

## 2. AFGHANISTAN

# POLITICAL PARTICIPATION FOR DEVELOPMENT EVALUATION IN SOUTH ASIA: AN AFGHANISTAN PERSPECTIVE

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### ACHIEVING SUSTAINABLE SOCIO-ECONOMIC DEVELOPMENT IS ESSENTIAL FOR AN EFFECTIVE STATE

There are growing pressures today on governments and organizations around the world to be more responsive to the demands of internal and external stakeholders for good governance, accountability and transparency, greater development effectiveness and delivery of tangible results.

Brenda Johnson Padgitt says, "A truthful evaluation gives feedback for growth and success."

Development evaluation is an objective assurance and consulting activity that adds value and improves ongoing operations. It helps to accomplish objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Validity, reliability, comparability and fairness are not just measurement issues, but social values that have meaning and force outside of measurement wherever evaluative judgements and decisions are made.

The M&E key institutions in Afghanistan are the Supreme Audit Office (SAO), the Ministry of Finance, the Parliament and the High Office of Anti-Corruption.

#### **Supreme Audit Office**

The Supreme Audit Office is the supreme audit institution of Afghanistan. It reports directly to his Excellency the President of Afghanistan in an independent and impartial way.

The main objectives of SAO are to:

- Protect public funds and take action against errors and irregularities regarding financial carelessness and the misuse of public property;
- Prevent illegal expenditures;
- Review the systems of control over government receipts and payments;
- Identify fraud and ensure that accused individuals are brought to justice;
- Certify the financial statements of government;
- Identify shortfalls in the government budget and provide guidance to minimize errors, shortcomings, overpayments and poor estimation for construction projects; and
- Guarantee the accuracy of aid and grants provided by donor countries.

Because of political changes in Afghanistan during recent years, SAO's membership in several international auditing organizations had been suspended. Fortunately, SAO has now regained its membership in the Asian Organization of Supreme Audit Institutions, the Economic Co-operation Organization Supreme Audit Institutions, and the International Organisation of Supreme Audit Institutions.

The Auditor General is SAO's most senior official (equivalent of a minister). He establishes policies and guidelines for SAO and is directly responsible to the President of Afghanistan. The Auditor General is assisted by two deputy auditors general, who are responsible for implementing SAO's audit plans and evaluating its audit findings. The deputy auditors also consider proposals to improve SAO's work processes.

SAO's rules and regulations are based on international standards, and its objectives encompass financial, accounting and economic monitoring of institutions such as ministries, public offices and organizations, government commissions, municipalities and banks.

SAO's audit work is intended to ensure:

- Transparency and accountability in accounting;
- Effective performance;
- Standardized audits that comply with international auditing standards;
- Protection of property (goods and cash);
- Reliable accounting and reporting;
- Proper implementation of the government's socio-economic development plan;
- Rules are followed and community and current needs for special sectors are met; and
- Accuracy in the expenditure of aid provided by donor countries.

SAO's methodology for monitoring and auditing is based on the International Organization of Supreme Audit Institutions' international auditing standards.

To achieve its objectives, SAO is committed to auditing more than 670 budgetary units each year.

Civil war in Afghanistan has damaged the core of SAO (and other institutions) and diminished opportunities for effective and continuous training. To overcome this problem and rebuild SAO staff capacities, the Transitional Government of Afghanistan has awarded a project to PKF, an international firm of accountants and auditors. This project is funded by the World Bank and provides technical support to SAO in order to enable it to carry out audit functions in accordance with international auditing standards.

### **Ministry of Finance (Internal Audit, Investigation and Evaluation General Directorate)**

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve Ministry of Finance operations. It helps the ministry accomplish its objectives by bringing a systematic, disciplined approach to evaluation and by improving the effectiveness of risk management, control and governance process. The mission of the Internal Audit, Investigation and Evaluation General Directorate is to:

- Provide effective internal oversight services in order to enhance economy in acquiring resources, efficiency in mobilizing the resources and effectiveness in meeting the goals and objectives of the Ministry of Finance; and
- Assist the Ministry of Finance and audit committee in the effective discharge of their responsibilities by providing analysis, recommendations, counsel and information concerning activities audited.

The directorate's objectives are:

- Ascertaining the level of compliance with established government laws, policies, procedures and plans (including behavioural and ethical expectations);
- Reviewing and appraising the soundness, adequacy and application of accounting, financial and other controls in place to achieve goals;
- Ensuring the economical, effective and efficient use of Ministry of Finance resources;
- Ascertaining the effectiveness with which Ministry of Finance assets are accounted for and safeguarded;
- Conducting special investigations; and
- Ensuring the integrity and reliability of financial and operational information produced by the Ministry of Finance departments.

The key role of the Internal Audit programme is to develop and implement audit procedures in line with government policy.

Article 61 of the Public Finance and Expenditure Management Law states: "The Ministry of Finance shall establish an Internal Audit administration and appoint auditors to audit the financial and accounting affairs of all state administrations. The auditors referenced in paragraph one (above) may require the relevant administrations to provide all information needed for auditing financial affairs."

## Parliament

The following articles of the Afghanistan Constitution authorize Members of Parliament for monitoring and evaluation issues.

### Article 89

The House of People shall have the authority to establish a special commission, on the proposal of one third of its members, to review as well as investigate the actions of the government. The composition and method of operation of the aforementioned commission shall be determined by the Regulations on Internal Duties.

