Governance Cluster

NATIONAL PRIORITY PROGRAM (NPP) 2:
National Transparency and Accountability Program

FIRST DRAFT for CONSULTATION
June 2011
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I. EXECUTIVE SUMMARY

Expected Results
The National Transparency and Accountability Program aims to increase the transparency and accountability of procedures and controls within the Government of Afghanistan. As such, the program will aim for the following overall results:

- The legal authority is established and institutional capacity is increased among government institutions to combat public corruption and promote transparency and accountability in public service
- Legal and institutional mechanisms are strengthened within government institutions to combat public corruption
- Civil society is actively involved in the fight against public corruption in Afghanistan as monitors of the government’s efforts to combat corruption and as supporters by raising awareness and understanding among the people of the government’s efforts to combat corruption

Program Timeline
The program concept was presented at the Kabul Conference held on 20 July 2010, and implemented shortly afterward based on available and existing funds. Implementation milestones have been set for 100 days, 1 year and 3 years after the conference date.

Executing Ministries for the Program
The following lists the Executing Ministries (Institutional Partners) for the National Transparency and Accountability Program:

1. High Office of Oversight and Anti-Corruption (HOO)
2. Ministry of Justice (MoJ)
3. Ministry of Interior (MoI)
4. Control and Audit Office (CAO)
5. Ministry of Finance (MoF)
6. Ministry of Information and Culture (MoIC)
7. Independent Directorate of Local Governance (IDLG)
8. Ministry of Agriculture, Irrigation and Livestock (MAIL)/Afghanistan Land Authority (ALA)
9. Afghanistan National Standards Authority (ANSA)
10. Ministry of Labor, Social Affairs, Martyrs and the Disabled (MoLSAMD)
11. Civil Service Commission (CSC)
12. Independent Electoral Commission (IEC)

Budget Summary
The budget for the National Transparency and Accountability (Program 2) is ### USD over a three-year period.
**DRAFT**

**Budget Summary (in ’000 USD)**

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<th>Year1</th>
<th>Year2</th>
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<th>Total</th>
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<td><strong>Overall Budget for NPP2 program over 3 Yrs</strong></td>
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<td><strong>Objective 1: Further legal and institutional development</strong></td>
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II. SITUATIONAL ANALYSIS

Afghanistan is emerging slowly out of years of conflict, Taliban rule and international intervention. It faces numerous challenges to do so sustainably, effectively, within its means and with the best interests of the Afghan people at heart. Corruption is one of the barriers to managing this transition smoothly.

According to a recent Transparency International report,

“Corruption poses a unique set of obstacles to reconstruction and recovery in countries suffering the aftermath of violent conflict... Tolerating corruption erodes the prospects for sustainable stability and nation-building. [It] destroys the idea that there can be a fair power-sharing agreement, collective peace and trust.”

Fraud and corruption are pervasive in Afghanistan’s public and private sectors. Afghanistan is ranked 176 out of 178 on the Transparency International 2010 Corruption Perceptions Index (CPI), with only Myanmar and Somalia ranked lower.

The recent high profile and devastating exposure of deep-seated corruption within the Kabulbank, has again put the need to deal decisively and immediately with corruption in Afghanistan front and centre. The International Monetary Fund’s press statement on their visit to Kabul in February 2011 noted that immediate measures are necessary to support efforts to design and implement a comprehensive plan to address the outstanding issues in the Afghanistan financial sector arising out of the Kabulbank scandal, including ensuring that any illegal behavior or fraud is prosecuted in accordance with the law.

The damage caused by corruption is crippling. Corruption subverts state functions and the rule of law; it discredits the security and justice sectors; fuels insurgency and criminal organizations; creates unnecessary barriers to economic development; robs the state of needed revenue; and erodes public trust in state institutions.

Anti-corruption has proved extremely difficult to combat in Afghanistan. A culture of impunity, societal norms, lack of consistent political follow through and more recently a huge influx of money coupled with loose monitoring mechanisms has meant that corruption persists at all levels of both the government and society in general. Sadly, corruption has moved beyond bribery, nepotism and extortion by government officials to the forming of networks that ensure that the guilty are not brought to justice.

The Government of the Islamic Republic of Afghanistan (GoIRA) recognizes the severity of corruption and has committed itself to fight corruption and several key steps have already been taken, including ratification of the United Nations Convention against Corruption (UNCAC) on 25 August 2008, and finalization of the National Anti-Corruption Strategy (NACS).

2 Afghanistan’s 2010 ranking of 176 out of 178 countries reflects a CPI score of 1.4 on a scale of 10 (very clean) to 0 (highly corrupt). The CPI is a perception index, reflecting the perceptions of abuse of entrusted power for private gain. Corruption Perceptions Index 2010, Transparency International (2010: 3).
In 2008, the Afghan government moved decisively to prevent corruption by establishing the High Office of Oversight (HOO) “as the highest office for overseeing the implementation of the Anti-Corruption Strategy,” and “for the implementation of administrative procedural reform” as well as to “lead, coordinate, support, and drive the national efforts and policy development towards combating corruption effectively.”

The GIRoA, civil society, the private sector and the international community have worked hard to put in place measures to identify, expose and prevent corruption. Some of the efforts include public recognition of the corruption problem by senior GIRoA leadership; initial institutional measures such as setting up the HOO; establishing a legislative foundation for public administration; raising fiduciary standards; initiatives to simplify government processes; and visible efforts to investigate and prosecute individual corruption cases. These measures have had small success but not proved broadly successful. Corruption continues to plague Afghanistan.

**CURRENT CHALLENGES**

**Fledgling national legal framework to address corruption**

A comprehensive, up-to-date and relevant legal framework is critical to prosecuting those guilty of corruption and providing guidelines for preventing corruption. The current legal framework is weak. Currently, there are four laws either pending or in the draft stage that will support the Government’s efforts to promote transparency, accountability and good governance: the Anti-Corruption Law (pending), the Penal Law (pending), the Access to Information Law (drafting), and the Audit Law (Pending). The National Transparency and Accountability Program will support the Government’s efforts to finalize and enact these laws, in addition to raising awareness and capacity of the Government institutions responsible for implementing these laws.

**Low capacity of prosecutors and judges to understand and apply the law**

Current mechanisms for training judges and prosecutors are not well coordinated, lack Afghan leadership, and are not sustainable. Many prosecutors have never been trained. Current training for prosecutors is ad hoc, led by the international community, and targets specific areas of the law. A comprehensive national legal training and professional development program for prosecutors is needed. The Attorney General’s Office (AGO) has recognized this and developed a national training strategy for this.

The National Transparency and Accountability Program will address this training gap for the MoJ and SC by supporting their current training programs for prosecutors and judges by incorporating training curriculum and materials on the Anti-Corruption Law (pending), the Penal Law (pending), the Access to Information Law (drafting), and the Audit Law (pending) into their ongoing curriculum.

**Low human and institutional capacity**

Low institutional capacity stems from various causes. Currently – although this improving gradually - few civil servants have the requisite experience in administrative procedures and the principles and practices of oversight. Another primary cause is the difficulty in hiring and retaining qualified staff to work within the Afghan public sector. This has led to a fierce competition among the Afghan government, the private sector and the international community over the small pool of individuals who have education, skills and training needed by ministries and agencies like the HOO.
In addition, salary demands and expectations have escalated to the point where the Government cannot compete. The low level of government salaries makes it hard to attract and retain staff. The Government has sought to mitigate the issue of low public sector wages through upgrading pay scales and pay and grade reform. Paying a living wage and offering competitive salaries removes the pretext for corruption at the point of service delivery to the public.

A further barrier to merit-based appointments and subsequent capacity building initiatives has been the long-standing practice of hiring on the basis of ethnicity or familial relationships.

The lack of sustainable training initiatives available to the staff already working in HOO and other public service bodies also significantly hampers institutional capacity.

The National Transparency and Accountability Program will support efforts among its implementing partners to support the professional development of its staff. Such efforts will include skills and professional development training, coaching/mentoring of mid-level management staff, and long-term, sustainable staffing strategies.

**Complex administrative procedures**
Lengthy complicated administrative procedures such as referring clients to numerous different offices, asking for unnecessary signatures on applications, documenting and recording unnecessary letters are customary, resulting in applicants needing to pay large sums of money to brokers to get bureaucratic-type issues solved quickly (and sometimes illegally).

The National Transparency and Accountability Program will target bureaucratic corruption through the simplification of processes and procedures relating to obtaining or renewing passports and visas, obtaining and maintaining business licenses, obtaining construction permit, evaluation of education certificates, and procurement and contracting.

**Public perceptions of public fraud and corruption**
Corruption threatens the legitimacy of the government’s and the international community’s efforts in rebuilding the Afghan state. Weak accountability systems, and the slowness of public institutions to render justice have eroded public trust or interest in the GIRoA’s ability to effectively control the state in the best interest of its citizens.

The current situation has led to mounting pressure on the Afghan government from Afghans and the international community to tackle corruption. To do so effectively increased involvement of the Afghan public and civil society is critical. The National Transparency and Accountability Program will, through a comprehensive Anti-Corruption Campaign spearheaded by the HOO, educate Afghans on corruption, its impact, and how to fight it. An educated public is an ally in defeating corruption.
III. PROGRAM GOAL and OBJECTIVES

The goal of the National Transparency and Accountability Program is to strengthen the legitimacy of the Government of Afghanistan, build public trust in it and create an enabling environment for social and economic development.

Expected results include:

- The legal authority is established and institutional capacity is increased among government institutions to combat public corruption and promote transparency and accountability in public service.
- Legal and institutional mechanisms are strengthened within government institutions to combat public corruption.
- Civil society is actively involved in the fight against public corruption in Afghanistan as monitors of the GoA’s efforts to combat corruption and as supporters by raising awareness and understanding among the people of the GoA’s efforts to combat corruption.

The program will achieve these results through the following three components (objectives):

- **Component 1: Further legal and institutional development**
- **Component 2: Strengthening accountability mechanisms**
- **Component 3: Introducing transparency initiatives**
IV. STRATEGY

The National Transparency and Accountability Program will utilize a three-pronged strategic approach, underpinning the three Components, to build the public trust in and legitimacy of the Government and an enabling environment for social and economic development.

*Increasing legal authority and responsibility* of government Ministries and institutions to combat public corruption and promote transparency and accountability in the public service.

*Strengthening mechanisms* to combat corruption through institutional development and strengthening.

*Involving civil society* in the fight against corruption in Afghanistan.

Working with a *whole-of-government and society anti-corruption approach*, the National Transparency and Accountability Program will strengthen the foundation within the Government to combat public corruption, while strengthening the external mechanisms to monitor and oversee the Government’s efforts to promote transparency and accountability and combat corruption.

The High Office of Oversight and Anti-Corruption (HOO), as the lead agency, will oversee the management and implementation of each NPP 2 component either as a direct implementer or in a supporting role to a partnering agency. Government stakeholders (or “partnering agencies”) will directly implement or support the lead implementers in implementing the project activities. Therefore, strong coordination and cooperation between HOO and partnering agencies will be integral to the success of this strategy.

**JCMB Standing Committee**: HOO will report to the JCMB Standing Committee on a quarterly basis to update the committee members on the status, progress and lessons learned. HOO will also submit an Action Plan for the next quarter. Quarterly JCMB Standing Committee meetings will be held to review the quarterly progress of the Program, review gender inclusion activities, and advise on mid-course changes, if necessary.

**Reaching the Sub-National Level**

The National Transparency and Accountability Program will target government officials and civil society at the sub-national level through its Public Awareness Initiative and National Anti-Corruption Campaign. Activities will be directly implemented by either the implementing government agency, such as the HOO, Control and Audit Office, Ministry of Finance, and others, or with the direct support and cooperation of civil society organizations and media groups.
National Transparency and Accountability Program

V. RESULTS and ACTIVITIES

Component 1: Further legal and institutional development

Outcomes: Strengthened capacity within and legal and statutory basis for institutions that promote transparency and accountability

Indicators: Targeted laws are enacted; increased understanding of the relevant laws among public officials; of the % of Afghan people reached through radio and TV programs and other media/communication activities, % have a better understanding of the Government’s efforts to combat corruption; increased technical skills of HOO staff on strategic HOO areas; increased utilization of international best practices within HOO strategic areas; increased staff performance; increased understanding among targeted Ministries on HOO’s mandate, authority and responsibilities; increased understanding of transparency, accountability and good governance concepts in public service; increased utilization/application of training themes and international best practices in their day-to-day jobs.

One of the biggest obstacles to establishing responsive state institutions that ensure effective and efficient service delivery and enhance accountability and transparency is a weak or insufficient legal and institutional framework. Addressing current legal and institutional gaps is a key government priority that is addressed under this component. Component 1 focuses on strengthening the legal and statutory basis for institutions that promote transparency and accountability, in addition to building the capacity within these institutions to implement their strengthened mandate.

Subcomponent 1: Legal reform in the area of accountability and transparency

Anticipated Results: It is expected that by the program completion:

1. Government officials understand the purpose and authority of the enacted Anti-Corruption Law.
2. CAO and relevant government officials understand the purpose and authority of the enacted Audit Law.
3. The Access to Information Law is enacted.

Legal reform in the area of accountability and transparency is a necessary step to establish the foundation from which all national anti-corruption efforts will emerge. The National Transparency and Accountability Program will support efforts to finalize and enact two new national laws and amend two existing national laws that incorporate the international legal norms and principles on transparency, accountability and anti-corruption in conformity with the Constitution of Afghanistan.

Once these laws are enacted, the National Transparency and Accountability Program will lead efforts to mainstream the laws throughout Government institutions through technical assistance and capacity building efforts in relevant line ministries. The relevant line ministries will be integral to the successful implementation and oversight of the new or amended law, and therefore require targeted
technical assistance and capacity building efforts to ensure understanding of their role and responsibility on implementing and enforcing the law’s regulatory framework.

The National Transparency and Accountability Program will also implement an awareness-raising program that targets the Afghan population’s understanding of the legal framework at the national and sub-national levels. The awareness-raising program will be integral in bridging the gap between the Government and civil society by underscoring the importance of civic participation in the Government’s anti-corruption efforts and identifying ways civil society can be involved.

1.1 ANTI-CORRUPTION LAW

The draft Anti-Corruption Law is currently with the Council of Ministers for review. It is anticipated that Parliament will approve the draft in June 2011. Once the Anti-Corruption Law is enacted, the MoJ will publish the law in the Official Gazette, and distribute copies of the law to all Government Ministries and institutions.

The HOO will be the lead implementation agency tasked with overseeing the implementation of the Anti-Corruption Law. HOO will undertake an internal and external awareness-raising campaign to publicize and educate HOO staff, government officials and the Afghan public on the Anti-Corruption Law. As part of this effort, educating the HOO staff on the new law while at the same time raising awareness among government institutions and Afghan citizens on the law’s mandate, institutional and ministerial responsibility, and public participation in the process will be undertaken.

1.1.a Post-Enactment: Capacity Building and Awareness Raising

Internal Capacity Building. HOO will implement staff training on the new law, including a review of the legal framework, any relevant structural changes at HOO, and the authority and responsibility mandated to the HOO and the Government. There will be two types of training: a training for all department heads to address the structural changes to HOO, each department’s responsibility under this law, and additional technical area skills development. It is anticipated that this workshop will be approximately 2-3 days for HOO department heads and management team.

The staff training will cover a review of the law, the organizational changes to HOO, and departmental responsibilities. It is anticipated that the initial workshop will be introductory, and may last approximately 1-2 days for all HOO staff.

Additional training workshops will be needed to target specific skills and knowledge of individual HOO departments on the Anti-Corruption Law. An assessment of each department will be conducted to determine the level of capacity and need to develop a responsive and relevant workshop. HOO department heads will coordinate periodic trainings to update the skills and knowledge of department staff on the Anti-Corruption Law and relevant statutes and codes.

Capacity Building and Awareness Raising. The HOO will lead in the capacity building and awareness raising on the Anti-Corruption Law. Detailed in Table 1 below, the HOO will prioritize the training program into three tiers of beneficiaries. It will then roll out the training plan according to immediate
priority, beginning with Tier 1 through to the longer-term strategy of the Public Education and Awareness Raising Plan (Tier 3).

Timing of the implementation of this plan is based on the enactment of the Anti-Corruption Strategy.

Table 1. Structure of the Anti-Corruption Law Capacity Building and Awareness Raising Plan

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<th>Tiers</th>
<th>Targeted Beneficiaries</th>
<th>Mechanism</th>
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<tr>
<td>Tier 1</td>
<td>Law enforcement and security agencies</td>
<td>Training Workshops</td>
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<td>Direct Government implementers of the Anti-Corruption Law</td>
<td>MoJ, AGO, Supreme Court (judges and prosecutors), MoI, NSD/Secret Service</td>
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<td>Government and independent audit agencies</td>
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<td></td>
<td>MoF internal audit division</td>
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<td></td>
<td>All other ministerial internal audit departments</td>
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<td></td>
<td>Control and Audit Office (external audits)</td>
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<tr>
<td>Tier 2</td>
<td>All other Government Agencies</td>
<td>Training Workshops</td>
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<td>Supporting Government Ministries and institutions on the implementation of the Anti-Corruption Law</td>
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<tr>
<td>Tier 3</td>
<td>Legal community</td>
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<tr>
<td>Public Education and Awareness Raising Plan</td>
<td>Defence/private sector attorneys, Law school faculty, Law associations</td>
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<td></td>
<td>Civil Society Organizations</td>
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<td>NGOs specializing in rule of law and judicial/legal reform</td>
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<tr>
<td></td>
<td>Media Groups</td>
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<td></td>
<td>Afghan and International Media Outlets, Afghan and International media NGOs, Associations</td>
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The Supreme Court currently holds periodic training programs for judges on general legal frameworks. Through a current program, the Supreme Court offers types of training programs for judges: (1) a three day to one week training targeting specific legal themes; and (2) up to three months training to target technical area and skills development on judicial review and practices. The HOO will work with the Supreme Court to incorporate training workshops on the Anti-Corruption Law in the Supreme Court’s curriculum.

The HOO will build on current efforts of the Attorneys General Office (AGO) to incorporate training curriculum and materials into its current stage (pre-service training) program at the Institute for National Legal Training, in addition to coordinating efforts with international organizations providing technical assistance and training to the AGO to incorporate training curriculum and materials on the Anti-Corruption Program.

Training Curriculum and Materials Development. For internal and external training workshops and seminars, HOO anticipates working with a qualified international organization that specializes in training and capacity building on anti-corruption issues. Depending on the timing of funding sources, the HOO prefers to begin the development and piloting of the training curriculum and materials before the Anti-Corruption Law’s enactment so that training may begin within week’s of the Law’s publication in the Official Gazette.

Over the first year of the Program, the international organization will support HOO’s efforts to develop a comprehensive and sustainable Continued Education/Training Plan targeting key Government Ministries. Coordinated efforts between HOO and the international organization include:

- Conducting an initial survey to establish a baseline
- Develop indicators to evaluate training success and impact
- Assessing the capacity of HOO staff and the targeted beneficiaries within each tier to develop appropriate and responsive training curriculum with supporting teaching and participant materials
- Design and pilot Training of Trainers (ToT) curriculum and materials
- Deliver ToT to HOO trainers
- Oversee the development of the HOO cascade training plan, which includes the prioritization of Ministries and institutions within the tiered structure
- Conduct period visits to training sites to assess training curriculum and delivery; provide period skills development training to HOO trainers on workshop facilitation and delivery and other related skills development training.
- Conduct 6-month impact evaluations on training curriculum.
With the support of the international organization, the initial training program will be sustained by a longer-term plan capacity building plan for continued education on the Anti-Corruption Law within HOO and among the key Government Ministries. The training and capacity building plan will be integral in establishing the internal capacity of the HOO to continue to deliver comprehensive and technical trainings within HOO and among Government Ministries.

**Public Education and Awareness Initiative.** To reach out to the legal community, civil society organizations and the media in Afghanistan, HOO will develop a Public Education and Awareness Initiative that educates them all on the Anti-Corruption Law.

The most efficient and cost-effective way to reach the broader Afghan population is through the media. The Public Education and Awareness Initiative will host a series of roundtable discussions broadcasted on national and regional radio stations that bring together leaders in the legal community, government officials and representatives from civil society for discussions on the Anti-Corruption Law. The focus of these roundtable discussions will be to educate the Afghan population on the Law, the responsibility of the Government, and the role of the people.

In addition to the radio programming, the Initiative will also support creative efforts to reach a broader audience, such as through short TV dramas, community theatre, feature articles and documentaries on anti-corruption initiatives in Afghanistan, and other initiatives that support education and awareness-raising of the efforts of the Government and civil society on combating corruption in Afghanistan.

The Initiative also intends to support efforts to increase cooperation, coordination and communication between the Government, independent agencies, and civil society on combating corruption and promoting transparency and accountability in Afghanistan. Workshops, seminars, and panel discussions will be hosted by the HOO to support the sharing of information on best practices and lessons learned on implementing related programs in Afghanistan.

The Public Awareness Initiative is part of the broader outreach campaign detailed below in Component 3.5.

**Training/Awareness Raising Rollout Plan.** Once the training curriculum and materials are finalized, and the HOO trainers complete the ToT, the Tier 1 beneficiaries will be targeted. Once Tier 1 is completed, the HOO trainers will begin training Tier 2 beneficiaries.

- **Tier 1:** approximately 14-16 weeks; repeated annually
- **Tier 2:** approximately 20-24 weeks; repeated annually
- **Tier 3:** periodic activities on an annual basis

Continued training of targeted beneficiaries in Tiers 1 and 2 will be implemented annually to update beneficiaries on changes to the law, and review obstacles to the law’s full implementation. In Tier 2, when necessary and appropriate, Government Ministries and institutions will be brought together for the trainings.
Tier 3 will run in tandem with Tier 1. For the Public Education and Awareness Raising component (Tier 3), the HOO anticipates utilizing the support of a qualified international or national organization to develop the Public Education and Awareness Raising Initiative.

1.2 AUDIT LAW

The draft Audit Law is currently with the Ministry of Parliamentary Affairs. It is anticipated that it will be shared with the Council of Ministers and then follow due process through to approval in June 2011. Once the Audit Law is enacted, the MoJ will publish the law in the Official Gazette, and distribute copies of the law to all Government Ministries and institutions.

