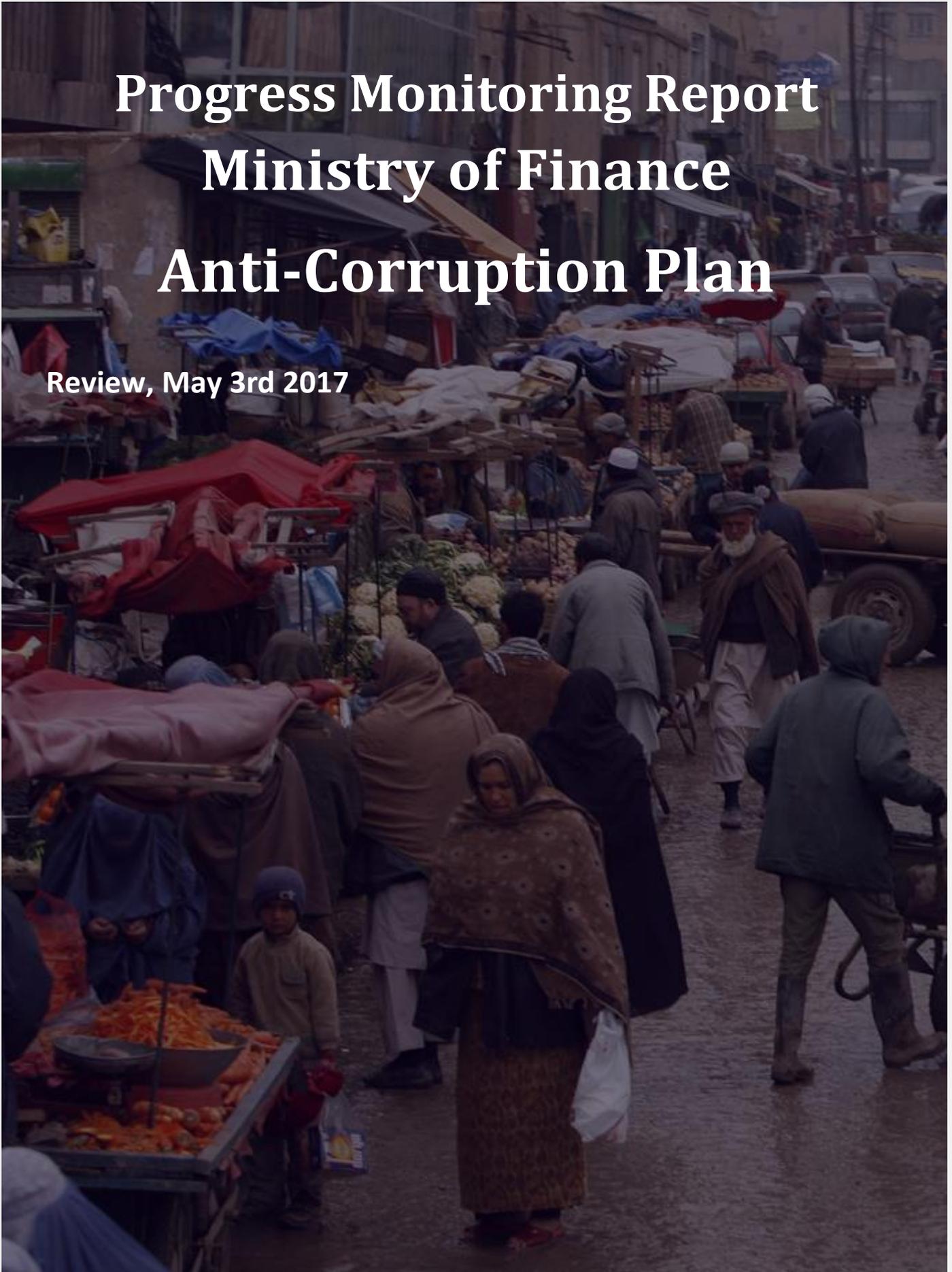


# Progress Monitoring Report Ministry of Finance Anti-Corruption Plan

Review, May 3rd 2017



# Executive Summary

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Currently, Afghanistan Government relies very heavily on the international community aid to finance its domestic costs. To move away from this reliance, curbing corruption in the revenue generating ministries and in particular Ministry of Finance (MOF) is of great importance. MOF is also vital because of its nationwide public financial management function.

MOF has devised an Anti-Corruption Plan (ACP) with six objectives and 15 activities. The first five of the activities relate to the Afghanistan Customs Department (ACD), the next five activities relate to the Afghanistan Revenue Department (ARD), and the remaining five relate to other Deputy Ministers and General Directorates across the MOF.

MEC will be doing regular reviews of Ministry anti-corruption plans. This is the first review of the Finance Ministry Anti-Corruption Plan for the year of 2016-2017.

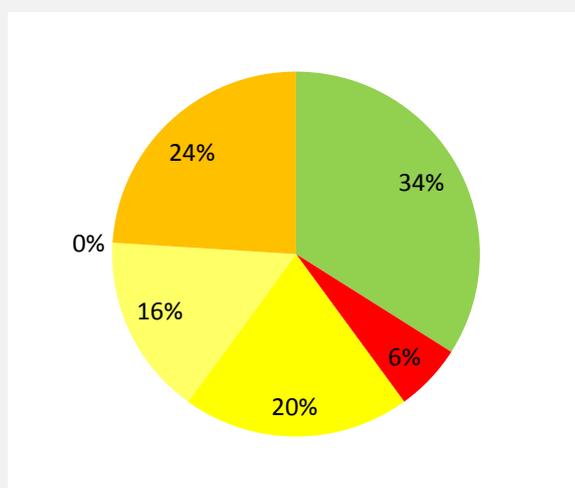
**The plan itself is very restricted and not proportionate to the large scale of the Ministry.** The small number of the activities may be an advantage – as it means it enables to be focused and with appropriate resources to achieve the planned effects and to make impact in the anti-corruption activities 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 one most susceptible to corruption: a plan with only 15 activities is not a broad one. For example, the scope of activity in 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. **The huge scale of MOF means that there need to be 5 separate anti-corruption plans, one each for customs, revenue, etc.**

## **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.

**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.

The limited scope of the plan and the inclusion of actions that were already known to be largely complete strengthen a worry that the MOF ACP was a first attempt at a proper plan that was intended primarily to satisfy the International Donor Community in the Brussels Conference in October 2016.

### **Poor cooperation of MOF staff with MEC**

MEC faced a lot of resistance from MOF staff during the review of the Anti-corruption plan of the Ministry. The fact that another institution monitors progress against corruption in MOF is not well accepted. Many staff of MOF was therefore not as cooperative as they need to be. Some were friendly in interview but not willing to provide evidence like the Director General of Property. Some were friendly and willing to share information in some areas but not in other areas like General Directorate of Audit Department. Some were not friendly, taking too much time to set a meeting but nonetheless willing to provide evidence like the ARD Legislation Department. Some were not friendly, taking too much time to set a meeting, and not providing evidence like General Directorate of Budget. Some were aggressive like Kabul Customs Department.

