SAIs' work on recruitment and skills development as well as strategic and operational plans within HR.<sup>72</sup>



## Institutional conditions

PASAI is one of seven regional organisations of INTOSAI with 27 members.<sup>73</sup> A forerunner of PASAI was formed in 1987 but only with members from the southern part of the region. In 2009, today's PASAI was formed with four sub-regional areas. PASAI's objective is to promote transparent, responsible and efficient use of public sector resources in the Pacific area. The organisation contributes through professional support to its members in public sector audit.

The majority of SAIs in the PASAI region have limited independence. For example, the approval of public management committees on matters of organisation and recruitment is required. Some of the SAIs are also directly funded by the ministries and therefore do not have a mandate to carry out their activities in full independence.<sup>74</sup> INTOSAI's Global SAI Stocktaking Report shows a SAI independence index for different regions. This can sometimes be somewhat misleading when it comes to PASAI because Australia, which participates with several regional authorities, New Zealand and island nations that are territories of the United States and France, can report good results. The ranking shows that PASAI scores high in several areas, but there are major differences. Among the SAIs are institutions with very limited resources, particularly in support areas where HRM stands out as an underdeveloped area.<sup>75</sup>

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<sup>71</sup> PASAI's classification of countries eligible for support: Kiribati, Solomon Islands, Tuvalu, Vanuatu, Papua New Guinea, Micronesia Pohnpei, Yap, Chuuk, Korsrae, Samoa, Tonga, Palau, Nauru, Marshall Islands and the Republic of Fiji.

<sup>72</sup> PASAI, *PASAI Annual Report 2020–2021*, 2021, p. 31.

<sup>73</sup> PASAI members: Australia: ANOA, NSW, QLD and VIC; United Micronesia: FSM, FSM — Pohnpei, FSM -Yap, FSM — Chuuk and FSM — Korsrae; Cook Islands, Solomon Islands, Papua New Guinea, Republic of Fiji, Tuvalu, French Polynesia, Nauru, New Caledonia, Vanuatu, Palau, Guam, Tonga, Marshall Islands, Kiribati, Samoa, American Samoa, Northern Mariana Islands and New Zealand.

<sup>74</sup> Swedish National Audit Office, *Progress report: Support PASAI Region — HR Strategic and Operational Plans and Processes*, 2020.

<sup>75</sup> INTOSAI Development Initiative, *Global SAI Stocktaking Report 2020*, 2021, p. 26.



## Results

The PASAI Secretariat conducts an evaluation of the Swedish NAO's efforts with some regularity. This description of results is based on the surveys and the annual reports of the cooperation. Due to the COVID-19 pandemic, support has been delayed, but on the whole has been possible to implement as initially planned.

Support for the PASAI region is channelled through the PASAI Secretariat. The aim of the initiative is to strengthen the HRM area by supporting participating SAIs in developing strategies, increasing general knowledge of HRM and operationalising the systems and processes of the operations. A specific goal until 2024 is for the region to have a number of HR champions that can act as internal consultants in the region.

The Swedish NAO considers that the main result of the cooperation is that the SAIs in the region have been given the opportunity to develop the previously neglected HRM area in matters such as recruitment, skills development and succession planning. The SAIs have also been helped to develop their own HR strategies and operational plans.

Building capacity and capability that is sustainable for smaller SAIs with scarce resources financially and within the HR area is a challenge in the cooperation. The support must be adapted both to the SAIs which sometimes do not have more than 20 employees and to those with a few hundred. Content and working methods have been designed according to real needs to increase sustainability and the conditions for implementation. Another challenge in the cooperation has also been the time difference.

As a success factor, the Swedish NAO identifies the Secretariat's commitment. Through its active participation in all activities, the PASAI Secretariat has increased its knowledge of HR and planning, which has made the support more effective. Participants have been able to contact the Secretariat in case of questions and need for support. Our assessment is that without the confidence that the Secretariat enjoys, and the knowledge they have about the participants, the result would have taken longer to achieve or been diminished.

### **Increased knowledge and understanding of HR can support the organisation**

We consider that the Swedish NAO's efforts, together with this year's activities, have led to knowledge creation and understanding of HR and how strategies and plans can help SAIs to improve accuracy in, for example, recruitment, skills development and succession planning. Several of the teams involved in the

cooperation testify to increased knowledge of HR and strategic planning.<sup>76</sup> One of the participating SAIs decided to set up an HR function to further build knowledge.<sup>77</sup>

### **Developed HR processes, development of HR strategies and operational plans**

The Swedish NAO's support has contributed to strengthening the SAIs' HR work. The analysis of the SAI-PMF results showed that areas within leadership, HR and communication had been neglected.<sup>78</sup> Together with the Secretariat, the Swedish NAO developed a remote programme in which the SAIs were given the opportunity to develop their own HR strategies and operational plans. The first round involved six SAIs<sup>79</sup> with a total of 16 participants. The programme was conducted remotely.<sup>80</sup> Four out of six SAIs have adopted the plans and started implementation using the operational plans. The support in 2020 was carried out in collaboration with AFROSAI-E and its expert in HRM.<sup>81</sup>

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<sup>76</sup> Swedish National Audit Office, Questionnaire survey: Final Survey Report (individual answers), PASAI HRM programme 2021, 2021.

<sup>77</sup> PASAI, *PASAI Annual Report 2020–2021*, 2021.

<sup>78</sup> PASAI, *PASAI Annual Report 2020–2021*, 2021.

<sup>79</sup> Fiji, FSM National, FSM Pohnpei State, FSM Yap State, Kiribati and Papua New Guinea.

<sup>80</sup> PASAI, *PASAI Annual Report 2020–2021*, 2021.

<sup>81</sup> Swedish National Audit Office, *Progress report: Support PASAI Region — HR Strategic and Operational Plans and Processes*, 2020.

# Bilateral cooperation

## Afghanistan – State Audit Office (SAOA)

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Afghanistan is a country that has historically been affected by conflict. The latest period of war has lasted about 30 years. Religious contradictions, and not least the fundamentalism that has characterised the country in recent decades, keep the country in a grip that has hindered development on several levels.<sup>82</sup> According to the Transparency International 2021 Corruption Index, Afghanistan ranks 174 out of 180 countries.<sup>83</sup>

Following an agreement between the USA and the Taliban in early 2020, the Islamic Republic of Afghanistan entered into peace negotiations with the Taliban regime. On August 15, while the USA and NATO completed their withdrawal from the country, the Islamist Taliban movement regained power in Afghanistan. A new cabinet was established, and the country was declared the Islamic Emirate of Afghanistan. In early September 2021, a temporary government was presented in which Mullah Muhammad Hassan Akhund, who co-founded the Taliban movement in the early 1990s, is prime minister. He is on the UN sanctions list and in his new government there are only Taliban and only men.<sup>84</sup> With the Taliban's takeover of power, the Swedish NAO paused cooperation and no activities have since been carried out within the framework of the project.

Afghanistan's economy has traditionally consisted of agriculture and livestock farming, but the importance of these industries has declined over the many years of war. Before the Taliban's takeover of power, Afghanistan's economy was based on an artificial war economy, built on the presence of foreign soldiers with many international aid and development projects. With the withdrawal of foreign soldiers, economic resources need to be replaced by other industries, and at the same time the outside world has promised continued humanitarian aid. The statistics are flawed, but a significant part of Afghanistan's economy has also been based on opium cultivation, heroin trafficking and smuggling.<sup>85</sup>

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<sup>82</sup> Swedish Afghanistan Committee, "Statsskick och Politik", accessed 7 March 2022.

<sup>83</sup> Transparency International, "Corruption Perceptions Index 2021", accessed 7 March 2022.

<sup>84</sup> Swedish Institute of International Affairs, "Afghanistan", accessed 7 March 2022.

<sup>85</sup> Ibid.





## Project description

### Current project phase

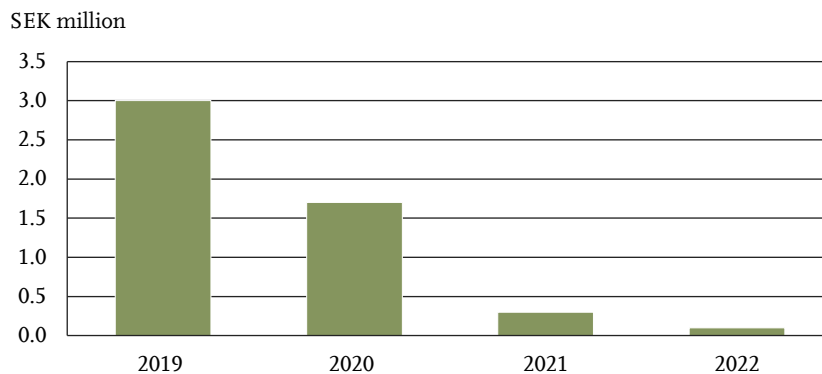
#### Main focus

In August 2018 the Swedish NAO started a cooperation project with the Supreme Audit Institution in Afghanistan, the State Audit Office (SAOA). The agreement ran until December 2020. The project took into account the entire organisation and was focused on financial audit, performance audit, quality control and quality assurance, leadership and support activities such as HR and communication. In 2020, preparations for a new project phase 2021–2023 started and partners agreed to continue the cooperation. A cooperation agreement was prepared but never signed as the process was interrupted by the Taliban's takeover of power. In 2022, the cooperation will be summed up and concluded.

#### Other support

The World Bank is the only donor that formerly had an agreement with the SAOA.

**Figure 5** Costs of cooperation with the SAOA charged to the international development cooperation appropriation



Source: Swedish National Audit Office Annual Reports for 2019, 2020 and 2021 and budget for 2022.

#### Earlier project phases

The Swedish NAO's cooperation with the SAOA is relatively new and started in 2018. The first period of cooperation lasted until 31 December 2020.



## Institutional conditions

During the time that the Swedish NAO's cooperation with SAOA was active, there were several institutional conditions. The SAOA's independence has been protected by law. A special audit law was adopted in 2013, guaranteeing the independent position of the Auditor General. The SAOA's mandate has included audit of all government ministries, departments and activities. The Attorney General's office was included in the mandate, as well as municipalities and other organisations that have some form of public funding. The mandate has also included the right to independently plan, choose the focus and conduct audits. The mandate has given the SAOA the right to access information and documentation from the auditees.

According to the SAI-PMF report presented in 2017, the SAOA had a broad and strong mandate. The 2013 audit law ensured overall independence, but not in terms of financial allocation and organisational structure.<sup>86</sup> In these respects the SAOA is still subject to the law governing public officials that means that positions, appointments and pay setting is partly outside the control of the SAOA.<sup>87</sup>

The World Bank's SAI Independence Index is an index of SAIs' independence. The index is designed using a ten-point scale where 0 is low and 10 is high. Afghanistan's 2021 index was in the range 6.0-7.5, placing the SAI in the category of "moderate independence".<sup>88</sup>

There are local reports that there is a new Auditor General in place under the Taliban regime, but this is not confirmed in the international reporting.



## Results

Cooperation with the SAOA has not been evaluated and given the political situation and uncertainty prevailing in the country, an evaluation will not be possible. Instead, the Swedish NAO plans to conduct an overall internal follow-up of the cooperation as a whole. The follow-up will be based on the Swedish NAO's own assessment of progress made until the cooperation was discontinued. The description of results below is based on the Swedish NAO's internal reporting.<sup>89</sup>

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<sup>86</sup> Swedish National Audit Office, *Beredningspromemoria: Fördjupad beredning inför ett eventuellt fortsatt samarbete med Afghanistans riksrevision (SAO)*, 2020, p. 6. SAI-PMF stands for Supreme Audit Institution – Performance Measurement Framework – and is a follow-up tool developed within INTOSAI to assess an individual SAI's performance against the International Standards for Supreme Audit Institutions.

<sup>87</sup> Civil Servant Law.

<sup>88</sup> The World Bank, *Supreme Audit Institutions Independence Index 2021 Global Synthesis Report*, 2021.

<sup>89</sup> Swedish National Audit Office, *Progress report August 2018 – September 2019, Development Cooperation between the Swedish National Audit Office and Supreme Audit Office of Afghanistan*, 2019.

The overall goal of the cooperation project is to assist the SAOA in conducting audits in accordance with international standards. The SAOA expressed the wish for support, both as regards the actual audit and also in how to strengthen the organisation around it. The project therefore also included initiatives to build up quality assurance systems, operational support and leadership capacity. The purpose was to strengthen the conditions for high quality in the audit and its reports by means of more comprehensive institutional support.

Our assessment is that the cooperation was fruitful and yielded good results in terms of increased knowledge of performance audit as well as an understanding of international standards adhered to in quality assurance and in the financial audit. One success factor identified is the practical and close support in implementation of an audit that was given to a group of financial auditors.

### **More audits and better quality of performance audit**

The Swedish NAO considers that our cooperation with the SAOA has promoted and facilitated further development for the SAI in performance audit. In 2019, seven performance audits were in progress.<sup>90</sup>

The performance reporting shows that our workshops with the SAOA in 2018 contributed to the SAOA's employees gaining a better understanding of what constitutes a performance audit report.<sup>91</sup> Subsequently, in collaboration with the SAOA, we conducted four workshops focusing on both theoretical knowledge regarding performance audit and practical implementation of audits. Within the framework of this support, ten performance auditors, former financial auditors with limited knowledge of performance auditing, trained to design various audit problems and define purpose, questions and criteria. According to the performance reporting, the SAOA's employees demonstrate a high theoretical knowledge in the field. However, they were assessed as needing more practical skills. Cooperation was limited by language barriers.<sup>92</sup>

### **Quality assurance in line with international standards**

The SAOA's quality assurance function has adjusted the quality assurance system based on proposals from the Swedish NAO and in line with international standards. Through our collaboration and the activities carried out, we assess that the SAOA team gained insight into how a SAO conducts quality audits and knowledge of applying checklists at all audit stages.<sup>93</sup>

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<sup>90</sup> Swedish National Audit Office, *Progress report August 2018 – September 2019, Development Cooperation between the Swedish National Audit Office and Supreme Audit Office of Afghanistan*, 2019, p. 3.

<sup>91</sup> Swedish National Audit Office, *Afghanistan, Mission report: Performance Audit Mission*, 2018, p. 3.

<sup>92</sup> Swedish National Audit Office, *Mission report Performance Audit mission*, 2019, p. 2.

<sup>93</sup> Swedish National Audit Office, *Progress report August 2018 – September 2019, Development Cooperation between the Swedish National Audit Office and Supreme Audit Office of Afghanistan*, 2019, p. 3.

## The first ever financial audit

The support received by the SAOA from the Swedish NAO has contributed to strengthening the SAI's work in financial audit. With our cooperation support, in 2019 the SAOA managed to resume and complete the very first audit of the annual accounts of a state-owned enterprise.<sup>94</sup> During this period we gave support to a group of auditors. The Swedish NAO followed and supported them in the practical implementation of an audit of the annual report of a state-owned enterprise. We were involved throughout the process — from planning to reporting.<sup>95</sup>

During the cooperation partnership period, a series of workshops were conducted to follow up on the audits performed by the SAOA and discuss whether these meet international standards. They led the participants to demonstrate a deeper understanding of international standards, what they mean, how information is collected and how it is used.<sup>96</sup> Participants from the SAOA have argued, among other things, that they better understand the difference between compliance audit and financial audit. Participants also stated that they have developed their knowledge of what an audit based on international standards is.<sup>97</sup>

The Swedish NAO's support was also highlighted by Openaid<sup>98</sup> and in the SAOA's annual report.<sup>99</sup> Both highlight that the support has contributed to improvements in performance audit, financial audit, quality assurance, leadership and administration.

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<sup>94</sup> Swedish National Audit Office, *Progress report August 2018 – September 2019, Development Cooperation between the Swedish National Audit Office and Supreme Audit Office of Afghanistan*, 2019, p. 2.

<sup>95</sup> *Ibid.*, p. 2.

<sup>96</sup> *Ibid.*, p. 2.

<sup>97</sup> Swedish National Audit Office., *Afghanistan, Mission report: Financial Audit mission*, 2019, p. 2.

<sup>98</sup> Openaid, "Bilateral capacity building support to State Audit Office of Afghanistan", accessed 15 March 2022.

<sup>99</sup> Supreme Audit Office Afghanistan, *Annual Report 2019, 2020*, p. 10.



## Cambodia – National Audit Authority (NAA)

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Cambodia formally became a democracy in 1993 but is characterised by an authoritarian government. Ahead of the election in July 2018 the regime eliminated practically all political opposition, for example through politically motivated legal cases. The Cambodian People’s Party (CPP) won the elections and won all seats in parliament.<sup>100</sup>

The judicial system is not independent and is used to silence critical voices. Impunity is common and corruption widespread. According to the Transparency International 2021 Corruption Index, Cambodia ranks 157 out of 180 countries.<sup>101</sup> There are instances of arrests and imprisonment of human rights activists. Traditional media are controlled to a large extent by the government party.<sup>102</sup>

Cambodia’s economy has grown at an impressive pace over the past decade. Despite good growth, Cambodia remains a poor country and the economic gaps in the population are deep and growing, especially between urban and rural areas.<sup>103</sup>

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<sup>100</sup> Swedish Institute of International Affairs, “Cambodia”, accessed 7 March 2022.

<sup>101</sup> Transparency International, “Corruption Perceptions Index 2021”, accessed 15 March 2022.

<sup>102</sup> Government Offices, *Mänskliga rättigheter, demokrati och rättsstatens principer i Kambodja 2018, 2018*.

<sup>103</sup> Swedish Institute of International Affairs, “Cambodia”, accessed 7 March 2022.



