

United Nations Development Programme
Afghanistan
Accountability and Transparency (ACT) Project
Annual Progress Report – 2009



A photo from Accountability and Transparency Grants Facility Awareness Raising Workshop for civil society organizations organized by ACT Project in Herat city

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Strategic Plan Component: Democratic Governance

CPAP Component:

ANDS Component: Cross-cutting Issues – Anti-Corruption

Total Budget: USD 22,310,625

Implementing Partner: High Office of Oversight, CAO, MOF, MOI, MOE

Accountability and Transparency (ACT) Project DONORS



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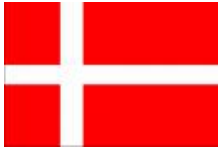
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Acronyms

ACT	Accountability and Transparency
ACT-GF	Accountability and Transparency Grants Facility
ANDS	Afghanistan National Development Strategy
CAO	Control and Audit Office
CPAP	Country Programme Action Plan
CSO	Civil Society Organization
EUPOL	The European Union Police Mission in Afghanistan
FIU	Fraud Investigation Unit
HOO	High Office of Oversight
IACD	Integrated Approaches to Community Development
IWA	Integrity Watch Afghanistan
MOE	Ministry of Education
MOF	Ministry of Finance
MOI	Ministry of Interior
MOJ	Ministry of Justice
NACS	National Anti-Corruption Strategy
SMO	Saba Media Organization
UNCAC	United Nations Convention Against Corruption
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNODC	United Nations Office on Drugs and Crime
VCA	Vulnerability to Corruption Assessment

Executive Summary

The revised Accountability and Transparency (ACT) project was signed between the Government of Afghanistan and UNDP in April 2009. The project revision brought an extension of the project by three years and an expansion of scope to include the Control and Audit Office (CAO), Ministry of Education (MOE) and Ministry of Interior (MOI) in addition to the Ministry of Finance (MOF) and the High Office of Oversight (HOO) as the lead partner. As result of the project revision, the foundations for a wider and more comprehensive approach is created for channelling support to Government of Afghanistan to fight against corruption. In 2009, the project, building on the achievements from the previous year, continued to contribute to strengthening government institutions to deliver public services through support aimed at 1) improving the institutional, legal and policy environment; 2) enhancing transparency, integrity and accountability in key government institutions; and 3) increasing awareness and understanding of corruption in Afghanistan. With the project revision finalized, the project has been placing considerable efforts on ensuring that the necessary resources are in place to ensure the timely implementation of the expanded project outputs.

Main achievements in 2009 include provision of critical support to HOO leading to improved managerial, technical and administrative capacity. The project also supported the HOO in revising the anticorruption law, providing the basis for strengthening HOO's role in the fight against corruption. This support has provided the HOO with the foundation to move forward with seeking the revision of the Anti-Corruption Law with the aim of strengthening the institution's mandate and role in the fight against corruption. In addition, senior management of HOO has been supported with provision of policy advisory services by the project team, one international and two national experts. The project also supported the HOO with strengthening institutional capacity through provision of critical IT and communications infrastructure, construction of additional office space and security upgrade of the HOO premises. In the last quarter of 2009, the project completed a comprehensive staffing plan which includes 35 national professional and one international position. The recruitment process for these positions will commence in the 1st quarter of 2010 through signing of a Letter of Agreement (LoA) between UNDP and HOO. In addition, recruitment of a Strategic Planning Advisor was initiated to support HOO in formulation of a long term strategic plan. The project also continued to contribute to coordination efforts in the area of anti-corruption and in particular the coordination of support to the HOO.

Under component 2, the project continued to provide support to the internal integrity framework within the MOF with considerable progress made in the current reporting period. As stated by the Minister of Finance during a press conference, these efforts have contributed to a significant increase in revenue collection. The project signed a Note of Understanding (NoU) with MOI and key international partners to coordinate anti-corruption efforts in the ministry of interior. In collaboration with the European Union Police Mission in Afghanistan (EUPOL) anti-corruption project, UNDP has provided significant support for strengthening physical capacity of the newly established Anti-Corruption Unit in MOI. Recruitment of an international advisor (Complaints Handling and Fraud Investigation) is underway for supporting the MoE, MoI and MoF in strengthening internal integrity mechanisms and An International expert Fraud and corruption detection was recruited last to support CAO. In the first quarter of 2010, it is anticipated to accelerate support to these institutions to enhance internal integrity framework.

Under component 3 of the project, Saba Media Organization (SMO) completed the investigative journalism capacity building project for Afghan journalists. The manual is being considered to be integrated as teaching material into curriculum of Journalism Faculty of Kabul University. Integrity Watch Afghanistan (IWA) and Integrated Approaches to Community Development (IACD) completed their projects on capacity building of civil society organizations (CSOs) and monitoring of service delivery respectively in the third quarter of 2009. The first round of the Accountability

and Transparency Grants Facility (ACT-GF) has been completed with all three civil society grants recipients completing their activities on time and within budget. The project launched the second round of the ACT-GF and has launched an awareness-raising campaign on ACT-GF at the national and sub-national level which is currently on-going. The process of launching the second round of grants to CSO is planned to commence in the first quarter of 2010.

Under component 4 limited progress was made during the reporting period with the recruitment of national and international staff still on-going. Recruitment of staff remains a prerequisite for planned activities to move ahead.

Despite facing the considerable challenge of rapid expansion of the project, satisfactory progress is being made in the implementation of activities in 2009. However, the expected slowdown due to the election and post-election phase has resulted in delays in the implementation of project activities.

