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# COVID Brief: Accountability of the COVID Fiscal Response in Afghanistan



Cover Graphic: Sergey Demushkin / The Noun Project

# Introduction

The COVID-19 pandemic hit Afghanistan in the midst of ongoing conflict and an elections crisis. The pandemic and containment measures introduced at the onset of the pandemic disrupted domestic activity and trade, with supply chains stopping, inflation spiking, and food shortages looming. In May 2020, the government amended the national budget to launch a bread distribution program and reallocate funds to priority areas including the Ministry of Public Health and agricultural programs that provided short-term job opportunities.

Across the world, as in Afghanistan, the pandemic challenged governments' capacity to manage resources effectively and equitably. Fiscal responses look different across countries, but everywhere they represent a very significant departure from normal fiscal policy processes.

As such, civil society partners across 120 countries, including Integrity Watch Afghanistan, worked with the International Budget Partnership (IBP) to take a closer look at how governments managed their initial COVID-19 fiscal policy responses. Our goal was not just to assess how governments fared, but to generate lessons on how they can respond better, both to the ongoing COVID-19 crisis and to future ones. This rapid assessment of "emergency fiscal policy packages"—sets of policy initiatives aimed at addressing the impact of the COVID-19 emergency—focused on three critical pillars of accountability: public access to relevant information, adequate oversight arrangements and opportunities for citizen engagement. Each pillar is essential to ensuring resources are used effectively, that peoples' basic needs and priorities are adequately addressed and that governments can be held accountable for their choices.

## Findings:

**1. Afghanistan took important steps, publishing a core set of information that laid out its COVID-19 response package; submitting the package to the national legislature for debate and approval; and issuing guidance on emergency procurement.**

The government's May 2020 COVID-19 response package, the 1399 Budget Amendments, provides a good picture of how the pandemic impacted the annual budget, including an updated macroeconomic outlook and detailed explanation of how the pandemic affected revenues and expenditures. The package also includes a rationale for why the government undertook specific initiatives and gives transparent information on sources of financing.

Additionally, the government took the important step of submitting its response package to parliament. Parliament debated the proposed budget amendments before voting on them; had at least two weeks to review and discuss the proposed amendments before holding a vote; and held a vote on the proposed amendments before the package was implemented.

Finally, Afghanistan published guidance on emergency procurement. Most countries, almost two thirds of those surveyed, published very limited information on the introduction and use of simplified pandemic-related procurement procedures, making it difficult to assess if governments were getting value for money in purchases of medical equipment or other goods and services. In contrast, in Afghanistan, the government published not only guidance but detailed information on actual procurement related to the implementation of the budget amendments. This enabled local civil society organizations like Integrity Watch to monitor health services by comparing what was in procurement documents to the reality on the ground. When Integrity Watch found evidence of widespread purchasing of medical equipment and supplies at above market prices, in addition to the purchase of irrelevant items such as large TVs, video cameras, mobile phones and laptops—while at the same time hospitals lacked access to drinking water, working ventilators or the ability to pay staff salaries—they shared these findings with the Ministry of Public Health, which has pledged to resolve them.

## 2. In contrast to its transparent reporting on pandemic plans, the government published little information on the implementation of these plans; delayed in its follow-up on reports of corruption; and took steps that undermined oversight of its COVID-19 response package.

As was the case in around half of the countries surveyed, in Afghanistan, accountability in the COVID-19 response was undermined by a lack of information on the implementation of policies—not just on the amount of money spent, but also on the actual impact that these initiatives are having on more disadvantaged and vulnerable groups, such as women and those living in poverty.

Moreover, although parliament conducted hearings on reports of extensive embezzlement of hospital funds, and heard testimony from members of the executive to get a better sense of the execution of emergency-related policies, detailed information has not yet been published on the impact of the misuse of funds. Nor have formal mechanisms yet been established to collect views from citizens in order to better understand the extent of the corruption.

