

**United Nations Development Programme
Afghanistan**

**Law and Order Trust Fund for Afghanistan
[01-07-2008- 30-09-2008]**

QUARTERLY PROJECT REPORT [2ND QUARTER, 1387]



Project ID: 00052084
Duration: 2 years and five Months (Including Extension period) (1 April 2006 - 31 August 2008)
Total Budget: USD: 319,336,112
Unfunded: USD: 16,084,191
Project ID: 00060964
Duration: 2 Years (1 September 2008 – 31 August 2010)
Total Budget: USD: 454,500,158
Unfunded: USD: 432,080,772
Component (MYFF): 2.7 Public Administration Reform and Anti-Corruption
Implementing Partners/Responsible parties: Ministry of Interior and Ministry of Finance

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I. Implementation progress

After some delays, which occasioned the extension of LOTFA Phase IV by five months, LOTFA Phase V project document was signed on August 31, 2008, to cover duration of 2 years. However, it has been proposed that it will suitably be informed and amended by the planned evaluation of the LOTFA Phase IV.

Salient aspects of LOTFA Phase V document include an agreement that after one year, the food allowance cost (currently covered under police salary cost) would 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, a DIAG cell, consisting of three separate cells (DIAG operations, weapons registration, private security companies (PSC) registration and licensing) and related structures at central, regional and provincial levels is to be established within MoI to enable continuing DIAG operations under the GoA leadership and ownership. This would mean payment of uniformed personnel under MoI and payment of operation and maintenance costs of the cell would be made through LOTFA. In addition, LOTFA would also pay salaries of uniformed personnel employed by the Central Prisons Department (CPD), through specially earmarked contributions.

Significantly, considering the importance of accountability and capacity development within the MoI, together with the cognizance of the need for sustainability of LOTFA processes, institutional development has been given higher priority in this phase of LOTFA. The order of priorities now stands as follows: (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 CPD through specially earmarked contributions.

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

1.1. Ensuring payment of salaries to police force

The first priority of LOTFA is reimbursing remuneration of Afghanistan National Police (ANP) to the Ministry of Finance (MoF) and 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 (salaries in kind). 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. It is mentionable that regular and timely payment of salaries enabled police to remain focused on their job.

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). In the second quarter of FY 1387 (July-September), the combined expenditure for police salaries and food allowance totaled **USD 50,465,761**. In addition, a total of USD18, 175,953 related to the expenditure of last quarter was to be paid to the MoF as this could not be reimbursed during previous quarter due to conditionalities on available funds. Hence, the total payable amount to MoF during the quarter totaled USD XXX.

Of the total payable amount, USD 46,874,221 could be released to MoF. This could also only be done following a financial reconciliation of Electronic Payroll System (EPS) report with the AFMIS report. However, due to the unavailability of the funds, LOTFA still owes to release an amount of USD 19,832,452 to MoF.

1.2. Completion of computerization of the payroll system

Electronic Payroll System (EPS) has 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.

EPS was implemented in all 34 provinces, covering **63,486** police personnel on the EPS of which 6,983 police were newly added to the EPS during the quarter. This reflected **11% increase of police in EPS over the last quarter**, with overall representation of 81% of the total existing police force, surpassing the benchmark of completion of payroll system for police by June 2008.

LOTFA received regular EPS reports from 31 provinces. During the quarter, **2 additional provinces, Nooristan and Daykundi and Herat regional command** began sending the EPS reports. 3 provinces where EPS is implemented but EPS reports are not being received are Helmand, Uruzgan and Badghis; the LOTFA team is closely coordinating the issue with MoI. 65 client payroll stations in Kabul zone and MoI central departments, bound to the EPS centralized database, continuously received regular weekly database updates. The Provincial EPS reports were regularly reconciled with MoF-AFMIS reports (also as part of some donors' conditionality).

1.3. Establishment of bank accounts for police force

During the reporting quarter, the LOTFA EPS team facilitated opening of **4,312 new bank accounts**, with the total number of bank accounts reaching **56,500** (covering 72% of existing police force). However, in provinces where the commercial banks are not operative, the bank accounts are not activated. The process of opening bank account for police personnel is ongoing in the provinces where the commercial banks are to expand branches.