The Audit Law will bring significant changes to the independent auditing function within Afghanistan. Outlined in more detail in Section 2.7 of this strategy, the Audit Law will strengthen the independent audit function of CAO according to international standards.

1.2.1 Post Enactment: Training/Capacity Building of CAO Departments

As part of the process to ensure understanding and proper implementation of the Audit Law, the CAO will develop a capacity building plan to target senior management and middle management to address the changes in authority and responsibility of CAO auditors and the audit reports they develop. The CAO will work with its international advisors to develop a two-tiered training plan for senior and middle management on INTOSAI/ASOSAI guidelines and standards on auditing, including fraud and corruption.

The first tier involves an annual conference for the CAO senior management to review the Audit Law and its impacts on the CAO. The goal of this conference is to develop the vision and direction of the CAO so that the CAO senior management has one single message to provide to CAO staff on the CAO’s vision and direction post-Audit Law enactment.

The second tier involves the training of senior and middle management on the Audit Law and its impacts on the independent audit function at the CAO. It is envisioned that the training will be annual (so that new staff are informed), incorporating a review of the legal framework and regulatory updates, international best practices, and practical implementation. The goal of these annual trainings is to ensure that the execution of the policy and strategy is within the CAO’s vision.

1.2.2 Post Enactment: Training/Capacity Building of Ministry Internal Audit Departments

As part of the process to ensure understanding and proper implementation of the Audit Law, the CAO will develop a training of trainer (ToT) program that targets senior internal auditors within the Internal Audit Departments of Government Ministries. The ToT program will provide the senior internal auditors the skills and information needed to train their teams on the Audit Law. In addition, the ToT will reflect the changes to the CAO’s authority and responsibility on conducting external audits, the collaborative roles between the CAO and the internal government auditors on detecting and preventing fraud and other questionable activities within the government, and the roles of the CAO and internal auditors to support transparency and accountability in public expenditures and revenues.
Each ToT trainee will develop and submit a cascade training plan to the CAO, outlining their strategy and action plan to reach all internal auditors within their Ministry, institution and public enterprise. The CAO will oversee the cascade training process and conduct an evaluation to review the success and impact of the awareness raising/training program targeting internal government auditors.

1.2.3 Post-Enactment: Reaching out to Parliament, the Media and Civil Society

Civil society will have a key designated role in ensuring that the government plans are implemented. They will also be the most effective independent monitors on the inclusion of transparency in the performance and decisions of the government. The anticipated Audit law will contain provisions for publicizing its decisions and reporting to multiple entities, the President, the Parliament and the people.

With the establishment of the Public Accounts Committee (PAC) anticipated for August/September 2011, CAO will launch a coordinated awareness-raising approach to target members of Parliament, the media and civil society.

**Workshops targeting members of Parliament:** The CAO will work with their counterparts in Parliament, particularly those appointed to the PAC, to raise awareness on the external auditing process, to support their understanding of the PAC responsibility and authority, and to establish the coordination and communication mechanism between the CAO and the PAC members. CAO anticipates conducting one workshop per quarter in the first year. In subsequent years, the CAO and PAC will determine how many and what type of workshops will be needed to build the capacity of the PAC and the relationship between the two groups.

**Workshops targeting media and civil society:** The CAO and the PAC will host 2-3 workshops within the first year to raise awareness on the external auditing process, to support their understanding of the respective authority, role and responsibility of the CAO and PAC, and to establish the coordination and communication mechanism between the CAO, the PAC, the media and civil society.

**Raising awareness through print and visual media:** The CAO will reach out to media groups through press releases and networking with media to secure television interviews on the public external audit function and how it supports the Government’s efforts for a more open, transparent and accountable government. In addition, the CAO will draft articles for publication on changes to the authority and responsibility of the CAO under the newly enacted Audit Law.

1.3 Penal Law

The Government of Afghanistan, with the support of the international community, began efforts to amend the Penal Law to be compliant with international standards, specifically the UN Convention Against Corruption (UNCAC) of which Afghanistan became a signatory in 2004. Although the process has been slow, key provisions to the Law need to be addressed for it to become compliant with UNCAC and other international standards, namely placing sanctions on violators of the law, including imprisonment.
The draft Penal Law left the MoJ’s Legal Review Department (Taqnin) in late March 2011, and is now with the Minister of Justice for his review. There is no concrete timeframe when the law will be in Parliament for review and vote.

Once enacted, the HOO will support the MoJ’s efforts in the capacity building and awareness-raising on the Penal Law.

### 1.3.1 Post Enactment: Training/Capacity Building of MoJ Departments

The MoJ does not have a comprehensive training plan to build capacity and raise awareness within the Ministry of a new or amended law. Currently the MoJ provides printed copies of the new or amended law to the MoJ departments for distribution among the staff. There is no coordinated effort to develop a strategic framework for the law’s implementation, and therefore it is up to each department to become familiar with the new law to determine the appropriate measures for implementation.

The National Transparency and Accountability Program will support efforts to develop a comprehensive training plan to build the capacity and raise awareness of the provincial MoJ management and staff.

**Stage One: Department Head Workshop.** Two- to three-day workshop headed by HOO and MoJ Taqnin to introduce the law to Heads of Departments in MoJ. The introductory workshop will identify where and how the law is applicable within each department, and the impact the law will have on the department’s authority and work plan.

**Stage Two: Department Training.** The current practice regarding legal/capacity training at the MoJ when a new law is enacted is to task individual departments to conduct trainings. HOO will support their efforts by providing department heads with training plans and information materials relating to their specific department’s implementation of the Penal Law. At the department head’s request, HOO will conduct the training.

### 1.4 Access to Information Law

The Ministry of Information and Culture (MoIC) is the lead institution to develop and implement the Access to Information Law. The MoIC has been in discussions with civil society organizations (CSO) via a working group comprising of CSO representatives, the Media High Council\(^4\) and MoIC. According to the MoIC, they are reviewing drafts prepared by IDLG, the INTERNEWS Agency and the Afghanistan Media Development and Empowerment Project (AMDEP).

MoIC anticipates a draft of the law will be ready for stakeholder review in June 2011, at which time the Deputy Minister for Media and Publications will call a stakeholder working group meeting to

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\(^4\) The Media High Council is a part of Government established under Mass Media Law of 2006. It consists of four Parliament members, one member of Judiciary, two journalists, two Government representatives, two representatives from civil society and one religious council member. The Media High Council has significant sway in the preparation of long-term media policy. The Media High Council selects members of the National Radio and TV Commission and appoints the Director General (DG) for national radio and TV. The Media High Council has the authority to prosecute members of the media for defaming the Government or Government officials.
review the first full draft of the Access to Information Law. The MoIC anticipates the draft Access to Information Law will be submitted to the Taqnin for review in August 2011.

1.5 MAJOR CRIMES TASK FORCE

The Major Crimes Task Force (MCTF)\(^5\) was established by Presidential Decree to be the lead investigative agency in Afghanistan focusing on the most serious criminal investigations. There are three main investigative units -- the Corruption Investigation Unit (CIU), the Kidnapping Investigation Unit (KIU) and the Organized Crime Investigation Unit (OCIU). The current tashkeel provides for 130 Afghan investigators. The CIU is comprised of 30 staff, 15 from NDS and 15 from MoI. It has the capacity to investigate major corruption cases. It is expected that MCTF will eventually transform into an Afghan ‘FBI’.

The formation of the MCTF was a joint effort involving the Afghan Ministry of Interior (MoI) and National Directorate of Security (NDS), the U.S. Federal Bureau of Investigation (FBI), U.S. Marshals, and U.S. Drug Enforcement Agency (DEA), and the British Serious Organized Crimes Agency (SOCA) agents. The U.S. Department of Justice and the U.S. military (CSTC-A) are supporting the MCTF by providing six attorneys to act as mentors/advisors to MCTF agents, in addition to funding and administrative support. The agents assigned to the MCTF receive specialized training and resources.

Since its inception, the MCTF has been working on the guidelines of their terms of reference (TOR) approved by the MoI’s Huquq Department. However, the MCTF does not yet have a legal mandate, which will be established once the draft regulation is approved (see section 1.5.a below). Currently, the MCTF is performing its duties and responsibilities according to current national laws, such as investigating and referring minor anti-corruption cases to HOO and major cases of kidnapping or corruption to NDS and AGO.

1.5.a MCTF’s Legal Framework Is Established and the MCTF Is Operational

The draft of the legal framework for the MCTF Law has been released by the Taqnin and is undergoing translation. The draft will be sent to the Council of Ministers for review and consideration. Once approved by the Council of Ministers, the final draft will be sent to Parliament for approval.

1.6 ANTI-CORRUPTION TRIBUNAL

According to the Supreme Court, the Anti-Corruption Law provides sufficient regulatory framework for the Anti-Corruption Tribunal. No additional regulations are necessary.

Subcomponent 2: Capacity in accountability and transparency is built

Anticipated Results: It is expected that by the program completion:

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\(^5\) This section has not been approved by the MCTF. This draft narrative has been sent to the MCTF for review, feedback and approval.
1. Increased capacity and understanding of accountability and transparency issues among HOO staff

2. Increased capacity and understanding of accountability and transparency issues among Government staff

2.1 Capacity Building Plan for HOO

HOO has identified training needs for HOO management and staff in the following areas: Integrity Promotion, Policy and Planning, Case Tracking, Asset Declaration, Complaints, Oversight, Public Education and Awareness Raising, and Best Practices in Simplifying Government Processes.

HOO will develop a comprehensive three-year HOO Management and Staff Training Plan that will target these eight training areas. The Plan will incorporate sustainable training practices that will transfer training and capacity skills from outside technical support to “in-house” training and technical capacity at HOO.

<table>
<thead>
<tr>
<th>Training Area</th>
<th>Training Focus</th>
<th>Training Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrity promotion</td>
<td>Ethical governance</td>
<td>Increased understanding of ethical challenges faced and how to address the challenges</td>
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<td></td>
<td>Values and standards</td>
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<tr>
<td>Policy and Planning</td>
<td>Strategic design</td>
<td>Increased skills on strategic planning and policy design</td>
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<tr>
<td></td>
<td>Policy design</td>
<td>Increased capacity in conducting research and analysis</td>
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<tr>
<td></td>
<td>Planning development/implementation</td>
<td>Better leadership skills among HOO staff</td>
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<td></td>
<td>Qualitative and quantitative research and analysis</td>
<td>Increased advocacy and negotiation skills</td>
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<tr>
<td></td>
<td>Leadership and communication skills</td>
<td></td>
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<tr>
<td></td>
<td>Advocacy and negotiation skills development</td>
<td></td>
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<tr>
<td>Case tracking</td>
<td>Oversight</td>
<td>Increased skills in case management</td>
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<tr>
<td></td>
<td>Verification</td>
<td>Increased skills in verifying and documenting accurate and sourced information and materials</td>
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<tr>
<td>Asset Declaration</td>
<td>Review of legal framework</td>
<td>Increased understanding of the fundamental tools to fight public corruption</td>
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<td></td>
<td>Asset declarations</td>
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<td></td>
<td>Declarations of interest</td>
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<td></td>
<td>Financial disclosures</td>
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<tr>
<td>Complaints</td>
<td>Interview techniques</td>
<td>Increased skills in gathering and analyzing information on corruption complaints</td>
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<tr>
<td></td>
<td>Complaint analysis</td>
<td>Increased skills in research and data gathering to verify complaints and triangulate data/information</td>
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<tr>
<td></td>
<td>Research methods to verify complaint</td>
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<tr>
<td>Public education/awareness raising</td>
<td>Introducing HOO</td>
<td>Increased capacity and understanding of the methods to communicate and raise awareness at the subnational level</td>
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<td></td>
<td>Relationship building</td>
<td>Better coordinated and effective outreach campaigns are conducted</td>
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<td></td>
<td>Strategic communications</td>
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<td></td>
<td>Designing a public awareness campaign</td>
<td></td>
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<tr>
<td>Government Process Simplification</td>
<td>Best practices in simplifying complicated administrative processes in government institutions</td>
<td>Increased capacity of HOO team to identify solutions to cumbersome and duplicative steps</td>
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</tbody>
</table>
The HOO will partner with reputable international and national organizations specializing in the identified training areas to further build the capacity of HOO staff through training and technical assistance.

**Skills Development and Partnership Building Program.** Incorporating lessons learned and best practice from similar models will help build the foundation of HOO. HOO proposes to establish the Skills Development and Partnership Building Program to learn from counterpart institutions in other countries on tackling corruption within their respective governments and raising awareness among civil society on good governance, transparency and accountability. Activities will include:

- **Study Tours:** HOO senior managers will conduct comparative system studies and information sharing on best practices and lessons learned. HOO anticipates establishing relations with the Malaysia Anti-Corruption Academy and Indonesia’s Corruption Eradication Commission (Komisi Pemberantasan Korupsi), among other national anti-corruption institutions regionally and internationally. In addition, the HOO seeks to rejuvenate membership in the Anti-Corruption Forum for Islamic Countries.

- **International Conferences:** HOO will propose speaking engagements and panel discussions targeting asset registration and verification issues in Islamic countries at the annual Transparency International Anti-Corruption Conference and other related international and regional conferences. These activities will include concept paper development, panel agenda development, and facilitating panel discussions on current anti-corruption and good governance issues.

### 2.2 **GOVERNMENT CAPACITY BUILDING PLAN**

Under the National Transparency and Accountability program, HOO will continue its efforts to build the capacity of government officials on transparency, accountability and good governance issues. Under the current framework, eleven HOO trainers underwent a training of trainers (ToT) conducted by the German Organization for International Cooperation (GIZ).

The Government Capacity Building Plan includes training on transparency and accountability, Islam and anti-corruption, a review of new and relevant laws, and the role of and authority of HOO, including the type of services and activities that HOO is currently implementing. For example, the training covers the concept of public corruption and if the trainee should witness an act of corruption or influence, s/he is able to report confidentially through the HOO Complaints System through such methods as the “drop box”, the hotline, or visiting the HOO offices to discuss the potential corruption issue.

The capacity building plan is currently in Phase I. Eleven Ministries are targeted to participate in the 2-day training activities. Four Ministries have undergone the pilot training, and HOO is currently assessing the strengths and weaknesses of the program. Based on their findings, HOO and GIZ will adjust the training module and materials, and conduct the training for the remaining seven Ministries.

Phase I will be completed in August 2011. Once the assessment is completed on the effectiveness of the training HOO will determine whether the training curriculum needs to be updated based on recent government updates or expanded based on participant feedback and then expand it to the next group of Ministries.
Component 2: Strengthening accountability mechanisms

Outcomes: Transparent, efficient and effective oversight mechanisms and stronger accountability mechanisms are established across all Government organizations

Indicators: MEC is operationalised. The CMS is permanently established in the HOO tashkeel and budget; 180 complaints received annually; 1/3 of complaints received undergo a review and verification process; 20% of complaints are sent to proper authorities to further investigate and prosecute. All 49 government ministries and institutions' priorities and action plans are approved and implemented; an inter-ministerial coordinating committee is established and monthly meetings are held. 10 Ministries/Government Institutions undergo an internal audit review per year; internal audits are improved within targeted Government Ministries/Institutions; increased capacity among internal government auditors; Inter-ministerial forum meetings increase dialogue and information sharing on internal audits. The system for Institutional Risk Analysis is finalized and established; IRA is conducted on # Government entities annually; Qatia audit function is strengthened; the mechanism for Transaction and Performance audits is strengthened; # transaction audits successfully conducted annually; # performance audits successfully conducted annually; CAO staff capacity increased in specialized audit functions.

While much progress has been made over the past eight years, both Government agencies and international organizations still have not put in place consistently effective measures for instituting checks and balances, scrutiny, and oversight of their institutions. Often the existing accountability measures have been either ineffective, or not implemented well, and thus, they have had no measureable impact. For the Government to absorb an increased percentage of international aid and to spend funds effectively through an equal and appropriate allocation of resources that is transparent, efficient and effective, it is vital to build effective oversight mechanisms and establish stronger accountability mechanisms across all government organizations.

Using the “whole of government” concept, all government agencies will institute effective accountability measures in strengthening their systems and procedures, initially by focusing attention on their top three priorities. The underlying aim is to drive a coordinated effort in strengthening internal systems of accountability both at the central and local levels. A key feature of this component is the establishment of a joint national and international monitoring and evaluation committee (MEC) to measure and oversee national efforts in fighting corruption and accompanying relevant public administration reforms.

Subcomponent 1: A joint Monitoring and Evaluation Committee (MEC) consisting of Afghan and international experts for monitoring and evaluating anti-corruption efforts is established.

Anticipated Results: It is expected that by the program completion:

1. Effective criteria and benchmarks for the government’s anti-corruption efforts will be established
The joint Monitoring and Evaluation Committee (MEC) was established by Presidential Decree in 2010. The purpose of the MEC is:

\[ T \text{o identify effective development criteria for institution; and with necessary monitoring and evaluation on activities conducted against corruption at the national level, and on the aid of donor countries and international organizations, shall report to the President, Parliament, people and international community every six months.} \]

Progress has been made to date in the establishment of the MEC with the support of the UNDP Accountability and Transparency (ACT) Project. In December 2011, all six members of the Monitoring and Evaluation Committee were approved, and its first meeting was held after the inauguration of the MEC in May 2011. Ongoing efforts to operationalize the MEC into a sustainable mechanism are outlined in detail below.

1.1 Establishing the MEC’s Operating Framework

In the first MEC committee meeting held in May 2011, MEC committee members were tasked with establishing the operational framework, authority and M&E mechanism.

1.1.a MEC Committee

The MEC Committee is comprised of three international and three national members, each appointed to serve a two-year term, with the possibility of extension. Once every six months, the MEC Committee Chairmanship passes between the representative of the international members and a representative of the national members.

The Standing Nominating Committee is headed by the HOO and incorporates members from two international donors and one UN agency who nominate and select the international MEC Committee members. HOO, in consultation with the international community, will nominate the three Afghan MEC Committee members, with the ultimate approval of the President of Afghanistan.

1.1.b MEC Technical Secretariat

The MEC Technical Secretariat is the permanent staff support for the MEC Committee, which will be supervised by the MEC Chairman or his/her delegate. The Secretariat will be comprised of national and international staff members, including one with a civil society background.

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6 This is in DRAFT form. This Subcomponent (technical narrative and implementation plan) has been sent to the MEC for review, feedback and approval but as at time of the first donor consultation, feedback has not been received.
7 Monitoring and Evaluation Committee (MEC) Terms of Reference (ToR), Monitoring and Evaluation Committee, August 1, 2010, p. 1.
The Secretariat is in the process of being formed. Currently, UNDP/ACT is gathering CVs and short-listing candidates; all shortlisted candidates are submitted to the MEC Chairperson and one MEC committee member.

The Secretariat will be funded through a trust fund established to finance MEC operations, which is currently managed by the UNDP/ACT Program.

1.1.c Stakeholders’ Group

The MEC Stakeholders’ Group will be established to provide additional support and for information gathering and feedback to the MEC Committee. The HOO, in consultation with the international community, will establish a stakeholders’ group composed of representatives from Afghan ministries, the private sector, media, civil society, and the donor community to serve as information sources and sounding board for the MEC Committee.

1.2 MEC STRATEGIC FRAMEWORK AND WORKPLAN

The MEC will monitor and evaluate the Government’s “whole-of-government” approach to its anti-corruption efforts, using UNCAC and other international frameworks and bringing best practices from
other countries. Quarterly visits/meetings for a two-week period will be held in Afghanistan for the Committee Members to review quarterly benchmarks, best practices, lessons learned and to develop the 100-day Action Plan for the next quarter. The MEC Members will have a week prior to each visit to devote to desk study in preparation for the meeting, and a week after each visit for written follow-up. The MEC Committee will establish reporting procedures and report content. Every six months, on completion of every second visit, the MEC Committee will submit a report of its assessment against the agreed upon benchmarks. The semi-annual report will be distributed to the President, Parliament, and people of Afghanistan through the media.

The MEC Members will have broad authority to determine the quarterly agenda, but will include the four areas of: (1) Benchmarks and Policy Recommendations; (2) Performance Monitoring and Evaluation of Government; (3) Recommendations of Further Action; and (4) Donor Coordination.

1.2.a Benchmarks and Policy Recommendations

Before or during its first visit/meetings in Afghanistan, the MEC will review the government’s anti-corruption benchmarks that it will use in assessing progress. It will provide recommendations for modification of these benchmarks or setting new or additional benchmarks and in doing so will consult with GIROA and with all stakeholder groups. The MEC will monitor and evaluate these benchmarks for at least the first two years. The benchmarks will measure whether efforts to tackle corruption are having an impact on the prevalence and severity of corruption and on public perceptions. The benchmarks that will be set and subsequent policy recommendations made at a minimum will cover the following subjects:

- Preventive measures
- Transparency and public information
- Citizen participation mechanisms
- Legal framework and law enforcement
- Institutional independence and infrastructure
- Political will and commitment

In formulating benchmarks, the MEC will take into account all information currently available regarding corruption in Afghanistan with specific reference to commitments made by the GIROA in documents including, but not limited to, the results of the National Anti-Corruption Conference held in December 2009, the paper presented at the London Conference, the communiqué from the London Conference, and the documents presented at the Kabul Conference.

1.2.b Performance Monitoring and Evaluation

The MEC will monitor and evaluate the performance of the Government in achievement of all benchmarks and implementation of policy recommendations, including (but not limited to)

- Civil service reforms
- Procurement reforms (for domestic as well as donor/international funded contracting)

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8 MEC TOR, p. 2.
• Land tenure reforms
• Ministry anti-corruption plans
• Legislative updates as needed
• Enforcement efforts
• Institutional independence and infrastructure: sufficiency to allow for an effective anti-corruption regime
• Capacity building efforts

### 1.2.c Recommendations for Further Action

Based on its findings, the MEC will make recommendations for further action which will themselves form the basis for further review by the MEC, including but not limited to the areas indicated below:

• Additional legislative updates/reforms
• Institutional changes
• Procedural/systemic changes
• Capacity building needs
• Enforcement recommendations

### 1.2.d Donor Coordination

The MEC will review the effectiveness of international assistance in support of anti-corruption efforts, and make recommendations to the international community in connection with changes in policy, practice, and direction; funding levels or priorities; quality and quantity of technical assistance, and/or conditions/terms of support, including direct budget support.