## Project description

### Current project phase

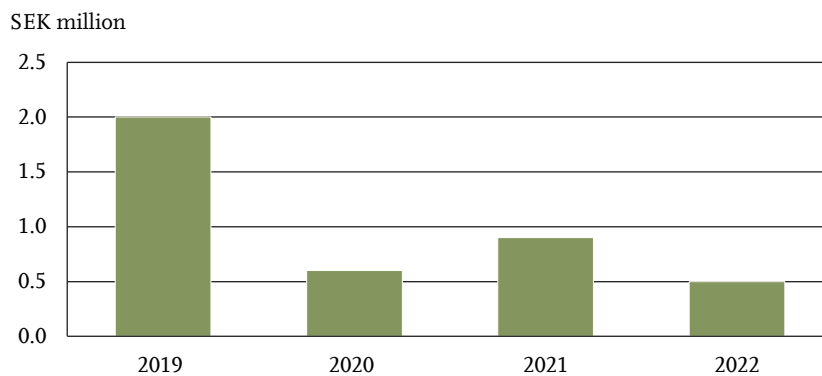
#### Main focus

For the project phase 2019-2020, the Swedish NAO and the Cambodian National Audit Authority (NAA) decided to enter into a final sustainability phase for the bilateral cooperation. The main focus of the cooperation was to consolidate the results and capacity building generated during the cooperation. The support included in particular performance audit and quality assurance and quality control. The project phase ran from January 2019 to December 2020 and then the cooperation was concluded. There remains a closing activity, which was postponed due to the COVID-19 pandemic and will be implemented in autumn 2022.

#### Other support

The EU and Sida support the NAA through the Partnership for Accountability and Transparency (PAT) programme.

**Figure 6** Costs for the NAA charged to the international development cooperation appropriation



Source: Swedish National Audit Office Annual Reports for 2019, 2020 and 2021 and budget for 2022.

#### Earlier project phases

The Swedish NAO started cooperation with the NAA in 2011. During the cooperation period (2015-2017) and the extension in 2018, the focus was on financial audit and performance audit. The support involved assisting the NAA in implementing international auditing standards so that they can conduct better audit of public administration and report the results to parliament. Apart from

developing audit capacity we have given support in strategic planning, leadership and to some extent IT.



## Institutional conditions

The NAA has historically held a weak position in Cambodia but formally has the right to carry out the audits of their choice.<sup>104</sup>

According to the 2019 Open Budget Index Survey, the NAA audited the parts of the state budget included in its mandate. Compared to the 2017 survey, there had been an improvement with increased transparency and greater access to budget information.<sup>105</sup>

The NAA has formal independence, but this is in practice severely limited by the current political context in Cambodia and is affected by the fact that the leadership of the NAA is appointed by the ruling party and has strong links with the government. Areas of public administration that for various reasons are regarded as sensitive will probably not be audited in the foreseeable future.

The World Bank's SAI Independence Index is an index of SAIs' independence. The index is designed using a ten-point scale where 0 is low and 10 is high. Cambodia's 2021 index was in the range 6.0-7.5, placing the SAI in the category of "moderate independence".<sup>106</sup>



## Results

In autumn 2021 the cooperation project was evaluated in an external evaluation based on document studies and interviews with people involved in Cambodia and Sweden.<sup>107</sup> In 2019, the decision was taken to terminate cooperation in Cambodia, partly due to the difficult political context.<sup>108</sup> The focus was then, during a sustainability phase that started in 2019 and lasted for one year, to consolidate the results in two areas, quality assurance and performance audit. Sida<sup>109</sup> and EU<sup>110</sup> support were phased out in 2018 and 2019 respectively.

The evaluation shows that the cooperation between the Swedish NAO and the NAA has strengthened their capacity, mainly the technical capacity. Financial audit is well integrated and carried out independently with a significantly better quality control system than before. There is a greater understanding of

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<sup>104</sup> International Budget Partnership, *Open Budget Survey 2018, Questionnaire Cambodia*, 2018, question 119–122.

<sup>105</sup> International Budget Partnership, *Open Budget Survey 2019, Questionnaire Cambodia*, 2019.

<sup>106</sup> The World Bank, *Supreme Audit Institutions Independence Index 2021 Global Synthesis Report*, 2021.

<sup>107</sup> Ernst & Young, Sweden, *Evaluation of the cooperation between the Swedish National Audit Office and the National Audit Authority of Cambodia*, 2021.

<sup>108</sup> European Union, *The European Development Cooperation Strategy for Cambodia 2014-2019*, 2013.

<sup>109</sup> Sida, "Vårt arbete i Kambodja", accessed 17 March 2022.

<sup>110</sup> European Union, *The European Development Cooperation Strategy for Cambodia 2014-2019*, 2013.



performance audit and greater ability to select audit areas and produce reports that are of higher quality than before.<sup>111</sup>

The achievement of such good results, despite the very difficult political context, is explained by the commitment of management, the co-creation of manuals and policies and the fact that the training was carried out with auditors from different parts of the organisation. The continuity of personnel among the Swedish NAO's experts has contributed to a trustful relationship in the cooperation partnership.<sup>112</sup>

Due to the limited democratic space and the SAI's lack of communication with the public, for example the fact that no reports are published, the Swedish NAO has made the assessment that support to the NAA should be phased out.

### **Financial audit is an integral part of the NAA's operations**

Financial audit is the area where the NAA has developed most since the start of cooperation in 2011. In 2018, the NAA carried out a SAI-PMF self-assessment of results and performance. It showed that the NAA had come a long way in complying with international standards. During the sustainability phase (2019-2020), the NAA was expected to consolidate the results of previous phases and carry out financial audits in all departments without support from the Swedish NAO. According to the evaluation report, the NAA updated the financial audit manual on its own to include guidelines on the use of ISSAI's financial audit requirements. The follow-up of the audit has also improved as each audit report also includes recommendations from the previous year.<sup>113</sup>

In the evaluation, NAA employees state that financial audit is now considered an integral part of the SAI. Since 2018, the NAA has annually conducted internal training in financial audit without the support of the Swedish NAO. There are currently 15 trainers, some of whom have been certified to carry out training for the regional organisation ASEANSAI.<sup>114</sup>

During the sustainability phase, the NAA updated its training material in financial audit, with less support from the Swedish NAO. The NAA interviewees also state that the financial audit manual is now applied at all stages of the audit process, helping to make the audit more well-structured and well organised. The NAA has also put in place methods to follow up recommendations from previous audits.<sup>115</sup>

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<sup>111</sup> Ernst & Young, Sweden, *Evaluation of the cooperation between the Swedish National Audit Office and the National Audit Authority of Cambodia*, 2021, p. 5.

<sup>112</sup> Ibid., p. 5.

<sup>113</sup> Ibid., p. 12.

<sup>114</sup> Ibid., p. 13.

<sup>115</sup> Royal Government of Cambodia, *Public Expenditure and Financial Accountability (PEFA) Performance Assessment Report 2017-2020*, 2021.

## **A quality assurance structure has been developed**

When the cooperation started, the NAA lacked a systematic structure for quality assurance. At the beginning of the project, the focus was thus on improving understanding of quality assurance and quality control. In the second phase of the project, the focus shifted towards establishing a quality assurance function and strengthening the capacity of employees within it.

At the beginning of the sustainability phase, it was noted that the NAA needed to extend the scope of quality assurance to other audit types, in addition to financial audit. Only applying quality assurance in financial audit was considered to be a barrier to development. One step in our cooperation was to extend the quality assurance team's mandate to cover all types of audit. It was carried out both with support from the Swedish NAO and independently by the NAA.<sup>116</sup>

Thus, during the sustainability phase, we supported NAA with activities aimed at strengthening the quality assurance team's capacity to conduct quality assurance throughout the organisation. In addition to this, the support has included developing a quality assurance policy, an annual plan and a strategic plan for quality assurance. The NAA has independently developed and strengthened its quality assurance.<sup>117</sup>

The progress made, including as part of the cooperation, is consolidated in the 2021 PEFA Performance Assessment Report. This shows that the NAA's quality control and quality assurance system for financial auditing has improved. The report also identifies that audit managers have received relevant training and that guidelines for quality assurance of audits have been developed.<sup>118</sup>

The evaluation also shows that a lot of development work remains. In order to continue positive developments, the NAA quality assurance team plans to participate in training provided by ASEANSAI and to exchange lessons and experiences with their regional partners.<sup>119</sup>

## **Increased performance audit capacity**

At the end of the second phase of our cooperation (2015-2018), it was concluded that managers and employees had gained a basic understanding of performance audit as well as the skills needed to plan and carry out the audit. However, it was concluded that further support was needed to consolidate the skills essential for an independent and fully functioning audit team. Internal and external stakeholders

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<sup>116</sup> Ernst & Young, Sweden, *Evaluation of the cooperation between the Swedish National Audit Office and the National Audit Authority of Cambodia*, 2021, p. 14.

<sup>117</sup> Ibid.

<sup>118</sup> Royal Government of Cambodia, *Public Expenditure and Financial Accountability (PEFA) Performance Assessment Report 2017-2020*, 2021.

<sup>119</sup> Ernst & Young, Sweden, *Evaluation of the cooperation between the Swedish National Audit Office and the National Audit Authority of Cambodia*, 2021, p. 15.

still lacked a basic understanding of performance audit, and the reports were not made available to the public.<sup>120</sup>

In 2019 and 2020, the NAA finalised four performance audit reports which were also submitted to parliament. With the aim of further developing knowledge in performance audit, the Swedish NAO provided support during the work process, from data collection to development of conclusions and recommendations. In parallel, the NAA worked to finalise a performance audit manual and increase the understanding of performance audit among external stakeholders.<sup>121</sup>

Our own experts state that the four audit teams responsible for the audits showed clear progress in their understanding of performance audit and ability to select audit topics and demonstrated greater confidence in expressing constructive criticism, resulting in higher quality reports. According to the evaluation report, those who received coaching from the Swedish NAO are positive about the support and believe that the training has been relevant, which in turn has contributed to better quality of the reports.<sup>122</sup>

During the sustainability phase, the idea was to develop a training programme in performance audit, targeting new auditors and members of parliament. In 2020, training for 35 auditors was launched. Due to the COVID-19 pandemic, we have not been able to provide all the support initially planned.<sup>123</sup>

The evaluation shows that our support has promoted individual learning but also contributed to favourable conditions for achieving sustainable results. Several policies, guidelines and training materials have been developed, making knowledge available to new auditors. The partnership has strengthened the NAA's professional and organisational capacity by improving the knowledge of its employees. The evaluation report highlights that the NAA continues its work in accordance with the procedures developed together with the Swedish NAO and that knowledge at the individual level has been successfully transferred to the organisational level.<sup>124</sup>

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<sup>120</sup> Ernst & Young, Sweden, *Evaluation of the cooperation between the Swedish National Audit Office and the National Audit Authority of Cambodia*, 2021, p. 15.

<sup>121</sup> Royal Government of Cambodia, *Final Draft of Progress Report of Public Financial Management Reform Program Implementation for 2018*, 2018.

<sup>122</sup> Ernst & Young, Sweden, *Evaluation of the cooperation between the Swedish National Audit Office and the National Audit Authority of Cambodia*, 2021, p. 16.

<sup>123</sup> *Ibid.*, p. 17.

<sup>124</sup> *Ibid.*, p. 17.

## Kenya – Office of the Auditor General of Kenya (OAGK)

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The political conflicts in Kenya are great, and this has sometimes resulted in violence. Tribal affiliation is a determining factor in how voters vote in the elections and for political stability in the country. Kenya has 42 tribes and 60 different languages.<sup>125</sup> The Presidential election in 2017 was characterised by irregularities and was declared invalid by the Supreme Court. The subsequent re-run of the election was boycotted by the opposition and the incumbent President Uhuru Kenyatta was re-elected. Since 2019, the policy has been marked by positions for the upcoming elections, scheduled for August 2022.<sup>126</sup>

The Kenyan Constitution of 2010 entails a change in the balance of power and increased decentralisation. The President's previous power has been limited and moved to a new bicameral parliament, and some powers have been transferred to 47 new counties and their regional assemblies.<sup>127</sup> The constitution provides far-reaching protection for human rights. In recent years, however, tendencies to restrict freedom of expression and citizens' rights have been seen, with more restrictive legislation for the media. According to the Transparency International 2021 Corruption Index, Kenya ranks 128 out of 180 countries.<sup>128</sup>

Kenya is the largest economy in East Africa and a centre of finance, IT and transport in the region. The industrial sector is considerably larger and more varied than in the neighbouring countries. Tourism is an important branch of industry. Inequality in Kenya is high and 80 per cent are still living in poverty. Government debt is high and the Kenyan economy experienced negative growth in 2020 for the first time since 1992. The COVID-19 pandemic is the main cause and has led to both fewer jobs and a severely shrinking tourism sector. Widespread concern about terrorism is also an impediment to the development of tourism in the country.<sup>129</sup>

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<sup>125</sup> Swedish Institute of International Affairs, "Kenya", accessed 15 February 2022.

<sup>126</sup> Ibid.

<sup>127</sup> Ibid.

<sup>128</sup> Transparency International, "Corruption Perceptions Index 2021", accessed 16 March 2022.

<sup>129</sup> Swedish Institute of International Affairs, "Kenya", accessed 17 February 2022.



## Project description

### Current project phase

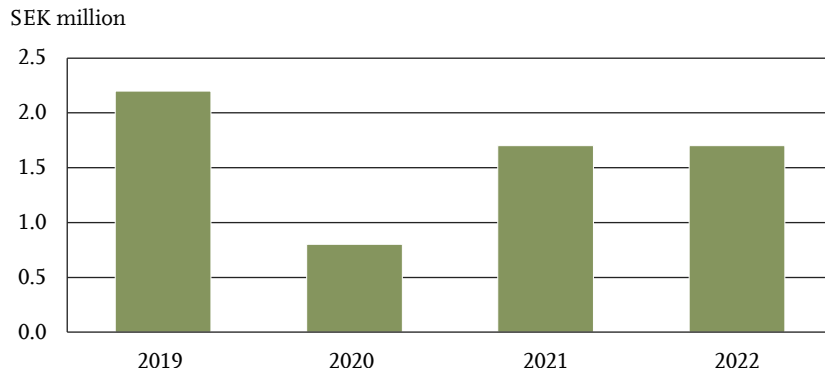
#### Main focus

The main focus of the cooperation between the Swedish NAO and the Office of the Auditor General in Kenya (OAGK) is to strengthen the capacity to carry out high-quality audits with user-friendly reports and to build external relations. The support is directed towards the development of performance audit, financial audit with a focus on quality assurance and support to the communication department. It is also in line with the OAGK's strategic plan for 2018-2021. The current project phase runs from April 2018 to June 2022.

#### Other support

AFROSAI-E provides support to the OAGK, and the Swedish NAO's regional support to the East African SAIs also includes Kenya.

**Figure 7** Costs of cooperation with the OAGK charged to the international development cooperation appropriation



Source: Swedish National Audit Office Annual Reports for 2019, 2020 and 2021 and budget for 2022.

### Earlier project phases

The Swedish NAO's cooperation with the OAGK began in 2011. The first project period (2011-2013) focused on financial audit, performance audit, the legal audit framework, change management, HRM<sup>130</sup> and internal and external communication. During the cooperation period (2013-2017), the focus was on supporting the development of the SAI's performance audit and quality systems, in particular for financial audit. The cooperation project also included

<sup>130</sup> HRM stands for Human Resources Management.

development of the relation to external stakeholders, such as parliament and the mass media, as well as a project to develop the quality and readability of reports.



## Institutional conditions

The OAGK has an extensive mandate and is tasked with auditing central and regional administration, the courts and public funds paid to political parties.<sup>131</sup> The Auditor General is an independent office laid down in the constitution. The OAGK has a broad mandate to audit the use of public funds in Kenya, but does not have the framework for fulfilling the mandate and achieving an impact for their audits.<sup>132</sup>

The OAGK does not have complete financial independence since the budget is decided by parliament, but appropriations are paid by the ministry of finance monthly. The OAGK's budget was reduced in 2019-2020, which affected their ability to carry out all audits in accordance with their mandate. Sometimes the budgeted funds are not all paid out, since the ministry of finance makes a different order of priorities concerning which agencies are to receive funds in a particular month, which is a problem in many African countries.<sup>133</sup>

The OAGK is a large organisation with approximately 1,700 employees, divided between the headquarters in Nairobi and eleven local offices. The World Bank's SAI Independence Index is an index of SAIs' independence. The index is designed using a ten-point scale where 0 is low and 10 is high. Kenya's 2021 index was in the range 8.0-8.5, placing the SAI in the category of "substantial independence".<sup>134</sup>

The INTOSAI Development Initiative (IDI) highlights the OAGK as an exemplary institution supporting other SAIs. The SAIs with which the OAGK cooperates include those in Botswana, Liberia, Sierra Leone and South Sudan.<sup>135</sup>



## Results

In winter 2021/2022 the cooperation project was evaluated in an external evaluation based on document studies, surveys and interviews with people involved in Kenya and Sweden. <sup>136</sup>

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<sup>131</sup> See Article 229 of the Constitution of Kenya.

<sup>132</sup> Swedish National Audit Office, *Bedömningspromemoria: Fördjupad beredning av eventuellt fortsatt samarbete med OAG Kenya*, 2018, p. 5–6.

<sup>133</sup> Office of the Auditor General Kenya, *Annual Corporate Report 2019/20, 2020*.

<sup>134</sup> The World Bank, *Supreme Audit Institutions Independence Index 2021 Global Synthesis Report*, 2021.

