

## Making Budgets and Aid Work /00056407 Annual Work Plan 2008

UNDAF Outcome # 2	Areas of Cooperation: Governance, Rule of Law and Human Rights, By 2008, an effective and 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.
CPAP Outcome # 2	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 marginalised groups
CPAP Output(s) # 2.1	Public sector capacity strengthened through the development of civil service at the central and sub-national levels, the establishment of accountability mechanisms and the enhancement of information management for better service delivery

### A. Development activities

#### Output 1: Strengthened Budget Policy and Planning Processes linked to ANDS priorities

##### Annual Target / Deliverables

- The Medium Term Expenditure Framework (MTEF) developed
- Annual Budget prepared on the basis of the Medium Term Fiscal Framework (MTFF)
- Budget Ceilings finalized for FY 1388 and incorporated in the MTFF

##### Indicator(s)

- Medium term fiscal framework developed
- Budget following medium term fiscal framework
- Timely conduct of Mid-Year review

##### Baseline

- Medium Term Fiscal Framework (MTFF) developed in 2006, however, the Medium Term Expenditure Framework is not yet in place,
- Annual Budget is not in conformity with the Medium Term Fiscal Framework,
- Budget Ceilings prepared in FY 1386 includes budget estimates over the medium term

##### Benchmark

- MTEF/MTBF developed based on costed sectors of the ANDS
- Annual Budget correspond with the MTFF,
- Approved budget ceilings are incorporated in the MTFF,

Planned Activities	Responsible Party	Planned Budget				Funding		
		Inputs description	Acc. Code	Budget description	Total Amount	Donor	Funded	Unfunded
1.1 Development of MTBF/MTEF linked to ANDS priorities		Team of Budget Policy and Planning Processes linked to ANDS priorities	71400	Contractual Services Indv	88837.5	CIDA	88837.5	0
1.2 Targeted policy development in regard to key issues (e.g. fiscal sustainability, wages, goods & services, security, pensions, etc.) undertaken					88837.5	DFID	88837.5	0
1.3 Application of MTBF, MTEF and other fiscal policy tools for national budget process								
1.4 Conduct Mid-Year review systematically to review performance and to inform the next year's budget process								
		GMS 7%	75100	Facilities and administration	13373	DFID and CIDA	13373	
<b>Output 1 Sub-Total</b>					<b>191,048.39</b>		191048.39	0

#### Output 2: Strengthened Budget Formulation Processes

<p><b>Annual Target / Deliverables</b></p> <ul style="list-style-type: none"> <li>- Quality National Budget submitted to and approved by the Parliament in accordance with the budget calendar</li> <li>- Annual budget hearings conducted with 38 line ministries and budgetary units</li> <li>- 17 line ministries successfully produced program based budget proposals</li> <li>- 7 line ministries successfully incorporated 10 provincial budget proposals in their budget formulation process</li> <li>- 17 training workshops to orient ministries and provincial departments on budget integration and reform process conducted</li> </ul>	<p><b>Indicator(s)</b></p> <ul style="list-style-type: none"> <li>- Timely submission of quality budget to the Parliament and its approval</li> <li>- Number of line ministries within pilot successfully producing program based budget proposals</li> <li>- Number of line ministries within pilot successfully incorporating significantly greater provincial participation in budget formulation</li> </ul> <p><b>Baseline</b></p> <ul style="list-style-type: none"> <li>- Multi-year budget ceilings were approved in 1387 budget preparation. Some line ministries request unrealistic budget despite its low execution capacity,</li> <li>- Program budgeting pilot introduced in 3 line ministries in 2006 has been expanded to cover up to 10 in 2007. The budget integration process is still incomplete in many line ministries,</li> <li>- Provincial budgeting pilot introduced in 3 provinces in 2006 has been expanded to cover up to 10 provinces in 2007. Budgetary allocation is still uneven with very little information available on expenditures at the provincial level,</li> <li>- 28 orientation workshops were organized for the 7 line ministries and 10 provincial offices in 2006 and 2007,</li> <li>- Project/program preparation and appraisal templates is being introduced,</li> </ul> <p><b>Benchmark</b></p> <ul style="list-style-type: none"> <li>- Line ministry compliance with budget calendar</li> <li>- Improved compliance with ceilings provided in MoF circulars in budget submissions</li> <li>- Introduction of program budgeting to 17 ministries,</li> <li>- Introduction of provincial budgeting to 17 provinces,</li> <li>- Budget integration and reform orientation/training workshops to 10 ministries and 10 provinces</li> <li>- Line ministries compliance with the project/program preparation and appraisal templates,</li> </ul>
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Planned Activities	Responsible Party	Planned Budget				Funding		
		Inputs description	Acc. Code	Budget description	Total Amount	Donor	Funded	Unfunded
2.1 Continued development of, and improved adherence to, a more realistic, annual budget process calendar		Teams of budget analysts	71400	Contractual Services Indv	80340	GTZ	80340	
2.2 Preliminary ceilings based on policy priorities and macroeconomic considerations issued in budget circular and respected by line ministries in budget submissions		71400	Contractual Services Indv	80340	GTZ	80340		
2.3 Annual Budget hearings guided by policy priorities and fiscal framework parameters and targets		71300	Local Consultants	24720	GTZ	24720		
2.4 Budget consultations inclusive, transparently recorded and better reflected in final budget outcome		71100	ALD Contract Holders	395250	GTZ	395250		
2.5 Apply new core development budget mechanism								
2.6 Integration of the operating and development budgets further strengthened through improved ordinary budget processes and expansion of programme budgeting pilot								

