



Afghanistan

United Nations Development Programme Afghanistan

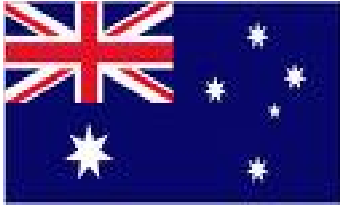
Law and Order Trust Fund for Afghanistan (LOTFA: Phase IV & V)

Annual Project Report [Afghan Calendar 1387]
01-04-2008 to 31-03-2009



Project ID:	00052084
Duration:	Phase IV: 2 years and 5 months (including extension period): 01 April 2006 -31 August 2008
Total Budget	USD: 316,275,739
Project ID:	00060964
Duration:	Phase V: 2 years: 01 September 2008-31 August 2010
Strategic Plan Component :	Crisis Prevention and Recovery
Total Budget:	USD: 454,500,158: as per project doc (for 2 years)
	USD: 584,020,883: projected requirement
Unfunded:	USD: 239,037,786: projected shortfall
Implementing Partners/Responsible parties	Ministry of Interior & Ministry of Finance

LOTFA Donors



Australia



Canada



EC



Finland



Germany



Italy



Japan



Switzerland



Netherlands



Norway



UK



USA



UNDP

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Acronyms

ACT	Accountability and Transparency
AGO	Attorney General's Office
AFMIS	Afghanistan Financial Management Information System
ANCOP	Afghan National Community Order Police
ANDS	Afghanistan National Development Strategy
ANP	Afghan National Police
APPF	Afghan Public Protection Force
ARTF	Afghanistan Reconstruction Trust Fund
CPAP	Country Programme Action Plan
CPD	Central Prisons Department
CSTC-A	Combined Security Transition Command – Afghanistan
CSM	Chief Sergeant Major
DIAG	Disbandment of Illegal Armed Groups
EFT	Electronic Fund Transfer
EPS	Electronic Payroll System
EOD	Explosive Ordinance Disposal
EUPOL	European Police Mission in Afghanistan
FDD	Focused District Development
FRU	Family Response Unit
FY	Fiscal Year
GMS	General Management Support
GMU	Gender Mainstreaming Unit
HQs	Head Quarters
IMF	International Monetary Fund
IPCB	International Police Coordination Board
JCMB	Joint Coordination and Monitoring Board
LOTFA	Law and Order Trust Fund for Afghanistan
MA	Monitoring Agent
MoI	Ministry of Interior
MoF	Ministry of Finance
MoJ	Ministry of Justice
MoLSAMD	Ministry of Labour, Social Affairs, Martyrs and Disabled
MYFF	Multi Year Fiscal Framework
NIM	National Implementation Modality
NOC	Network Operation Center
SC	Steering Committee
SDC	Swiss Agency for Development and Cooperation
ToTs	Training of Trainers
UNAMA	United Nations Assistance Mission to Afghanistan
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNIFEM	United Nations Development Fund for Women Activities
UNFPA	United Nations Fund for Population Activities

Executive summary

The 1387 annual reporting period (01 April 2008—31 March 2009) falls partly under Phase IV of the project (which was to end on 01 April, 2008, but extended until 31 August, 2008), as well as Phase V (which commenced on 01 September, 2008 and is for a two-year duration).

The appointment of the new Minister for Interior, H.E. Haneef Atmar, mid-year, in October, sent out a strong reform signal in Ministry of Interior (MoI), which resulted in reaffirmed international community support to MoI - with positive implications for LOTFA's functioning, in terms of stronger national leadership.

As part of the Priority 1 activity of the project i.e. police remunerations, during 1387, LOTFA continued to pay salaries of around 81,000 Afghanistan National Police (ANP) in all 34 provinces of Afghanistan, on a regular basis. During the reporting period, LOTFA transferred a total of USD 173.2 million to the Ministry of Finance (MoF). While regular payment of police has ensured a broadly functioning police on the ground, at the same time, the government and the international community recognized that the efforts towards accountability and transparency, in regard to the disbursement of police salaries, needed to be further strengthened.

There was considerable discussion during the year on the MoI proposal for increase in food allowance for ANP, with entailment of additional funding. Discussion related to fiscal sustainability, International Monetary Fund (IMF) conditionality on limit of government expenditure, inability of Ministry of Finance (MoF) to meet this expense from own resources owing to cash crunch problem (lower than expected revenues in 1387 as well as Multi Year Fiscal Framework [MYFF]/International Monetary Fund [IMF]/Afghanistan Reconstruction Trust Fund [ARTF] commitments), merit of food versus in-kind cash allowance to root out corruption and inefficiencies in procurement and distribution, as well as cognizance of discrepancy of proposed increase in food allowance on one hand and LOTFA-V government-donor commitment for progressive phase out, commencing March 2009, on the other.

The implementation of the Electronic Payroll System (EPS), initiated since 2006, aimed at reducing the length of salary distribution process, and introducing transparency in the payrolls, showed encouraging progress with 97% representation of total police force by the end of the year. EPS implementation was completed in all 34 provinces of Afghanistan, and by end of third quarter, EPS reports were being received from all provinces, including security vulnerable provinces i.e. Uruzgan, Helmand, Zabul, Badghis, although *regularity* in receipt of reports from these provinces continued to be an issue. Encouraging progress was also recorded in Electronic Fund transfer (EFT), with 63% coverage, dependent on further expansion of commercial banks in the provinces.

During the year, over 150 officials of MoI, Kabul police and provincial police HQs were provided on-the-job, refresher and advanced training in computerization of payroll, financial management, personnel data entry and computer concepts.

The implementation of gender mainstreaming in MoI was another activity of LOTFA, which yielded encouraging results. Despite constraints, a total of 144 new females were inducted into the police force during the year as a result of recruitment campaigns in the provinces. This was complemented with strategic capacity building and gender awareness programmes with element of long term sustainability. To provide a platform for policewomen to come together socially to share experiences, an Afghan National Police Women Association was formed. A Gender Mainstreaming Unit (GMU) was facilitated in MoI, together with CANADEM. Logistic and monitoring support was accorded to Family Response Units (FRUs) in Kabul and some provincial police HQs.

As per LOTFA-V mandates payment of salaries to uniformed personnel of the Central Prisons Department (CPD) through specially earmarked contributions, regular talks were undertaken with

Ministry of Justice (MoJ)/MoF as well as international stakeholders. The implementation, dependent on finalization/signing of government's justice sector PRR plan, is to commence in 1388 - for which major proportion of funding was committed.

LOTFA continued procurement of equipment for Disbandment of Illegal Armed Groups (DIAG) unit in the MoI to enable DIAG operations under the Government leadership and ownership, with stipulation of payment of uniformed personnel under MoI and operation and maintenance costs. This was officially opened within MoI on November 19. Thereafter, procurement for the DIAG cell was progressed by LOTFA.

With a view to affecting oversight and proper accountability and transparency of payroll and Human Resource (HR) processes at the provincial level, systematic monitoring missions were conducted to provinces jointly with representatives of MoI and UNDP programme unit. Missions to 10 provinces were undertaken, as well as appropriate follow-up missions were also conducted. Findings of LOTFA missions were shared with the government as well as the project Steering Committee (SC).

The independent evaluation of LOTFA phase-IV was completed by ATOS Consulting Company, based on inception report, field results and task deliverables. The report was circulated to donors. The much anticipated process of recruitment of a Monitoring Agent (MA) was somewhat steered off the planned timeline, on account of insufficient number of firms meeting the technical evaluation criteria necessitating the re-advertisement of Request for Proposals (RFPs). The final approval is resting with UNDP Headquarters (HQs).

Two LOTFA Steering Committee (SC) meetings were held on November 18, 2008 and March 12, 2009. Important decisions were taken on some key MOI proposals i.e. ANP pay raise; 6-month pilot incentive pay for select ANP in medium-high threat Focused District Development regions (FDD); professional medics incentive pay ; martyrs pay; increase in food allowance with view to total phase out in 1388; and membership of LOTFA SC for International Police Coordination Board (IPCB).

The project activities during the course of the year also contributed in a significant measure to the achievements and benchmarks and outputs of the Afghanistan National Development Strategy (ANDS), United Nations Development Assistance Framework (UNDAF), and Country Programme Action Plan (CPAP) by way of strengthening police institutions at the national and sub-national level and enhancing service delivery by affecting timely payments of salaries, to the extent possible, and supporting other associated police activities, as per the project document.

The report has been structured in VI Sections. Section I lays out the Context covering a short history of the project including rationale and intended objectives. Section II- Performance Review, reviews the overall progress of the project towards different development outcomes, assessment of capacity built, level of beneficiary coverage participatory and consultative process, implementation strategy, quality of partnerships and national ownership, sustainability, quality of monitoring, resource allocation and cost effective use of inputs. In Section III-Project Results Summary, progress is reported against specific project outputs under each of the six Activities. Implementation Challenges have been brought out in Section IV, impacting on results, quality and schedule. Section V is an analysis of lessons learnt and recommendations that can be usefully taken forward to the next stage of implementation, in 1388. The financial status and utilization of funds is reflected in the last Section VI.

