Preventing Corruption in the Customs of Afghanistan

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ABSTRACT

Afghanistan’s customs corruption has dramatically increased during the past few years. The purpose of the article is to identify the main causes of corruption in customs and develop effective policies to reduce and prevent corruption. Interviews with customs employees, producers, hiring managers, consumers, trade union representatives, and government representatives have been conducted to collect relevant data and information, using their reports from the relevant ministries, and some national and international organizations. Analysis of the received data shows that prevention of the intervention of central, and provincial officials, members of the National Assembly, and warlords, anti-discordance in customs duties, reduction of many oversight bodies in Afghanistan’s customs and tax departments, and use of the central customs control system Knowing the factors will help adopt effective policies to reduce and prevent corruption in the customs of Afghanistan. This article hopes to offer a number of ways that will have a positive effect on the relationship between government and people, increase government revenue, remove budget deficit, and play an important role in the country's economic development.

Keywords: Corruption, Government revenue, Afghanistan customs system, Anti-corruption policy, donors fighting corruption.

I. INTRODUCTION

Corruption is a cancer that has for four decades tarnished the image of the customs administration in Afghanistan. Incidences of customs corruption in Afghanistan have been well documented in various reports and other media sources. Many people think about working in customs as personal and social pride and an opportunity to earn a lot of money¹.

While working in government positions in developed and law-abiding societies is, for the normal construction of life, service to the country and people, in general, a great responsibility. At present, the working and professional capacities in the customs and related agencies have been enhanced. Unfortunately, ethnic and party affiliations are still given priority over talent.

The intervention of central, and provincial officials, members of the National Assembly, and warlords have led to widespread corruption in customs. About 50 percent of customs employees do not have education documents. Customs officials have been in office for years, and the principle of change is no longer valid. While citing corruption in customs, and the presence of unprofessional manpower, hundreds of young people graduating from universities at home and abroad each year, but the mafia system is a barrier to recruitment².


² Parstoday - فساد سازمان یافته ای در گمرکات افغانستان در جریان است
There is a wide disparity in customs duties in the country’s customs, and customs price lists for Nimroz, Herat, and Kabul, with a 50 percent discrepancy. According to the Ministry of Finance, the discrepancy in customs duties was due to the mistake of the customs officials.

The existence of many oversight bodies in Afghanistan’s customs and tax departments has led to corruption rather than reform. When an employee is forced to make a profit, he is also forced into corruption. The recruitment of employees is closely linked with the customs director; relationships are prioritized over talent, so for the prevention of corruption, there must be a legal way to hire staff.

Central Customs Control Systems

Customs irregularities, changes in gender, price, quality, overweight as well as customs clearance will be avoided. The central customs control system will in reducing corruption and facilitate customs clearance. Currently, five major customs offices in the country (Nangarhar, Nimroz, Aqina, Herat, and Kandahar) are connected to the system. Experts, considering the country’s financial situation, say that the lockout of customs revenue is a great loss for the country.

To summarize, I firmly believe that the intervention of central, and provincial officials, members of the National Assembly, and warlords, the disparity in customs duties in the country, the existence of many oversight bodies in customs and tax departments, and the lack of the key factor which make opportunities for corruption in the customs of Afghanistan.

II. LITERATURE REVIEW

A study on fighting corruption in customs administration by Hors I, (2001) is proving that in developing countries, customs efficiency is hampered by corruption. In this paper, they examine the nature of customs corruption and suggest practical paths to corruption in Customs. Gerard McLinden and Amer Zafar Durrani, (2013) discussed that no country is immune to the problem of corruption and that the challenges and vulnerabilities faced by custom administrations are ongoing and require constant vigilance and practical strategies to address the problem holistically finally, they address institutional weaknesses. Bordering on corruption (Widdowson, D., 2013.) in this article, they analyze various forms of customs that impact the international trading community. This article includes an examination of ways, which can be addressed and identifies the governments to focus on anti-corruption efforts on initiatives that will increase the likelihood of detecting such offenses. Pernicious custom Tony C. Lee, (2017) Corruption, culture, and the efficacy of anti-corruption campaigning in China. In this article, they discussed that using a legal approach to fight against corruption has a cultural root that is unlikely to be effective, and indeed the paper proposes complementary measures to curb corruption in addition to legal approaches. Olken and Pande reviewed the evidence of corruption in developing countries, with a focus on bribes to government officials, and the theft of government resources by public officials. In this article, I tried to answer the questions of how much corruption is in Afghanistan, what cases of corruption, what were the ‘efficiency consequences of corruption, and what were the determinants of the level of corruption in Afghanistan. There is strong evidence of the response to corruption, although the effects of anti-corruption policies attenuate as officials find alternative strategies to pursue rents.