2.7 Realistic options for increasing the participation of provincial stakeholders in development of line ministry budgets further investigated and developed								
2.8 Economic analyses and other evaluative techniques used in project/program proposal development and selection for budget submission								
		GMS 5%	75100	Facilities and administration	43,704.84	GTZ	43,704.84	0
<b>Output 2 Sub-Total</b>					<b>624,354.84</b>		624,354.84	0

### Output 3: Strengthened Budget Execution Processes

#### Annual Target / Deliverables

- Budget execution rate increased to 75%,
- Budget allotment rate increased to 90%,
- 12 monthly expenditure reports of all appropriations produced,

#### Indicator(s)

- Budget execution rate
- MoF and line ministries staff have sufficient capacity to apply GFS and coding
- Reduced number of coding errors

#### Baseline

- Budget execution rate: 70.8% for 1386 (operation budget execution at 98%, development budget at 60%)
- Budget allotment rate: 85% for 1386 (operating budget allotment at 100%, development budget at 75%)
- Expenditure reports are being produced on an irregular basis,
- Weak capacity in line ministries to submit complete documentation with correct coding for budget allotment,

#### Benchmark

- Budget execution rate: 75% for 1387
- Budget allotment rate: 90% for 1387
- Monthly budget expenditure reports
- Increased understanding and compliance with COA coding

Planned Activities	Responsible Party	Planned Budget				Funding		
		Inputs description	Acc. Code	Budget description	Total Amount	Donor	Funded	Unfunded
3.1 Strengthen application of IMF budget classifications by both MoF and line ministries		Team of budget execution experts	71400	Contractual Services Indv	51706	CIDA	51706	
3.2 Improve understanding of AFMIS functionality in regards to budget execution and reporting					51706	DFID	51706	
3.3 Strengthen MoF's allotment and contract management functions and appropriately positioned within the Ministry								
3.4 Increase information exchange on budget issues and progress between MoF and line ministries								
3.5 Capture and report expenditures of all appropriations on monthly basis								
		GMS 7%	75100	Facilities and administration	7,783.70	DFID and CIDA	7,783.70	
<b>Output 3 Sub-Total</b>					<b>111,195.70</b>		111,195.70	0