**Subcomponent 2: The Complaints and Review mechanism is strengthened and is expanded to the sub-national level**

**Anticipated Results:** It is expected that by the program completion:

**Benefits: Complaints and Review Mechanism**

1. Civil servants and citizens have a reliable and discreet system to file a public corruption compliant
2. A coordinated effort between HOO, law enforcement and the judiciary is established to investigate and prosecute allegations of public corruption

**Benefits: Four Regional Offices**

1. The Complaints Management System is established at the sub-national level
2. Victims at the sub-national level have recourse to address and mitigate their claims of alleged acts of fraud or corruption by public officials

### 2.1 The Complaints Management System

HOO’s pilot Complaints Management System (CMS) was formally launched in July 2010 under the guidance and technical support of the United Nations Office of Drugs and Crime (UNODC). The
CMS is a mechanism by which individuals are able to lodge a complaint re instances of alleged acts of fraud and malfeasance by government officials. The CMS was designed by incorporating the best practices identified through a study of mechanisms of complaints’ management systems implemented in other countries.

Since its inception, the CMS has been stationed within the HOO’s Kabul office using four pilot mechanisms to receive complaints: face-to-face interviews, phone calls through the HOO Hotline Center, the use of Complaints Boxes in most Government ministries, and by email. The HOO also receives complaints from government Ministries and other institutions, such as the Afghanistan Independent Human Rights Commission (AIHRC) and the Independent Election Commission (IEC) who receive complaints from individuals.

All complaints are inputted into a database, which tracks individual cases confidentially through a case number generated by the HOO representative receiving the complaint. All complainant/victim identities are kept confidential and are inputted into the complaints’ receipt database.

Table 2. Pilot Complaints Management Mechanism: Complaint Receipt

<table>
<thead>
<tr>
<th>Method</th>
<th>Outcomes to Date</th>
<th>Need</th>
</tr>
</thead>
<tbody>
<tr>
<td>Face-to-Face (F2F) Interviews</td>
<td>+220 complaints received via F2F interviews</td>
<td>Increased number of private meeting rooms/meeting space for discreet face-to-face interviews</td>
</tr>
<tr>
<td></td>
<td>+135 went to case tracking</td>
<td></td>
</tr>
<tr>
<td>Hotline Center</td>
<td>375 complaints received</td>
<td>A toll-free nationwide hotline</td>
</tr>
<tr>
<td></td>
<td>• 20 sent to case tracking dept</td>
<td>Advanced interactive database for immediate generation of complaint number and data input into the database</td>
</tr>
<tr>
<td></td>
<td>• 22 to other relevant ministries or department for follow up activities</td>
<td></td>
</tr>
<tr>
<td>Complaints Boxes</td>
<td>+ 206 complaints received</td>
<td>Complaint boxes covering the remaining 13 Ministries will be installed ministries</td>
</tr>
<tr>
<td></td>
<td>• 27 went to case tracking</td>
<td>Complaint boxes in the provincial-level offices</td>
</tr>
<tr>
<td>Email complaints</td>
<td>6 complaints received by email</td>
<td>Easier (shorter) email addresses</td>
</tr>
<tr>
<td></td>
<td>• Increased capacity to handle larger amounts of email traffic</td>
<td></td>
</tr>
<tr>
<td>HOO set up a separate email address to receive complaints</td>
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</tbody>
</table>

Once the complaints have been received, documented and entered into the system, each complaint will enter a two-stage review process. Stage One is the initial complaint vetting process. If the complaint makes it past the initial vetting stage, Stage Two tackles the complaints’ verification and investigation process. Both stages are outlined in detail in Annex 1.
2.1.a  **Stage 1: Complaint Receipt and Initial Review**

HOO’s pilot CMS is designed based on the international best practices of established complaints management systems in other countries. HOO’s Information Gathering Section oversees the complaints receipt mechanism, which currently consists of five methods of receiving complaints:

- **Face-to-Face Interviews**: Trained male and female interviewers conduct discreet one-on-one interviews with the complainant (victim) on a claim of public corruption.

- **Hotline Center**: Trained male and female interviewers conduct discrete telephone interviews with the complainant (victim) on a claim of public corruption.

- **Complaints Box**: Complaints boxes are located in most Ministries in discrete locations.

- **Email**: HOO set up a separate email address to receive complaints electronically. All complaints received follow the above procedures similar to the Complaints Box mechanism.

Once the complaints are in the system and given an identifying number, qualified and trained personnel review the complaints to determine (1) if the complaint deals with a corruption issue; (2) if the complaint address other issues within HOO’s mandate; or (3) if the complaint does not fall under the corruption umbrella or under the HOO mandate.

Complaints are categorized and submitted to the Director of the Complaints Management and Information Gathering Department for review. The Director determines the level of complaint; those considered “huge” or of higher importance will be sent to the HOO Case Tracking and Oversight Department for immediate review and action. Otherwise, the Director will establish committees to review “categorized” complaints to determine next steps.

2.1.b  **Stage 2: Complaint Review, Investigation and Forwarding**

Once the complaint is received in the Case Tracking and Oversight Department, a case team is set up to investigate the claims made by the claimant, re-interview the claimant and review all case related documentation obtained during Stage 2.

Of note, without the complainant’s information, a complaint against a certain individual cannot move forward. Therefore, at this stage, it is critical for the complainant to provide his/her information in order for a complaint against an individual can move forward.

Two options exist for all complaints received by the Case Tracking and Review Department:

1. If the claim is not directly related to a corruption issue under the mandate of the HOO, the claim will be forwarded to the relevant Government institution. In this scenario, the Director will inform the Case Tracking Department that the claim is forwarded to a relevant Government agency outside of the HOO to address.

2. If the claim is directly related to a corruption issue under the mandate of the HOO, the claim moves forward in the HOO Complaints Management System and a two-member team (or committee) is established to handle the case.
The Transparency and Accountability Program will address strengthening of the second of the two options. The team (or committee) handling the corruption case analyze the case file and conduct additional information gathering as necessary. If the case is proved to be a corruption crime, the case is determined to be a criminal matter and forwarded to the Attorney General’s special anti-corruption office.

2.2 WHISTLEBLOWER PROGRAM

The establishment of a Whistleblower Program is a critical element to the functioning of a comprehensive complaints mechanisms system. However, to create a Whistleblower Program that targets public entities and individuals, it is necessary to have the political will and capacity at the higher level of government to establish and enforce such a mechanism.

HOO is currently strengthening its complaints mechanism system to increase capacity and skills to deliver a quality mechanism to the Afghan people. At this time, however, the political will, capacity and legal framework have not been established to expand the HOO’s Complaints Management System to include a Whistleblower Program.

Once the Complaints Management System is strengthened, and its reputation for delivering results expands throughout Afghanistan, the HOO is prepared to begin the process of developing the HOO Whistleblower Program in Years 2 and 3 of the NPP implementation cycle.

First and foremost, the HOO will begin efforts to promote the political will necessary to creating the political and legal framework that is necessary to establish a Whistleblower Program in Afghanistan. The legal framework is essential to the developing of the program strategy and implementation document, which will detail the protocols, procedures and authority to implement the protective mechanism to ensure the safety and well-being of victims (whistleblowers), while at the same time detailing the authority and responsibility to sanction institutions and individuals who violate the rights of the whistleblowers.

2.3 EXPANSION TO THE SUB-NATIONAL LEVEL

Under the National Transparency and Accountability Program, the HOO intends to expand the Complaints Management System to the sub-national level. Two key services will be expanded to the sub-national level: Face-to-Face interviews and the Complaint Boxes set up in select Ministry Directorates.

Each Regional Office will be provided appropriate space to conduct discrete interviews of complainants. All Face-to-Face interviews and gathering of information on the corruption claim will be conducted in the same manner as those complaints directly received in the HOO head office in Kabul.

The Regional Offices will also have the responsibility to retrieve complaints from the Complaint boxes, categorize the complaints, and submit complaints to the Complaints Management and Information Gathering Department to begin the complaints’ review process.
2.4 **STRENGTHENING THE MECHANISM**

The following identified challenges will be addressed in the National Transparency and Accountability Program:

1. **The Complaints Management System becomes a permanent operating structure at HOO**

   Currently, the Complaints Management System functions solely through the support of international donors. Under the National Transparency and Accountability Program, the HOO will incorporate the Complaints Management System as a permanent operational structure in the HOO. By doing this, the HOO will expand their technical staff capacity to include permanent full time staff as opposed to short term (or contract) staff through an international donor agency.

2. **No current inter-ministerial coordinating committee on the Complaints Management Mechanism**

   The HOO will lead the effort to establish an inter-ministerial committee that coordinates the Government’s complaints’ management efforts. Chaired by the HOO, this committee will oversee the government’s efforts to standardize the complaints mechanisms within the Ministries, oversee the implementation of the Ministries’ anti-corruption priorities, and address - at the highest level- issues that arise relating to corruption, transparency and accountability within the Government.

   For example, Ministries have or will establish internal complaints mechanisms to address issues of corruption and coordinate on solving these issues through the establishment of internal control and procedures according to international best practices. HOO as the leading independent institution can oversee the process and provide guidance and support to the Ministries, while at same time HOO can tackle the bigger, more political corruption cases. This concept will incorporate the “whole of government” approach to sharing the responsibility of fighting corruption among the Ministries, while HOO still maintains oversight and controls the integrity of the process.

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**Subcomponent 3: Three anti-corruption priorities of ministries are consolidated and monitored.**

**Anticipated Results:** It is expected that by the program completion:

1. All 49 Government Ministries’ and institutions’ priorities and actions plans are approved and implemented
2. Greater political will is realized to support the identification and implementation of the top three anti-corruption priorities within Ministries
3. Inter-ministerial coordination mechanism establishes the communication and support mechanism among Ministries to enable implementation of their anti-corruption priorities
The London Conference in January 2010 was held to address governance and security concerns in Afghanistan. Out of the Conference, a series of recommendations were outlined on anti-corruption, transparency and accountability initiatives in Afghanistan, one of which involves Government Ministries and institutions identifying their three anti-corruption priorities and developing an Action Plan to address them. On 9 May 2010, the President signed Executive Order #987, which mandated Government Ministries and institutions to submit three consolidated anti-corruption priorities and a proposed Action Plan to the HOO for approval and implementation.

HOO assesses the priorities and Action Plans to reconcile whether they are in compliance with the national anti-corruption strategy and the London Conference, and whether the rights steps are being taken to address the anti-corruption priority. All ministries have submitted their plans. However, there are varying degrees of acceptance, realism in the identification of anti-corruption priorities, and the viability of a sustainable anti-corruption plans among line ministries.

### 3.1 CURRENT MINISTRY ANTI-CORRUPTION PRIORITY CONSOLIDATION AND MONITORING SYSTEM

The process to consolidate the Ministries’ anti-corruption priorities and action plans is ongoing. To date, out of the 49 Government Ministries and institutions:

- **38** Priorities and Action Plans have been accepted, and are in the process of implementation
- **6** Priorities and Action Plans have been rejected, which have been returned for further review and technical assistance; and
- **5** Ministries or Institutions have not yet submitted their priorities and plans.

Table 1 provides the breakdown of the Government Ministry’s or institution’s current status.

Every six months, the Government Ministries and institutions are required to submit the status of their implementation of the action plan. At this time, it is determined whether their priorities will be renewed with an updated action plan, or new priorities are identified. The latter may be chosen in two scenarios: (1) the original priorities were not realistic; or (2) the priorities were achieved within the six months, and therefore new priorities are identified.

As outlined in more detail in Annex 2 the HOO’s process is in the beginning stages. The monitoring of the implementation of the action plan is still being tested, and outcomes and lessons learned will be determined at pre-determined benchmarks and reviews as outlined in Annex 2.
3.2 **Strengthening the Mechanism to Support Ministries’ Anti-Corruption Priority and Action Plans**

Two ways forward are identified as necessary to strengthen the mechanism to support continued development and enactment of Ministries’ Priority and Action Plans.

1. **Establishing an inter-ministerial coordinating mechanism**

   The HOO will lead the effort to establish an inter-ministerial committee that coordinates the Government’s anti-corruption efforts. Chaired by the HOO, the inter-ministerial committee will be the mechanism by which Ministries discuss the implementation status of their Action Plans to address their anti-corruption priorities. HOO will hold these quarterly meetings to review where the Ministries are at in implementing their action plans and to discuss hurdles or constraints they are facing to implement their Action Plan. At these meetings, HOO and the Ministries can readjust their timelines to make them more realistic or feasible to implement.

2. **Strengthening Political Will to Receive and Follow Up on Priorities from Ministries**

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**Table 3. Status of Government Ministries’ and Institutions’ Priorities and Action Plans**

<table>
<thead>
<tr>
<th>Priorities and Plans Accepted and Are Being Implemented</th>
</tr>
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<tbody>
<tr>
<td>Ministry of Justice</td>
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<tr>
<td>Ministry of Education</td>
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<tr>
<td>Ministry of Labor and Social Affairs</td>
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<tr>
<td>Ministry of Commerce and Industry</td>
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<tr>
<td>Independent Directorate of Local Governance</td>
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<tr>
<td>Ministry of Agriculture and Irrigation</td>
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<tr>
<td>Ministry of Refugees and Repatriation</td>
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<td>Da Afghanistan Bank</td>
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<tr>
<td>Ministry of Interior</td>
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<tr>
<td>Ministry of Higher Education</td>
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<tr>
<td>Upper House</td>
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<tr>
<td>Olympic Committee</td>
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<tr>
<td>Civil Service Commission</td>
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<tr>
<td>Ministry of Transportation</td>
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<tr>
<td>Ministry of Women’s Affairs</td>
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<tr>
<td>Kabul Municipality</td>
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<tr>
<td>Afghanistan Norm Standardization</td>
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<tr>
<td>Ministry of Parliamentary Affairs</td>
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<tr>
<td>Ministry of Urban and Development</td>
</tr>
<tr>
<td>Ministry of Haj and Pilgrimage</td>
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<tr>
<td>Ministry of Public Works</td>
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<tr>
<td>Ministry of Public Health</td>
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<tr>
<td>Ministry of Energy and Water</td>
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<tr>
<td>Science Academy</td>
</tr>
<tr>
<td>Department of Anti-Natural Disasters</td>
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<tr>
<td>Ministry of Telecommunication</td>
</tr>
<tr>
<td>Control and Audit Office</td>
</tr>
<tr>
<td>Environmental Protection Department</td>
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<tr>
<td>Administrative Affairs and Ministers Council</td>
</tr>
<tr>
<td>Independent Human Rights Commission</td>
</tr>
<tr>
<td>Lower House</td>
</tr>
<tr>
<td>Ministry of Counter Narcotics</td>
</tr>
<tr>
<td>Ministry of Border and Tribal Affairs</td>
</tr>
<tr>
<td>Ministry of Rural Rehabilitation and Development</td>
</tr>
<tr>
<td>Ministry of Economy</td>
</tr>
<tr>
<td>Central Statistic Office</td>
</tr>
<tr>
<td>Ministry of Information and Culture</td>
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</tbody>
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<table>
<thead>
<tr>
<th>Priorities and Plans Returned to Ministries</th>
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<tbody>
<tr>
<td>Ministry of Defense</td>
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<tr>
<td>Ministry of Foreign Affairs</td>
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<tr>
<td>General Office of Nomad Affairs</td>
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<tr>
<td>Ministry of Mines</td>
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<tr>
<td>Ministry of Finance</td>
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<tr>
<td>General Office of Geodesy and Cartography</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Priorities and Plans Have Not Been Received</th>
</tr>
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<tbody>
<tr>
<td>Supreme Court</td>
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<tr>
<td>Attorneys General Office</td>
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<tr>
<td>Chamber of Commerce</td>
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<tr>
<td>National Security</td>
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<tr>
<td>Afghanistan Investment Support Agency</td>
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</tbody>
</table>
To date, eleven Ministries in total have not either resubmitted their priorities and plans or have not submitted them at all. The ministries that have not submitted or failed to resubmit their priorities are key ministries within the government. This needs to be addressed.

HOO will use the high-level inter-ministerial committee as a check on Ministries’ lack of participation in the mechanism, and use the peer review of other high-level Government officials participating in the process to put pressure on others to participate.

**Subcomponent 4: Internal audit mechanism within Government Ministries is strengthened.**

**Anticipated Results:** It is expected that by the program completion:

1. **Internal Audit Departments are established and operational within each Ministry**
2. **Internal public audit standards are established and implemented**
3. **The capacity of the Internal Audit Departments within the Ministries is increased**

The Ministry of Finance (MoF) leads in supporting the Government’s efforts to establish the internal audit function within all Government Ministries, as outlined in Article 61 of the Public Finance and Expenditure Law Article 61:

1. **The Ministry of Finance shall establish an internal audit administration and appoint auditors to audit the financial and accounting affairs of all State administrations.**
2. **The auditors referenced in paragraph one may require the relevant administrations to provide all information needed for auditing financial affairs.**

In support of Article 61, the ultimate goal of the MoF is to establish and operationalize Internal Audit Departments within each Government Ministry, public institution and public enterprise. The Internal Audit Departments will take on the role and responsibility to conduct internal audits within their respective entities to identify actual misuse of public resources or weaknesses in the management/controls system that may be vulnerable to abuse, and provide recommendations to the public entity to address these issues. As part of the government’s system of *checks and balances*, the Control and Audit Office (CAO), the independent public audit agency, is responsible for conducting annual external audits of selected Government Ministries, public institutions and public enterprises to ensure proper use of public resources and to assess the control systems in place. The CAO auditors use the internal audit reports as a guide to determine the institution’s risk level, based in part on the whether the institution implemented the recommendations from the targeted public institution’s Internal Audit Department’s audit reports (*For additional information on the CAO’s role and responsibilities, see Component 2, Subcomponent 5 below.*).

### 4.1 The Internal Audit Mechanism within Government Ministries, Public Institutions and Public Enterprises is Established and Operational

Currently, the MoF’s Internal Audit Department (IAD) is conducting initial internal audit reviews among Government entities. The goal of these reviews is to assist in either strengthening the internal audit mechanism within all State Administrations or to help establish the internal audit mechanism.
Further, in instances where there is no internal audit function, at the request of the entity, MoF, IAD will perform their internal audits.

The initial internal audit review consists of three main components:

1. An assessment of the internal audit mechanism within the targeted institution
2. A three- to five-day training on the MoF internal audit took kit, which consists of providing standard audit methodology
3. Providing support and guidance through a Revenue Process Audit

To date, four internal audits reviews identified in the Kabul Conference communiqué were completed in March 2011 by the MoF: Ministry of Rural Rehabilitation and Development (MRRD), Ministry of Transportation and Civil Aviation (MoTCA), Ministry of Public Health (MoPH) and Ministry of Energy and Water (MoEW).

Ten line ministries have been selected for internal audit review in 1390 (2011-2012) based on the Afghanistan National Development Strategy (ANDS), sector selection and revenue contribution to the GoIRA.

The ten ministries include: the Ministry of Agriculture, Irrigation and Livestock (MAIL), the Ministry of Mines, the Ministry of Urban Development, the Ministry of Commerce, the Ministry of Information and Technology, the Ministry of Information and Culture, the Ministry of Education, the Ministry of Interior, the Ministry of Counter Narcotics, and the Ministry of Public Works.

Q1: 3 Ministries: MAIL, Ministry of Mines, and the Ministry of Urban Development
Q2: 3 Ministries: Commerce, Communications, and Information/Culture
Q3: 4 Ministries: Education, Public Works, Interior, and Counter Narcotics
Q4: 2nd Audit of previous year (MRRD, MoTCA, MoPH and MoEW)

The first round of initial internal audit reviews (Q1) began in late March 2011. It is anticipated that these audit reviews will be completed by July 2011.

In the fourth quarter, it is planned that the MoF will revisit the prior year’s audited institutions to focus on building the capacity of the targeted Internal Audit Departments on different internal public audit functions, such as assisting of procurement and contract audits. The focus on the second audit review of these institutions has not been finalized.

In subsequent years, the MoF, Internal Audit Department will expand by 10 Ministries and Institutions per year to cover all government Ministries and Institutions.
4.1.a Components of an Internal Audit Review

In support of the mandate outlined in Article 61, the MoF’s Internal Audit Department provides guidance and leadership to the Internal Audit Department within Line Ministries through the provision of technical assistance, training and support in the implementation of internal financial and accounting audits. The current approach is detailed in Annex 3.

4.1.b Further Strengthening the Internal Audit System

The MoF’s Internal Audit Department (IAD) is building the Government’s capacity to conduct internal public audits according to international standards and norms. However, additional human resource capacity and institutional development is necessary to support communication and coordination between ministries and to ensure continued capacity building at all levels in the internal audit process.

(1) Establish Internal Audit Committees (IACs) within each Ministry

An Internal Audit Committee is an essential mechanism to oversee the internal audit process within each Ministry. According to best practices used in other countries, the Audit Committee’s function is to receive and review the internal audit report findings, review the internal auditors’ recommendations for final determination of which recommendations should be implemented, and oversee the implementation of the internal auditors’ recommendations within the departments of the particular Ministry. Further, the creation and implementation of an audit committee by the Ministries both enhances financial transparency and improves the controls in place to assure that the Ministries serve as good stewards of the assets entrusted to them.

The audit committee can:

- Improve financial practices and reporting
- Influence appropriate action against fraud
- Enhance the internal audit function, and
- Enhance the external audit function

The CAO will have the authority to audit the Internal Audit Committee’s selection and oversight of the internal auditors’ recommendations to implement among the Ministry’s departments.

The National Transparency and Accountability Program will support Ministries to establish permanent IACs within their Ministry. Through the support and guidance of international technical assistance, the ministry should: (1) adopt the standard IAC charter available from MOF that defines the duties, authorities, and membership of the committee, (2) appoint members to the committee, and (3) initiate committee activities.

