



**Independent Joint Anti-Corruption
Monitoring & Evaluation Committee**

B A C K G R O U N D E R

MEC Identifies Deficiencies that Create Opportunities for Corruption within Afghanistan Telecommunications Regulation Authority and the Afghan Red Crescent Society

ATRA was established to regulate the telecommunications sector based on international experiences

- ATRA is responsible for regulating the telecom sector in Afghanistan and is functioning as an independent administration within the structure of the Ministry of Communications and Information Technology.
- ATRA is governed by a committee of ministers chaired by the Minister of Communications and Information Technology.

There is a discrepancy in revenues and expenses stated by communication companies in their audit reports versus those provided in tax documents

- Communications companies are reporting minimal amounts of revenue and profit within tax documents, thereby creating a low tax burden, which reportedly contrasts with the audited financial statements being filed with ATRA.
- Given the market share of some of the companies in question, this raises concerns that corrupt practices are being undertaken.

There are regulatory gaps in the governance of ATRA and the Telecommunications Development Fund

- The *Law for Regulating Telecommunication Services* generally determines the duties and authorities of ATRA, but the law does not specify the authorities and accountabilities of the director, deputy and members, quorum, measures to ensure ATRA's independence, and other significant issues.
- The law also fails to address the governance of the Ministers Committee of ATRA.
- Although these issues have been regulated by a Code of Conduct, this Code of Conduct does not have the status of regulation.
- The collection and use of Telecommunications Development Fund is not regulated by legislation documents.

The non-competitive appointment of ATRA's board raises questions about its independence and the appointment process of its employees is vulnerable to corruption

- ATRA's board is appointed based on the recommendation of the Minister of Telecommunication and approved by the President, which weakens the independence of ATRA and undermines the principle of equal opportunity for qualified candidates.



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- ATRA employees are not appointed by the Independent Administrative Reform and Civil Service Commission and are directly hired by ATRA, despite serving a public function.

To address these important issues within ATRA, MEC has issued a number of recommendations

- The Ministry of Communications should share the audit reports of the communication companies with the Ministry for Finance for a comparative evaluation of audit reports and tax documents.
- An audit of the past use of the Telecommunications Development Fund should be undertaken and legislation developed to regulate its future use and the functioning of the ATRA's Minister's Committee and Board.
- The Ministry of Communications – with cooperation of the Independent Administrative Reform and Civil Services Commission – should develop procedures for vetting, short-listing, and recommending members of ATRA's board appointment by the President.
- The appointment process of ATRA employees should be assessed in terms of vulnerabilities to corruption and amended accordingly.

The Afghan Red Crescent Society was established under international treaties to provide humanitarian support in Afghanistan

- The Afghan Red Crescent Society is a humanitarian organization addressing human suffering and providing support to the victims of man-made and natural disasters in Afghanistan.
- The Afghan Red Crescent Society's activities are based on the Geneva Convention, to which the government of Afghanistan is party.
- The Afghan Red Crescent Society is partially financed through the collection of customs taxes, Haj contributions, and the sale of postage stamps. However, it has never been subject of an audit by the Supreme Audit Office in accordance with the Audit Law.

MEC identified systemic failure and gaps within the Afghan Red Crescent Society, which can present vulnerable areas to corruption

- Currently the Afghan Red Crescent does not have policies governing its financial accounting, despite receiving all of its revenues from domestic and international public sources. A manual is required to ensure the transparent and accountable expenditure of funds.
- The Afghan Red Crescent Society has also not implemented effective monitoring and evaluation systems to determine how well programs meet their objectives and serve end users.



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To address these vulnerabilities within the Afghan Red Crescent Society, MEC is issuing several recommendations

- The Governance Board of the Afghan Red Crescent Society should adopt a financial and accounting policy and publish it on their website.
- The Supreme Audit Office should conduct a financial audit of the Afghan Red Crescent Society.
- The Afghan Red Crescent Society should implement a proper monitoring and evaluation system for all projects to determine whether programs and services are effectively reaching their intended beneficiaries.

MEC was established to independently monitor national and international efforts to fight corruption in Afghanistan

- MEC develops anti-corruption recommendations and benchmarks, which are monitored to ensure that they are effectively implemented.
- MEC monitors and evaluates national and international anti-corruption efforts.
- MEC is comprised of three national and three international senior anti-corruption experts.
- MEC reports to the public, Parliament, the President and the international community every six months.

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