

POLICY BRIEF

Making budget accountable, transparent and participatory in Afghanistan

INTRODUCTION

Budget transparency is one of the major areas in Tokyo Mutual Accountability Framework (TMAF) agreed on July 8, 2012 up on which the Afghan government has committed to promote budget transparency, accountability and participation in all budget processes in Afghanistan.¹ This should have been accompanied with establishment of a comprehensive provincial budgeting policy and other required policies and mechanisms for promoting citizens' participation in the government budget decisions.

UNFULFILLED COMMITMENTS

There have been two major commitment in TMAF 1). to establish provincial budgeting policy, and 2). to promote budget execution rate by 75% by 2017 (*Meaning, to achieve 70% budget execution by end of 2015*).² Though, neither the provincial budgeting policy has been established and implemented nor the committed target for budget execution rate has been achieved by the government. Establishing and implementation of a comprehensive, participatory and transparent provincial budgeting policy could have promoted planning, budgeting, and participation for fair budget allocation and increasing execution rate in Afghanistan which would have fulfilled the two indicators of TMAF commitment.

Weak performances of Afghan government on budget issues post TMAF commitment which has badly affected budget transparency, accountability, and participation. Meaning that still the citizens' are not enabled to participate in the budget allocation,

execution and oversight processes which has extremely affected of fair budget allocation at provincial and local levels. Budget execution rate is expected to be near 60% by end of 2015

(Approximately 10% less than TMAF committed for budget execution rate).

Nevertheless, Afghanistan has been one of the countries with significant progress in budget transparency in 2012. The initial score was only 8 in 2008 which increased to 21 in 2010,³ while substantial improvement has been made in 2012 reaching to 59 in Open Budget Index (OBI).⁴ However, considering the weak performance of Afghan government since 2012, the budget transparency score of Afghanistan can be expected to have a huge decrease in this year in the Open Budget Index 2015 (*Applied in 102 countries in 2015 for scoring of national budget transparency*).

PROVINCIAL BUDGETING POLICY (PBP)

Establishing of PBP has become an impossible phenomenon in Afghanistan. However, in Tokyo conference in 2012, the Afghan government committed to establish an inclusive PBP in order to engage citizens' in the planning, budgeting and oversight processes for fair, transparent and accountable budget allocation and execution. But as of end of August, 2015, the government has not been able to establish PBP. However, the issues would remain, if high government authorities fail in achieving

¹http://www.mofa.go.jp/region/middle_e/afghanistan/tokyo_o_conference_2012/tokyo_declaration_en2.html

² Ibid

³ <http://www.oecd.org/gov/budgeting/49941791.pdf>

⁴ <http://internationalbudget.org/wp-content/uploads/OBI2012-Report-English.pdf>

political commitments for establishing and implementing of a very inclusive PBP that ensure all citizens' participation in the planning and budgeting with clear information of budget breakdown in the provincial and district levels prior budget formulation. Apart from this, the civil society should be allowed by law and government policies to oversee and report on budget execution in the public sectors to ensure transparency, accountability and expenditures' effectiveness. This would ensure that people feel ownership of budget and assist the government to improve budget allocation and execution in the country.

CIVIL SOCIETY ROLE AND PARTICIPATION IN THE BUDGET PROCESSES

Afghan government committed in Tokyo conference in 2012 to promote participation in the budget process, but still civil society participation is largely ignored in the budget processes by the Ministry of Finance (MoF), Parliament, and Supreme Audit Office (SAO). In all key areas of budgeting process, there is only opportunity for civil society organizations to participate at the MoF's budget consultation meeting, while the MoF invites CSOs to comment on the draft of the Executive Budget Proposal once or at best twice a year. However, the process has been symbolic so far since MOF never provides any feedback to CSOs on their comments and recommendations.

