



## MEC's Assessment of Corruption in 2017

Curiously, 2017 was the year of increased corruption as well as anti-corruption activities in Afghanistan. Here, we have looked at some positive and negative highlights of the year.

### Positive

The year began on an encouraging note with the evolution of the Anti-corruption Justice Center (ACJC) into an effective judicial device. Throughout 2017, the ACJC's continued to make dramatic progress in tackling corruption cases by finalizing investigations into a large number of corruption cases relating to Ministries of Defense, Interior Affairs, Urban Development, Communications and IT, Finance, the Electronic Identity Cards Directorate, Kabul municipality and Herat Provincial Council.

A number of customs officials, a District Chief in Paktika, a former shareholder of Kabul Bank, Chief of Kabul Police District 13 and an army corps commander with the rank of Lt. General were among officials who were arrested on various corruption charges.

In March, the Ministry of Defense announced that it had dismissed about 1,400 officials over corruption charges. According to the Ministry of Interior, by mid-year, at least 700 police officers, including 12 generals, appeared in ACJC courts on corruption charges.

Increased technical capacity allowed the National Procurement Authority to scrutinize a larger volume of government contracts with improved professionalism. According to NPA, it has saved the state \$350 million over 2,000 fuel, food and construction contracts, costing more than \$345 billion.

We are delighted that several of MEC's studies of vulnerability to corruption were received positively by the government and our recommendations were adopted as part of those institutions' reform regimes. MEC's Vulnerability to Corruption Assessment of Da Afghanistan Breshna Shirkat in December, Ministry-wide Vulnerability to Corruption Assessment of the Ministry of Education in November and Special Vulnerability to Corruption Assessment Report on the Attorney General Office in July are some of the major examples of MEC's contribution to the country's anti-corruption efforts in 2017.

A significant anti-corruption achievement in 2017 was removal of Afghanistan, after five years, from the gray list of countries with questionable banking systems. This was made possible as a result of efforts by the Financial Transactions and Reports Analysis Center of Afghanistan (FinTRACA), that achieved its goal of cracking down banking crimes. This will enable Afghanistan's financial system to gain global credibility and Afghan banks are now able to interact with international banks.

Perhaps the most fundamental event in Afghanistan's fight against corruption in 2017 was the adoption in September of the much-anticipated National Strategy for Combating Corruption. The strategy primarily focuses on the security sector, civil service recruitment, prosecutions and tracing the money trail. While some critics say that the National Strategy is not comprehensive, MEC thinks its particular targeted areas are consistent with the government's overall reform vision and renders its implementation more realistic.

## Negative

In January, 8AM Daily found that up to \$2 million dollars have been lost to embezzlement during the Hajj season of 2016, and that the contract was illegal. The same newspaper's detailed investigation revealed in June that up to 90 percent of the Ministry of Transport revenue goes to personal pockets instead of state treasury. MEC's review of MoT's anticorruption plan revealed that no serious step has been taken by the ministry to address its corruption vulnerabilities.

An inquiry by the television channel, Tolonews, found in June that hundreds of development projects are not being implemented each year and dozens more are either grounded to a halt or are moving at a snail's pace because of political pressure and interference by government officials, MPs and powerful figures.

In February, a Parliamentary delegation tasked by the Wolesi Jirga to assess appointments in the Ministry of Foreign Affairs (MoFA) announced that about 70 percent of appointments made at MoFA during the past two years had been illegal. This was followed in May by President Ghani naming the Ministries of Foreign Affairs and Interior Affairs as institutions where corruption persisted. He said appointments at MoFA are made on ethnic lines.

The Afghan Anti-Corruption Network revealed in March that corruption has increased in mining contracts at the Ministry of Mines and Petroleum. In June, President Ghani nominated a new minister to reform the ministry and review all contracts. Although the nominee was not successful in obtaining the Parliament's vote of confidence, she has continued to lead MoMP as caretaker minister. In July, the Minister of Finance said that income from the mining sector is reducing because of embezzlement in mineral resources by powerful individuals. By the year's end, the ministry and mining contracts remain marred with suspicions of widespread corruption.

