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### Open Letter for the Senior Officials Meeting in Kabul 5<sup>th</sup> of October

#### To Government, Donor and Civil Society participants,

The Senior Officials Meeting (SOM) on the 5<sup>th</sup> of October is an opportunity to review progress on commitments made at the Brussels Conference of Afghanistan by all parties – the National Unity Government, the international donor community and civil society. Despite continued conflict in the past year and an increase in military and civilian deaths and casualties there has been some progress made by the National Unity Government to initiate reforms.

As part of civil society we support efforts of the National Unity Government to improve economic and governance indicators. We are aware that the government has promised to involve civil society in policy reforms and monitoring activities but this is still not systematic. We remind all participants at the SOM that Non-Governmental Organizations (NGOs) have played a unique role for the last 38 years in delivering services to Afghan people in health, education, agriculture, livelihoods and humanitarian needs. We also believe that Afghanistan's commitments to the Sustainable Development Goals, Paris Climate Agreement, Sendai Framework for Disaster Risk Reduction, UN Convention on the Rights of People with Disabilities, UN Convention on the Rights of the Child, UN Convention on the Elimination of All Forms of Discrimination against Women and other international obligations, can only be achieved if there is real focus on coordination and partnership across all sectors of society and on national and provincial levels to implement action plans. This may be difficult in a country in conflict but it still should be attempted.

In this spirit of creating an enabling environment to deliver much needed relief and development services we strongly request the attention of the National Unity Government on the following issues.

#### 1. Request for Amnesty of NGO Tax Penalties

Under the Self Reliance through Mutual Accountability Framework (SMAF) Indicator no. 24, ACBAR and other NGO coordination bodies have worked in a Committee with representatives from Ministry of Economy and Ministry of Finance to review tax and reporting issues for NGOs. The Committee has requested an amnesty of all late taxes and penalties being charged to NGOs by the Ministry of Finance for the period 1388 -1395 (2009-2016).

As not-for-profit entities, NGOs do not pay income tax but are responsible for withholding tax on salaries, rent and contracts and providing payment to the Government on a monthly basis. In the past the Ministry of Finance Medium Tax Office has been under-resourced and under-equipped to administer tax returns on time. Currently more than 200 NGOs are being prevented from working due to a "black list" issued by the Ministry of Finance and sent to the Ministry of Labour, Social Affairs, Martyrs and Disabled (MoLSAMD) to prevent renewal of NGO work permits and visas.

#### Recommendations:

- Since NGOs have annual budgets from donors we cannot pay penalties from previous years, so ACBAR recommends the request of the SMAF 24 Committee to the President and Cabinet to provide an amnesty on tax issues from 1388 - 1395. This will also reduce current delays in clearing tax returns and the potential for corruption.
- ACBAR also urgently requests the elimination of the "black list" due to above-mentioned tax issues so that NGO activities are no longer delayed.



## 2. Standard Operating Procedures for NGO Projects

We request the Ministry of Economy to simplify administrative procedures for NGOs on national and provincial levels. NGOs are required to report on all activities to Ministry of Economy every six months as well as to different line Ministries on national and provincial levels in each sector of activity. Many of these reporting requirements are burdensome and contradictory requiring additional staff to follow up and provide multiple reports.

### Recommendations:

- The process of ratifying the revised NGO Law by the Ministry of Justice should be accelerated to make rapid progress for clear and transparent cooperation between NGOs and the Government.
- The Ministry of Economy should develop a guideline for implementation of the revised NGO Law for Government staff.
- The Ministry of Economy under SMAF 24 should develop a standard operating procedure for reporting which will be respected by all line Ministries and provincial directorates.

## 3. National Technical Assistance (NTA) Salary Scale

Under SMAF Indicator No. 22 Ministry of Finance has requested donors to ensure that national staff on Government contracts follows a NTA salary scale to prevent loss of qualified staff from Government. The NTA guideline mentions Government contractors primarily. Although NGOs do implement projects for Government, as independent actors they also implement many different types of projects and utilize different funding sources. Both international and national NGOs have developed their salary scales and HR policies over long periods of time and have difficulty adjusting their salaries to a scale which does not necessarily reflect their activities nor take into account provincial variations or the need to consider variations for women and support staff with long experience but fewer qualifications.

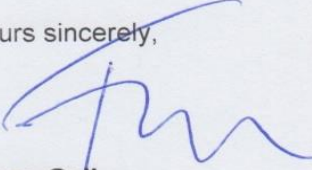
In addition, donors have not been coordinated in their response to requests from NGOs for clarification with only two donors requiring compliance. ACBAR has written a letter to the Ministry of Finance on 25<sup>th</sup> January 2017 asking for a further review and postponement of NTA, which has still not been answered.

### Recommendation:

- Ministry of Finance and donors are requested to drop the requirement that NGOs must apply NTA salary scales to their staff and instead allow compliance to be voluntary.

We thank you in advance for considering our requests during the Senior Officials Meeting. ACBAR NGO members will continue to work on behalf of the Afghan people to provide assistance and development in Afghanistan.

Yours sincerely,

  
**Fiona Gall**  
Director of ACBAR  
3<sup>rd</sup> October 2017



Endorsed by ACBAR's Steering Committee