(2) Establish an Inter-Ministerial Internal Audit Forum
In October 1389 (2010), an informal inter-Ministerial internal audit forum was established to allow directors of IADs within Government Ministries to meet and discuss issues impacting their internal audit departments. Participation in these forums is voluntary, and gives the participants the opportunity to share best practices and lessons learned to improve the internal audit system among Government institutions.

Continued support for expanding the Forum to include all Government Ministries is essential. The National Transparency and Accountability Program will support these efforts to expand the voluntary Forum through technical assistance and support for its Forum participants.

(3) **Build the Capacity of Managers and Department Heads of Internal Audit Departments**

The National Transparency and Accountability Program will support formal and informal training internal audit management teams to build their management and technical skills, such as audit team management, annual audit planning, and other essential management and technical skills.

### 4.2 The Capacity the MoF’s Internal Audit Department and Internal Audit Departments in Each Government Ministry Are Strengthened

From 2006 to 2008, the World Bank Public Financial Management Reform Program (“PFMR I”) implemented the inter-ministerial Audit training Project (ATP) to conduct trainings on audit-related issues. The program targeted 400 staff from Internal Audit Departments among all Ministries, including 120 staff from the MoF on basic accounting principles, basic finance and introduction to auditing.

Phase II of the Audit Training Project (ATP-2) under PFMR Program of the World Bank is a three-year training program beginning in June 2011. The ATP-2 will target 1000 civil servants from internal audit departments among the line Ministries, including 50 internal auditors from the MoF/Internal Audit Department. During the three years, there will be six training cycles lasting six months each with approximately 160 to 170 trainees per cycle. Each cycle will consist of five months of full-time study of five-six hours per day, with one month for testing. All trainees will receive their government salary during their in-service training.

Although the PFMR II will continue the basic training provided during PFMR I, the training curriculum has been enhanced based on lessons learned from the first phase. The new training approach will focus on internal audits as opposed to general accounting and finance principles, and added new training themes, such as treasury procedures, budget procedures, the Afghan Constitution, the Public Financial Management (PFM) Law, revenue and customs. The focus on internal audit is to create a cadre of qualified and professional public sector internal auditors within the Government and to establish internal auditing as a career path for future professionals.

**On-the-Job Training and Mentoring:** The PFMP II also provides on-the-job (OTJ) training for trainees who passed the 6-month training program. Currently, two PFMP Advisors will support internal auditors conducting audits in the field; additional Advisors will be added as the number of trainees grows. The PFMP Advisors assess the application of the new skills learned by the trainees by
overseeing their internal audits. The PFMP Advisors will provide mentorship through practical skills development and guidance of all graduated trainees.

**Incentive Program:** Based on lessons learned from PFMP I, the World Bank introduced an Incentive Program to keep trainees working within the Government’s internal audit system.

**Subcomponent 5: Program on public financial accountability is strengthened.**

**Anticipated Results:** It is expected that by the program completion:

1. Systems established and corresponding staff capacity developed on institutional risk analysis.
2. Qatia audit function is strengthened and corresponding staff capacity is developed
3. The mechanism for Regularity, including compliance and financial, and Performance audits is strengthened and corresponding staff capacity developed

A transparent and reliable public financial management system requires an independent and effective oversight mechanism. The role of the CAO has gained much more importance and stakeholder expectations have increased in response to recent increased expenditure in the operational and development budget. There is an urgent need for reform in the CAO through adopting international standards and practices. In a democracy, an independent and well-developed supreme audit institution is an important pillar in the efficient and effective functioning of the Government.

Under the 2005 Public Finance and Expenditure Management Law, the audit system was strengthened through the inclusion of an article incorporating the provisions for the audit of state financial statements (popularly known as Qatia audit). The article called for timely and regular submission of the annual audited state financial statements reports and the strengthening of the CAO’s authority to follow up on their recommendations. Under current authority mandated in the Public Finance and Expenditure Management Law, the CAO Audit Reports are submitted annually by the end of six months of the next fiscal year to the President for submission to the national assembly.

The CAO’s audit reports on financial statements, consisting of Government expenditure (operational and development) and Government Revenue, incorporate the following information on all Government Ministries, Institutions and public enterprises:

- Actual Government Revenue vis-à-vis Budgeted Government Revenue
- Actual Government Expenditures vis-à-vis Budgeted Government Expenditures
- The auditors’ opinion
- Issues/Constraints

The CAO presents the Audit Reports to the President and sends them to the Budget and Finance Committee in Parliament to ensure Parliament understands the current situation and Government activities relating to the public revenue and expenditures. With the Budget and Finance Committee, the CAO also reviews the budgetary constraints on ministerial operations and implementing public sector programs to determine how Parliament can best support methods to overcome budgetary constraints through a better and more efficient budgetary process for the next fiscal year.
Legal/Regulatory Changes to the Audit System. It is anticipated that the draft Audit Law, which has undergone significant review and amendments in the MoJ/Taqnin and the Council of Ministers, will further enhance the audit system in Afghanistan by:

1. CAO will submit external public audit report annually
2. All official external public audit reports will be submitted directly to the Parliament and to President
3. Budget/Financial independence
4. Auditor General cannot be removed arbitrarily; tenure is lengthened to six years
5. Attorney General’s office must submit a semi-annual report on their follow up on instituting legal sanctions against fraud & corruption cases forwarded by CAO found during audit

The authority and independence that will be granted to the CAO under the Audit Law once enacted will further comply with the International Standards Supreme Audit Institutions (ISSAI) 10 regarding the independence of the Supreme Audit Institutions. The draft Audit Law is currently with the Ministry of Parliamentary Affairs. With the enactment of the Audit Law, new provisions and reporting authority designated to the CAO will allow for the sharing of performance information with the public via Parliament, which is a mandatory condition for participatory governance and increasing citizens’ trust in the Government.

5.1 Qatia Audit

On a quarterly and annual basis, the MoF’s Payment Department and Special Disbursement Unit (SDU) receives the core budget’s financial statements (Qatia) from all line ministries, including quarterly and annual information on expenditures, revenues and the development budget. Once the information is final, the MoF Revenue and Treasury Departments submit the final quarterly and annual financial statements to the Minister of Finance, who endorses the Qatia statement with his signature. The Government submits the audited annual Qatia statements to Parliament. The Qatia statements are used by Parliament to make decisions on the public sector budget and programs.

The annual Qatia statement is audited by the CAO, which submits their audit report to the President, who submits it to Parliament within six months from the end of the fiscal year. The CAO’s Qatia audit report is intended to provide assurance to Parliament that the Qatia statement is reliable to make decisions based on reliable and credible information.

Each year, a commission headed by the Deputy Auditor General conducts a review of the Government’s annual Qatia report. The findings are submitted each year by 21 September to the MoF. Of note, the new audit law will change the reporting requirement from submitting the report directly to the MoF to the CAO submitting the report both to the National Assembly and the MoF.

5.1. Strengthening the Qatia Audit System

The following identified challenges will be addressed in the National Transparency and Accountability Program:
Qatia reports will be brought into line with international standards

The Qatia statements and reporting format has not changed for several decades. The current reporting format does not comply with international standards. Currently, the MoF is receiving international technical support and guidance on updating their reporting of Qatia statements. Once these reporting formats are supported by the MoF’s Internal Audit Department, a government-wide training of internal auditors among all government ministries, institutions and public entities will need to be conducted on reporting operational, expenditure and other financial information necessary for an internationally compliant Qatia report.

In addition, the CAO Qatia auditors will need to be trained on international standards on Qatia statements and best practices on conducting Qatia audits. The National Transparency and Accountability Program will support CAO’s efforts to train their auditors on the international standards surrounding the Qatia audit function, in addition to the auditing tools and methodology according to international standards and best practices.

Parliament capacity needs to be improved in relation to understanding budget process and making informed annual budget decisions

The National Assembly (Parliament) is new and the capacity is low regarding the understanding of the Qatia accounts and annual CAO audit reports. Parliament’s role in relation to the Qatia accounts needs to be developed and well-understood so Members know what information they need and should demand in the report in order to make sound decisions on policy and budgetary planning.

The National Transparency and Accountability Program will support efforts to build Parliament’s capacity and understanding of the audit function. With this capacity established within Parliament, an effective oversight mechanism will be strengthened by improving the communication, coordination and understanding between Parliament and the CAO. CAO operations will improve substantially based on increasing demands from Parliament to improve the quality of the audit reports.

Although further discussion will be necessary to develop a comprehensive outreach and awareness raising program headed by the CAO, it is envisioned that with the passing of the new Audit Law, the CAO will work with current international programs such as the USAID/Parliament Assistance Project and other international donor programs to support efforts to develop and operationalize the Public Accounts Committee (PAC) in Parliament.

5.2 Regularity and Performance Audit

The CAO is the lead agency in conducting regularity and performance audits in Afghanistan. The CAO’s authority to conduct annual Regularity and Performance Audits is mandated under the Budget Law enacted in 1381.

The Annual Audit Planning and Implementation Cycle starts in the last quarter of the previous fiscal year and runs through four primary steps: (1) conducting an annual Institutional Risk Analysis; (2)
developing and Annual Audit Plan; (3) conducting the Regularity and Performance audits; and (4) overseeing the implementation of the Audit Report recommendations and subsequent action plans.

![Figure 1. Annual Audit Planning and Implementation Cycle]

The CAO interacts with all Government entities and thus exercises a deterrent effect for all government entities to avoid any wrongdoing and to comply with the laws and regulations of the Government. The CAO Being independent, the CAO can also review the functioning of all the anti-corruption agencies and thus have a cascading effect on strengthening measures to curb public fraud and corruption.

The Transparency and Accountability Program’s aim is to strengthen the current Regularity and Performance Audit system. To do this, a review of the current structure is necessary to analyze the strengths and weaknesses of the current system and to determine steps to strengthen it.

5.2.a Annual Institutional Risk Analysis and Audit Planning

The CAO conducts an annual Institutional Risk Analysis (IRA) of government institutions in the last quarter of the fiscal year, from which it categorizes institutions into High, Medium and Low Risk categories based on best practices from the International Organization of Supreme Audit Institutions (INTOSAI). The decision to conduct a Regularity and Performance Audit is based on an annual IRA conducted by the CAO audit teams.

Currently, CAO’s IRA assesses institutions on the following main criteria:

9 Afghanistan Control and Audit Office (CAO) is a member of INTOSAI.
- Is the Annual Budget extremely high or erratic?
- # of contracts the institution gives out annually, based on type of contract, name of contractor, and amount of contract
- Has the institution implemented the recommendations from the CAO’s audit findings from the last year?
- Annual revenue

Additional criteria that may be considered include:

- Asset Recovery – do they recover ministry assets as needed?
- Are they weak on implementing the budget or slow on recording expenses?
- Auditee's staff capacity in their position (inherent knowledge of finance, accounting, etc)
- Gap analysis on the auditee’s system relating to internal controls, “checks and balances” within the ministry, conflict of interest, and other factors

A CAO audit team conducts an IRA when performing their Regularity and Performance Audit of the targeted institution. It submits the IRA report to the relevant lead audit department at the CAO to review the team’s findings and recommendations on the placement of the institution in the proper risk category.

Based on the findings from the IRA, the CAO develops their annual Audit Plan for the following fiscal year, targeting government institutions at the national level (ministries and government institutions in Kabul) and sub-national (provincial-level line ministries, municipalities and public enterprises) level. The annual Audit Plan is finalized and sent to the President by the Auditor General for approval.

It is anticipated that the pending Audit Law will shift the authority to approve the annual audit plan to the Auditor General. The change will be significant in that the authority and control over CAO’s annual planning will remain internal to CAO and will not be subject to outside influence.

5.2.a.i Challenges to the IRA and Annual Planning

The following issues will be addressed in the National Transparency and Accountability Program:

(1) The IRA system will need to be developed and finalized

Conducting institutional risk analyses is a new function for the CAO. Although the CAO has been using basic risk analysis and gathering basic data over the last four to five years, the CAO is currently undergoing a strategic change as to how they are applying Institutional Risk Analysis as a function for identifying auditing targets and developing its annual audit plan.

The UNDP ACT Program is currently providing technical assistance to support CAO’s efforts to strengthen the Institutional Risk Analysis mechanism by:

- Conducting an assessment of the current Institutional Risk Analysis system, including assessing staff technical skills and capacity
- Supporting efforts to update the Institutional Risk Analysis system according to international standards by developing a capacity development plan to improve the Institutional Risk Analysis system and the capacity to conduct these analyses
- Providing technical and capacity development support and on-the-job mentoring to relevant CAO staff

Given the current Terms of Reference with the UNDP ACT program through 2012, an impact review will be conducted by the CAO and UNDP ACT six months before UNDP ACT is scheduled to end its activities to develop an action plan to move forward on activities to strengthen the Institutional Risk Analysis mechanism. The CAO anticipates continuing the UNDP ACT’s support by reaching out to UNDP to continue ACT’s activities as well as reaching out to other international donors to continue providing technical assistance to continue the current efforts to strengthen the Institutional Risk Analysis mechanism at CAO.

(2) Capacity of CAO auditors needs to be improved to conduct institutional risk analyses

The Program will support efforts to strengthen the CAO’s risk analysis function through semi-annual professional development and skills training workshops targeting best practices in conducting institutional risk analysis. Given the nascent capacity of CAO auditors to conduct institutional risk analyses, a comprehensive training curriculum build the capacity of CAO auditors to effectively strengthen the CAO’s risk analysis function. The CAO will work with ongoing World Bank and UNDP programs, which are generously providing technical assistance and training opportunities for CAO management and staff to further strengthen the CAO’s capacity.

At present, the CAO provides training in professional audit courses, English language and IT skills development. The audit professional courses encompass the various areas, concepts of auditing and its methodology. English language and IT skills training have been proven to be useful and reinforces capacity development in the CAO. The following are indicative examples of training areas to be addressed:

In-Class Training:
- Introduction to Institutional Risk Analysis
- Best practices – a comparative country study on conducting institutional risk analyses
- CAO’s Institutional Risk Assessment: identifying, documenting and reporting institutional risk
- Annual Review

On-the-Job Training and Practical Skills Development:
- Practical application of in-class training, with oversight of technical advisors
- Preparation of organization specific risk assessment document

10 The first year will be a semi-annual training. After the first year, the CAO anticipates shifting the training to an annual training.
Within the first year of the program, the CAO will appoint a person or a team to address capacity gaps within the CAO. The person or team, with the guidance of an international technical advisor, will be able to coordinate with the six audit departments to identify capacity needs relating to institutional risk analysis within their departments. Based on this, an international technical advisor or firm specializing in external audit functions (particularly on conducting institutional risk analysis) will be sought to help develop and implement the training.

5.2.b Conducting the Regularity and Performance Audit

Six of the nine departments at CAO are responsible for conducting audits. The Central Budgetary Department, the Provincial and Municipalities Department, and the Enterprises Departments are the three lead independent auditing departments. The remaining three – the Grants Department, the Environmental Audit Department, and the Construction Department – provide technical audit support on specific issues or programs relating to their respective departments.

Based on selection and scheduling of Ministries and Institutions, a team of four trained and qualified CAO external auditors conduct a comprehensive Regularity audit. The CAO Audit Team is led by a Team Leader, who is supported by a team of technical specialists from within the lead audit department and from other CAO audit departments, depending on the audited entity.11

Each department is responsible for preparing audit plans for their department’s audit team. Each audit team is provided with specific guidelines to conduct the Regularity and Performance audits.

Once the audit is complete, the Audit Team submits an audit report with recommendations to their respective lead audit departments. A proposed implementation plan to address the recommendations is developed and submitted with the report. All final reports are submitted to the Auditor General, who submits the report and proposed implementation plan to the audited Ministry, municipality, institution, or enterprise. The plan, once endorsed, is implemented by the audited entity, which is required to submit a status report on their progress two months later to the CAO.

5.2.b.i Challenges to Conducting Regularity and Performance Audits

The following identified challenges will be addressed in the National Transparency and Accountability Program:

Regularity Audit: The CAO’s audit team looks at individual audit transactions (normal expenditure audit), reviewing for regularity and compliance.

Performance Audit: The CAO conducts a performance audit on a program or project with the objective to see whether the project or program has reached its desired results with minimum expenses. The CAO’s audit team from the Central Budgetary Department looks at the whole of the functioning of the particularly entity, with particular focus on economy, efficiency and effectiveness of the entity’s programming, expenditure and implementation. Currently, CAO conducts about five performance audits in one year. Selection is based on the importance of the project and the number of projects the Ministry has within its portfolio.

11 Except for grant audits, which has a different Audit Team setup.
(1) **Creating a standardized system within CAO to conduct performance audits**

Performance audits have been recently established in the CAO within the last 3 years. There is no concrete mechanism on selection, including the department or individual who makes the ultimate decision on which entity should receive a performance audit.

The National Transparency and Accountability Program will support the CAO to organize its structure to create a performance audit department within the CAO. The auditors will be trained to acquire necessary skill and knowledge. At present there is no formal technical support to enhance the capacity to conduct such audits. The National Transparency and Accountability Program will provide technical assistance not only to set up the department but also to create a framework for performance audit.

The performance audit becomes more important and relevant as scarce resources, including financial and human, need to deliver effectively and efficiently. For this, selection of the project/program, determining its scope and setting up audit objective and criteria are critical to the proper conduct of performance audits and in the initial three-year period, direct technical assistance may be required.

(2) **Efficiency and effectiveness of the external audit function needs to be improved**

The sampling modality of selecting Ministries and institutions to audit needs to be standardized. Random sampling of procurement, human resources and other issues is currently used by CAO, but there is no system of standardization and quality control to avoid haphazard application or data manipulation.

The National Transparency and Accountability Program will support the CAO to improve its working methodology and establish office procedures and audit procedures in line with international practice. It is essential to make sure that the limited audit resources achieve the best in the given circumstances. The knowledge of risk analysis and subsequent sampling of transactions will help them in achieving the best out of their auditing function. In order to have better audit professionals in the CAO, it must attract them with better pay scales and working environment. In this matter, the Civil Service Commission should be consulted. The follow up mechanism to the audit recommendations must be strengthened by the involvement of Ministers with oversight from Parliament. This can be achieved by constituting an audit committee in each Ministry, with a formal meeting taking place between both parties at least once a year.

The CAO must have a database of all the audited entities and a database of its employees. It is necessary to have this important information to match the audit requirements with the best available manpower. Currently, the World Bank (WB) assists the CAO in undertaking audits of donors’ grants (including WB and ARTF), to acceptable standards. The WB will support the audit of Qatia in more extensive manner from next year onwards where it will provide assistance to complete compliance auditing of the five largest ministries in order to improve the quality of audit of Qatia. The WB also supports capacity development in CAO through
funding various training programs and study tours. UNDP (through its ACT Project) supports CAO with direct technical support.

(3) **Lack of organic and specialized capacity within the CAO to conduct regularity and performance audits**

Due to the lack of specialized skills and capacity among the CAO auditors, the external audit function lacks the necessary depth to conduct a comprehensive and thorough external audit of a public entity. The National Transparency and Accountability Program will support CAO’s efforts to strengthen its current audit capacity by developing specialized audit skills among the CAO auditors and divisions within the CAO to better use its human resource capacity.

- **Human Resource Mapping Assessment**

  A mapping of the human resources capacity of the CAO will be conducted, including a review of the requirements and qualifications of CAO auditors and CAO trainings. Information gathered during this mapping process will be maintained in electronic form, which will be utilized for audit planning and HR planning purposes. The National Transparency and Accountability Program will support the CAO’s efforts to develop a human resource database that will manage the data gathered through the human resource mapping assessment, in addition to the human resource data collected on an annual basis.

  Based on the findings from the human resource mapping exercise, the CAO will be better equipped to develop the CAO skills development system, which will include a comprehensive training strategy to develop the specialized skills of CAO auditors.

- **Established more specialized audit sections within the CAO**

  Currently, the same auditors are conducting a range of external audit functions when conducting an audit on a particular Government entity. This is not an efficient use of skills and technical capacity among CAO auditors. Instead, the National Transparency and Accountability Program will support CAO’s efforts to set up specialized audit divisions, including establishing the Revenue and Performance Audit Divisions.

  The CAO, with the support of international advisors, will develop the coordinating mechanism among the divisions to conduct an audit. An audit procedures manual will be developed on relevant audit areas, such as: procurement, expenditure, revenue, internal control systems, IT audit, reporting of audit results, evidence requirements, and other areas identified as necessary to the CAO’s external audit function.

- **Rotations Initiative**

  The CAO will develop a human resources policy to rotate auditors among the specialized divisions every 3-5 years. Once the auditor is up for rotation, s/he will receive in-class training on the specialized area. Upon successful completion of the specialized training program, the auditor will be paired with a division mentor for the first year in the new division to develop the practical skills and experience to conduct the specialized audit.
- **In-Class and Practical OTJ training**

  In-class training will range from Introduction to External Audits for entry-level auditors to the more advanced and specialized areas of auditing, such as procurement, expenditure, revenue, internal control systems, reporting, evidence requirements, other specialized skill areas. The National Transparency and Accountability Program will support the CAO’s ongoing efforts to provide in-class and OTJ training. Currently the CAO conducts five to six training classes each ear on audit-related professional skills development courses, targeting over 100 auditors annually. In addition, approximately ten (10) international/overseas trainings are also supported by the CAO for senior and mid-level auditors.

- **Develop capacity on use of information technology (IT)-based systems and audit of IT-based systems**

  Currently the MoF uses Afghanistan Financial Management Information System (AFMIS). Slowly, most other Ministries will shift to an IT and online-based operating environment. The National Transparency and Accountability Program will support the CAO’s efforts to increase the IT audit skills and knowledge among the CAO auditors, in addition to building capacity on international best practices and methods on using IT tools in conducting external audits.

(4) **Need for an approach to tackle fraud and corruption during the external audit**

The National Transparency and Accountability Program will support the development of the CAO’s Policy on Fraud and Corruption, a clear and focused approach for CAO’s auditors to follow in case they are exposed to or witness to fraud or corruption while conducting an external audit.

