

PRESS RELEASE: Da Afghanistan Breshna Sherkat (DABS)

Vulnerability to Corruption Assessment Report

Kabul Afghanistan, December 9, 2017: Today, The Independent Joint Anti-Corruption Monitoring and Evaluation Committee (MEC) is releasing the Da Afghanistan Breshna Sherkat (DABS) Vulnerability to Corruption Assessment (VCA) Report. In this assessment, MEC has conducted 380 interviews with DABS customers in Kabul, Balkh, Nangarhar, Kandahar, Herat, Bamyan and Parwan provinces. In addition, interviews have been conducted with 138 officials and employees of DABS in Kabul and the mentioned provinces. Main findings of the report include the followings:

1. The power distribution process has been vulnerable to corruption. For getting a 3-phase meter customers have to pay a substantial amount of money as bribe. Besides, charging hydropower at the rate of fuel energy, distribution of multiple meters to one household in return for a bribe , using electricity without having a meter, using commercial power at cheaper residential rates, existence of substandard meters and unequipped laboratories are the problems that pave the way for corruption.
2. Although DABS has published the list of people and entities who have not paid their electricity bills for years, but this action has not yet resulted in the payment of those outstanding amounts. The total customers' debts reach AFN seven point seven billion. This includes 40.5 % residential customers, 29% government administrations, 26% commercial customers and 4.5 % holy places and mosques. It is worth mentioning that the 40.5 % residential debts mostly belong to powerful people and high ranking government officials.
3. Electricity leakage is a serious problem that reaches 38% in Afghanistan, while in the neighboring Pakistan, the total leakage of power reaches 17% and in Iran, the loss is 14%. Old turbines, ignoring standards in power transmission, power theft, utilizing analog meters and using power without having a meter are the main reasons for the mentioned loss of electric power.
4. Lack of sufficient human resources caused that in some cases meters are not being read. Findings of the report indicate that an employee (meter reader) should read 400 meters in a day which seems impossible. This causes that the employee (meter readers) enter information into the system based on self- estimated assumption. As a result, the customers are being overcharged.

5. The legal structure of DABS is in contradiction with the Energy Service Management Law. In addition, based on Corporation and Limited Liability Companies Law and the DABS Articles of Incorporation, the Board of Directors (BoD) and the Shareholders Assembly should be separated from each other. Findings of the report indicate that members of the BoD and representatives of the shareholders of the DABS are the same people. This raises questions regarding accountability of DABS. Lack of selection criteria for the Audit Committee and the BoD members is another problem that paves a way for misuse.
6. Government and shareholders interference in the affairs of the DABS has negatively affected the conducts of DABS and has caused delay in the processes and activities. Additionally, the internal and external monitoring mechanisms have not been effective due to understaffing and lack of capacity.
7. There is no regular system for DABS fixed assets registration. Lack of such system provides an opportunity for usurpation of the DABS' assets. As a result, 355 thousand square meter of land and 94 shops of DABS have been usurped by powerful people across the country. Although DABS has made some efforts to regain the usurped properties, but this has not taken any effect yet.
8. DABS complaint handling mechanisms, especially, customers' complaints handling is neither effective, nor successful. MEC findings indicate that figures on the customers' complaints handling are not accurate. DABS claims that during 2016, more than three thousands complaints were received through its 144 hotline, which have been handled to the customers' satisfaction. MEC conducted an interview with a sample of 156 complainers, out of whom 95 % said that their complaints have not been handled at all. In addition, DABS lacks a regular system of handling and registering the complaints received through complain boxes.

MEC has presented specific recommendations to DABS on the basis of findings of this research which includes the following:

- Amending the legal structure of DABS in accordance with the Energy Service Management Law;
- Separation of shareholders from the BoD in order to prevent conflicts of interest and establish accountability mechanisms.
- Conducting an assessment about the customers, who want to reduce the power expenditures by installing multiple meters;



کمیته مستقل مشترک نظارت و ارزیابی مبارزه علیه فساد اداری
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Independent Joint Anti-Corruption Monitoring and Evaluation Committee

- Drafting and approving new laws for government corporation for the purpose of financial management improvement; executions independence; improving assessment and evaluation methods of the state owned corporations;
- Distribution and installation of prepaid meters for the purpose of better collection of electricity bills for those areas where people do not pay their electricity bills.
- And preventing distribution of 3 phase meters through brokers and all other cases relating to power distribution.

MEC will follow up and monitor the implementation process of the issued recommendations on a regular basis.

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