



Independent Joint Anti-Corruption  
Monitoring & Evaluation Committee (MEC)



**MONITORING PROGRESS AGAINST  
CORRUPTION**

**MINISTRY OF ECONOMY**

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## ACRONYMS

ACP	Anti-Corruption Plan
Afs	Afghanis (Afghan currency)
ANDS	Afghanistan National Development Strategy
AOP	Administrative Office of the President
CBR	Capacity Building for Results
CMRS	Central Monitoring Reporting System
GIRoA	Government of the Islamic Republic of Afghanistan
HOO	High Office of Oversight
HR	Human Resources
IARCSC	Independent Administration Reform and Civil Service Commission
M&E	Monitoring and Evaluation
MEC	Independent Joint Anti-Corruption Monitoring and Evaluation Committee
MIS	Management Information System
MoEc	Ministry of Economy
MoF	Ministry of Finance
MoJ	Ministry of Justice
NGO	Non-Governmental Organization
PMRS	Provincial Monitoring Reporting System
SMAF	Self-Reliance through Mutual Accountability Framework
SMART	“Specific, Measurable, Achievable, Results-oriented, and Time-Bound”
SOP	Standard Operating Procedure
TNA	Training Needs Assessment

## EXECUTIVE SUMMARY

In 2016, prior to the Brussels Conference on Afghanistan, revenue-generating ministries of Afghanistan were instructed by the President of the Islamic Republic of Afghanistan (GIROA) to develop their Anti-Corruption Plans to ensure transparency in their operations. In the meantime, the Self-Reliance through Mutual Accountability Framework (SMAF) also requires five revenue-generating ministries to put forward their Anti-Corruption Plans and report the progress of their implementation to the public. Later on, policy-making ministries were also assigned to follow suit, including the Ministry of Economy (MoEc).

The Independent Joint Anti-Corruption Monitoring and Evaluation Committee (MEC) is reviewing all Ministry Anti-Corruption Plans and is releasing here a Progress Monitoring Review of the MoEc's Anti-Corruption Plan (ACP).

The Plan that was shown to MEC consists of 24 actions across four priority areas. To assess the ACP and progress against the Plan, MEC conducted 24 interviews and one focus group discussions, together with an analysis of related documents.

### General findings

**The Ministry of Economy of Afghanistan has made progress in the fight against corruption. However, a lot of work remains to be done.**

The Ministry has developed a more comprehensive approach in its Anti-Corruption Plan than other ministries, covering the units within the Ministry that are highly vulnerable to corruption. The Plan lists SMART-tested objectives and aligns their implementation with well-developed activities. Progress against indicators has already been achieved to a certain degree.

Notwithstanding the progress, the MoEc Plan has not been designed and developed based on a risk assessment. Normally, Anti-Corruption Plans ought to be developed following a thorough risk assessment inside the institution that is entrusted with enforcing the Plan. The absence of a risk assessment has led to a subjectively developed Anti-Corruption Plan. Though the Plan cites some specific corruption vulnerabilities, without a specific risk-assessment there are identifiable technical gaps. For instance, risks related to the recruitment of advisors have not been incorporated into the Plan. The findings of MEC in other Ministries show that the recruitment of advisors has been a significant vulnerability.

Effective communication of the Plan can support its effective implementation, especially as it will inform the workforce and nurture a sense of ownership among the staff. Nevertheless, the Anti-Corruption Plan has not been widely communicated. Most Units of the Ministry had no knowledge about Plan's existence.

## INTRODUCTION

### ANTI CORRUPTION PLAN OF THE MINISTRY OF ECONOMY (MoEc)

The Ministry of Economy is one of the key policy-making ministries of the Islamic Republic of Afghanistan. It is mandated to put forward economic development policies and strategy of the State of Afghanistan, based on a free market, and supervises economic-oriented services across the country. To achieve its mandate and overhaul the economic sector, the Ministry is required to tackle corruption. The Ministry of Economy has started its fight against corruption in earnest. The development of their Anti-Corruption Plan makes up part of the anti-corruption efforts of the Ministry.

But is the Anti-Corruption Plan meaningful? This is where the Afghanistan Independent Anti-Corruption Monitoring and Evaluation Committee (MEC) has stepped in. MEC has reviewed the plan and publishes the results in this report.

The report is divided into three sections.

#### 1: DEVELOPMENT PHASE:

The development phase covers all aspects of the planning stage of the Anti-Corruption Plan.

#### 2: IMPLEMENTATION PHASE:

The implementation phase covers the implementation of the activities listed for each priority of the Anti-Corruption Plan.

#### 3: MONITORING AND EVALUATION:

The monitoring and evaluation section reports whether or not the implementation of the Anti-Corruption Plan is thoroughly followed up by the Ministry of Economy.

*The MEC assessment team would not have been able to review the Anti-Corruption Plan without the cooperation of the Ministry of Economy. The technical support of the Ministry's leadership is highly appreciated.*

## **MEC REVIEW METHODOLOGY**

The review of MoEc's Anti-Corruption Plan was conducted to assess the development, implementation, and monitoring and evaluation by the Ministry. MEC initially conducted desk research, including the collection and review of policies and procedures. Subsequently, information regarding the indicators listed in the ACP was gathered through key informant and in-depth interviews, focus group discussions and document reviews.

MEC conducted 24 face-to-face interviews with MoEc officials and two Non-Governmental Organizations (NGOs). MEC also conducted one focus group discussions with mid-level and low-level staff of the Ministry from two directorates. These were followed by a further detailed review and analysis of the documents gathered in order to verify the descriptions and arguments revealed by the participants.

The report was subsequently shared with the MoEc to seek their comments about the feasibility and accuracy of the recommendations.