<sup>135</sup> Vösgen, *Leadership in Strategic Planning – The Kenya Story*, INTOSAI Development Initiative, 2021.

<sup>136</sup> Ramboll, *Evaluation of the institutional development cooperation between the Swedish National Audit Office and the Office of the Auditor General of Kenya*, 2022.

The purpose of the Swedish NAO's cooperation with the Kenyan SAI is to develop the OAGK's operations by strengthening the ability to carry out audits in line with international standards. During our cooperation period 2018-2021, the focus was on developing financial audit, performance audit and compliance audit, partly on communication and on increasing stakeholder engagement.

According to the evaluation report, the cooperation between the Swedish NAO and the OAGK has contributed to increased capacity in financial audit and led to the OAGK's establishment of a communications department. The greatest success factors have been in performance audit, developing technical skills and report quality. Communication has improved in both internal and external cooperation.<sup>137</sup>

While contributing to these positive results, cooperation is often characterised by inertia, which is an obstacle. This requires the Swedish NAO to take a more driving role than desirable in order for the project to proceed according to plan. Unfortunately, factors such as the COVID-19 pandemic and high staff turnover at the OAGK have made it difficult to implement parts of the cooperation project.

### **Improved quality in the performance audit process**

The 2022 evaluation showed that the OAGK's cooperation with the Swedish NAO has mainly contributed to strengthening the SAI's performance audit. At the OAGK's performance audit department, 9 out of 10 employees think the activities were relevant to their work.<sup>138</sup> The results of this sub-project are, according to the evaluation, increased knowledge of conducting performance audits, resulting in more readable reports of higher quality. Knowledge of relevant methods and tools that are important in the audit, such as qualitative methods and interview techniques, has increased in the department. A central part of the cooperation has been coaching in individual audits, leading to reports of higher quality and with better recommendations. This in turn has resulted in the recipients of the reports implementing the recommendations to a greater extent than before.<sup>139</sup> Since 2009, work is underway on the development of a performance audit manual, which is due to be finalised shortly. The management of the OAGK appreciates the Swedish NAO's support in developing the manual and assesses that it will contribute to better reports when fully implemented.<sup>140</sup>

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<sup>137</sup> Ramboll, *Evaluation of the institutional development cooperation between the Swedish National Audit Office and the Office of the Auditor General of Kenya*, 2022, p. 1.

<sup>138</sup> According to a survey carried out in connection with the evaluation. The survey response rate was 45 per cent.

<sup>139</sup> Ramboll, *Evaluation of the institutional development cooperation between the Swedish National Audit Office and the Office of the Auditor General of Kenya*, 2022, p. 10.

<sup>140</sup> *Ibid.*, p. 10.

## **Establishment of a quality assurance unit in financial audit**

The Swedish NAO and the OAGK have worked together in the area of financial audit, focusing on quality control and quality assurance. As a result, the OAGK has created a new quality assurance unit that reports directly to management. The quality control also shows good results when employees in interviews in connection with the evaluation reported that the quality of the audit reports has become higher thanks to the support for the quality control and quality assurance system.<sup>141</sup> To improve quality assurance and control, manuals for financial auditing and compliance audits have been implemented. In connection with this, auditors were trained, which led to the OAGK establishing a quality assurance team. The results are also lasting; the evaluation shows that past financial and compliance audit initiatives have had long-term effects that are still noticeable. This is partly because there has been development of the organisation and that new working methods have been implemented with the help of manuals.<sup>142</sup>

## **More communicative reports**

The Swedish NAO has also provided support in the interface between audit and communication, where the focus has been on writing reports and communicating audit findings. Several of the OAGK's reports on suspected corruption have had a major impact in recent years. A representative of the OAGK's management highlights that the Swedish NAO's support has been of great importance in making the reports easier to read and that this is an important reason why they receive attention.<sup>143</sup>

The Swedish NAO has on several occasions conducted training covering several different areas at the same time, such as performance audit, quality assurance, plain language and communication. The aim has been to clarify the role of various actors in the OAGK's work to write performance audit reports that are clear and effective. The aim has been to clarify the internal division of responsibility and improve cooperation and internal communication.

The OAGK's communication department has, with the support of the Swedish NAO, developed criteria and guidelines for plain language and report writing, and developed strategies for working with the content of internal and external channels. The communication department has the second highest number of employees in the region after the South African SAI and regularly lends out staff for regional and global training sessions, mainly in external communication.

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<sup>141</sup> Ramboll, *Evaluation of the institutional development cooperation between the Swedish National Audit Office and the Office of the Auditor General of Kenya*, 2022, p. 12.

<sup>142</sup> *Ibid.*, p. 19.

<sup>143</sup> Halkjaer, "Med bistånd från Riksrevisionen jagas korruption i Kenya", *Omvärlden*, 2020, accessed 19 March 2022.



The OAGK is working to get parliament to process the performance audit reports, but has not progressed far enough. They therefore desire continued support in adapting the reports to a language and format that makes them more accessible to the parliamentarians.<sup>144</sup>

Both the OAGK and the Swedish NAO have worked with different methods to achieve sustainable results. Among other things, the Swedish NAO has supported the development and adaptation of different types of manuals. From a sustainability perspective, professional development of managers is also key to enabling them to provide good support to the audit teams through the audit process. Another method that promotes development and sustainability is to support natural networks in the organisation and with colleagues in the region.

The pandemic has been a challenge for the OAGK, but its activities could continue because the SAI established new ways of working.<sup>145</sup> However, the pandemic influenced which activities could be carried out within the framework of the cooperation with the Swedish NAO. The activities were carried out digitally, which was challenging in terms of both the technology and the opportunity to discuss complex topics.<sup>146</sup>

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<sup>144</sup> Ramboll, *Evaluation of the institutional development cooperation between the Swedish National Audit Office and the Office of the Auditor General of Kenya*, 2022, p. 10.

<sup>145</sup> Office of the Auditor General Kenya, *Annual Corporate Report 2019/20*, 2020, p. 17.

<sup>146</sup> Ramboll, *Evaluation of the institutional development cooperation between the Swedish National Audit Office and the Office of the Auditor General of Kenya*, 2022, p. 13.

## Kosovo – National Audit Office (KNAO)

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Kosovo declared independence in 2008.<sup>147</sup> Parliament's work has been disrupted over the years by expressions of no-confidence from the opposition and riots. New elections were held in February 2021 and Vjosa Osmani was elected President.<sup>148</sup> The left nationalist party Vetëvendosje won a landslide victory when they received half of the votes.<sup>149</sup>

Kosovo is a parliamentary republic where parliament is elected in general elections, but the state is unstable, with political turbulence and weak institutions. There are a large number of political parties and the opposition seems relatively free, although they are subjected to pressures. Organised crime is a major problem in the country. Corruption is widespread and contributes to low confidence in the government. According to the Transparency International 2021 Corruption Index, Kosovo ranks 87 out of a total of 180 countries<sup>150</sup>, which is a slight improvement on 2019. Relations with Serbia are poor at the same time as the nationalist currents are strong.<sup>151</sup>

Corruption, war in the late 1990s and mismanagement make Kosovo one of the poorest countries in Europe. Unemployment is high, and the informal economy is considered to be extensive. Drug trafficking, cigarette smuggling, prostitution and human trafficking have developed in the shadow of war. Kosovo has a large trade deficit and its economy is completely dependent on the outside world.<sup>152</sup>

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<sup>147</sup> Swedish Institute of International Affairs, "Kosovo", accessed 17 March 2022.

<sup>148</sup> Agim and Furkan, "Kosovo's parliament elects Vjosa Osmani as president – 38-year-old politician receives 71 votes from lawmakers at 3rd round of voting", accessed 17 March 2022.

<sup>149</sup> Swedish Institute of International Affairs, "Kosovo", accessed 17 March 2022.

<sup>150</sup> Transparency International, "Corruption Perceptions Index 2021", accessed 17 March 2022.

<sup>151</sup> Swedish Institute of International Affairs, "Kosovo", accessed 17 March 2022.

<sup>152</sup> Ibid.



## Project description

### Current project phase

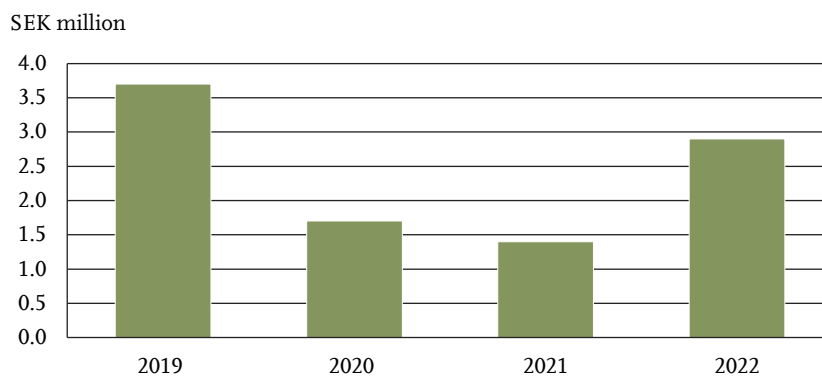
#### Main focus

The main focus of the cooperation between the Swedish NAO and the Kosovo National Audit Office (KNAO) includes performance audit, management and follow-up, quality control and quality assurance systems, leadership development, HRM, communication, IT and international engagement. The current project phase runs from December 2020 to December 2023.

#### Other support

The KNAO receives limited support from Sigma regarding information gathering on how KNAO is perceived by its stakeholders and reviewing the law on audit.

**Figure 8** Costs of cooperation with the KNAO charged to the international development cooperation appropriation



Source: Swedish National Audit Office Annual Reports for 2019, 2020 and 2021 and budget for 2022.

### Earlier project phases

The Swedish NAO's cooperation with the KNAO began in 2011. The support has been delivered in several phases with partly different orientations, but it has always included support for the building-up and professionalisation of performance audit. Our latest project phase 2017-2020 was the first to include the entire organisation. The support included development initiatives for performance audit, compliance audit, financial audit, HR, communication, leadership and management issues such as strategic planning.



## Institutional conditions

Since January 2020, the KNAO is an official member of INTOSAI and in November of the same year, the KNAO was accepted as a member of EUROSAI. The KNAO's mandate as an independent supreme audit authority in Kosovo is established in the constitution<sup>153</sup> and clarified in the 2016 law on audit.<sup>154</sup> In practice, however, independence is limited by the fact that the finance ministry has a strong influence over the SAI's budget. Nor is the KNAO independent in terms of recruiting and setting conditions for staff who are not auditors. They are subject to the general regulation for civil servants.<sup>155</sup>

The KNAO is committed to amending the law on audit order to strengthen its independence and the immunity of the Auditor General and to be able to prioritise which agencies are to be audited annually in the financial audit. In this way, the KNAO would have more opportunities to manage resources themselves and be able to expand the scope of performance audit. The combination of today's requirements to audit all auditees every year, and the lack of economic independence, entails difficulties for the KNAO to develop audit based on risk analysis.<sup>156</sup>

In recent years, the KNAO has developed a good relationship with parliament, the speaker and the committees. The most important contact is the Committee on Oversight of Public Finances (COPF) which receives all auditor's reports. The Budget Committee is also an important stakeholder, in particular in the reporting of the financial audit.<sup>157</sup> Due to the COVID-19 pandemic with mobility constraints and staff shortages, the KNAO has had limited possibilities to conduct audits in accordance with its mandate.<sup>158</sup>

The World Bank's SAI Independence Index is an index of SAIs' independence. The index is designed using a ten-point scale where 0 is low and 10 is high. Kosovo's 2021 index was in the range 9.0–9.5, placing the SAI in the category of "high independence".<sup>159</sup>

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<sup>153</sup> See Article 137 of the Constitution of the Republic of Kosovo.

<sup>154</sup> Law No. 05/L-055 on the Auditor General and the National Audit Office of the Republic of Kosovo.

<sup>155</sup> Ibid.

<sup>156</sup> Swedish National Audit Office, *Beredningspromemoria: Fördjupad beredning av ett eventuellt fortsatt bilateralt samarbete med revisionsmyndigheten i Kosovo*, 2020, p. 4.

<sup>157</sup> Ibid., p. 5.

<sup>158</sup> Republic of Kosovo, *Annual Performance Report 2020. National Audit Office*, 2021.

<sup>159</sup> The World Bank, *Supreme Audit Institutions Independence Index 2021 Global Synthesis Report*, 2021.



## Results

In spring 2022, the cooperation for 2017-2020 was evaluated externally. This was done in the form of document studies, questionnaire surveys and interviews with those involved in Kosovo and Sweden.<sup>160</sup> The following assessment of results is mainly based on this evaluation.

The purpose of the cooperation between the Swedish NAO and the KNAO has been to strengthen the KNAO's capacity to carry out audits in line with international standards (ISSAI). The focus has been on achieving an effective audit process, higher quality of reports and better communication with external stakeholders.

According to the evaluation report, the cooperation has contributed to the development and modernisation of the KNAO, which is now working more in line with international standards. The main results have been in performance audit and strategic planning. A success factor is the strong ownership among the KNAO's management. The Swedish NAO's approach to teaching instead of giving ready-made answers has also contributed to sustainable results. The evaluation also shows that we have been able to be flexible and adapt support as challenges such as the COVID-19 pandemic, other projects of partners and staff changes at the KNAO hindered cooperation.<sup>161</sup>

### **Developed processes and strengthened skills within performance audit**

The evaluation shows that the Swedish NAO's support has contributed to a more well-functioning process within performance audit. An update of the audit manual has established a clear process that has been accepted among the auditors, according to interviewed employees at the KNAO. Together with the Swedish NAO, the KNAO has established a certification system within performance audit. Since the introduction of the system in 2019, 18 auditors have been certified through training and subsequent tests, at the same time as participating in an audit from planning to final report. According to the interviewed employees, this has led to increased self-confidence among the certified auditors and greater ability to work independently.<sup>162</sup>

According to the evaluation, managers' professional competence in controlling and supporting the audits through the audit process has increased. During the cooperation project, the managers have participated in the Swedish NAO's training programmes, which has helped to strengthen their role as reviewers and supervisors for audits. This in turn has increased the KNAO's awareness of quality

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<sup>160</sup> Ramboll, *Evaluation of the institutional development cooperation between the Swedish National Audit Office and the Kosovo National Audit Office*, 2022, Appendix 2.

<sup>161</sup> Ramboll, *Evaluation of the institutional development cooperation between the Swedish National Audit Office and the Kosovo National Audit Office*, 2022, p. 27–28.

<sup>162</sup> *Ibid.*, p. 8.

control and led the SAI to decide on mandatory quality control for all performance audits. However, quality control is still at the development stage and the process of carrying out quality control differs between managers, leading to varying quality of performance audit reports.<sup>163</sup>

However, performance audit reports have generally become more readable and there is a greater awareness among managers and auditors about the benefits of more analytical and readable reports. Cooperation with the Swedish NAO has contributed to this change. The improvements are partly due to the fact that employees at the KNAO have learned how to use more normative and open questions that in turn give a greater depth of analysis. Employees interviewed at the KNAO say that the reports have generally become more structured, but that there is room for further improvement.<sup>164</sup>

The results were also confirmed in the KNAO report *International Integration of the National Audit Office*, published in 2020. This shows that the Swedish NAO's support has contributed to sustainable results and that this is the largest development project carried out at the KNAO.<sup>165</sup>

### **Significant development in strategic planning**

According to the evaluation, the cooperation between the KNAO and the Swedish NAO has contributed to a significant improvement in strategic planning. For example, our support has resulted in the KNAO now having the capacity to independently develop strategic plans. The development of strategic planning has led to increased awareness of the strategic activities and objectives to be prioritised. Among other things, the KNAO has focused on performance audit and audits of state-owned companies.<sup>166</sup>

The evaluation also shows that the Swedish NAO's support has contributed to the development of the audit plan. It is now more structured and the KNAO has set up a working group to work on it. However, further development of both the plan and the process is required to reach international standards. There is also still a lack of a clear link between the audit plan and the strategic plan.<sup>167</sup>

### **Development of leadership in several dimensions**

According to the evaluation, the cooperation has contributed to strengthening the leadership role at different levels. The top managers at the KNAO state that they

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<sup>163</sup> Ramboll, *Evaluation of the institutional development cooperation between the Swedish National Audit Office and the Kosovo National Audit Office*, 2022., p. 8.

<sup>164</sup> Ibid., p. 9.

<sup>165</sup> Kosovo National Audit Office, *International Integration of the National Audit Office*, 2020.

<sup>166</sup> Ramboll, *Evaluation of the institutional development cooperation between the Swedish National Audit Office and the Kosovo National Audit Office*, 2022, p. 9.

<sup>167</sup> Ibid., p. 9.

have gained new perspectives and become better at communicating and providing feedback. In this way, the team spirit has been strengthened and the relationship between employees and top managers has improved. Like the top managers, middle managers have become stronger leaders and they have gained more knowledge of specific leadership tools. Middle managers are more responsive to their employees. Employees interviewed at the KNAO also believe that middle managers have gained greater self-awareness and become more open to development and better at leading their teams. One of the top managers believes that middle managers see to a greater extent what should be prioritised in the workplace and how the teams should work to achieve desired results.<sup>168</sup>

The Swedish NAO's support has contributed to some improvement when it comes to completing assignments on time. This is mainly due to a better audit process but also to a clearer and more developed leadership including managers' coordination and communication. The project only managed one activity for the team leaders, though another one was planned. Interviewed experts at the Swedish NAO believe that the KNAO has prioritised other development efforts and therefore they are not able to develop all planned leadership areas.