I. Context

Afghanistan's war ravaged backdrop affected all sectors, including infrastructure, education, agriculture, military and police during the last two decades, causing a very significant collapse of the economy. It remains evident that Afghanistan continues to need significant rehabilitation and reconstruction, but to fill this gap a safe environment is an essential prerequisite. The Joint Coordination and Monitoring Body (JCMB) too, in its various assessments, has underlined that lack of improvement in the security situation, particularly in the south and south-east of the country, would continue to prevent sustainable development and divert attention and resources from comprehensive security sector reform. The presence of a strengthened national civilian police force thus constitutes a critical element for security and the rule of law in Afghanistan.

However, the re-establishment of law and order has remained particularly difficult as the threats to Afghanistan's security and stability have been varied, including terrorist/insurgent attacks, availability of weapons with armed militia groups, trade of weapons, narcotics and violation of human rights. Maintaining law and order in the country is primarily the responsibility of the national police force. Despite the need for an effective, well equipped and trained police force, currently, the national police personnel operate under severe constraints due in part to limited human and material resources, but also because of the non-traditional roles that it has increasingly been required to take on. The ANP has expanded, but the quality of the police has remained questionable.

International community's support to rebuild Afghan police force started from the beginning of the establishment of the Afghan Interim Government in 2002, as envisaged by the Bonn Agreement. In May 2002, at the request of the Afghan Government and United Nations Assistance Mission for Afghanistan (UNAMA), UNDP established LOTFA to enable the police to return to operation throughout the country. The Trust Fund has provided a mechanism for coordinating contributions from donors with the principle priority to cover police salaries, as well as to pursue other activities in accordance with project priorities. Since then, LOTFA has completed IV phases and is currently in phase-V, which was started on 01 September, 2008 for a period of two years, until 31 August 2010. (Phase IV, which was to have come to an end on 31 March, 2008 was provided a bridging extension until August 31, 2008 on account of finalization of LOTFA-V document after extensive consultations with the government and donors; lengthy discussions were held, particularly on issues like UNDP's General Management Service (GMS), and food allowance, with consideration of fiscal sustainability) LOTFA is nationally managed through the Ministry of Interior and is governed by UNDP's financial rules and regulations. Ministry of Finance is the other implementing partner.

LOTFA-V has the following order of priorities:

1. Payment of the police force remuneration;
2. Institutional development;
3. Procurement, maintenance and operations of non lethal police equipment and supplies;
4. Rehabilitation, maintenance and operations of police facilities;
5. Gender Orientation(Selection, recruitment and training of police); and
6. Payment of remuneration of uniformed personnel employed by the Central Prisons Department through specially earmarked contributions;

Salient aspects of LOTFA Phase V document include an agreement that commencing March 2009, and ending March 2010, the food allowance cost (currently covered under police salary) would progressively be borne by the core budget of the Government of Afghanistan (GoA), or food allowance will be integrated as part of regular (cash) salary. Further, procurement for DIAG cell to enable DIAG operations through three separate cells (DIAG operations, weapons registration, private security companies (PSC) registration and licensing) and related structures at central, regional and provincial levels was to be established within MoI. In addition, LOTFA is also to pay for salaries of uniformed personnel employed by the Central Prisons Department (CPD), through specially earmarked contributions.

Significantly, considering the importance of institution and capacity development within the Mol, together with the cognizance of the need for long-term sustainability of LOTFA processes, institutional development has been accorded higher (second) priority in phase-V of LOTFA. Appropriately, this was developed into a full-fledged institutional and capacity development plan, with specific timelines.

The Annual Work Plan, deriving from the project document, had clearly spelled out goals for contribution to achievement of ANDS benchmarks, UNDAF outcome as well as expected outcome and output as per the CPAP, which was endeavored to be met (progress against these elaborated in Section III).

The donors that contributed to the Fund during 1387 were: United States of America (USA), European Commission (EC), United Kingdom (UK), Canada, Netherlands, Germany, Switzerland, Finland, Norway and Italy. Towards the end of 1387, Japan announced a large contribution to LOTFA, as supplementary funding, which helped considerably in meeting the year-end shortfall. These donors have also been the key stakeholders in providing strategic direction to LOTFA.

II. Performance Review

Progress review

LOTFA continued to support Mol during 1387 to ensure that it was able to meet its costs committed under the Trust Fund. Visible progress towards different development outcomes was made. An overview of the performance and progress is provided below:

1. (a) Overall progress towards the ANDS benchmark(s):

The expected results from LOTFA were pursued in line with the security sector section of ANDS with a focus on the bench mark - "The long term objective for the ANP is to build a professional police force that operates within internationally accepted international standards, with respect for human rights, and is managed by a professional, adequately trained and paid staff able to effectively plan, manage, employ and sustain a national, merit-based police force...By end-2013, the Mol will achieve a target strength of 82,180 professional police force (including Afghan Border Police)."

Even though the overall security sector reform remained beyond the scope of LOTFA, within the larger framework and despite challenges, constraints and need for greater strategy inputs in overall police reform process, LOTFA continued to make vital contribution in building the ANP on a country wide basis, in keeping with the ANDS vision. The project supported the pay and rank reform process through a participative process involving the government, donors and international community. In addition, support to women recruitment in police and payment of training incentives resulted in inclusion, even retention of women in police force. Moreover, it was believed that implementation of EPS and EFT with objective of timely and transparent disbursement of salaries to all police force, training on utilization of the system as well as support on financial management contributed towards improvement in the performance of police departments. The fiscal sustainability issue, however, continued to be a challenge, with MoF claiming that it was not in a position to discuss this at this stage on account of lower than expected revenue collection in 1387. However, for coming year, 1388, Mol has undertaken to facilitate these talks with MoF. The larger security situation and progress towards reforms will also continue to inform this issue. Overall, considering the issue pragmatically, it is hardly encouraging that fiscal sustainability of the security sector is likely to be attained in the short or even medium term –but this is a matter not exactly resting within the scope of LOTFA, as mentioned above.

1.(b) Overall progress towards the UNDAF outcome

LOTFA contributed to the Outcome 2 of UNDAF i.e. "By 2008, an effective more accountable and more representative public administration is established at the national and sub-national levels,

with improved delivery of services in an equitable, efficient and effective manner (area of cooperation Governance, rule of law and human rights)". LOTFA supported UNDAF through improving the presence of police force, contributing to stability and security - an essential prerequisite for the achievement of development goals outlined in UNDAF. There was progress in accountability of Mol with respect to salary payments with establishment of credible EPS systems for tracking and reporting of police salaries at the national and sub-national levels – and thereby contributing to relatively greater effectiveness of government administration and improved service delivery.

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

LOTFA made continuous progress towards the relevant outcome and output of CPAP of UNDP. Outcome No. 2 of the Plan states that: "The democratic state and government institutions strengthened at national and sub-national levels to govern and ensure the delivery of quality public services, including security, with special attention to marginalized groups," and Output No 2.2 talks of: "Law and order institutions at national and sub-national levels strengthened and security of the population improved."

The activities of the project as well as applied resources appeared aligned towards the output of CPAP. The project continued to support the payment of remuneration of police on timely basis, as practical, to ensure that there was some degree of functionality of police on the ground. In addition, as mentioned in preceding sections, improvement in system of payment of salaries to police was also sought through implementation of EPS and EFT so that transparency and accountability could be improved. Furthermore, Mol was supported in recruitment of female police to enhance gender balance (although it still represents a very small percentage of total police force). It is believed that these measures, coupled with overall reform initiatives and institution building, would have helped in improvement of quality of public services, and contributing to stability at the national and sub-national levels.

2. Capacity development

Capacity and institution development, decidedly, constitute the corner stone of sustainability of all development processes. In this context, the propping up of institution development activity from priority No. 5 in LOTFA Phase-IV to No. 2 in Phase-V was greatly welcomed. In pursuance of this, LOTFA organized training programmes, seminars, conferences and familiarization sessions for focused groups from Mol and regional as well as provincial police personnel on financial management, auditing, EPS/EFT, expenditure review and monitoring systems. Capacity development on project management activities was another area of focus. The EPS capacity, in particular, resulted in operationalization of the EPS system in all 34 provinces and the center (although challenges remained), thereby increasing transparency in police payments.

Institutional support to Gender Mainstreaming Unit (GMU) of Mol continued throughout the reporting period. Apart from theoretical trainings, unit staff was involved in practical sessions of planning and participation in seminars, trainings and workshops. Full-time IT training was also provided. Consequently, there was definite visibility in the capacity of staff in handling their assigned functions more effectively and independently as well as more robust participation in various gender fora.

These efforts were geared towards institutional development of Mol in these sectors, and although a lot still remains to be done, the overall progress was encouraging. Future strategy would be to develop more advanced, cutting edge capacity development programmes for greater degree of independence in functioning of different Mol departments, including in new areas of HR, procurement, and administrative support, for long term sustainability of assets created. Focus on "training of trainers" is also recommended. This has also been elaborated upon in Sections III, IV and V of the Report.

3. Impact on direct and indirect beneficiaries

The project's direct beneficiaries were ANP officers and personnel, who benefitted from (i) timely and accountable payment of salaries and provision of food allowance, (ii) building of systemic capacities, and (iii) construction of police facilities. In particular, the female recruitment campaign rendered Afghan policewomen as a special set of direct beneficiaries.