## **Recommendations**

**1. Tracking progress:** Currently, there is no single unit in MOF designated for the development and progress of MOF ACP. MOF should establish a body within the ministry to actively measure the progress and impact of the ACP and to report progress publicly every 6 months

**2. Second phase:** MOF should develop a second phase of their anti-corruption plan, to commence in 2018. The second phase plan should be more deeply rooted and more comprehensive. In this second phase, MOF should consider splitting the plan into 5 formal sub plans. More specific suggestions follow:

The second phase plan should extend to all key areas across the ministry.

MEC suggests that the plan should include all the areas susceptible to corruption and aim to minimize any chances of corruption. The following departments are critical: Large, medium and small tax payers offices; the SOE with special focus on Northern cola enterprise, Afghan gas, Afghan fertilizers; the department in charge of transit trade; the department in charge of property; the department in charge of other revenue generating investment assets such as Breshna and hotels owned by MOF; the customs department

MOF should ask for the input of stakeholders from both governmental and non-governmental organizations for the development of a more effective ACP.

The second phase can be usefully broadened by taking an inter-directorate approach towards particular issues.

### **3. Integrity, ethics and accountability**

- Asset registration and verification of all high-ranking CRD officials should be included in the plan.
- Code of ethics establishing clear procedures for declaring conflict of interest and nepotism and other forms of influence need to be effectively in place.
- To enhance transparency, an online complaint hearing mechanism should be developed so that the progress and result of complaints can be monitored by high ranking officials.

### **4. Actions on Customs anti-corruption**

- As the job towards computerization is making progress, MOF should develop a stronger oversight mechanism to ensure the integrated digital systems are used properly by the MOF officials.
- The Customs and the Revenue departments are intricately linked and form the main sources of domestic revenues in Afghanistan. They have been merged into the Customs and Revenue Department (CRD). Collaboration at Ministerial, Director General and Director levels between these two departments should be increased in a formal, consistent and regular fashion to optimize both departments' extensive data, resources and reach into the Provinces.
- MOF should establish a highly specialized investigative body comprising of Customs and Revenue Department officials with both private sector and tax knowledge and experience (familiar with SIGTAS, ASYCUDA, and other computerized systems) to constantly and randomly check the performance of CRD staff.
- With regard to customs, MOF should consider putting in place an independent body to keep track of all in and out bound goods
- The Afghan Customs Department, in accordance with best practices of WCO, should move towards operational independence.
- Legislative reforms are needed to minimize the role of brokers to the extent practically possible.

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## Annex: MOF anti-corruption plan

## ACRONYMS

ACD	Afghanistan Customs Department
ACP	Anti-Corruption Plan
ARD	Afghanistan Revenue Department
ASI	Adam Smith International
ASYCUDA	Automated SYstem for CUstoms DAta
CRD	Customs and Revenue Department
DFID	Department for International Development
FINTRACA	Financial Transactions and Reports Analysis Center of Afghanistan
MAA	Mutual Aid Agreement
MEC	Independent Joint Anti-corruption Monitoring Evaluation Committee
MOF	Ministry of Finance
MOU	Memorandum of Understanding
NPA	National Procurement Authority
SIGTAS	Standard Integrated Government Tax Administration System
WCO	World Customs Organization
WTO	World Trade Organization

## 1. Introduction

As a land-locked country dependent on the transit of goods, custom fees and domestic taxation are top priorities for the central government to collect revenue to quickly provide essential services from its resources. To that end, the role of the Ministry of Finance (MOF) cannot be overestimated.

MOF as one of the five key revenue-generating ministries of the Islamic Republic of Afghanistan prepared its Anti-Corruption Plan (ACP) in 2015 and began its implementation short after that. It was published on early 2016.

In an effort to maximize the government's revenue, MOF has listed the following six objectives in its Anti-Corruption Plan.

- I. Enhance the functioning of the Afghan Customs Department and oversight of customs activities
- II. Enhance Afghan Revenue Department provincial oversight, risk management, compliance, and dispute resolution
- III. Provide more effective internal audit functions
- IV. Increase accountability and transparency for salary payments
- V. Enhance budget execution
- VI. Enhance ministerial internal control

## 2. MEC review methodology

The review of Anti-Corruption Plan of the MOF was proposed to determine the progress inside the ministry with respect to the implementation of ACP. To systematically assess the indicators of the plan, the assessment team initially conducted a desk research, collected policies & procedures of the MOF and its ACP and studied them carefully. Information regarding the indicators listed in the ACP was gathered through Key informant/ in-depth interviews, focus group discussions and document reviews and analysis.

For this report, MEC conducted face-to face interviews with 30 MOF officials; out of whom eight were high level officials, 15 were mid-level, and seven of them were low level staff. The team also met with other stakeholders like 10 businessmen and 12 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.

Scorecard color technique is used for an easier display of the progress on each indicator. The definition for each color is explained below.

Green: fully completed, 100%.

Red: not completed at all, 0%.

Yellow: Most elements are complete with substantial progress. The responsible entity has finished the task and is waiting for legal compliance check or the approval process, 50 to 75%.

Medium yellow: key actions are underway and progress is being made but no outcomes yet.

The responsible entity has initiated the process but stopped due to lack of cooperation by another entity. Items, which have three parts but only one part of it is complete, are colored by medium yellow, 25 to 50%.

Light yellow: key actions started but there is no major progress. The job has recently begun and it is too early to measure the progress. 0 to 25%. No item in this report is colored light yellow.

Orange: no results known, MEC was not provided with evidence to make a judgment.

### 3. Concerns regarding the way the MOF ACP was developed

#### I. Design of the plan

MOF devised the plan by assigning each director to identify the areas which are vulnerable to corruption within their directorate and to provide solutions to address them<sup>1</sup>. This approach has the advantage of engaging the leadership, but also has several significant disadvantages.

- It allows officials to designate actions that they know are already in process
- It allows officials to specify only those actions that are perhaps 'easy'
- It means there are no elements of the plan that cut across all the parts of the MOF, such as nepotism in recruitment and promotion.
- Potentially corrupt people, or to better phrase it, managers and directors whose organization is accused of corruption cannot be comfortably trusted to devise the ACP all by themselves.
- In an interview with the MOF ACP focal point, when he was asked whether he thinks the current MOF ACP is a good plan, he responded "we have done our best and now organizations like MEC should decide if it is a good plan or not." It is a good step forward towards the institutional capacity building in the better understanding of corruption and developing preventive mechanisms.

#### II. Scope of the plan - general

The scope of the plan is narrow, with only 15 activities. This is not broad enough to cover all the vulnerabilities by comparative standards.

The scope can also be usefully broadened by taking an inter-directorate approach towards particular issues. To give an example, the payroll system enjoys a fully automated process when it is linked with the HR MIS. But for this to happen, there has to be a joint action plan between the HR and Budget Directorates<sup>2</sup>, which does not exist now. The narrow scope of the activities indicates some lack of coordination in the development of the plan.

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<sup>1</sup> Interview with MOF ACP Focal Point, Kabul, March 11, 2017.

<sup>2</sup> Interview with Treasury Program Coordinator, Kabul, April 15, 2017.