## DEVELOPMENT PHASE:

The leadership of the Ministry of Economy has set up a committee, under the auspices of the Administration and Finance Deputy Minister, to design and develop the Anti-Corruption Plan. Leaders of the following Directorates are members of the committee: Internal Audit, Procurement, Finance, Human Resource, NGOs, Design and Consolidation, and Policy and Management, as well as the Office of the Minister.<sup>1</sup> The committee identified areas vulnerable to corruption in the Ministry employing the experiences of its members and surveys conducted by outside sources. The Anti-Corruption Plan has been developed with a focus on the following four key priorities.<sup>2</sup>

### **ADMINISTRATIVE REFORM, BETTER MANAGEMENT AND GOOD GOVERNANCE**

### **TRANSPARENCY AND ACCOUNTABILITY IN HUMAN RESOURCES**

### **TRANSPARENCY AND ACCOUNTABILITY IN PROCUREMENT PROCESSES**

### **TRANSPARENCY AND ACCOUNTABILITY IN NGO OPERATIONS**

However, the development phase of the plan was less than ideal. The absence of a risk-assessment inside the Ministry prior to the development of the plan is a major flaw.<sup>3</sup> A thorough risk assessment, before development of an Anti-Corruption Plan, would have ensured that resources could be aimed at corruption vulnerabilities with either a high impact or a high likelihood. The Ministry of Economy had not conducted any risk assessment beforehand, and as a consequence, MoEc cannot explain how it prioritized the activities of the Anti-Corruption. A particular observation from the MEC team concerned the lack of attention to the potential risks associated with the recruitment of advisors for the Minister of Economy or those related to procurements below a threshold of AFN 500,000. Previous MEC assessments have from other Ministries have indicated that appointments of advisors and procurement processes below that level are often vulnerable to corruption.

Since the Ministry of Economy had not conducted risk assessment on either of these issues, nor include them in its Anti-Corruption Plan, the MEC team could not comment on the articulated risks, or the likelihood of effective mitigation measures, within the Ministry's Plan. Nevertheless, MEC acknowledges that the establishment of a committee to identify corruption vulnerabilities is at times a preferred method by entities having scarce resources. Absent a formal risk assessment, the scope of the Ministry's committee could have involved other key stakeholders, particularly NGOs and civil society representatives, in order to strengthen the development process of their Plan.

Another noted flaw of the development phase is the apparent inadequate communication of the Anti-Corruption Plan within relevant units of the Ministry.<sup>4</sup> Proper communication is one of the most salient components of a development stage, aimed at involving both management and subordinates, so that the workforce have a sense of ownership in the Plan. Unfortunately, the Ministry of Economy's leadership had not taken steps to communicate the Plan within its sub-units. The MEC team determined that MoEc staff were surprised when asked about the activities that were assigned in the Plan. The team observed the same degree of unawareness about the existence of the Anti-Corruption Plan, even at the Directorate leadership level.

<sup>1</sup> Interviews with MoEc officials, Dec 27, 2017, Kabul, Afghanistan

<sup>2</sup> MoEc Anti-Corruption Plan 2017, Kabul, Afghanistan

<sup>3</sup> Interview with MoEc officials, Dec 27, 2017, Kabul, Afghanistan

<sup>4</sup> Interviews with MoEc lower level staff, Dec 25, 2017-Jan 15, 2018, Kabul, Afghanistan

## IMPLEMENTATION PHASE:

The Ministry of Economy has listed 24 activities in their Plan and assigned specific entities to implement them. MEC has assessed each activity of the Plan through interviews with the relevant units and it presents its findings of the priorities in a chronological order, as follows:

### ADMINISTRATIVE REFORM, BETTER MANAGEMENT AND GOOD GOVERNANCE

This priority has 11 activities and 21 indicators. The status of the activities of the 1. Priorities of the plan are explained below.

Objective	Activity	Indicator	Assigned Unit	Outcome	Baseline	Deadline	Risk
Identification of Corruption	Increase the ability to receive and handle complaints	1. Office for complaints has been established to facilitate receiving complaints.					
		2. Free hotline number and other mechanisms have been established to receive the complaints.					
		3. Evaluation of results of newly developed complaints handling system and handling complaints has been completed.					
		4. A program designed to extend handling the complaints at provincial level has to be established.					
		5. Offices have been established at the provincial level to receive and address the complaints.					

## FINDING:

Since identification of corruption is a major step in the fight against corruption, the Ministry of Economy has listed “Receiving and Handling Complaints” as its first anti-corruption activity. MEC has assessed the activity and found that the Complaints Office has not yet been established. Instead, it is a committee made up of the Office of the Minister, Internal Audit and Chief of staff, to receive and handle complaints.<sup>5</sup> The committee opens official complaints boxes every Thursday, evaluates, and presents the complaints in leadership meetings held every Sunday.

Non-existence of a Complaints Office inside the Ministry leads MEC to conclude that complainants file and register their complaints in different sources, and that



<sup>5</sup> Interview with MoEc Officials, Dec 30, 2017, Kabul, Afghanistan



complaints are not registered in a single system. The committee solely handles the complaints of boxes that are placed in both compounds of the Ministry. Since there is a range of sources receiving complaints, none of them could present a breakdown of the overall number of complaints submitted to the Ministry. Upon enquiry, the Committee insisted that only four complaints were collected from the complaints boxes when the team requested the overall figures of complaints submitted to them during the past year.<sup>6</sup> Such a low number of complaints likely indicate that either the established mechanisms have not been properly communicated through public awareness programs, or the public do not have faith in these procedures.