In the larger framework, Mol as an institution also benefitted as a direct beneficiary, through systematized institution building in financial management, accountancy systems and gender, as well as through setting up of an institutional GMU, as mentioned above.

Apart from the impact on direct beneficiaries, the Afghan nation as a whole, benefitted as indirect beneficiaries from improved law and order situation at the national and sub-national levels. Particularly, the Afghan women on the ground reportedly benefited from the presence of more female police in the ANP, as a reliable resource within the overall police structure.

Implementation strategy review

1. Participatory/consultative stakeholder processes

To ensure co-ordination among the main stakeholders and effective, efficient and transparent utilization of the inputs made available to the project, the mechanism of a project Steering Committee (SC) is functional. The SC is responsible for making executive management decisions for the project when guidance is required, including approval of project revisions. It meets quarterly, and is co-chaired by the Mol and UNDP, with representation from MoF, UNAMA, IPCB (as of 1388) and all LOTFA donors.

During the year, the SC guided and oversaw the project implementation, approved administrative procedures and operational strategy and standards, defined roles and responsibilities of the various partners, and ensured broad participation and transparency in decision-making. Project assurance reviews by this group were made at designated decision points during the course of the year.

During 1387, two SC meetings were held on 18 November, 2008 and 12 March, 2009. At these, strategic direction to LOTFA was provided relating to important issues i.e. increase in ANP salary, pilot programme for incentive pay for select ANP in high/medium FDDs, martyrs' salary regularization, increase in food allowance, professional incentive Pay for Explosives Ordinance Disposal (EOD) and medics, as well as question of payment of Afghan Public Protection Force (APPF).

During the year, for the first time, IPCB was granted membership of LOTFA SC (with non-voting rights), on a reciprocal basis of LOTFA accorded membership of IPCB, leading to greater synergies between the two bodies.

Apart from the SC forum, regular small group donor meetings as well as donor-government meetings were also held to coordinate positions on important operational issues as listed above, as well as larger structural issues of fiscal sustainability, capacity as well as institutional development.

2. Quality of partnerships

The project collaborated with other donor initiatives being implemented at Mol so that synergies could be built and effectiveness of operations improved. Partnerships between the government and international community were endeavored to be strengthened through effective consultation in areas impacting on LOTFA priorities, including police reform as well as Mol rank and reform structuring.

Partnerships with the government: In particular, LOTFA remained intensely engaged with Mol in full cognizance of principle of government lead and ownership of all LOTFA processes and outputs. LOTFA Project Manage also sat in on important policy level meetings convened by the Minister. Effective liaison was also maintained with MoF which acts as an implementing partner for the

purpose of reimbursement of National Budget expenditures and the individualized payment to police personnel. Closer coordination with MoF ensured that police around the country were remunerated on a timely basis to the extent possible, operational challenges notwithstanding. Talks were also initiated with MoJ for progressive phasing out of food allowance, a key LOTFA-V conditionality. In preparation for meeting the remuneration of uniformed personnel of CPD, regular discussions were also initiated with the Ministry of Justice for speedy finalization of the justice Pay and Reform Restructuring (PRR) documents and procedures so that implementation of payment of remunerations can commence in 1388.

Partnerships with international stakeholders/ UNAMA/UNDP projects: Contacts were initiated with outside-LOTFA police development organizations (European Police Mission in Afghanistan, EUPOL), bilateral police projects (US, Norwegian, Canada, Italy, Germany), civil society and Members of Parliament (MPs) to take forward LOTFA issues. Collaboration with UNAMA was improved through coordinating on key issues concerning the larger security sector with a bearing on LOTFA activities. A cross-project collaboration forum was established among UNDP projects, particularly in the areas of gender, anti-corruption and justice. A more structured and institutional working partnership was established with IPCB for greater coherence of police development effort e.g. an important Training of Trainers flagship police project relating to domestic violence and women's rights was developed jointly. LOTFA participated at various IPCB fora, as it did at institutional sessions convened by other stakeholders, including EUPOL and CSTC-A.

3. National ownership

Under the National Implementation Modality (NIM), the government of Afghanistan retains overall responsibility for LOTFA through its designated institutions i.e. MoI and MoF. The Implementing Agency (MoI) is therefore responsible for the overall achievements of the results, outcomes and outputs, with the full involvement of the relevant departments in the project activities. MoI also remains the paramount decision making body, in consultation with the larger SC.

During the reporting period, LOTFA Management Support Unit (MSU) remained extensively engaged with MoI on strategic police reform and development issues impacting on LOTFA funding. At the SC meetings, it was ensured that the Government took the lead in presentation of policy and funding proposals, and background papers. The Government also took the lead in overall monitoring and oversight of LOTFA activities, including in joint monitoring visits to the provinces. Even with the recruitment of the independent MA and proposed 8 HR Controllers for the financial and HR verification and management processes, it is the MoI which will retain full ownership of the processes, in all stages, and take full responsibility for all issues relating to the fiscal payments and overall tashkil strength.

4. Sustainability

LOTFA was intended to fund recurrent costs of MoI during the transition and consolidation period, with this coverage ceasing when domestic revenue is able to recover the cost. The Bonn agreement foresees the "return to normality" occurring during the period 2006-2011. The Afghanistan Compact envisages the transformation of Afghan National and Border Police into a fully constituted, professional, functional, ethnically balanced and increasingly fiscally sustainable force to be completed by 2010. ANDS vision stipulates for the MoI to achieve target strength of 82,180 professional police force by end-2013. The issue of fiscal sustainability of LOTFA payments for this police force, as mentioned elsewhere, remains complex. Given the security situation and low rate of government revenue collection on account of various factors, there is assessment that donor contributions may be needed within a medium-longer time framework than anticipated at time of setting up of LOTFA. Moreover, the info base on security sector expenditures remains weak, with limited analysis having been undertaken on this aspect.

However, the discussion on phasing-out of food allowance was initiated during the reporting period. The remaining phase V of LOTFA should utilize all fora, including the SC platform, for furthering discussion between the Government and donors to determine a time frame for progressive phasing out of reimbursement of police salaries.

On other hand, good progress was made in institutionalization of certain processes and systems in which LOFA has developed competitive strengths i.e. financial management and accountancy, with practical implications for on-the-job trainings, as well as gender mainstreaming. Regular trainings and support resulted in increased improvement of EPS as electronic payrolls were regularly produced. Moreover, support to GMU resulted in real visibility of the Unit within the Ministry as well as to external sources. Continued support to the Unit over the next phase of the project would result in sustainability of the ongoing process. Furthermore, enhanced capacity of EPS operators would ensure that the system would remain operational even after the phasing out of LOTFA.

Management effectiveness review

1. Quality of monitoring

UNDP Country Office monitored the project in line with its Results Based Management (RBM) principles on a periodic basis, to oversee the quality and timeliness of progress towards delivering intended results and benchmarks identified in the Results and Resource Framework and the Annual Work Plan.

All project implementation issues were recorded in the quarterly progress reports, with robust oversight by the UNDP County Office for project assurance, and thereafter critical issues brought to the attention of the SC members. This annual project report has also been oriented towards greater focus on the extent to which progress is recorded against measurable results.

Field monitoring by joint Mol-UNDP-LOTFA missions, with objective of salary payment verification, review of financial procedures and progress on implementation of EPS and EFT has remained an essential component of LOTFA. During the reporting period, joint monitoring missions by Mol, UNDP and LOTFA were conducted in 10 provinces - Herat, Nangarhar, Kunar, Laghman, Badahshan, Kunduz, Baghlan, Takhar, Saripul and Jowzjan. The findings, together with recommendations were recorded in monitoring mission reports and major findings shared with the Mol leadership, as well as with donors. Key recommendations included – Mol/mostufiats to make timely allotments to provincial HQs for timely police salary payments; institutionalization of position of EPS operators for sustainability of the capacities built; regularization of EPS/EFT refresher/advanced trainings; need for allocation of cost of printer cartridge, paper and generator fuel in provincial budgets; efforts to be initiated for facilitation of EFT system for Sher Khan Bander; Kabul Bank to take immediate measures with respect to promises about mobile banking and helicopter services in inaccessible districts; issue of enhancement in food allowance to be sorted out by Mol/MoF vis-a- vis provincial HQs as LOTFA had no mandate to pay more than Afs 100 per person per day; food contracts to be finalized on time by Mol; provincial police commanders to set up food quality control committees; martyrs to be removed from tashkil and moved to separate pension fund. Action points arising from the mission were appropriately followed-up. Issues of food allowance and martyrs pay were also taken up at various government-donor meetings, as well as at the Steering Committee meetings.

In order to address the need of more in-depth monitoring and support to financial management and accountability practices until capacity of the Mol is built in these areas, recruitment of an independent MA was agreed by Mol, UNDP and the donor stakeholders. The recruitment process has been completed and the case is resting with UNDP HQs for final approval. This will strengthen the current monitoring and reporting systems with respect to fiduciary controls and oversight. Additionally, the proposal of recruitment of 8 International HR Controllers will bring greater degree of credibility to actual numbers of police personnel on the ground, which data has hitherto not proved to be totally reliable.