### Output 4: Strengthened Budget Monitoring and Reporting

<p><b>Annual Target / Deliverables</b></p> <ul style="list-style-type: none"> <li>- Annual budget performance report produced,</li> <li>- Combined Benchmark Report (CBR) on IFI benchmarks produced,</li> <li>- Annual fiscal and budget strategy report produced,</li> <li>- Top 50 investment projects are monitored on weekly basis,</li> </ul>	<p><b>Indicator(s)</b></p> <ul style="list-style-type: none"> <li>- Annual budget performance reporting</li> <li>- Number of fiscal reporting/year</li> <li>- Number and quality of benchmarks reported</li> <li>- Improved information and performance of the top 50 projects</li> </ul> <p><b>Baseline</b></p> <ul style="list-style-type: none"> <li>- 1385 budget performance report was produced and presented to the Parliament for the first time,</li> <li>- Fiscal and budget strategy report was produced for 1386 budget and presented to the Cabinet,</li> <li>- There are many budget related benchmarks by IFI, donor and GoA and not reported in a coherent manner</li> <li>- Weekly monitoring on reporting system for major 50 projects is in place</li> </ul> <p><b>Benchmark</b></p> <ul style="list-style-type: none"> <li>- Budget Performance Reports produced annually,</li> <li>- Twice yearly fiscal reports produced,</li> <li>- Key budget benchmark monitored in a comprehensive manner,</li> <li>- Weekly monitoring and reporting on the top 50 projects,</li> </ul>
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Planned Activities	Responsible Party	Planned Budget				Funding		
		Inputs description	Acc. Code	Budget description	Total Amount	Donor	Funded	Unfunded
4.1 Undertake fortnightly monitoring of the top 50 projects under the core development budgets		Team of Budget Monitoring and Reporting Experts	71400	Contractual Services Indv	90228	CIDA	90228	
4.2 Improve reporting of impact of budgets on key development indicators					90228	DFID	90228	
4.3 Monitor and report Budget related IFI, donor and GoA benchmarks regularly								
4.4 Introduced more regular (Twice a year) formal fiscal reporting for Minister, Cabinet and donors.								
4.5 Increase publicity of services delivered successfully through the budget								
		GMS 7%	75100	Facilities and administration	13,582.71	DFID and CIDA	13,582.71	0
		<b>Output 4 Sub-Total</b>			<b>194,038.71</b>		194,038.71	0

**Output 5: Alignment of and improved coordination of External Funding in line with Paris Declaration Afghan Compact to support ANDS implementation**

<p><b>Annual Target / Deliverables</b></p> <ul style="list-style-type: none"> <li>- GoA aid policy developed and approved by the Cabinet,</li> <li>- GoA development cooperation report produced,</li> <li>- Second round of Paris Declaration monitoring survey conducted,</li> <li>- Follow up survey of Local Procurement of Aid conducted,</li> <li>- 90% of ODA captured by DAD,</li> <li>- 55% of aid disbursed through the core budget,</li> <li>- 65% of aid disbursed for the government sector/aligned with ANDS priorities,</li> <li>- 40% of technical assistance coordinated/demand driven,</li> <li>- 30% of donor missions coordinated among and with the government,</li> <li>- DAD upgraded in line with HRF and web-enabled,</li> <li>- Aid Effectiveness Working Group meeting conducted on quarterly basis,</li> <li>- Technical Coordination Sub-Committee meetings conducted on monthly basis,</li> <li>- Donor Financial Reviews conducted twice a year,</li> <li>- Input provided into JCMB bi-annual reports</li> </ul>	<p><b>Indicator(s)</b></p> <ul style="list-style-type: none"> <li>- % of aid recorded</li> <li>- % of aid disbursed for the government sector</li> <li>- % of donor funding through core budget</li> <li>- % of aid captured by DAD</li> <li>- % of coordinated technical assistance in Afghanistan</li> <li>- % of donor missions coordinated</li> <li>- Number of coordination meetings</li> <li>- Number of reports delivered</li> </ul> <p><b>Baseline</b></p> <ul style="list-style-type: none"> <li>- PD survey was conducted in 2006 and established the AE baseline,</li> <li>- AEWG, chaired by MoF, was established to discuss and address high-level AE issues,</li> <li>- TCSB, chaired by MoF, was established to discuss technical issues concerning budget and aid coordination,</li> <li>- AE monitoring matrix was developed and six priorities have been identified</li> <li>- 44% of development assistance is disbursed through the core budget</li> <li>- 55% of aid disbursed for the government sector</li> <li>- 37% of technical assistance is coordinated/demand driven</li> <li>- HRF is implemented in 2007</li> <li>- 4 donor financial review have been conducted since 2004</li> <li>- adhoc coordination meetings were held with donors</li> </ul> <p><b>Benchmark</b></p> <ul style="list-style-type: none"> <li>- GoA aid policy developed and approved by the Cabinet</li> <li>- Second round of PD aid effectiveness survey conducted</li> <li>- Follow up survey of Local Procurement of Aid conducted</li> <li>- 4 meetings of AEWG conducted,</li> <li>- Aid Effective Monitoring Matrix regularly monitored, updated and incorporated in a regular fish</li> <li>- 90% of ODA captured by DAD,</li> <li>- 55% of aid disbursed through the core budget,</li> <li>- 65% of aid disbursed for the government sector/aligned with ANDS priorities,</li> <li>- 40% of technical assistance coordinated/demand driven,</li> <li>- 30% of donor missions coordinated among and with the government,</li> </ul>
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Planned Activities	Responsible Party	Planned Budget			Funding			
		Inputs description	Acc. Code	Budget description	Total Amount	Donor	Funded	Unfunded
5.1 Monitor and raise awareness to follow the Paris Declaration, Afghan Compact benchmarks		Team of Aid Coordination experts	71400	Contractual Services Indv	159444	CIDA	159444	
5.2 Provide policy advice and support to MoF to develop a national aid policy which will help mobilize resources in support of the ANDS strategies			71400	Contractual Services Indv	159444	DFID	159444	
5.3 Implement strategy to attract increased donor funding through the core budget (e.g. producing donor investment booklet, streamlining external funding procedures, providing government PFM information, budget execution information)			71600	Travel costs	14832	CIDA	14832	