In addition to a Complaints Office, the Ministry also planned to open a Complaints Hot Line. However, it has not been set up due to lack budget<sup>7</sup>. MoEc officials added that the Ministry allocated money in the budget of 1397 to establish a Complaints Hot Line. Provincial Complaint Systems have not been established yet either. Therefore, MEC has concluded that provincial complainants cannot make their complaints heard through a system.

Objective	Activity	Indicator	Assigned Unit	Outcome	Baseline	Deadline	Risk
<b>Reducing the vulnerable areas of corruption in operational processes</b>	Evaluation, definition, simplification, and developing standard operating procedures.	1. Evaluation and review of operating processes that have been done.  2. Simplification and redefining of the operating processes that have taken place.  3. A revised and simple process has been shared with sub-branches of Ministry of Economy, both in the capital and provinces, as well as sub-branches of other Ministries.					

## FINDING:

The Ministry of Economy has developed a Standard Operating Procedure (SOP) to simplify complicated operations and overlapping functions of eighteen directorates.<sup>8</sup> Simplification of procedures is an excellent step in the fight against corruption. The observation of the team indicates that SOPs have been posted on bill boards for public access. The SOPs contain strict timelines for activities of each directorate, which has added to the transparency of their overall operations. However, the procedures for individual judgements on complaints would benefit from a more simplified process, as well as from systematically publicizing summarized information about outcomes of the complaint handling procedures at the Ministry.

<sup>6</sup> Interview with MoEc officials, Dec 30, 2017, Kabul, Afghanistan

<sup>7</sup> Interview with MoEc officials, Dec 30, 2017, Kabul, Afghanistan

<sup>8</sup> MoEc, GIRA, Standard Operating Procedure, [3] 2017



Objective	Activity	Indicator	Assigned Unit	Outcome	Baseline	Deadline	Risk
Application of the “Access to Information Law” inside the Ministry of Economy	<p>Evaluation of the requirements for the implementation of the “Access to Information Law” in the ministry of Economy.</p> <p>Develop a procedure for the implementation of “Access to Information Law”.</p> <p>Recruitment of a manager and assistant manager or staff member in the Access to Information Department within the Directorate of MoEc’s Chief of Staff.</p>	Necessary measures have been taken to respond to citizens’ applications requesting information					

#### FINDING:

Access to information is a constitutional right of the people of Afghanistan<sup>9</sup>. It has been guaranteed in the Constitution because it ensures the public about transparency and accountability in state institutions. As a consequence, the Ministry of Economy has prioritized public access to information in its Anti-Corruption Plan. But unfortunately, activities aimed at enforcing the law have not been implemented. The Ministry, for instance, has not conducted any assessment to determine the circumstantial requirements needed for the *enforcement* of the law. Also, the Ministry failed to hire a Manager at the Office of the Minister to develop necessary procedures and strategy for the enforcement of the law, as proposed in the Anti-Corruption Plan.<sup>10</sup> However MoEc’s officials argue that they have set up a committee to develop a procedure regarding public awareness and it will be developed soon. Moreover, MoEc included the manager position in 1397 MoEc’s organizational structure and the staffs will be recruited after the approval of the new structure.

Objective	Activity	Indicator	Assigned Unit	Outcome	Baseline	Deadline	Risk
To ensure high ranking officials of the MoEc are not misusing their positions	Registering the properties of high ranking officials’ (Directors, Managers) of Ministry of Economy in the center and provinces	The assets of high ranking officials (Directors, Managers) of Ministry of Economy are registered annually.					

<sup>9</sup> GIRoA, MoJ, Constitution, Article 50, 2004

<sup>10</sup> Interview with the MoEc officials, 8 Jan,2018, Kabul, Afghanistan

## FINDING:

Asset registration, and verification, for high-ranking government officials is a widely accepted anti-corruption principle. It is applied in Afghan state institutions including the Ministry of Economy. The registration and verification process used to be spearheaded by the High Office of Oversight (HOO). Special forms are sent to every institution by the end of every year calling on government officials to report the details of their properties. However, the findings of MEC show that assets are not properly verified by HOO -- That is of great concern.<sup>11</sup> In Ministry of Economy, HOO has never reported any illicit enrichment at all. Therefore, it is hard to allege if the outcome listed by MoEc in this regard has been fully achieved. GIRoA has approved the Asset Registration and Verification Law and established a new authority within the AOP organizational structure to oversee and manage this function.

Objective	Activity	Indicator	Assigned Unit	Outcome	Baseline	Deadline	Risk
Ensuring Gender Equality and Human Rights	Evaluation and review of main decisions, resource allocation, designing development programs, in the light of gender equality and human rights principles	The representatives of Gender Department participate in each recruitment process.  Gender Director participates in the Leadership Council meetings (Minister with Deputies and Heads of Departments).  Gender Director participates in the design of programs, including resource allocation, and ensures gender equality.					

## FINDING:

Corruption and gender inequality are two closely interrelated concepts. Gender inequality breeds corruption, and *vice versa*, particularly when resources and incentives are not distributed equitably among men and women in an institution<sup>12</sup>. Based on recognition of this correlation, the Ministry of Economy has included gender equality in its Anti-Corruption Plan. The findings of the team indicate that the Ministry has had no Gender Officer to manage, arrange and advocate gender-oriented policies of the Ministry in senior-level discussions<sup>13</sup>. The Gender Department is currently led by a Gender Advisor.<sup>14</sup> Moreover, the team has found that gender inequality is substantial in the Ministry, in no small part because female staff are massively outnumbered. The Human Resource Directorate of the Ministry does not attribute its lack of gender equality to the recruitment process, but rather, to a low capacity among female applicants. However, this assertion by the Directorate is not supported by evidence.