Finally, the government took steps that undermined oversight of its COVID-19 response package. For example, although the parliament rejected the Relief Effort for Afghan Communities and Households (REACH) project, the government went on to implement it anyway. Furthermore, the Supreme Audit Office had not announced plans to audit the government's COVID-19 response package by the time of the publication of our assessment in May 2021, which would allow for an independent check on COVID-19 spending.

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# Recommendations

Afghanistan has demonstrated that an urgent and speedy response to crises like the COVID-19 pandemic does not have to come at the expense of accountability. However, there are still a number of steps the government can take - both immediately as the COVID-19 crisis continues to unfold, and going forward in preparation for future crises.

## 1. Regularly update implementation information on the COVID-19 response package in Afghanistan's regularly published budget execution reports.

Afghanistan publishes monthly financial reports and quarterly fiscal bulletins. These could be a good place in which to include data and analysis on budget execution and performance of pandemic-related initiatives, such as the bread distribution program, disaggregated by impact on disadvantaged groups. The government could follow the example of countries that have done something similar. For instance, in Peru, a joint government-civil society working group published a report looking at the impact of the government's COVID-19 response on various groups. The Peruvian government also has a page on its open data portal where it provides updates on the level of implementation of specific programs.

## 2. Consult with civil society organizations to address accountability issues related to COVID-19 spending.

The Afghan parliament should expand on the steps it has already taken to address reports of the misuse of COVID-19 funds by strengthening mechanisms for interaction and dialogue with civil society organizations, which can provide helpful information on the implementation of COVID-19 response programs. The executive should then take corrective measures in response to legislative recommendations.

The government should also use existing Open Government Partnership commitments to reorient citizen engagement and adjust it to the COVID-19 situation. For example, the government's 2019-2021 National Action Plan currently includes commitments to monitor the medicine market in partnership with civil society organizations and to increase public participation in the national budgeting process. The government could strengthen its COVID-19 response by seeking information from civic actors that helps it target and implement programs; protect spending allocations for critical sectors; and expand relief for vulnerable groups.

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### 3. Adhere to emergency appropriations sanctioned by the Afghan parliament.

The government should adhere to legislative restrictions on COVID-19 spending. As noted, although parliament rejected the Relief Effort for Afghan Communities and Households (REACH) project, the government implemented it anyway. This undermining of the legislative role prevents political support for the government's fiscal policy decisions, as well as jeopardizes the effectiveness and impact of the government's response to the crisis: Projects implemented without approval by parliament make it difficult for citizens and their representatives to ensure that resources mobilized do not go to waste; that peoples' basic needs and priorities are adequately addressed; and that the government is held accountable for its choices.

### 4. Empower the Supreme Audit Office to conduct and publish expedited audits on emergency spending programs.

Expedited audits of crisis-related spending were promoted by the IMF, IBP and others as essential to achieving adequate fiscal accountability during the crisis and beyond. However only about a quarter of government auditors in our assessment were able to produce and publish such audit reports before the end of 2020.

In Afghanistan, the Supreme Audit Office (SAO) should adapt its auditing approaches and practices for emergency response, and deliver on auditing the funds that made up the Afghan government's COVID-19 response. This can include providing formal opportunities for the public and civil society organizations to contribute to audit investigations. The government should work with the SAO to enable it to obtain any additional resources it may need to do so as well as take remedial measures in response to audit findings.

### 5. Donors should work with the Afghan government to improve reporting on donor contributions in budget documents or future supplemental budgets.

The international community has played—and will continue to play—a crucial role in supporting governments during the COVID-19 pandemic and other crises. Afghanistan, as a major recipient of donor aid, receives both on-budget and off-budget assistance, but the 1399 Budget Amendments only contain information on on-budget sources of financing. Donors should work with the government to improve reporting on donor contributions in budget documents or future supplemental budgets to give citizens a better sense of what is being spent, and where, in the COVID-19 response.<sup>1</sup>

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<sup>1</sup> See Question 12 in our Afghanistan assessment.

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