There are many underlying reasons due to which civil society participation is ignored. Lack of political will on the part of MOF and Parliament and lack of policies for budget transparency, accountability and citizens' participation are key to mention a few. In addition, key some of the key budget documents are either not published or are not easily accessible to the public. Hence, the government should produce inclusive budget documents to be transparent and open to the public, and respect citizens participation in all key budget processes where citizens' participation are must. The key budget documents are: Pre-Budget Statement (PBS), Executive Budget Proposal (EBP), Enacted Budget (EB), Citizens Budget (CB), In-Year Report (IYR), Mid-Year Review (MYR), End-Year Report

(EYR), and Audit Report (AR).⁵ Still most of Afghan citizens' do not know about government budget processes in Afghanistan.

Inadequate knowledge and lack of understanding of government officials and MPs about citizens' participation in budgeting process is a stumbling block on the way of increasing civil society's role and citizen's participation in the budgeting process. The government authorities ignores citizens' participation to influence their decisions indirectly, while most of MPs perceive that MPs represent citizens and therefore there is no need for direct representation and voice in the budgeting process. This situation has led to ineffective budgets and low quality of services decreasing public trust in the government costing the government structural legitimacy.

LEGAL GAP ANALYSIS

Budget transparency, accountability and participation are not poor only due to lack of establishing and implementation of PBP, but also due to lack of MoF, Parliament, and SAO attention, and capacity to identify, and establish and implement new policies and mechanisms in order to fulfill the Tokyo commitment of improving OBI score by 40 percent (Afghanistan's OBI score in 2012 was 59).⁶

There is no formal policy for comprehensive and timely establishing and publication of all key budget documents in respect to OBI criteria. Beside this, there is no accountability mechanism by government for the citizens' to ensure fair and transparent budget allocation and execution at central or provincial level.

Government progress in the budget process would bring substantial donors' attention and aid inflows, but lack of required policies and mechanisms to improve budget transparency, and accountability have hugely restricted progress in making budget work. For example due to the neglect of the MoF in lack of producing and publishing of MYR during political transition and sending less detailed EBP to the Parliament for enactment in 2014, the budget transparency score of Afghanistan may have a enormous decrease in 2015.

⁵ <https://www.sec.gov/comments/s7-42-10/s74210-305.pdf>

⁶ http://www.mofa.go.jp/region/middle_e/afghanistan/tokyo_o_conference_2012/tokyo_declaration_en2.html

RECOMMENDATION

- The MoF should establish and implement budget participation law, provincial budgeting policy, and accountability mechanisms to ensure budget, transparency, accountability and participation in Afghanistan in order to promote budget transparency in OBI in 2018.
- The MoF should produce inclusive key budget documents and publish them at soonest. The MoF should also conduct public events for citizens' participation in the budget processes. These should include public hearing events before and after the EBP sent to the parliament for approval, and ensured citizens inputs have incorporated in the EBP.
- The MoF should produce all key budget documents emphasized in the OBI and other international-standards, and publish the documents in hard and soft copies through mass media. The MoF should also produce and implement a very comprehensive strategy for public awareness about budget processes, and their rights of participation.
- Parliament should conduct public events to seek input of CSOs, and other citizens' on key budget documents for improvements.
- The SAO should commit timely publication of the AR, and should promote transparency and accountability of AR.
- The MoF should respect the SAO recommendations. The SAO should conduct public events on AR before and after the AR sent to the Parliament. The SAO should also establish a network of CSOs to advocate on AR's recommendations to improve budget transparency in the budget execution.
- The SAO should establish a citizen's feedback system to receive and respond to complaints and reports about misuses from public. SAO should carry out audit based on credible public complaints and provide feedback to the public on status of cases reported by public.

ABOUT INTEGRITY WATCH AFGHANISTAN

Integrity Watch is an Afghan civil society organization committed to increase transparency, accountability, and integrity in Afghanistan.

Integrity Watch Mission

The mission of Integrity Watch is to put corruption under the spotlight through community monitoring, research, and advocacy. We mobilize and train communities to monitor infrastructure projects, public services, courts, and extractives industries. We develop community monitoring tools, provide policy-oriented research, facilitate policy dialogue, and advocate for integrity, transparency, and accountability in Afghanistan.

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