<sup>11</sup> HOO Asset Registration Manual and interview with the MoEc Official, Jan 2, 2018, Kabul, Afghanistan

<sup>12</sup> <https://www.sida.se/contentassets/165672c0e28845f79c8a803382e32270/gender-and-corruption.pdf>

<sup>13</sup> Interview with MoEc Officials, Jan 2, 2018, Kabul, Afghanistan

<sup>14</sup> Interview with MoEc Officials, Jan 3, 2018, Kabul, Afghanistan

Objective	Activity	Indicator	Assigned Unit	Outcome	Baseline	Deadline	Risk
<b>Access to official documents</b>	Establishment of a modern and unique filing system	Implementing the filing procedures in Kabul-based units.  Implementing the filing procedures in Provincial Units.					

#### FINDING:

Quick and simple access to official documents, and proper protection of them, is of high importance to ensure transparency and accountability within an institution. Given this, the Ministry of Economy has put forward “access to official documents” as part of its anti-corruption activities. The findings of the assessment team indicate the Ministry has developed a standardized filing system that facilitates access to official documents, with the intention of reducing and eliminating unnecessary delays. Applicable procedures have been developed at the central and Provincial levels<sup>15</sup>.

Objective	Activity	Indicator	Assigned Unit	Outcome	Baseline	Deadline	Risk
<b>Providing facilities for the clients</b>	One-Stop Shop, or the Reception Office, should be established to respond to clients’ related affairs.	A single office has been established that covers the main services delivered to the clients					

<sup>15</sup> MoEc filing system procedure, Dec 25, 2017

## FINDING:

Direct contact of the public with government officials is often considered to be a challenge in the reduction of corruption in Afghanistan. To curtail direct contacts, the Ministry of Economy has included the establishment of a One-Stop-Shop in its Anti-Corruption Plan. The One-Stop-Shop is expected to serve as a single place where the public can resolve all types of issues. However, the Ministry's One-Stop-Shop is insufficient for managing applicants' concerns<sup>16</sup> because many Directorates, including the Directorate of Social Services, have no branch within the One-Stop-Shop. The MEC team observed that only four sections were represented, and these were managed by a single person. As a result, visitors are still required to wait in Ministry corridors for resolutions. MoEc's officials stated they intend to strengthen the One-Stop-Shop office "in the near future," with representation from all public-facing Directorates.



Objective	Activity	Indicator	Assigned Unit	Outcome	Baseline	Deadline	Risk
Promoting E-Governance	Expansion and institutionalizing management information system. (MIS)	Operational and strategic plans and their reporting system have been institutionalized in central and Provincial offices of the Ministry of Economy through an active online system.					
	Establishment, promotion, institutionalization and legitimization of the Central Monitoring Reporting System (CMRS) and Provincial Monitoring Reporting System (PMRS) on development projects.	Development projects progress system has been institutionalized through an online system in all budgetary Units, both at central and Provincial levels.					
		Establishment, promotion, institutionalization and legitimization of the CMRS and PMRS.					

## FINDING:

E-governance is another key tool in the fight against corruption. Therefore, the Ministry of Economy has decided to further promote e-governance in its Units. The findings of the team indicate that the Ministry has developed a comprehensive Management Information System (MIS) that includes both central and Provincial reporting.<sup>17</sup> MIS has enabled the Ministry to transform operational and strategic plans, and reporting systems, with online access. Additionally, MIS has enabled the Ministry to monitor and evaluate online the progress of development projects in all budgetary Units across the capital and Provinces. MIS has added to the transparency and accountability of development projects.

<sup>16</sup> Assessment team observation, Jan 6, 2018, Kabul, Afghanistan

<sup>17</sup> Team observation and interview with MIS team, Jan 7, 2018, Kabul, Afghanistan

## TRANSPARENCY AND ACCOUNTABILITY IN HUMAN RESOURCE

Lack of merit-based recruitment and implementation of capacity building programs has remained a challenge for the Afghanistan state during the last 16 years. Findings from the 2013 MEC assessment on recruitments indicated that Grade 1 and 2 positions are mostly filled through nepotism and personal contacts<sup>18</sup>. The Ministry of Economy has prioritized its Human Resource (HR) function in the Anti-Corruption Plan. The Plan includes five activities described below.

Objective	Activity	Indicator	Assigned Unit	Outcome	Baseline	Deadline	Risk
<b>Improving Human Resource Management</b>	Improve staff performance evaluation.	Performance evaluation of all staff, in accordance with the Labor Law and the Civil Servants Law.					

### FINDING:

Promotions and demotions are important HR management tools. Impunity is still a big challenge in Afghan institutions. The Ministry of Economy has developed a standard performance evaluation process, based on Labor Law and Civil Servants Law. In the year 1396, the Human Resource Directorate has evaluated the performance of 592 Ministry staff. Out of these employees, 216 of them were promoted, 1 employee was fired, and the 373 remaining were not given any promotion<sup>19</sup>. These figures show that the Ministry has taken the management of its human resource seriously and is determined to promote its dedicated staff and demote the low-performing ones.

Objective	Activity	Indicator	Assigned Unit	Outcome	Baseline	Deadline	Risk
<b>Improving Human Resource Management</b>	Creation of Electronic Attendance system.	Electronic Attendance system created.					