III. RESEARCH PROBLEM AND OBJECTIVE

The problem for our research is the dramatic rise of corruption in the customs of Afghanistan. The object of the article is to identify the causes of custom corruption, and adopted and develop effective policies to reduce and eliminate custom corruption. The intervention of Government officials, members of the Assembly, and warlords, in the disparity in customs duties in the country customs, and the existence of many oversight bodies in customs and tax departments are the main problem that makes an opportunity for corruption in the customs of Afghanistan.

IV. METHODOLOGY

This study is focused on Afghanistan for the period 2005–2020 and uses panel data. The choice of the years and Afghanistan is informed by the availability of data due to the year the corruption index was introduced and because Afghanistan has land and air borders with other countries. The data for this study was obtained from secondary sources, particularly from the ministry of finance, World Economic Forum, Reports, the Executive Opinion Survey, Afghanistan Customs Department (ACD), and Worldwide Governance Indicators. the data, which was collected and analyzed by using MS excel, and all gathered information is introduced in the form of charts, and graphs.

V. THE IMPORTANCE OF CUSTOMS IN AFGHANISTAN

Afghanistan has 11 major customs, with Torkham, slam Qala, Sher Khan, Hairatan, Tor Ghundi, and Khost having the most revenue, accounting for half of the total revenue of the Afghan government. Afghanistan Custom department, and Afghanistan Revenue Department are the primary sources of income in Afghanistan. ACD responsibilities include border controls, goods inspection, facilitation, smuggling detection, and the collection of tariffs, duties,
and certain border taxes. In the present situation, ACD is the single largest source of government revenue, therefore crucial to Afghanistan’s income stream. Afghanistan’s Budget Value in Afghanistan averaged AFN 75935.82 Million from 2006 until 2019, reaching an all-time high of 6123.65 AFN Million in 2018 and a record low of -177409.70 AFN Million in 2012. Afghanistan’s Budget averaged -10.83 percent of GDP from 2006 until 2019, reaching an all-time high of -0.40 percent of GDP in 2018 and a record low of -26.80 percent of GDP in 2008.

Eliminating corruption in customs is currently the best alternative for the government to address the budget deficit, declining government revenues, lack of resources for economic development, and other problems. Therefore, customs play an important role in Afghanistan's economic development and in reducing the budget deficit. ARD and ACD (2015-2019), account for the collection of about two-thirds of all domestic revenues, shown by the graph below.

Reducing and eliminating corruption in customs will significantly increase Afghanistan's domestic revenue, which will allow the Afghan government to budget according to its priorities. Because foreign donors support the government based on their priorities, not on the interests of Afghans. Eliminating customs corruption will boost public confidence in the Afghan government.

VI. CORRUPTION IN AFGHANISTAN

Corruption is the dishonest acts carried out by the people who hold positions of authority in order for achieving a private gain. Corruption has tarnished Afghanistan's image in the world, as well as widening the gap between the people, and the state.

Corruption especially in customs falls into the third category. Afghanistan’s Ministry of Finance says about 40 percent of revenue does not go to the Afghan budget and is wasted. The Special Committee to Combat and Evaluate Anti-Corruption (MEC) said that the revenue collection process in Afghanistan's customs was not transparent. As well as that some of this revenue went into the pockets of powerful individuals and influential people. From 2005 to 2021, the corruption rank in Afghanistan averaged 169.86, reaching an all-time low of 117 in 2005 and a high a record of 180 in 2011.