### III. Scope – ARD

The fact that the largest generator of domestic revenue, being the ARD, has only two objectives and five activities in the MOF ACP, is concerning given the level and perception of corruption involved.<sup>3</sup> Therefore, a reasonable viewpoint demands more seriousness in terms of the scope of the plan.

### IV. Scope – Administration

In the MOF Deputy Ministry for Admin, there are three General Directorates and 13 directorates.<sup>4</sup> This huge body of organization has, however, only one activity in the MOF ACP. Some of the officials within the Deputy Ministry, who do not want their names to be revealed, asserted that there are vulnerable areas to corruption but they had no idea why they were not reflected in the MOF ACP. Many MOF employees were not aware of the MOF ACP. When seeing the document, they thought it was an ACP developed by MEC.

MOF employees are not well-informed, and do not have an active approach towards the plan.

### V. Scope of the plan - Customs

“Revenues in Afghanistan are from two principal sources: customs from the international movement of goods, and domestic taxation.”<sup>5</sup>

Given the huge concentration of cash in Customs and Revenues Department (CRD), its remarkable size, and its significance, the MOF ACP is expected to be a well-thought out, sizeable plan to reduce corruption. MEC’s findings show that this is not the case. There could and should be many more items in the plan to reduce the scale of corruption.

For example, the MOF General Directorate of Audit has identified 27 areas prone to corruption in its audit guidelines, whereas we see there are only 15 activities in the MOF ACP. The following points are not even included in the MOF ACP.

- The rent of customs warehouses
- Damages or robbery of the seized goods
- Destruction of goods in the warehouses
- Lack of enforcement of the policies and disciplinary actions
- Corruption among brokers
- Lack of will by custom offices in the borders for the consistent use of ASYCUDA
- Mistakes in calculating the weight of goods because the scales are out of order , and misleading description of both in bound and out bound goods with the intention to evade custom duties and tax later on

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<sup>3</sup> Interview with Adri Hearn, International Tax Expert and former employee of ARD, April 13, 2017.

<sup>4</sup> Interview with MOF Admin Deputy Minister Secretary, Kabul, April 10, 2017.

<sup>5</sup> <http://mof.gov.af/en/page/422> (Accessed on April 19, 2017).

This is another indication that plan has not been developed with deliberations. And it strengthens a worry that the MOF ACP was in large part a plan devised to in a way satisfy the International Donor Community in the Brussels Conference in October 2016.

## **VI. Lack of Oversight & Existence of Culture of Impunity**

In the MOF ACP, inadequate attention is paid to strengthening the oversight mechanism. Whilst MOF may reasonably argue that there are disciplinary actions in place, that is not sufficient enough for deterrence. In several focus group discussions, for example, the majority of businessmen and truck drivers pointed out that the current procedures and policies do not stop corruption; that they have to bribe on every customs checkpoints otherwise they have to await days if not weeks for a job that can be done in a matter of hours. A business driver which had potato in his truck claimed that he has been waiting for 12 days in the Kabul Customs Office. When asked why so long, he responded because customs officials are asking for bribes and without paying it, it takes too long. The claims may or may not be true. However, when there is such large perception and allegations of corruption, development of a stronger oversight mechanism is necessary to be reflected in the MOF ACP to lessen the culture of impunity as the current existing oversight mechanism is not adequate. Moreover, the MEC team, during the project, would constantly observe powerful people like governors and MPs in various MOF offices.

## **VII Lack of cooperation with MEC**

Many directorates do not share the sense of obligation that reporting to institutions like MEC is mandatory. This is not to mean all the directorates fall in that category, but by and large many of the high-ranking officials are loath to cooperate. The fact that another institution monitors them is not well accepted and therefore they are not as cooperative as they are expected to be. The four common types of uncooperativeness are in the following forms.

The entities are:

- Friendly in interview but not willing to provide evidence like the Directorate General of Property
- Friendly and willing to share information in some areas but not in other areas like General Directorate of Audit Department
- Not friendly, taking too much time to set a meeting but willing to provide evidence like the ARD Legislation Department
- Not friendly, taking too much time to set a meeting, and not providing evidence like General Directorate of Budget
- Aggressive like Kabul Customs Department

## 4. FINDINGS - General

There has been misleadingly good progress on the implementation of the specific activities in the plan, because many activities were already underway with certain progress before the plan was developed. For example, a customs official who wants his or her name to remain confidential pointed out that in customs, many of the customs related activities in the MOF ACP were already 60 to 70 percent done before the development of the ACP in 2016. In an effort to justify this act, the interviewee said “it is necessary for us to keep the donors and other beneficiaries satisfied. Given our limited resources as well as overturn and rotation of customs employees, we had to think of the progress of each item in advance.” Noteworthy, there are five customs related activities, which encompasses one third of the entire MOF ACP.

The next five activities (the other one third of the MOF ACP) relates to ARD. Similar to ACD, certain ARD activities had also been underway before 2016 in a considerable amount. A former employee of the ARD pointed out that “the objectives and activities listed in the MOF ACP are not new initiatives per se. Implementation of these activities commenced in 2010-2013 via the TAP program run by ASI/DFID. A brief review of progress shows limited movement from then to the baseline listed in this Plan. For example, the E-Governance Act has still not been approved and therefore E-Filing cannot be implemented. E-Filing is one of the major contributors to improving efficiency and addressing corruption in tax, if implemented. Progress from this baseline to date for this activity in particular is naught.”

Several of the indicators in the remaining one third of activities were also implemented before 2016. For example, the MOU between MOF Treasury Department and the Central Bank of Afghanistan was signed in 2015.

## 5. FINDINGS – In detail

### **Enhance the functioning of the Afghan Customs Department and oversight of customs activities**

In the following sections, this paper measures the progress on the implementation of MOF ACP indicators.

Objective	Activity	Outcome	Baseline	Indicator
Enhance the functioning of the Afghan Customs Department and oversight of customs activities	Further implement the customs reform package, including measures to combat smuggling	Reform initiatives are implemented to ensure that the Afghan Customs Department will operate more effectively and reduce corruption in the department	Responsibility for customs police has been transferred to MOF, but training is required to ensure that officers are performing at their optimal level. The need for capacity development also applies more broadly to other officers in the Customs Department. Human resources practices in the Customs Department are weak and susceptible to corruption.	Assessment of the transfer of the customs police from MOI to the MOF is completed
				Training for customs police is initiated
				Implementation of human resources reform policy is initiated
				Implementation of the action plan to strengthen the capacity of the Afghan Customs Department is initiated
				Customs brokers practices are evaluated and remedial actions are proposed

## Findings:

The first indicator “Assessment of the transfer of the customs police from MOI to the MOF” is entirely completed. With this indicator, the MOF benefits in terms of better border-control management. However, it has marginal contribution, if any, toward the fight against corruption. Based on interviews with several businessmen, they stated they still have to pay bribes to customs police as well.<sup>6</sup>

The second indicator “Training for customs police” has two phases; one in the winter and the other in the summer of 2017.

The Law Enforcement Director pointed out that the winter phase of training has been implemented<sup>7</sup>. But when the same question was asked of the sub-director of customs academy, he responded that there was only a two day workshop which could be hardly called training.<sup>8</sup> Law Enforcement Director was asked for clarification on the matter, but no response was given.