### FINDING:

E-attendance in offices is mostly aimed at preventing attendance abuse and ensuring proper attendance tracking. Previously Afghan government institutions recorded attendance through manual methods, allowing abuse to persist. To bring about transparency in the attendance of its staff the Ministry of Economy, like many other institutions, has set up an electronic attendance system at the entrance gates of both its compounds. The findings of the team indicate that almost

<sup>18</sup> <http://www.mec.af/files/VCAReportCSC.pdf>

<sup>19</sup> Documents received from MoEc's Human Resources Department, Jan 3, 2018

all staff is now strictly required to record their attendance through the newly installed e-system. The Human Resource Directorate is responsible for running and tracking the use of the e-attendance system. However, as a new system, employees occasionally fail to record their attendance -- either intentionally or unintentionally. The Human Resource Directorate has, therefore, imposed stiff fines on those who disregard the system. The latest report of the HR Directorate indicates that the salaries of hundreds of the Ministry's staff, including senior level Managers, faced deductions based on evidence from the data of the e-attendance system.<sup>20</sup>



Objective	Activity	Indicator	Assigned Unit	Outcome	Baseline	Deadline	Risk
<b>Improving Human Resource Management</b>	Using formal clothes and ID card during job duties.	Service staffs, including MoE's drivers, are dressed with formal clothes.					

#### FINDING:

In an attempt to block direct contacts and to ensure identification of the staff, the Ministry has asked its employees to wear formal uniform while they are on duty. MoEc has distributed a special uniform to the service staff. While the MoEc's leadership is committed to implement this activity, the findings of the assessment team indicate that the instruction has not been followed and that employees of the Ministry have apparently rebuffed requests to wear the uniform.<sup>21</sup> The main reason behind the defiance is the lack of any explicit dress code in Afghan government institutions.

<sup>20</sup> Report submitted to the assessment team, Jan 3, 2018

<sup>21</sup> Team observation during the review of Anti-Corruption plan, Jan 1-15, 2018, Kabul, Afghanistan

Objective	Activity	Indicator	Assigned Unit	Outcome	Baseline	Deadline	Risk
<b>Improving Human Resource Management</b>	Staff recruited based on merit, qualification and experience	<p>Grade 1 and 2 positions, which have not come under CBR, will be advertised and recruited through CBR.</p> <p>All Grade 3 and 4 positions, at national and subnational level, will be advertised and recruited through CBR.</p> <p>All Grade 5 and 6 positions will be advertised and recruited through a grading system.</p>					

#### FINDING:

Since the delegation of recruitment authority to the Independent Administrative Reform and Civil Service Commission (IARCSC), recruitment tasks of Ministries, including the Ministry of Economy, have been handed over to IARCSC. Nevertheless, the involvement of Human Resource Directorates of Ministries in civil servants' recruitment process is still present. Therefore, the Anti-Corruption Plan of the Ministry of Economy has not overlooked the process. The findings of the team's review indicate that the Ministry could attain great achievements and fill 80 of its CBR positions through a fair and transparent process.<sup>22</sup> The positions were offered to qualified and eligible candidates, raising few complaints by unsuccessful CBR applicants, compared to other Ministries.<sup>23</sup>

Objective	Activity	Indicator	Assigned Unit	Outcome	Baseline	Deadline	Risk
<b>Improving Human Resource Management</b>	Implementation of the training programs to enhance the capacity of Ministry of Economy's staff	<p>Capacity Development Needs Assessment completed</p> <p>Capacity Development Plan prepared</p> <p>Capacity Development Plan obviously implemented</p>					

#### FINDING:

Over the past 17 years, low-capacity has been observed as an ongoing problem in Afghan institutions. The Ministry of Economy is still grappling with this challenge to effectively implement its policies and operations. To that end, the Ministry

<sup>22</sup> Interview with MoEc Human Resource Directorate, Jan 3-7, 2018, Kabul, Afghanistan

<sup>23</sup> Interview with MoEc Human Resources Directorate, Jan 3, 2018, Kabul, Afghanistan



has added enhancing the capacity of its staff in the Anti-Corruption Plan. MEC's findings indicate that Human Resource Directorate could initially conduct a Training Need Assessment (TNA) about all Units of the Ministry and subsequently recommend opportunities to staff based on the findings of its assessment and evaluation.

The priorities of the TNA are as follow:

1. Presenting orientation to newly hired staff
2. Management
3. Legal awareness
4. International internships and fellowships
5. Undergraduate and post-graduate scholarships

The reports shared with the MEC indicate that hundreds of MoEc staff have been selected and awarded with opportunities. While the HR Directorate proposes opportunities to the staff based on its Training Need Assessment, indirect and sometimes even direct interventions in the process of selections are reported.<sup>24</sup> But the above priorities show that they are mostly aimed at enhancing the soft skills of the Ministry's staff while they can be part of senior staff's job description. During the last two decades, a huge portion of international aid money has been allocated for enhancing the soft skills of civil servants. It would be a valid expectation that the Ministry hire individuals with necessary skills and/or assign senior level managers to train individuals with low-capacity as part of their Terms of References.



*MoEc Training Center*

Non-existence of a guideline to evaluate the effectiveness of training opportunities is another gap inside government institutions, including the Ministry of Economy.<sup>25</sup> Due to lack of such a guideline, most training attendees are not required to lead changes in their units nor share their newly acquired skills with their colleagues; this is particularly the case with overseas training opportunities.

<sup>24</sup> MoEc capacity building report, Jan 6, 2018, Kabul, Afghanistan

<sup>25</sup> Interview with MoEc officials, Jan 7, 2018, Kabul, Afghanistan

## TRANSPARENCY AND ACCOUNTABILITY IN PROCUREMENT PROCESS

Procurement processes are more vulnerable to corruption than other Ministries' functions. Common instances include: Projects being designed for award to specific companies, and cases where actual costs are estimated higher than the market price. In order to win the bidding process, companies collude with each other and civil servants. To block these vulnerabilities, the Ministry of Economy has prioritized the procurement function in its Plan.

The priority has three activities. They are explained below.