The main challenges to project implementation have been ensuring continued political will and commitment to the fight against corruption and delays in project implementation following the Presidential elections and uncertainties in the direction of the fight against corruption following the elections. The deteriorating security situation in general and the attack on UN staff in Baktir Guest House in particular had severe impact on the ability of the project to implement activities and attract the necessary expertise. Finally, in the last quarter of 2009, the Project Manager completed his assignment in Afghanistan and left the project which posed serious challenges to the project implementation process. The project is addressing these risks by taking mitigating and administrative actions to minimize the impact of these challenges on project deliverables. A new Project Manager has been identified and is expected to join in Mid-February 2010. Additionally, actions have been taken to attract high calibre international experts and as referred above, recruitment of a Strategic Planning Advisor for HOO is completed and the candidate is expected to join in the second half of February 2010.

Context

The Accountability and Transparency (ACT) project has been designed to support the Government of Afghanistan and Afghan civil society in developing the necessary capacities to fight corruption. The revised ACT project, signed by the Government of Afghanistan and UNDP in April 2009, will support the implementation of the National Anti-Corruption Strategy (NACS) and the capacity development of the High Office of Oversight (HOO), support to the strengthening of internal integrity frameworks / mechanisms in key government institutions – the Control and Audit Office (CAO), Ministry of Education (MOE), Ministry of Finance (MOF) and the Ministry of Interior (MOI), support the active engagement of civil society in the fight against corruption, and supporting efforts to increase awareness and understanding amongst civil servants and the public in Afghanistan of their role in the fight against corruption. The ACT project takes the Afghanistan National Development Strategy (ANDS), the NACS and the United Nations Convention Against Corruption (UNCAC) as its starting point, with the ANDS addressing anti-corruption as a crosscutting issue. The project components have been developed in order to support the Government of Afghanistan in meeting the priorities and requirements set out in these key strategies and conventions. The ACT project will contribute to Outcome 2 (Government capacity to deliver services to the poor and vulnerable is enhanced) and Outcome 3 (The institutions of democratic governance are integrated components of the nation state). The project commenced in January 2007 and will run until March 2012.

Performance review

Progress review

1. Overall progress towards the ANDS benchmarks

The project continued to contribute to the achievements of ANDS cross-cutting benchmarks on fight against corruption namely *"By Jaddi 1392 (end-2013), the corruption in the judiciary and the government at all levels especially in security, customs, civil administration and municipalities will be significantly reduced"*. The combined project outputs in 2009, significantly contributed to the achievement of relevant ANDS benchmarks. The achievements in strengthening institutional capacity of HOO, enhanced awareness of CSOs and communities and improved internal integrity framework in key government institutions will eventually result in achievements of the desired benchmarks of ANDS.

2. Overall progress towards the UNDAF outcome

The project continued to contribute to the achievements of UNDAF Outcome 2, namely *"Government capacity to deliver services to the poor and vulnerable is enhanced"* the project outputs will result in enhancing capacity of the government for delivery of effective services to the poor and vulnerable groups. In 2009, significant progress was made in capacity building of key government institutions. It is expected that the outcome of the support provided through ACT project will eventually result in enhanced capacity of duty bearers and improved quality of services to the people.

3. Overall progress towards the CPAP outcome and output(s)

The project contributed to the achievements of UNDP's CPAP Outcome 3.3. *"Capacity of the state and non-state actors at national and sub-national level strengthened to improve the quality of service delivery and respond to corruption"*, output 3.3.1 *"Peoples knowledge on public rights and access to information"*, and output 3.1.2. *"Presence of systems and processes for government bodies to manage and monitor human development-sensitive service delivery."* In 2009, the project continued to contribute to the strengthening of government institutions to deliver public services. This included support aimed at improving the institutional, legal and policy environment, enhancing integrity and accountability in key government institutions and increasing awareness and understanding of corruption in Afghanistan. The project works in close partnership with other actors in the area of anti-corruption to ensure that there is a joint approach and synergies in anti-corruption activities and that overlaps are avoided.

4. Capacity development

One of the main achievements of the project was the support provided to strengthening managerial, technical and administrative capacity of the HOO through provision of national and international expertise and requisite equipments and infrastructure. In addition, during the reporting period, a legal expert was recruited to support the HOO in developing a revised Anti-Corruption Law. This support has provided the HOO with the foundation to move forward with seeking the revision of the Anti-Corruption Law. It is important to mention that draft Law has assisted HOO in envisioning a concept paper to be put forward in London Conference to strengthen anti corruption efforts.

The ACT project continued to provide on-the-job training and capacity development support to the Complaints Office and Fraud Investigation Unit established in the Ministry of Finance, contributing to the development of internal mechanisms to deter corruption.

Trainings and meetings were also held with civil society organizations to increase their understanding on the role that they have to play in the fight against corruption. Through the Accountability and Transparency Grants Facility they were also provided support to carry out activities in the area of accountability and transparency. It is expected that the outputs produced by grants recipient namely the manual on investigative journalism, and capacity building manual for CSO, will have long term impact on capacity building of various stakeholders in fight against corruption. In addition, the community awareness project implemented in Logar province for monitoring of public service delivery resulted in community empowerment to take a more active role in monitoring of public service delivery in education sector.

5. Impact on direct and indirect beneficiaries

The project initially had three direct beneficiaries (MOF, MOJ, and civil society), with the people of Afghanistan as indirect beneficiaries. In addition, with the establishment of the HOO and revision of the project document, the project provided assistance to HOO as the lead agency for fight against corruption as well as MoE, MoI and CAO. This support is being provided on a priority basis given that the HOO is directly mandated by the government to take the lead in the fight against corruption.

The project did reach target beneficiaries in accordance with the annual work plan with satisfactory results. On-going support is being provided to the HOO to enable HOO to fulfill its mandate. This support is set to expand considerably and to have significantly greater impact in 2010 and after the London Conference. The capacity of the MOF to address corruption through the establishment of internal integrity mechanisms was developed and the MOI received support for establishment of an Anti Corruption Unit. Civil society and media organizations have been supported to undertake activities in the area of accountability and transparency, laying the foundations for an increased involvement of Afghan civil society in the fight against corruption.