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<sup>168</sup> Ramboll, *Evaluation of the institutional development cooperation between the Swedish National Audit Office and the Kosovo National Audit Office*, 2022, p. 10.

## Liberia – General Auditing Commission (GAC)

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The consequences of the 1989-2003 civil war and the 2014-2015 Ebola pandemic are tangible in Liberia. Since the signing of the peace agreement in 2003, Liberia has taken significant steps in a democratic direction to build up the country.<sup>169</sup> At the same time, many of the root causes of the conflict remain, such as political and economic concentration of power to the elite and weak democratic institutions, which makes trust between citizen and state more difficult.<sup>170</sup>

Corruption is widespread, and together with a weak economy, it causes great dissatisfaction among the population. Protests and strikes are recurrent.<sup>171</sup> According to Transparency International's Corruption Perceptions Index, Liberia ranks 136 out of 180.<sup>172</sup>

Liberia is one of the world's ten poorest countries and more than 50 per cent of the population is estimated to live below the poverty line.<sup>173</sup> Unemployment in the country is widespread and around 70 per cent of those working are estimated to be active in the informal sector, including crafts, agriculture, street sales and domestic work.<sup>174</sup> Liberia is one of the world's most aid-dependent countries and in 2019, world aid accounted for 20.1 per cent of the country's GNI.<sup>175</sup>

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<sup>169</sup> Swedish Institute of International Affairs, "Liberia", accessed 17 March 2022.

<sup>170</sup> Government, *Strategi för Liberia 2021–2025*, 2020.

<sup>171</sup> Swedish Institute of International Affairs, "Liberia", accessed 17 March 2022.

<sup>172</sup> Transparency International, "Corruption Perceptions Index 2021", accessed 17 March 2022.

<sup>173</sup> Government, *Strategi för Liberia 2021–2025*, 2020.

<sup>174</sup> Swedish National Audit Office, *Liberia: Mission Report*, 2019.

<sup>175</sup> Openaid, "Bilateral capacity building support to Liberia", accessed 15 March 2022. GNI stands for Gross National Income.





## Project description

### Current project phase

#### Main focus

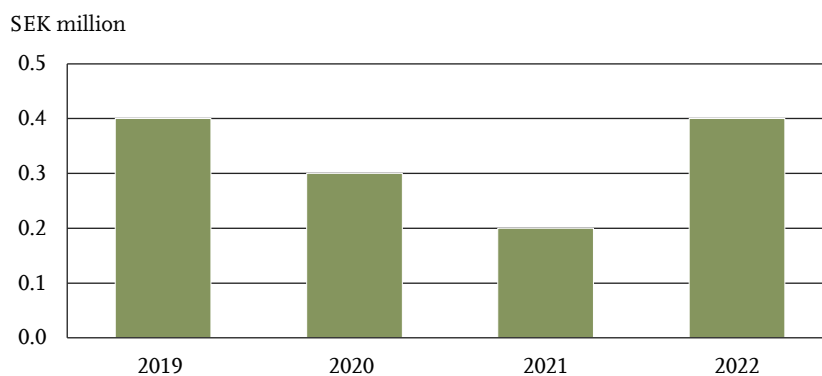
The main focus of the cooperation between the Swedish NAO and the General Auditing Commission (GAC) between August 2018–31 December 2021 was to contribute to strengthening the capacity to conduct audits. The cooperation was limited and focused on support in quality assurance and quality control. The Swedish NAO has decided to continue the cooperation and be part of a preparatory project phase in order to examine the conditions for preparing the cooperation.

#### Other support

The EU has provided extensive support to the GAC, which included auditing (performance audit, financial and compliance audit and quality assurance), communication and HR. The support was phased out after 2020.

The GAC is also supported through AFROSAI-E. The World Bank has had a performance audit advisor on site, but the support now includes the provision of computers and IT.

**Figure 9** Costs of cooperation with the GAC charged to the international development cooperation appropriation



Source: Swedish National Audit Office Annual Reports for 2019, 2020 and 2021 and budget for 2022.

#### Earlier project phases

The Swedish NAO has cooperated with the GAC since 2018. The overall goal of the cooperation is to assist the GAC in the ambition to conduct its audits in accordance with international standards. However, the cooperation is limited and only includes support in quality assurance and quality control, but it may now be

broadened. The purpose of the previous cooperation has been to strengthen the GAC's institutional capacity and capability with a focus on professional development, as well as to support the establishment of a quality assurance function.



## Institutional conditions

The GAC is defined as an independent authority in the Liberian Constitution, and the law on audit adopted in 2014 gives the GAC full independence. The Auditor General is appointed by the President with the consent of parliament for a term of seven years without the possibility of re-election.<sup>176</sup> Although the GAC has full operational independence, financial independence is limited as the finance ministry has significant influence over the budget allocation and the GAC is granted only a small part of the proposed budget.<sup>177</sup>

The GAC's audit mandate is divided into two different categories — audit for state agencies and audit for state organisations. The mandate is estimated to include 85 ministries, government agencies and state enterprises. In addition, the GAC also audits regions, municipalities, embassies and diplomatic missions.<sup>178</sup>

The GAC has the right to audit financial statements, budgets and consolidated accounts, i.e. corresponding to the central government annual report. On the other hand, the PEFA report states that the GAC lacks full access to the majority of the requested public data, in particular timely access, leading to delays in GAC reporting.<sup>179</sup>

The World Bank's SAI Independence Index is an index of SAIs' independence. The index is designed using a ten-point scale where 0 is low and 10 is high. Liberia's 2021 index was in the range 6.0-7.5, placing the SAI in the category of "moderate independence".<sup>180</sup>



## Results

In terms of the project's scope and activity level, the Swedish NAO has assessed that an external evaluation is not justified. Instead, we plan to conduct an internal questionnaire survey in order to get an overall picture of how the GAC views the support. The following assessment of results is based on the performance reporting that is ongoing in the project.

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<sup>176</sup> Republic of Liberia, *Public Expenditure and Financial Accountability (PEFA) Performance Assessment Report*, PEFA, 2021.

<sup>177</sup> Ibid.

<sup>178</sup> GAC Republic of Liberia, "Audit mandate", accessed 17 March 2022.

<sup>179</sup> Public Expenditure and Financial Accountability.

<sup>180</sup> The World Bank, *Supreme Audit Institutions Independence Index 2021 Global Synthesis Report*, 2021.

The purpose of the previous cooperation has been to strengthen the GAC's institutional capacity and capability with a focus on professional development in quality assurance and quality control. The goal has been to support the establishment and development of a quality assurance function.

The Swedish NAO considers that support in quality assurance and quality control has worked relatively well, although the cooperation has been hampered by low activity levels, the COVID-19 pandemic and technical challenges in the form of poor internet connections.

### **Established quality assurance function**

The Swedish NAO assesses that managers within the GAC, through our support, have gained an increased understanding of quality control and of the difference between the managers' responsibility for quality control and quality assurance and the responsibility of a quality assurance function. This has been achieved through training for 20 managers. In 2019, a quality assurance function was established.<sup>181</sup>

During the COVID-19 pandemic, the Swedish NAO's support has shifted to digital form with a number of shorter seminars. Such seminars have been possible to organise, but there have been relatively major technical challenges, in particular with regard to internet connectivity, which has limited the possibility of providing effective support.

Based on the seminars with employees at the quality assurance function at the GAC, we understand that there is an obvious drive and willingness to strengthen and develop the work. Progress has also been made, for example, at a seminar in March 2021, all participants indicated that they would use the knowledge and skills from the seminar in their work. At the same time it is clear, both in the questionnaire and in dialogue, that participants want further training, especially on site, and that they need additional support to strengthen their knowledge and skills in the field.<sup>182</sup>

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<sup>181</sup> Government of Liberia, *Annual Report of the Auditor General for the Year Ended December 31, 2019, 2020*.

<sup>182</sup> Swedish National Audit Office, Questionnaire survey: Liberia, Survey - Quality Assurance Seminar 29-30 March, Survey Quality Assurance, 2021.

## Moldova – The Court of Accounts of the Republic of Moldova (CoARM)

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On 1 January 1992 the Soviet Union ceased to exist, and the Republic of Moldova formally became an independent country.<sup>183</sup> Since then, developments in Moldova have been characterised by political instability, short-term economic and political decisions, difficult social and economic conditions, widespread corruption scandals and attempts to move closer to the EU. According to the Transparency International 2021 Corruption Index, Moldova ranks 105 out of 180 countries.<sup>184</sup>

In 2020, the Moldovan people voted Maia Sandu as the new president. President Sandu's political agenda consists of closer relations with the EU, the fight against corruption in the country, efforts to improve the living conditions of the population, unification of the country and good governance and administration.

Moldova is among Europe's poorest countries with major social and economic divides. The economy has grown relatively rapidly since the turn of the millennium, where agriculture, food industry and exports are crucial. Due to low wages, Moldova has problems with labour emigration.<sup>185</sup> There are also traces of Soviet rule with centralised control over budget and planning processes.<sup>186</sup>

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<sup>183</sup> Swedish National Audit Office, *Memorandum: Fördjupad beredning av fortsatt samarbete med revisionsmyndigheten i Moldavien*, 2021 p. 5.

<sup>184</sup> Transparency International, "Corruption Perceptions Index 2021", accessed 17 March 2022.

<sup>185</sup> Swedish Institute of International Affairs, "Moldavien", accessed 18 March 2022.

<sup>186</sup> Ermasova et al., *Legacy Effect of Soviet Budgeting System on Public Capital Budgeting: Cases of Russia, Moldova, and Uzbekistan*, 2021, p. 1090-1102.



## Project description

### Current project phase

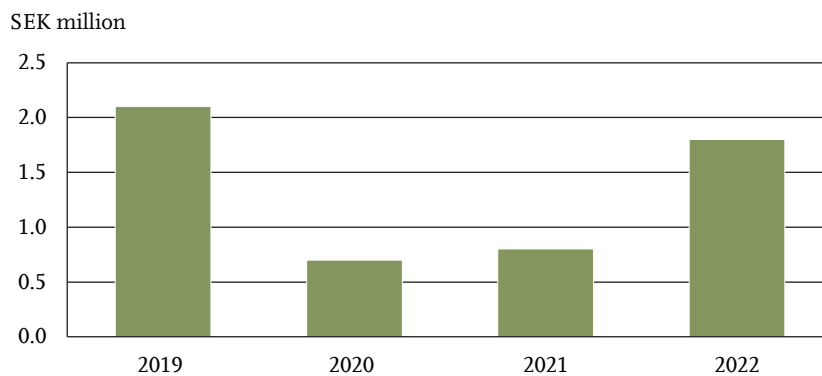
#### Main focus

The main focus of the cooperation between the Swedish NAO and The Court of Accounts of the Republic of Moldova (CoARM) is certification of financial auditors, HRM, quality control of audit operations and leadership development. The current project phase runs from January 2021 to December 2022.

#### Other support

The EU supports the CoARM in strategic planning.

**Figure 10** Costs of cooperation with the CoARM charged to the international development cooperation appropriation



Source: Swedish National Audit Office Annual Reports for 2019, 2020 and 2021 and budget for 2022.

### Earlier project phases

The Swedish NAO's cooperation with the CoARM began in 2007. It has focused on alignment of law with applicable international principles and standards, support in financial auditing, leadership development, HRM and exchange of experience with the SAIs of Georgia and Latvia.



## Institutional conditions

The CoARM has been a member of both INTOSAI and EUROSAI since 1994, and in 2007 started a process to transform from a control authority to a Supreme Audit Institution. On 1 January 2009, a new law came into force, which laid down the new remit and mandate of the CoARM. However, the law was not able to guarantee the CoARM's independence, this was not done until December 2017.<sup>187</sup>

The pay structure for the CoARM's staff is still governed by a special law on state employees, which limits the independence of the agency and makes it difficult for them to retain staff and fill vacancies. The centrally regulated salary levels for different categories of staff make the CoARM less attractive as an employer, which affects its ability to deliver in accordance with the operational plan.

The CoARM may conduct compliance, financial and performance audits in accordance with international standards. The SAI decides itself on its annual operational plan and how the audits are to be conducted.<sup>188</sup>

The law provides for a number of mandatory audits to be carried out annually by the CoARM. This applies to financial audit of the government's accounts of the executed state budget, the state social insurance budget and the health insurance fund. The CoARM is also to audit the ministries' accounts annually. The results of the mandatory audits are reported to the parliament's Public Finance Control Committee.

The CoARM also reviews other agencies at central, regional and local levels. What and who is to be audited is determined by the CoARM according to its mandate. The CoARM must also present its annual report to parliament by May each year.

The World Bank's SAI Independence Index is an index of SAIs' independence. The index is designed using a ten-point scale where 0 is low and 10 is high. Moldova's 2021 index was in the range 8.0-8.5, placing the SAI in the category of "substantial independence".<sup>189</sup>

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<sup>187</sup> Court of Accounts of the Republic of Moldova, *Audit strategy for 2022-2024*, 2021.

<sup>188</sup> International Budget Partnership, *Open Budget Survey 2019. Questionnaire Moldova*, 2020, question 120.

<sup>189</sup> The World Bank, *Supreme Audit Institutions Independence Index 2021 Global Synthesis Report*, 2021.



## Results

The third phase of cooperation was evaluated in 2017 in a “light touch review” by a team consisting of two external consultants and one financial auditor from the Swedish NAO. The evaluation was based on interviews and workshops in Sweden and Moldova, document studies and a questionnaire survey.<sup>190</sup>

The Swedish NAO is the most important external partner in the CoARM’s development and we support them in several areas. In recent years, support has mainly focused on HR issues, management and leadership skills, communication and quality assurance systems.

Our assessment is that the cooperation has led to important results, including strengthened leadership, and laid the foundation for a well-functioning quality assurance function and certification of financial auditors. The CoARM is described in the 2017 evaluation report as an ambitious SAI with plans to develop in accordance with international standards. In previous evaluations of the cooperation with the Swedish NAO, the CoARM still had large development needs. There are indications that our efforts have led to increased knowledge among individual employees, but that the CoARM has not been able to take advantage of, manage, disseminate and institutionalise it.<sup>191</sup>

However, it should be stressed that the fourth phase of cooperation in 2018-2020 was characterised by a relatively low level of activity, and in some project components no activity at all. The reason for this is high staff turnover at the CoARM, new management of the SAI and deficiencies in project management from both the Swedish NAO and the CoARM. The 2017 evaluation report also highlighted the impact of the relatively high staff turnover at the CoARM — a heavy workload for remaining staff and impeded development of the CoARM as an institution. This will ultimately affect CoARM’s ability to improve the quality and efficiency of its audit operations. The CoARM’s activities are also conducted in a national context characterised by political instability, short-term economic and political decisions, difficult social and economic conditions and poor application of the rule of law principle. This is considered to make it difficult for the CoARM to transform into a modern and independent SAI whose operations are governed, planned, implemented and reported in accordance with international standards.<sup>192</sup>

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<sup>190</sup> Ljungström, Rask and Janhed, *Light touch review of the capacity development cooperation project between the Court of Accounts of Moldova (CoA) and the Swedish National Audit Office (Swedish NAO) 2013-2016*, 2017.

<sup>191</sup> Ibid.

<sup>192</sup> Ibid.

## **Identification of improvement potential through staff survey**

One of the most important roles of the HR function is to support management and understand employees' needs in order for them to contribute their full potential. In the cooperation with the CoARM, HR has been identified as a key development area. The CoARM has therefore conducted its first staff survey, supported by the Swedish NAO. The aim was to measure employee satisfaction and identify improvement potential in the work environment. The survey shows that new employees are more dissatisfied than those who have worked longer and that motivation is a problem. The results have been analysed and discussed with the CoARM's management, and the survey has helped managers better understand and accept certain shortcomings and development areas.<sup>193</sup> An action plan based on the results has also been developed. It aims to support managers to work on improvements, together with their teams, and to highlight more overall needs for improvement to the strategic plan. The results of the staff survey have also formed the basis for the work on the CoARM's strategic plan for 2022-2025.<sup>194</sup>

## **One step towards improved quality control**

One of the most important components of the cooperation has been the development of quality assurance systems. The Swedish NAO and the CoARM have carried out several activities to increase knowledge and practical skills in the field. The CoARM has also, with our support, conducted an internal evaluation of this function in relation to international standards ISSAI 140.<sup>195</sup> The evaluation has resulted in a report and action plan that points to areas of improvement, including the organisational affiliation of the quality assurance system and the development of professional capacity and ability to operate it.<sup>196</sup>

## **Certification of financial auditors**

The Swedish NAO's support to the CoARM has also contributed to the upcoming certification of CoARM's financial auditors. At the time of writing, partners have developed a draft framework for the certification in question. The framework describes, among other things, how the work should be organised, for which target group, and what role and responsibilities different committees should have. The CoARM has also, in cooperation with the Swedish NAO, prepared a draft training programme for financial auditors. The programme is to enable the auditors concerned to obtain the certification that is central to the CoARM's compliance with its mandate to audit other agencies.

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<sup>193</sup> INTOSAI-Donor Cooperation, *Institutional Development Cooperation between the Swedish National Audit Office and the Court of Accounts of the Republic of Moldova*, 2017.

<sup>194</sup> Swedish National Audit Office, *Action plan in the context of CoA employee satisfaction survey*, 2020.

<sup>195</sup> INTOSAI-Donor Cooperation, *Institutional Development Cooperation between the Swedish National Audit Office and the Court of Accounts of the Republic of Moldova*, 2017.