Objective	Activity	Indicator	Assigned Unit	Outcome	Baseline	Deadline	Risk
Brining about transparency in the procurement process of the Ministry	Publishing the contracts in MoEc and National Procurement Authority websites to increase transparency and accountability at organization's activities.	All contracts above 500,000 Afs, have been published in the MoEc and National Procurement Authority's websites.					

### FINDING:

Equal access to procurement contracts brings about transparency in the procurement process and curtails corruption. The findings of MEC in many government institutions indicate that all details of procurement contracts are not shared with all contractors. Procurement Officers often forge tender announcements to convince investigators that they have correctly announced the project within the provisions of the Procurement Law. The Ministry of Economy has, however decided to post procurement details of contracts over 500,000 AFN on the Ministry's website and on the National Procurement Authority's website. The findings of the team indicate that the Ministry of Economy has posted all its procurement contracts of over 500,000 AFN on the two mentioned websites.<sup>26</sup>

The other positive step of the Ministry is the establishment of a Standard Operating Procedure (SOP) for its eighteen Directorates, including Procurement. This SOP sets strict deadlines for all steps of a procurement process that could greatly prevent bribery. The other good feature of the initiative is that the SOPs are posted on the billboards of the Ministry making them easily accessible to the public.<sup>27</sup>



<sup>26</sup> Interview with MoEc officials, Jan 8, 2018, Kabul, Afghanistan

<sup>27</sup> Field observation of the assessment team, Jan 8, 2018, Kabul, Afghanistan

Objective	Activity	Indicator	Assigned Unit	Outcome	Baseline	Deadline	Risk
<b>Bringing about transparency in the procurement process of the Ministry</b>	Developing tracking systems for financial and procurement activities.	Standard procedures prepared, and tracking systems in place.  Central Stock for storing the excessive assets and properties of the MoEc has been established in its Shar-e-Naw building. A management system for the stock has been developed.					

### FINDING:

At times, procurements are unduly delayed in the Ministries. Procurement of fixed price goods acts as an impediment to bribery. To prevent such scenarios, the Ministry of Economy has developed a tracking system for financial and procurement activities. The team's findings indicate that Management Information System (MIS) has been set up for this purpose. Purchasing requests are readily recorded in MIS and tracked by all senior management of the Ministry.<sup>28</sup> If the requests are not taken into consideration within the required time period by Procurement and Logistics Officers, the offenders are easily found, and actions are taken.

Objective	Activity	Indicator	Assigned Unit	Outcome	Baseline	Deadline	Risk
<b>Bringing about transparency in the procurement process of the Ministry</b>	Creation of Assets Inventory Systems for Ministry of Economy's assets and properties.	Registration of assets and goods used by offices and employees, including Advisors, has been completed.  Registration of MoEc's properties in center and Provinces has been completed.  GPS installed in the Ministry of Economy's vehicles.					

### FINDINGS:

Sophisticated registration of assets, goods and properties protects them from misuse and destruction. In the past, the Ministry of Economy had no comprehensive asset management system to protect its assets and properties. Therefore, as part of its Anti-Corruption Plan, the Ministry plans to establish a computerized inventory and asset management system. The findings of the team indicate that the Ministry has successfully registered all its assets and inventory and established a central stock.<sup>29</sup> But so far, the Ministry has failed to set up the computerized inventory system within the deadline that has been set in the Anti-Corruption Plan. The team has noticed the failure after inventory lists were not found in relevant departments and assets did not bear any tag numbers.



<sup>28</sup> Interview with MoEc procurement department and observation of MIS system, Jan 8, 2018, Kabul, Afghanistan

<sup>29</sup> Interview with MoEc Assets registration department and field visit to central stock of MoEc, Jan 8, 2018, Kabul, Afghanistan

## TRANSPARENCY AND ACCOUNTABILITY IN THE OPERATIONS OF NGOS

Non-Governmental Organizations are required to be non-political and non-profit and they include both local and international entities.<sup>30</sup> Non-profit means that NGOs cannot directly or indirectly use any sort of monetary gain or any other benefits for the personal use of founders, Board of Director Members, employees, donors or their relatives.<sup>31</sup> In Afghanistan, 2337 NGOs are currently registered with the Ministry of Economy. Of these, 268 foreign and 269 local entities are officially operating. The rest have ended their operations.<sup>32</sup> In the year 2017, the operating NGOs spent 851, 9 million US dollars inside Afghanistan.<sup>33</sup> Due to limited access to information about the work of NGOs, the effectiveness of their investments in different sectors, questionable alignment of the operations of NGOs with the law, low transparency and accountability remain concerns for the people and for the Afghan State. Therefore, the Ministry of Economy has prioritized the transparency and accountability of NGOs in its Anti-Corruption Plan.

This priority has 5 activities. They are explained and analyzed below

Objective	Activity	Indicator	Assigned Unit	Outcome	Baseline	Deadline	Risk
<b>Increasing transparency and accountability in Non-Government Organizations</b>	Revise and amend Non-Government Organization Law	Non-Government Organization Law has been revised					

### FINDING:

As part of its Anti-Corruption activity, the Ministry of Economy has proposed the following amendments to the Law of NGOs.<sup>34</sup>

1. Distinction between non-political, non-profit NGOs and UN agencies.
2. Additional requirements in the sections of the Law pertaining to managing and using NGO properties.
3. Establishment of sub-branches in the capital and Provinces.
4. Increasing the Registration Fee of local NGOs to (2500 AFN) and foreign NGOs to 2000 USD.
5. Releasing NGOs yearly reports

Currently, the amendments are being reviewed by Taqin Directorate of the Ministry of Justice.