Implementation strategy review

1. Participatory/consultative processes

The overall planning for the implementation of the project involved relevant beneficiaries and stakeholders through the quarterly project board meetings and consultations on the annual work plan. In terms of implementation of activities, the project has sought the views and direct involvement of the direct beneficiaries as well as civil society and the international community at all stages of planning and implementation. The project has consistently sought to implement all activities in close partnership with relevant counterparts to ensure buy-in and sustainability.

2. Quality of partnerships

In addition to project's initial main beneficiaries MOF and MOJ, the project has worked closely with the HOO in the fight against corruption and it has been the approach of the project to involve its main beneficiaries in planning and implementing project right from the outset of activities to ensure close partnership. With the establishment of HOO as the main counterpart, the project has been able to regularly interact with HOO's leadership and management at various levels and seek their inputs from time to time. In addition, the project has involved MoE and MoI as new partners in planning and implementation of relevant project activities.

The project has been working closely with the UNODC and other international partners including DFID, the World Bank and the Governments of Canada, Italy, the Netherlands and Norway. In addition, the project has initiated partnership with Denmark as a new donor.

The project has also been able to establish effective partnership with civil society, with three civil society organizations being supported through the Accountability and Transparency Grants Facility to carry out activities in the area of accountability and transparency. Furthermore, through organizing capacity building workshops in provinces, a network of more than 170 CSO has been created which the project will continue interacting and providing support to them for becoming effective partners in fight against corruption.

It is important to note that due to recent changes in HOO and departure of the project manager, the last quarter Project Board meeting has not convened. Consensus has been reached with project donors and national counterpart to hold the Project Board meeting late in February at the time that the new project manager will be in place.

3. National ownership

National ownership is promoted through the representation of relevant Government and civil society partners on the project board. Government and civil society counterparts are involved at all stages of planning and implementation of activities, including through stakeholder consultations, to ensure that project outputs and recommendations benefit from their inputs. The project has also made efforts, to the extent possible, to be responsive to requests for assistance from government counterparts when in line with the overall priorities of the project. In order to further promote national ownership, the project has established regular bi-weekly meetings with HOO to discuss project progress and create a forum for ongoing consultation and dialogue with HOO to ensure smooth implementation of project activities.

4. Sustainability

Project activities have been designed in close consultation with national counterparts and implementation places an emphasis on capacity development and skills transfer. The technical assistance provided through the ACT project to relevant government institutions and coordination bodies, in particular the HOO will improve the capacity of these forums to coordinate and build consensus among various stakeholders involved in driving an anti-corruption agenda forward.

Management effectiveness review

1. Quality of monitoring

The project team carried out regular monitoring and evaluation of the project to ensure that the pace and design of the project is adjusted in the rapidly changing institutional, political and economic environment in Afghanistan. The Output Targets contained in the Results Framework served as reference for the project activities and provided guidance for the ongoing monitoring of achievement of agreed project outputs. In addition, the project team has carried out regular internal monitoring of activities through regular project team meetings.

Overall monitoring and project assurance was provided through quarterly project board meetings and weekly team meetings. The general monitoring and oversight of the project has been ensured by UNDP Country Office, through the UNDP Programme Office and Assistant Country Director, ensuring that outputs were achieved as planned and that project resources were used in

accordance with the UNDP rules and regulations. As mentioned above, bi-weekly regular meetings with HOO is initiated to ensure smooth implementation of project activities and close coordination with stakeholders.

A final external evaluation of the project was to be carried out three months prior to the end of the first phase of the project. In view of the decision made by the project board to extend the project by another three years however, an external midterm evaluation of the project will be carried out in the second half of 2010.

In accordance with UNDP corporate regulations, an audit will be conducted in 2010, to ensure that UNDP resources are being managed in accordance with the financial regulations, rules, practices and procedures, the project document and project work plans.

2. Timely delivery of outputs

Satisfactory progress has been made towards achieving outputs according to the revised annual work plan. However due to reasons mentioned above some of the project activities were not possible to be implemented according to the plan. The deteriorating security situation, post election uncertain environment and departure of project manager had adverse effect on timely implementation of some of the project activities. It is envisaged to implement those activities in 2010.

3. Resources allocation

Allocation of project resources were done based on priorities identified under the revised project document and in consultation with project stakeholders. The initial AWP for 2009 had a delivery target of \$US5million however with realization of the challenges ahead of the project and with identification of potential impediments during the implementation course, it was deemed necessary to reduce the annual target to a total of US\$2.7million of which 72% were disbursed.

4. Cost-effective use of inputs

Project resources were utilized on a cost effective basis. Procurement of equipment was carried out as per UNDP's procurement guideline. The project overhead cost has been kept optimum with having only the project manager and one additional international staff. The project team has gradually expanded after the revision of the project and it is expected to be further expanded through the first half of 2010. Project office is based within the government premises to keep overhead cost minimum. With changes of in the security conditions and in anticipation expansion of project team, the project has procured one additional armored vehicle and in total the project has 3 AVs. Two soft-skin pick-ups, one Land Cruiser and two mini vans which were not allowed to be used have been donated to the HOO.

Implementation Progress

Output 1.1: High Office of Oversight enabled to fulfil its mandate

Institutional capacity of HOO has been strengthened in the area of administration and finance, human resource, and IT through provision of three national experts. These experts have been working closely with key departments of HOO to assist them in day to day function and transferring required skills and knowledge through on the job training and coaching to HOO's

staff. Further The project has also supported the HOO with strengthening institutional capacity through the provision of critical IT and communications infrastructure, construction of additional office space, security upgrade of the HOO premises and donation of five office vehicles to be used by different departments of the HOO for their day-to-day business. As result of support provided by ACT project, HOO's capacity has enhanced and further support is prioritized to be provided in 2010.