Once the policy is approved and enacted by the Auditor General, a dedicated section will be set up to deal in fraud and corruption cases. A training plan will be developed, which will be incorporated into the in-class training and OTJ training conducted for all CAO auditors. As the CAO plays an important role in combating fraud and corruption, the training of CAO auditors on the detection of fraud related cases is crucial. It is anticipated that the training will incorporate specialized skills development and exposure to best practices in the detection of fraud in audits where incidents or cases fraud and corruption are anticipated.

(5) **Need for presence at the sub-national level**

The CAO lacks the necessary sub-national presence to facilitate a more efficient and effective external auditing process, particularly targeting the municipalities, state-owned enterprises and the provincial directorates of line ministries. The CAO plans to expand its functioning in a more efficient and cost-effective manner by having zones/regional offices. The zones/regional offices will also reduce cost and facilitate better utilization of audit personnel.
Instead of sending teams from the Kabul office, the CAO will have in place trained specialized auditors established in each of the four zones, able to conduct the audit within their region. Once the audits are conducted within each zone/regional office, the lead auditor or head of the regional office will send the draft audit reports to the CAO headquarters in Kabul for inclusion in the final audit report. The CAO anticipates that the zone/regional offices will be headed by a director with a team of auditors who will have good understanding of that region.

Under the National Transparency and Accountability Program, the CAO will establish four zones (or regions) to expand CAO’s presence and capacity to the sub-national level. Although the locations of the zones/regional offices have not been finalized, it is anticipated that they will represent the “four corners” of Afghanistan: North (Mazar), South (Kandahar), East (Jalalabad) and West (Herat).

(6) **Need for a national environmental law or national strategy to address environmental concerns and support the development of an effective mandate to conduct environmental audits**

Without a law and/or national strategy to address environmental concerns, the CAO’s Environmental Audit Department has no real mandate, priority or criteria to conduct an environmental audit in the field. Although the National Transparency and Accountability Program does not directly address environmental issues, it has been noted that without effective mechanisms in place and an enabling environment for promotion of environmental standards among government institutions, the CAO’s Environmental Audit Department is effectively incapacitated.

Under the National Transparency and Accountability Program, the CAO is prepared to work with government institutions and international agencies to establish an effectively legal framework and national policy on environmental safety and health standards across all government institutions according to international standards. Currently, the Government is moving forward with developing the environmental standards policy and legal framework in order for the CAO to conduct a meaningful audit.

**5.2.c CAO Oversight of the Regularity and Performance Audit Recommendations**

Upon completion and approval of the Regularity and Performance Audit report, the CAO sends the report with its recommendations to the audited line ministry. The report contains set actions that address key concerns outlined in the report, in addition to a set timeline for implementation.

The line ministries report to the CAO on a bi-monthly basis on the status of their implementation of the CAO’s recommendations. A CAO audit team verifies the report’s accuracy on its next annual audit of the Government entity. If no action has been taken by the Government entity to address the issues raised in the previous year’s audit report according to the recommendations and the agreed upon action plan, Parliament is notified in the annual report.

Currently the CAO provides reports every six months to the President with a copy to the Parliament on the status of implementation among the line ministries of CAO’s audit report recommendations. The
National Transparency and Accountability Program

pending Audit Law will change the reporting requirements to an annual report to be submitted to the President and Parliament.

5.2.c.i Challenges to Overseeing the Implementation of the CAO Recommendations

The following identified challenges will be addressed in the National Transparency and Accountability Program:

(1) Parliament requires the capacity to follow up on CAO audit recommendations and observations.

As noted earlier in this chapter, Parliament does not yet have a clear understanding of their role and responsibility regarding audits, and needs improved capacity to understand Qatia accounts and annual CAO audit reports.

This issue should be addressed as per 5.1.a (2) (page 40).

(2) Setting up of the Public Accounts Committee in the Parliament

To augment the above oversight role of the Parliament over the Executive, the parliament needs to establish the Public Accounts Committee (PAC)- the vanguard of Public Accountability of the Executive.

The CAO will assist the PAC in following up on cases reported by itself to the Parliament through its reports by explaining the nuances and import of the cases. The CAO will also report upon and comment upon the action already taken or proposed to be taken by the Executive.

(3) Setting up of a permanent secretariat to carry out affairs of the PAC and provide the necessary technical backup to the deliberations of the PAC

The nature of Parliament and the PAC will be transitional due to the tenure of the Parliament being for a fixed term. To support the PAC, a secretariat with a permanent staff needs to be set up in the Parliament.

The CAO will extend all necessary support in the setting up and capacity building of the PAC Secretariat during its inception period. CAO could conduct audit appreciation courses for the Secretariat as well as the Parliamentarians.

(4) Capacity building of Civil Society and Media organizations

With the enactment of the Audit Law, it is expected that the audit reports will be published and be widely available to the public as well. People have the ultimate accountability and oversight function. It will be imperative to raise awareness among the media and civil society to better appreciate the inputs into the audit reports and be able to exercise their right to demand accountability of the Executive. The CAO will play its role in delivering the audit appreciation to the media organizations and the civil society through various mechanisms, such as seminars, press conferences and working groups.
Component 3: Introducing transparency initiatives

Outcomes: Asset registration and verification program is established and operational. Process and procedures in Government service delivery are simplified. Mechanisms to prevent the import of low quality goods are established. The public and civil society are active in the fight against public corruption. The oversight mechanism for the elections is established.

Indicators: Annual asset registration and verification of 38 public officials within Group 1 and % of public officials within Group 2. Increased efficiency and effective implementation of HOO’s strategy on asset registration and implementation. Increased understanding of the asset registration and verification process among HOO staff and targeted government officials. Increased efficiency within targeted Ministries. Decreased opportunity for corruption. % decrease in number of incidents of corruption. Import regulations are enacted. Standards are approved. Import Inspection Board is established and commodities identified. Increased capacity to conduct conformity assessments. Increased capacity to conduct market surveillance. Increased awareness among religious leaders, teachers/educators and economic groups on anti-corruption. Increased claims of corrupt behavior of public officials by private citizens. Increased coordination and cooperation between the IEC, civil society and Parliament members regarding election process oversight. Increased capacity on campaign finance research and reporting among media and civil society groups. Increased capacity among media and civil society groups on asset identification and verification. Increased coordination and information sharing between IEC and MoF regarding candidates' assets.

Subcomponent 1: Asset registration and verification program

Anticipated Results: It is expected that by the program completion:

1. Strategic plan for the HOO’s Asset Registration and Verification Department is approved and implemented
2. Increased skills and capacity of the asset registration and verification team
3. Increased cooperation among public officials through timely and accurate submission of asset declaration forms and full cooperation of public officials in the asset verification process

Research and experience from around the world indicates that an effective income and asset declaration regime helps to prevent the abuse of power, reduce corruption and increase public accountability, public trust in institutions and government legitimacy. Similarly, countries where wealth disclosure is combined with verification of and public access to declarations are significantly associated with lower perceived levels of corruption. For these reasons, asset and interest disclosure has become a key global anti-corruption best practice, as evidenced by its inclusion in the UN Convention Against Corruption, which notes that:

“Each State Party shall endeavor, where appropriate and in accordance with the fundamental principles of its domestic law, to establish measures and systems requiring public officials to make declarations to appropriate authorities regarding, inter alia, their outside activities, employment, investments, assets and substantial gifts or benefits from which a conflict of interest may result with respect to their functions as public officials.”
Recognizing the importance of an asset declaration system in fighting corruption, the government of Afghanistan, like many countries, has adopted laws and policies requiring public officials to declare their wealth and assets upon entry into the public service or promotion into a position with potential for illicit enrichment. A separate department within the HOO has been established with the mandate to collect, process and maintain declarations of assets of public officials, as well as to assess their authenticity, completeness, accuracy and consistency. The need for such a registry system is outlined in Article 154 of the Constitution of the Islamic Republic of Afghanistan and elaborated in the Law on Combating Corruption.

Asset declaration will be an effective tool in fighting corruption in Afghanistan. The asset declaration scheme that the HOO has launched has a preventive function that will help anticipate potential conflicts of interest before misconduct occurs as well as an investigative function that will uncover misconduct and illicit gain after it takes place. The asset declaration scheme will also generate baseline information against which later disclosures can be compared to identify increases in wealth not attributable to legitimate sources. A system of compulsory periodic declaration of assets and liabilities by public officials will provide the information necessary to track such changes in assets.

Although asset declaration schemes and laws may help detect illicit enrichment and conflicts of interest as well as prevent corruption, their primary purpose is not only punitive. They can restore public confidence in the Government by demonstrating that public officials live within their means. Public officials’ reputation can also be protected by this system from undue suspicion and allegations of malfeasance.

Principles of an Asset Declaration Regime: While asset declaration schemes have great potential for stemming abuses of power and looting of public resources, their impact can be hampered by certain shortcomings in the system as well as in the regulatory framework. As such, this strategy has been developed with the below considerations taken into account:

- Clarity about what assets, liabilities and interests public officials are to disclose;
- Legal requirement for the verification of asset declarations;
- Effective sanctions and clarity over the prosecution of offences;
- Public access to officials’ asset declarations; and
- Adequate resources (manpower, technical and financial) allocated to implement the scheme, especially with regard to the verification of submitted declarations.

Coverage – Who Should Declare Assets? The HOO does not consider it necessary or practical to subject all public servants to asset declaration provisions. The current legal framework related to asset declarations in Afghanistan requires a relatively extensive range of both senior level officials and public officials of various levels and professions to declare assets (see list below). However, officials not listed below might be asked to declare their assets if it is deemed necessary by the HOO. Within the parameters of this requirement, the objective of the HOO is to clearly establish who should declare what to whom and how, and provide for content verification and sanctions for intentional failure to declare or false declarations. There are two legal sources for the assets declaration obligation.

(Group 1) Constitutional Obligation
Article 154 of the Afghan Constitution makes asset declaration mandatory for the following:
- President, Vice-Presidents
- Ministers
- Attorney General
- Members of the Supreme Court (9-person Council in the Supreme Court)

Current Status: All 38 have registered/declared their assets, which have undergone Administrative Processing, but assets have not been verified by the HOO.

(Group 2) Legislative Obligation

Article 12, item 2 of the laws on combating corruption makes asset declaration mandatory for the following:
- Deputy Ministers
- Directors
- Members of National Assembly (Both Upper and Lower House)
- Provincial and District councils
- Heads of Independent commissions and offices
- Ambassadors
- Governors
- Judges
- Officers of National Defense and Interior Ministries
- District Administrators
- Prosecutors
- High Ranking officials (grade 2 and above)
- Employees of financial, accounting, audit and procurement departments of each government institution prior to occupation of their positions

Current Status: The Asset Registration System for Group 2 is currently undergoing a survey to determine the accurate numbers of within each Ministry and Institution of the total number of people who must register, who has not registered and who has registered. The HOO is currently finalizing the asset registration forms, and is developing steps to move forward.

To date, out of the 54 Ministries, Institutions and public entities, it is estimated that 2,000 individuals in Group 2 have registered; however it is not yet properly categorized or structured. Once the assessment is completed, a realistic picture will be developed and an appropriate approach will be developed to include: workshops to raise awareness about asset registration; relevant forms that are simplified and understandable; and other essential activities highlighted in the assessment report.

Required Information to Declare: Any credible disclosure regulation must spell out clearly what assets, liabilities and public interest public officials must declare. The HOO has developed a robust but streamlined declaration statement that captures the key information required to make these declarations meaningful without being overly cumbersome and complex. In addition to personal and business assets’ disclosure, the asset declaration statement requires public officials to disclose sources of income, positions held in profit or non-profit firms, and debts, as well as the assets and income of their spouse, children and dependents.
The objects to be declared in the declaration of assets include the following:

- Immovable properties and rights to them
- Movable properties that can be registered in public registers
- Commercial and business activity, shares, bonds, securities
- Financial obligations and loans
- Personal income for the year, including salaries and any other activity that brings personal income
- Education expenditures

**Frequency of Asset Declaration:** Most countries provide for a yearly filing interval in addition to the initial declaration upon entry into office and after the end of the term. In the case of Afghanistan, public officials are required to submit declarations:

- Within two months of first entry into position;
- Prior to the last date of employment when leaving a government post;
- Annually, when in continued employment by 31 January; and
- Other situations, such as a court order, or a presidential order or request by the HOO during an investigation

**Sanctions for Non-Compliance:** Income and asset declaration laws and regimes can fail due to lack of effective sanctions against officials’ intentional failure to declare and/or ambiguity over which entity is responsible for prosecuting such failures. Sanctions for failing to disclose or for making false or misleading declarations are as important as an effective asset declaration regime. The HOO will ensure that a strong legal framework and an effective enforcement mechanism support necessary sanctions.

In an effort to be proactive in order to avoid or at least minimize submission of false, ambiguous, and misleading statements, the HOO will send a strong and clear message making public officials aware of the consequences of any misrepresentation of assets. The HOO will also emphasize that failure to provide timely and accurate information erodes public confidence in Government processes, diminishes employee respect for integrity, and may lead to the embarrassment of filers and the agency. It is particularly important that filers provide timely and accurate information at all stages of the financial disclosure process. It is expected that over time state agencies will develop written policies and procedures to make asset declaration a regular practice, in order to ensure compliance.

There are several likely situations when, according to the Law on Combating Corruption and the Afghan Penal Code, infraction can occur necessitating the application of appropriate sanctions permissible within the existing legislative framework. Because non-compliance will either be administrative or criminal, this distinction must be taken into consideration in determining sanctions. The table below provides a set of punishments for each of the two categories of non-compliance:

<table>
<thead>
<tr>
<th>Category of Sanction</th>
<th>Infraction</th>
<th>Punishments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative (Process)</td>
<td>Late Filing</td>
<td>Fines</td>
</tr>
</tbody>
</table>
Privacy and Confidentiality Policy: The HOO recognizes that corrupt “information keepers” or weak information systems and institutions can result in information leaks that may have serious human rights implications. To address privacy and confidentiality concerns, the HOO will ensure not only that competent, responsible and reliable staff are assigned for managing submissions, but also that the administrative process of the said department is regularly and closely monitored. More specifically it will set varying access rights to data and information in the system. Once an operator enters data into the system, for example, he/she will need special accessibility privileges to review and edit the information. Paper copies of declarations will be kept in a register that can only be accessed by authorized staff. (See Administrative Process in Section 1.2 below.)

1.1 The Assets of Public Officials are Registered

The declarations of assets will be a gradual and measured process conducted through a phased approach annually. The HOO will divide the public officials into three categories each submitting declarations in a specific phase (see Table 1 below). However, while the phased implementation approach will be used as a general operation rule, the HOO may choose to request officials of any of the said categories at any time in the year to declare assets or to update their declarations.

### Table 5. Phases of Asset Declaration

<table>
<thead>
<tr>
<th>Phase</th>
<th>Officials</th>
<th># of Officials</th>
<th>Timelines</th>
<th>Current Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase I</td>
<td>President, Vice Presidents, Ministers (25) and heads of independent state institutions (18) including the Chief Justice and the Attorney General</td>
<td>49</td>
<td>November 2009 – March 2010</td>
<td>All 49 have registered assets and administration review conducted; asset registrations are published</td>
</tr>
<tr>
<td></td>
<td>Deputy Ministers, Judges (avg), Prosecutors (avg): majority of the registration statements have been received</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phase II</td>
<td>Deputy Ministers, MPs, Judges, Prosecutors, Governors, Provincial Commanders and Directors (1st rank)</td>
<td>1820*</td>
<td>March 2010 – ongoing</td>
<td>Governors (of 34 provinces, have received 15-16 registrations), Provincial Commanders (est &gt;50%) and Directors (est &lt;50%) have been received</td>
</tr>
</tbody>
</table>
**Public Disclosure Policy:** Experience around the world has shown that allowing public access to officials’ declarations greatly enhances the impact and value of asset declaration schemes. Usually, enforcement agencies have access to the data, but the credibility of the process may be undermined if it is not also made accessible to the general public. Making disclosures public also allows investigative journalists, media, scholars and civil society groups to play an important role in monitoring the accuracy of publicly available declarations and documented assets (lands, farms, villas, apartments, cars etc.) through photos, public registers and interviews with neighbors and tenants.

In Afghanistan, however, the asset declaration requirement faces the challenge of striking a balance between controlling illicit gain and conflict of interest in relation to guaranteeing the safety and security of those required to declare their wealth, especially with respect to the relatives of public officials. Since they are not parties to an employment contract, they cannot be contractually obliged to publicly disclose their wealth. As a result, among other amendments suggested in the law on combating corruption including further sanctions, the HOO is proposing a legislative requirement with strong political or constitutional justification to impose disclosure.

Considering the current political and security situation in the country and given the sensitivity and risks involved in the public disclosure of assets, at this stage, the HOO intends to limit the public disclosure of assets of public officials to senior level government officials and political leaders. This will mainly include the cabinet members and key leaders who are stated in article 154 of the Afghan Constitution to declare assets.

Once declarations are received and examined, the HOO will disclose the information regarding assets of the said officials through a number of mechanisms including its website and reports to Parliament and the President. HOO will share information on the assets of any public officials at any time with law enforcement agencies when and if necessary, for investigation purposes. As the security situation improves and the environment for fighting corruption evolves, the HOO will continue to review its current policies and practices and take necessary measures especially in two key aspects of the asset declaration regime - verification and public disclosure - to ensure that the asset declaration regime does remain as a key tool in fighting corruption in Afghanistan.

**1.2 The Assets of Public Officials Are Audited and Verified**

Successful audit requires an effective asset declaration monitoring system with a strong regulatory framework and an effective mechanism to assess the authenticity, completeness, accuracy and
consistency of asset declarations. There are generally three stages of audit of declaration statements submitted by public officials. These are:

- Preliminary processing
- Administrative process / logical checking
- Full Audit / verification

Figure 2. Audit cycles of declaration statements

The following section outlines the three stages of audit of declared assets.

**Preliminary Processing**: To commence the asset registration process, the HOO contacts the heads of each Government and state agency seeking basic information\(^{12}\) on Deputy Ministers, Directors, and National Advisors within their agency (including themselves) that meet the requirements to have to submit an assets’ declaration. As a first step, each agency provides basic information on all its high-ranking officials listed in the Law on Combating Corruption.

As Ministries and agencies respond to the HOO by submitting the necessary names and numbers, these names are registered on the asset database. The HOO then delivers the asset registration forms to the appropriate officials in these agencies.

To assist them in filling out the forms the HOO provides on-going training and briefing sessions.

**Administrative Processing (Entry, examination, evaluation, clarification, correction)**: As public officials return their completed forms, they receive a receipt of acceptance from the HOO Assets’ Registration Department. Their submission is entered directly into the assets’ registration database. The data are entered into the computerized database in a confidential manner. From here staff from

\(^{12}\) Full Name, position, Department, Agency, Date of appointment.
this Department begin the process of examining/analyzing, clarifying and verifying the information in the declaration. This process (administrative processing) does not include verification of the actual assets, which is a subsequent and distinct stage in asset declaration process (see Full Audit/Verification below).

Figure 3. Administrative Process

Ideally, this process is expected to take one week upon submission of declaration, however for reasons such as the availability of the public official for clarification/corrections as well as market information for determining value, it may take up to a month. As Figure 3 illustrates, this stage ends when submissions are corrected and ready for verification. Then the assets’ declarations will be available as required for investigation by law enforcement authorities and other agencies as well as for verification by the HOO.

Once the HOO Assets Registration Department is satisfied that the declaration is as accurate as possible, the results are prepared for publication. As a way to ensure accelerated submission of statements by public officials, the asset declarations of Cabinet members as well as key senior national leaders - beginning with the President - are made public. This also further publicizes the need for compliance by all officials and to demonstrate that this is a matter considered very important by the national leaders.

Full Audit/Verification: The most crucial, but also most challenging and complex part of the asset management process is the verification stage (given that in Afghanistan most business and financial transactions are unofficial as are most dealings such as buying and selling of land, homes and other properties). Business often takes place through traditional means and procedures that fall outside the formal system. It is partly for this reason that verification will not be conducted on all public officials, as the resources required cannot be justified given the competing priorities facing the state budget.

Two approaches will be used in verification of assets - Small-Set Verification and Risk-Based Verification. In case of the first one, all assets submitted by Cabinet members will be fully audited and verified. In addition, a sample-based verification will be conducted for other government employees.
A random sample of declarations will be verified even if the declarations do not appear suspicious during the initial examination. In the second case, verification will be conducted only in such circumstances when a potential risk is detected through a variety of means or when a court order is issued.

The most important element of an effective audit mechanism is developing inter-institutional cooperation, characterized by data sharing and inter-agency strategies of effective control. Progress in this area has been made, but further improvement is essential. At the national level, institutions supporting the HOO can generally be placed in two categories: 1) Agencies that engage in active investigation with the HOO; and 2) Agencies that share critical information for the purpose of verification.

**Agencies Providing Assistance in Preliminary Investigation (APAI)**
- Supreme Court
- Financial Intelligence Unit (FIU) within the Central Bank
- Major Crimes Taskforce within the Ministry of Interior including Interpol
- Anti-Corruption, Counter-narcotics and Counter-terrorism Unit within the Ministry of Interior
- National Security Department

**Agencies Providing Assistance in Information Gathering (APAIG)**
- Property Registration and Management Units within Municipalities
- Land Registry Unit within the Ministry of Agriculture
- Attorney General’s Office
- Supreme Court
- Ministry of Transportation
- Ministry of Finance – customs and revenues, budgets, payrolls, public procurement/contracting
- Others e.g. Office of the Administrative Affairs of the President

The HOO has a designated section within the Asset Declaration Department responsible for managing the verification of assets. The staff assigned to this section use a variety of methods for verifying assets including identifying potential sources of gathering information and facts regarding different assets and properties e.g. cash, apartment building, land, jewelry etc, declared by public officials.

While the institutions/agencies identified above could be a vital means of ‘fact finding’, the HOO cannot entirely rely on them for gathering the necessary information. This is partly because these institutions/agencies may not always take timely and serious action in response to requests for information and partly because gathering information through second and third channels may cause delays in the process.