The third indicator “Implementation of human resources reform policy” is approved by the cabinet, has been finalized, and it is in the approval process according to MOF ACP Progress Report. An interesting part of the reform is the training-related policy in which the custom officials who pass the academy exams will benefit from a higher salary scale and better bounces and those who fail the test will be fired from the Afghan Custom Department (ACD)<sup>9</sup>. This is a good measure to ensure a robust capacity building within the custom department. However, MEC cannot independently verify it as the draft of the policy was not shared with us even after several attempts.

The fourth indicator “Implementation of the action plan to strengthen the capacity of the Afghan Customs Department” has started. For the first round of training, the action plan materials and curriculum for the

<sup>6</sup> Interview with local businessman, Kabul, 1 April, 2017.

<sup>7</sup> Interview with Law Enforcement Director, Kabul, April 2, 2017.

<sup>8</sup> Interview with sub director of customs academy, Kabul, April 9, 2017

<sup>9</sup> Interview with project coordinator and customs reform officer, Kabul, April 2, 2017

basic trainings have been finalized. Regional custom offices are contacted to introduce their employees for specialized trainings. Notably, a state of art academy has been built for trainings of the custom officials with modern technology and equipment. And the first round of training officially started on March 29, 2017.

The last indicator of the first activity is “custom brokers practices are to be evaluated and remedial actions to be proposed.” The final version of the Customs Broker Procedures is prepared by the Legislation Department of ACD and it is in the approval process.

Overall, the functioning of the ACD depends on the performance of its officials. The first activity which addresses human resource reforms should pay attention to two main factors; the capacity building and ethical/proper performance of the custom officials. While the package has focused sufficiently on the capacity building, there seems to be no further mechanism to improve the oversight of the officials to ensure their proper performance. Capacity building, increased use of technology, and other methods of curbing corruption are fruitless if the individual sitting behind the machine remains corrupt. Therefore, the existence of a more strict code of ethics and disciplinary actions should be pondered upon as well.

Objective	Activity	Outcome	Baseline	Indicator
Enhance the functioning of the Afghan Customs Department and oversight of customs activities	Strengthen the functioning of the risk management unit	Reduce corruption through the implementation of multi-criteria risk profiles in major border crossing points and inland custom depots.	Current risk management policy does not incorporate multi-criteria risk analysis.	Risk management policy is reviewed and updated
				Risk management unit is trained to effectively identify and prioritize high-risk traders and shipments Risk management unit provides
				monthly reports on results to senior management

### Findings:

The first indicator which is the development of the Risk Management Policy is 85 percent complete.<sup>10</sup> MEC cannot independently verify the progress in this indicator, nor can it comment on the changes or betterment of the policy as its draft was not shared with MEC. However according to an interview with the Director of Customs Operations, the Risk Management Policy has been revised and updated and now is in the legislation department of ACD for legal compliance. The policy will be finalized in the coming weeks.<sup>11</sup>

The second indicator is training of the Risk Management Unit. The first phase of the training was conducted 3 months ago based on the MOF ACP Progress Report. The problem is the majority of the team members who took the training are not in the unit anymore, only two of them are remaining, says the Director of Customs Operations. The next training will be in Jordan for six days; the instructors will be

<sup>10</sup> Interview with Director of Customs Operations, Kabul, April 4, 2017.

<sup>11</sup>ibid.

from World Customs Organizations (WCO) and World Trade Organization (WTO) and six staff from the Risk Management Unit will participate.<sup>12</sup> The training material will enable staff to identify low, medium, and high shipment risks based on both document and physical checks.<sup>13</sup> The problem with this indicator is that its progress cannot be measured because it is an ongoing process. However, what can be asserted based on the evidences received (a random selection and small sample) is many of the trainings were conducted in previous years, before 2016. Only 25 percent of the training was conducted in 2016.

The evidence for implementation of the third indicator was not shared with MEC because according to the Director of Law Enforcement they contain sensitive information.<sup>14</sup>

Objective	Activity	Outcome	Baseline	Indicator
Enhance the functioning of the Afghan Customs Department and oversight of customs activities	Enhance the use of technology in customs valuation, payments, debt collection, and enforcement.	Improve revenue collection efficiency and reduce leakages.	<p>ASYCUDA valuation model is only implemented in seven customs offices. Customs offices do not utilize technology to the full extent. Tenders for barcode readers and scanner maintenance have not identified qualified bidders.</p> <p>ASYCUDA and SIGTAS do not communicate with each other.</p> <p>Feasibility study is done by June 2016.</p> <p>Functional specification for information sharing is developed by July 2016.</p> <p>Electronic payment for customs is implemented in Kabul, and Nangrahar only.</p>	ASYCUDA valuation model is extended to Kabul airport and Khost.
				Scanner maintenance contract is re tendered
				Functional specifications of information to be shared through SIGTAS and ASYCUDA systems is developed
				Electronic system for payment of customs fees at Balkh, Hairatan and Herat Customs is implemented

## Findings:

The first indicator is the extension of ASYCUDA to Kabul Airport and Khost. The extension has been successfully done and approximately 95% of the custom offices have the ASYCUDA in place now.<sup>15</sup> The system has helped reduce the risks of corruption by shrinking the number of steps from 14 to 3.<sup>16</sup> However, the use of ASYCUDA as one parameter of technology is only fully utilized when it is connected to scales and scanners. Further, there is no quantitative information yet on whether it has actually reduced corruption. For example, 1) lot of gemstones are taken out of country without any tax paid. 2) Over 500 kg of gold comes through Kabul airport every month without any taxes paid on it, based on

<sup>12</sup> *ibid.*

<sup>13</sup> *ibid.*

<sup>14</sup> Interview with Director of Law Enforcement, Kabul, April 2, 2017.

<sup>15</sup> <http://www.asycuda.org/dispcountry.asp?name=Afghanistan> (Accessed on February 1, 2017)

<sup>16</sup> <http://www.asycuda.org/dispcountry.asp?name=Afghanistan> (Accessed on February 1, 2017)

information from one gold smuggler. The scanners are cleaned for the period when the luggage containing gold is passed through it.

The second indicator is the maintenance of the scanners. The progress reported by MOF is that “The scanner maintenance contract was re-advertised and it is currently in the process at the NPA. The NPA has asked for details and specification of the scanners parts that are under process in the Procurement Department of the Ministry of Finance.” Maintenance of the scanners was a problem for almost a year. Since then, the problem has not been resolved. When MEC contacted NPA authorities for why this process is taking so long, NPA’s official responded that they address issues of as such in less than a week. And, it is the MOF which has failed to provide specifications of the scanners and the reason for the process being slow rests with MOF. There are allegations and accusations that certain MOF officials do not wish the scanners to be fixed as it is a problem on the way of their “profit.”