<sup>196</sup> Court of Accounts of the Republic of Moldova, *Report regarding the results of the self-assessment of the quality control system of the Court of Accounts - quality control system self-assessments result, 2018-2020*, 2019.





## Palestine – State Audit and Administrative Control Bureau (SAACB)

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Palestine has been occupied by Israel since 1967 and has no control over most of its territory. The illegal settlements and separation barrier on occupied Palestinian land restrict freedom of movement and other rights. The intra-Palestinian split has led to the exercise of power in Gaza and the West Bank by Hamas, which is on the EU terrorist list, and the Palestinian National Authority respectively. The split has also led to Palestine's lack of a functioning democratically elected parliament since 2006.

Palestine's development towards democracy and the rule of law is hampered by limited accountability for decisions and actions and widespread corruption.<sup>197</sup> For example, the judiciary is perceived as corrupt by the public in Palestine.<sup>198</sup> President Abbas remains in office, even though his mandate expired in 2009. Since the 2005 presidential elections and the 2006 parliamentary elections, only local elections have been held in Palestine.<sup>199</sup>

Palestine's economy is characterised by the limitations and challenges of over 50 years of occupation. Growth is mainly consumption driven and dependent on aid.<sup>200</sup> The private sector operates under difficult conditions, but the level of education is relatively good. Entrepreneurship, digitalisation and innovation are becoming increasingly important. High unemployment, especially among young people, is in many ways a serious development problem.<sup>201</sup> Economic conditions have worsened further in the context of the COVID-19 pandemic.<sup>202</sup> Due to increased activity in the West Bank, a smaller economic recovery took place at the end of 2021.<sup>203</sup>

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<sup>197</sup> Government, *Strategi för Sveriges utvecklingssamarbete med Palestina 2020–2024*, 2020.

<sup>198</sup> AMAN Transparency of Palestine, *Integrity System Index In Palestine 2020*, 2021.

<sup>199</sup> Swedish Institute of International Affairs, "Palestina", accessed 18 March 2022.

<sup>200</sup> European Commission, *Strengthening the capacities of the State Audit and Administrative Control Bureau and supporting the Bureau to become an independent, efficient, and effective external audit institution in line with INTOSAI standards*, 2019.

<sup>201</sup> Government, *Strategi för Sveriges utvecklingssamarbete med Palestina 2020–2024*, 2020.

<sup>202</sup> Abaza, "Increased Poverty in Palestine during Covid-19", accessed 18 March 2022.

<sup>203</sup> The World Bank, "Palestinian Economy Experiences Growth but Prospects Remain Uncertain", 9 November 2021.



## Project description

### Current project phase

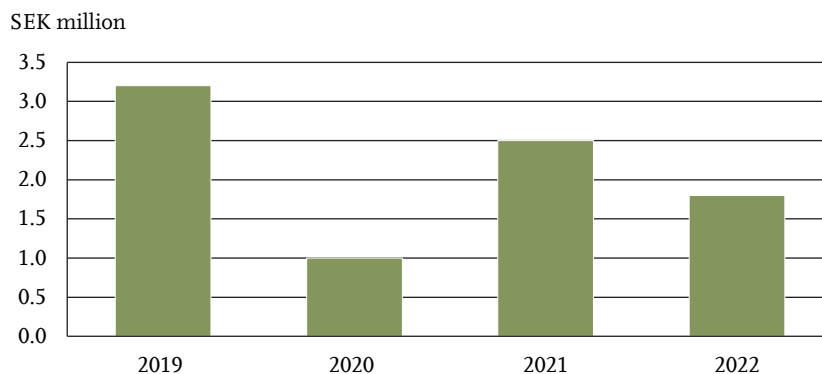
#### Main focus

The main focus of the cooperation between the Swedish NAO and the SAACB is performance audit, internal and external communication, quality control and quality assurance, leadership development, strategic planning of audit operations and follow-up of the impact of audit findings. The current project phase runs from January 2018 to December 2022.

#### Other support

EU Twinning supports the SAACB in financial auditing of the revenue side (tax and customs) and Big Data. The SAACB also participates in the Sharaka programme, which is led by the Netherlands Court of Audit (Algemene Rekenkamer) and targets a number of SAIs in the Middle East and North Africa. The support is to increase the capacity to conduct performance audit with the UN's Global Sustainable Development Goals as the overarching norm.

**Figure 11** Costs of cooperation with the SAACB charged to the international development cooperation appropriation



Source: Swedish National Audit Office Annual Reports for 2019, 2020 and 2021 and budget for 2022.

#### Earlier project phases

The Swedish NAO has cooperated with the SAACB since 2013. The first phase of the cooperation, which ran from 2013 to 2017, focused on establishing institutional and professional performance audit capacity from the ground up.



## Institutional conditions

The SAACB was established in 1994 and has been a member of INTOSAI since 2016. The SAI has a relatively broad mandate covering the audit and control of public funds at central and local level.<sup>204</sup> The SAACB may also audit civil society organisations whose activities are funded by international organisations and donors. Compliance audit, financial audit and performance audit are forms of audit that the SAACB may conduct. In addition, the SAACB may examine issues based on complaints from the public.<sup>205</sup>

The SAACB is relatively financially independent, but as far as staff recruitment is concerned, they are subject to statutory processes through the General Personnel Council (GPC), a government agency responsible for coordinated recruitment to the public sector.

It is difficult to fully comply with the law that regulates the SAACB's autonomy in planning, implementation, reporting, communication and follow-up of audit operations.<sup>206</sup> This is due, among other things, to the occupation, the intra-Palestinian conflict and the lack of a parliament. This also limits the SAACB's ability to deliver fully in accordance with its mandate.<sup>207</sup>

According to the 2018 PEFA assessment, Palestine's public financial management and procurement have shown improvements. For example, the scope and follow-up of external audits has increased. Audit coverage is reported to be around 80-90 per cent and in line with international standards.<sup>208</sup> However, the number of audit reports has decreased from 139 (2017) to 115 (2020).<sup>209</sup>

The World Bank's SAI Independence Index is an index of SAIs' independence. The index is designed using a ten-point scale where 0 is low and 10 is high. Palestine's (West Bank and Gaza) 2021 index was in the range 6.0-7.5, placing the SAI in the category of "moderate independence".<sup>210</sup>

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<sup>204</sup> The Palestinian National Authority, *Act of Financial & Administrative Control Bureau No. 15 for 2004*, 2004.

<sup>205</sup> World Bank, *West Bank and Gaza - Public Expenditure and Financial Accountability (PEFA) Assessment*, 2018, 2019.

<sup>206</sup> Ibid.

<sup>207</sup> AMAN Transparency of Palestine, *Integrity System Index In Palestine 2020*, 2021.

<sup>208</sup> World Bank, *West Bank and Gaza - Public Expenditure and Financial Accountability (PEFA) Assessment*, 2018, 2019.

<sup>209</sup> SAACB, *State Audit & Administrative Control Bureau Annual Report 2017, 2018*, and SAACB, *State Audit & Administrative Control Bureau Annual Report 2018, 2019*, and SAACB, *State Audit & Administrative Control Bureau Annual Report 2019, 2020*, and SAACB, *State Audit & Administrative Control Bureau Annual Report 2020, 2021*.

<sup>210</sup> The World Bank, *Supreme Audit Institutions Independence Index 2021 Global Synthesis Report*, 2021.



## Results

The second phase of the cooperation with the SAACB in 2018-2021 was evaluated externally in May-September 2021, based on document studies and interviews with those involved within the SAACB and the Swedish NAO, as well as with external stakeholders.<sup>211</sup>

The purpose of our support is for the SAACB to gain professional and institutional capacity and capability to conduct audits in accordance with international standards. In this way, the SAACB is expected to contribute to open and transparent public institutions, working to create better conditions for citizens and the private sector.

According to the evaluation report, the SAACB has been clear about its objectives, which has led the Swedish NAO to provide requested and relevant support. As a success factor, the evaluation identifies that the cooperation is well coordinated and that the support is well anchored among management and meets the needs of the SAACB. The external context, such as the lack of a functioning parliament in Palestine, has influenced cooperation and the ability to achieve the expected results.<sup>212</sup>

### Developed strategic planning

According to the evaluation, the Swedish NAO has contributed to the SAACB's improvement in identifying relevant audit topics. Their audits are more structured, transparent and aligned to international standards. The evaluation also shows that they have become better at planning their activities.<sup>213</sup>

In 2018, the Swedish NAO initiated support for the SAACB's process for selecting auditees. The process developed was subsequently approved by the Chair of the SAACB and applied in the annual plan for financial, performance and compliance audits. Among other things, the Swedish NAO organised workshops to develop a format for communicating the plan. Based on discussions with the Swedish NAO, in 2019 the SAACB developed a system for planning and monitoring, which was then approved by the Auditor General. According to an interviewed representative of parliament, the annual reports have improved. The SAACB's recommendations are considered relevant and are implemented. The development of strategic planning has improved the conditions for carrying out performance audits.<sup>214</sup>

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<sup>211</sup> Ernst & Young, Sweden, *Evaluation of the second phase of the Swedish National Audit Office's cooperation with the SAACB of Palestine*, 2021.

<sup>212</sup> Ibid., p. 38.

<sup>213</sup> Ibid., p. 15.

<sup>214</sup> Ibid., p. 15.

## **Good conditions for carrying out performance audit**

According to the latest evaluation, the Swedish NAO's long-standing cooperation with the SAACB has contributed to creating good conditions for institutionalisation of performance audit. The SAACB now has a mandate to conduct performance audit. The SAI has also created a separate performance audit department and staffed it with both management and staff. The evaluation report also highlights that the Swedish NAO's support has improved the selection of relevant auditors. Strategic planning has also improved, which has led to enhanced quality control and transparent reports of high quality.<sup>215</sup>

In the cooperation, the Swedish NAO has focused on strategy, planning and follow-up, but also on increasing skills in performance audit. This has led to an increased ability to perform performance audits in a more structured way. An SAACB employee states that their performance audits have led the government to take action.<sup>216</sup>

The SAACB also has an established quality control structure in the audit operations. Interviewed employees in the quality assurance team state that the Swedish NAO's support has led to increased knowledge of quality assurance and quality control. The SAACB states that the support has contributed to increased awareness and increased ability to conduct quality assurance. However, due to lack of resources and lower staffing than planned, the number of performance audits produced has decreased. The previous target was to publish 10-12 audits annually, and the current target is 4-6 audits. Both the Swedish NAO and the SAACB agree that the SAI needs additional support to meet international standards.<sup>217</sup>

## **Strengthened internal and external communication through improved leadership**

A clear result of the cooperation is the improvements in internal and external communication. The evaluation of interviews and documentation shows that upgrades of intranet and media training have been central to this development.<sup>218</sup>

The Swedish NAO has been involved in training managers in leadership and organisational change. Internal communication between different organisational levels was previously perceived as an obstacle by employees, but it has improved. We have also provided technical support to the SAACB to develop an intranet, and at the end of 2018 it launched an upgraded intranet that the SAACB currently manages on its own. The importance of the intranet has also been highlighted by

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<sup>215</sup> Ernst & Young, Sweden, *Evaluation of the second phase of the Swedish National Audit Office's cooperation with the SAACB of Palestine*, 2021, p. 19.

<sup>216</sup> Ibid., p. 20.

<sup>217</sup> Ibid., p. 20.

<sup>218</sup> Ibid., p. 24.

an interviewed employee in the evaluation report, and they emphasise, among other things, the importance of all employees today having equal access to information.<sup>219</sup>

Progress has also been made in external communication, which has created better conditions for the SAACB's reports to have an impact in the media. Among other things, we have supported the SAACB with guidelines on how they can handle media and conducted media education with the aim of improving that relationship. According to the evaluation, this has meant that auditors are more involved in media work and that the media better understand auditing, such as the difference between financial audit and performance audit. Interviewed employees confirm this increased awareness among the media and SAACB.<sup>220</sup>

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<sup>219</sup> Ernst & Young, Sweden, *Evaluation of the second phase of the Swedish National Audit Office's cooperation with the SAACB of Palestine*, 2021, p. 22.

<sup>220</sup> *Ibid.*, p. 24.

## Tanzania – National Audit Office of Tanzania (NAOT)

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Politically, Tanzania has become more troubled and has moved in a more authoritarian direction since 2015 when President John Magufuli came to power. Democratic space in the country has decreased and negative developments are seen in respect of human rights and the rule of law.<sup>221</sup> According to the Transparency International 2021 Corruption Index, Tanzania ranks 87 out of 180 countries.<sup>222</sup>

On 28 October 2020, Magufuli was re-elected for a new term in the country's presidential elections after receiving 85 per cent of the votes. However, several reports testified of electoral fraud and that the elections were preceded by major restrictions on the country's democracy, a suppressed opposition and closures of independent media.<sup>223</sup> Soon after, Magufuli suddenly passed away, which led to the unexpected transfer of power to Tanzania's first female president, President Samia Suluhu Hassan.<sup>224</sup>

Tanzania has experienced relatively strong economic growth over the past decade, but external factors such as the COVID-19 pandemic have resulted in growth falling from 6.8 per cent to 2.1 per cent in 2021.<sup>225</sup>

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<sup>221</sup> Government, *Strategi för Sveriges utvecklingssamarbete med Tanzania 2020–2024*. UD2020/01517/AF, 2020.

<sup>222</sup> Transparency International, "Corruption Perceptions Index 2021", accessed 17 March 2022.

<sup>223</sup> Government, *Strategi för Sveriges utvecklingssamarbete med Tanzania 2020–2024*. UD2020/01517/AF, 2020.

<sup>224</sup> Swedish Institute of International Affairs. "Tanzania", accessed 24 January 2022.

<sup>225</sup> Ibid.





## Project description

### Current project phase

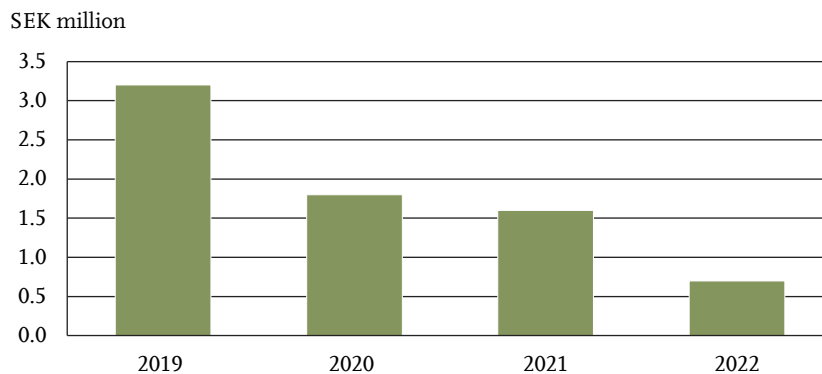
#### Main focus

The current project period represents a completed phase of bilateral cooperation. The main focus of the cooperation between the Swedish NAO and the NAOT was to consolidate, build and strengthen the conditions for sustainable results. The focus was on supporting areas where partners had seen added value and need for completed operations, which included support for performance audit, quality assurance and quality control and leadership. The project phase ran from December 2020 to December 2021. However, a closing activity will be carried out in 2022.

#### Other support

The German aid authority GIZ has a technical assistance programme for the NAOT. In addition, the NAOT receives financial support from Sida, the Foreign, Commonwealth & Development Office and the EU, as well as support through AFROSAI-E.

**Figure 12** Costs of cooperation with the NAOT charged to the international development cooperation appropriation



Source: Swedish National Audit Office Annual Reports for 2019, 2020 and 2021 and budget for 2022.

### Earlier project phases

The Swedish NAO has been cooperating with the NAOT since 2004, making it one of our longest cooperation partnerships. It has undergone several phases and varied in scope. During the previous project phase (2017-2020), cooperation included performance audit, quality assurance and quality control, administration

and HR, communication including IT, audit of suspected corruption and fraud, and planning, follow-up and evaluation.



## Institutional conditions

The NAOT's mandate as SAI in Tanzania is regulated by the 1977 constitution, and the independence of the NAOT and the Auditor General are clarified in the Public Audit Act of 2008. The NAOT has a mandate to audit all public funds and is thus a relatively strong institution. The mandate covers ministries, municipalities, public authorities and other bodies, as well as donor-funded projects, the judiciary and parliament. However, there are some exceptions; the NAOT cannot audit the president's office, the military, or the anti-corruption authority.<sup>226</sup>

The NAOT's financial independence is partially met according to the latest PEFA assessment in 2017.<sup>227</sup> There are some deficiencies that have rather increased than decreased in recent years, because the ministry of finance was given greater influence over the NAOT's budget. The budget process is governed by the Public Audit Act, according to which the Auditor General submits a draft budget which is dealt with by the Ministry of Finance and is subsequently approved by the parliament.<sup>228</sup> The agreed budget has usually meant a reduction compared to the proposal, and it is assessed to contribute to challenges for the NAOT to fulfil its mandate.<sup>229</sup>

There are also some limitations on the NAOT's independence as regards the recruitment process and the right to retain staff. There is a system of mandatory rotation in central government posts, which makes it difficult for the SAI to influence recruitments and retain competent staff. This is considered to hamper the organisation's development.<sup>230</sup>

The World Bank's SAI Independence Index is an index of SAIs' independence. The index is designed using a ten-point scale where 0 is low and 10 is high. Tanzania's 2021 index was in the range 6.0-7.5, placing the SAI in the category of "moderate independence".<sup>231</sup>

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<sup>226</sup> Global Integrity, "Africa integrity indicators 2020 Tanzania", accessed 21 March 2022.