To address this concern, the HOO is in the process of developing MoUs with various institutions/agencies in which the roles and responsibilities as well as obligations of the each institution/agency is clearly stated (See Section 1.3 below). This could potentially reduce the probability of negligence of institutions/agencies in responding to the HOO’s inquiries in a timely manner.
Another way to increase efficiency and avoid unnecessary delays in gathering information for verification is the HOO’s intention to explore various options for creating direct communication links and networks with various internal and external sources of information such as adopting the Mutual Legal Agreement (MLA), which is supported by United Nations Convention Against Corruption (UNCAC). Since Afghanistan is a signatory to UNCAC, it is able to develop such mutual cooperative agreements with various countries that are also members of UNCAC and are subject to such obligations. Thus, under this agreement, the HOO can, on behalf of the Government, request the assistance of countries with which it signs agreements in sharing information regarding the assets of Afghan public officials who are registered in their territories.

1.3 INTER-INSTITUTIONAL AND MULTI-NATIONAL COORDINATION IS ESTABLISHED

National Courts: The Appeals Court is the main source of information and evidence for all kinds of immovable properties. While various institutions e.g. the Municipality, the Ministry of Agriculture, Irrigation and Livestock (MAIL), MoF (Mastofiat), and Geodesy are involved in the distribution, allocation and management of immovable properties, it is the Appeals Court that issues the final ownership and disbursement documents. Under the Appeals Court, the Office of Control and Maintenance (Makhzan) is the main source of all records for various kinds of immovable properties (agricultural land, orchard, residential land, business, factory, etc.).

Under the existing protocol, the HOO will send a request addressed to the Office of Control and Maintenance of the Appeal Court. The said office will respond within two weeks. The senior management of the HOO is currently discussing the development of a Memorandum of Understanding (MoU) with the Chief Justice in order to formalize this collaboration.

MoI/Major Crimes Task Force (MCTF): The MCTF has agreed in principle to cooperate with the HOO in investigating only assets whose value is at minimum $10,000 USD. Additionally, in order for MCTF to respond within reasonable timelines, the HOO will have to provide sufficient evidence of a possible case of illicit gain. Currently, the HOO and MCTF are in the process of developing a Memorandum of Understanding (MoU) to formalize this collaborative work.

Once the HOO determines that an inquiry is necessary, it will send a formal letter to the Corruption Investigation Unit under the MCTF requesting investigation on a specific public official’s assets. After an examination process, MCTF will forward the case to a select group of prosecutors at the Corruption Investigation Unit that works under the Office of Attorney General for investigation. While no specific time is thus far determined for responding to the HOO’s request, it is expected that MCTF will notify the HOO within two weeks regardless of whether it has obtained the requested information.

Financial Intelligence Unit (FIU – Central Bank): The Financial Intelligence Unit (FIU), also known as FINTRACA, established within the De Afghanistan Bank has the resources and the capability to track financial transactions and processes across all financial institutions in the country. Recently, the FIU joined the Egmont Group and, through member states, can investigate financial accounts of Afghan officials abroad. Currently, the countries that FIU has cooperative agreements with include the United States, the United Kingdom, Sri Lanka, Russia, Kazakhstan, Turkey and Mongolia.
The HOO recently signed (2010) a MOU with the FIU in order to establish formal collaboration in investigating financial accounts and financial information related to officials whose assets are being investigated by the HOO. Under the current agreement, the FIU will assist the HOO in its verification of assets in the following manner:

- Information on financial transactions in any local banks;
- Access to personal bank accounts of any individuals in any foreign or domestic private bank in Afghanistan; and
- Facilitate obtaining financial information from countries with which is currently capable of providing.

The FIU and the HOO will use computer software capable of reading special financial data formats. This software will not only expedite the process of information sharing, but will also ensure the confidentiality of information being exchanged between the HOO and the FIU.

The FIU is currently in the process of signing cooperative agreements (MOUs) with Pakistan, India and UAE that will significantly expand access to pertinent financial institutions.

**Ministry of Foreign Affairs (MOFA):** The Anti-Corruption, Counternarcotics and Counterterrorism Department within the Ministry of Foreign Affairs (MoFA) will closely work with the HOO in the verification of assets of public officials. The MoFA, through its Consular Services Department, will assist the HOO in gathering information on suspicious cases.

**Ministry of Finance and the IEC:** The MoF currently has a list of reported assets through individual tax reports and documentation. The IEC is building their database on elected officials’ reported assets. The HOO anticipates developing an MOU to establish cooperation between the MoF and the IEC to compare asset data to determine accuracy and whether the government official fully disclosed their assets to the HOO.

### 1.4 Significant Constraints

The HOO faces significant challenges in obtaining the information needed for verification and in the administration of the process of registration due to both an inadequate legislative framework and a young administrative and control system including insufficient and rudimentary technological systems. Proper administration of declarations requires efficient technology as well as expert and dedicated personnel -- both of which are currently lacking. Since large amounts of wealth and resources are held outside of the country, verifications may take a long time. While the HOO has made the necessary arrangements for this stage, as described above, given that this will be a completely new experience in the country, the process of information gathering may prove to be lengthy and costly. Careful consideration also needs to be given to how Afghanistan will go about recovering assets.

Credible asset declaration systems, whether the information is made public or kept confidential, can help build the trust of Afghan people in their government. To meet that objective, the HOO must be administered professionally, have sufficient independence to fulfill its mandate, have adequate resources including access to recent technology, and have sufficient oversight of the process to ensure
its authority is not abused. Civil society organizations and the media can play an important role in ensuring that the asset declaration system and HOO meets these needs.

In addition to the activities noted above, the National Transparency and Accountability Program will address the HOO identified challenges:

1. **Need approved strategic approach on Asset Registration and Verification.**

The asset identification and verification process is in the initial stages at the HOO. There is no formal or approved strategic or management approach, or a comprehensive and approved methodology to register and verify the assets of government officials. The HOO seeks the skills and expertise of a senior international technical advisor who can provide full-time support to the HOO’s Asset Registration and Verification Department in its development of a comprehensive strategic framework that addresses the management, technical methodology and implementation plan of an asset registration and verification system that is compliant to international standards but responsive to the realities and constraints currently existing in Afghanistan.

Once the strategy is finalized and approved, the HOO will begin a strenuous effort to create the political will necessary for effective enforcement of the requirement that public officials must cooperate fully in the asset registration and verification process.

2. **Need for improved human resource capacity within HOO’s Asset Registration and Verification Department**

Currently, the HOO’s Asset Registration and Verification Department is not at full capacity. The National Transparency and Accountability Program will target this constraint by supporting HOO’s efforts to recruit and fund highly qualified personnel who have the skills and capacity to utilise the newly established asset registration and verification system.

3. **Nascent technical capacity within the Asset Registration and Verification Department**

As noted earlier, the asset identification and verification is in the initial stages at the HOO. Given that asset registration and verification is a new system for Afghanistan, it is anticipated that the current and future personnel within the Asset Registration and Verification Department lack the skills necessary to implement the HOO’s strategy in this area.

To address this, the National Transparency and Accountability Program will support efforts to design and implement a comprehensive and sustainable capacity building program for the management and technical staff of the HOO’s Asset Registration and Verification Department.

To do this, it is anticipated that the senior international technical advisor noted above will be supported by an experienced international technical advisor to assess the ongoing asset registration system and pilot verification system, which began in January 2011, to develop a comprehensive capacity building plan.
- **Assessment of the HOO’s current Asset Registration and Verification Function**

  The team of two international technical advisors will conduct an assessment of the HOO’s entire Asset Registration and Verification Department and its systems, with a particular focus on assessing the capacity and framework of the department to oversee/manage asset registration and to conduct asset verifications. The team will also assess the Department’s staff by conducting face-to-face interviews and reviewing their understanding of the role, responsibilities and mandate of the HOO’s Asset Registration and Verification Department, and how their position plays a role in the asset registration and verification process.

  The team will submit an assessment report detailing identified capacity gaps within the department and weaknesses in the current asset registration and verification mechanism in the HOO. The team will also propose recommendations to address the identified gaps and weaknesses. The assessment report will be submitted to the head of the HOO and the Director of the Asset Registration and Verification Department.

  Based on the report’s findings, an on-the-job training plan will be developed to strengthen the HOO’s Asset Registration and Verification Department.

- **Development of Training Curriculum and Materials:** The assessment team will develop the training curriculum and materials, including a Tool-Kit for senior and mid-level managers on asset registration and verification methods used by the HOO.

- **Classroom and On-the Job-Trainings:** It is anticipated that a series of three- to five-day training workshops will be conducted annually for the HOO’s asset registration and verification team to provide a review of the HOO’s asset registration and verification took kit and to target the skills and technical gaps identified during the assessment.

  Upon the completion of the workshop, the designated international technical advisor will oversee the HOO’s registration and verification teams in conducting asset registration and administrative review process and the asset verification process. The purpose of this is to determine whether the teams are putting to practice what they learned in the training, in addition to determining whether the workshop was successful in relaying the concepts and their practical applications to the HOO staff.

(4) **Lack of exposure to international best practices**

  As noted earlier, discovering and sharing best practices and lessons learned from similar models is an important mechanism to build the foundation of HOO’s Asset Registration and Verification team. HOO proposes to incorporate the Asset Registration and Verification Team in its Skills Development and Partnership Building Program (see Component 1.2 above) to learn from counterpart institutions in other countries on tackling corruption within their respective governments and raising awareness among civil society on good governance, transparency and accountability.
(5) Lack of political will to enforce the asset registration and verification system among some government officials

Lack of political will to enforce the asset registration and verification system is witnessed in the difficulty to obtain cooperation from the Group B public officials. This is due to the lack of political will allowing the HOO to enforce sanctions against individuals who refuse to cooperate, in addition to the lack of overall understanding of the asset registration and verification system.

The National Transparency and Accountability Program will support HOO’s efforts to ensure cooperation by public officials to fully declare their assets and to cooperate with HOO personnel on verifying their assets.

- **Involvement in the Inter-Ministerial Coordinating Committee on Anti-Corruption:** As noted in Subcomponents 2.2 and 2.3 above, the HOO intends to participate in an Inter-Ministerial Coordinating Committee on Anti-Corruption. This Inter-Ministerial Committee is essential for creating the political will among the Ministries and public institutions on combating corruption within their Ministries. Incorporating the status of asset registration and verification activities as a discussion point at each Inter-Ministerial Coordinating Committee will legitimize the process, while giving the HOO the opportunity to receive by senior Ministry officials monthly or quarterly updates on the status of asset registration among key government officials within their Ministries, and why the lack of progress is occurring (if necessary).

- **Awareness Raising Activities for Targeted Public Officials:** Currently, the HOO’s Asset Registration and Verification Department undergoes quarterly workshops to educate public officials who are required to declare their assets. The workshops incorporate topics including:
  
  - The constitutional obligation of public officials to declare their assets, and the role and mandate of HOO
  - What is asset declaration? This topic covers the types and definitions of the required assets to declare and how to declare them, including a thorough review of the required forms and submission process.
  - What is asset verification? This topic covers those who are legally required to undergo the verification process and how HOO selects those in Group B. In addition, this topic covers the legal responsibility of the individual to cooperate and comply with the verification process.
  - Sanctions for Non-Compliance. This topic covers the potential sanctions individuals face if they do not comply.
**Subcomponent 2:** Simplification of process and procedures (passport, traffic, business process, construction permit, Hajj affairs, evaluation of education certificates, procurement and contracting)

**Anticipated Results:** It is expected that by the program completion:

1. **Gaps (or vulnerabilities) will be identified for the evaluation of education certificates and Hajj affairs**
2. **Processes will be simplified for passports, traffic, business process, construction permits, and procurement and contracting**
3. **Clearer roles and responsibilities will be established between the HOO, the MoF and the CSC**

The National Transparency and Accountability Program will support HOO’s efforts to oversee the simplification process and provide technical assistance to the relevant government institutions in simplifying their processes and procedures. HOO’s role in the process is to provide oversight and technical assistance to Ministries that have been identified to be vulnerable to corruption due to cumbersome and/or unclear process and procedures.

The HOO identifies vulnerable processes and procedures by conducting an assessment of the system to identify points of potential corruption. A report detailing the HOO assessment team’s findings, recommendations with priority issues is submitted to the authority of the targeted Ministry or public Institution. At the request of the targeted Ministry or Institution, the HOO provides technical assistance for a specific time period. Once the technical assistance period is complete, the HOO oversees the implementation of the recommended changes for one year to ensure the process is maintained in the simplified and transparent manner.

Currently, the HOO is conducting an assessment on:

- MoE/Department of Academic Affairs: HOO is conducting an assessment of how the MoE evaluates academic certificates.
- MoHE/Department of Academic Affairs: HOO is conducting an assessment of how MoHE evaluates academic certificates.
- Ministry of Hajj Affairs: HOO is supporting the Ministry’s effort to map the procedure process to determine how to simplify the process to visas to go on the Hajj.

Currently, the HOO is providing technical assistance to:

- MoI/Passport Department: Supporting the implementation of simplified and efficient passport control procedures. HOO’s technical assistance is nearing its end.
- Municipality Class Certification: Supporting the identification and implementation of simplified business processes. HOO’s technical assistance will be completed in approximately 3 months.
- Kabul Municipality/Construction Department: Supporting the identification and implementation of simplified process to obtain construction permits. HOO’s technical assistance will be completed towards the end of 2011.
- MoF/Procurement Department: Supporting the identification and implementation of simplified process to contract services and procure goods for the MoF. HOO’s technical assistance is ongoing; no end date is fixed.
Currently, the HOO is overseeing the implementation of:

- MoI/Traffic Department: Overseeing the current/simplified process of obtaining a driving license and vehicle permit.

The HOO is in negotiations with the MoF and the CSC to outline role and responsibilities in the simplification process within their organizations. It is anticipated that a draft of the MOU will be written and approved by August 2011.

Subcomponent 3: Preventing the import of low quality goods (construction materials, food and agricultural products, petroleum products, electro-technical goods, textile-related products, metrology, cosmetics and pharmaceuticals)

Anticipated Results: It is expected that by the program completion:

1. 600 National Standards are developed
2. Results from the Corruption Vulnerability Assessment lead to greater efficiency and less opportunity for corruption
3. Standard Operating Procedures establish firmer control and oversight on the implementation of national standards of imported goods

Decades of war and instability caused massive destruction in Afghanistan’s infrastructure. Many national firms went out of production. Afghanistan became a ‘consuming’ society, where all most of its goods are imported and most of them filled by low quality products. The Government communicated that greater attention was needed in establishing national standards. Upon the endorsement of the Council of Ministers in August 2007, with subsequent approval by the Afghan Parliament in February 2008, the Afghanistan National Standards Authority became an independent entity. The National Standard Law was enacted in September 2010, and a draft Metrology Law is currently undergoing the legislative process for approval.

Taking into consideration that establishment of national quality infrastructure in a country requires experts and experience in related fields, ANSA (March 2011) launched its five-year strategic plan that targets the key constraints and technical barriers to trade for Afghanistan:\textsuperscript{13}

\begin{itemize}
  \item[(1)] Lack of qualified laboratories to test and certify products
  \item[(2)] Lack of trained technical staff
  \item[(3)] Lack of hands-on experience in the field of measurement science (metrology)
  \item[(4)] Lack of basic laboratory equipment and instruments
  \item[(5)] Lack of an established national accreditation body
  \item[(6)] Lack of internationally accepted packaging and labeling capabilities
  \item[(7)] Lack of knowledge of the benefits of standards in generally and hence the lack of implementation of standards
  \item[(8)] Lack of availability and use of international standards
  \item[(9)] Lack of using international conformity assessment procedures
\end{itemize}

(10) Lack of understanding and use of basic good manufacturing practices (GMP) and good agriculture procedures (GAP)

(11) There are National Independent Business Associations that issue export authorizations, which implies quality, but these authorizations and certificates have no conformity assessment procedures that support compliance to any standards, thus are not accepted outside of Afghanistan, yet are required for export

(12) Lack of active participation in international and regional MAS-Q organizations

The National Transparency and Accountability Program will focus on the establishment of national quality infrastructure to ensure the standards are met in imported and produced goods related to construction materials, electro-technical goods, textile-related products, food and agriculture, petroleum products, metrology, cosmetics and pharmaceutical products.

### 3.1 Corruption Vulnerability Assessment is Conducted

In a joint effort between ANSA and the HOO, a corruption vulnerability assessment will be undertaken to assess the ports of entry to identify vulnerabilities for corruption. The focus of the assessment will be on the current import quality control systems to allow goods into Afghanistan. The assessment aims to identify the gaps in the system and to support mechanisms to help improve it.

ANSA notes that a good system minimizes opportunity for corruption. Currently there are too many regulations, which are confusing to both the Import Inspection Officers and the importer. In addition, many of the Import Inspection Units lack the capacity to fully enforce the regulations. For example, if the facilities and tools are not present to allow the Import Inspection Officer to randomly inspect the import of goods at the port according to national and international standards, it leaves the Import inspection Officer no option but to ‘eye ball’ the good to determine whether it meets standards. It is not the fault of the Import inspection Officer, but the system in which s/he operates.

Based on their knowledge of the current system, ANSA anticipates that the gaps in the system include:

- Regulations are numerous, cumbersome and are not clearly defined
- Lack of infrastructure to support the Import inspection Units, such as tools, equipment, testing labs and other essential support
- Lack of knowledge regarding enforcement of standards and certification related to goods
- Lack of trained staff and difficulties in hiring and maintaining the experts with government salary scale
- Lack of coordination and unnecessary interventions by different entities

HOO will conduct a comprehensive review of the corruption vulnerabilities at the ports of entry/exit for all goods into and from Afghanistan. HOO will not only look at the current import quality control system, but also the management and oversight of the process, human resources and other relevant factors. Based on the collective findings of ANSA and HOO, a work plan will be developed to address the identified gaps in the system.

### 3.2 Sector Regulation and Afghan National Priority Standards are Developed
Establishing standards is key for trade facilitation and minimizing technical barriers to trade. With technical support and guidance from the two-year Standards Development and Capacity Building of Technical Committees funded by Harakat-AICFO, ANSA-established National Technical Committees (NTCs) will be supported to develop national standards for petroleum products, food and agricultural products, pharmaceuticals and cosmetics, construction materials, textile, environment and electro-technical items.

To date, 29 standards have been approved by the Supreme Council of Standards as National Standards.

1. Food And Agricultural products (Four National Standards)
2. Pharmaceuticals and cosmetics (Three National Standards)
3. Construction materials (One National Standard)
4. Petroleum Products (Four National Standards)
5. Electro-technical Goods (Twelve National Standards)
6. Textiles (Three National Standards)
7. Metrology (One National Standard)
8. Environment (One National Standard)

Each of the 29 standards went through a rigorous internationally accepted six-stage process to identify, develop and finalize the standard for approval by the Supreme Council of Standards. See Annex 4 for more information on the standard development process.

3.3 SYSTEM TO IMPLEMENT NATIONAL STANDARDS

The National Transparency and Accountability Program will support ANSA’s efforts to improve the implementation of the national standards system of imported goods through the improvement of three mechanisms:

(1) The import inspection system
(2) Conducting Conformity Assessments
(3) Conducting market surveillance

The improvement of these three mechanisms will support ANSA’s efforts to prevent the importation of low quality goods and minimize the opportunity of corruption through a sound and effective quality control system for imports.

3.3.1 Import Inspection System

The goal of the import inspection system is to ensure the safety of imported products. The system will support the removal of technical barriers to trade by making it more efficient to import goods into Afghanistan, in addition to minimizing the opportunity for corruption. For example, ANSA will establish trade agreements with trading partners, whereby standards are agreed upon and certified goods imported from the trading partner according to the agreed upon standards will not need further testing at the port of entry.
Currently, ANSA separates imported goods into three categories, which determines the type of inspection or testing required:

**Category 1:** **All goods are tested**
- Goods that directly impact the health and safety of the Afghan people and environment, including food, pharmaceuticals and hazardous chemicals

**Category 2:** **Random testing**
- Electronics, electrical goods, auto parts

**Category 3:** **No testing needed**
- Furniture, IT equipment

Quality control of all processed foods and pharmaceuticals is the responsibility of the Ministry of Public Health (MoPH). Quality control of all unprocessed foods, plants and animals is the responsibility of MAIL. All other goods fall under ANSA.

As part of their efforts to enhance the Import Inspection System, ANSA will:

- Work on developing Mutual Recognition Agreements (MRAs) to recognize quality certificates issued outside Afghanistan and thus facilitate trade;
- Establish capacity in the customs to do testing;
- Develop a List of Commodities for Afghanistan to categorize the imports and prevent unnecessary sampling and testing; and
- Develop database and information center to ease access to national standards and technical regulations.

To support these efforts, ANSA will establish Product Inspection units at Customs Offices. The Import Inspection Board will be established under the Supreme Council of Standards. The Board will provide oversight authority for all import inspection activities in Afghanistan. The Board will develop an Import Inspection Regulation for Afghanistan, which will define the role of each Government agency in the process in accordance with the Standards Law.

The Board will develop a List of Commodities that will be subject to import inspection. Commodities included in the List of Commodities will be adjusted according to the needs of foreign trade development and published 60 days before the List comes into effect by the Board. All import commodities included in the List of Commodities will be checked and released by Customs upon presentation of the import inspection Board’s seal affixed on the Customs’ declaration.

ANSA will establish and equip product inspection capabilities at seven major ports of Afghanistan. Inspectors will be hired and trained by the Conformity Assessment Department. Each major port will be part of a national computer database to be developed. It will link the Inspection units with a main system that will be located and maintained within ANSA. This capability will enhance the import process, minimize shipment delays at the border, and provide a new level of safety, transparency, accountability and confidence in the system.

**3.3.2 Conducting Conformity Assessments**
ANSA is currently developing the Conformity Assessment Department to support ANSA’s efforts to conduct inspections and market surveillance – two crucial services needed in Afghanistan to support trade and protect citizens. The Department has already been established but its operation depends on availability of human and technical resources. ANSA is planning to open three custom offices in 2011.

ANSA’s main priority in Conformity Assessments is to train technical specialists to become qualified inspectors and auditors. This process will include initial training of ANSA personnel, supported by donor organizations. An example is food safety training programs. ANSA proposes to enroll selected ANSA technical specialists in the International Register of Certified Auditors (IRCA) auditor training program. Once trained, they will develop a Train to Trainer (ToT) program for other technical specialists.