Here I will only look at the amount of revenue of the Afghanistan Customs Department for 2015-2019 shown by the graph below.

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3 Afghanistan Government Budget Value - 2022 Data - 2023 Forecast - 2006-2021 Historical (tradingeconomics.com)
6 Afghanistan Corruption Rank - 2022 Data - 2023 Forecast - 2005-2021 Historical - Chart (tradingeconomics.com)
VII. CAUSES OF CORRUPTION IN CUSTOMS SERVICES IN AFGHANISTAN

The causes of corruption in the customs are quite complex. In this paper, I will look at and, discuss both internal and external factors, that cause corruption in the customs.

7.1. Trade policy:

Afghanistan trade policies pursue determine the willingness of the public to offer a bribe to customs officials. Afghanistan trade policies such as high tariffs, quota systems, import control, a ban on imports from some countries, and trade incentives for export firms go a long way to increase or decrease corruption. Poor or restrictive designed trade policies are promoting corruption. For example, high tariffs, quantitative prohibitions, or restrictions increase the propensity for violating the law. The complexity of regulations and rules or multiplicity of exemptions are permitting varying interpretations and creates loopholes that can be exploited by corrupt officials.

7.2. Political executive:

In Afghanistan, government and politicians intervene in the working of customs services. This intervention is usually done by governmental and political officials, for example, Government officials, members of Assemblies, and warlords. The influence of the corrupter or their supporters in the government apparatus, especially in the upper ranks.

Senior Afghan officials have contact with the lower echelons. District, provincial, and other important functions, customs missions, and other costs are known, but it is the job of the intelligence agencies to address these issues. Track and identify, but they can’t put pressure on them either.

Afghan political interference can take the form of direct instructions to customs officials in a few specific cases. They might intervene on behalf of constituencies, family members, friends, or political financiers, who want for avoiding penalties or evade customs duties on intended imports.

7.3. Coordination, monitoring, supervision, and evaluation

In Afghanistan coordination of customs officials at the headquarters and those at the border post is either weak or inefficient. This makes it easier for officials at the border the collection of bribes from importers and exporters to allow certain goods into the country or out of the country.

In the current situation, supervision is quite hard to come, by in the customs service due to the lack of necessary gadgets, scanners, and modern technologies to do so. There are no specified targets that have made monitoring and evaluation an exercise in futility. Afghanistan’s customs have undertaken a reform program with the purpose of creating an environment conducive to industry development and trade, which is not only for Afghanistan but for all the countries in the region and the world. The prevention and control of corruption. Customs can be assisted by the implementation of a range of appropriate monitoring and controlling mechanisms such as internal check programs, internal, and external auditing, and investigation and prosecution regimes.

7.4. Security of job:

In short term, the frequent changes of customs head, encourage corruption in the organization. If the custom head knows their tenure will be cut short, they will focus on short-term goals, for achieving these goals, they will circumvent the laws and regulations, and orders by using corrupt people. Usually, employees follow suit, which management follows, for example when management is corrupt, employees also follow suit, also, Afghanistan's institutional anti-corruption mechanisms break down, as it is the leaders who are supposed to enforce them.

External anti-corruption mechanisms will do little because it is controlled by the ministry of finance especially the Afghanistan custom department which heads customs. It should note that these are major causes of corruption in Afghanistan, but there are some other causes too, for example, ethnic, and nepotism. In some cases, customs employees are forced to commit corruption, if they do not, and raise their voices against the corruption of the mafia, then they fall prey to various conspiracies, and finally, they lose their jobs, and will hire someone else, who protect their private gains.

7.5. Low Pay and Low Job opportunities:

Most of the employees in the customs sector are paid low salaries. Hence, some employees revert to corruption for more financial benefits. The lack of job opportunities is one of the causes of corruption in customs. People like to go for corruption mode to get a job with the customs because they think this is an opportunity to earn a lot of money. They are ready to pay for the job offered to government officials or politicians.


