



QUARTERLY PROJECT REPORT [QUARTER 3, 2008]

**UNITED NATIONS DEVELOPMENT PROGRAMME
AFGHANISTAN**

ACCOUNTABILITY AND TRANSPARENCY (ACT) PROJECT
01-07-2008 – 30-09-2008



Afghan launch of Asia-Pacific Human Development Report on Anti-Corruption by ACT and CPHD 20 August 2008

Project ID: 00053687
Duration: 18 Months + 9 Months Extension
Component (MYFF): Democratic Governance
Total Budget: USD 2,395,593
Unfunded: USD 75,083

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I. Implementation progress

Output 1.1: National legislation revised in view of UNCAC and priority legal reforms identified

The United Nations Convention Against Corruption (UNCAC) Stakeholder Consultation Workshop, held in quarter 2, marked the completion of activities under Output 1.1. The ACT project will however continue its support to the Government of Afghanistan to bring national legislation in line with the requirements of the UNCAC. To this end the project is holding discussions with UNODC on how to, jointly with the Government move this agenda forward.

The project, with the aim strengthening the capacity within the government on UNCAC is facilitating the participation of one member of the Taqin Department of the Ministry of Justice (MOJ) and the Deputy Director General (Policy & Coordination) of the High Office of Oversight for the Implementation of Anti-Corruption Strategy (HoO) to participate in a training event on UNCAC implementation organized by UNDP's Regional Centre in Bangkok.

Output 1.2: Options for institutional arrangements to steer and coordinate a national anti-corruption strategy submitted to public debate

During quarter 3 the High Office of Oversight for the Implementation of Anti-Corruption Strategy was established based on a Presidential Decree. It is worth noting that the structure and functions of the HoO are largely in line with the recommendations put forward in the report on Institutional Arrangements for Combating Corruption which was completed in 2007 as part of Output 1.2.

Following the establishments of the HoO the ACT project has proactively worked to establish a partnership with the new institution, and an official request has been sent by the HoO to UNDP requesting support through the ACT project. The ACT project is working closely with the management of the HoO to determine what support is needed. A number of TORs have been jointly developed in order to provide the HoO with critical expertise needed in the start-up phase. The recruitment of these positions will be finalized in Quarter 4, 2008. This support will be part of a long-term approach towards supporting the establishment and capacity development of the HoO.

The ACT project is also providing on-going policy and advisory support to the management of HoO, including support on developing the institutional structure of the HoO as well as defining the functions of its Departments.

Output 1.3: National Integrity System Monitoring - Indicators developed and base-line study conducted to allow monitoring of progress of transparency and accountability in core governance areas

Following comprehensive consultations with all relevant stakeholders, the draft Integrity Monitoring System was finalized and shared with all relevant stakeholders in the government and international community. To ensure ownership over the Integrity Monitoring System the project team met with all relevant government agencies to present and further explain the Monitoring System.

To stimulate further dialogue on the draft Integrity Monitoring System a consultation workshop was organized jointly with the HoO and the Independent Administrative and Civil Service Commission (IARCSC). The objective of the workshop was to raise awareness of all relevant stakeholders on the Monitoring System and to receive feedback to ensure that it meets the needs of Afghanistan. Participating institutions and organizations in the workshop included representatives from the Ministry of Finance (MOF), Ministry of Public Health (MOPH), MOJ, Attorney General's Office (AGO), Ministry of Rural Rehabilitation and Development (MRRD), the

Joint Coordination and Monitoring Board (JCMB), Canadian Embassy, Netherlands Embassy, UNAMA, UNODC and civil society organizations.

The draft Integrity Monitoring System was welcomed by the workshop participants and it was acknowledged that developing such a system is an essential contribution to the fight against corruption in Afghanistan. It was recommended by the workshop participants that a technical working group be established to further refine the Integrity Monitoring System. This will be done in close collaboration with UNODC to ensure that efforts to survey and monitor corruption are coordinated. It is foreseen that the Integrity Monitoring System will be housed in the HoO to ensure complete government ownership of the system.

Output 2.1: Ethics and integrity initiatives in two pilot ministries

As part of the establishment of an Ethics Unit in the Ministry of Finance a Technical Specialist has been recruited. The Technical Specialist will work closely with the Ministry of Finance in developing the TOR for the Ethics Unit. The unit will be staffed and operational in Quarter 4, 2008.

The perception survey that is being carried out in collaboration with UNODC in the justice sector has been completed. The findings of the survey will be discussed with the relevant government counterparts prior to publication of the survey and it is expected that the findings of the survey will be presented in Quarter 4, 2008.

Following on several vacancy announcements, the project was able to identify and recruit a National Complaints Manager for the MOF Complaints Office. The National Complaints Manager has assumed his duties and the office will be inaugurated in Quarter 4, 2008. Discussions are under way with the MOF to assign two staff members to the Complaints Office on a permanent basis. The recruitment of an international expert is also on-going to support the Complaints Office and further develop the capacity of its staff of the Complaints Office. The international expert will also explore the possibility of establishing/strengthening similar mechanisms in MOJ and the Ministry of Education (MOE).