In order to identify gaps and assess legal basis of HOO with the aim to strengthen its legal mandate, the anti corruption law was assessed and draft revised Law was submitted. During the period under review, a legal expert was recruited who supported the HOO in developing a revised Anti-Corruption Law. This support has enabled the HOO to prepare for strengthening its role as the lead government institution in the fight against corruption. The revised law has provided the basis for HOO to coordinate its efforts more effectively with other government institutions.

During the 4th quarter of 2009 the project, along with other donor agencies, supported HOO in holding a 3-day national anti-corruption conference which involved around 350 participants including the Government officials, civil society, donors, academicians, and parliamentarians. The conference came up with a set of recommendations which forms the basis for further activities and direction for the HOO. The project covered the printing of workshop materials, reimbursement of travel costs and per-diems to over 60 participants attending from the provinces.

In order to further develop institutional capacity of the HOO, senior management of the HOO has been supported through provision of policy advisory services by the project team and one international expert. This support is aimed at improving the management, technical and administrative capacity of the HOO. The project is also supporting coordination amongst key actors in the area of anti-corruption to ensure that the support provided to HOO is effective and that coordination amongst donors is increased to minimize overlap and duplication. This support has contributed to raising the profile of HOO and its technical, management, and administrative capacity.

The fourth quarter saw major changes in the HOO leadership. However, steps have been taken to recruit personnel by HOO, through the project, which will be facilitated by the signing of a letter of agreement (LOA) between the HOO and the UNDP. The new recruits will be officials of HOO. The LOA and the phase-based recruitment process should be completed in the first quarter of 2010.

However, there is need for a long term capacity development of the HOO through international and national experts providing long-term mentoring and on-the-job training to HOO key staff. The recruitment of a number of national staff and international expert has been under process and that they are likely to be on board in the first quarter of 2010. The project has been successful in building the capacity of HOO to administrate recruitments and manage its own staff to a great extent too.

Output 1.2: Comprehensive corruption monitoring system established

The project has initiated the process of moving towards an agreement with UNODC to jointly establish a corruption monitoring system and a survey unit in the HOO.

Together with UNODC, the project is going to commence a survey on public perception and experiences of corruption. This survey will ensure that activities under this output are initiated

providing the basis for the establishment of a corruption monitoring system. The project will also provide support to the HOO in the establishment of its survey unit by providing national and international experts. Once established, the survey unit will contribute to the corruption monitoring system.

Output 1.4: Strategic regional and international partnerships developed

The project will continue and expand its support in this regard to ensure that relevant government officials are exposed to international experiences and lessons learned. Under this output the HOO was provided with technical support through the South-South cooperation initiative with the Government of Indonesia providing a Senior Expert on anti-corruption. In addition, participation of HOO leadership and a representative from MOE in the international conference on anti-corruption in Astana was facilitated by the project. The conference provided a forum for delegates to exchange experiences and best practices on the issues of prosecution of transnational bribery, preventing corruption in public procurement and education, role of good governance for private sector development and investment promotion.

Output 2.1: Vulnerability to Corruption Assessments (VCA) completed and recommendations integrated in on-going technical assistance in Control and Audit Office, Ministry of Education, Ministry of Interior and a Municipality

The project reached an agreement with the MOE to carry out VCAs in identified areas and initiated discussions with the MOI on carrying out VCAs as part of a wider set of anticorruption initiatives, in the first quarter.

However, as reported in the previous quarters, the project put the implementation of the VCAs on hold, pending the appointment of the new cabinet following the finalization of the Presidential election in order to ensure that the VCA process has the full buy-in of the management of the institutions in which the VCAs are to be conducted. The appointment of the Cabinet was still not completed as at the end of the year. The project will initiate efforts for conduct of VCAs in the MoE and take forward the discussions for VCAs in Mol in the first quarter of 2010. The project will also initiate efforts to conduct VCAs in the Kabul Municipality.

Output 2.2: Complaints and investigation capacity established / developed in Control and Audit Office, Ministry of Education, Ministry of Finance, and Ministry of Interior

The project provided support to Ministry of Finance for the establishment of a Complaints Office. During the year 2009 the Complaints Office in MOF established strong and active communication between various MOF departments, as a targeted approach for a longer period to create confidence platform between complaints office and other MOF departments especially the senior management and the Minister of Finance.

The Complaints Office has established coordination of the anti-corruption efforts between Fraud Investigation Unit and the Internal Audit Department as well as the Chief of Staff office. As corruption is widely recognized to be an extremely serious problem in the ministry of finance and considering the importance of this threat and working in close cooperation with MOF departments, justified the necessity of the Complaints Office to gain the high profile status and be put under the Chief of Staff. That entailed into more autonomy and authority of the office. During the year the Complaints Office was directly involved in handling serious corruption cases.

MOF including the senior management recognized a solid progress has been made in eradication of corruption through important functional processes that are seriously followed up by Compliant

Office through its hotline. The Complaints Office launched billboard and poster campaign for its hotline throughout the country. During the year the Complaints Office registered and processed 190 complaints with 70% of them resolved. The corruption cases varied in nature from ordinary complaints to the ones involved serious corruption. The Complaints Hotline is staffed by fluent in English, Dari and Pashto speakers and provides information directly to the Minister.

During the year, the Complaints Office developed awareness material on the Fraud and Ethics and conducted regular awareness sessions for the ministry staff. The campaign also focused on the role of ethics in the organization. The Complaints Office also drafted the MoF anti-corruption work plan based on the national anti-corruption strategy. Anti-corruption activities of the MoF including that of the Complaints office are considered to have resulted into appreciable increase in the national revenue.

Additional staff was recruited by the ACT project while the MoF also contributed through hiring additional civil servants for the Complaints Office who supported the Complaints Office in its day-to-day work. This support has enabled the Complaints Office to prepare for strengthening its role as the lead MoF unit, in the fight against corruption.