Objective	Activity	Indicator	Assigned Unit	Outcome	Baseline	Deadline	Risk
<b>Increasing transparency and accountability in Non-Government Organization</b>	One general coordinator for each sector will be recruited within the NGOs Coordination Directorate (Health, Education, Agriculture and Social Services)	One Senior National Coordinator has been recruited for each sector (Health, Agriculture and Social Service)					

<sup>30</sup> Ministry of Justice, GIRA, NGO's Law, Article 5, March 28, 2005

<sup>31</sup> Ministry of Justice, GIRA, NGO's Law, Article 5, March 28, 2005

<sup>32</sup> Documents submitted to the assessment team, Jan 9, 2018

<sup>33</sup> Interview with MoEc officials NGO Jan 9, 2018, Kabul, Afghanistan

<sup>34</sup> Interview with MoEc officials NGO Jan 10, 2018, Kabul, Afghanistan

## FINDING:

In the last two decades, a huge amount of money has been spent in different sectors by NGOs. The effectiveness of the projects are said to have not been fully aligned with the development priorities of Islamic Republic of Afghanistan. In addition, Mr. President stated in the last National NGOs' Conference "NGOs activities in the past 17 years should be strictly scrutinized and during the process it should be identified that what amounts did they spent and what were their results and achievements and how should be positive activities further expanded".<sup>35</sup> That is why the Ministry of Economy has included recruitment of Coordinators in its Anti-Corruption Plan so that projects that are implemented by NGOs would bring about the expected outcome and transparency and accountability in their operations. It should be noted that the President of Islamic Republic of Afghanistan insisted in the conference<sup>36</sup> that to increase the coordination and synergic effects of NGOs' operations, NGOs should select their projects based on the Afghanistan's needs. Thus, the MoEc is now developing a roadmap to enhance the coordination and synergic effects of future projects between GIRoA and NGOs.

The findings of the team indicate Coordinators have not been hired, due to lack of required budget.<sup>37</sup>

Objective	Activity	Indicator	Assigned Unit	Outcome	Baseline	Deadline	Risk
<b>Increasing transparency and accountability in Non-Government Organizations</b>	A monitoring and evaluation framework should be developed. It should be used for proper evaluation of sub-offices of NGOs either in Kabul or Provinces to see whether or not they have enough financial, human resource, logistics and administrative capacity for the implementation of development projects on behalf of the Afghanistan state.	M&E framework for central and Provincial offices of NGOs has been developed.					

## FINDING:

The Ministry of Economy had planned to develop an M&E framework for the main and sub-offices of NGOs at capital and Provincial level. The particular purpose of the framework was to constantly monitor and evaluate the capacity of NGOs in different areas including Management, Finance, HR and Procurement. It was also to increase transparency in the reporting system of NGOs. The findings of the team indicate that the Ministry could not achieve the activity due to lack of required resources. Lack of sufficient budget has prompted the Ministry of Economy to contract the development of an M&E framework to a third-party<sup>38</sup>. Moreover, in the last NGO's national conference, the President also ordered development of such a mechanism. MoEc, in coordination with other relevant Ministries is strictly following this activity. MoEc officials have described the mechanism as "This will be developed soon."

<sup>35</sup> (<https://www.pajhwok.com/en/2018/03/11/ghani-seeks-accountability-transparency-ngos>, para- 3)

<sup>36</sup> National NGO's Conference, 11 March, 2018, Kabul-Afghanistan

<sup>37</sup> Interview with MoEc official NGO, Jan 10, 2018, Kabul, Afghanistan

<sup>38</sup> Interview with MoEc official NGO, Jan 10, 2018, Kabul, Afghanistan

Objective	Activity	Indicator	Assigned Unit	Outcome	Baseline	Deadline	Risk
<b>Increasing transparency and accountability in Non-Government Organizations</b>	Sub-offices of NGOs in the capital and Provinces should be evaluated and monitored. Reports of the evaluations should be sent annually.	National and International NGOs' sub-offices are implementing main projects in Health, Education, Agriculture and Social Services Sectors.					

#### FINDING:

The NGOs Law requires the Ministry of Economy to register NGOs and supervise and coordinate their operations in Afghanistan. The NGOs are bound by the Law to report to the Ministries of Economy and Finance and Donors about their financial affairs annually.<sup>39</sup> The findings of the team indicate that the Directorate of NGOs of the Ministry of Economy does not have enough human resource to properly and effectively evaluate and monitor the operations of NGOs. Instead, the Directorate of NGOs solely relies on annual reports that NGOs present. There is no field M&E activity by the Ministry.

The law mentions: *"NGOs which fail to report about their financial affairs annually shall be dissolved"*.<sup>40</sup> The assessment team has found that 1800 NGOs have been, therefore, dissolved so far.

Objective	Activity	Indicator	Assigned Unit	Outcome	Baseline	Deadline	Risk
<b>Increasing transparency and accountability in Non-Government Organizations</b>	Develop and promote E-governance for coherence, coordination, and monitoring of NGOs						

#### FINDING:

Previously, NGOs were registered manually inside the Ministry of Economy, a traditionally slow process that facilitated opportunities of corruption and dependent on direct contacts with the personnel of the Ministry. To reverse the trend, the Ministry has decided to electronically conduct the registration process.

The findings of the assessment team show that NGOs are now properly electronically registered, and that NGOs are also not asked to show up inside the Ministry to register. Such an initiative is a positive of Anti-Corruption step<sup>41</sup>. However, the NGOs founders in Kabul have voiced their strong opposition to the leadership of the Ministry of Economy, complaining that employees of the Ministry "unabashedly ask for bribes" when they either apply for license, or renew their license. However, MoEc's leadership is interested to follow up such cases and invites NGOs to provide the documents and the Ministry will introduce the corrupted employees to the judicial entities for prosecution.<sup>42</sup> Notably, it is not clear to MEC how NGOs would 'provide the documents' to corroborate requests for bribes since these are generally verbal interactions.