The project is continuing its support to the establishment of a Fraud Investigation Unit (FIU) within the Internal Audit Department (IAD) of the MOF. The recruitment of an international expert is on-going. The international expert will provide additional capacity development support to the staff of the FIU. The international expert will also carry out assessment in the MOJ and MOE to determine the possibility of establishing/strengthening fraud investigation capacity in these ministries.

Output 2.2: Survey on transparency and accountability in aid management

A workshop was organized with the participation of a wide group of donors to present the final draft of the study on transparency and accountability in aid management. The donors participating in the workshop included Canada, Denmark, DFID, GTZ, the Netherlands, Norway, USAID and the World Bank. The findings and recommendations of the report were discussed and a revised report has been submitted which incorporates recommendations made during the workshop. In Quarter 4, 2008 further consultations will be held with the donors to seek an agreement on the recommendations put forward in the report.

Output 2.3: UNDP Internal "Integrity Initiative"

After sharing the UNDP internal integrity study with the UNDP senior management, discussions were held on the findings and recommendations. A revised report has been submitted incorporating the comments. It is envisaged that the report will serve as a starting point for UNDP's internal "Integrity Initiative".

Output 3.1: Establishment of a "Grants Facility" to build the watchdog capacity of civil society actors and the media

The project received full project proposal from the five Civil Society Organizations (CSOs) who were selected by the Selection Committee during its first meeting, held in Quarter 2, 2008. Feedback sessions were organized to discuss the proposals in detail, with each CSO provided with feedback in order to improve on their proposals. Following on the feedback sessions, the CSOs were asked to submit a final full proposal for the Selection Committee to make a final selection. The Selection Committee approved three out of the five proposals for funding through the Accountability and Transparency Grants Facility (ACT-GF). It is expected that funding for the CSOs will be released in early Quarter 4, 2008 following the completion of the necessary documentation.

Output 3.3: Training Modules and anti-corruption guides developed and initial training launched

The ACT project is continuing the dialogue with UNDP's Civil Service Leadership Development (CSLD) project, to integrate an ethics component in the training of senior Afghan civil servants. For this purpose a TOR is being prepared and the project is seeking to identify a consultant or institution to develop the training package.

The ACT project is continuing the dialogue with the IARCSC and UNDP's Afghanistan Sub-National Governance Programme to extend the training of civil servants to the sub-national level.

Project Advocacy / Visibility

The ACT project, in collaboration with UNDP's Centre for Policy and Human Development (CPHD) and UNAMA, organized a launch event for the 2008 Asia-Pacific Human Development Report "Tackling Corruption, Transforming Lives". The event, which brought together some 200 students and representatives of the government and the international community, and featured presentations by the Minister of Finance, the Minister of Higher Education, and the Special Representative of the Secretary General, received extensive press coverage.

The project has prepared an advocacy plan called ACT-Advocacy. The ACT-Advocacy is primarily intended to create visibility for the ACT project through promotion of transparency and accountability initiatives undertaken by the project. The ACT-Advocacy also aims to support the improvement of coordination in the area of anti-corruption amongst the different stakeholders through dissemination and exchange of information. As part of advocacy activities, the project has initiated the development of a dedicated website for the project and is also preparing other visibility materials such as brochures and leaflets.

Office Space Arrangements

The project has secured additional office space in the MOF to accommodate the expansion of the ACT project team. The offices have been renovated and are ready to be used.

II. Project implementation challenges

Updated project risks and actions

Political will

While a number of steps have been taken by the government, including the launch of the report by the Inter-Institutional Commission on Corruption and the approval by the President of a new Decree on anti-corruption, and the establishment of a new anti-corruption body, the High Office of Oversight (HoO), it remains to be seen whether these initiatives will translate into concrete action on the part of the government and to what extent the new anti-corruption body will have the necessary political and financial support.

In relation to project activities, a concern is whether the analytical work being carried out and the recommendations made will receive the necessary attention and buy-in from government counterparts in order to achieve the desired project outputs.

Action taken: In order to mitigate these risks, the project team is working closely with the HoO to provide it with the necessary support to establish an office and to develop the capacity of its staff. The project continues to be involved in the informal anti-corruption network established within the donor community, in order to be in a position to advocate for concrete actions to be taken by the Government of Afghanistan. The project will also call on UNDP and UNAMA senior management to facilitate dialogue and concrete actions at the highest political level.

Lack of institutional clarity / Support to High Office of Oversight

With the abolishment of the General Independent Administration Against Corruption (GIAAC) and the establishment of the HoO progress has been made in clarifying institutional arrangements in the fight against corruption. The establishment of the HoO provides the project with an institution to develop a long-term sustainable partnership in the fight against corruption. Questions still remain however on the relationship between the HoO and other institutions that have a role to play in the fight against corruption. For there to be effective action in the fight against corruption, these relationships will need to be further clarified. Clarification on rules and responsibilities is also necessary to ensure that support provided by the project to HoO and other institutions is effective.