The third indicator is information sharing between ASYCUDA and SIGTAS. The job is done. The automated data sharing between the two systems has started.<sup>17</sup>

The last indicator of this activity is the electronic payment of custom fees which is completely done. The electronic system for payment of customs fees at Balkh, Hairatan, and Herat customs as pointed out in the indicator has been implemented. This activity paves the way largely for trade facilitation, which is an important objective for ACD. It can have little contribution towards reducing corruption.<sup>18</sup>

The overall assessment of this activity is that despite progress on the implementation part, the ultimate outcome which is “improving revenue collection efficiency” is not fully or satisfactorily materialized. Use of technology indeed reduces corruption but the optimum result is produced when ASYCUDA, scanners, and scales are inter-connected. That is when the custom officials can accurately assess the custom fee and better deal with the problem of mis-declaration. Currently, approximately 45% of the scanners are inactive for various reasons.<sup>19</sup>

Objective	Activity	Outcome	Baseline	Indicator
Enhance the functioning of the Afghan Customs Department and oversight of customs activities	Strengthen international cooperation for enforcing customs laws and combatting smuggling	Enhanced information sharing to cross reference data for better control	Currently an MOU was signed with Tajikistan. A draft has been shared with India, Turkey and Iran, but negotiations have not started.	The exchange of customs data with Tajikistan is initiated
				Negotiations for an MOU with India is started
				MOU with Iran is concluded

### Findings:

The first indicator which is Custom Data Exchange with Tajikistan is completed and it is on pilot bases now. To enhance the EDI between two customs administration, ACD is working with Tajik custom officials to cover the functional and technical aspects of it. ACD technical delegation visited Tajkistan customs on February 2017 for further discussion on possible enhancements.<sup>20</sup>

<sup>17</sup> Interviews with the Sub-Director of SIGTAS Department and Sub-Director of ASYCUDA Department, Kabul, April.

<sup>18</sup> Interview with the Sub-Director of ASYCUDA Department, Kabul, April 4, 2017.

<sup>19</sup> *ibid*

<sup>20</sup> MOF ACP Progress Report (Accessed on March 29, 2017)

The second indicator is half complete, but the Afghan side has finalized its part. MOF has prepared and shared the first draft of Mutual Aid Agreement (MAA) and Memorandum of Understanding (MOU) with India through diplomatic channels. However, MOF has not yet received any response.<sup>21</sup>

On the third indicator, the MOU with Iran has already been signed but practically nothing has been done so far.

Information sharing with other countries through cross referencing data is critically important, especially in the situation when Afghanistan is suffering from lack of sufficient computerized system and professional staff. Cross checking is a solid approach to tighten the hands of corrupt businessmen and custom officials who benefit from mis-declaration and corruption. Given its importance, the activity is expected to be a high priority. Yet, what we see, on a practical level, is that cross reference data is being carried out only with Tajikistan and that is on pilot bases. Pakistan, the neighboring country with which Afghanistan has the most transaction, is not even included on the plan. According to Afghanistan’s Central Statistic’s Office there has been 1.1 billion dollar import from Pakistan. But Pakistan’s statistics reveal 2.32 billion dollars export to Afghanistan. With Iran, the other neighboring country with which Afghanistan has the second largest transaction with, an MOU is signed but nothing has been done on the ground.

Objective	Activity	Outcome	Baseline	Indicator
Enhance the functioning of the Afghan Customs Department and oversight of customs activities	Implementation of Financial Action Task Force (FATF) action plan.	Effective implementation of the revised regulation on currency reporting to allow detection and deterrence of physical cross-border movement of illegal proceeds.	The physical transfer of large cash amounts is under reported and detection of money laundering is low.	Complete the FATF action plan
				Revised declaration form template and working procedures adopted
				Quarterly implementation reports are published

### Findings:

The first and second indicators are complete. Revised declaration forms are printed out and distributed to all Major airports for implementation. ACD has printed posters, billboards for public awareness with the purpose of new regulation and traveler’s obligation on cash carriage.

The third indicator is also complete. Electronic entry of declaration is taking place in airport customs for reporting purposes to FINTRACA.<sup>22</sup> The Director of FINTRACA approved the practical implementation of it as well.<sup>23</sup>

<sup>21</sup> Interview with Sub-Director of Legislation Department, Kabul, April 4, 2017.

<sup>22</sup> MOF ACP Progress Report (Accessed on March 29, 2017.)

<sup>23</sup> Interview with General Director of FINTRACA, Kabul, April 18, 2017.

What is noteworthy about this activity is the outcome of it. There has been progress on the paper, but whether or not the status of the under reported amount has improved- and if yes to what extent- should be looked into.

### Overall findings on custom related activities

Despite some progress on the systemic corruption issues, there are many areas susceptible to corruption, which are not reflected in the plan. The custom-related activities are very general and do not necessarily address all the concerns. To give one example, in the Kabul Custom Department some businessmen in an interview with MEC assessment team claimed they waited as long as two weeks to go through the procedures. They claimed their process is deliberately delayed because the custom officials are asking for bribes. Seven areas, vulnerable to corruption, are identified by MOF Internal Audit Department but they are not even included in the plan. Furthermore, as we can see in the plan, the main objectives of the department are 1) enhancing the functioning of the Afghan Customs Department and 2) oversight of customs activities. We see the first objective has received much attention (many training and capacity building activities). However, for the second objective namely the oversight of the custom department, which is quite important, there is little attention.

### Enhance Afghan Revenue Department provincial oversight, risk management, compliance, and dispute resolution

Objective	Activity	Outcome	Baseline	Indicator
<b>Enhance ARD provincial oversight, risk management, and compliance</b>	The expansion of Standard Integrated Government Tax Administration System (SIGTAS) to better connect Provinces and the central MOF	Simplify the process and reduce face to face interaction between taxpayers and tax officers.	SIGTAS is currently only operational in Kabul, and Herat, Balkh, Nangarhar, Kandahar, Kunduz	SIGTAS is operational in Faryab
				SIGTAS is operational in Parwan
				SIGTAS is operational in Paktya
				SIGTAS is operational in Helmand
				SIGTAS is operational in Jauzjan

### Findings:

Based on an interview with the SIGTAS Department Sub-Director, the system has three phases of implementation. The implementation of SIGTAS in Faryab, Parwan, Paktya, Helmand, and Jauzjan, the provinces listed in the indicators, are 33% done (only the first phase). Two third of the job is still remaining while the timeline shows the system should be fully implemented by June 2017. In addition, the baseline in the MOF ACP states that SIGTAS is operational in Kandahar and Kunduz. But, it should be highlighted that SIGTAS is not fully operational in these two provinces, but rather 66 percent (up to the second phase).

Objective	Activity	Outcome	Baseline	Indicator
Enhance ARD provincial oversight, risk management, and compliance	Expand Risk Analysis and Case Selection Units outside of Kabul	Identify Risk to Revenue Stream through Advance Data Analysis Techniques	A Risk Analysis and Case Selection Committee are already established in Kabul. Committees in the provinces do not exist	Risk criteria defined
				Risk Based Compliance operating guidelines is established
				Risk Based Compliance roll-out to Nangarhar, Balkh, Kandahar, Herat, Kunduz.

### Findings:

The first indicator is complete. MEC received information from an international tax expert who would previously work in the ARD that the risk criteria were already defined in 2013. So, it was established before 2016. Noteworthy, further consideration should be given to the continued updating and analysis of risk criteria to inform future decision making.

