



SIGAR

Office of the Special Inspector General
for Afghanistan Reconstruction

August 29, 2016

The Honorable Gayle E. Smith
Administrator
U.S. Agency for International Development

Dear Administrator Smith:

I am writing in regard to the Independent Joint Anti-Corruption Monitoring and Evaluation Committee's (MEC) Special Report, "Vulnerability to Corruption Assessment in the Afghan Ministry of Public Health," (MoPH Assessment) released on June 4, 2016. The MoPH Assessment is a bold step for an organization that is working to uncover and eliminate waste, fraud, and abuse in Afghanistan.

The purpose of the MoPH Assessment was to "assess the extent of corruption risks in the Afghan health system; to identify where these vulnerabilities exist; and to draw important lessons and make recommendations on how to counter corruption risks."¹ The report found that corruption in the MoPH-administered healthcare system was entrenched, widespread, and included "a range of illegal, unethical and disturbing acts that happen within an environment of systemic failure."² For example, the MoPH Assessment found that patients and their family members experienced corruption in the context of fear, suffering, uncertainty, pain, and death; and that corruption affects all stakeholders in the health sector.³

Since 2013, my office has expressed concern regarding USAID's support to the MoPH. For example, we issued an audit report that year finding that USAID was providing millions in direct assistance to the MoPH for the Partnership Contracts for Health (PCH) program "with little assurance that the MoPH is using these funds as intended" and that the funds were not "safeguarded from waste, fraud, and abuse."⁴ Following the conclusion of the PCH program on June 30, 2015, USAID began immediately providing funding to support similar efforts through the World Bank-administered System Enhancement for Health Action in Transition (SEHAT) program, which is scheduled to run through June 2018 with an anticipated total USAID contribution of \$228 million. However, funneling USAID funds through the World Bank and then to the MoPH does not alleviate our concerns, and we have issued multiple reports highlighting continued poor oversight practices of the SEHAT program and dilapidated, even if functional, MoPH facilities supported by the program.⁵

In September 2015, USAID launched the \$37 million Health Sector Resiliency (HSR) program to "foster a strengthened, reformed, and increasingly self-reliant Afghan health system," through September 2020.⁶ The HSR program is intended to improve the governance and accountability at the MoPH. The MEC's MoPH Assessment identifies several areas of concern and the HSR program

¹ MEC, "Vulnerability to Corruption Assessment in the Afghan Ministry of Public Health," June 4, 2016, p. 5.

² Ibid.

³ Ibid.

⁴ SIGAR, *Health Services in Afghanistan: USAID Continues Providing Millions of Dollars to the Ministry of Public Health despite the Risk of Misuse of Funds*, SIGAR Audit 13-17, September 5, 2013.

⁵ See SIGAR, *Review Letter: USAID-Supported Health Facilities in Badakhshan*, SIGAR-16-40-SP, June 30, 2016; SIGAR, *Alert Letter: Structural Damage at Health Facility 1987*, SIGAR-16-19-SP, March 1, 2016; SIGAR, *Review Letter: USAID-Supported Health Facilities in Kabul*, SIGAR-16-09-SP, January 5, 2016; SIGAR, *Alert Letter: USAID-Supported Health Facilities in Herat*, SIGAR-16-01-SP, October 20, 2015.

⁶ "USAID/Afghanistan Health Sector Resiliency (HSR)," U.S. Agency for International Development, accessed July 18, 2016, <https://www.usaid.gov/news-information/fact-sheets/health-sector-resiliency-hsr>.

may be well positioned to assist the MoPH to address those areas through program activities that include increasing effective managing, planning, and oversight of MoPH health systems; increasing Afghan government funding for the health sector; and improving transparency and accountability in MoPH financial management systems.⁷

The MEC report made 115 recommendations to address the problems identified at the MoPH. Implementing the recommendations of the MoPH Assessment and improving the policies and procedures of the MoPH could help the ministry operate at a more effective and efficient level and build capacity in the MoPH health care system—a laudable goal for which USAID provides funding in hopes of developing “responsible, accountable, and transparent processes, so it [MoPH] remains eligible to receive U.S. Government funding to implement specific programs”⁸

We commend USAID’s commitment to bolstering the capacity of the MoPH to responsibly and effectively administer healthcare to the people of Afghanistan and for the agency’s funding of the MEC’s monitoring, analysis, and reporting activities, including its vulnerability-to-corruption assessments.⁹ To help SIGAR better understand USAID’s role in assisting the MoPH address the issues and recommendations contained in the MEC’s MoPH Assessment, please provide responses to the following questions, with supporting documentation, no later than September 13, 2016:

1. Does USAID concur with the MEC’s MoPH Assessment in terms of the level and pervasiveness of corruption in the Afghan public health system in general and within the MoPH in particular? If so, is USAID considering placing additional conditions on MoPH for any funds provided to the MoPH in the future?
2. Is USAID considering revising any of its own policies or procedures as a result of the MEC’s findings related to the MoPH?
3. Has USAID requested that the World Bank make any changes regarding the administration of the SEHAT program as a result of the MoPH Assessment? Has the World Bank informed USAID of any changes it will make, or changes it is considering, in light of the MoPH Assessment?
4. Is USAID planning, or has USAID taken, any specific actions to assist the MoPH to combat corruption, promote transparency, or implement any of the 115 recommendations included in the MoPH Assessment?

⁷ Ibid.

⁸ “USAID/Afghanistan Health,” U.S. Agency for International Development, accessed July 18, 2016, <https://www.usaid.gov/afghanistan/health>.