### Article 90

The National Assembly shall have the following duties:

1. Ratification, modification or abrogation of laws or legislative decrees;
2. Approval of social, cultural, economic as well as technological development programmes;
3. Approval of the state budget as well as permission to obtain or grant loans;
4. Creation, modification and or abrogation of administrative units;
5. Ratification of international treaties and agreements, or abrogation of membership of Afghanistan in them;
6. Other authorities enshrined in this Constitution.

### Article 91

The House of People shall have the following special authorities:

1. Decide about elucidation session from each Minister in accordance with Article;
2. Decide on the development programmes as well as the state budget.

### Article 92

The House of People, on the proposal of twenty percent of all its members, shall make inquiries from each Minister. If the explanations given are not satisfactory, the House of People shall consider the issue of a no-confidence vote. The no-confidence vote on a Minister shall be explicit, direct, as well as based on convincing reasons. The vote shall be approved by the majority of all members of the House of People.

## High Office of Anti-Corruption

Taking into consideration the importance of combating corruption for stability and the sustainable development of Afghanistan, and recognizing the inability of existing institutions to deliver, H.E. President Karzai in July 2008 issued a decree establishing a High Office for Oversight and Anti-corruption. This law has been enacted in light of the provisions of

Article 7, item 3 of Article 75 and Article 142 of the Afghanistan Constitution and in accordance with the United Nations Convention against Corruption in order to oversee and coordinate the implementation of the Anti-corruption Strategy. The creation of this Office has fulfilled the requirement of Article 6 of the UN Convention against Corruption.

The High Office of Oversight and Anti-corruption is the highest office for the coordination and monitoring of the implementation of the Anti-corruption Strategy and for the implementation of administrative procedural reform in the country. This office is independent in carrying out its duties and reporting to the president.

## CURRENT SITUATION

More than one-third of Afghanistan's people live below the international extreme poverty threshold of \$1 per day. Decades of war and civil strife have caused widespread human suffering, changed the country's social and political fabric and left formidable challenges to recovery. In 2002, the immediate needs were to restore economic stability, rebuild institutions and provide basic services at a time when hopes had been raised that armed conflict might be ending. As it turned out, the poor security situation resumed after a brief respite, and the hostilities have severely impeded the operations of Afghanistan's development partners and overall progress on socio-economic development. With significant support from the international community, Afghanistan achieved some progress over the decade from 2002 to 2013. For example, it now has an elected government, a great deal of essential social and economic infrastructure has been built or reconstructed, and a large share of rural households enjoys access to schools, health services, water and irrigation facilities.

Nonetheless, based on indicators—per capita gross domestic product, poverty, child nutrition, primary school enrolment and literacy rates—Afghanistan remains one of the world's least developed countries. Despite attention to the problem, gender inequity remains an enormous challenge in all walks of life. The fragile nature of the country's natural environment, if not preserved carefully, poses considerable risks to its future well-being.

## KEY ACHIEVEMENTS

Operations in Afghanistan started and have continued under highly uncertain, extremely difficult and risky conditions. On average, people are living much longer; more children have access to education and everyone to health care; the economy has grown substantially; an independent media is in place; and women have made exceptional advances. The country can now make use of a network of rehabilitated and improved roads that allow more travel in less time. Of the seven intended airports, five have been built with good outcomes. A new 75-km rail line was completed ahead of schedule. Electricity is now available almost around the clock, compared to about 4 hours a day in 2002 in many provinces. Telecommunications companies performed the country's expansion plans and reached its subscriber target faster than originally anticipated.

## CRITICAL GAPS AND CHALLENGES

High-level international efforts to support Afghanistan have influenced the operations of all development partners. Despite agreements on levels of support, the approaches to be taken and the delineation of tasks, knowledge, human resources and procedures of Afghanistan's institutions are still not up to the mark. This lack of absorptive capacity has revealed itself in slow implementation of projects, frequent recourse to foreign consultants, low sustainability and market distortions.

In addition, Afghanistan's budgetary challenges will be increased by the spending required to take charge of the country's security after the withdrawal of foreign troops in 2014. It is vital that all aid agencies focus on sustainable development during this transitional period. Some new initiatives are being planned by the government, particularly in the infrastructure sectors, to introduce funding for operations and maintenance; however, it is too early to discuss the feasibility of these measures.

The government will need grants for a long time for development investment and recurring costs, which will now also include greater amounts for security. The International Monetary Fund and the World Bank have estimated that the country is likely to achieve partial fiscal sustainability, defined as domestic revenues covering operating expenditures, but not until 2024–2025. The financial squeeze likely to occur in the intervening period may cause further security and sustainability issues.

## RECOMMENDATIONS

It will be important to carefully assess the security situation, financial and fiscal sustainability, and institutional capacity while coordinating with key development partners to make complementary efforts. Future programmes should continue to focus on infrastructure and capacity development in the government; sectoral strategies should be based on analyses of industrial and agricultural demand and the population's socio-economic needs.

Developing and closely monitoring a long-term capacity development and governance improvement plan carefully tailored to Afghanistan's unique circumstances is required. The current government's short history, weak cooperation between central and local governments, and public-sector staff with limited education levels and low salaries require that capacity development efforts be shaped to the country's specific circumstances and challenges. Further, the country context requires better coordination by development partners. Operations need to explicitly strengthen governance in order to maximize the effectiveness of development support.