2. Timely delivery of outputs

The project's intended outputs are in line with the six priorities of LOTFA as outlined in the "Context" part of the report. All project activities proceeded in accordance with the annual work

plan and it was the best endeavor to match the delivery of outputs against the fixed time-lines. In some cases, i.e. implementation of individualized payment (EFT), as against the project doc target of 80% of coverage by end March 2009, 63% was delivered, the deficit being largely on account of external factor of commercial banks not being able to open branches in the provinces (limitation also acknowledged in the project doc). Another challenge has been for MoI to have comprehensive list of all police with ID cards. The project is being facilitated by DynCorp (CSTC-A) and there has been some operational delay on account of the complexity of the task, but the system has now been fast tracked.

3. Resource allocation

During the year 1387, total expenditure of LOTFA was USD 183.3 million. Of the spent amount, USD 567,904 was spent towards administrative support cost of the project. Analysis of development activities versus project management cost reveals that only 0.31% of the total expenditure was spent on project management. Hence, the operating cost of the project remained very low.

4. Cost-effective use of inputs

The available project inputs – staff, transport, equipment, etc- were endeavored to be utilized in the most efficient manner, as shown in the constant rate of expenditure. It is important to note that the number of internationals was limited (only 1) in the project, and national capacities were utilized. Consolidated expenditure on the MA proposed to be deployed will also constitute only 0.5% of the total budget, as opposed to almost 1% for ARTF MA (that too, excluding security costs).

III. Project results summary

It must be acknowledged that all project results described in this section are the product of partnerships with all involved stakeholders, who jointly contributed to the achievement of joint objectives:

Output 1: Police force is supported to perform their job effectively and efficiently.

1.1. Ensuring of payment of salaries to police force

The first priority of LOTFA is reimbursement of remuneration of ANP to the MoF/MoI and more importantly, ensuring that the payments to the police force in all 34 provinces are made in a timely and transparent manner. The police remuneration expenditure eligible for reimbursement comprises salaries in cash and payments for the provision of food for police (in kind so far). The actual payment of police remuneration took place through the regular government payroll and non-salary payment system. The funds were channeled to provinces by the Treasury Department of MoF. The amount eligible for reimbursement was based on the actual expenditure derived from the Afghanistan Financial Management Information System (AFMIS) maintained by MoF, and verified by the LOTFA Management Support Unit (MSU). During the reporting period under review, the combined expenditure for police salaries and food allowance totaled USD 181.7 million (29% *increase* over the previous year). The financial information on police remuneration is presented in the Financial Status and Utilization section of this report. The regular release of funds to MoF enabled the Government of Afghanistan (GoA) to be able to ensure timely payment of police remuneration nationwide. For the first time, particularly during second half of 1387, some robust advances were also made to MoF for meeting requirements of Q3 and Q4, to further ensure timely delivery of payments to ANP.

1.2. Completion of computerization of the payroll system

Electronic payroll system (EPS) continued to serve as an efficient and transparent financial and human resource (HR) tool, with the objective of ensuring timely and accurate police salary payments to the legitimate staff, through sustainable and cost effective payroll payment procedures. During 1387, EPS implementation was encouragingly completed in all 34 provinces, including 65 client payroll stations in Kabul zone and MoI central departments, covering 80,403 police personnel, constituting 98% of the total existing police force (32% *increase* over previous

year). Moreover, LOTFA began receiving EPS monthly reports from all 34 provinces (including the 4 hitherto erring provinces of Uruzgan, Helmand, Badghis, Nuristan as well as Kandahar Brigade 4 station, who had not been sending reports because of various reasons, including security constraints and inaccessibility of particular regions). However, regularity of receipt of reports continued to be a challenge, especially from some provinces like Zabul, Kandahar, Khost, Nuristan, Ghazni, Paktia and Faryab . The LOTFA team closely coordinated the issue with MoI, particularly at the level of the Minister. EPS team provided regular weekly database updates to all EPS stations.

As a control measure, LOTFA also conducted reconciliation of EPS reports with MoF Afghanistan Financial Management Information Systems (AFMIS) reports. It is mentionable that reconciliation revealed that the data was fairly consistent across all reports.

1.3. Establishment of bank accounts for police force

During the year, the LOTFA EPS team facilitated opening of 35,601 new bank accounts, with the total number reaching 64,000 covering 78.3% of existing police force (*42% increase over previous year*). However, in provinces where the commercial banks were not operative, the bank accounts remained inactive. The process of opening bank accounts for police personnel is ongoing in the provinces where commercial banks are to expand branches. This process will further expedite the process of transferring the salary payment process from manual to Electronic Fund transfer (EFT).

1.4. Expediting and increase of the Electronic Fund Transfer (EFT) to the police force

EFT (payment of police salaries through individual bank accounts) was made functional in 22 provinces. The number of uniformed police personnel receiving salaries by EFT reached 53,344 , constituting 65% of total existing police force by end of the year (*72% increase over previous year*). The EPS team is liaising with Kabul Bank for expansion of the branches to other provinces too, so that the remaining 16,779 inactive bank accounts can also be activated and all 62,008 police having bank accounts can receive their salaries through EFT. In furtherance of ongoing initiatives, Kabul Bank opened branches in 16 more provinces in December. LOTFA in coordination with MoI, MoF, Kabul Bank and Combined Security Transition Command-Afghanistan (CSTC-A) has established an implementation plan for enforcement of EFT in these provinces until June, 2009. Subsequently, Kabul Bank has indicated having applied for permission for opening of branches in 34 additional districts, which will be dependent on requisite authorizations from MoF and Da Afghansitan Bank. Over the next 6-month period, EFT teams will also be working to operational EFT systems in these districts.

1.5. Exploration of alternative fund transfer mechanism including new technologies

To overcome the challenge of bringing greater number of police personnel in to transparent systems of salary disbursements, in collaboration with MoI, MoF, and CSTS-A, LOTFA worked seriously on a new-age technology initiative of M-paisa launched by Roshan mobile company in collaboration with First Micro Finance Bank (FMFB) to affect salary payments through mobile cell phones. This will serve as a supplement to the EFT system. Progress was made in discussions to do a pilot launch of the M-Paisa system in one remote district of Wardak province. Based on this, Roshan opened an agency in Jalraiz of Wardak and registration of police personnel was commenced. If the new system passes the test and is deemed to be promising, then MoI may expand it to other provinces where there are no functional commercial banks. Consequently, the salary payment process would be individualized and as such there would be increased transparency in the police salary payment process. Constraints to this have been that not all sampled policemen have mobile phones; moreover, they would also need to be adequately trained in this technology.

Output 2: Financial, project management and other capacity built within MoI

2.1 Conduct of financial, computer and project management training sessions

Routine as well as specialized on-the-job financial management system training sessions - with focus on transition from current manual systems to computerization of all financial management systems - were conducted for MoI Finance Department staff. The objective was institutionalization of the capacity development of MoI. A certain reluctance on the part of MoI staff to embrace this

capacity will continue to be followed-up. Hand-over of certain LOTFA financial management functions to Mol in a progressive manner has also been incorporated in the Mol institutional development plan for the next year.

With the recruitment of the proposed MA, capacity development in financial management systems, fiduciary reviews and accounting systems will be also be an integral component of their work plan.

2.2 Conduct of EPS training sessions

During the reporting year, EPS team conducted refresher training sessions for around 150 finance officers/EPS operators from Kabul police HQ and the provinces and border police brigades, for generation of accurate electronic payroll reports and use of internet for systematic reporting.

Two conferences were also organized for more than 200 Mol Finance officers/EPS officers/mentors in reporting and reconciliation systems.

2.3 Provision of technical support on EPS on regular basis

The LOTFA EPS help desk provided routine technical advice and support to all EPS stations nationwide as well as for introduction of banking culture to police account holders. Weekly updates were also provided regularly to the 65 clients database in Mol central departments, Kabul zonal command, 14 Kabul districts, 22 police stations and 2 border police HQ. Additionally, facilitation was also provided for opening of bank accounts for regular and Afghan National Civil Order police as well as trainees of Kabul Police Academy after reconciliation of personnel data with DynCorps IDs.

Work was also commenced by LOTFA EPS team on development of a web based database application system for centralizing payroll and personnel information. The objective will be to link all Mol data sources (centralized Mol systems with provincial systems) as well as to link Mol EPS database with other existing applications i.e DynCorp ID card database and HR database. This is planned to be piloted in Parwan and Balkh in May,-June 2009, and thereafter to be expanded to all provinces, according to expansion plan of Mol Network Operations Center (NOC) system.