The project continued its efforts of establishing a complaints office in the Ministry of Education. A framework for establishing the complaints mechanism has been prepared by the Ministry. A Letter of Agreement (LOA) will be signed with the MoE in first quarter of 2010 for recruiting the necessary staff through the MoE. Infrastructural support as required will also be provided to the MoE during the first quarter of 2010.

With the support provided through ACT and EUPOL, the MoI has been able to establish the office for the Anti Corruption Implementation Programme. After signing of the Note of Understanding (NoU), EUPOL has been the lead in implementation of ACIP in MoI. The ACIP project office is located next to the MOI Inspector General building. The Project Office container will be used as the main platform for the introduction of the digital filing and document control system and to carry out the daily mentoring and advising activities for the operational establishment of the six mobile Anti-Corruption Teams in the regions. The containers will reach a full operational readiness status soon. Additional support will be provided by UNDP ACT for equipping the project office with requisite communication and specialized audio video equipments. Through this project a Case Tracking and Digital Filing system will be established in MoI, for which UNDP will provide infrastructure support.

The project continued the recruitment of international technical specialists to take the lead in establishing and strengthening complaints handling and internal fraud investigation mechanisms in MOE, MOF and MOI.

Output 2.3: Integrity Promotion Offices (IPO) established in Control and Audit Office, Ministry of Education, Ministry of Finance, and Ministry of Interior

As part of the revised project, the project will support the establishment of IPOs to promote ethics and enhanced professional standards in the CAO, MOE, MOF, and MOI. The establishment of the IPOs will follow on the recruitment of the international technical specialists mentioned above.

Output 2.4: Capacity of Control and Audit Office to ensure financial accountability in government institutions strengthened

An international technical specialist has come on board in end December 2009, and is initiating project support to the CAO, in carrying out a review of existing financial and auditing procedures to assess effectiveness in deterring and detecting fraud and corruption, conducting a needs assessment, developing a capacity development plan and training materials, and providing mentoring and on-the-job training.

Output 3.1: Civil society actors and media increasingly involved in the fight against corruption

The project continued to provide support to civil society through the Accountability and Transparency Grants Facility established. The three CSOs, who received grants in late 2008, completed their planned activities. Saba Media Organization (SMO) completed the investigative journalism capacity building project for Afghan journalists in the first half of 2009. Integrity Watch Afghanistan (IWA) and Integrated Approaches to Community Development (IACD) completed their projects on capacity building of CSOs and monitoring of service delivery respectively in the third quarter of 2009.

All the three projects were completed in accordance with the grants agreements signed earlier resulting in successful completion of the first round of the ACT-GF. It is worth mentioning that the training manual developed by SMO attracted academia and journalists attention due to its practical usefulness. The manual is being considered to be used as teaching material in Journalism Faculty of Kabul University. In a post training capacity assessment of journalist carried out by the project, majority of the journalists responded that the trainings based on the manual were useful in their daily work and that they would share it with other journalists. The manual produced by IWA on capacity development of CSOs to undertake activities in the area of anti-corruption also received positive responses during the trainings organized based on the manual. The ACT project also used the manual to raise awareness and build capacity of CSOs during its awareness raising workshops on the second round of ACT-GF. IACD project was also welcomed by both Logar Provincial Council and Logar Department of Education. It was reported that the school administration and the related constituencies found the project useful in terms of raising people's awareness on their role in community monitoring of public services. All in all, the three projects were implemented in a way that provides a strong basis for the second round of the ACT-GF to learn, improve and replicate those activities in the future.

The project has developed an implementation strategy and a plan for the launch of the second round of the grants facility. The project launched an awareness raising campaign including ACT-GF announcements on radio, newspapers and email. The project organized awareness raising workshops in Kabul, Mazar-e-Sharif, Herat, Bamiyan, and Jalalabad. The workshops were aimed at raising awareness and building the capacity of civil society actors and media at national and sub-national level to ensure sufficient number of responsive applications for the second round of the ACT-GF. Around 170 civil society organizations participate in the five workshops organized by the ACT project. The project announced call for proposals and received more than 30 proposals by the end of October. The project is set to select civil society organizations to receive grants to implement activities in the area of anti-corruption by early 2010.

The project has identified and recruited a Grants Manager who is leading the implementation of the ACT-GF. However, due to security incidents, the project was not able to move forward with the

recruitment of an international expert to provide long-term capacity development support to civil society as well as other national staff in support of the implementation of the ACT-GF.

Output 4.1: Training materials and modules developed and integrated into on-going training Initiatives

The TOR for the development of training materials / modules has been developed in close consultation with HOO and the recruitment of international consultant is on-going. The international consultants will conduct training needs assessment amongst civil servants, develop training materials / modules on anti-corruption, ethics and conflict of interest, conduct training of trainers and develop a plan for the mainstreaming of training materials / modules in on-going training activities delivered at the central and sub-national level.

Output 4.2: Advocacy plan developed with materials disseminated nationwide through wide range of media

A National Advocacy Officer who was to support advocacy activities in the HOO was identified but turned down the offer. The project has restarted the recruitment process. The project is also moving ahead with the recruitment of an international expert to provide additional capacity development support to the HOO in the area of advocacy and awareness-raising.

Challenges

Risks

Political will

A number of key steps have been taken by the Government of Afghanistan in the fight against corruption, including the establishment of the HOO. The HOO itself has taken several critical steps towards fulfilling its mandate. The HOO will however require considerable and continuous support from the Government of Afghanistan as well as the international community if it is to be successful in fulfilling its mandate. Strengthening the anti-corruption law is one of the most critical areas that the HOO and the Government of Afghanistan will need to focus on.