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

EFT was made functional in 18 provinces, where commercial banks exist (1 province of Sar-i-Pul was added during this quarter). The number of uniformed police receiving salaries by EFT reached **35,369 (increase of 15% over previous quarter, and representing 45% of existing police force)**. The EPS team is liaising with Kabul Bank for expansion of the branches to other provinces too. An undertaking has been given that this may happen in the next 3 months, if the requisite authorizations are received from the MoF and Da Afghanistan Bank. Once Kabul Bank opens branches in more provinces, then the remaining 21,131 inactive bank accounts will also be activated and as such all 56,500 police will receive their salaries through EFT.

1.5. Exploring alternative fund transfer mechanism, including new technologies

To overcome the challenge of bringing greater number of police personnel in transparent systems of salary disbursements, in collaboration with MoI, MoF, and Combined Security Transition Command-Afghanistan (CSTS-A), LOTFA is probing the possibility of a new 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. There have been discussions to do a pilot launch of the M-Paisa system in one remote district of Kapisa province, not yet covered by EFT. 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.

Output 2: Financial and project management capacity built within MoI

2.1 Conducting financial, computer and project management training sessions

Routine on-the-job financial training sessions were conducted for MoI Finance Department staff.

2.2 Conducting EPS training sessions

A 2-day conference of provincial finance officers/EPS operators was organized by LOTFA in Kabul in August with the objective of further enforcing the EFT, and creating better understanding of the

EPS/AFMIS reconciliation process. As a result, 20 provinces for the first quarter of 1387 were reconciled.

EPS training was provided to finance officers/EPS operators of Nooristan, Helmand, Daykundi and Uruzgan. As a result of the training sessions, Nooristan and Daykundi provinces started sending EPS reports to Mol HQs. In addition, EPS team conducted a 10-day refresher training session for 30 finance officers/EPS operators in the month of September for generation of electronic reports and use of internet for reporting.

To maximize reconciliation of EPS/AFMIS reports for next quarter, finance officers from all provincial police headquarters were trained in Kabul for better understanding of the reconciliation processes.

2.3 Providing 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 introduced banking culture to police account holders. Weekly updates were also provided regularly for updating the 65 client database in Mol central departments, Kabul zonal command as well as police stations.

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

3.1 Conduct of procurement of non-lethal equipment

A procurement committee was assigned by the Minister of Interior for the procurement of equipment for DIAG cell, which will come up with needs assessment and request for equipment. However, as funds allocated for procurement of equipment for DIAG cell were not released by MoF, the procurement could not be undertaken.

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 for US\$800,000 but due to rise in construction price, an additional requirement of UD\$250,000 was projected. The construction work will be started once the additional budget is provided to the already allocated budget by Mol.

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

Activities were carried out in accordance with the two sub-components of the gender mainstreaming component of LOTFA i.e. recruitment campaign and Gender Mainstreaming in Mol.

5.1 Undertaking recruitment campaign

Recruitment campaign continued to recruit women in police. 7 female policewomen were recruited in sergeant class of National Police Academy during the quarter. This is the fifth class at the Academy which includes women. A female training class was also commenced for 12 newly registered female police in Jowzjan province; a class for sergeant and petrol women was also officially inaugurated in Balkh province. Efforts were also made for the recruitment campaign in Kandahar province. Hence, the total number of female police recruited due to the efforts of LOTFA has now reached 278.

As part of recruitment process, LOTFA also pays the incentives of female police trainees. 22 recruits in Herat, 17 sergeants and 8 patrolwomen in Balkh, and 8 sergeants and 7 commissars in the National Police Academy, Kabul were paid incentives by LOTFA during the quarter. After this training, these police women will come under the Mol Tashkeel.

As part of efforts to encourage women to join police, media campaign remained in progress. One minute long campaign advertisement in Dari and Pashto focusing on encouragement of women to join police were telecasted on four local TV channels over the last two months. The advertisements were shown during peak hours to capture young women viewers. The advertisements carried a phone-line number which could be used by the potential candidates to obtain information from the LOTFA Support Unit.

5.2 Conduct of on-the-job and theoretical training

During the quarter, outputs included: training for around 150 MoI functionaries, training for 22 women parliamentarians and 15 civil society actors. A 3-week long training was also facilitated (led by CANADEM) for the MoI Gender Mainstreaming Unit staff.

Additionally, a plan to organize and conduct Training of Trainers (ToTs) for 300 trainers was developed for different regions. The focus will be to conduct training for illiterate police personnel for preventing family violence and improving responsiveness to victims of family violence, particularly women and girls.

A concept of compulsory training in gender and security was developed by LOTFA in collaboration with the UNDP/Gender Equality Project. The concept is built around the need for enhanced representation of women at all levels of decision-making and recognition that this will not happen until male personnel and decision-makers have an understanding of gender perspectives in security.

