



PRESS RELEASE: DABS Implemented 25 Anti-Corruption Recommendations

Kabul, Afghanistan, August 09, 2018: Based on the findings of the Independent Joint Anti-Corruption Monitoring and Evaluation Committee (MEC), the Da Afghanistan Breshna Sherkat (DABS) has implemented 25 out of the total 71 MEC recommendations during the eight months after release of the MEC Vulnerability to Corruption Assessment (VCA) of the DABS. The DABS has started implementation of the remaining 42 recommendations as well. The MEC released its VCA of the DABS on December 9, 2017. In this assessment, MEC had reviewed structure, management and services of the DABS and issued necessary recommendations to fill the identified gaps in the three areas.

Correction

The DABS VCA Report, released on December 9, 2017 stated: “The DABS received only 12.5 billion Afghanis out of the total 220 billion Afghanis (\$4 billion) contributed to the DABS; it means that billions of Afghanis are missing.”

MEC would like to make a correction on the record that, the term “missing”, used without necessary clarification in the original report, was a technical error, which was clarified through an addendum later. The missing of billions of Afghanis was misinterpreted by some media outlets as the embezzlement of the same amount.

To fix this error, the following points need to be explained:

1. The \$4 billion were the pledged funds; and the disbursed amount was much less than the pledged funds.
2. Donor agencies disburse funds through off- and on-budget modalities; most of the funds to DABS have been disbursed through off-budget funding, directly managed by donors.
3. Funds expended on technical assistance (e.g. provision of advisory services by national and international consultants and the expenses of restructuring the organization) are not reflected in the DABS balance sheet.
4. And the value of assets transferred from Da Afghanistan Breshna Mossesa (DABM) to DABS has not been assessed thoroughly, thus, the accurate amount of DABM assets was not reflected in the DABS balance sheet.

Achievements:

Based on the MEC findings, DABS has made some progress in collection of receivables, recruiting more meter readers, creating comprehensive assets registration system, addressing the complaints of subscribers and legal structure of this organization.

- **Receivables:** In 2017, like other years in the past, the DABS receivables have not increased, but it has actually decreased from 10.786 billion Afghanis in 2016 to 9.700 billion Afghanis. The MEC considers this remarkable progress, which is a result of DABS's efforts including following-up the receivables through media, meetings with political figures and collecting electricity bills from them, disconnecting the power supply [of violators] across the country and monitoring them, conducting Hashar [collective campaign] in the provinces, establishing local groups and creating a-



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د اداری فساد پروړاندې د مبارزې د څارنې او ارزونې خپلواکه گډه کمیته
Independent Joint Anti-corruption Monitoring and Evaluation Committee

-committee for accelerating collection of receivables that reports to the president. This progress is significant but not sufficient. The MEC expects that the receivables from the DABS debtors should reach its lowest possible level as soon as possible.

- **Meter Reading:** So far this year, DABS has recruited 40 new meter readers in different provinces. While this shows good progress, we expect this number to be increased to a level that it meets the customers' needs by the end of this year.
- **Legal Structure:** One problem with DABS management was that the same people had membership of both Shareholders' Assembly and the Board of Directors, which called into question the transparency and accountability of DABS. However, now the Shareholders' Assembly and the Board of Directors are two separate structures, which will enhance transparency and accountability within the DABS.
- In order to maintain an accurate record of DABS assets, as well as prevent their usurpation by power brokers, based on MEC recommendations, the DABS currently records all its assets and properties in the Assets Maintenance and Management System, and also the Inventory Management System; both systems are functional now. In addition, the DABS has verified, registered and valued all its properties through Ernst and Young, a reliable international audit company.
- **To improve the subscribers' complaints handling systems,** by activating the Interactive Voice Response System (IVRS), DABS has been able to increase the capacity of receiving subscribers' calls from just 3, up to 30 people at a time.
- The DABS intends to install the **Smart Electricity Meters** for the first time in Kabul city in the near future.

Meanwhile, MEC's findings suggest that no progress have been made in the following areas:

- In order to improve the meters distribution process and make it effective and to prevent corruption in the process, DABS set a timeline for meter distribution and facilitated complaints handling in the process. However, there are still complaints from customers in this regard.
- No significant progress has been made about amending the legal structure of DABS according to the Energy Service Management Law.
- The DABS Power Sales and other Services Policy has not been amended in accordance to the Energy Service Management Law, which contains some points that are in contradiction to the Law.
- The Government Corporation Law has not been enacted yet and the Corporations and Limited Liability Companies Law has not been amended.
- DABS does not report its financial activities and proceedings to the public, and also its annual financial audited reports are unavailable in national languages.
- Finally, the analog meters have not been replaced by digital meters in all provinces although this process has started in Kabul.