The progress of the second indicator cannot be measured precisely. An ARD official stated that this job is ongoing. They have a draft of the procedure but “its content needs substantial changes and amendments because it is not comprehensive at all.”<sup>24</sup> When MEC asked for evidence, the Ruling for Compliance Committee Procedures was shared. This document was finalized in September of 2015. The fact that nothing afterwards has been shared with MEC could be an indication that nothing has been done so far. So, the indicator will be colored green as fully implemented because the guideline is established. However, it was established before the existence of MOF ACP in 2016.

The third indicator is completed. Compliance committee has been established in the five provinces (Nangarhar, Balkh, Kandahar, Herat and Kunduz).

Objective	Activity	Outcome	Baseline	Indicator
Enhance ARD provincial oversight, risk management, and compliance	Conduct public awareness campaign to increase voluntary compliance and to raise awareness of taxpayer rights	Taxpayers have the necessary information and support to voluntary compliance.	Current public awareness activities are not very expansive. Increased efforts are required to raise awareness.	Public awareness and outreach strategy is completed
				Print materials are published and distributed to Kabul and key provinces (Herat, Balkh, Kandahar, Nangarhar and Kunduz)
				Seminars are conducted for taxpayers and trade unions in Kabul and key provinces.
				TV/Radio announcements are completed in Kabul and key provinces

<sup>24</sup> Interview with Sub-Director of the Legislation Department of ARD, Kabul, April 9, 2017.

## Findings:

Regarding the first indicator, an ARD Communication Strategy has been drafted but not finalized yet. According to the MOF ACP timeline, the strategy should have been completed by December 2016. The draft of the strategy is shared with MEC and it has three objectives: 1) Support tax compliance. Educate taxpayers about the purpose of the tax system and their obligations, 2) Increase citizens' confidence in the tax system. Increase transparency, publicize anticorruption efforts, and raise awareness of taxpayer rights, and 3) Help implement changes. Educate taxpayers and intermediaries about changes in the tax system, including changes in the tax laws and relevant changes in the tax administration.

In the objectives section there is a side comment stating "One of the objectives is missing: Popularize the tax system. Increase Afghans' awareness about taxes, including matters such as rates, filing, payment and other procedures." The outcome of this activity which is mentioned in the column above is completely fulfilled only if the missing objective is incorporated.

With respect to the second indicator, print materials were published and distributed to five key provinces. Since this is an ongoing job, the ARD has designed further materials, translated them to Pashto and English languages, and the materials are to be printed soon.

On the third indicator, The ARD department conducted two seminars, two days each, in Kabul for taxpayers and trade unions and in four key provinces (Nangarhar, Kandahar, Balkh and Herat). The ARD was not able to conduct seminars in Kunduz due to security reasons. Whether or not the seminars are sufficient for educating the public and to what extent they have been impactful should be also looked into.

On the last indicator, "the budget approval has been delayed, so, therefore, it did not take place in January 2017. TV/Radio announcement will be published in Kabul and Five Key provinces as soon as possible."<sup>25</sup>

Objective	Activity	Outcome	Baseline	Indicator
<b>Enhance ARD provincial oversight, risk management, and compliance, and dispute resolution</b>	Development and implementation of E-Filing system in SIGTAS for online tax filling and taxpayer registration	Online registration and filling by taxpayers. Reduce interaction between the taxpayers and tax officials which will reduce opportunities for corruption.	Currently, the registration and filing of taxes is conducted through face-to-face interactions between the customer and taxpayer office officials.	Develop e-filing software
				Implement e-filing pilot at the Large Taxpayers Office

## Findings:

Currently, Afghan tax payers show the tax related documents to custom officials and it is the officials who enter the data into the SIGTAS system. By launching the E-Filing system, it will be the tax payers

<sup>25</sup> Interview with Sub-Director of the SIGTAS Department, Kabul, April 9, 2017.

themselves who would enter the data into the system, which will reduce interaction points between custom officials and tax payers and in return will reduce corruption. Moreover, once the tax payers take over the data entry responsibility, a considerable amount of resources will become available for the ARD. So, this activity is of high importance. However, it has not been implemented yet because it waits for the approval of the E-governance Law by the cabinet.

On the second indicator, “The E-filing will be implemented on a pilot basis in Large Taxpayers Office once the E-governance Law is approved by the cabinet.”<sup>26</sup>

This activity is another instance that was complete and done before 2016. An international tax expert who worked in the ARD said “The E-filing software was already developed in 2013 and the pilot scheduled for the same year.”

Objective	Activity	Outcome	Baseline	Indicator
<b>Enhance ARD provincial oversight, risk management, and compliance, and dispute resolution</b>	Establishment of Tax Dispute Resolution Board to independently and impartially settle disputes	A tax appeal process that is fair understandable, accessible, of limited duration, of limited cost, impartial, by an independent institution.	Disputes over how much and when to pay taxes provides opportunities for corruption in fraudulent determinations of taxes owed. The legislation is passed (Tax administration law) to establish the Board, but no procedures have been developed yet.	<b>Develop procedures including the responsibilities, Tashkeel and decision making of the Board</b>

### Findings:

The ARD department developed and drafted the procedures in which the roles and responsibility, Tashkil, and decision making of the board members are specified. The procedure has not been finalized yet and it is waiting for the approval of the MOF Minister.<sup>27</sup>

<sup>26</sup> MOF ACP Progress Report (Accessed on April 5, 2017.)

<sup>27</sup> MOF ACP Progress Report (Accessed on April 8, 2017.)

## Provide more effective internal audit functions

Objective	Activity	Outcome	Baseline	Indicator
Provide more effective internal audit functions	Enhance the tracking and monitoring system of the Internal Audit Department	Electronic system in place for the tracking and monitoring of audit recommendations	Currently the system for tracking and monitoring audit recommendations is paper based. This leads to challenges in ensuring that the recommendations are implemented.	Needs assessment is completed
				Procurement for the database is completed
				Database to track and monitor audit recommendations is installed and functional

### Findings:

Overall, the need assessment is complete. The procurement is finished and an excel sheet database has been developed. The implementation phase has to wait until the training for the relevant department is carried out. The excel data base will soon replace the old manual system, which is a step forward. However, Excel cannot serve as a well-functioning database. Excel unlike other databases fails to generate report or provide statistics. It is not a standard IT management tool and cannot portray an overall picture.

Objective	Activity	Outcome	Baseline	Indicator
Provide more effective internal audit functions	Develop process for the enhancement of revenue collection from individuals or entities	Enhance audit efficiency and timely implementation of recommendations	There is no procedure in place for the identification of undeclared revenues.	Procedure on undeclared collectable revenue is developed and approved
				Auditors are provided training on the new procedure

### Findings:

This is a crucial activity with significant outcome. However, there has been no progress on this activity yet.