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7.6. Internal and External Factors of Corruptions in Customs of Afghanistan:

Internal factors: they are the major factors of corruption in the customs of Afghanistan, which divided into two, main categories, they are:

7.6.1. Organization, and Management factors: Leadership, strategic management, organizational structure, coordination, supervision, monitoring and evaluation, human resource management, internal control systems, and Internal Anti-Corruption Mechanisms.[16]

7.6.2. Technical Operations factors: Cargo Processing, and Enforcement

External factors: Not only internal factors but also external factors are involved in customs corruption, which include trade policies, potential delinquents, political executive, legislature, judiciary, national anti-corruption institutions, general integrity environment in the public sector, society’s attitude towards corruption, media, and civil society.

VIII. NECESSARY REFORMS IN THE CUSTOMS OF AFGHANISTAN

The Ministry of Finance launched a series of customs reforms in 2004, with the support of the World Bank. They’re focusing on the automation of customs procedures, infrastructure improvement, and reforming and clarifying the responsibilities and roles of various government agencies which operate at the border. The Afghanistan Customs Department, with the support of the World Bank and other partner countries, has developed new approaches for identifying corruption in the customs and border management process and reducing and eliminating corruption in customs.[17]

Automation is a crucial and great reform facilitator. It is expected for reducing face-to-face contact and negotiations. At the start of trade, Policies reduce licensing requirements and tariffs, exemptions from Customs duties, and VAT on imports simplify rules and regulations for trade balance. As well as in trade policies increase the institutional capacity of customs to efficiently handle increasing trade flows and set and publish service standards. In the potential delinquents, we should strengthen the institutional capacity of the customs, establish strategic alliances with the formal sector, and Coordinate with security agencies to improve border patrolling and physical security of customs officials. The Political Executive should develop consensus amongst the political elite to: depoliticize appointments to the Customs, stop interference in postings and transfers, professional customs service, and recruitment through open competition, establish clear rules for posting and transfer and give the director of the customs full powers over posting and transfers, eliminating political interference. Afghanistan’s National anti-corruption institutions should correct Anti-Corruption Law to allow reasonable presumptions based on circumstantial evidence, put the onus to rebut such presumptions on the accused, and increase the severity of sanctions. As well as national anti-corruption institutions should correct roles and regulations to allow to strengthen the investigative capacity of anti-corruption investigative agencies and focus resources of investigative agencies, and the prosecutor general on a few high-profile cases of grand corruption to enhance the deterrent effect. For reducing and eliminating corruption in the customs, leadership should depoliticize customs appointments, establish minimum qualifications for top managers, recruit persons of unquestioned integrity, and demonstrate leadership capability. Coordination, supervision, monitoring, and evaluation to improve supervision of field offices, through Surprise visits by senior officers, and Inspections by the Vigilance Unit.

Internal Anti-Corruption Mechanisms: Strictly enforce the code of ethics which is Included the study of the code of ethics in the Induction training of all customs recruits, and ask honest senior officers to mentor recruits. Create a vigilance unit at headquarters and regional offices to Monitor staff conduct, attend to complaints and grievances of clients facing harassment and corrupt demands, and process disciplinary matters. Afghanistan upgraded customs clearance procedures in 2016 with software, which is developed by United Nations Conference on Trade and Development (UNCTAD). Now the Afghan Ministry of Finance has started using advanced technology in customs called Asycuda (Automated System for Customs Data). It has been used in some customs such as Nangarhar, Herat, Torkham, and some other customs. Asycuda is a collection of computer programs covering custom procedures, as well as a statement of accounting for the transit and suspension of goods, as well as business information for economic analysis. Asycuda is able to adapt to each country's tariff laws, specific codes, and specifications.

ISICODA can exchange information with government agencies, businesses, and different countries. Also, the Asycuda system complies with the standards of the International Customs Organization and the United Nations norms and standards. In spite of these improvements, corruption in Afghanistan’s customs still exists and has not changed significantly.

