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## **CURRENT CHALLENGES AND DIRECTIONS FOR IMPROVING THE STATE FINANCIAL CONTROL SYSTEM IN AFGHANISTAN**

**Abstract.** State financial control is an important instrument for ensuring transparency, accountability and efficient use of public funds. Good financial control helps the government to avoid abuse of budget funds, increase public confidence and support sustainable economic growth. Afghanistan has faced serious challenges in developing an effective state financial control system due to political instability, institutional weaknesses, limited administrative capacity and risks of corruption. The paper is devoted to the major problems of the state financial control system in Afghanistan and offers possible ways of its improvement. The study concludes that the effectiveness of financial control in the country can be significantly improved by strengthening institutions, increasing transparency, enhancing professional capacity and the use of modern digital tools.

**Keywords:** State financial control, public finance, transparency, accountability, Afghanistan, public administration.

### **Introduction**

State financial control is an important component of public financial management. This ensures the collection, allocation and spending of government resources in accordance with legal requirements and national priorities. A well-functioning financial control system is a tool to prevent fraud, corruption and waste and to increase efficiency and accountability in public institutions. State financial control has a great importance for developing countries, where public resources are scarce and the demand for development is high. Afghanistan is an example of a country where strengthening financial control continues to be a major challenge. Decades of conflict, political shifts and economic difficulties have taken a toll on the country's institutional capacity and public financial management system. Thus, it is necessary to promote economic development through the development of governance by increasing the financial control of the state.

### **Current Problems of State Financial Control in Afghanistan**

Institutional weakness is one of the major problems of the state financial control system of Afghanistan. Strong financial control requires effective institutions, clear responsibilities and sufficient independence. Still a number of public institutions in Afghanistan lack organizational capacity, coordination and availability of resources. These weaknesses weaken the effectiveness of financial oversight and monitoring. Another big problem is the lack of qualified staff. Specialists in financial control are needed in accounting, auditing, budgeting, financial reporting and public administration. Afghanistan has struggled to develop and retain highly qualified professionals in these areas. The issue is lack of training opportunities and migration of skilled workers. Another major problem affecting the effectiveness of state financial control is corruption. Corruption can erode trust in government institutions and the efficiency of public spending. In areas with a high risk of corruption, financial control mechanisms may have even more difficulty in detecting and preventing irregularities. Better financial governance thus means more integrity and accountability.



Transparency in the management of public finance continues to be a problem. In order to have effective financial control, financial information needs to be accurate and timely. Limited access to financial data and reporting in some cases may impair the ability of oversight institutions to oversee government activities effectively. “More transparency would mean more accountability and more confidence from the public.”

The financial control institutions have also suffered from political and economic instability. The frequent changes of government may disrupt the administrative process and hinder the implementation of long-term reforms. Economic difficulties may place additional pressure on resources for strengthening oversight institutions and modernizing financial management systems. Afghanistan still faces challenges in the usage of information technology in public financial management. The modern way of managing finances is through digital systems, so you get more accuracy, efficiency and transparency. In some areas of public administration, the lack of technological infrastructure and technical capacity has restricted the use of these systems.

#### **Suggestions for improving the system of state financial control**

All of this demands a comprehensive long-term plan to deal with these challenges. One of the important directions is strengthening of the legal and institutional framework of the state financial control. We need effective oversight and accountability, with specific laws, regulations and institutional responsibilities. – The financial legislation is periodically reviewed and improved to ensure that the control mechanisms remain relevant and effective. Human resources development is another priority. The investment in education, professional training and capacity building programmes can improve the competencies of personnel in financial control. A more qualified workforce can be trained in modern financial control practices through cooperation with universities, training centres and international organizations. And we also need to make transparency and accountability a core priority. Giving the public access to information about budgets, financial reports and audit findings can improve oversight and raise public confidence in government institutions. Greater transparency supports good financial management, and reduces opportunities for the diversion of public resources.

Another big area for improvement is digital technology adoption. Electronic finance management systems improve the record keeping, reporting, monitoring and auditing processes. Digital solutions can also cut down on administrative errors and improve the efficiency of financial processes. Better financial control would be achieved by more extensive use of information technology in the public sector. Equally important is the establishment of internal and external audit functions. Internal audits are used to identify weaknesses in government agencies. External audits are an independent review of financial performance and compliance. The effective cooperation of these mechanisms leads to an improved control of the environment. International co-operation may also be helpful. Several countries have undertaken successful reforms to strengthen public financial management and financial supervision. The study of the international experience and adaptation of the relevant best practices to the specific conditions of Afghanistan can help to modernize the financial control system.

#### **Conclusion.**

A good governance and an efficient management of the public finances is an important aspect of the financial control of the State. Afghanistan has several challenges in this sector including institutional weakness, lack of qualified personnel, risk of corruption, limited transparency, political instability and technological limitations. All these factors affect the efficiency of financial control and create barriers to the effective use of public funds. And yet, there is plenty of room to get better. Development of professional capacity, increase of transparency, application of digital technologies, modernization of audit mechanisms can contribute to a more efficient system of state financial control. If put into practice successfully, these measures will increase accountability, boost public confidence, and contribute to long-term economic growth and institutional stability in Afghanistan.



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