The fight against corruption will however not depend only on the HOO, but will also require support to the justice sector, support to key ministries and institutions to develop anti-corruption action plans, and the effective coordination of anti-corruption efforts across all government institutions. This will require that the Government of Afghanistan and the international community allocate the necessary resources for the fight against corruption and that the issue of corruption remains at the top of the political agenda. Additional efforts are also necessary to increase coordination with the government as well as amongst the international community in its support to the fight against corruption.

Action taken: The ACT project continues to work closely with the HOO to provide the necessary support for developing the capacity of it and its staff. The project supported the HOO through an international expert to revise the anti-corruption law for strengthening HOO's mandate and its role as lead government institution in the fight against corruption. However, it depends on the Government of Afghanistan to expedite the process of adopting the revised law. It also depends

on the international community to work together with the HOO to advocate for the adoption on the revised law.

The project continues to be involved in formal and informal anti-corruption networks established to coordinate efforts within the international community as well as within the government. These efforts are aimed at putting the project in a position by which it can advocate for concrete actions to be taken by the Government of Afghanistan in the fight against corruption as well as coordinate the projects support to the HOO with that of others. The project will also provide support to the fight against corruption in several other key government institutions to ensure a broader approach to the overall fight against corruption.

Complaints Office in the MoF has received adequate support in carrying out its tasks. The under performance of the Fraud and Investigation Unit is a cause of concern. Further, there is a need to put in place a credible prosecution to ensure logical ends to the cases of corruption highlighted through the Complaints office.

One of the challenges Complaints Office is facing is its incapability to approach complaints punctually at sub – national level which is predominantly due to the security threat as well as lack of coordination and budget constraints. Lack of the physical presence at provincial directorates' level does result into a vacuum in achievements at sub-national level.

Security

The overall security scenario in the country does remain a cause of concern. The personnel directly involved in the complaints office have received threats from the affected parties at times which pose serious personal threats.

Due to deteriorating security situation, the second round of ACT-GF saw some delays in the planned activities. Security continues to pose a threat in further implementation of the project activities. In addition, security restrictions were a challenge to implementation of projects outside of Kabul by CSOs. Similarly, due to security reasons, the project was not able to organize capacity building and awareness raising workshops for CSOs in the south of the country.

Action Taken: Some of the incomplete activities from 2009 will be shifted and implemented in 2010. CSOs from the south were invited to participate in the capacity building and awareness raising workshop organized in Kabul.

Further, the project will be making an effort to mitigate this risk by having detailed discussions with potential consultants regarding the work and social environment in Afghanistan, and explaining thoroughly about security measures taken by the UN. The project will make full use of available networks to source potential candidates for the project. Furthermore the project remains committed to ensuring flexibility in the implementation of activities, and with the support of the UNDP Country Office will continuously monitor the potential impact that the security situation may have on the project.

Issues

Project expansion

The project continued to expand during the year both in terms of staff and infrastructure to enable it to deliver planned project activities in a timely manner. The project office in the HOO is ready to be used by the project. Space in the CAO has been identified and security upgrade is being undertaken. Space has been created for the project staff by the EUPOL at MOI. The project is to establish a Complaint office in MOE shortly. The rapid expansion of the project will continue to place a considerable workload on existing project staff potentially resulting in bottlenecks. This may delay the expansion of the project as well as implementation of planned project activities.

Actions taken: The project has focused on key areas instead of going ahead with all activities. This has resulted in postponing of some of the activities while expanding others. In addition, a comprehensive recruitment plan has been developed which identifies key positions necessary to ensure the timely expansion of project resources. These positions have been prioritized for recruitment in order to develop key operational, coordination, and managerial capacity within the project.

Human resources

Lack of adequate human resources remains a challenge to the project as the project has faced difficulties in identifying qualified and suitable candidates, national as well as international. For instance, a number of candidates were identified for key positions but offers were turned down last minute forcing the project to begin the recruitment process for the same position again costing the project considerable time. As the project is going to go through a significant expansion, this will remain a critical challenge.

Additionally, the on-going and recent recruitments were interrupted by the deteriorating security situation in the capital. For instance, the recruitment processes of the two identified international experts to provide support on prevention/public administration reform and complaints handling/fraud detection was kept on hold for quite a while.

The project also saw the Project Manager departing during the end of the year, which further, hampered the progress of the project. A new Project Manager has been identified and should be on board by mid- February 2010.

Actions taken: The project is working to provide a favorable working environment including learning opportunities to its staff to attract and retain qualified staff. A long-term approach has been taken to build the project team with junior national staff whose capacities can be developed over time. These staff will then be able to fill senior level positions in the future. The project is also ensuring that all vacancy announcements get as wide distributions as possible in order to attract a wider pool of candidates. In addition to this the project is in the process of signing LoAs with partner institutions allowing them to take the lead of the recruitment of key staff. This will reduce the burden on the project and, it is hoped, speed up the recruitment process. In addition, a team spirit in the project staff has been evolved ensuring the utilization of available manpower to focus on completion of specific functions at hand. Some of the activities will be shifted to 2010.

Capacity in the civil society organizations

Lack of capacity and understanding of corruption activities by CSOs was an issue faced by the project. Similarly, it was noticed that many of the CSOs lack capacity of proposal writing reducing the number of quality proposals received by the project despite the fact that the project organized training workshops related to awareness raising on ACT-GF, proposal writing, and activities in the area of anti-corruption.

Action Taken: The project will provide substantive support to the CSOs to be selected to receive grants in the implementation of activities. The project is planning to organize a number of capacity building workshops and training event to raise the capacity of CSOs to understand anti-corruption issues and to take a leading role in the fight against corruption.

Lessons learnt

The post election environment proved to bring a significant slowdown on the part of the government in terms of moving ahead with activities planned in the project. It can be assessed by the fact that all the ministers have still not been cleared by the parliament. It remains that flexibility and the ability to adapt to changing circumstances is critical to the success of the project in a rapidly changing institutional and political environment. Flexibility also includes the need to be responsive to arising needs of government counterparts. To this end the project has allowed for flexibility in project implementation at the same time as assuring that it remains on track towards achieving its stated outputs.