⁹ SIGAR, *Quarterly Report to the United States Congress*, July 30, 2016, pp.146–147.

I am submitting this request under the authority of Public Law No. 110-181, and the Inspector General Act of 1978, as amended. Should you or your staff have any questions about this project, please contact Mr. Matthew Dove, Director of Special Projects, at [REDACTED] or [REDACTED].

Sincerely,

A handwritten signature in black ink, appearing to read 'John F. Sopko', written in a cursive style.

John F. Sopko
Special Inspector General
for Afghanistan Reconstruction

Encl: I - USAID Response, dated September 20, 2016

ENCLOSURE I: USAID COMMENTS FOR SIGAR 16-57-SP, DATED 20
SEPTEMBER 2016




USAID | **AFGHANISTAN**
FROM THE AMERICAN PEOPLE

MEMORANDUM

September 20, 2016

TO: John F. Sopko
Special Inspector General for
Afghanistan Reconstruction (SIGAR)

FROM: Herbert Smith, Mission Director 

SUBJECT: Mission Response to Draft SIGAR Inquiry Letter 16-57-
SP on USAID's Involvement in MEC MoPH Assessment

REF: SIGAR Transmittal email dated 8/30/2016

USAID thanks SIGAR for the opportunity to comment on this Inquiry Letter, and appreciates SIGAR's acknowledgement of the Minister of Public Health's (MOPH) "bold step... to uncover and eliminate waste, fraud, and abuse in Afghanistan." USAID commends Minister Feroz for his courageous initiative to invite the Monitoring and Evaluation Committee to assess the extent of corruption risks in the Afghan health system. It is important to note that since this assessment, two Ministries have followed Minister Feroz's lead in requesting MEC to conduct similar assessments of vulnerability to corruption – the Ministry of Commerce and the Ministry of Education. These actions set a precedent for MEC to establish a constructive working relationship with Ministries in a supportive rather than punitive role.

USAID further appreciates SIGAR's commendation of our commitment to bolstering the capacity of the MoPH to responsibly and effectively administer healthcare to the people of Afghanistan and for the Agency's funding of the MEC's monitoring, analysis, and reporting activities, including its vulnerability to corruption assessments.

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USAID offers the following responses to the questions posed by SIGAR in its letter to Gayle Smith, USAID Administrator dated August 29, 2016.

1. *Does USAID concur with the MEC's MoPH assessment in terms of the level and pervasiveness of corruption in the Afghan public health system in general and within the MoPH in particular? If so, is USAID considering placing additional conditions on MoPH for any funds provided to the MoPH in the future?*

USAID concurs with the MEC's MoPH assessment and is considering the assessment results in terms of level and pervasiveness of corruption in the Afghan public health system in general and within the MoPH in particular. At the present time, the USAID Office of Health and Nutrition does not provide any direct funding to the MoPH. If funds were to be provided directly to MoPH in the future, USAID would consider the assessment results as part of the process of determining necessary risk mitigation measures.

2. *Is USAID considering revising any of its own policies or procedures as a result of the MEC's findings related to the MoPH?*

USAID has reviewed the MEC's findings relating to the MoPH and is confident that its existing policies and procedures are sufficient to safeguard funds.

3. *Has USAID requested that the World Bank make any changes regarding the administration of the SEHAT program as a result of the MoPH assessment? Has the World Bank informed USAID of any changes it will make, or changes it is considering, in light of the MoPH Assessment?*

USAID has consulted with the World Bank to consider the MEC findings and has requested information on whether any changes are needed to SEHAT. The WB advised in their response to the MEC Assessment that "The recently concluded Mid-Term Review of the SEHAT prioritized key areas for strengthening that coincide well with many of the

recommendations made by the MEC Report.” The MoPH is taking concrete actions to strengthen health service delivery at the community level in direct response to the MEC assessment recommendations. These actions are focused on: clarifying MoPH operating procedures to provide greater transparency; building the MoPH staff’s capacity to manage and oversee the health sector; strengthening health systems in governance, finance and human resources; and improving regulatory oversight of the pharmaceutical sub-sector, (*see Attachment # 1*). Therefore, changes to the SEHAT project are not needed at this time. The supervision of SEHAT is continuous and is responsive to emerging issues and risks. Additionally the WB Country Director for Afghanistan has issued a written statement of appreciation to the Minister of Public Health for initiating this assessment and for his attention to corruption issues (*see Attachment # 2*).

4. *Is USAID planning, or has USAID taken, any specific actions to assist the MoPH to combat corruption, promote transparency, or implement any of the 115 recommendations included in the MoPH Assessment?*

USAID has publicly and privately expressed its support for the MoPH following the release of the MEC’s Assessment of the Ministry’s Vulnerability to Corruption. USAID has taken two specific actions to assist the MoPH to combat corruption, promote transparency, and implement some of the 115 recommendations included in the MoPH assessment. First, the USAID Office of Health and Nutrition identified which of its projects are able to support specific recommendations and communicated this offer of support to the Ministry. Second, USAID is supporting through its Implementing Partner Democracy International facilitation of an Anti-Corruption Strategy Development Working Group formed by the MoPH to prepare the strategic action plan to address the MEC recommendations.

Attachments:

- 1 – The email message from the World Bank of 7/14/2016;
- 2 – The email message-response from the World Bank to MoPH of 7/15/2016.

Cc: Robert Clark, Controller, USAID/Afghanistan
Daniel Wartko, U.S. Embassy/Kabul
OAPA Audit