### 3.3.3 Conducting Market Surveillance

ANSA’s strategy for market surveillance will focus on three areas:

1. Developing a general procedure for market surveillance.
2. Increasing cooperation with stakeholders and sharing the work of Market Surveillance internationally.
3. Increasing the visibility of market surveillance to the outside world.

The purpose of market surveillance is to ensure that the products in the domestic marketplace are safe and comply with the provisions of applicable standards and technical regulations. Market surveillance is important for and in the interest of consumers and regulators, because it helps to eliminate potentially hazardous products.

In practice, market surveillance comprises of a series of interlinked activities and measures taken by national authorities to ensure that products placed on the market comply with all the requirements set out in the relevant legislation and that they do not endanger health, safety or any other aspect of public interest protection. For market surveillance to be efficient, resources should be concentrated where risks are likely to be higher or non-compliance more frequent, or where a particular interest can be identified. Statistics and risk assessment procedures can be used for this purpose.

### 3.4 Standard Operating Procedures Are Developed by ANSA

The usual way to assure uniformity and consistency in the working processes is by adopting organization-wide standard operating procedures (SOPs). The SOPs are an important part of the quality system of the organization. Using SOPs will ensure that all actions are based on the same strategic principles and are planned, performed, reported and analyzed within the same legal framework. There are a number of critical issues for which standard operating procedures will have to be developed.

ANSA needs to have the necessary resources and knowledge to properly perform the functions in this area. ANSA needs to have in place necessary procedures to follow-up complaints, monitor accidents, verify that corrective action has been taken and to follow-up scientific and technical knowledge concerning safety issues.
Subcomponent 4: Enlisting public and civil society in the fight against corruption.

Anticipated Results: It is expected that by the program completion:

1. The public’s trust and confidence in the government to combat corruption has increased
2. The public’s understanding of the government’s efforts to combat corruption and the role and responsibility of the HOO increases
3. The public has a better understanding of their roll and responsibility in combating public corruption

As part of the National Transparency and Accountability Program’s ‘whole of government’ approach to combating public corruption and promoting transparency and accountability in the Government, civil society plays a significant role by ensuring that the government plans are in fact being implemented. As the lead independent institution on preventing and combating public corruption, the HOO is determined to build the public’s trust and confidence in the government to fight corruption through a comprehensive national anti-corruption campaign.

Outlined in more detail below, the National Transparency and Accountability Program will support HOO’s efforts to establish a three-year national anti-corruption campaign aimed at the Afghan civil society and media to promote their role and responsibility in overseeing the Government’s efforts. At the same time, the campaign will promote civil society’s understanding of the Government’s efforts to combat corruption and promote public accountability and transparency.

4.1 Anti-corruption Campaign is implemented targeting the media and civil society at the national and sub-national levels

HOO will develop a four-pronged strategic approach for its anti-corruption campaign targeting capacity building and awareness raising of civil servants, media and civil society groups, while at the same time raising awareness of the general public through various media and communications activities. One target group – Government officials/civil servants – is already discussed in Component 1. This chapter will focus on the strategy to target civil society, the media and the general public.

The strategic approach to HOO’s National Anti-Corruption Campaign hinges on the NATO-led International Security Assistance Force’s (ISAF) security handover strategy to commence in July 2011 in the provinces of Bamiyan, Panjshir and much of Kabul, and in the cities of Herat, Lashkar Gah, Mehterlam, and Mazar-e-Sharif. The handover of full control to Afghan forces in these six locations is a crucial step in the ISAF strategy toward the full assumption of control of Afghan forces in 2014.

HOO’s National Anti-Corruption Campaign is critical to the success of the transition strategy. In a recent Council on Foreign Relations analysis brief, it is noted: “widespread corruption and lack of governance and accountability at the local level [are] are factors fueling the insurgency ... [and] hobble[s] any effective transition.”14

The National Anti-Corruption Campaign will target its rollout strategy to incorporate the expansion of the handover strategy over the next two years.

**Phase I:** The Government and ISAF-identified six provinces and cities that will be handed over in July 2011. These six provinces and cities are the immediate priority for the National Anti-Corruption Campaign.

**Phase II:** the next group of provinces and cities currently considered “Middle Security Provinces”.

**Phase III:** the next group of provinces and cities currently considered “Middle Security Provinces”.

### 4.1.a Training and Awareness Raising

Prior to the campaign’s rollout in Phase I, the HOO will develop training and awareness raising mechanisms to target the six provinces and cities. HOO anticipates using district-level workshops and roundtables as the main mechanism in which it will share information on selected anti-corruption topics.

Three main groups – religious leaders, teachers/educators, and economic groups – will be targeted due to the ease in identifying and inviting members of the group to participate, their level of authority and
respect within the communities, and their ability to reach out to the broader community due to their position within the community.

<table>
<thead>
<tr>
<th>Group</th>
<th>Source of Identification</th>
<th>Methods and Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Religious Leaders</td>
<td>Ministry of Hajj</td>
<td>• A series of one-day training on anti-corruption themes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Follow up meetings to review success and impact</td>
</tr>
<tr>
<td>Teachers/Educators</td>
<td>Ministry of Education</td>
<td>• ToT master training of HOO regional trainers to selected provincial trainers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Cascade training to identified district representative educators</td>
</tr>
<tr>
<td>Economic Groups</td>
<td>Municipality registration</td>
<td>• One day training/workshops on a specific anti-corruption theme</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Workshops will be supported by the local mullah who will discuss Islam, corruption, and accountability themes/ issues</td>
</tr>
</tbody>
</table>

**Religious Leaders:** The HOO and the Ministry of Hajj currently hold a Memorandum of Understanding (MOU) to conduct awareness-raising activities on anti-corruption issues throughout Afghanistan. The HOO will coordinate with the Ministry of Hajj through its Directorates at the Provincial level to identify and invite local religious leaders to attend a series of one-day workshops on anti-corruption themes.

Each religious leader who attends these workshops will be encouraged by the Ministry of Hajj (through an official letter) to speak on the topic at Friday prayers. A follow up meeting will be held the following Saturday or Sunday to discuss the delivery of the message and their perception of the listeners’ responses or reaction. The HOO team leaders will also randomly select mosques that workshop facilitators will attend to listen to the mullah discuss the message.

**Teachers/Educators:** The National Anti-Corruption Campaign will target educators and students at the primary, secondary and higher education levels to raise their awareness of the Government’s efforts to combat corruption and civil society’s role and responsibility to support the Government’s efforts to combat public corruption.

The HOO will develop a separate three- to five-day training curriculum that will target educators at each level on HOO’s anti-corruption themes and methods of message delivery. Once the training curriculum and ToT methodology are developed, the HOO regional trainers will be trained on the ToT methodology (the Master Training). The HOO trainers will then deliver the ToT in their regions to provincial trainers. The provincial trainers, with the support of the Master Trainer, will develop a cascade-training plan to deliver the training to educators within their region.

On a semi-annual basis, the HOO Master Trainers will conduct regional seminars to update the regional trainers on new HOO messages or update on the current anti-corruption themes, if necessary. In addition, the regional trainers will be tasked with providing an assessment of the skills and knowledge of the provincial trainers on conducting trainings and relaying the HOO anti-corruption themes.

The HOO, the Ministry of Education and the Ministry of Higher Education will establish the formal mechanism and relationship in a MOU.
Economic Groups: HOO will work through qualified local civil society organizations to conduct the workshop or roundtable sessions with the local economic groups on the anti-corruption issue discussed during the Friday prayers. The facilitator and the mullah will address the themes discussed by the mullah during Friday prayers to begin discussion on the topic and determine the group’s level of understanding of the topic. The goal is to reinforce the message delivered during the Friday prayers, in addition to determining the level of support for and understanding of the HOO message.

HOO will develop and conduct a ToT of the CSO organization’s workshop and roundtable facilitators on the HOO methodology and the issues addressed in the workshops/roundtables. HOO will design and provide training materials for the facilitators and literature to give to participants. It is anticipated that the training methodology, materials and literature to distribute to the training participants will vary depending on the economic group.

4.1.b Media and Communications

The National Anti-Corruption Campaign will target the broader Afghan population through various media and communication mechanisms, including the use of television, radio, newspaper and other communication mechanisms, such as billboards, community theater and brochures/print materials.

Although many of the media options are national, such as the use of television programming, the HOO will also focus on the provinces and cities within the current Phase (i.e., the six provinces and cities in Phase I) to implement their media and communications approach. For example, radio talk shows and broadcasted roundtable discussions will target the specific themes that are being addressed during Friday prayers within the particular province or city.

4.1.c Expansion to Phases II and II

Expansion to Phases II and III is determined by the Government and ISAF’s launch of the next phase of the handover strategy. Once the announcement is made of the locations and timing of the expansion, HOO will begin implementing their phased operational expansion strategy, which includes the identification of potential local CSO partners, reaching out to government institutions to include them in the expansion planning process, and identifying procurement and staffing needs.

4.2 Monitoring and Evaluation Approach

Monitoring the campaign’s implementation and evaluating its success and impact are integral to the HOO’s management and strategic approach to building public trust and raising awareness of the Government’s efforts to combat corruption and to build effective governance at the local and national levels.

The HOO will establish a comprehensive monitoring and evaluation system that includes:

- Establishing benchmarks on all training, awareness raising and media/communication programs to measure success and impact
- Partnering with CSOs to conduct studies on such topics as: (1) the Government’s response to combating public corruption at the local and national levels; (2) a survey of citizen trust and
support of anti-corruption initiatives; (3) the various types of civil society’s participation in anti-corruption and strengthening good governance
- Annual impact evaluations to determine success

The goal of the M&E approach is to determine whether the approach and methods used are successful, have impact and reach the broader community within Afghanistan.

**Subcomponent 5: Oversight mechanism for the elections is strengthened.**

**Anticipated Results:** *It is expected that by the program completion:*

1. *Increased cooperation and support among IEC and public officials on strengthening the oversight of the electoral process in Afghanistan*
2. *Increased collaboration and cooperation among the IEC, FEFA and civil society on election oversight*
3. *Voter registration process is developed, standardized and operational*
4. *Public confidence in the IEC and the electoral process is improved*

The Independent Election Commission (IEC) is a constitutional body established under Article 156 of the Afghan Constitution. The IEC is mandated to administer and ensure elections in Afghanistan are free and fair, and referendums are conducted in an efficient and impartial way. The IEC’s operational mandate derives from Article 156 of Afghanistan constitution providing IEC the authority to administer and observe all sorts of elections as well as referendum in country.

**5.1 The IEC’s Five Year Strategy Is Developed**

The IEC is currently developing their new five-year strategy, which is anticipated to be released in August 2011. The IEC is targeting four key pillars in their strategic approach:

1. Improving and building the public’s confidence in the IEC, election process and democracy
2. Delivering quality and professional services
3. Reduction of the overall electoral expenses and focusing on making the process as “Afghanized” as possible
4. Elections scheduling is established and timely

The above four pillars are still under review and consideration by the IEC’s Board of Commissioners. Therefore the National Transparency and Accountability Program will incorporate specific themes from the proposed four strategic pillars outlined below to support the IEC’s efforts to develop and implement their five-year strategic approach.

**5.2 Oversight of the Campaign Finance and Candidate Reporting Mechanism is Strengthened**

The Electoral Law establishes the IEC’s authority to oversee the true and correct reporting of a candidate’s financial disclosure. The Electoral Law is vague in terms of providing the IEC with enough authority to oversee the correct reporting of a candidate’s financial disclosure. The current mechanism is based on interpretation of electoral offenses defined in Electoral Law and Regulations
adopted by IEC. The Electoral Law also does not give the IEC enough authority to investigate candidate funding sources, forcing the IEC to rely on law enforcement authorities to investigate potential incidents of illegal or inappropriate sources of campaign contributions.

In support of the IEC’s efforts to strengthen the financial management and oversight of the campaigns of election candidates, an assessment of lessons learned from 2009 and 2010 elections will be undertaken to determine how the IEC and other government and civil society stakeholders can support the IEC’s efforts to strengthen the system.

The IEC will continue its outreach to and consultation with members of Parliament to draw attention to the gaps in the current election-monitoring framework. The IEC is in the process of establishing a working group to review the overall election monitoring process to identify gaps or weaknesses in the system and to determine an overall strategy to strengthen the framework.

Members of the working group will include the IEC, Free and Fair Elections Foundation (FEFA), MoF, members of Parliament, and representatives from civil society, including media groups and associations. The group will review the strengths and weaknesses in the current electoral law and identify the necessary changes to the law to strengthen the IEC’s responsibility and authority as the independent election administrator and monitor in Afghanistan.

5.2.a Additional Challenges in the Campaign Finance and Reporting System

The following identified challenges will be addressed in the National Transparency and Accountability Program:

- Need to improve capacity of the IEC to verify candidates’ campaign finance reporting requirements

  The IEC does not have the manpower and the wide range of skills to verify each candidate’s campaign finance report. The IEC will work its media and civil society counterparts such as FEFA to expand the breadth of campaign finance review and reporting.

  The IEC will coordinate with election observation organizations such as FEFA and TEFA, civil society groups and the media to build their capacity and awareness on campaign finance issues and reporting requirements so that they are able to conduct independent campaign finance reviews.

5.3 The Candidate Asset Registration and Verification System is Strengthened

Asset registration of all candidates for all elections (Presidential, Parliamentary, Provincial Council, District Council, Mayors’ Elections, Mayor’s Council Elections and Village Council Elections) is required under article (43) of electoral law.

- Candidates for Parliament: All assets of candidates must be registered within a timeframe defined and published in the related electoral timeline.
- **Candidates for President**: The IEC begins the asset registration process during the candidate’s nomination process for presidential election. In total, four reports on the assets of each candidate are submitted quarterly to the IEC for review and verification. The candidates’ reports are entered into the IEC database, from which the analysis takes place. The IEC compares the reports received to the listed value of the assets. If there is a significant discrepancy, the IEC conducts the verification process on the candidate’s assets.

The current system has been in place for the last two national elections.

**5.3.a Challenges in the Asset Registration and Verification System**

The following identified challenges will be addressed in the National Transparency and Accountability Program:

1. **The IEC requires enhanced capacity to receive and review candidates’ asset registrations during the Provincial Council elections**

   The IEC’s current manpower compared to the number of candidates in the local elections is not sufficient to launch regional or provincial reviews of candidates’ assets. The IEC seeks the support and cooperation of political parties, media groups and civil society organizations to check on candidates’ asset registration to determine accuracy and full reporting.

   The IEC will continue their efforts under the National Transparency and Accountability Program to build the capacity and raise awareness of political parties, media groups and civil society organizations to look into candidates’ registered and unregistered assets.

2. **Need for improved political will to strengthen the legal framework on candidate asset registration and verification**

   As noted above, the IEC is in the process of establishing a working group to review the overall election monitoring process to identify gaps or weaknesses in the system and to determine an overall strategy to strengthen the framework. Members of the working group will include the IEC, MoF, members of Parliament, and representatives from civil society.

   In addition to the objectives discussed above, the group will review the strengths and weaknesses in the asset registration and verification system, and seek the cooperation and coordination of the MoF and civil society to triangulate their reporting information on candidates reported assets. The MoF currently has a list of reported assets through individual tax reports and documentation. The data can be compared to determine accuracy and whether the candidate fully disclosed their assets to the IEC. In addition, the IEC will coordinate with political parties, civil society groups and the media to support their efforts to verify candidates’ assets that are registered with the IEC.

   Currently, an international NGO is supporting IEC and also directly conducting an awareness raising and capacity building program that targets political parties, media and civil society groups on verifying and identifying candidates’ assets. As part of the program, the NGO
hosted a study trip to Bosnia to learn about Bosnia’s electoral oversight system, including campaign finance and asset registration and verification system. The IEC intends to continue this activity in the National Transparency and Accountability Program.

5.4 IEC Establishes a Permanent Operating Mechanism for Voter Registration

Voter registration in Afghanistan is poor and the system needs to be improved. Currently, the IEC is working off of an early registration mechanism from the 2004-2006 elections that was intended to be a temporary mechanism. In 2008/09, the IEC updated the previous system by adding an addition data process to include two biometric systems (face and finger identification). However, the IEC notes that the system is not yet very reliable.

The IEC recognizes that a permanent voter registration structure and system needs to be established to encourage updated and timely voter registration prior to an election. An organized registration process will also support the IEC’s efforts to develop a reasonably accurate account of voter registration within the next five years. The IEC will also require the biodata of voters to link them to specific polling centers.

The IEC is looking into three options for the voter registration process:

1. **Improve the current voter registration system:** This option would require a thorough assessment of the current structure and mechanism to determine strengths and weaknesses, and to identify possible avenues of change and improvement.

2. **Collaborate with Government ministries:** The IEC is considering working with the Ministry of Telecommunication (MoT) and the Ministry of Interior (MoI) for civil and voter registration information. The IEC is in touch with the two Ministries. The concern under this option is how sufficient and timely their information will be for voter registration and establishment of a list of voters.

3. **Develop a new voter registration system:** The IEC is considering developing a new voter registry system. The new system will not replace the civil registry currently being conducted by the MoI and MoT, but will be an alternative source of information on citizen registration.

The assessment is ongoing, and the IEC anticipates the assessment to be complete by end of 2011.

5.5 Confidence-Building Program to Build Public Trust and Confidence

The IEC will work off their current outreach and awareness-raising activities to develop a strategic approach on improvement and regaining the trust and confidence of the Afghan people in the IEC and the election process. The National Transparency and Accountability Program will support the IEC’s efforts to improve their image and trust in the public through the development of a comprehensive National Public Outreach and Media Campaign.

The IEC is currently working on developing their strategy to address the issues raised during the 2009 and 2010 elections. It is anticipated the strategy will include:
• TV and radio interviews/news programs that bring the IEC, political officials and civil society together to discuss the issues raised during the 2009 and 2010 elections
• Regional roundtable discussions with members of the IEC and civil society
• Improved IEC services to the public on access to information, voter registration and information on voting centers
• Effective coordination and communication with different stakeholders and information dissemination on timely and transparent manner.

The IEC intends over the next three years to improve their image and trust among the public, in addition to continuing their efforts to build public trust and confidence in the Afghan electoral process.
VI. PROGRAM IMPLEMENTATION THREE-YEAR FRAMEWORK
The three-year National Transparency and Accountability Program aims to build trust in and legitimacy of the Government and an enabling environment for social and economic development. See Annex for a detailed Implementation Plan.

VII. MONITORING and EVALUATION
The Government of Afghanistan is implementing a new, innovative system to conduct monitoring across all National Priority Programs. It requires a three-year implementation that outlines general activities to outputs, and outputs to outcomes. These plans will be further detailed each 100 days, in order that all activities are monitored to ensure programs stay on track. Progress will be reported by the Cabinet, and the Standing Committees of the Joint Coordination and Monitoring Board (JCMB), and will include a quantitative percentage of actions completed, and a qualitative narrative analysis. This will allow the government and the international community to ensure programs are fulfilling obligations, and to take corrective measures immediately if a program is off course.

Further, the same system will be codified at higher level, with a separate methodological tool, and will work with the Ministry of Economy/Central Statistics Office or other bodies as required, to measure outcomes over time. These results will also be reported at appropriate intervals in the Cabinet, and the Standing Committees of the JCMB.
VIII. IMPLEMENTATION REQUIREMENTS

Table 6. Planned Technical Assistance Requirements

<table>
<thead>
<tr>
<th>COMPONENT</th>
<th>TECHNICAL ASSISTANCE</th>
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<tbody>
<tr>
<td>HOO capacity building and awareness raising workshops on the Anti-Corruption Law and other technical and skills development areas will need technical support and guidance of an international consultant to develop appropriate workshop materials and develop a concise training plan and curriculum. The international consultant will advise and support HOO’s efforts to build the capacity of HOO technical staff on particular areas and functions of the Anti-Corruption Law.</td>
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<tr>
<td>Ministry workshops on the Anti-Corruption Law and on other transparency, accountability and good governance themes will be conducted by the HOO. The workshops plans, curriculum and materials will need to be developed, tested, finalized and produced. An international consultant or firm will be required to develop and test the Anti-Corruption Law workshop curriculum and materials; a printing firm will be required to print the workshop materials.</td>
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<tr>
<td>HOO will host a series of roundtables on the Anti-Corruption Law that will be broadcast on national and regional radio programs. The HOO will require the services of a national or international media organization to help develop and broadcast these roundtables.</td>
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<tr>
<td>HOO will sponsor alternative media programming and communication initiatives, such as short TV dramas, community theatre, feature articles and documentaries on anti-corruption initiatives in Afghanistan, and other initiatives that support education and awareness raising of the efforts of the Government and civil society on combating corruption in Afghanistan. The HOO will require the services of a national or international media or civil society organization to help develop and implement these initiatives.</td>
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<tr>
<td>The CAO capacity building and awareness raising workshops on the Audit Law will need technical support and guidance of an international consultant to develop appropriate workshop materials and develop a concise training plan and curriculum. The international consultant will advise and support CAO’s efforts to build the capacity of CAO technical staff and the internal audit staff of Government Ministries on particular areas and functions of the Audit Law.</td>
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<tr>
<td>The CAO will sponsor a series of workshops and seminars for parliamentarians, civil society and media groups on the Audit law with the technical support and guidance of an international consultant or firm. The CAO will also seek the support of the international consultant or firm on their efforts to utilize visual and print media sources to raise awareness of the Audit Law to the broader Afghan community.</td>
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<tr>
<td>The HOO/MoJ capacity building and awareness raising workshops on the Penal Law will need technical support and guidance of an international consultant to develop appropriate workshop materials and develop a concise training plan and curriculum. The international consultant will advise and support HOO/MoJ’s efforts to build the capacity of MoJ technical staff and the staff of Government Ministries on particular areas and functions of the Penal Law.</td>
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<tr>
<td>COMPONENT</td>
<td>TECHNICAL ASSISTANCE</td>
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<tr>
<td>• The MoIC seeks the support and guidance of an international consultant or firm to facilitate the working group meetings, drafting and review of the first full draft of the Access to Information law.</td>
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<tr>
<td>Objective 2: Strengthening accountability mechanisms</td>
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<tr>
<td>• The HOO seeks the support and guidance of an international consultant or firm to facilitate the development of the inter-ministerial committee that coordinates the Government’s anti-corruption efforts, particularly on the top three anti-corruption priorities of each Ministry and the complaints system established or to be established within each Ministry.</td>
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<tr>
<td>• The MoF/Internal Audit seeks the support and guidance of an international and national consultant team to support efforts across all functions proposed.</td>
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<tr>
<td>• The CAO seeks the support and guidance of an international consultant team or firm to develop appropriate workshop materials and develop a concise training plan and curriculum aimed at building the capacity of CAO auditors on (1) the international standards surrounding the Qatia audit function, in addition to the auditing tools and methodology according to international standards and best practices; (2) planning and conducting institutional risks analyses according to international standards and best practices; (3) developing the international standards surrounding the function of regularity and performance audits, in addition to the auditing tools and methodology according to international standards and best practices.</td>
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<tr>
<td>• The CAO will sponsor a series of workshops and seminars for parliamentarians to build Parliament’s capacity and understanding of the audit function and what type of information they need to make educated and sound decisions. The workshops and seminars will be developed with the technical support and guidance of an international consultant or firm.</td>
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<tr>
<td>• The CAO will sponsor study tours to countries within the region and internationally.</td>
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<tr>
<td>• The CAO seeks the assistance of an international and national consultant team or firm to support their efforts to develop performance audit standards, in addition to developing the skills in planning and conducting performance audits.</td>
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<tr>
<td>• The CAO seeks the assistance and support of a national and international consultant team or firm to conduct a human resource mapping assessment, in addition to advising the CAO on the development of specialized audit sections with in the CAO. The CAO also seeks the support of an international consultant or firm to develop a human resource plan to rotate specialized CAO auditors among departments, in addition to developing appropriate workshop materials and concise training plans and curricula aimed at building the capacity of CAO auditors within the specific technical areas.</td>
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<tr>
<td>Objective 3: Introducing transparency initiatives</td>
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<tr>
<td>• The HOO/Asset Registration and Verification Department seeks the support and guidance of a full-time senior international consultant and a short-term team of international technical advisors to support efforts across all functions proposed.</td>
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<tr>
<td>• ANSA seeks the assistance and support of an international consultant or firm to provide technical assistance and advice on the development and implementation of National Standards on the importation of goods.</td>
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</table>
The HOO seeks the assistance and support of an international consultant or firm to provide technical assistance and advice the design, planning and implementation of the National Anti-Corruption Campaign. The HOO capacity-building and awareness-raising workshops within its National Anti-Corruption Campaign will also need technical support and guidance of an international consultant to develop appropriate workshop materials and develop a concise training plan and curriculum.