2.4 Establishment and strengthening of specialized units in Mol

UNDP provided (through its core funds) 13 national Advisors for support to Minister of Interior's office in policy planning, gender, legal, parliamentary affairs and security matters – for strengthening MOI capacities and liaison work in these areas. Currently, UNDP-LOTFA is in process of exploring possibility of providing 5 additional national advisors to Minister of Interior in fields of procurement/HR/finance, as per Minister's request for strengthening these identified units. Additionally, specific areas have been identified in context of UNDP cross-project collaboration for maximizing ground impact i.e. to strengthen linkages of LOTFA with the anti-corruption, justice and gender projects. For instance, the UNDP Accountability and Transparency (ACT) project is looking at - setting up of Vulnerability to Corruption Assessment (VCA) in Mol (Kabul and select provinces); setting up of a Complaints and Investigative Capacity Unit; and ACT Integrity Promotion Office. The justice project has proposed confidence building between Joint Commission of Supreme Court, MoJ, Attorney General's office (AGO) and Mol; strengthening of Human Rights Units in Mol and MoJ; as well as enhancement of working level relationship between Mol and Central Prisons Dept/MOJ. The gender project has ongoing collaboration in standardized curricula for gender and security issues.

Output 3: Police force is equipped with required equipments for improvement of their mobility and responsiveness.

3.1 Procurement of equipment falling under the category of non-lethal equipment

Procurement of equipment for Mol is dependent on Mol request as well as availability of funding after meeting higher prioritized activities. During the period, Mol did not submit any request for the procurement of equipment.

However, procurement of equipment for newly established DIAG cell from Japan fund was undertaken through LOTFA to make the cell operational. Late release of funds from MoF somewhat delayed the initial process. Equipment procured included IT, office equipment and furniture. Furthermore, proposals were also finalized for supply of non-lethal equipment from supplementary Japanese funding (to be affected in 1388), covering equipment for traffic department, fire-brigade department as well as medical equipment for health department (police hospital).

Output 4: Improved working and living conditions of police contributing to better efficiency and morale.

4.1 Provision of assistance to Mol for tendering of LOTFA- funded construction activities

Mol designated a site for the construction of police gymnasium at the Central Region Command Centre (CRCC). The contract was granted to a local company and LOTFA team made monthly visits to the site. 30% of the construction work has been completed.

Based on Mol proposal for construction of approximately 1,000 check posts nationwide, agreement was reached with Germany to fund this. The construction work on the check posts was progressed. 628 check posts have been completed so far.

Additionally, proposals were finalized for construction activities, particularly in health sector from Japanese supplementary funding made available towards the end of the year (to be affected in 1388).

Output 5: Improved capacity in police force with enhanced gender balance

Activities were carried out in accordance with the two sub-components of the overall gender mainstreaming activity of LOTFA i.e. recruitment campaign and gender mainstreaming in Mol. This was financially supported by SDC. The component was reviewed and a one year no-cost extension was granted by SDC for approval as from May 2008. The details of progress made on the activity are given below:

5.1 Undertaking of recruitment campaign

During the reporting period, security incidents somewhat tended to hamper the recruitment campaign of policewomen in the provinces. For example, the slaying of the role model policewoman, Malalai Kakar in September in Kandahar, and the subsequent killing of one policewoman and failed attempt on another in Herat province, as well as killing of 2 other women in Ghazni accused of working with the police, broadcasted prominently on all TV channels throughout the country - had a negative impact on the recruitment campaign of female police.

Despite constraints, during 1388, 144 female police were recruited. Currently, the total number of Afghan police women stands at 550. Additionally, 17 female policewomen are enrolled for courses in the Kabul Police Academy, bringing the total to 567. Of this, the figure recruited through LOTFA is 326, since May 2007 (benchmark is recruitment of 300 police women over 2-year period). An amount of Afs 947,909 was disbursed to the new recruits in 1387, as training incentives. It is worth mentioning that the recruitment campaigns did well in provinces like Balkh and Herat; but had less encouraging enrollments in Kunduz, Takhar, Saripul, Kandahar and Laghman due to cultural sensitivities and inadequate cooperation of police chiefs.

Media was used as a vital tool for women recruitment. Two TV spots of 1-minute duration in Pashto and Dari languages were regularly telecasted by 4 private local television channels. A 15-min tour film of National Police Academy in Kabul focusing on female police was also telecasted. Additionally, a 25-minute documentary film portraying 5 female police officials working in different police ranks, and supported with comments of women parliamentarians about them was also used. The electronic media was supplemented by the print media, with development of materials containing flip charts, brochures, billboards and stickers, which were developed and distributed among target masses for persuasion to join the police force. In addition, a telephone info-line was

continued throughout 1387 to provide women with information on the process of joining the police force.

Coordination with Ministry of Woman Affairs (MoWA) and Ministry of Labor, Social Affairs, Martyrs and Disabled (MoLSAMD) was undertaken for opening new avenues for policewomen recruitment, through the women development organizations registered with these Ministries at central and provincial levels. The Employment Service Centers of MoLSAMD, having branches in MoWA and Ministry of Refugees and Repatriation (MRR), supported by International Labor Organization (ILO) were also assessed to be good launch platforms for the recruitment campaign, having registration of more than 4,000 women seeking job opportunities throughout the country. The various orphanages under MoLSAMD also have a number of qualified girls who could be potentially interested in joining the police.

To provide an informal platform for women already recruited, to share their experiences and take forward their concerns, the Afghan National Policewomen Association was conceived by LOTFA-Mol and the first meeting held in December, with wide participation. In subsequent monthly meetings, the Association was institutionalized within Mol with election of own Chairman and office bearers. The Association has been encouraged to have synergies with the existent women's shura in Mol, which has not been very active. In phase 2 (1388), opening of regional chapters of the Association is proposed.

5.2 Conduct of on-the-job and theoretical training

(a) The project to conduct Training of Trainers (ToTs) for regional commands was developed and progressed, with focus to train 300 trainers, by 7 pilot trainers, in 6 batches in Kabul and Mazar for police personnel to improve responsiveness to victims of family violence, particularly women and girls. A MoU was signed between three agencies i.e. Training and Education Department of Mol, International Police Coordination Board (IPCB) and UNDP/LOTFA to proceed with the project. The project was inaugurated on April 04, 2009, with the first batch of training for Kabul zone. The training manual and module was developed by GTZ.

(b) Continuous and close coordination was progressed with Mol and UNDP/Gender Equality Project for integration of standardized Gender and Security Course in the Afghan Police Academy's curriculum. The translation and technical review of the existent curriculum was undertaken for further enrichment and introduction of new modules, as required. The modules will be launched in 1388.

5.3 Conduct of gender awareness and mainstreaming activities

During the period, gender based concepts for posters, brochures, handbooks, and pocket-size ready reference material were developed. All deliverables were in Dari (to be followed-up with Pashto versions). The concepts were targeted at behavioral change in the police force, self-role modeling for the protection of women, prevention of sexual abuse of women at workplace and prevention of child sexual abuse. 4 publications on various gender themes were also developed and disseminated to all the provincial police Education Departments. In parallel, a seminar was also conducted in January on the introduction and usage of the publications.

A manual on "Equal Rights Equal Duties- Inclusion of Women in Afghan National Police" was designed, with Dari version. It was prepared to enable senior managers within Mol to improve their policies and procedures for hiring and retaining women.

Additionally, a full calendar for the new solar year 1388, with illustrations and messages about the importance of Afghan women police in Mol was developed and finalized, for wide distribution in schools, sports-clubs, and government and non-government entities.

Seminars/ trainings/ brainstorming sessions were conducted in the framework of UNSC Resolution 1325 to raise awareness among ANP senior management. Key issues included: developing strategies to support gender-sensitive approaches to pre- deployment planning and preparations of policing; in- service conditions and treatment of women police personnel; as well as

infrastructure for women complainants and policewomen and civilian employees of the MOI. In follow-up, an interface between ANP regional commanders and women members of parliament was organized by Mol-LOTFA in October, to discuss implementation of an Action Plan. The interface also put across the idea of creation of a civilian oversight body, including women parliamentarians, for better support to Mol. Subsequent follow-up was continued with UNIFEM, UNFPA and UNDP Gender Equality Project.

LOTFA undertook liaison work with CSTC-A and Afghan Women's Network (network of 72 women's organizations) for developing a community outreach project focused around protection of women survivors of violence and setting up an Afghan Women's Network Resource Centre. In December, AWN received land for the resource center and CSTC-A became engaged in the design of the building structure.

Monitoring and oversight was provided for Family Response Units (FRUs), particularly in Kabul Police HQ and Dist 10, where LOTFA has supplied logistic support (furniture and IT equipment) in the past, in conjunction with the DynCorp team, which has overall responsibility for development of FRUs throughout the country. LOTFA also participated in arrangements, together with DynCorps and CANADEM, for bringing the oversight mandate of FRUs under an institutionalized command in Mol.

5.4 Provision of technical and logistic support to the gender mainstreaming unit (GMU) in Mol

After hectic LOTFA/CANADEM interventions, a Gender Mainstreaming Unit (GMU) of Mol was made functional. Logistic support to GMU was provided for effective operation of the unit through supply of IT and office equipment as well as furniture.

Several training programmes were organized for GMU, including – a Gender Analysis Training programme (in coordination with MoWA); planning sessions for development of an operational work plan; and regular IT training (through LOTFA IT expert). Most of the above mentioned activities were undertaken in coordination with CANADEM, as an example of inter-agency partnership.