Through the project's success with Complaints office in the Ministry of Finance and at the workshops organized at sub-national level, it was recognized by the project that there is a huge demand among citizen and civil society organizations to use the mechanisms and build their capacity in the area of anti-corruption, respectively. The CSOs expressed their concerns over lack of political support provided in the fight against corruption at sub-national level. There is also a need for wide awareness raising and training on proposals writing and formulation.

Future Plans

As it was expected, there is a considerable slowdown in the implementation of project activities in government institutions after the presidential elections and the security scenario. The project has considered shifting its focus on areas where there is more willingness and opportunity for expansion. To ensure progress towards the achievement of project outputs and to ensure the continued visibility of the project a number of key activities have however been prioritized which include continued support to the HOO. The Complaints mechanism will be expanded beyond the Ministry of Finance to the Ministry of Education and also as far as possible to the sub national levels. With the International Expert on board the capacity of the Control and Audit Office will be strengthened. The project plans to complete the second round of ACT-GF and to launch the third round in 2010. The project also plans to provide substantive support to civil society in project implementation, internal transparency and accountability, proposal writing and project formulation. It is expected that implementation of at least two projects by CSOs will start in early 2010. This will be followed by other projects selected in the third round of ACT-GF.

Financial Section

[Note: All financial data presented in this report are provisional. From UNDP Bureau of Management/Office of Finance and Administration, an annual certified financial statement as of 31 December will be submitted every year no later than 30 June of the following year.]

Table 1. Funding Overview

Donor	Commitment	Received (As in Agreement)	Received (USD)	UNORE	Balance
DFID	GBP 6,030,000	GBP 3,000,000	4,310,345	0.71	GBP 3,030,000
Italy	EUR 300,000	EUR 300,000	374,532	0.8	-
Norway	NOK 7,400,000	NOK 3,700,000	611,570	6.05	-
		NOK 3,700,000	712,909	5.19	-
UNDP	USD 1,066,500	USD 1,066,500	1,066,500	1	-
CIDA	CDN 1,500,000	-	-	-	CDN 1,500,000
Denmark	DKK 5,000,000	DKK 4,999,960	1,012,138	4.94	-
Total			8,087,994		GBP 3,030,000
					CDN 1,500,000

Table 2: Expenditure Status (by activity)

Output	Budget	Expenditure in 2009	Balance	Delivery
Activity 1 - Improved Institutional and Policy environment to support the implementation of National Anti –Corruption Strategy	812,602	499,515	313,087	61
Activity 2 - Enhanced accountability, transparency and integrity in key governmental Institutions	726,026	411,683	314,343	57
Activity 3 - Enhance capacity of Civil Society and media to effectively contribute to the fight against Corruption	198,917	13,034	185,883	7
Activity 4 - Increased Awareness and understanding amongst civil servants and public in Afghanistan of their role in fight against corruption	322,206	295,629	26,577	92
Activity 5 - Project Management	539,553	632,617	(93,064)	117
GMS	176,828	115,568		65
Total	2,776,133	1,968,046	746,826	71

Annexes

Annex I: Performance Tracking Matrix

Result/Goals	Performance Indicators	Baseline Info	Performance Benchmark and Targets	Implementation Progress in reporting quarter
Output 1.1: High Office of Oversight enabled to fulfil its mandate	<p>Indicator 1: Number of ministries and government offices (e.g. Control and Audit Office, Attorney General's Office) that have developed anti-corruption action plans based on the National Anti-Corruption Strategy and reporting to the High Office of Oversight on implementation progress.</p> <p>Indicator 2: Number of administrative procedures/processes assessed/reviewed by the HOO and recommendations for simplification made to the relevant ministries/ government offices</p>	<p>Baseline 1 (2008): No ministries or government offices have to date developed anti-corruption action plans based in national anti-corruption strategy</p> <p>Baseline 2 (2008): 1 assessment / review ongoing</p>	<p>2009 Annual Target/ Deliverables: Target 1: All ministries and government offices have anti-corruption action plans and are reporting on implementation progress to the HOO on a regular basis by February 2012. Benchmark: 5 ministries/ government offices in 2009</p> <p>Target 2: 68 procedures/processes reviewed and recommendations for simplification made by February 2012 Benchmark: 8 processes/ procedures reviewed in 2009</p>	<p>MOF prepared its anti-corruption action plan with the help of ACT project.</p> <p>The project is working with the HOO to establish its Prevention and Public Administration Reform Department to undertake business process simplification in key government institutions.</p>
Output 1.2: Comprehensive corruption monitoring system established	Indicator 3: Baseline on experiences and perceptions of corruption amongst the general population, civil servants and the business sector	Baseline 3 (2008): To date no comprehensive survey of corruption perceptions and experiences has been carried out	Target 3: comprehensive corruption monitoring system established by February 2012 Benchmark: 3 national surveys completed in 2009	One survey is being planned.
Output 2.1: Vulnerability to Corruption Assessments (VCA) completed and	Indicator 1: 1 Number of action plans developed, adopted and implemented based on VCAs conducted	Baseline 1 (2008): No action plans adopted	Target 1: 7 action plans developed, adopted and implemented by end of 2010 Benchmarks: 3 action plans developed, adopted and	MOF developed its action plan using the previous VCAs.