<sup>227</sup> Lawson, Hedvall, Thue-Hansen, and Contreras, *Tanzania Mainland Public Expenditure & Financial Accountability (PEFA) Performance Assessment Report 2016, 2017*.

<sup>228</sup> Ibid.

<sup>229</sup> Global Integrity, "Africa integrity indicators 2020 Tanzania", accessed 21 March 2022.

<sup>230</sup> Ljungström and Gårdmark, *Light touch review 2013–2016, 2017*.

<sup>231</sup> The World Bank, *Supreme Audit Institutions Independence Index 2021 Global Synthesis Report, 2021*.



## Results

In autumn 2020 the cooperation project was evaluated in an external evaluation based on document studies and interviews with people involved at the NAOT and at the Swedish NAO. In 2020, it was decided that the Swedish NAO and the NAOT would enter into a final bilateral cooperation period in 2021.<sup>232</sup> The aim of the completed project phase was to consolidate and create sustainability in the results achieved in the cooperation. The focus was on providing concentrated support to areas where the Swedish NAO and the NAOT saw added value and need for completed operations, which included support for performance audit, quality assurance and quality control and leadership. The idea was also to prepare for a transition to regional cooperation within the framework of the Swedish NAO's East Africa project.

Our support has contributed to the development journey the SAI in Tanzania has travelled. This is evident not least in performance audit, where the processes have been strengthened and the reports are of higher quality. Other results of the evaluation are that NAOT staff have been trained in new techniques and developed different guidelines in their work with quality assurance and performance audit. HR and communication have been strengthened through new HR manuals and a new intranet.<sup>233</sup>

Some success factors identified in the evaluation report are flexible support and an in-depth commitment from the Swedish NAO. Further factors are the partnership's anchorage with the NAOT's top management and that the cooperation has been going on for a long time, which has resulted in mutual trust. Proof of this change journey is that in 2020 the NAOT received the award for Best Review Report in the region for the fourth time.<sup>234</sup>

The maturity level achieved by the NAOT is also one of the reasons why the Swedish NAO chose to phase out bilateral support in 2021.

### **Improved process for conducting performance audit**

The evaluation carried out in 2020 shows that cooperation at an overall level has contributed to more efficient audit processes and reports that are more readable and of higher quality, despite the fact that the cooperation has been implemented at a somewhat uneven pace over the years. The Swedish NAO has supported the NAOT in performance audit since the cooperation started in 2004, and a gradual increase in capacity can be noted. In 2015, three audit reports were published, in

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<sup>232</sup> Ernst & Young, Sweden, *Evaluation of the Swedish National Audit Office's cooperation with the National Audit Office of Tanzania*, 2021.

<sup>233</sup> *Ibid.*, p. 3.

<sup>234</sup> Pretorius, "Tanzania wins Prize for the best Performance Audit Report of 2019", accessed 21 March 2022.

2016, ten were published and then twelve reports were published in both 2019 and 2020.<sup>235</sup>

Support has been directed both at the strategic level, through the establishment of a performance audit unit, and at the operational level, for example through coaching support to auditors. The Swedish NAO has provided methodological support in how the SAI can collect and present data. As a success factor, the evaluation report highlights that the work has been carried out with a relatively small group of performance auditors. This has facilitated the process of increasing knowledge among the auditors, and by extension also the quality of the reports. However, increasing pressure to publish more reports has meant recruiting new staff with less experience, which has led to challenges in maintaining the quality of the reports.

### **Strengthened competence of those responsible for quality assurance**

The Swedish NAO has supported the NAOT in developing a quality assurance system and building up a quality assurance function. We have provided support since the quality assurance function was established in 2016. This included support in developing manuals, guidelines and strategic documents, operational plans and checklists. We have also organised training, meetings and seminars with the aim of increasing employees' competence when it comes to following up recommendations from the quality assurance function. In addition, we have supported efforts to raise awareness of quality issues among management. An important priority has been to shift focus from assessing individual reports to adopting a broader perspective on quality assurance, focusing on quality assurance processes in the SAI as a whole.<sup>236</sup>

The people interviewed in the evaluation stress that the quality of quality assurance reports has improved, that appropriate quality assurance processes have been set up and that the quality assurance function is now working according to defined structures described in the quality assurance plan and procedure. One proof of development is that we now believe that the unit has reached a sufficient standard to serve as an example in AFROSAI-E.<sup>237</sup>

### **Increased leadership skills among managers**

The Swedish NAO's support to the NAOT has included HR, leadership and communication with the aim of increasing the skills to plan and lead audit teams. The efforts were directed at increasing skills in self-leadership and building teams and communicative leadership. This was done through a series of seminars. In

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<sup>235</sup> Ernst & Young, Sweden, *Evaluation of the Swedish National Audit Office's cooperation with the National Audit Office of Tanzania*, 2021, p. 20.

<sup>236</sup> Ibid., p. 21.

<sup>237</sup> Ibid., p. 22.

2021, a second round of concluding seminars was held with around 60 participants, focusing on coaching, facilitation and active listening.<sup>238</sup> The evaluation of the initiative clearly shows that the participants have increased their knowledge in the field, and will use and disseminate the knowledge within the organisation.<sup>239</sup> Our assessment is that these skills are central to the establishment of a well-functioning SAI.

The evaluation shows that the Swedish NAO's strategy to "support rather than replace" has contributed to sustainable results in terms of developed manuals, trained managers and a more committed and developed management, and that this strengthened the NAOT's audit capacity.<sup>240</sup>

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<sup>238</sup> Swedish National Audit Office, Questionnaire survey: Tanzania Dodoma and Dar, Training in cooperation with the Swedish NAO, 2021.

<sup>239</sup> Swedish National Audit Office's evaluation: Webropol.

<sup>240</sup> Ernst & Young, Sweden, *Evaluation of the Swedish National Audit Office's cooperation with the National Audit Office of Tanzania*, 2021, p. 39.

## Uganda – Office of Auditor General of Uganda (OAGU)

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In 2007, the Ugandan government adopted a long-term plan, “Uganda Vision 2040”, which outlines the direction of the country’s development. The aim is to transform a predominantly poor agricultural and low-income country into a competitive middle-income country. At the same time, several reports point to clear shortcomings in the functioning of democracy, persistent human rights violations and continued harassment of opposition politicians. The EU also criticises Uganda for violations of freedom of expression and assembly.<sup>241</sup> According to the Transparency International 2021 Corruption Index, Uganda ranks 144 out of 180 countries.<sup>242</sup>

In January 2021, a presidential election was held in Uganda. The election resulted in Yoweri Museveni and his party the National Resistance Movement remaining in office for another five years. The electoral process is fundamentally deficient, characterised by fraud, unaccredited observers and violence and harassment of the opposition. Yoweri Museveni has served as Head of State since 1986.<sup>243</sup>

Uganda is considered a poor country even though economic growth has been good in recent decades. Poor infrastructure and widespread corruption are some explanations for the shortcomings in economic development. Falling revenues due to the COVID-19 pandemic have increased Uganda’s long-standing budget deficit, which is now close to 10 per cent.<sup>244</sup>

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<sup>241</sup> Swedish National Audit Office, Memorandum, *Fördjupad beredning av Riksrevisionens samarbete med Office of Auditor General of Uganda efter 2020*, 2020, p. 5.

<sup>242</sup> Transparency International, “Corruption Perceptions Index 2021”, accessed 17 March 2022.

<sup>243</sup> Swedish Institute of International Affairs, “Uganda”, accessed 21 March 2022.

<sup>244</sup> Ibid.



## Project description

### Current project phase

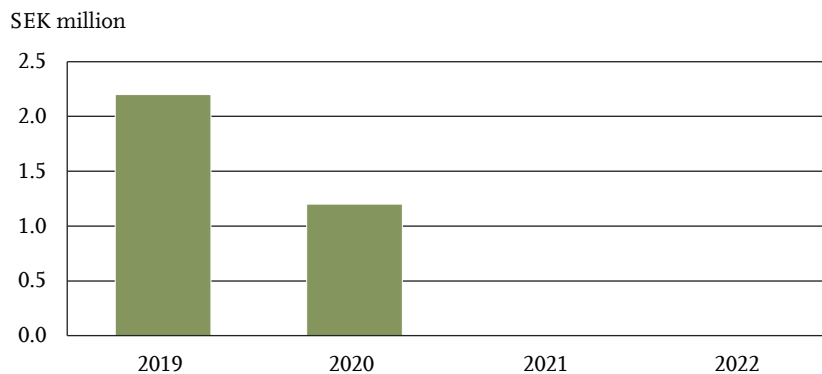
#### Main focus

The Swedish NAO's cooperation with the OAGU included internal and external communication, but also developing quality assurance and quality control and improving the quality of financial and performance audit reports. The most recent project phase took place from 1 April 2017 to 31 December 2020. Since 1 January 2021, the Swedish NAO has no bilateral cooperation with the OAGU, which, however, is participating in our regional East Africa project.

#### Other support

The World Bank provides support to *Uganda Vision 2040*, which is mainly funded by the International Development Association. There is also bilateral cooperation with Germany's aid agency GIZ as well as with the Norwegian SAI. In addition to bilateral cooperation, the OAGU participates in the EU's joint coordination programmes. The OAGU is also supported through AFROSAI-E.

**Figure 13** Costs of cooperation with the OAGU charged to the international development cooperation appropriation



Source: Swedish National Audit Office Annual Reports for 2019, 2020 and 2021 and budget for 2022.

#### Earlier project phases

The Swedish NAO cooperated bilaterally with the OAGU in 2013-2020 in two phases. The first phase lasted from April 2013 to June 2015 and was extended to December 2016. The second phase lasted from April 2017 to December 2020. The aim of the cooperation was, at an overall level, to help strengthen the capacity and capability of the OAGU to conduct audits in accordance with international

standards. The cooperation focused on leadership development, HRM, quality control and quality assurance of audit operations, internal and external communication and performance audit.



## Institutional conditions

The OAGU is mandated to conduct financial audits, performance audits, IT audits and forensic investigations. The mandate includes audits of a large number of auditees at central, regional, and local level.

According to the country's 2008 Audit Act, the OAGU is required to report audit findings to parliament. Parliament shall, according to the constitution, examine the annual report within six months and decide on any action to be taken following the findings of the Auditor General. Uganda's Auditor General is appointed by the president after approval by parliament. The constitution guarantees the independence and integrity of the Auditor General.

The OAGU performs all types of audits and has an audit coverage of 79 per cent for the financial year 2018-2019.<sup>245</sup> However, coverage decreased due to the COVID-19 pandemic, with limitations in human and financial resources, reaching 55 per cent for the financial year 2019-2020.<sup>246</sup>

In the Open Budget Survey 2019, Uganda scored 22 out of 100 points for public budget transparency, which is higher than the global average.<sup>247</sup> The World Bank's SAI Independence Index is an index of SAIs' independence. The index is designed using a ten-point scale where 0 is low and 10 is high. Uganda's 2021 index was in the range 9.0–9.5, placing the SAI in the category of "high independence".<sup>248</sup>



## Results

In 2020, an external evaluation of the second phase of cooperation was carried out. The data collection was mainly based on document studies and interviews with the people involved at the OAGU and the Swedish NAO, as well as on supplementary interviews with the regional partner AFROSAI-E.<sup>249</sup>

The aim of the cooperation has been to ensure high quality in the OAGU's operations and to strengthen the ability to carry out audits in line with international standards (ISSAI).

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<sup>245</sup> Office of the Auditor General Uganda, *Annual Performance Report of the Auditor General for the Period Ending 31st December 2018, 2019*.

<sup>246</sup> Office of the Auditor General Uganda, *Annual Performance Report of the Auditor General for the Period Ending 31st December 2019, 2020*.

<sup>247</sup> International Budget Partnership, *Open Budget Survey 2019, Uganda, 2020*.

<sup>248</sup> World Bank, *Supreme Audit Institutions Independence Index 2021 Global Synthesis Report, 2021*.

<sup>249</sup> Ernst & Young, *Evaluation of the Swedish National Audit Office's cooperation with the Office of the Auditor General of Uganda, 2020*.



At an overall level, cooperation has led to strengthening the capacity of the OAGU. Some key findings include that the SAI has implemented a quality assurance system and developed a manual for quality control. The Swedish NAO's support has also led to higher competence in performance audit. When it comes to communication, the OAGU has developed its intranet and strengthened its relationship with the media. Some of the obstacles identified are the difficulties in following up the project documents and that the development is mainly on an individual level and not at the organisational level.

### **Developed quality control system**

The evaluation shows that cooperation with the OAGU has led to an improved quality control system in financial audit. According to those interviewed at the OAGU, the quality control is carried out in accordance with international standards. The Swedish NAO has also supported the OAGU by developing quality assurance skills for the employees in performance audit.<sup>250</sup> The work to develop quality assurance skills has come the furthest in performance audit. A handbook for quality assurance was already available and in 2020 a new quality control manual was completed, with our help. A success factor in the work with quality assurance is that the people at the OAGU who were involved in the work have long experience and participated in the cooperation project for a long time.<sup>251</sup>

### **Increased performance audit capacity**

Support to Uganda's SAI has focused on quantitative and qualitative methods. The work to strengthen employees' skills in qualitative and above all advanced quantitative methods has been ongoing since the last project phase. Evidence of developments in performance audit is that facilitators from the OAGU are now being used as experts in AFROSAI-E's regional cooperation.

During the most recent project phase, performance audit has mainly developed in a positive direction. The Swedish NAO's support has led to individual employees gaining more knowledge and capacity, but the support has not always led to institutionalisation of these advances. This is partly because the OAGU has decided to involve a broader group of financial auditors in performance audit work. This means that more employees than in the original plan have participated in the training, which has meant that the courses had to be held at a basic level in some cases. This, in turn, has made it difficult to increase skills in performance audit throughout the organisation.<sup>252</sup>

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<sup>250</sup> Ernst & Young, *Evaluation of the Swedish National Audit Office's cooperation with the Office of the Auditor General of Uganda*, 2020, p. 18.

<sup>251</sup> Ibid., p. 19.

<sup>252</sup> Ibid., p. 21.

## Created good conditions in communication

The Swedish NAO has also supported the OAGU with internal communication. During the latest project phase, we helped with the introduction of an intranet that was launched in 2018. However, there are some problems with the information on the intranet not always being updated and employees therefore looking for information elsewhere.<sup>253</sup> The lack of resources has made it difficult for the OAGU to manage the work we have been involved in initiating. However, the OAGU has announced that they will increase the number of employees in the communication department.<sup>254</sup>

During the period 2016-2021, many activities were carried out to strengthen relations with the media. However, the OAGU's communication unit consists of only two people, which creates challenges. A fundamental challenge is that all this year's reports are published at one and the same time, making it difficult to communicate the content of each of them. The reports have also been inaccessible because they have been so extensive. However, the Swedish NAO has advised that they should be shorter, which has also yielded results in recent years.<sup>255</sup>

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<sup>253</sup> Ernst & Young, *Evaluation of the Swedish National Audit Office's cooperation with the Office of the Auditor General of Uganda*, 2020, p. 24.

<sup>254</sup> *Ibid.*, p. 24.

<sup>255</sup> *Ibid.*, p. 23.



## Zimbabwe – Office of the Auditor General (OAG)

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Zimbabwe has moved from a relatively well-functioning society with a relatively stable economy and large natural resources, to a country with high and widespread poverty. Historical explanations exist but the causes are based on economic mismanagement and political abuse of power. Zimbabwe served as a one-party state under ex-President Robert Mugabe and his party Zanu-PF, from independence in 1980 to 2017, with the exception of a few years of co-government with the opposition. After a power struggle in autumn 2017, the military intervened and Mugabe resigned. His successor, Emmerson Mnangagwa, promised, among other things, to address the country's acute problems, but the crisis has instead worsened.<sup>256</sup>

Corruption is widespread with inefficient governance, weak decentralisation and a lack of respect for human rights. Freedom of expression is limited, abuses are carried out by security forces and the independence of the judiciary is heavily questioned.<sup>257</sup> According to the Transparency International 2021 Corruption Index, Zimbabwe ranks 157 out of 180 countries.<sup>258</sup>

The main industries in Zimbabwe are mining and agriculture. The country receives substantial humanitarian aid, although it has the potential to feed its own population and export surpluses. Food security and development are increasingly also affected by climate-related impacts. The economic crisis has made more than half of the population unemployed.<sup>259</sup> The political crisis of the 21st century has also had a profound impact on both the public finances and the private sector. The country's economic problems are based on a number of factors, including low level of investment, neglected infrastructure, widespread corruption, high debt and rising inflation. The COVID-19 pandemic has further worsened the economy, and the government was criticised by Amnesty International for using the pandemic to curtail the rights and freedoms of the population.<sup>260</sup>

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<sup>256</sup> Swedish Institute of International Affairs. "Zimbabwe", accessed 22 March 2022.

<sup>257</sup> Ibid.

<sup>258</sup> Transparency International, "Corruption Perceptions Index 2021", accessed 22 March 2022.

<sup>259</sup> Swedish Institute of International Affairs, "Zimbabwe", accessed 22 March 2022.

<sup>260</sup> Ibid.