The establishment of the HoO has been welcomed by the international community and there is a strong willingness to provide support to the new body. There is however a risk that lack of coordination of support to the HoO may result in the support provided being counterproductive. It will therefore be essential there is coordination amongst international actors in support provided to the HoO.

Actions taken: The project has entered into a dialogue with the HoO to encourage it to formalize its relationship with other institutions involved in the fight against corruption. The project is also seeking the engagement of international partners in this dialogue. In order to ensure coordination of support to the HoO the project is working closely with UNAMA and UNODC to initiate a dialogue within the international community. This dialogue is aimed at reaching an agreement on modalities through which to support the HoO. To this end the project will also support the HoO to develop a plan outlining their needs in the short to medium-term.

Security concerns

The security situation continues to pose a risk to project delivery with the project facing increasing difficulties in identifying and recruiting suitable consultants. Security is likely to remain risks to implementation of project activities in the coming months.

Action taken: The project is making an effort to mitigate this risk by having detailed discussions with potential consultants regarding the work and social environment in Afghanistan, and explaining thoroughly about security measures taken by the UN. If the security situation in Afghanistan continues to deteriorate, support from UNDP senior management will be required in order to readjust expectations regarding the timeline for implementation of project activities and delivery.

Updated project issues and actions

Project Duration

In order to respond to the need to provide support to the Government of Afghanistan in establishing and developing the capacity of the HoO body and to follow up on and up-scale ongoing efforts of the ACT project a comprehensive revision of the project document is necessary in order to extend the duration and scope of the project. This will allow the project to immediately respond to changing circumstances in the field of anti-corruption, allow for initiating collaboration with additional partners, and avoid delays caused by moving from Phase I to Phase II of the ACT project.

Action Taken: After a comprehensive discussion with national counterparts and donors on the viability of a project extension, it was proposed to the Project Board to extend the project. The Project Board approved a three years extension of the project beyond March 2009. The project has started the revision process and the aim is to present a revised project document for approval in Quarter 4, 2008.

III. Financial status and utilization

Financial status

Table 1: Contribution overview [01-Jan-2007 –31-Mar-2009]

DONOR NAME	CONTRIBUTIONS		CONTRIBUTION BALANCE
	Committed	Received	
UNDP	616,500	616,500	-
Italy	374,531	374,531	-
Norway	1,329,479	1,329,479	-
TOTAL	2,320,510	2,320,510	-

Financial utilization

Table 2: Quarterly expenditure by activity [1 January – 30 September]

Activity	Budget 2008	Expenditures Jan - Sep 2008	Balance as 30 September 2008	Delivery Rate %
ACTIVITY01: Legal and Policy Framework	249,450	151,614	97,836	61%
ACTIVITY02: Pilot Project	173,450	25,429	148,021	15%
ACTIVITY03: Awareness and Education	146,500	70,344	76,156	48%
ACTIVITY04: Project Team Support	328,001	257,247	70,754	78%
UNDP GMS 7%	67,546	35,111	32,435	52%
Grand Total	964,947	539,744	425,203	56%

Table 3: Quarterly expenditure by donor [1 January – 30 September]

Donor	Activity	Budget 2008	Expenditures Jan - Sep 2008	Balance as 30 September 2008	Delivery Rate %
UNDP	ACTIVITY01:Legal and Policy Framework		44,216	(44,216)	
	ACTIVITY02: Pilot Project		(8,406)	8,406	
	ACTIVITY03: Awareness and Education		(3,155)	3,155	
	ACTIVITY04: Project Team Support	1	5,504	(5,503)	
	UNDP GMS 0%				
UNDP Total		1	38,158	(38,157)	
Italy	ACTIVITY01:Legal and Policy Framework	126,000	6,680	119,320	5%
	ACTIVITY02: Pilot Project	45,200	30,311	14,889	67%
	ACTIVITY03: Awareness and Education	26,500	7,457	19,043	28%
	ACTIVITY04: Project Team Support	166,000	157,389	8,611	95%
	UNDP GMS 7%	27,375	15,192	12,183	55%
Italy Total		391,075	217,029	174,046	55%
Norway	ACTIVITY01:Legal and Policy Framework	123,450	100,718	22,732	82%
	ACTIVITY02: Pilot Project	128,250	3,524	124,726	3%
	ACTIVITY03: Awareness and Education	120,000	66,042	53,958	55%
	ACTIVITY04: Project Team Support	162,000	94,354	67,646	58%
	UNDP GMS 7%	40,171	19,919	20,252	50%
Norway Total		573,871	284,557	289,314	50%
Grand Total		964,947	539,744	425,203	56%

Annexes

Annexe 1: ACT Project Annual Work Plan 2008