



PRESS RELEASE

Kabul, Saturday, May 6, 2017—Today MEC releases three reports:

1. MEC's review of Ministry of Commerce and Industries (MoCI)'s Anti-Corruption Plan
2. MEC's review of the Ministry of Finance (MOF) Anti-Corruption Plan
3. MEC's third follow up report on the Ministry of Public Health

1. Ministry of Commerce and Industries Anti-Corruption Plan

In 2016, MoCI developed its Anti-Corruption Plan (ACP) and announced its commitment to implementing it. MoCI's plan consists of 23 actions across 5 priority areas. MEC's findings are expressed in two broad areas: the general nature of the MoCI plan and the detailed progress of the action items in the plan.

General finding

The MoCI plan is seriously deficient, ignoring several well know areas of corruption.

Specific Findings

- MoCI is issuing business licenses faster than previous years. However, this is leading to new forms of corruption: Licenses are issued and renewed by Afghanistan Central Business Registry (SABT MARKZAE). It is one of the main revenue-hub for the Ministry of Commerce and Industries. But, a huge chunk of the money is lost due to tax evasion through bribery.
- To foster foreign investment in Afghanistan, Ministry of Commerce and Industries was expected to hire new Trade Attaches through a transparent process. However, despite the intention to make this a clean process, the recruitment seems to have been marred by political influences and interventions.
- The Industries Directorate (ID) of MoCI planned to identify usurped properties as part of its anti-corruption activity. ID has successfully identified around 2,265 acres of usurped properties and recovered 696 acres of them.

Completion of the plan – 35%

Of the 23 actions, 8 have been fully completed to date. MEC received no cooperation regarding 9 actions, so no statement can be made about any progress.

Full details are available in the report, available at

http://www.mec.af/files/2017_05_09_moci_ac_review_report_english.pdf

2. Ministry of Finance (MOF) Anti-Corruption Plan

MEC has reviewed the Anti-Corruption Plan of the MOF and the implementation progress of the ACP inside the ministry. For this report, MEC conducted face-to face interviews with 30 MOF officials and met with other stakeholders like businessmen and truck drivers. The field assessment was followed by a detailed review and analysis of the documents gathered to verify the descriptions and arguments revealed by the participants in interviews and focus group discussions.

Findings

The plan itself is very restricted and not proportionate to the large scale of the Ministry. The small number of activities may be an advantage – as it means it enables to be focused and with appropriate resources to achieve the planned effects and to make impact in the anti-corruption activities in the Ministry. On the other hand, many corruption issues in the Ministry are touched on.

MOF is a large ministry and one of the most susceptible to corruption: a plan with only 15 activities is not a broad one. For example, the scope of activity in the Afghan Revenue Directorate (ARD), which is the largest domestic source of revenue, is limited to two objectives and five activities. Administratively, the Deputy Ministry for Admin with 3 General Directorates and 13 Directorates has only one activity in the plan. In the Customs Department, seven activities identified by MOF Internal Audit Directorate are not even included in the plan.

Many of the actions were already largely complete before the plan was started

The MOF Anti-Corruption Plan was devised for the year of 2016-2017. Out of the 17 fully implemented indicators, MEC received documentary evidences showing four of them had been largely implemented before 2016. In addition, interviews with MOF officials and former employees reveal that the activities related to Afghan Customs and Revenue Departments (two thirds of all activities) had been largely implemented before 2016.

Progress as measured by indicators is at 34%

The 15 activities are divided into 50 indicators, each of which shows a certain progress made within an activity. Out of the 50 indicators: 17 are fully implemented (green), 3 are not implemented at all (red), 10 are implemented between 50 to 75 percent (yellow), 8 are implemented between 25 to 50 percent (medium yellow), and for 12 of the activities MEC received no evidence. So, it cannot independently verify the progress of these.

Full details are available in the report, available at
http://www.mec.af/files/2017_05_09_mof_ac_review_report_english.pdf

3. MOPH - Third Quarterly Monitoring Report April 2017

MEC published its analysis of corruption vulnerabilities in the Ministry of Public Health on June 4th, 2016, making 115 recommendations.

This is MEC's third follow-up report. In the current reporting period the evidence shows that progress has been maintained, with progress and actions initiated in new areas.

Progress in five areas are considered credible and substantial:

- Significant progress was again noted at the National Medical and Health product Regulatory Authority (NMHRA), which has replaced and superseded the General Directorate of Pharmacy. NMHRA has continued to pursue a multi-pronged approach to significantly reduce corruption, including an array of legal reforms, policy and technical changes, interventions on manufacturing and importation of drugs and medical products, aggressively expanding inspections, and systematically tackling internal complaints and customer service complaints.
- The MOPH has proposed new *Terms of Reference* for Health *Shuras* that will strengthen MOPH's accountability to the community and BPHS and EPHS implementers on a facility by facility basis. MOPH has sought World Bank support for the expanded functioning of Health *Shuras* across 112 Districts.
- A third significant development has been in the advancement of formal accreditation systems for the health sector, supporting Recommendation 3, "*Establish an independent accrediting entity to rebuild reliability, thoroughness, and integrity within the health sector.*"
- A fourth significant area of momentum was noted around complaint handling processes, regarding Recommendations 13 and 19, with extensive efforts shown toward encouraging greater public confidence in the integrity, responsiveness, and accountability of MOPH.
- The fifth significant achievement was noted in the translation of all MOPH policies into local language(s), and their routine distribution throughout MOPH and BPHS and EPHS implementers, as described in MEC Recommendation 5.2.

Full details are available in the report, available at
http://www.mec.af/files/2017_05_09_moph_3rd_followup_english.pdf