## Project description

### Current project phase

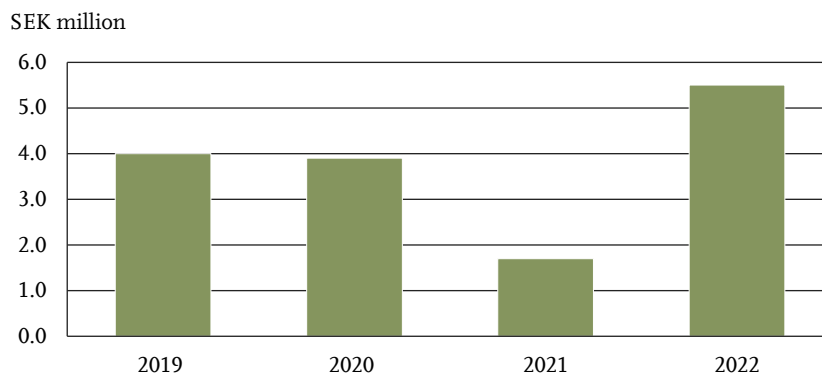
#### Main focus

The cooperation mainly includes performance audit and institutional development in leadership, communication and management of human resources, as well as financial support for, among other things, development of the technical infrastructure. The first project phase lasted from 2017–2021. It has been extended for 10 months to allow for the preparation of a new project phase.

#### Other support

The OAG currently has support from the United Nation Development Program, UNDP and the African Development Bank, the former of which includes financial support from the Swedish NAO. In addition, the OAG has support from the member organisation AFROSAI-E and the INTOSAI Development Initiative.

**Figure 14** Costs of cooperation with the OAG charged to the international development cooperation appropriation



Source: Swedish National Audit Office Annual Reports for 2019, 2020 and 2021 and budget for 2022.

#### Earlier project phases

The first phase of the cooperation took place in 2017-2021, but has been extended by 10 months.



## Institutional conditions

The SAI's remit and independence is regulated in the constitution and in a law on public sector audit. The constitution states, among other things, what qualifications are required for an Auditor General and that the president appoints the post with the consent of parliament, and that an Auditor General can only be dismissed from their duties on the grounds of gross incompetence or mismanagement or inability to perform their duties for health reasons.<sup>261</sup> The SAI conducts financial, compliance and performance audit. The audit mandate covers ministries, state enterprises and local administration.

The World Bank's SAI Independence Index is an index of SAIs' independence. The index is designed using a ten-point scale where 0 is low and 10 is high. Zimbabwe's 2021 index was in the range 8.0-8.5, placing the SAI in the category of "substantial independence".<sup>262</sup> The OAG's board is still not operational and there are limitations in the financial and administrative independence of the OAG.<sup>263</sup>

The Open Budget Survey gives the OAG good marks overall (a or b), which means that the SAI conducts its audits, fulfils its audit mandate and reports its findings. However, the government does not report on action taken in response to the audit conclusions and recommendations, and neither the OAG nor parliament make information on whether the government has taken action available.<sup>264</sup> On the other hand, transparency in the budget process has increased significantly and is now slightly above the global average, but still clearly below what is considered sufficient.<sup>265</sup>



## Results

In spring 2022, an external evaluation of the cooperation between the Swedish NAO and the OAG was completed during the period February 2017-December 2021. The evaluation is based on both qualitative and quantitative material, including document studies and interviews with the people involved at the Swedish NAO and the OAG.<sup>266</sup>

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<sup>261</sup> See the Constitution of Zimbabwe Amendment (No. 20) Act 2013, and see the Audit Office Act [Chapter 22:18], (No. 12 of 2009) (Zimbabwe).

<sup>262</sup> The World Bank, *Supreme Audit Institutions Independence Index 2021 Global Synthesis Report*, 2021.

<sup>263</sup> Office of the Auditor General Zimbabwe, *Annual performance report 2019, 2020*, and Swedish National Audit Office, *Bedömningspromemoria: Samarbete med Office of the Auditor General of Zimbabwe*, 2017, p. 1, 5.

<sup>264</sup> International Budget Partnership 2019, "Open Budget Survey, Questionnaire Zimbabwe 2018", questions 97–102, accessed 22 March 2022.

<sup>265</sup> Swedish Institute of International Affairs, "Zimbabwe", accessed 12 January 2022, and Sida, *Underlag inför beslut om strategi för utvecklingssamarbetet med Zimbabwe 2022–2026*, communication to the Ministry for Foreign Affairs, 23 August 2021.

<sup>266</sup> Ramboll, *Evaluation of the institutional development cooperation between the Swedish National Audit Office and the Office of the Auditor General of Zimbabwe*, 2022.

The purpose of the cooperation is to assist the OAG in improving its operations in relation to international standards in selected areas. This is to be achieved for example through effective processes for performance audit, through the capacity and knowledge needed to produce user-friendly audit reports of good quality, and through ensuring an effective and empathetic management culture and well-functioning communication.

The Swedish NAO also contributes financially to the United Nations Development Programme (UNDP), which in turn has been using the grant since 2018 to support the OAG with purchases and activities for capacity building. At an early stage of the cooperation, our support focused on upgrading the technical equipment for performance auditors in the form of laptops, printers and cameras. During 2020-2022, the Swedish NAO has contributed a total of just over SEK 3.5 million as operational support to UNDP. This has given the OAG great opportunities to prioritise the use of grants according to its needs. The funds can be used in two different target areas: to carry out audits and to strengthen IT infrastructure.<sup>267</sup>

The evaluation mentions positive developments in all areas of cooperation and that the cooperation is well planned, guided and implemented, but that it is too early to assess whether the results achieved will be lasting. It is also clear that the OAG needs continued support. The evaluation highlights trust in cooperation as an important success factor in achieving results in all components of cooperation. Contextual knowledge has been particularly important for effective cooperation. Representatives of the Swedish NAO had relevant knowledge, which enabled them to understand the OAG's needs and propose the right types of improvements. Our flexible approach has also contributed to successful implementation, despite major challenges caused by the COVID-19 pandemic.

However, the economic and political situation in the country and the OAG's lack of resources limit the ability to fully comply with international standards. The results achieved are described in more detail below.<sup>268</sup>

### **Developed leadership with increased job satisfaction and better performance from staff**

The evaluation shows some improvement in the leadership of OAG's managers as well as that the staff are more satisfied and perform better. According to the evaluation, the OAG's governance has developed, for example through management having access to new methods and leadership tools. The Swedish NAO's leadership training has been appreciated, as confirmed by interviewed

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<sup>267</sup> Ramboll, *Evaluation of the institutional development cooperation between the Swedish National Audit Office and the Office of the Auditor General of Zimbabwe*, p. 13, 15.

<sup>268</sup> Ibid., p. 16.

employees at the OAG who describe, among other things, that the courses have improved managers' leadership skills. This has led to better communication, more openness and increased understanding between managers and staff. OAG employees feel that the improved relationship has led to a better working environment and increased motivation. This was also verified in a questionnaire survey to performance auditors, which was carried out as part of the evaluation. The results of the survey showed that six out of ten respondents, who participated in activities focused on the OAG's processes and relationships between personnel categories, believe that the relationship between auditors, team leaders and managers has improved as a result of the Swedish NAO's activities.<sup>269</sup>

As part of creating better conditions for informal communication between different managers and between managers and staff, the Swedish NAO contributed to financing equipment for break rooms. According to the OAG interviewees, informal meetings in the break rooms led to stronger interaction and better relationships between employees. During the COVID-19 pandemic, some of the staff were unable to be in the office due to restrictions and the room could not be used to the full.<sup>270</sup>

### **Improvements in internal and external communication**

The external evaluation shows that there have been some improvements in both internal and external communication. With the support of the Swedish NAO, the OAG has improved its intranet, which now works to a certain extent. Interviewees from the OAG confirm that all employees have access to the intranet and also gained a greater understanding of its importance. However, they consider that the content of the intranet needs to be further developed. Within the framework of the cooperation, we have also supported the OAG in developing a communication policy. Other planned activities, such as a workshop focused on internal communication, have not yet been possible due to the COVID-19 pandemic.<sup>271</sup>

Our support has also led to some improvements in external communication. Interviewees from the OAG believe that support for workshops on media relations has led to increased understanding and awareness of external communication. Those affected by the audits have shown a greater interest in the OAG's activities and are now calling for more performance audits, which is considered to have increased parliament's understanding of the need for auditing.<sup>272</sup>

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<sup>269</sup> Ramboll, *Evaluation of the institutional development cooperation between the Swedish National Audit Office and the Office of the Auditor General of Zimbabwe*, p. 12.

<sup>270</sup> *Ibid.*, p. 12.

<sup>271</sup> *Ibid.*, p. 14.

<sup>272</sup> *Ibid.*, p. 14.



## **Higher quality systems and capacity enhancement in performance audit**

According to the evaluation, cooperation has strengthened processes, skills, motivation and quality in performance audit while speeding up work processes. A survey conducted during the evaluation clearly shows that the Swedish NAO's support has contributed to increasing knowledge in performance audit. A majority of respondents also stated that they put the knowledge into practice. As an example, OAG employees have increased their analytical and methodological abilities and improved their skills in writing reports. However, the OAG has not yet received the resources it considers necessary to set up a dedicated performance audit department.<sup>273</sup>

The OAG's activities have been severely affected by the COVID-19 pandemic. Delays in the statutory financial audit have led the OAG to prioritise these activities, with the result that in practice no performance audit could be carried out in 2021. In addition, the number of performance auditors has decreased due to staff turnover, while no recruitment to replace them could take place due to budgetary constraints. How this will affect further development is uncertain.

According to the evaluation, it is too early to determine whether the OAG will have the intended long-term effects and whether the results of the cooperation are sustainable over time. However, continued support from the Swedish NAO is considered favourable for the OAG's further development towards carrying out audits in accordance with international standards. The SAI has a good reputation both within the country and among international actors in the country. There is an interest and some openness to the audit reports presented, and they are also given attention in the media.<sup>274</sup>

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<sup>273</sup> Ramboll, *Evaluation of the institutional development cooperation between the Swedish National Audit Office and the Office of the Auditor General of Zimbabwe*, p. 13.

<sup>274</sup> *Ibid.*, p. 13.



# New cooperation projects

## Armenia – Audit Chamber of the Republic of Armenia (AC)

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Armenia declared independence in 1990 after the collapse of the Soviet Union. In 2018, the so-called Velvet Revolution took place, based on protests against corruption and abuse of power within the Republican Party that had long been in power.<sup>275</sup> In January 2019, opposition leader Nikol Pashinyan was appointed prime minister after his alliance won the election with 70 per cent of the vote.<sup>276</sup>

Since the 2019 elections, several reforms have been initiated to reduce corruption and change the political system. An anti-corruption commission was set up by the prime minister and a three-year anti-corruption plan was launched for the period 2019-2022.<sup>277</sup> According to the Transparency International 2021 Corruption Index, Armenia ranks 58 out of 180 countries.<sup>278</sup>

Armenia's relations with neighbouring Azerbaijan and Turkey are tense. The conflict with Azerbaijan over the Nagorno-Karabakh region has been going on for a long time and has flared up on several occasions since the fall of the Soviet Union. The last time was in autumn 2020.<sup>279</sup>

The agricultural sector is large and employs about half of the population. Growth has been relatively good in recent years, but a large part of the population is still living in poverty, especially in rural areas. Wages are low, especially for women.<sup>280</sup> Thanks to the reforms carried out and economic developments in recent years, Armenia has become a country where international companies have chosen to invest.<sup>281</sup>

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<sup>275</sup> Swedish Institute of International Affairs, "Armenia", accessed 28 March 2022.

<sup>276</sup> Ibid.

<sup>277</sup> Council of Europe, 2019, "New Anticorruption Strategy and establishment of Corruption Prevention Commission in Armenia", accessed 28 March 2022.

<sup>278</sup> Transparency International, "Corruption Perceptions Index 2021", accessed 2 February 2022.

<sup>279</sup> Swedish Institute of International Affairs, "Armenia", accessed 28 March 2022.

<sup>280</sup> The World Bank, 2019, "GDP Armenia", accessed 17 March 2022.

<sup>281</sup> Government Offices, "Armenia", accessed 28 March 2022.



## Project description

### Current project phase

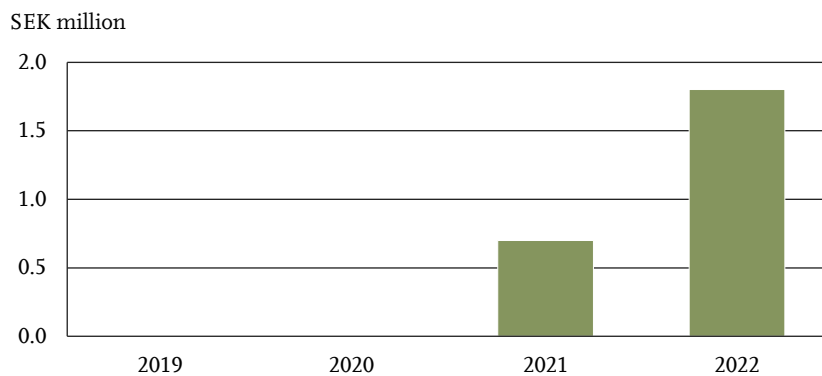
#### Main focus

The main focus of the cooperation between the Swedish NAO and the AC is capacity building in performance audit, internal and external communication and stakeholder relations, especially with parliament. The current project phase runs from June 2021 to December 2023.

#### Other support

The SAI in the United States provides support through USAID in financial audit and with institutional issues. The OECD/SIGMA will focus on communication with the aim of developing a communication strategy in 2022. Germany's aid authority GIZ has provided support in the area of audit at municipal level. The SAI in Saudi Arabia has provided financial support for IT infrastructure through a fund for the development of Supreme Audit Institutions.

**Figure 15** Costs of cooperation with the AC charged to the international development cooperation appropriation



Source: Swedish National Audit Office Annual Report for 2021 and budget for 2022.

#### Previous cooperation

The Swedish NAO has not previously had any cooperation with the SAI in Armenia.



## Institutional conditions

By law, the AC is an independent central government agency that has a mandate to audit government agencies and institutions at the state and local level that are funded by public funds. According to its mandate, the AC shall carry out financial, performance and compliance audits. The AC points out in its strategic development plan that the mandatory audits of quarterly financial statements take up a significant part of the budget, which limits other activities. They are working to remove this requirement and instead report to parliament annually.<sup>282</sup>

The organisation is led by the Public Audit Chamber consisting of seven members, including the Auditor General. The Auditor General is elected by Parliament on the basis of a recommendation from the President.<sup>283</sup>

In order to be able to work in line with international standards for public sector audit, there are some issues in the legislation addressed by the AC in its strategic plan for the period 2020-2023. Among other things, financial independence is limited as the government has to approve the budget and access to information is unclear due to legislation interpreted in conflicting ways. There are also restrictions on recruitment of personnel and a rotation system that affects the ability to allocate staff on the basis of competence.<sup>284</sup>

On the scale for SAI PMF, Armenia is at a level ranging from 1 to 2. The scale is between 0-4, where 0 means that the audit functions are not defined and 4 implies full compliance with the international standards.<sup>285</sup>

The World Bank's SAI Independence Index is an index of SAIs' independence. The index is designed using a ten-point scale where 0 is low and 10 is high. Armenia's 2021 index was in the range 8.0-8.5, placing the SAI in the category of "substantial independence".<sup>286</sup>

## Focus

The overall objective of the cooperation is for the Swedish NAO to promote the SAI's capacity and ability to contribute to accountability and to improvements in public administration, as well as to improve citizens' transparency. This in turn contributes to the democratic development of Armenia and to building greater

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<sup>282</sup> See Article 2 and 3 of the Law of the Republic of Armenia on Public Audit Chamber.

<sup>283</sup> The Georgian SAI has carried out a training course and GIZ has supported the preparation of pilot reports.

<sup>284</sup> Audit Chamber of the RA. *Strategic Development Plan of the Republic of Armenian Audit Chamber 2020–2023*, 2019, p. 8–9.

<sup>285</sup> SAI-PMF, *Self-assessment performance of the RA Chamber of Control in Line with the Requirements of International Standards of Supreme Audit Institutions (ISSAIs)*, 2016.

<sup>286</sup> The World Bank, *Supreme Audit Institutions Independence Index 2021 Global Synthesis Report*, 2021.

trust in the public administration. As the cooperation is new, there are still no results in line with the objectives that can be linked to the cooperation project.

However, digital performance audit training was carried out in autumn 2021. In the subsequent evaluation, the majority stated that the training has improved their knowledge of the subject and that they will use the knowledge in their work in the future.<sup>287</sup>

### **Performance audit is to be established as an audit type**

The main component of the project is to develop performance audit within the AC. It is a relatively new audit type and only a few audits have been carried out and published. The goal is for more auditors to be able to carry out qualitative audits and to become a more integrated part of the organisation's work. According to previous estimates, the AC has a basic understanding of what performance audit is and an ambition to carry out the audits in line with international standards. The AC also wishes to increase knowledge of performance audit within the SAI.<sup>288</sup> This was clear in the self-assessment carried out already in 2016 in accordance with SAI-PMF and supported by IDI. The report shows that there is great potential for improvement both in the audit operations and the organisation's internal processes. Many of these problems remain even after the entry into force of the new legislation in 2018.<sup>289</sup>

The Swedish NAO's support to the AC involves training for both auditors and managers and coaching during the audit process. In addition, the AC has the ambition to produce a performance audit manual, and we will support them in that process. There is no other donor directly involved in performance audit.<sup>290</sup>

### **Communication is important for the SAI's development and impact**

The AC needs to strengthen its internal and external communication. The OECD/SIGMA leads this work, but they would like the Swedish NAO to be involved in the preparation of a communication plan for the SAI. New communication channels for internal communication and exchange of information are to be established to improve the exchange of knowledge between employees. In addition, the AC wants to improve external visibility to strengthen citizens' confidence in and understanding of the work of the SAI. An important part of this is to write user-friendly and relevant reports.

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<sup>287</sup> Swedish National Audit Office, *Questionnaire survey: Armenia - Performance Audit training in cooperation with the Swedish NAO 20211001*, 2021.