## Increase accountability and transparency for salary payments

Objective	Activity	Outcome	Baseline	Indicator
<b>Increase accountability and transparency for salary payments</b>	Introduce measures to increase the use of mobile money and electronic transfer of funds for officials paid by the government	Reduced vulnerabilities to corruption	Currently 65% of employees receive salaries through commercial banks. completed  The procedure for processing of payments through electronic funds transfer has already been prepared and it is continuously reviewed for improvements.	Procedure for an electronic funds transfer program is finalized.
				Electronic funds transfer program piloted in 5 line ministries
				Electronic funds transfer program expanded to all line ministries in the center for ordinary budget salary payments.
				75% of government employee salaries are paid through commercial banks and communication companies

### Findings:

In the MOF ACP Progress report the progress for the first indicator is as follows:

- MoU is signed between MoF/Treasury Department and Central Bank of Afghanistan.
- Internal Policy and Procedure developed and circulated to users
- Change in process of payment request communicated with line ministries

The first point was already completed in July 2015. MEC did not receive any documents to verify the implementation of the second point. The third point is completed.

Based on the evidences received, the second and third indicators are partially completed - only in Kabul. MEC cannot independently verify the number of government employees being paid through commercial banks and communication companies. The MOF ACP Progress Report claims that “More than 75% government employees are being paid through commercial banks and mobile banking initiative in center.” Even if the claim is accurate, subject to question, it still has not fulfilled the requirement of the indicator, which is 75 percent of all the government employees.

## Enhance budget execution

Objective	Activity	Outcome	Baseline	Indicator
<b>Enhance budget execution</b>	Enhance budget execution and monitoring at the local level	Local officials have increased capacity to monitor budget implementation and identify discrepancies	Provincial Budgeting Policy was approved by the Cabinet and piloted in the ministries of Education, Agriculture, Health, and Rural Rehabilitation and Development.	Assessment of implementation of the Sub-National and Provincial Budgeting Policy pilot is completed.
				Sub-National and Provincial Budgeting Policy implementation is expanded to 30 budgetary units.
				National and subnational capacity building program for the implementation of budget process changes is developed
				National and subnational capacity building program is implemented
				Terms of reference for directorates and staff are amended to clarify official's roles and to eliminate inappropriate interference

### Findings:

No findings yet

## Enhance ministerial internal control

Objective	Activity	Outcome	Baseline	Indicator
<b>Enhance ministerial internal control</b>	Enhance the control over government lands that are susceptible to misuse	To have an accurate picture of government properties and avoid the misuse of government property.	1,200 parcels of land have been registered. Lands that are not registered are usurped or being occupied by squatters who then rent the land or use it for their own benefit.	1,500 parcels of government owned land in Kabul and the provinces is identified and registered
				Land evaluated and surplus land is identified
				Surplus land is leased and revenues are collected on time

No evidence received.

## Annex

The chart below is the MOF ACP.

Objective	Activities	Indicators	Relevant entities	Outcome	Baseline	Timeline
Enhance the functioning of the Afghan Customs Department and oversight of customs activities	Further implement the customs reform package, including measures to combat smuggling	Assessment of the transfer of the customs police from MOI to the MOF is completed	Afghan Customs Department Human Resources Directorate	Reform initiatives are implemented to ensure that the Afghan Customs Department will operate more effectively and reduce corruption in the department	Responsibility for customs police has been transferred to MOF, but training is required to ensure that officers are performing at their optimal level. The need for capacity development also applies more broadly to other officers in the Customs Department.  Human resources practices in the Customs Department are weak and susceptible to corruption.	Assessment completed in January 2016
		Training for customs police is initiated				Training is initiated by February 2017
Enhance the functioning of the Afghan Customs Department and oversight of customs activities	Strengthen the functioning of the risk management unit	Implementation of human resources reform policy is initiated	Afghan Customs Department	Reduce corruption through the implementation of multi-criteria risk profiles in major border crossing points and inland	Current risk management policy does not incorporate multi-criteria risk analysis.	Human resources reform initiated on January 2017
		Implementation of the action plan to strengthen the capacity of the Afghan Customs Department is initiated				Action plan initiated by December 2016
Enhance the functioning of the Afghan Customs Department and oversight of customs activities	Strengthen the functioning of the risk management unit	Customs brokers practices are evaluated and remedial actions are proposed	Afghan Customs Department	Reduce corruption through the implementation of multi-criteria risk profiles in major border crossing points and inland	Current risk management policy does not incorporate multi-criteria risk analysis.	Customs brokers are evaluated by March 2017
		Risk management policy is reviewed and updated				Risk management policy by December 2016
Enhance the functioning of the Afghan Customs Department and oversight of customs activities	Strengthen the functioning of the risk management unit	Risk management unit is trained to effectively identify and	Afghan Customs Department	Reduce corruption through the implementation of multi-criteria risk profiles in major border crossing points and inland	Current risk management policy does not incorporate multi-criteria risk analysis.	Training completed by June 2017

Objective	Activities	Indicators	Relevant entities	Outcome	Baseline	Timeline
(continued)		<p>prioritize high-risk traders and shipments</p> <p>Risk management unit provides</p> <p>monthly reports on results to senior management</p>		custom depots.		Monthly reports initiated by September 2016
<b>Enhance the functioning of the Afghan Customs Department and oversight of customs activities (continued)</b>	Enhance the use of technology in customs valuation, payments, debt collection, and enforcement.	<p>ASYCUDA valuation model is extended to Kabul airport and Khost.</p> <p>Scanner maintenance contract is re-tendered</p> <p>Functional specifications of information to be shared through SIGTAS and ASYCUDA systems is developed</p> <p>Electronic system for payment of customs fees at Balkh, Hairatan and Herat Customs is implemented</p>	Afghan Customs Department	Improve revenue collection efficiency and reduce leakages.	<p>ASYCUDA valuation model is only implemented in seven customs offices. Customs offices do not utilize technology to the full extent. Tenders for barcode readers and scanner maintenance have not identified qualified bidders. ASYCUDA and SIGTAS do not communicate with each other.</p> <p>Feasibility study is done by June 2016.</p> <p>Functional specification for information sharing is developed by July 2016.</p> <p>Electronic payment for customs is implemented in Kabul, and Nangrahar only.</p>	<p>Valuation model extended by July 2016</p> <p>Re-tender by December 2016</p> <p>Automated interface operational by July 2017.</p> <p>Electronic payment by July 2017</p>

Objective	Activities	Indicators	Relevant entities	Outcome	Baseline	Timeline
	Strengthen international cooperation for enforcing customs laws and combatting smuggling	<p>The exchange of customs data with Tajikistan is initiated</p> <p>Negotiations for an MOU with India is started</p> <p>MOU with Iran is concluded</p>	Afghan Customs Department	Enhanced information sharing to cross reference data for better control	Currently an MOU was signed with Tajikistan. A draft has been shared with India, Turkey and Iran, but negotiations have not started.	<p>Exchange data with Tajikistan by March 2016</p> <p>Start negotiations by February 2017</p> <p>Conclude MOU with Iran by June 2017</p>
	Implementation of Financial Action Task Force (FATF) action plan provisions related to	<p>Complete the FATF action plan</p> <p>Revised declaration form template and working procedures adopted</p> <p>Quarterly implementation reports are published</p>	Afghan Customs Department	Effective implementation of the revised regulation on currency reporting to allow detection and deterrence of physical cross-border movement of illegal proceeds.	The physical transfer of large cash amounts is under reported and detection of money laundering is low.	<p>Action plan completed by September 2016</p> <p>Revised declaration form and template adopted by October 2016</p> <p>Implementation reports published starting from January 2017.</p>
<b>Enhance ARD provincial oversight, risk management, and compliance</b>	The expansion of Standard Integrated Government Tax Administration System (SIGTAS)	<p>SIGTAS is operational in Faryab</p> <p>SIGTAS is operational in Parwan</p>	<p>Afghan Revenue Department</p> <p>IT Department</p>	Simplify the process and reduce face to face interaction between taxpayers and	SIGTAS is currently only operational in Kabul, and Herat, Balkh, Nangarhar, Kandahar, Kunduz	SIGTAS is operational in all the new provinces