IX. ANTI-CORRUPTION PLANS AND TOOLS

Denmark in partnership with UNDP supports the Anti-Corruption Justice Center and Civil Society


[17] Necessary Reforms in the Customs of Afghanistan - Search (bing.com)
Organizations in to fight against corruption in Afghanistan. The Royal Danish Embassy, Attorney General Office, and UNDP signed an agreement for a new anti-corruption project, Anti-Corruption, Transparency, Integrity & Openness (ACTION) in 2019. The principal law of Afghanistan, governing the work of the Afghan custom department, is the 2016 Customs Law which defines the responsibility of the Department. The ministry of finance has a five-year Strategic Plan in the form of the 2017 Fiscal Performance Improvement Plan’ (FPIP). In relation to the Deputy Minister (DM) the FPIP seeks an increase in domestic revenue, for the DM to implement the Customs Anti-Corruption Strategy and to oversee the automation of Customs clearance processes.

It should be addressed by the FPIP setting annual objectives for each Department, reflecting the resources available to each Department at the outset, with quarterly reporting. The five-year anti-corruption financial action plan focuses heavily on the need to be staffed by staff.

**ACD Five-Year Strategic Plan:**

The policy direction of the ACD is set out in its ‘Five-Year Strategic Plan from 2018 to 2022. The Strategic Plan uses a (SWOT) analysis to assess its current position and how it can move forward. While perceived Strengths include the use of ASYCUDA World and membership of the WCO and WTO, and Opportunities are led by Government, public, and donor-supported demand for further reform, ACD’s Weaknesses and Threats are also identified, and worth repeating in full.

**ACD’s Strategic Plan proposes 6 Strategic Goals:**

1. Enhance Institutional Efficiency by Modernizing the Administration, Processes, and Infrastructure.
3. Enhance Revenue Collection.
5. Strengthening Compliance.
6. Implement the Trade Facilitation Agreement.

This strategic plan specifically addresses two Weaknesses corruption and system Automation, with others dealt with at a lower level.

**X. INTERNATIONAL AGREEMENTS AND STANDARDS**

Afghanistan is a member of a number of international organizations. Membership in these organizations and accepting their requirements should drive measures to reduce the potential for corrupt action. Under the World Trade Organization (WTO) Afghanistan has entered into a regional trade agreement with India and joined with SAFTA. World Trade Organization (WTO) is to conduct Trade Policy Reviews of member countries, which is one of the major causes of corruption in Afghanistan.

Computerization of customs clearance stages is one of the basic elements of customs reconstruction and reform. Therefore, the Ministry of Finance has started installing and implementing an international computer system in Afghanistan’s customs. Afghanistan signed the Arusha Declaration in 1993 (revised in 2003), which is issued by the Customs Cooperation Council (WCO). This declaration addresses the risk of corruption in customs operations and identifies the range of risks arising from corruption, a number of areas (Transparency, Automation, Reform and Modernization’ and ‘Code of Conduct) by which Customs organizations can address them.

Afghanistan is a partner country signatory to the Add is Tax Initiative (ATI). It is launched by donor country governments in 2015, especially in Afghanistan, the purpose or aim of the ATI is to strengthen the harmonization of donor funding going to Afghanistan, as well as increase Afghanistan’s domestic revenue. ATI also commits Afghanistan to support technical cooperation in the area of customs and tax.

**XI. CONCLUSION**

In this study, I presented what we believe is how corruption affects the customs clearance process in Afghanistan. Customs are an important source of government revenue and play an important role in the reconstruction, and development of the country’s political, economic, and social aspects. Firstly, we started with introducing customs in Afghanistan, Corruption, causes, and Internal and External Factors of Corruption in Afghanistan. Then included Necessary Reforms in the Customs of Afghanistan, Anti-corruption plans and tools, and international agreements and standards which is followed by an explanation of practical and theoretical approaches. Both methodologies are altering the individual assessment of every regulation for the adoption of a formalized specification of regulations.

Our finding is that intervention of central, and provincial officials, members of the National Assembly, and warlords in the customs affairs, discrepancy in customs duties, many oversight bodies in Afghanistan’s customs and tax departments, and lack of central customs control system Knowing the major causes and factors of corruption in the customs of Afghanistan.

This article offers various solutions to solve this problem which are the major causes of corruption, and suggests reforms in the customs to prevent corruption in
the customs of Afghanistan. In all the cases mentioned in the article, the initiatives were implemented as a wide, and major part of customs reform and modernization programs.

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