5.3 Conduct of gender awareness activities

During the period, posters, brochures, handbooks, pocket sized ready reference material on gender were issued to police personnel. Concept notes of posters targeted at behavioral change among police, self-role modeling for the protection of women, prevention of sexual abuse of women at workplace and prevention of child sexual abuse was also developed during the quarter. There was also publication of a toolkit on Gender and Police Reform, a Policy Guide on Police Reform in Post Conflict societies, an annotated and explained version of the UNSC 1325, as well as a compilation of gender terms and their explanations.

As part of awareness activities, focus was also placed on implementation of UNSC Resolution 1325 as a way of attaining the objectives for security, development, defence and gender equality policies. The full and equal participation of women in conflict prevention, security planning, implementation and management, conflict resolution, and creating equal rights opportunities for women in the MoI and ANP will contribute to improved image of police, democracy, increased respect for human rights and development.

LOTFA was also approached by the Combined Security Transition Command for Afghanistan (CSTC-A) for planning and development of a community outreach project focused around protection of women survivors of violence. LOTFA helped negotiate agreement on setting up of an Afghan Women's Network (AWN) Resource Centre which will bring together complimentary resources in a building complex.

All the above mentioned activities were coordinated with UN and other stakeholders, namely, UNFPA, UNIFEM, UNDP CSTC-A, AWN, etc. who have a specific mandate to work on issues of gender equality and rights.

5.4 Provision of logistic support to the gender mainstreaming unit in MoI

After almost two years of concerted advocacy by LOTFA and CANADEM, 2008-09 Tashkeel included the provision to set up a Gender Mainstreaming Unit in MoI. The unit is expected to provide a support and advisory service on mainstreaming equality between women and men by incorporating a gender equality perspective into policies as these policies are developed, implemented and evaluated. It also has a role to improve gender equality education and incorporation of equal rights for women employees of the MoI and ANP. The Unit consists of a

head and 8 members (3 men and 6 women). Equipment was also supplied for making the Unit functional.

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

Initial meeting was called with Ministry of Justice (MoJ) and further discussion on the subject will take place during November 2008 for working out the mechanisms under the LOTFA payment process. It may be mentioned that there has not been any contribution to this activity during the quarter.

6.2 Establishment of electronic payroll system

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

Monitoring missions

During September, a monitoring mission was conducted to Sari-pul and Jowzjan provinces. The objectives of the mission were verification of the payment of salaries to the police, review of financial procedures, as well as assessment of progress on implementation of EPS and EFT. The recommendations included advisory for proper utilization of equipment issued by LOTFA for the provincial finance sections, transition of traditional pay process to EFT, coordination between finance and HR sections, as well as correct use of account codes. Based on the monitoring mission report, MoI issued suitable instructions on the recommendations, resulting in significant increase in number of EFT enrolments.

II. Project implementation challenges

Updated project risks and actions

1. Funding shortage during project implementation would have immediate impact on the ability of the project to produce the required outputs. Pending funding contracts with donors need to be concluded at the earliest to secure a financial buffer for LOTFA.
2. The project document for LOTFA contemplates that UNDP will provide funds in advance to the Government on a quarterly basis. However, in practice, the Government spends the funds and UNDP reimburses at the end of the quarter. Only on-time contribution of donors will enable LOTFA to provide funds in advance to MoF. Otherwise, MoF might not be able to continue and pay police salaries without advance payment by LOTFA.
3. Insufficient ownership by Mol, resulting in lack of sustainability of LOTFA implementation and management processes, remains a challenge. Mol institutional capacity/memory remains weak. There is need to continuously encourage the LOTFA project staff to work with the relevant departments of Mol to ensure skills transfer.. This will be a medium/long term process.
4. Security remains a major constraint for monitoring missions, EPS and EFT implementation teams as well as for gender recruitment campaigns. The recent shooting of female deputy commander of Kandahar, Malali Kakar, who was a role model for aspiring female recruits, has come as a big blow to the gender recruitment activities. There is an imperative to develop various options and mobilise partners to reinforce the work at the provincial level in a secure setting.
5. Gender: The consultations for developing an Action Plan for the implementation of UN Security Council Resolution 1325 if not pursued appropriately, with clear-cut demarcation of roles and responsibilities for all stakeholders, can risk stalling the movement gained in this process. Hence, there is need to ensure that moment gained should be maintained through development of activities for the implementation of the resolution.