5.4 Strengthen grant and loan management through MoF								
5.5 Develop and apply harmonized and aligned financial reporting formats between donors and GoA to capture both core and external budget in a coherent manner								
5.6 Track aid flows effectively through refinements to and analysis of DAD (Donor Assistance Database)								
5.7 Increase linkages between DAD and AFMIS								
5.8 Assist line ministries set up TA coordination committees within each ministry, which will then report to ACU to input into the AEWG								
5.9 Develop and apply a format to capture the number and timing of donor missions to enhance better coordination								
5.10 Conduct regular coordination meetings with donors at technical and policy level for improved GoA and donor dialogue								
5.11 Regularly publish reports assessing the utilization of internal and external assistance for improved ODA information	Information Material	74200	Audio visual and printing prod costs	14832	DFID	14832		
	GMS 7%	75100	Facilities and administration	26,235.10	DFID and CIDA	26,235.10		
<b>Output 5 Sub-Total</b>				<b>374,787.10</b>		374,787.10		0

**Output 6: Sustainable institutional technical capacity built and retained within the public finance sector, particularly within the Ministry of Finance and Line Ministries**

<p><b>Annual Target / Deliverables</b></p> <ul style="list-style-type: none"> <li>- Up to 15 civil servants/young graduates recruited and retained through the PRR</li> <li>- On the job training and mentoring provided to young recruits</li> <li>- Training gap analysis conducted for Budget Department staff</li> <li>- 4 training sessions facilitated to meet capacity building requirements</li> </ul>	<p><b>Indicator(s)</b></p> <ul style="list-style-type: none"> <li>- No of civil servants/young graduates in Budget Department</li> <li>- No of civil servants/young graduate on PRR</li> <li>- Capacity of civil servants/young graduate improved to carry out the budget process and aid coordination</li> <li>- Progressively decreasing number of project staff while project staff loss does not exceed desired level of attrition</li> </ul> <p><b>Baseline</b></p> <ul style="list-style-type: none"> <li>- There are 25 civil servants and 76 project staff in the Budget Department.</li> <li>- Training was given on an ad-hoc basis, donor-driven and mostly for the project staff</li> </ul> <p><b>Benchmark</b></p> <ul style="list-style-type: none"> <li>- 15 civil servant/ graduates recruited and retained within MoF on Taskeel/PRR</li> <li>- Capacity building exercises undertaken in cooperation with other initiatives</li> <li>- Regular coordination meeting between TAs/donors organized and work plan to support the Budget Department shared/developed</li> <li>- Increased skills and capacity by civil servants and young graduates in budget process and aid coordination with the on-the job training</li> <li>- Number of project staff reduced to 67 staff (May 2008-April 2009)</li> </ul>
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Planned Activities	Responsible Party	Planned Budget			Funding		
		Inputs description	Acc. Code	Budget description	Total Amount	Donor	Funded