Output 6: Uniformed personnel of Central Prisons Department (CPD) are supported to perform their job effectively and efficiently

6.1 Payment of remuneration of uniformed prison guards

This is Priority No 6 in LOTFA-V project document, based on earmarked donor funding. This was dependent on the completion of the justice sector PRR processes for the uniformed personnel by the Ministry of Justice. The PRR approval process took longer than expected, and the Presidential approval was still not obtained by time of close of the year. Implementation will be commenced in 1388, with release of funds from LOTFA.

According to PRR documentation, currently there are 4,000 uniformed prison officials, which would be raised to 6,089 after end of year 1 and to 6,309 by end of year 2. Financial expenditure for year-1 (1388) would be USD 10.7m - against which USD 8.5 m earmarked funding was mobilized for this activity in 1387.

Payment modalities will be the same as for remunerations of the ANP, at the Mol. LOTFA will affect advances/ reimbursements based on MoF AFMIS reports.

6.2 Establishment of electronic payroll system

This activity will be commenced subsequent to commencement of payment of remunerations under 6.1

In relation to transparency and accountability in the disbursement of CPD salaries, as in case of ANP salaries, this will continue to be LOTFA's utmost concern, for the most effective utilization of the funds. The LOTFA team discussed with MoJ officials specific mechanisms for operationalisation/

training of Finance and HR Officers in Kabul and the provinces in EPS and EFT systems, on the same lines as those being undertaken for MoI. In principle, MoJ expressed full support for this, and training is proposed to be commenced, beginning of 1388.

IV. Implementation Challenges

Project risks and actions

Although there weren't any major risks that could seriously hamper progress of the project, some key matters remained vital:

1. **Non predictability of donor contributions:** Less than certain cash flows of LOTFA funds tended to hamper scheduling of the police reimbursement to MoF. Moreover, while 10 countries provided funding to LOTFA IV and V during the year, the fund still remained heavily dependant on the two major donors, namely the EC and the United States (trend throughout the history of the Fund). Towards the end of the year, for first time, Japan, came up with a substantial contribution of USD 124.8 m (a part of which was used for Q4, 1387) , but as supplementary funds, and with no surety that this will also be the pattern for future years. Longer-term reliability of donor funds, besides helping to plan prioritized project activities, would have provided greater certainty in affecting timely reimbursements to MoI, whilst even strategizing on schedule for advance fund transfers. Additionally, some of the increases in remunerations and incentives pledged by some of the donors like CSTC-A i.e annual increase in salary across the board would need to be sustained.
2. **Insufficient ownership by MoI and institutional development:** This continued to remain a strategic challenge, resulting in insufficient sustainability of LOTFA implementation and management processes. Consequently, LOTFA continued to perform certain functions (i.e verification and adjustment of transactions; financial data correspondence between MoI/MoF/commercial banks) which, in ordinary course, should have been routinely performed by MoI staff. The implementation of EPS was also faced with delays in early course of the year as officials at provincial level were reluctant to implement the system. LOTFA MSU, as a remedial action, fully involved MoI senior management, particularly the Minister, which resulted in gradual improvement and finally, full functionalizing of the system. The approach would have to be followed in future as well for the pay reports to be produced on a regular basis. Unless there is continuous encouragement of the relevant departments of MoI to work with LOTFA project staff for skills transfer, MoI institutional capacity/memory will remain weak. It is understandable that this will be medium-long term process.
3. **Security:** Security constraints continued to remain a significant issue in some instances, for monitoring missions, EPS and EFT implementation teams, as well as for gender recruitment campaigns. For difficult provinces, reliance continued to rest on donor PRTs/CSTC-A.
4. **EPS:** Some of EPS data remained classified, which needed to be protected at all levels, by all operators. Clear communication nodal points were identified in each of the departments so that confidential information regarding personnel was not leaked out to unauthorized persons under any circumstance. Other external constraining factors in EPS implementation which tended to erode EPS gains made so far were: non-receipt of EPS reports from all provinces (particularly Nuristan, Paktika, Khost, Kandahar, Helmand, Uruzgan) on regular basis; unceremonious transfer of trained EPS personnel to other departments, or resignations from jobs; inadequacy of national telecommunication infrastructure; and reluctance by officials to accept new age technology, perceived to erode their power base. Moreover, the discrepancies in some cases between the EPS and MoI tashkil /HR figures continued to be an assessment challenge: i.e. in some cases, the EPS figures were actually higher than the tashkil as patrolmen were hired/dismissed sometimes in excess of tashkil numbers on security needs-basis; or in regional HQs, where there was requirement to process salaries of ad-hoc police teams (Salma dam and Shindand garrison in Herat; or highway police in Samangan). Although the later was still in keeping within the overall national tashkil, this posed confusion and challenge in reconciliation purposes and determination of the exact numbers

of ANP, with accounting implications for ghost figures. (Moreover, Mol Central Finance Dept also needed to be more thorough in bringing its entire payroll processing systems under EPS (currently around 900 of total of around 18,500 personnel are not yet enrolled, for inexplicable reasons).

5. **EFT:** Further expansion of EFT remained dependent on further expansion of commercial banks. This was deemed vital not only in provincial HQs but also at the district level, as personnel from remote inaccessible districts had genuine difficulties in coming to the provincial capitals for collection of salaries, and at relatively high cost. Talks to resolve this zeroed-in on measures like mobile salary disbursement schemes i.e. helicopter service, mobile vans, *hawala*, etc but on some of these, Kabul Bank did not deliver. The future challenge for the Mol/LOTFA/CSTC-A EFT implementation missions will be operationalization of EFT through opening of bank accounts for police officials in the 16 new branches opened by Kabul bank towards the end of December (ongoing process). This will also entail taking into account logistics aspects like availability of secure transportation means for travel.

6. **Gender recruitment:** Encouraging young women to join the police force continued to remain a challenge on account of factors like reluctance of young women to join; reputation and image of the police; sexist work environment; family compulsion; misconception that gender equality will erode women-men's complementarity; as well as insufficient gender mainstreaming buy-in by Mol. Widely publicized killings and threats to role-model policewomen was not helpful. For the gender numbers not to falter, the LOTFA gender recruitment plan was strategically reoriented to include process of wider coordination with MoWA, MoLSAMD as well as NGOs/women organizations. The newly structured Afghan National Policewomen Association was also involved, with some success.

7. **Gender awareness and training:** The LOTFA-IPCB implementation stage of the ToTs project to improve responsiveness to victims of family violence was delayed by a month. Due to security reasons, the selected GTZ consultant withdrew the offer at the last moment, resulting in starting the process of recruitment and preparation of the training materials and modules afresh. Moreover, at a larger level, the issue of restructuring of IPCB itself, which could have become a factor in further delay of the implementation plan was tackled through accommodative discussions on both sides. With respect to the dissemination of gender awareness publications to the provinces, the process was somewhat stalled initially due to lack of clear understanding of the processes, but finally this was sorted out and material handed over to the provincial police HQ education officers, accompanied by an orientation course in understanding it.

Project issues and actions

1. **Early recruitment of MA:** Understandably, there continued to be a strongly articulated need for establishment of more transparent and accountable systems for auditing payments of salaries to physically serving police - in response to which a decision to recruit an independent MA to monitor financial management and accountability practices until the capacity of Mol and MoF was developed in these areas, was taken in beginning of 1387. However, the recruitment process was delayed on account of various factors, including late signing of LOTFA-V document, and need for re-advertisement of Request for Proposals (RFPs) due to insufficient number of technically qualified applicants. The internal UNDP evaluation and recruitment procedures were thereafter strenuously followed, which also took time, and the process now rests with UNDP HQ (New York) for final approval. However, with enhanced urgency in following through the Mol reform process, possibly impacting on police tashkil strength with corresponding enhanced funding implications, donor expectations for an independent MA, with full reporting systems, to be in place without further loss of time, need to be met by LOTFA on top priority basis.

2. **Follow-up on Steering Committee (Nov 18, 208 and Mar 12, 2009) decisions:** Important decisions arising out of these were followed through in a robust fashion, considering their bearing on overall long-term police reform. Most of these were dependent on Mol/MoF political lead, and facilitation was accorded appropriately. Processes for implementation of ANP pay raise, incentive

hazardous pay and professional medics pay are underway, but would require appropriate oversight. Some of these will need continued follow-up well into 1388 as well, including the delicate issue of payment of enhanced food allowance in 1388 and MoF taking over full responsibility thereafter from 1389 onwards, as a measure towards fiscal sustainability. Other issue of transfer of martyrs and seriously wounded from Mol tashkeel to a Mol pension fund, was also monitored, but this was dependent solely on intra-Ministry discussions between Mol, MoF and MoLSAMD. In any case, implementation was to commence only in 1388, and limited progress could be possible in 1387.

3. **Unmet funding requirement for 1388:** Planning for funding requirement for 1388 commenced towards the end of 1387 itself. Based on LOTFA-V priorities and matching MOI priorities, the funding requirement for 1388 was identified to be USD 330m (presented to March 12 SC meeting). Of this, USD 226 m were mobilized, with remaining shortfall of around USD 104 m. Although this may not be totally alarming at this stage on account of some major donors like US and EC still in the process of finalizing their contribution agreements, the overall shortfall would need to be kept in mind, particularly in context of prospects for future growth of the ANP tashkil during the course of the year, with corresponding funding implications for LOTFA. Moreover, unless earmarked funding in full for remuneration of CPD/MoJ uniformed personnel is finalized, LOTFA would not be in a position to meet its commitment with respect to this activity in 1388 (some donors have given commitments).