The IEC seeks the assistance and guidance of a national or international consultant or firm to develop its five-year strategy, in addition to its strategic approach and implementation to raise awareness and build the confidence of the public on the IEC’s activities to improve the transparency, efficiency and effectiveness of the elections.

The IEC seeks the assistance and guidance of a national or international consultant or firm to build the capacity and raise awareness of political parties, media groups and civil society organizations to look into candidates’ registered and unregistered assets.
Procurement Plan

Table 7. Planned Procurement Per Component

<table>
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<tr>
<th>COMPONENT</th>
<th>GOODS</th>
<th>SERVICES</th>
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**Objective 1: Further legal and institutional development**

- Equipment and materials for the workshops, trainings, seminars, and roundtables conducted under this component.
- Basic stationery items for the public outreach and awareness raising campaign
- Equipment and materials for the working group on the Access to Information Law.
- See Table 7 for detailed Planned Technical Assistant requirements

**Objective 2: Strengthening accountability mechanisms**

- Equipment (projector, projector screens, computer/IT equipment) and materials for the inter-ministerial coordination meetings.
- Equipment, furniture and materials for HOO regional office expansion
- Equipment, furniture and office space for discreet face-to-face interviews (HOO Complaints Management System)
- Computer components for HOO database upgrade, computers and software, and post-paid cellular phones for Complaints Mechanism in HOO HQ and proposed regional offices
- Stationery and field research and auditing tools (HOO, CAO, MoF/Audit Division, Arazí)
- Workshop and training equipment and materials (CAO, MoF, Arazí)
- Equipment, furniture and materials for CAO regional office expansion
- Equipment and materials for specialized/technical audit divisions established within the CAO
- Equipment and materials for fraud and corruption unit established within the CAO
- See Table 7 for detailed Planned Technical Assistant requirements
- Lease agreement for HOO’s and CAO’s four regional offices
- Post-paid cellular phone service for HOO Complaints Hotline Center expansion at HQ and in regional offices
- Reliable high-speed internet service with expanded email storage capacity
COMPONENT | GOODS | SERVICES
--- | --- | ---
| • Computer components for CAO database upgrade, and computers and software for auditors in HQ and proposed regional offices | • Equipment and materials for the workshops, trainings, seminars, and roundtables conducted under this component (HOO, IEC).  
  • Basic stationery items for the public outreach and awareness raising campaign (HOO, IEC).  
  • Equipment, furniture and materials for the public outreach and awareness raising campaign (HOO, IEC).  
  • Computer components for IECs database upgrade, and computers and software for the voter registration system | • See Table 7 for detailed Planned Technical Assistant requirements

Objective 3: Introducing transparency initiatives

IX. CHALLENGES, CONSTRAINTS AND SOLUTIONS

The realities of Afghanistan provide many challenges and constraints to building public trust in and legitimacy of the Government and an enabling environment for social and economic development. Careful analysis of these challenges and constraints however always provides room for finding new and innovative solutions to address these challenges in Afghanistan. In addition to the challenges and constraints detailed in the Situational Analysis at the beginning of the document, the following are significant challenges and constraints to the successful implementation of Program 2:

- **Security:** Without doubt, one of the largest challenges to implementing Program 2 across Afghanistan is that of lack of security. Insecurity impacts the Program’s ability to recruit and maintain qualified field personnel, reach out to targeted beneficiaries, oversee and monitor Program activities in the field, and program sustainability.

  **Solution:** Develop and implement a comprehensive operational security protocol that incorporates daily security reviews and briefings, triangulating security information with relevant authorities, and maintaining daily logistics of Program staff in the field. Program 2 will also develop outreach efforts that are appropriate for the security situation and cultural norms in the areas they operate.

- **Dispersed population and geographical problems; cultural barriers:** Much of the rural and semi-urban population in Afghanistan is located in remote areas, which are often difficult to access in the warmer months and near-impossible during the winter months. Many of these communities
are culturally unique and knowledge of local customs and norms is necessary to earn the trust and support of local communities.

Solution: Program 2 Implementing Partners will utilize a dual approach in implementing activities in these areas: hire directly from the local area or subcontract project implementation to regional NGOs who have the local knowledge, current or recent presence in the targeted areas, and expertise to successfully implement project activities.

• Capacity of implementing institutions: Though there have been efforts to support and build the capacity of Afghanistan’s Ministries, there are still many institutional challenges in this area. The Supreme Court (SC), Attorney-General's Office (AGO), and Ministry of Justice (MoJ) need to build on a basic knowledge on international best practices and international legal frameworks on anti-corruption, transparency, accountability and good governance related issues; poor adjudication, investigation, and legislative capacities; are hampered from achieving true efficiency in a highly bureaucratic administrative system; and have a limited number of judges, prosecutors, and other personnel. The enforcement of the various laws that support anti-corruption efforts through legal authorities is significant for tackling public corruption and Afghan law enforcement agencies play a critical role here.

Solution: Program 2 intends to tackle this constraint by supporting efforts to strengthen the legal framework and build the capacity and raise awareness of implementing institutions on their role and authority in preventing corruption.

• Lack of political will or support: Afghanistan is facing significant security, political, economic, and social challenges as it works to progress from being a conflict to a post-conflict country. Maintaining the political will and support to ensure public accountability and transparency may be challenged regularly by competing interests within the Government and among the Afghan people generally.

Solution: Continued outreach, advocacy and awareness-raising among implementing partners will be necessary to ensure their continued support and buy-in to the Program 2 mandate. In addition, Program 2 will continue efforts to raise awareness among government officials on Afghan law and international standards on transparency, accountability and good governance, and the general public on the Government’s efforts to combat corruption and promote transparency and accountability among all Government institutions.

In addition to the constraints listed above, additional constraints to the successful implementation of the National Transparency and Accountability Program sub-sector strategy include:

- Uncertain commitment of donors in supporting implementation, capacity building programs, logistics and functioning.
- Unwieldiness of implementing partners’ bureaucracy and administration, which may cause delays in recruitment of staff, implementation of Program activities, budget disbursement and procurement of necessary skilled contractors, goods and equipment.
Careful planning of activities and community involvement and visible and progress is the foundation of addressing mitigating risks and finding new and innovative ways to overcome constraints.
X. COSTING AND BUDGETING
The budget for the National Transparency and Accountability Program (Program 2) is ### USD over a three-year period.

ANNEXES
- Annex 1: Complaints Management System in detail
- Annex 2: Ministry Anti-Corruption Priorities and Action Plans
- Annex 3: Components of an Internal Audit Review
- Annex 4: National Standard Development Process
- Three Year Program Results and Implementation Framework
- Program Costing and Budgeting
ANNEX 1: COMPLAINTS MANAGEMENT SYSTEM

Stage 1: Complaint Receipt and Initial Review

HOO’s pilot CMS is designed based on the international best practices of established complaints management systems in other countries. HOO’s Information Gathering Section oversees the complaints receipt mechanism, which currently consists of five methods of receiving complaints:

- **Face-to-Face Interviews**: Trained male and female interviewers conduct discreet one-on-one interviews with the complainant (victim) on a claim of public corruption.

  HOO uses a two-person team consisting of a qualified lead and support interviewer for all face-to-face interviews. All face-to-face interviewers are required to have an advanced degree, preferably in law. The teams are put together based on the nature of the complaint and the level of corruption alleged by the complainant. Female complainants (victims) are provided the option to be interviewed by a female interviewing team. In addition, interviewing teams are put together based on the primary language of the complainant.

  A general questionnaire is used to track information on the complaint during the primary interview. Each interviewer is required to put their name on the interviewing sheet. The initial interview records the nature of the case, identifies physical evidence that can be handed over to the HOO, and other relevant information. As necessary, a second interview will be conducted to clarify the information gathered and verify the accuracy of the data. All face-to-face interviews are held at the HOO’s Kabul office.

  Completed questionnaires are given a specific case number and file to track the case throughout the review process. Although most victims decline to provide identifying (personal) information, information that the interviewers are able to obtain is recorded on the interviewing sheet and later entered into the database.

- **Hotline Center**: Trained male and female interviewers conduct discrete telephone interviews with the complainant (victim) on a claim of public corruption.

  The Hotline Center is based in the HOO’s Kabul office. A general questionnaire is used to track information on the complaint during the primary interview. During the hotline interview, the interviewer records the nature of the case, identifies the potential for documentation or other physical evidence to support the corruption claim, obtains the contact details of the complainant (if possible), and determines whether a face-to-face interview is necessary. Each completed questionnaire is given a case tracking number and file. Each interviewer is required to put their name on the interviewing sheet.

  Completed hotline questionnaires are given a specific case number and file to track the case throughout the review process. All information obtained on the complaint is recorded into the database. Although most victims decline to provide identifying (personal) information, complainants who are requested to come in for an interview either provide their information, or show up at the HOO office as an “anonymous” complainant.
- **Complaints Box:** Complaints boxes are located in most Ministries in discrete locations.

Thirty-seven out of the fifty complaint boxes are installed in Ministries located in Kabul. Some Ministries have more than one complaint box. For example, in the Ministry of Interior, there is a box located within the Ministry in Kabul and a box within the Customs Department due to a higher possibility of corruption complaints.

The complaints are picked up on a monthly basis by the Complaints Hotline Center interviewers. HOO prefers to have the complaints picked up on a weekly basis, but budget and staffing constraints only allow them a pickup of once a month. The head of the Information Gathering Section reviews each complaint to determine if the complaint is related to a corruption issue. All corruption related complaints are then forwarded to the Director of the Complaints Management and Information Gathering Department to make the final determination of whether the complaint should move forward in the process.

*Constraints* – HOO noted that there is difficulty in gathering the complaints due to the difficulty of obtaining access to the box due to security restrictions entering the compound. In this scenario, the HOO has contacted the relevant authorities at the Ministry or department, but has not been able to reach an amicable solution. In some instances, the complaint boxes are broken or have been broken into by unknown people.

Staffing has been another major constraint to gather, review, document, categorize and respond to each complaint received in the Complaints Boxes.

- **Email:** HOO set up a separate email address to receive complaints electronically. All complaints received follow the above procedures similar to the Complaints Box mechanism.

Once the complaints are in the system and given an identifying number, qualified and trained personnel review the complaints to determine (1) if the complaint deals with a corruption issue; (2) if the complaint address other issues within HOO’s mandate; or (3) if the complaint does not fall under the corruption umbrella or under the HOO mandate.
Complaints are categorized and submitted to the Director of the Complaints Management and Information Gathering Department for review. The Director determines the level of complaint; those considered of higher importance will be sent to the HOO Case Tracking and Oversight Department for immediate review and action. Otherwise, the Director will establish committees to review “categorized” complaints to determine next steps.

**Stage 2: Complaint Review, Investigation and Forwarding**

Once the complaint is received in the Case Tracking and Oversight Department, a case team is set up to investigate the claims made by the claimant, re-interview the claimant and review all case related documentation obtained during Stage 2.

Of note, without the complainant’s information, a complaint against a certain individual cannot move forward. Therefore, at this stage, it is critical for the complainant to provide his/her information in order for a complaint against an individual can move forward.
Once a corruption claim is received by the Case Tracking and Review Department from the Complaints Management and Information Gathering Department, the Director reviews the case and determines whether the claim is in fact related to corruption. Two options exist for all complaints received by the Case Tracking and Review Department:

3) If the claim is not directly related to a corruption issue under the mandate of the HOO, the claim will be forwarded to the relevant Government institution. In this scenario, the Director will inform the Case Tracking Department that the claim is forwarded to a relevant Government agency outside of the HOO to address.

4) If the claim is directly related to a corruption issue under the mandate of the HOO, the claim moves forward in the HOO Complaints Management System and a two-member team (or committee) is established to handle the case.
ANNEX 2: MINISTRY ANTI-CORRUPTION PRIORITIES AND ACTION PLANS

1. Accepting and Monitoring Priorities and Plan

The Oversight Department at HOO is responsible for reviewing all Ministry anti-corruption priorities and action plans. It uses pre-determined criteria to determine whether the priorities meet the requirements and whether the action plan incorporates the critical steps necessary to address the identified priorities. The pre-determined criteria include whether the three anti-corruption priorities are in-line with the National Anti-Corruption strategy, the suggestions and commitments from the January 2010 London Conference, and the ANDS benchmarks.

Once approved, the Oversight Department sends the Action Plans back to the line ministries for implementation. The Ministries are required to report progress and implementation constraints on a monthly basis. All reports are verified by the HOO Oversight Department by checking records and verifying the accuracy of completed or ongoing activities.

If the Ministry is found not to be in compliance with their Action Plan, the HOO sends an official letter to the Ministry detailing their findings, any inaccuracies in their monthly reports, and recommendations for addressing their non-compliance. An HOO Oversight Department team will meet with Ministry officials to review the Action Plan, the gaps in implementation and the Ministry’s monthly report to determine how the issues identified can be addressed. At this time, it may be recommended that a change in course is necessary to address the anti-corruption priority in a different manner. Further monitoring will be required by HOO over the next month to determine whether the recommended changes are taking place and the Ministry is compliant with their Action Plan.
2. Rejecting Priorities and Plan

If the HOO Oversight Department does not find the Ministry’s priorities and action plan to meet the established criteria, HOO informs the ministry by official letter citing specific reasons why the recommendations and plan are rejected. The HOO Oversight Department will meet with Ministry officials to review their priorities and discuss whether the priorities meet the criteria. In addition, the action plan will be reviewed to determine gaps or inconsistencies in the Ministry’s planning.

The HOO Oversight Department will designate a team to support the Ministry’s efforts to identify three anti-corruption efforts relating to the criteria and to apply corrective measures to the action plans to address gaps or inaccuracies.

The Ministry will resubmit their revised three anti-corruption priorities and action plan to the HOO Oversight Department for their review and approval. If accepted, then the action plan will be gin the implementation cycle as noted above. If rejected again, the HOO continues providing technical assistance to the ministry until the priorities and action plan are accepted.

Table 8. Reasons and Constraints of Rejected Priorities and Action Plans

Common reasons for rejection:
- Priorities are too general or were not specifically identified
- Activities were vague or had no timeline in the Action Plan
- The Action Plan did not address the priorities
- Priorities are not related to anti-corruption

Outcomes and Constraints:
- No action to date to improve and resubmit Priorities and Action Plans by rejected Ministries and Institutions
- Lack of cooperation among Ministries and Institutions with their designed HOO advisory committee
ANNEX 3: COMPONENTS OF AN INTERNAL AUDIT REVIEW

Components of an Internal Audit Review

In support of the mandate outlined in Article 61, the MoF’s Internal Audit Department provides guidance and leadership to the Internal Audit Department within Line Ministries through the provision of technical assistance, training and support in the implementation of internal financial and accounting audits.

The MoF’s Internal Audit Department uses a three-pronged approach to provide technical assistance to the Internal Audit Department within Government Ministries:

- **Assessment of Ministry’s Internal Audit Function**

  The MoF’s Internal Audit Department will conduct an assessment of the Ministry’s entire internal audit department and its systems. The MoF, Internal Audit Department will designate a representative team of three to four qualified and trained internal public auditors to conduct the evaluation of the Ministry’s Internal Audit Department, with a particular focus on assessing the capacity and framework of the department to conduct an internal audit. The team will determine if the Department has conducted any internal audits to date and review their findings and proposed recommendations. The MoF team will also assess the Department’s staff by conducting face-to-face interviews and reviewing their understanding of the role, responsibilities and mandate of the Ministry’s Internal Audit Department, and how their position plays a role in the internal audit process.

  The MoF team will submit an assessment report detailing identified capacity gaps within the department and weaknesses in the current internal audit mechanism in the Ministry. The team will also propose recommendations to address the identified gaps and weaknesses. The assessment report is submitted to the relevant Ministerial authorities, such as the Minister, Deputy Minister and the DG of the Ministry’s Audit Department.

  Based on the report’s findings, an on-the-job training plan is developed to strengthen the Ministry’s Audit Department.

- **Classroom and On-the-Job-Trainings**

  Three to five day training workshops are conducted for the Ministry’s internal auditors to provide a review of the MoF’s internal audit tool kit and to target the skills and technical gaps identified during the assessment. The training also targets topics such as process auditing, collections, and revenue.

  In addition, the head of the Ministry’s internal audit department will review the MoF Audit Team’s findings from the assessment and the solutions to address the issues identified during the assessment. The MoF audit team will support the department head’s
review of the assessment by providing best practices and lessons learned from similar situations.

- **Revenue Process Audit**

  The revenue process audit is used as a way for the MoF audit team to assist and train the targeted Ministry’s internal audit team. A team of two to three auditors will assist the targeted Ministry’s internal auditors in conducting the Ministry’s revenue audit. Once the audit is complete, the MoF audit team, along with the support the Ministry’s internal auditors prepares the report for submission to the targeted Ministry’s relevant authorities, such as the Minister, Deputy Minister and/or the DG of the Ministry’s Internal Audit Department. The audit report will be signed by the targeted ministry’s internal audit head and will become the property of the targeted ministry.

  The MoF Internal Audit Division will work with the targeted Ministry’s Internal Audit Office to establish an implementation plan according to the recommendations outlined in the audit report and based on the respective Ministry’s current capacity. Further, the MoF’s Internal Audit Division will continue to support and provide additional training to the targeted Ministry’s Internal Audit Office.
ANNEX 4 – NATIONAL STANDARD DEVELOPMENT PROCESS

The six-stage process of National Standard development includes:  

**Stage 1: The Proposal Stage – the identification of the need for a standard**  
The first step in the development of a national standard or adoption of an international standard is to confirm that a particular standard is needed in Afghanistan. This can arise from the perceived need of any of the stakeholder groups, such as MAIL or MoPH, or it can develop from an analysis of future needs by ANSA.

**Stage 2: Preparatory Stage – screening and justification of the project need for a standard**  
Once a request for adopting an international standard is made to ANSA, the appropriate Technical Committee should review the proposal and determine it has justification or whether it fits in with the long-term program.

**Stage 3: Committee Stage – the technical committee prepares to adopt standard**  
A working group of experts, the chairman of which is the project leader, is set up by the Technical Committee for the preparation of a working draft. Successive working drafts may be considered until the working group is satisfied that it has developed the best technical solution to the problem being addressed. The Technical Committee should prepare a project plan with priority assessments and target completion dates. If the Technical Committee determines that modifying the existing international, regional or another country’s national standard, the following factors should be taken into account.

Modifications should only be made for specific scientific or economic criteria, rather than to artificially “tailor” them to the country (this process would create a new technical barrier to trade). Factors that are unique to a country or region, such as temperature (absolute and diurnal range), humidity, soil conditions, salinity, cultural issues, economic limitations, and so forth should be established in a technical memorandum and, once detailed, no variations from this list of criteria should be permitted.

**Stage 4: Enquiry Stage**  
The committee Draft Code will be provided for comments/recommendations by relevant entities, industry and professionals. However, ANSA could decide to skip this stage mostly in cases that international standards are adopted in their entirety.

**Stage 5: Approval Stage**  
As soon as the final draft is prepared within the Technical committee based on consensus principle and editing of standard secretariat, prepared final draft of standard is officially proposed by secretariat of Supreme council of Standard for approval as National Standard.

**Stage 6: Publication Stage of the Approved Standard**  
Once a final National Standard has been approved, it will be announced and published by ANSA as a voluntary National Standard. The method of announcement and publication will be by listing in an official gazette, newsletter and ANSA’s website.

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16 If modifications are necessary, ANSA will follow ISO/IEC Guide 21:2005.