6.1 Recruit 15 young graduates to MoF		Admin and logistics team	71300	Local Consultants	52530	CIDA	52530	
6.2 Process civil servants/young graduates on PRR								
6.3 Provide on the job training and mentoring to young graduates/civil servants to hand-over its skills and knowledge		Team of capacity building experts	71400	Contractual Services Indv	30900	DFID	30900	
6.4. Facilitate skill gaps analysis and coordinate training opportunities for MoF and line ministries			72100	Service contract companies	37080	DFID	37080	
6.5. Decrease the number of staff on project contract (15 staff) and facilitate the transition of project staff to remain in public finance sector								
6.6 Provide effective support to and strengthen the leadership of senior level management at MoF to strengthen the Budget Department								
6.7 Manage effectively the implementation of exit strategy (by keep appropriate retentions level, merit-based recruitment, efficient and effective logistical and administrative support)								
		GMS 7%	75100	Facilities and administration	9,070.65	DFID and CIDA	9,070.65	
<b>Output 6 Sub-Total</b>					<b>129,580.65</b>		129,580.65	0
<b>A. Development activities Total</b>					<b>1,625,005.39</b>		1,625,005.39	0
<b>B. Other project costs</b>								
<b>Management Costs</b>	<b>Responsible Party</b>	<b>Planned Budget</b>				<b>Funding</b>		
		<b>Inputs description</b>	<b>Acc. Code</b>	<b>Budget description</b>	<b>Total Amount</b>	<b>Donor</b>	<b>Funded</b>	<b>Unfunded</b>
Staff		Programme support and office management	71300	Local consultants	45,732.00	CIDA	45,732.00	
		UNDP support	71100	ALD Salary	189,024.00	CIDA	189,024.00	
		Operational support	71400	Contractual Services Indv	217,536.00	DFID	217,536.00	
		UNDP support	600	Fixed Term salary	21,913.00	UNDP	21,913.00	
		UNDP support	71400	Contractual Services Indv	14,832.00	UNDP	14,832.00	
		GMS 7%	75100	Facilities and administration	34,043.00	DFID and CIDA	34,043.00	
Equipments and Running Costs			74200	Communication	15,450.00	DFID	15,450.00	
			71600	Travel	24,720.00	DFID	24,720.00	
			72100	Contractual Services - IT companies	18,540.00	DFID	18,540.00	
			72200	Equipment/ furniture	51,500.00	CIDA	51,500.00	
			73400	Rental & maintenance	12,360.00	DFID	12,360.00	
			72500	Supplies	49,440.00	DFID	49,440.00	
			74500	Miscellaneous	30,900.00	DFID	30,900.00	
		GMS 7%	75100	Facilities and administration	15,272.80	DFID and CIDA	15,272.80	
Project Communication, Monitoring and Reporting		Monitoring & Communication (Publicity) cost	71300	Local Consultants	1,030.00	DFID	1,030.00	
			71600	Travel	1,545.00	DFID	1,545.00	
			72500	Supplies	515.00	DFID	515.00	
		GMS 7%	75100	Facilities and administration	232.58	DFID	232.58	
<b>Management Costs Sub-Total</b>					<b>744,585.38</b>		744,585.38	0
<b>Evaluation</b>			71200	Contribution to outcome 2	41,200	CIDA	41,200	

				evaluation				
		GMS 7%	75100	Facilities and administration	3,101.08	CIDA	3,101.08	
<b>Evaluation Sub-Total</b>					<b>44,301.08</b>		44,301.08	0
<b>Audit</b>			74100	Audit	5,150.00	CIDA	5,150.00	
		GMS 7%	75100	Facilities and administration	387.63	CIDA	387.63	
<b>Audit Sub-Total</b>					<b>5,537.63</b>		5,537.63	0
<b>B. Other project costs Total</b>					<b>794,424.09</b>		794,424.09	0
<b>Security cost</b>		<b>C. 5% of the total budget E</b>	74300		<b>112,327.40</b>	<b>all</b>		
<b>GRAND TOTAL (A+B+C)</b>					<b>2,531,757</b>		<b>2,531,757</b>	<b>-</b>