The UN Assistance Mission in Afghanistan (UNAMA) said in April that many "non-merit based appointments were made possible, in part, by Presidential Decree No. 82, which shifted responsibility for the recruitment of grade 1 and 2 senior officials from Independent Administrative Reform and Civil Service Commission to individual ministries under the supervision of the commission's Appointment Board."

Some fundamental structural and procedural reforms were implemented at the Ministry of Finance, but overall, the ministry's reform process was very slow. In August, SIGAR reported that despite USAID's commitment to implement an e-payment system for collecting customs revenues, and the positive effect this system may have on curbing corruption, it is clear that it has failed to do so as the system remains unimplemented at many locations and is unused at most of the locations where it has been implemented.

While there have been tangible improvements in the MoPH after MEC's MVCA on the Ministry of Public Health, several areas in the health sector continue to remain vulnerable. The Medicine Importers Union claimed that at least 40 percent of medicine and medical equipment enter the country's markets illegally, while many of the pharmaceutical products continue to be of poor quality.

Although the Minister of Communications and IT was removed earlier in the year due to widespread corruption at the ministry, but particularly over increased dissatisfaction with the issue of 10 percent tax

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collection on top up mobile cards, 2017 ends with concerns that the method of 10 percent tax collection is still not addressed adequately and embezzlement continues in the ministry in this and other areas.

Corruption in most service delivery institutions continued and in some cases increased in 2017. Among them, the Ministry of Education and Da Afghanistan Breshna Shirkat, the country's distributor of electricity, were studied by MEC. We found that in spite of considerable investment by the international community, the depth and width of corruption reaches every aspect of the education sector. Vulnerabilities to corruption at Breshna are readily visible, but yet another year passed without any significant effort to tackle them.

Land grabbing remains one of the major corruption issues in the country. Some preliminary ground work has begun by the government to address it; no tangible affects were seen this year.

Civil service recruitment is one of the fundamental areas of corruption in Afghanistan. The National Strategy for Combatting Corruption reverts to the Independent Administrative Reform and Civil Service Commission (IARCSC) to tackle this issue. However, there is concern that perhaps the Strategy places more burden on the IARCSC than the institution could or should shoulder. For years the Commission itself has been marred with accusations of corruption and low capacity and needs time to reform itself.

One of the gravest shortcomings in the fight against corruption during 2017 was the inability to institute vital reforms in the two electoral commissions. In this failure MEC holds the commissions themselves, government, donors and the entire political elite of Afghanistan responsible.

And finally, in March, on the occasion of the 2nd anniversary of Farkhunda Malikzada's mob lynching in Kabul, the Center for Investigative Journalism published a report detailing the failure of the system in bringing the culprits to justice. The report claims that despite the findings of the Independent Association of Defense Lawyers, corruption in its various forms and in all relevant state institutions has prevented the Supreme Court to finalize this case.

The overarching concern is that although 2017 has witnessed many specific corruption allegations, many first steps for probes and even start of legal action, they were either not followed through or the results were not made public. The case of corruption allegations against Parliament Speaker and First Secretary is an example of a positive beginning by referring the case to the AGO. The end of the story remains hidden from the public. Similarly, the corruption allegations that were levied about the 2016 Hajj season, irregularities in the appointments and deployments of the Ministry of Foreign Affairs, finalization of the Farkhunda case and many more issues need to be followed through in a transparent manner to increase public confidence.

### **To Be Watched**

In 2018, the implementation of the National Strategy for Combatting Corruption will be closely watched. This will mean evaluating reform activities in the country's security sector. It will also entail monitoring of efforts in tracing the money trail and measuring the evolution of the ACJC to a full-fledged prosecutorial arm of the fight against corruption with increased professional capacity to move on to bigger cases. The reformation and capacity upgrading of the IARCSC will, undoubtedly, be observed closely by the national and international anticorruption watchdogs.

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Moreover, MEC will follow closely reforms at the Ministry of Education, Ministry of Public Health, AGO, Breshna and the CARD-F program at the Ministry of Agriculture, Irrigation and Livestock, as well as launch new vulnerability to corruption studies of the Ministries of Mining and Petroleum, Interior and Agriculture, the IARCSA, electoral commissions and the LOTFA fund.

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