<sup>39</sup> Ministry of Justice, GIRoA, NGO Law, Article 27, March 28, 2005

<sup>40</sup> Ministry of Justice, GIRoA, NGO Law, Article 35, March 28, 2005

<sup>41</sup> Interview with MoEc NGO Directorate, Jan 10, 2018

<sup>42</sup> Interviews with NGOs in Kabul, February 04, 2018, Kabul, Afghanistan

## MONITORING AND EVALUATION PHASE:

It is almost impossible to achieve the expected outcome of an Anti-Corruption Plan without a proper M&E system in place. M&E is a widely accepted and established principle in the development of an Anti-Corruption Plan, though methodologies vary. In other words, every institution ought to specify and assign a special Unit for M&E of the Plan that they design to tackle corruption. The Ministry of Economy has set up a Committee to regularly monitor and evaluate the implementation of its Anti-Corruption Plan. The committee is composed of Administration and Finance Deputy Minister, Chief of Staff, Directorates (Finance, HR, Internal Audit, Ministry of Finance Control Branch in MoEc, NGOs, Officers, Design and Consolidation, Policy and Management). Members of the committee hold monthly meetings and report their findings to the High Council of the Ministry of Economy.<sup>43</sup>

The quarterly reports of the Committee are presented to High Council of Rule of Law and Corruption. But relevant Directorates of the Ministry did not present the meeting minutes and decisions to the MEC assessment team<sup>44</sup> and it has raised serious questions regarding whether the Committee really meets to discuss the Anti-Corruption Plan and follows up its implementation. The team could find access to some of the decisions made at the meetings chaired by the Minister of MoEc. However, the meetings of the leadership are normally held about the entire mandate of the Ministry. There is no document available to prove whether or not the Committee assigned to follow up the implementation of the Anti-Corruption Plan meets every month and closely monitors the extent of the Plan's implementation.

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<sup>43</sup> MoEc Anti-Corruption plan, 2017

<sup>44</sup> Interview with MoEc MIS department, Jan 9, 2018, Kabul, Afghanistan



## MEC's RECOMMENDATIONS

No	Inst	Recommendation	Baseline	Status
1	MoEc	MoEc develop its Anti-Corruption Plan based on a risk assessment conducted prior to the development of Anti-Corruption plan.	21.Jan.2018 - The MoEc's Anti-Corruption Plan has not been designed and developed based on a risk assessment	
2	MoEc	MoEc broaden the scope of Committee involved in the development of Anti-Corruption Plan and involve NGOs, Civil Society and other stakeholders	21.Jan.2018 – MoEc's stakeholders, including NGO's and Civil Society representatives, were not involved in the development of MoEc Anti-Corruption Plan	
3	MoEc	MoEc leadership should properly communicate its Anti-Corruption Plan with the relevant Units.	21. Jan.2018 - The Anti-Corruption Plan of the Ministry of Economy has not been widely communicated.	
4	MoEc	The MoEc establish a Complaint Office to handle all received complaints	21.Jan.2018 – The MoEc does not have a Complaint Office	
5	MoEc	The MoEc set up a hotline to receive complaints	21.Jan.2018 – The MoEc has not set up a hotline due to lack of enough budget	
6	MoEc	The MoEc develop Provincial compliant system	21.Jan.2018 – MoEc does not have Provincial compliant system	
7	MoEc	The MoEc conduct an assessment to determine the circumstantial requirements needed for the enforcement of the Access to Information Law	21.Jan.2018 – The MoEc has not conducted any assessment to determine the circumstantial requirements needed for the enforcement of the Access to Information Law	
8	MoEc	The MoEc hire a Manager to develop the procedure for the enforcement of Access to Information Law	21.Jan.2018 – Ministry failed to hire a Manager at the Office of the Minister and develop the required procedure and strategy for the enforcement of the Law, as the Anti-Corruption Plan proposes	
9	MoEc	The MoEc develop a One-Stop-Shop where applicants can engage in all types of MoEc's services	21.Jan.2018 – The Ministry of Economy's One-Stop-Shop is not a place where applicants can resolve all types of services/functions	
10	MoEc	MoEc include the soft skills enhancement of the staff part of the job description of the senior staff	21.Jan.2018 – MoEc Training Needs Assessment mostly prioritized the soft skills enhancement of the Ministry's staff	
11	MoEc	MoEc develop a guideline for the evaluation of the effectiveness of capacity building programs	21. Jan.2018 – Due to lack of a procedure regarding the effectiveness of capacity building programs, most trainees are not assigned to bring about the necessary change in their units and impart their acquired skills to their colleagues once they individually benefit, particularly from overseas training opportunities.	
12	MoEc	MoEc develop a computerized asset management and inventory systems	21.Jan.2018 – The MoEc does not have a computerized inventory and asset management systems	
13	MoEc	MoEc recruits Coordinators for different sectors	21. Jan.2018 – The Ministry of Economy has not recruited Coordinators to ensure the projects which should be implemented by NGOs are aligning with Afghanistan development needs.	
14	MoEc	MoEc develop an M&E framework for the main and sub-offices of NGOs	21. Jan.2018 –The Ministry of Economy does not have an M&E framework for the main and sub-offices of NGOs at capital and Provincial level.	
15	MoEc	MoEc hold regular meetings regarding the implementation of Anti-Corruption Plan and keep the minutes of those meetings	21. Jan.2018 – MoEc does not hold regular meetings to ensure the proper implementation of Anti-Corruption Plan and does not keep the record of these meetings	