<sup>288</sup> USAID and Center for Audit Excellence (CAE), *Assessment report: Action needed to strengthen the Republic of Armenia Audit Chamber's Independence, Capacity and Quality Assurance*, 2019.

<sup>289</sup> SAI-PMF, *Self-assessment performance of the RA Chamber of Control in Line with the Requirements of International Standards of Supreme Audit Institutions (ISSAIs)*, 2016.

<sup>290</sup> Swedish National Audit Office, *Fördjupad beredning av ett eventuellt samarbete med nationella revisionsmyndigheten i Armenien*, 2021, p. 12.

## **Relationships with stakeholders increase understanding of audit operations**

A key area for a SAI is to ensure that relations with parliament and other stakeholders are constructive and that they understand the SAI's remit and mandate. The Swedish NAO is to support the AC in developing relations with parliament and strengthening their understanding of auditing, in particular to increase the understanding of performance audit so that they are able to deal with the reports. Support also includes strengthening communication with auditees so that they are aware of the purpose of the audits and are willing to share the necessary information. Other stakeholders that may be relevant are the media, parts of the judiciary and NGOs.





## Regional East Africa: Office of Auditor General Kenya, Office of Auditor General Rwanda, National Audit Office of Tanzania and Office of Auditor General Uganda

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The regional initiatives in East Africa are a complement both to the Swedish NAO's bilateral cooperation projects, and to initiatives through AFROSAI-E. The countries involved in the cooperation are Kenya, Rwanda, Tanzania and Uganda. These are all members of the African Union (AU), whose Agenda 2063 sets out what the AU and its members strive to achieve in the long term. One of the objectives is for the region to be characterised by good governance, democracy, respect for human rights, justice and the rule of law.

The countries involved in the cooperation are characterised by varying degrees of restrictions on democracy. There are tendencies in Kenya to restrict freedom of expression and citizens' rights and in recent years there has been more restrictive legislation for the media.<sup>291</sup> Democratic space in Tanzania has decreased and there are negative developments in respect of human rights and the rule of law.<sup>292</sup> In Uganda there are shortcomings in democracy with violations of human rights and harassment of opposition politicians.<sup>293</sup> During the COVID-19 pandemic, the Rwandan government was criticised for using the pandemic to limit the opposition.<sup>294</sup> According to Transparency International 2021 Corruption Index, countries in the region rank in a range from Rwanda 52, Kenya and Tanzania 128 to Uganda ranking 144 out of a total of 180 countries.<sup>295</sup>

Kenya is, according to Official Development Assistance (ODA), a lower middle-income country, while the three remaining countries are defined as least developed countries. Kenya is the largest economy in East Africa and is a centre of finance, IT and transport in the region. In Kenya, however, 80 per cent are still living in poverty. Kenya, Uganda and Tanzania have experienced good economic growth in recent decades, but due to external factors, such as the global COVID-19 pandemic, countries have experienced negative growth. Poor infrastructure and widespread corruption also explain shortcomings in economic development in Tanzania and Uganda.<sup>296</sup> <sup>297</sup> <sup>298</sup> Rwanda, which became a member of the cooperation later, remains a poor country and receives a lot of assistance from the outside world. Despite this, the country has well-functioning state finances and tax collection, as well as relatively low corruption in the country.<sup>299</sup>

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<sup>291</sup> Swedish Institute of International Affairs, "Kenya", accessed 12 April 2022.

<sup>292</sup> Government, *Strategi för Sveriges utvecklingssamarbete med Tanzania 2020–2024*, 2020.

<sup>293</sup> Swedish National Audit Office, *Memorandum: Fördragad beredning av Riksrevisionens samarbete med Office of Auditor General of Uganda efter 2020*, 2020.

<sup>294</sup> Swedish Institute of International Affairs, "Rwanda", accessed 12 April 2022.

<sup>295</sup> Transparency International, "Corruption Perceptions Index 2021", accessed 8 March 2022.

<sup>296</sup> Swedish Institute of International Affairs, "Kenya", accessed 12 April 2022.

<sup>297</sup> Swedish Institute of International Affairs, "Uganda", accessed 12 April 2022.

<sup>298</sup> Swedish Institute of International Affairs, "Tanzania", accessed 12 April 2022.

<sup>299</sup> Swedish Institute of International Affairs, "Rwanda", accessed 12 April 2022.



## Project description

### Current project phase

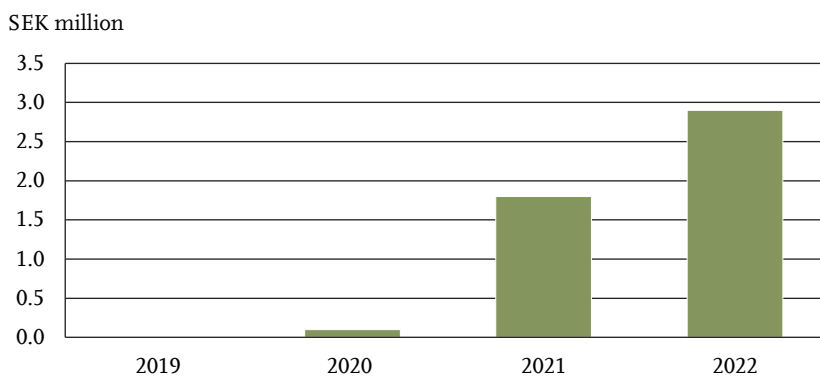
#### Main focus

The main focus of the cooperation between the Swedish NAO and Regional East Africa's target group, consisting of the OAG Kenya, the OAG Rwanda, the NAO Tanzania and the OAG Uganda, is performance audit, quality control and quality assurance of audit operations, communication, HRM, leadership development and IT audit. The current project phase runs from January 2021 to December 2024.

#### Other support

Regional East Africa's target group is also supported by AFROSAI-E. The individual SAIs cooperate to varying degrees with The German Agency for International Cooperation, the Office of the Auditor General of Norway, and others. Rwanda is supported by the Canadian Audit and Accountability Foundation, the Department for International Development, the Credit Institute for Reconstruction and the ENABEL Belgium partner in development. Tanzania is supported by the Department for International Development and the EU. Since 2021, the Department for International Development has been replaced by the Foreign and Commonwealth Development Office.

**Figure 16** Costs of cooperation with Regional East Africa charged to the international development cooperation appropriation



Source: Swedish National Audit Office Annual Reports for 2019, 2020 and 2021 and budget for 2022.

## Previous cooperation

Since 2015, before the regional cooperation was formalised as a project, the Swedish NAO has supplemented its bilateral cooperation with the SAIs in Uganda, Kenya and Tanzania with some joint activities. This has been done on a relatively limited scale corresponding to 1-3 operations per year. Some of these activities also involved the Rwandan SAI.

The aim of the regional support was then to provide support in areas such as internal and external communication, quality assurance and quality control and performance audit. These areas have been formalised since 2021 as a cooperation project within Regional East Africa.



## Institutional conditions

Regional cooperation is relatively developed and the SAIs have good communication with each other. As regards the conditions of the respective SAI, the OAG Kenya is able to audit central and regional administration, courts and the public funds allocated to political parties. They have a broad mandate to audit the use of public funds in Kenya, but face challenges as regards the premises for fulfilling the mandate and achieving an impact for their audits. Nor does the OAG Kenya have full financial independence because the budget is decided by parliament, but sometimes not all budgeted funds are paid out, which is a common problem in African countries.<sup>300</sup>

The OAG Uganda is mandated to conduct financial audits, performance audits, IT and other audits as well as forensic investigations. The OAG's mandate includes audits of a large number of auditees at central, regional, and local level.<sup>301</sup>

The NAO Tanzania has a mandate to audit all public funds and is thus a relatively strong institution. The mandate covers ministries, municipalities, public agencies and other bodies as well as donor-funded projects, the court system and the national assembly. However, the NAO Tanzania cannot audit the president's office, the military and the anti-corruption authority.<sup>302</sup> Their financial independence is partially met according to the latest PEFA assessment in 2017.<sup>303</sup> This is since the finance ministry gained increased influence over the NAO Tanzania's budget.<sup>304</sup> There are also certain restrictions linked to a system of mandatory rotation of posts within the state administration, which negatively

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<sup>300</sup> Swedish National Audit Office, *Bedömningspromemoria: Fördjupad beredning av eventuellt fortsatt samarbete med OAG Kenya*, 2018, p. 5–6.

<sup>301</sup> Office of the Auditor General Uganda, *Annual Performance Report of the Auditor General for the Period Ending 31st December 2018*, 2019.

<sup>302</sup> Global Integrity, "Africa integrity indicators 2020 Tanzania", accessed 21 March 2022.

<sup>303</sup> Lawson, Hedvall, Thue-Hansen and Contreras, *Tanzania Mainland Public Expenditure & Financial Accountability (PEFA) Performance Assessment Report 2016*, 2017.

<sup>304</sup> Ibid.

affects the staff turnover of the NAO Tanzania. This makes it difficult to influence recruitment and retain competent staff.<sup>305</sup>

Under the constitution of Rwanda, the OAG Rwanda has a mandate to audit state revenue and expenditure, public corporations, supranational organisations and central government projects. They are mandated to carry out financial audits, accounting audits and performance audits. The OAG Rwanda must report annually to parliament.<sup>306</sup>

The World Bank's SAI Independence Index is an index of SAIs' independence. The index is designed using a ten-point scale where 0 is low and 10 is high. The index for the region in 2021 was in the range 8.0–9.5. Tanzania's SAI was in the range 6.0-7.5, placing the SAI in the category of "moderate independence". The SAIs in Kenya and Rwanda were in the range 8.0–8.5, which places them in the category "substantial independence". Uganda's SAI was in the range 9.0-9.5, placing the SAI in the category of "high independence".<sup>307</sup>

## Focus

In 2015, regional cooperation support was launched as a complement to the bilateral support already provided to the member states in the region. Rwanda received bilateral support in 2004-2008 and was added to regional cooperation later than the other member states.<sup>308</sup>

The overall objective of Regional East Africa 2021-2024 is for the target group to strengthen their respective institutional, organisational and professional capacities and capabilities to conduct and communicate audit in accordance with international standards. The focus is on strengthening leadership, including HR, quality assurance and control, auditing standards, internal and external communication.<sup>309</sup>

Cooperation within Regional East Africa is based on identified needs, ideas received and/or concrete proposals from one or more SAIs within the target group. The Swedish NAO has a proactive role and supports the target group in developing proposals and motivating them by paying attention to the target group to link the ideas and/or proposals to a broader context. For example, AFROSAI-E's

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<sup>305</sup> Ljungström and Gårdmark, *Light touch review 2013–2016*, 2017.

<sup>306</sup> Office of the Auditor General SAI – Rwanda, "OAG Mandate", accessed 9 March 2022.

<sup>307</sup> The World Bank, *Supreme Audit Institutions Independence Index 2021 Global Synthesis Report*, 2021.

<sup>308</sup> Swedish National Audit Office, *Inriktningspromemoria Regionalt Östafrika 2021–2024: Riksrevisionens samarbete i Regionalt Östafrika*, 2021, p. 5.

<sup>309</sup> *Ibid.*, p. 7.

strategic plan 2020-2024, the SAI's strategic development plan, a project plan that governs a SAI's cooperation with the Swedish NAO and/or other partners.<sup>310</sup>

The Swedish NAO and the target group are completing the formalisation of the second phase of the Regional East Africa cooperation. During the current period, the partners have also carried out a small number of activities, mainly within the framework of the project components performance audit, quality control and quality assurance and communication.

### **Increased quality in performance audits**

The Swedish NAO's Regional East Africa cooperation will lead to participating SAIs producing more analytical and reader-friendly reports, having better follow-up of how they are used and performance audits that have an impact, as well as development of methods.

### **Strengthened communication**

Good internal communication is an important component enabling a SAI to conduct and communicate activities in accordance with international principles.<sup>311</sup> The Swedish NAO and our partners have therefore agreed to focus the cooperation on development and use of strategic and operational communication plans, strengthening the target group's capacity and ability to communicate with parliaments and other stakeholders, in plain language, with a view to writing reading-friendly and relevant reports.

### **Quality control and quality assurance**

An important part of addressing the institutional conditions for achieving a high standard in the planning, implementation, reporting and follow-up of audit operations is to establish quality control and quality assurance. Therefore, the Swedish NAO and its partners have agreed to focus the cooperation on mapping existing quality control and quality assurance, thereby improving the quality of quality assurance reports.<sup>312</sup>

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<sup>310</sup> Swedish National Audit Office, *Inriktningspromemoria Regional Östafrika 2021–2024: Riksrevisionens samarbete i Regionalt Östafrika*, 2021, p. 9.

<sup>311</sup> *Ibid.*, p. 6.

<sup>312</sup> *Ibid.*, p. 6.

# Abbreviations and Reference list

# Abbreviations

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|                    |   |
|--------------------|---|
| <b>AC</b>          | Audit Chamber of the Republic of Armenia  |
| <b>ACCC</b>        | Auditing in complex and challenging contexts  |
| <b>AEC</b>         | ASEAN Economic Community  |
| <b>AFROSAI-E</b>   | African Organisation of English-speaking Supreme Audit Institutions   |
| <b>ARABOSAI</b>    | Arab Organization of Supreme Audit Institutions   |
| <b>ASEAN</b>       | Association of Southeast Asian Nations  |
| <b>ASEANSAI</b>    | Association of Southeast Asian Nations (ASEAN) Supreme Audit Institutions   |
| <b>AU</b>          | The African Union   |
| <b>BNI</b>         | Business Network International  |
| <b>CBC</b>         | INTOSAI Capacity Building Committee   |
| <b>CoARM</b>       | Court of Accounts of the Republic of Moldova  |
| <b>COPF</b>        | Parliamentary Committee for Oversight of Public Finances  |
| <b>CPP</b>         | Cambodian People's Party  |
| <b>DAC</b>         | Development Assistance Committee  |
| <b>DCFTA</b>       | The Deep and Comprehensive Free Trade Areas   |
| <b>ECA</b>         | European Court of Auditors  |
| <b>EU</b>          | European Union  |
| <b>EUROSAI</b>     | European Organisation of Supreme Audit Institutions   |
| <b>EU Twinning</b> | Twinning is a programme where public administrations and officials from EU member states share knowledge and experience with institutions in non-EU countries |
| <b>UN</b>          | United Nations  |
| <b>GAC</b>         | General Auditing Commission   |
| <b>GIZ</b>         | Gesellschaft für Internationale Zusammenarbeit  |
| <b>GPC</b>         | General Personnel Council   |



|                |   |
|----------------|---|
| <b>HR</b>      | Human Resources   |
| <b>HRM</b>     | Human Resources Management                                  |
| <b>IDC</b>     | INTOSAI-Donor Cooperation                                   |
| <b>IDI</b>     | INTOSAI Development Initiative                              |
| <b>INTOSAI</b> | International Organization of Supreme Audit Institutions    |
| <b>ISSAI</b>   | International Standards for Supreme Audit Institutions      |
| <b>JWGAA</b>   | Joint Working Group of Audit Activities                     |
| <b>KNAO</b>    | Kosovo National Audit Office                                |
| <b>LTAPII</b>  | Long-Term ASEANSI Programme on ISSAI Implementation         |
| <b>NAA</b>     | National Audit Authority of Cambodia                        |
| <b>NAOT</b>    | National Audit Office of Tanzania                           |
| <b>NATO</b>    | North Atlantic Treaty Organisation                          |
| <b>OAG</b>     | Office of the Auditor General of Zimbabwe                   |
| <b>OAGK</b>    | Office of the Auditor General of Kenya                      |
| <b>OAGU</b>    | Office of the Auditor General of Uganda                     |
| <b>ODA</b>     | Official Development Assistance                             |
| <b>OECD</b>    | Organisation for Economic Cooperation and Development       |
| <b>PASAI</b>   | Pacific Association of Supreme Audit Institutions           |
| <b>PAT</b>     | Partnership for Accountability and Transparency             |
| <b>PEFA</b>    | Public Expenditure and Financial Accountability             |
| <b>PFM</b>     | Public Financial Management                                 |
| <b>SAACB</b>   | State Audit and Administrative Control Bureau of Palestine  |
| <b>SAI</b>     | Supreme Audit Institution                                   |
| <b>SAI PMF</b> | Supreme Audit Institution Performance Measurement Framework |
| <b>SAOA</b>    | State Audit Office of Afghanistan                           |
| <b>Sida</b>    | Swedish International Development Cooperation Agency        |

|              |  |
|--------------|--|
| <b>SIGMA</b> | Support for Improvement in Governance and Management |
| <b>ToT</b>   | Training of Trainers                                 |
| <b>UNDP</b>  | United Nations Development Program                   |
| <b>USAID</b> | United States Agency for International Development   |

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This document is an annex to the Swedish National Audit Office (Swedish NAO) results report on international development cooperation in 2019–2022. The results of the Swedish NAO regional and bilateral cooperation projects are presented here. New cooperation projects are also described in the annex.

A selection from the annex on what the work has contributed to:

- The audit institutions in Kenya, Palestine, Uganda and Zimbabwe have improved the quality of their reports, which has led to greater impact for the recommendations.
- The financial audits conducted by the audit institutions in the Western Balkans maintain a higher level of quality, and reports are shorter and more reader-friendly.
- The audit institutions in Kosovo, Montenegro, and Bosnia and Herzegovina have improved their quality assurance and quality control.
- The audit institutions in Moldova, Uganda and Zimbabwe have developed their intranet, and thereby the conditions for auditing.

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