4. Lack of adequate progress on project activities relating to procurement of non-lethal police equipment and rehabilitation of police facilities: These activities, falling under priorities 3 and 4, were dependent on donor funding after meeting the higher priorities. In the absence of year-on cash fund predictability, it was impractical to approach Mol with proposal suggestions. (In any case, despite initial requests, no proposals for police facilities were received from regional police HQs).

V. Lessons Learnt and Next Steps

Lessons learnt

1. **Need for strengthened monitoring processes:** Throughout the year, there was unrelenting demand for early placement of an independent MA to give greater credibility to police remunerations disbursement processes, as well as confidence to donors that money was being spent in an effective manner. There was also considerable focus on need for strict verification of actual police numbers on the ground, including need to track the ghost numbers. In this context, apart from the MA proposal for financial management and fiduciary controls, the IPCB-LOTFA proposal for recruitment of 8 international HR controllers with primary responsibility for building technical HR management systems, as well as systematization of the process of verification and monitoring of the police personnel throughout the country will need to be followed up effectively and speedily. Inherent in this would be the challenge of having qualified HR personnel apply for these positions. At the same time, further efficiencies would need to be created in the ongoing EPS/EFT processes, which have gained a significant degree of reliability and credence.

2. **EPS and EFT:** Continuous refresher and advance trainings, on-the-job training, help desk office and telephone calls training remained essential - to build sustainable capacity. In parallel, LOTFA needed to continuously mobilize Mol top management about the importance of EPS application. Moreover, periodic follow up was required with government to keep a tight grip on the defaulting provinces to deliver EPS reports on a regular basis, to narrow the discrepancy between EPS and HR figures, leading to greater accuracy in police numbers. Inadequacy of current national telecommunication infrastructure should gradually prove a less daunting challenge as the Network Operating Systems Centre (NOC) facility becomes functional in regional commands and provincial police HQs in the coming months in 1388. Implementation of EFT in 16 new provinces where Kabul Bank opened branches in last quarter of 1387 (and 34 new district branches planned) will need to be pursued. Regular meetings also need to be conducted with Kabul Bank at topmost policy level

to probe mechanisms for payment of police personnel through EFT at inaccessible district level. In parallel, the M-paisa cell phone salary disbursement pilot scheme would need to be taken further, as complementary to EFT.

3. **Gender recruitment and mainstreaming:** Relationship with MoWA and MoLSAMD will need to be sustained. Strategizing of a clear-cut, province-wise recruitment plan, based on good and badly – performing provinces is recommended. In gender mainstreaming and training, all the developed projects will need continuous vigor in implementation stage, which has potential of building a sound local capacity base. The GMU, painstakingly set-up, needs to be nurtured for development to its full potential to be able to gradually take over all the oversight and implementation roles with respect to overall female police issues. The informal platform of the newly proposed Afghan National Policewomen’s Association can accord tangible complementary support, and after 3 months since its establishment, it may be time now to open regional chapters in some of the provinces i.e. Balk and Herat.

4. **Institution and capacity development:** Insufficient focus on this will tend to rapidly erode the gains offered by LOTFA so far. Greater priority must be accorded to institutional development and capacity building in the Mol. This issue is now prioritized in phase V of LOTFA and needs to be taken forward strategically. Continuous refresher and advance trainings, on-the-job training, help desk office and telephone calls training will be essential - to build sustainable capacity. In the next phase, LOTFA-EPS team would need to focus on ToTs in EPS/EFT/financial management systems, who can branch out into the provinces - for institutionalization of the capacity base. At the same time, it is widely recognized, that there are multiple capacity development programmes supporting ANP as well as Mol, and there would be need to affect greater synergies among these various initiatives.

5. **Inter-Agency programmatic coordination:** This has worked very well with respect to various programmatic initiatives: CSTC-A for M-paisa scheme, reconciliation of ID card data, enforcement of EFT; ToTs for enforcement of rule of law against domestic violence with IPCB; gender projects with UNDP Gender Equity project, UNIFEM and UNFPA - and the sense of cooperation and support needs to be maintained for maximizing common impacts.

Recommendations

1. **Short-term funding assessment:** Even while medium-long term donor funding considerations for LOTFA remain (Point no 2), even for the short-term, periodic funding assessment will be warranted. It has been assessed that with the growing commitments for various police reform -resultant activities and corresponding growing LOTFA mandate, the funding requirement for 1388 would be larger than for any year in the past. Moreover, LOTFA would also need to bear up to the commitment of meeting cost of increase in Kabul police force by 4,800 , as well as potential for further substantial increase in ANP during the year, as determined by the IPCB-EC commissioned study for increase in tashkil strength.

2. **Need for medium-long term donor predictability:** LOTFA has proven to be a relatively efficient mechanism for pooling of donor contributions and channeling them toward police development. This is in line with the Paris Declaration on aid effectiveness. The Trust Fund arrangement, to a large extent, has enabled the government to mobilize financial resources and helped in better management of pooled resources from multiple donors where the government participates. Potentially, the Fund is strategically positioned to play a vital role in achieving benchmarks and targets promulgated both in ANDS and Afghanistan Compact towards ensuring the functioning of the ANP. In particular, LOTFA, through its remunerations, institutional development and gender activities, in partnerships with other police stakeholders, can offer potential benefits for expediting implementation of Mol’s police reform and addressing the issue of gender mainstreaming in the police force. At this stage, it is clear that the Government of Afghanistan will not have the ability to cover all core remuneration costs for ANP from its revenue sources, at least in the short-medium term. Therefore, although the effort would no doubt be to continue to encourage the government to take on the responsibility of progressively meeting

some of the costs from its own diversified revenue base, there is also the implicit understanding that continuous donor funding of police may remain a vital element for some time in ensuring the continued operation of national police and establishment of stability in the country. It would be prudent to commence strategizing on post-LOTFA scenario in 1388, as lack of calibrated medium-longer term planning towards this end and appropriate donor funding support might undermine the LOTFA outputs and outcomes achieved do far.

3. **Mol ownership:** Issue of MOI lead and ownership will need to be continued to be taken up at all levels. This would relate not only to LOTFA processes, but to overall police reform and development agenda. It was learnt during the year (as mentioned above) that involvement of senior management of Mol had trickled down effect of increasing the sense of ownership of the process at different levels of hierarchy. This will need to be sustained.

4. **Institutional development/sustainability of processes:** This is linked to overall Mol ownership issue listed above. ToTs would be absolutely critical from the perspective of sustainability of processes and outputs. Moreover, apart from financial and accountancy systems (also through MA agent), new strategic areas where Mol reform is sorely needed, should be pursued for 1388 i.e. HR (also through proposed HR Controllers), procurement, administrative reform and anti-corruption (proposed through UNDP ACT project). It must be noted though, that institutional and capacity development programmes need to be of realistic time frame to be able to demonstrate the capacity building results intended-which would also need to be linked to more strategic assessment of overall project duration and commitment of funding for it.

5. **Greater synergizing of activities with ARTF:** Although it is widely understood that the orientation, structure and scope of the two trust funds is vitally different, there is ample scope for strategizing on larger government reform issues like fiscal sustainability of expenditures, donor exit strategy (even if medium term), etc.

6. **Advocacy for UNDP-LOTFA:** It is critical that UNDP-LOTFA ensures visibility for its work, both for publicizing its activities and the difference it is making for stabilization of the country in the security sector, as well as to exploit synergies and avoid duplication with other ongoing programmes, especially in capacity development. This needs to be developed appropriately. In the advocacy programme, visibility of individual donors and areas of their support would also need to be included.

7. **New thrust areas:** For LOTFA to move further beyond its traditional "passive fiduciary agency role" (although there are other priorities in addition to police remuneration payments) - and gain greater relevance in the current climate of competing police sector institutions, it may be worth exploring new substantive areas for LOTFA activities. These could include: community-police partnerships; greater advocacy for police image, i.e. through police perception survey; police-public interface in the form of community outreach, monthly police seminars, etc. Formation of a LOTFA Police Advisors Group comprising not only of police officials but also academics, think tanks, media, policy experts, and civil society could also be considered. This may perhaps warrant refinement of LOTFA mandate, which should be possible.

8. **Recruitment of a police specialist:** Currently, essential technical skills relating to policing are lacking in LOTFA management team. Recruitment of a senior police officer may be in order, considering that LOTFA has an expanding mandate to engage in police reform and development issues, and is also required to liaise with various police organizations i.e. IPCB /EUPOL/ CSTC-A / as well as bilateral police projects.

9. **UNDP cross project collaboration:** A working mechanism has been identified for UNDP cross-project collaboration to enhance cost effectiveness and efficiency of outputs, notably in sectors of police, justice, anti-corruption and gender. With respect to anti-corruption in particular, a key Mol priority, some specific collaborative programmes have been identified, which need to be followed-through.

