



NEWS RELEASE: Malpractice in donor-funded agriculture program (CARD-F)

Kabul, Afghanistan, Sunday October 29, 2017:

Today, the Afghanistan Joint Independent Anti-Corruption Monitoring and Evaluation Committee (MEC) is releasing the results of its inquiry into concerns about the operation of the Comprehensive Agriculture and Rural Development Facility (CARD-F) Program.

This inquiry is focused purely on concerns about poor practices and possible corruption. It does not examine the benefits of the program for Afghanistan's farmers, though the CARD-F program may be having impressive achievements in establishing agricultural enterprises and employment opportunities for Afghan farmers.

The findings are the following:

1. There has been nepotism and cronyism in the CARD-F Management Unit. For example, drivers, office cleaners and guards who are originally from the province of the former ED are employed to work in Herat, Kabul and Helmand Provinces. Exporting junior staff from the provinces of Management Unit leadership to jobs in other provinces is nepotism.

2. There have been irregularities in the awarding of grants and procurement contracts. These irregularities include use of contracting companies that are debarred by the Afghan National Procurement Authority, accepting informal proposals, accepting bidding documents beyond the closing date, and accepting different and contradicting ownership documents.

3. Funds in Phase 1 went primarily to international contractors. Only 33 percent of Phase I funds reached the end users, instead of the planned 60 percent, with most of the remaining funds going to the international contractors. However positive may be the impact of the remaining 33 percent for Afghan farmers, and the benefits of the technical assistance used to build up the program Management Unit, practices such as this reinforces a belief held by many Afghans that donor money is largely for the benefit of the donors and their contractors. MEC has not analyzed whether this issue also exists in Phase 2.

4. There have been conflicts of interest for the international contractor in Phase I. In Phase 1, the contractor was simultaneously managing the funds of CARD-F, hiring the CARD-F local staff and providing Technical Assistance. In this triple role, the contractor had wide discretion in determining the need and quantity of technical assistance at least during Phase I. Therefore, it had an incentive to maximize its benefits from the arrangement.

5. The donors' externally-commissioned forensic audit lacks credibility. Donors contracted an international audit firm to conduct a 'major forensic audit' of 29 allegations that they had received. Donors informed MEC that the results of this external audit were largely clean and, therefore, any MEC inquiry would have little value due to being

duplication. MEC was not permitted to see this audit report, for confidentiality reasons, though assurances were given that MEC could see parts of it. MEC was only informed at the end of the inquiry that all the allegations were from a single whistleblower.

MEC's inquiry was initiated by allegations from five separate whistleblowers. All of these allegations were followed up by MEC. Plus, MEC examined significant information provided by others in CARD-F. MEC concludes that these whistleblower allegations were largely justified. At least two of the whistleblowers were fired, and others felt they had to leave.

6. The governance arrangements are complex and were poorly monitored in Phase 1. *Because the main international contractor does not have a legal base in Afghanistan and so cannot pay salaries or sign contracts, a complicated – and therefore expensive – structure has to be put in place for the functioning of the program.*

7. There is possible illegality in employee contracting. *MEC considers that the structure that has been established by the contractor for gaining work permits may be illegal, as the substance of the work being done is different from the legal application. The donors have informed MEC that they believe that these arrangements are legal, so this question needs further clarification.*

8. Donors oppose examination of their own practices. *MEC had hoped that donors would respond positively to an independent examination of possible corruption concerns in a major donor-funded program. However, MEC's inquiry was opposed by donors until a late stage. The existence of the donors 'major forensic audit' was cited by donors as a key reason why MEC should not be concerned. Yet, MEC had independent whistleblower information, and the donor audit appears to have been less comprehensive than MEC was given to believe. The right response would surely have been to welcome such scrutiny, as has been the case in recent MEC analyses of the Ministries of Public Health and Education.*

Recommendations

MEC recommends that donors examine how CARD-F program can build a culture of transparency and accountability in its projects and programs and can genuinely welcome and protect whistleblowers. To this end, it is also recommended that donors become more open to discussion of potential weaknesses. MEC also expects that donors will want to commission an independent external review on the totality of Phase II integrity.

**For more information, contact MEC at +93 (0) 796009212 or contact@mec.af / www.mec.af
Please also visit our Facebook page at [mec.afghanistan](https://www.facebook.com/mec.afghanistan) and Twitter account [@mec_afghanistan](https://twitter.com/mec_afghanistan)**

Address: Herati Mosque Street, Shahr e Naw
Kabul, Afghanistan
Mobile: 079 751 5871
E-mail: contact@mec.af

آدرس: کوچه مسجد هراتی ها، شهر نو
کابل، افغانستان
موبایل: ۰۷۹۷۵۱۵۸۷۱
ایمیل: contact@mec.af