recommendations integrated in on-going technical assistance in Control and Audit Office, Ministry of Education, Ministry of Interior and a municipality			implemented in 2009	
Output 2.2: Complaints and investigation capacity established/ developed in Control and Audit Office, Ministry of Education, Ministry of Finance and Ministry of Interior	Indicator 2: Percentage of complaints referred within the ministry/office investigated and completed at year end	Baseline 2 (2009): No baseline data available – to be collected in 2009	Target 2: 80 percent of all cases referred investigated and completed by end of 2011 Benchmarks: Capacity development initiated in 2009	Capacity development is going on in the MOF. Plans are underway to initiate capacity development in CAO, MOI and MOE.
Output 2.3: Integrity Promotion Offices (IPO) established in Control and Audit Office, Ministry of Education, Ministry of Finance and Ministry of Interior	Indicator 3: Percent of civil servants aware of ministry/office internal integrity mechanisms and understand and apply the Code of Conduct and Conflict of Interest policies	Baseline 3 (2009): No baseline data available – to be collected in 2009	Target 3: 90 percent civil servants aware of ministry / office internal integrity mechanisms and understand and apply the Code of Conduct and Conflict of Interest policies by end of 2011 Benchmarks: Capacity development initiated in 2009	Capacity development initiated in MOF with help of Complaints Office.
Output 2.4: Capacity of Control and Audit Office to ensure financial accountability in government institutions strengthened	Indicator 4: Percentage of cases referred to CAO by HOO reviewed and completed at year end	Baseline 4 (2009): No baseline data available – to be collected in 2009	Target 4: 90 percent of all cases referred reviewed and completed by end of 2011 Benchmarks: Capacity development initiated in 2009	Key technical expert has joined in end December 2009 and to initiate capacity development in the next quarter.
Output 3.1 : Civil society actors and media increasingly involved in the fight	Indicator 1: Number of CSOs, youth and media organizations selected for funding through ACT Grants Facility (ACT-GF)	Baseline 1 (2008): 3 CSOs/Media Organizations have received grants	Target 1: 14 CSOs / Media Organizations received grants by end of 2011 Benchmarks: 3 CSOs/Media Organizations received	First round of the grants facility has completed with three CSOs receiving grants

against corruption	Indicator 2: Number of CSOs and media organizations receiving funding through ACT-GF achieving targets as per grant agreement	Baseline 2 (2008): All grants recipients on target – activities to be finalized in 2009	grants in 2009 Target 2: 12 out of 14 CSOs/Media Organizations fully achieved targets by February 2012 Benchmarks: 4 CSOs/Media Organizations fully achieved targets in 2009	delivered all planned activities. Second round of the ACT-GF launched to provide grants to CSOs in the next quarter.
Output 4.1: Training materials and modules developed and integrated into on-going training initiatives	Indicator 1: Percentage of population aware of mechanisms available for reporting cases of corruption	Baseline (2007): 18 percent of survey respondents would report anticorruption cases to previous anti-corruption agency, 15 percent would report corruption cases to the judiciary (Integrity Watch Afghanistan)	Target: 80 percent of general population survey respondents indicate that they are aware of the mechanism available by end of 2011 Benchmark: 30 percent of general population survey respondents indicate that they are aware of the mechanism available in 2009	TOR for experts to develop training materials has been developed and the project is identifying experts to carry out the job.
Output 4.2: Advocacy plan developed with materials disseminated nationwide through wide range of media	Indicator 1: Percentage of population aware of mechanisms available for reporting cases of corruption	Baseline (2007): 18 percent of survey respondents would report anticorruption cases to previous anti-corruption agency, 15 percent would report corruption cases to the judiciary (Integrity Watch Afghanistan)	Target: 80 percent of general population survey respondents indicate that they are aware of the mechanism available by end of 2011 Benchmark: 30 percent of general population survey respondents indicate that they are aware of the mechanism available in 2009	The project is working together with the HOO to establish a survey unit in the HOO.

Annex III: Risk Log

RISK LOG

Project Title: Accountability and Transparency (ACT) Project (00053687)	Award ID: 00045444	Date: 01 January 2010
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#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Mngt response	Owner	Submitted, updated by	Last Update	Status
1	Lack of political will to fight corruption	Beginning of the project	Political	Lack of concrete actions and follow up on the project's capacity development, findings, and recommendation by the Government of Afghanistan in the fight against corruption. P=4 I=5	ACT project continues to work closely with the HOO to provide the necessary support for developing the capacity of it and its staff. The project continues to coordinate efforts within the international community as well as within the government	I		08 October 2009	Increasing
2	The project may not be able to implement activities in accordance with planned timelines due to the post elections environment	Q1 2009	Political	Political will and momentum generated to fight corruption might be affected due to uncertainties in Government formation after the elections. P=4 I=4	The revised project is designed in way so as to respond to changing political priorities and needs. The performance of the project and the political environment will be evaluated early 2010, to ensure that the project is responsive to the post-election environment.			13 October 2009	Increasing
3	Security concerns	Q1 2009	Other (Security)	Project facing difficulties in identifying and recruiting suitable international staff P=3 I=4	The project holds detailed discussions with potential consultants regarding the work and social environment in Afghanistan, and explains thoroughly about security measures taken by the UN. The project will make full use of available networks to source potential candidates for the project.			13 October 2009	Increasing

Annex IV: Issue Log

ISSUES LOG						Date: 01 January 2010
Award ID: (00045444)			Project: Accountability and Transparency (ACT) Project			
ID	Type	Date Identified	Description	Status/Priority	Status Change Date	Author
1	Operational	April 2009	Project expansion: Project expansion will place a considerable workload on existing project staff potentially resulting in bottlenecks. This may delay the expansion of the project as well as implementation of planned project activities.	Decreasing/High	N/A	
2	Operational	April 2009	Human resources: The project has been facing difficulties in identifying qualified and suitable candidates, national as well as international.	Increasing/High	N/A	
3	Operational		Lack of capacity and understanding of corruption activities by CSOs was an issue faced by the project. It was noticed that many of the CSOs lack capacity of proposal writing reducing the number of quality proposals received by the project.	Decreasing/ High	N/A	