10. Stakeholder partnerships: For LOTFA to maximize outputs, it is important that the institutionalized partnerships developed with other police sector institutions be maintained (including IPCB/EUPOL). In particular, there is need for greater information sharing (which is being institutionalized) between UNDP and UNAMA on progress in reform of ANP, impacting on payments of police personnel.

VI. Financial status and utilization

Financial Status

Table 1: Contribution Overview Phase IV [1 April 2008 – 31 August 2008]

Donor Name	Budget		
	Committed	Received	Balance
Australia	1,550,388	1,550,388	-
Canada	38,945,598	38,945,598	-
DFID	1,577,909	1,577,909	-
European Commission	91,191,223	91,191,223	-
Finland	3,032,580	3,032,580	-
Germany	9,537,467	9,537,467	-
Iceland	100,000	100,000	-
Italy	1,474,926	1,474,926	-
Japan	6,000,000	5,999,950	50
Latvia	20,000	20,000	-
Netherlands	25,111,712	25,111,682	30
Norway	468,022.00	468,022.00	-
Switzerland	1,998,485	1,998,485	-
UNDP - Core Fund	163,380	163,380	-
United Kingdom	7,252,995	7,252,995	-
USA	129,369,767	129,369,767	-
Total	317,794,452	317,794,372	80

Table 2: Contribution Overview Phase V [1 Sep 2008 – 31 Mar 2009]

Donor Name	Budget		
	Committed	Received	Balance
Australia	1,919,386	1,919,386	-
Canada	8,084,074	8,084,074	-
E C	43,069,948	43,069,948	-
Finland	1,943,005	1,943,005	-
Germany	16,822,621	16,822,621	-
Interest (Earned by LOTFA Funds)	1,681,951	1,681,951	-
Italy	1,295,337	1,295,337	-
Japan	10,000,000	10,000,000	-
Japan - Afg	3,822,896	3,822,896	-
Netherlands	25,575,448	25,575,448	-
UNDP - Core fund	309,767	309,767	-
USA	78,100,000	50,000,000	28,100,000
Total	192,624,432	164,524,432	28,100,000

Financial Utilization

Table 3: Annual Expenditure by Donor Phase IV [1 April 2008 – 31 August 2008]

Donor	Activity	Budget	Expenditure	Balance	Delivery Rate %
Canada	Police Remuneration	9,676,091	9,676,091	-	100.00%
	3% GMS	299,261	299,261	-	100.00%
Canada Total		9,975,351	9,975,351	-	100.00%
DFID	Police Remuneration	1,530,572	1,530,572	-	100.00%
	3% GMS	47,337	47,337	-	100.00%
DFID Total		1,577,909	1,577,909	-	100.00%
EC	Police Remuneration	52,048,748	52,048,748	-	100.00%
	Construction	143,473	-	143,473	0.00%
	3% GMS	1,614,192	1,609,755	4,437	99.73%
EC Total		53,806,413	53,658,503	147,910	99.73%
Finland	Police Remuneration	16,376	15,927	449	97.26%
	Construction	451,493	119,921	331,572	26.56%
	Project Staff & Support	180,242	16,913	163,329	9.38%
	Audit & Evaluation	60,534	56,467	4,067	93.28%
	3% GMS	21,917	6,471	15,446	29.53%
Finland Total		730,562	215,699	514,863	29.53%
Norway	Construction	271,788	5,935	265,853	2.18%
	3% GMS	8,406	184	8,222	2.18%
Norway Total		280,194	6,119	274,075	2.18%
SDC	Gender Mainstreaming	749,584	392,866	356,718	52.41%
	Electronic Payroll System	175,209	188,713	(13,504)	107.71%
	3% GMS	28,602	17,987	10,615	62.89%
SDC Total		953,395	599,566	353,829	62.89%
USA	Police Remuneration	3,509,280	3,777,713	(268,433)	107.65%
	Project Staff & Support	585,304	251,780	333,524	43.02%
	Audit & Evaluation	1,326	1,286	40	97.00%
	3% GMS	126,678	124,663	2,014	98.41%
USA Total		4,222,588	4,155,442	67,146	98.41%
UNDP	Project Staff & Support	100,000	34,755	65,245	34.76%
Grand Total		71,646,412	70,223,344	1,423,068	98.01%

Table 4: Annual Expenditure by Donor Phase V [1 Sep 2008 – 31 Mar 2009]

Donor	Activity	Budget	Expenditure	Balance	Delivery %
Australia	Police Remunerations	1,823,417	1,823,416	1	100%
	5% GMS	95,969	95,969	0	100%
Australia Total		1,919,386	1,919,385	1	100%
Canada	Police Remunerations	7,679,871	7,679,871	-	100%
	5% GMS	404,204	404,204	-	100%
Netherlands Total		8,084,075	8,084,075	-	100%
EC	Police Remunerations	40,916,451	38,401,562	2,514,889	94%
	5% GMS	2,153,497	2,021,135	132,363	94%
EC Total		43,069,948	40,422,697	2,647,251	94%
Finland	Police Remunerations	1,845,855	1,845,855	-	100%
	5% GMS	97,150	97,150	-	100%
EC Total		1,943,005	1,943,005	-	100%
Germany	Police Remunerations	12,194,780	12,194,780	-	100%
	Institutional Dev.	1,722,798	-	1,722,798	0%
	Construction	1,968,912	-	1,968,912	0%
	Project Staff and Support	95,000	49,625	45,375	52%
	5% GMS	841,131	644,442	196,689	77%
Germany Total		16,822,621	12,888,847	3,933,774	77%
Interest (Earned)	Institutional Development	320,000	-	320,000	0%
	Project Support and Staff	1,361,951	162,598	1,199,353	12%
Interest Total		1,681,951	162,598	1,519,353	10%
Italy	Police Remunerations	1,230,570	1,230,570	-	100%
	5% GMS	64,767	64,767	-	100%
Italy Total		1,295,337	1,295,337	-	100%
Japan-Afg	Procurement - DIAG	3,631,751	70,285	3,561,466	2%
	5% GMS	191,145	3,699	187,446	2%
Japan-Afg Total		3,822,896	73,984	3,748,912	2%
Japan	Police Remunerations	9,500,000	9,500,000	-	100%
	5% GMS	500,000	500,000	-	100%
Japan Total		10,000,000	10,000,000	-	100%
Netherland	Police Remunerations	24,296,675	24,296,675	0	100%
	5% GMS	1,278,772	1,278,772	0	100%
Netherlands Total		25,575,448	25,575,447	0	100%
SDC	Gender Mainstreaming	336,138	37,386	-	-
	5% GMS	17,691	1,968	15,724	11%
Netherlands Total		353,829	39,354	314,475	11%
USA	Police Remunerations	47,469,905	9,975,000	37,494,905	21%
	Project Support and Staff	30,095	30,095	-	100%
	5% GMS	2,500,000	526,584	1,973,416	21%
USA Total		50,000,000	10,531,679	39,468,321	21%
UNDP	Institutional Development	309,767	153,899	155,868	50%
UNDP Total		309,767	153,899	155,868	50%
Grand Total		164,878,263	113,090,308	51,787,955	69%

1. The expenditure of US \$ 37,549,260 related to police remuneration incurred in Q4, 1387 is not captured in UNDP Atlas.
2. The Germany money for construction transferred to MoF, but expenditure report waited
3. 69% overall delivery has been lowered, also on account of low utilization of Japan/DIAG procurement activity, for administrative reasons.

4. The amount US \$ 51.4 m is recorded as budget balance in the above table, is for utilization for 1388 fiscal year, and thereby also affects the delivery rate.

Table 5: Annual Expenditure by Activity Phase IV [1 April 2008– 31 August 2008]

Activity	Budget	Expenditure	Balance	Delivery %
Activity 01 [Police Remuneration]	66,781,067	67,049,051	-267,984	100%
Activity 02 [Procurement]	0	0	0	0%
Activity 03 [Construction]	866,754	125,856	740,898	15%
Activity 04 [Gender Mainstreaming]	749,584	392,866	356,718	52%
Activity 05 [Project Staff & Support]	865,546	303,447	562,099	35%
Activity 06 [Electronic Payroll System]	175,209	188,713	-13,504	108%
Activity 07 [Audit & Evaluation]	61,860	57,754	4,107	93%
GMS @ 3%	2,146,392	2,105,658	40,735	98%
Total	71,646,412	70,223,344	1,423,068	98%

Table 6: Annual Expenditure by Activity Phase V [1 Sep 2008– 31 Mar 2009]

Activity	Budget	Expenditure	Balance	Delivery %
Activity 01 [Police Remuneration]	146,957,524	106,947,729	40,009,795	72.78%
Activity 02 [Institutional Development]	2,352,565	153,899	2,198,666	0.00%
Activity 03 [Procurement - DIAG]	3,631,751	70,285	3,561,466	1.94%
Activity 04 [Construction]	1,968,912	-	1,968,912	0.00%
Activity 05 [Gender Mainstreaming]	336,138	37,386	298,752	18.74%
Activity 06 [Support to CPD]	-	-	-	0.00%
Activity 07 [Project Staff & Support]	1,487,046	242,318	1,244,728	18.62%
GMS @ 5%	8,144,327	5,638,691	2,489,913	61.47%
Total	164,878,263	113,090,308	51,772,231	68.36%