Objective	Activities	Indicators	Relevant entities	Outcome	Baseline	Timeline
	to better connect Provinces and the central MOF	SIGTAS is operational in Paktya  SIGTAS is operational in Helmand  SIGTAS is operational in Jauzjan		tax officers.		by June 2017.
<b>Enhance ARD provincial oversight, risk management, and compliance (continued)</b>	Expand Risk Analysis and Case Selection Units outside of Kabul	Risk criteria defined  Risk Based Compliance operating guidelines is established  Risk Based Compliance roll-out to Nangarhar, Balkh, Kandahar, Herat, Kunduz.	Afghanistan Revenue Department	Identify Risk to Revenue Stream through Advance Data Analysis Techniques	A Risk Analysis and Case Selection Committee are already established in Kabul.  Committees in the provinces do not exist.	Criteria established by July 2016  Guidelines are established by December 2016.  Roll-out completed by July 2017
	Conduct public awareness campaign to increase voluntary compliance and to raise awareness of taxpayer rights	Public awareness and outreach strategy is completed  Print materials are published and distributed to Kabul and key provinces (Herat, Balkh, Kandahar, Nangarhar and Kudzu)  Seminars are conducted for taxpayers and trade unions in Kabul and key	Afghan Revenue Department  Public Relations Directorate  Afghan Chamber of Commerce and Industries	Taxpayers have the necessary information and support to voluntary compliance.	Current public awareness activities are not very expansive.  Increased efforts are required to raise awareness.	Strategy completed by Dec 2016.  Print materials published by March 2017  Seminars will be ongoing starting from December 2016

Objective	Activities	Indicators	Relevant entities	Outcome	Baseline	Timeline
<b>Enhance ARD provincial oversight, risk management, compliance, and dispute resolution (continued)</b>		provinces.  TV/Radio announcements are completed in Kabul and key provinces.				TV/Radio announcement initiated by Jan 2017
	Development and implementation of E-Filing system in SIGTAS for online tax filling and taxpayer registration	Develop e-filing software  Implement e-filing pilot at the Large Taxpayers Office	Afghanistan Revenue Department	Online registration and filling by taxpayers.  Reduce interaction between the taxpayers and tax officials which will reduce opportunities for corruption.	Currently, the registration and filing of taxes is conducted through face-to-face interactions between the customer and taxpayer office officials.	Software is developed by June 2017  Pilot is initiated by July 2017
	Establishment of Tax Dispute Resolution Board to independently and impartially settle disputes	Develop procedures including the responsibilities, Tashkeel and decision making of the Board	Afghanistan Revenue Department	A tax appeal process that is fair understandable , accessible of limited duration, of limited cost, impartial, by an independent institution.	Disputes over how much and when to pay taxes provides opportunities for corruption in fraudulent determinations of taxes owed. The legislation is passed (Tax administration law) to establish the Board, but no procedures have been developed yet.	Procedures approved by June 2017
<b>Provide more effective internal audit functions</b>	Enhance the tracking and monitoring system of the Internal Audit	Needs assessment is completed  Procurement for the database is	General Directorate of Internal Audit	Electronic system in place for the tracking and monitoring of audit recommendatio	Currently the system for tracking and monitoring audit recommendations is paper based.	Needs assessment by July 2016

Objective	Activities	Indicators	Relevant entities	Outcome	Baseline	Timeline
	Department	completed  Database to track and monitor audit recommendations is installed and functional		ns	This leads to challenges in ensuring that the recommendations are implemented.	Procurement by March 2017  Installed and functional by June 2017
	Develop process for the enhancement of revenue collection from individuals or entities	Procedure on undeclared collectable revenue is developed and approved  Auditors are provided training on the new procedure	General Directorate of Internal Audit	Enhance audit efficiency and timely implementation of recommendations	There is no procedure in place for the identification of undeclared revenues.	Procedure completed by March 2017  Training provided by May 2017
<b>Increase accountability and transparency for salary payments</b>	Introduce measures to increase the use of mobile money and electronic transfer of funds for officials paid by the government	Procedure for an electronic funds transfer program is finalized.  Electronic funds transfer program piloted in 5 line ministries  Electronic funds transfer program expanded to all line ministries in the center for ordinary budget salary payments.  75% of government employee salaries are paid through commercial banks and communication companies	Director General Treasury	Reduced vulnerabilities to corruption	Currently 65% of employees receive salaries through commercial banks. completed  The procedure for processing of payments through electronic funds transfer has already been prepared and it is continuously reviewed for improvements.	Procedure completed by June 2016  Pilot completed in July 2016  Expansion completed by December 2016  75% target are met by March 2017

Objective	Activities	Indicators	Relevant entities	Outcome	Baseline	Timeline
<b>Enhance budget execution</b>	Enhance budget execution and monitoring at the local level	<p>Assessment of implementation of the Sub-National and Provincial Budgeting Policy pilot is completed.</p> <p>Sub-National and Provincial Budgeting Policy implementation is expanded to 30 budgetary units.</p> <p>National and subnational capacity building program for the implementation of budget process changes is developed</p> <p>National and subnational capacity building program is implemented</p> <p>Terms of reference for directorates and staff are amended to clarify official's roles and to eliminate inappropriate interference</p>	<p>Director General Budget</p> <p>Budget Policy Directorate</p> <p>Budget Execution Directorate</p>	Local officials have increased capacity to monitor budget implementation and identify discrepancies	Provincial Budgeting Policy was approved by the Cabinet and piloted in the ministries of Education, Agriculture, Health, and Rural Rehabilitation and Development.	<p>Assessment completed by December 2016</p> <p>Roll out to other budgetary units by June 2017</p> <p>Program developed by April 2017</p> <p>Program implemented by July 2017</p> <p>Terms of reference amended by December 2016</p>
<b>Enhance ministerial internal control</b>	Enhance the control over government lands that are susceptible to misuse	1,500 parcels of government owned land in Kabul and the provinces is identified and	Directorate General Property	To have an accurate picture of government properties and avoid the misuse of government	1,200 parcels of land have been registered. Lands that are not registered are usurped or being occupied by squatters who	<p>Registration completed by December 2016</p> <p>Evaluation</p>

Objective	Activities	Indicators	Relevant entities	Outcome	Baseline	Timeline
		<p>registered</p> <p>Land evaluated and surplus land is identified</p> <p>Surplus land is leased and revenues are collected on time</p>		property.	then rent the land or use it for their own benefit.	<p>completed by December 2016</p> <p>Land leased by March 2017</p>