Updated project issues and actions

Steering Committee meeting

LOTFA Phase IV was completed on 31 March, but owing to various reasons, Phase V project document could not be signed in due time, resulting in delay in convening the next Steering Committee meeting (SC) (last one was held in February 2008). There is urgency in convening the next meeting for decisions to be taken on important pending Mol issues. For the purpose, planning for the conduct of next SC should be commenced both by LOTFA and UNDP Country Office.

EPS & EFT utilization

Implementation of EFT in new provinces based on expansion of Kabul Bank branches will need to be pursued. Additionally, efforts for receipt of EPS reports from the 3 defaulting provinces of Helmand, Uruzgan and Badghis would need to be continued. Regular meetings are conducted with Kabul bank to ensure that the establishment of provincial branches of the bank is established soon. Moreover, periodic follow up is made with Mol to urge the three provinces start delivering their EPS reports.

The M-paisa mobile phone salary disbursement pilot scheme needs to be taken forward as complementary to EFT by LOTFA and Mol.

Financial

There are some important Mol proposals for increase in pay for ANP, according incentive pay of USD-2 per day per person and for increase in food allowance from USD-2 to USD-3.6 per day per person. However these are still in discussion phase, and are likely to be taken up at the next SC meeting. Mol is very keen to reach an agreement on the proposals with the donors. Therefore, small group meetings are organized by LOTFA with the donors to seek their agreement/comments. Mol should respond to the information needs of the donors so that decision making on the proposals could be expedited.

Gender

Mol has not yet provided adequate space from where the Gender Mainstreaming Unit could become fully functional. This has also resulted in delay in delivering support that LOTFA is expected to provide to the Unit. Mol should allocate space for the unit so that the unit could become functional.

Planning and designing of the ToTs to prevent family violence and to improve responsiveness to victims of family violence has already taken 6 months. If the Department of Education and Training of Mol does not approve it soon, implementation may not just be delayed, but also may not be completed. Department of Education of Mol should make a decision soon so that further delays could be avoided.

UN inter-agency co-ordination

Inter-Agency coordination within the UN has been excellent and the sense of cooperation and support needs to be maintained to ensure that the coordination does not end. It is advised that current agreements in principle are respected and that UNFPA, UNIFEM and UNDP Gender Equality Project, which are not based in the Mol, continue to receive coordination support.

Developing Action plan for implementation of UN SC Resolution 1325

The consultations for developing an Action Plan for the implementation of UNSC Resolution 1325 have not resulted in a clear output so it is possible that advocacy may not result in anything tangible. MoA has been relatively warmer to individual initiatives, so as an alternative, the relevant stakeholders may come together to support the planned projects and develop one or two more strategic initiatives that will lead to holistic implementation of the United Nations Security Council Resolution 1325.

Monitoring Agent

The early appointment of an independent Monitoring Agent, also proposed in LOTFA Phase V, document has assumed urgency. It will be very useful in physical verification of police personnel on the ground, as well as individualised salary payments, leading to greater transparency, accountability and efficiency of the salary disbursement process. The contracting processes have been initiated by UNDP. LOTFA should expedite the procurement process in order to make sure that MA is on board soon.

Confidentiality of EPS Data

Some of EPS data is classified, which needs to be protected at all levels, by all operators. Clear communication nodal points need to be identified by Mol in each of the departments so that confidential information regarding personnel is not leaked out or available to unauthorized persons under any circumstances.

III. Financial status and utilization

Financial status

Table 1: Contribution overview Phase IV [1 April 2006-31 August 2008]

Donor Name	Contributions		Contribution Balance
	Committed	Received	
Australia	1,550,388	1,550,388	-
Canada	38,945,598	38,945,598	-
European Commission	92,092,529	80,661,851	11,430,678
Finland	3,623,157	2,885,694	737,463
Germany	9,537,467	9,537,467	-
Japan	6,000,000	6,000,000	-
Iceland	100,000	100,000	-
Italy	1,474,926	1,474,926	-
Latvia	20,000	20,000	-
Netherlands	25,111,712	25,111,682	30
Norway			-
Switzerland	1,030,000	1,030,000	-
UNDP	163,380	163,380	-
United Kingdom	8,907,250	8,907,250	-
USA	120,000,000	120,000,000	-
DFID	1,577,909	1,577,909	-
Total	310,134,316	297,966,145	12,168,171

Table 2: Contribution overview Phase V [1 September 2008-31 August 2010]

Donor Name	Contribution		Contribution Balance
	Committed	Received	
Australia	1,919,386	1,919,386	-
Canada	10,000,000	-	10,000,000
Germany	13,927,577	-	13,927,577
Japan	13,823,021	10,000,000	3,823,021
USA	50,000,000	10,500,000	39,500,000
Total	89,669,983	22,419,386	67,250,598

Financial utilization

Table 3: Quarterly expenditure by activity-Phase IV [1 April-31 August 2008]

Activity	Budget	Expenditure (Quarter 1)	Expenditure Q2	Balance	Delivery %
Activity 01 [Police Remuneration]	56,754,132	19,228,692	37,374,221	151,219	99.73%
Activity 02 [Procurement]	-	-	-	-	0.00%
Activity 03 [construction]	866,754	-	-	866,754	0.00%
Activity 04 [Gender Mainstreaming]	749,584	94,313	94,976	560,295	25.25%
Activity 05 [Project Staff & Support]	880,596	97,503	65,687	717,406	18.53%
Activity 06 [Electronic Payroll System]	175,209	74,770	84,092	16,347	90.67%
Activity 07 [Audit & Evaluation]	60,534	56,467	1,326	2,741	95.47%
GMS @ 3%	1,836,705	604,693	1,163,514	68,498	96.27%
Total	61,323,514	20,156,438	38,783,816	2,383,260	96.11%

Table 4: Quarterly expenditure by activity-Phase V [1 September-30 September 2008]

Activity	Budget	Expenditure	Balance	Delivery %
Activity01 [Police Remuneration]	9,500,000	9,500,000	-	100.00%
Activity02 [Institutional Development]	-	-	-	-
Activity03 [Procurement, maintenance and operations of non lethal police equipment and supplies]	-	-	-	-
Activity04 [Construction of Police Facilities]	-	-	-	-
Activity05 [Gender Mainstreaming]	-	-	-	-
Activity06 [Remuneration of Prison Guards]	-	-	-	-
GMS @ 5%	500,000.00	500,000.00	-	100%
Total	10,000,000	10,000,000	-	100%

Table 5: Quarterly expenditure by donor –Phase IV [1 April-31 August 2008]

Donor	Activity	Budget	Expenditure (Quarter 1)	Expenditure (Quarter 2)	Balance	Delivery %
Finland	Project Staff & Support	196,618	1,560	-	195,058	0.79%
	Audit & Evaluation	60,534	56,467	-	4,067	93.28%
	Construction	451,493	-	-	451,493	0.00%
	3% GMS	21,917	1,795	-	20,122	8.19%
Finland Total		730,562	59,822	-	670,740	8.19%
SDC	Gender Mainstreaming	749,584	94,313	94,976	560,295	25.25%
	Electronic Payroll System	175,209	74,770	84,092	16,347	90.67%
	3% GMS	28,602	5,229	5,538	17,834	37.65%
SDC Total		953,395	174,312	184,606	594,477	37.65%
USA	Police Remuneration	3,509,280	3,358,062	-	151,219	95.69%
	Project Staff & Support	583,978	95,943	65,687	422,348	27.68%
	Audit & Evaluation	-	-	1,326	(1,326)	0.00%
	3% GMS	126,596	106,825	2,073	17,698	86.02%
USA Total		4,219,854	3,560,829	69,086	589,939	86.02%
EC	Police Remuneration	42,195,143	4,820,922	37,374,221	-	100.00%
	Construction	143,473	-	-	143,473	0.00%
	3% GMS	1,309,442	149,101	1,155,904	4,437	99.66%
EC Total		43,648,057	4,970,023	38,530,125	147,910	99.66%
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%
Canada	Police Remuneration	9,519,137	9,519,137	-	-	100.00%
	3% GMS	294,406	294,406	-	-	100.00%
Canada Total		9,813,543	9,813,543	-	-	100.00%
Norway	Construction	271,788	-	-	271,788	0.00%
	3% GMS	8,406	-	-	8,406	0.00%
Norway Total		280,194	-	-	280,194	0.00%
UNDP	Project Staff & Support	100,000	-	-	100,000	0.00%
Grand Total		61,323,514	20,156,438	38,783,816	2,383,260	96.11%

Table 6: Quarterly expenditure by donor –Phase V [1 September-30 September 2008]

Donor	Activity	Budget	Expenditure	Balance	Delivery %
Japan	Police Remuneration	9,500,000	9,500,000	-	100.00%
	3% GMS	500,000	500,000	-	100.00%
Japan Total		10,000,000	10,000,000	-	100.00%
Grand Total		10,000,000	10,000,000	-	100.00%