

United Nations Development Programme Afghanistan

Accountability and Transparency (ACT) Project

ANNUAL PROJECT REPORT 2008



Workshop organized by UNDP ACT project on legislative requirements of the United Nations Convention Against Corruption (UNCAC), Kabul Serena, Kabul

Project ID: 00053687

Duration: January 2006 – March 2009 (27 Months)

Component (Strategic Plan): Democratic Governance
(Strengthening accountable and responsive governing institutions)

Total Budget: USD 2,395,593

Unfunded: USD 75,083

Table of Contents

Executive summary.....	3
I. Context	5
II. Performance review	7
Progress review	7
1. Overall progress towards the CPAP outcome and output(s)	7
2. Capacity development	7
3. Impact on direct and indirect beneficiaries	7
Implementation strategy review.....	8
1. Participatory/consultative processes	8
2. Quality of partnerships.....	8
3. National ownership	8
4. Sustainability.....	9
Management effectiveness review	9
1. Quality of monitoring	9
2. Timely delivery of outputs	9
3. Resources allocation.....	10
4. Cost-effective use of inputs	10
III. Project results summary	11
IV. Implementation challenges.....	16
Project risks and actions.....	16
Project issues and actions.....	17
V. Lessons learnt and next steps	18
Lessons learnt.....	18
Recommendations	18
VI. Financial status and utilization	19
Financial status	19
Financial utilization	19
Annexes.....	200

Executive summary

The Accountability and Transparency (ACT) project was initiated in January 2007 and runs until the end of March 2009. The project was designed at a time when there was no clear government counterpart in the area of anti-corruption and few concrete steps had been taken in the fight against corruption. As a result the project was designed to lay the foundations for a wider and more comprehensive approach once the right conditions were in place. In 2008, the project, building on the achievements from the previous year, continued to contribute to strengthening government institutions to deliver public services through support aimed at 1) improving the institutional, legal and policy environment; 2) enhancing integrity and accountability in pilot ministries; and 3) increasing awareness and understanding of corruption in Afghanistan.

Achievements in 2008 include the completion of a legislative review in view of the ratification of the United Nations Convention Against Corruption (UNCAC), the findings of which were shared with the government. Through this the capacity of the Ministry of Justice (MOJ) was built to move towards fulfilling the legal requirements of UNCAC. The project, in close collaboration with the Government of Afghanistan, laid the foundation for establishing a corruption monitoring system, directly contributing to the Afghanistan National Development Strategy (ANDS) and Afghanistan Compact benchmarks. In 2008 the project piloted activities in the Ministry of Finance (MOF) including providing on-the-job training and capacity development to the staff of the Fraud Investigation Unit and the establishment of a MOF Complaints Office. These activities, in addition to the vulnerability to corruption assessments (VCAs), have provided valuable lessons learned for expanding the support of the ACT project to other ministries. The Accountability and Transparency Grants Facility (ACT-GF) was established to support Afghan civil society actors to undertake activities in the area of accountability and transparency. In 2008 the ACT project also carried out studies on the integrity and transparency of donors as well as the UNDP.

With the establishment of the High Office of Oversight (HOO) in August providing support to the newly established body became a priority for the ACT project. Extensive advisory support was provided to the HOO in the establishment phase continuing throughout the year.

The project has been able to achieve nearly all of the outputs set to be achieved in 2008 and will provide a platform for the extension and expansion of the ACT project. The successful implementation of activities can be attributed to effective planning and preparations and the involvement of government counterparts during all stages of project implementation and the close partnership between the ACT project and other donors and international organizations supporting the government in the fight against corruption.

The main challenges to project implementation have been uncertainty regarding the political will at the highest level of government, lack of clarity on the institutional arrangements for the fight against corruption, and the deteriorating security situation impacting on the ability of the project to attract the necessary expertise. The project overcame these risks by taking mitigating and administrative actions to ensure that project outputs and the quality of activities were not impacted by the challenges faced.

The main lesson learned for the project include: the importance of ensuring flexibility in project implementation in order to respond to rapidly changing institutional and political realities; the need to anchor support and activities with a specific agency mandated to fight against corruption; the importance of extending anti-corruption efforts to the sub-national level; the need for the ACT project to focus on a more narrow set of outputs to allow for developing the necessary partnerships and ensure follow-up of activities and; the need to engage experts on a long-term basis, rather than relying on consultants in order to ensure sustainability. Also, the involvement of all project staff in the planning and implementation of activities, together with a focus on internal

capacity development and on-the-job mentoring of staff contributed to the development of a strong project team and the retention of project staff.

The annual progress report first provides the context of the project. This is followed by the performance review including progress review, implementation strategy review, and management effectiveness review. The project results summary provides an overview of activities implemented in 2008. The section on implementation challenges reviews project risks and issues and the actions taken to address these. This is followed by the section on lessons learned and an overview of financial status and utilization.

I. Context

Corruption, both petty and grand, constitutes a serious problem in Afghanistan. Decades of war and repression, weak state authority, the omnipresent threat of violence, the high discretionary powers of public officials, low civil service salaries, and the weakness of the judiciary and legal enforcement system has led to a culture of corruption and impunity. Finally, there is little concern for transparency and accountability in the use of public resources.

The fight against corruption requires a multidimensional approach. The Government requires support in developing the institutional, policy and legislative frameworks necessary to comprehensively address corruption. At the same time, the capacity of civil society and media has to be developed to act as 'watch-dogs' and awareness-raising is critical in changing public perceptions.

The ACT Project, initiated in January 2007, was designed to support the development of the critical areas mentioned above. The project was designed based on extensive consultation with relevant national and international actors in the area of anticorruption. In 2008 the project continued to provide support to the Government and civil society, building on the achievements made in 2007.

During the reporting period, the expected results of the ACT project were pursued in line with ANDS objectives. The project provided support to the Government, with a view to achieving the Compact Benchmarks and supporting the implementation of the National Anti-Corruption Strategy by laying the foundation for strategic anti-corruption policies and programmes through reviews of the institutional arrangements for combating corruption, providing the foundations for an integrity monitoring system including the necessary diagnostics and surveys, developing the capacity of media and civil society to play a more active role in the fight against corruption, and supporting the establishment of the HOO.

The project supported the realization of the overall UNDAF Outcome 2: "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;" and Outcome 5: "By 2008, Government is enabled to comply with its obligations agreed to under international conventions and to ratify other non-ratified conventions." Project resources have been applied towards the achievement of Country Programme Outcome 2: "The democratic state and government institutions strengthened at all levels to govern and ensure the delivery of quality public services including security with special attention to marginalized groups;" and CPAP Output 2: "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."

Taking into consideration the rapidly changing political and institutional environment in relation to the fight against corruption in Afghanistan, the project worked towards developing new partnerships with national and international actors to capitalize on emerging opportunities. This has included extending support to the establishment of the HOO and continued support following the establishment of the new institution. To enable the project to fully respond to the changing circumstances in the fight against corruption the ACT project will be significantly extended and expanded to allow for it to provide more effective support, including providing extensive support to the HOO.

To ensure effective ownership by the main beneficiaries of the ACT Project, the MOF and MOJ served as Senior Beneficiaries on the ACT Project Board. To reflect the key role that the MOF plays as signatory of the Project Document the Ministry also jointly acts as the Executive together with UNDP. In addition to this, other relevant government institutions as well as donors and partners

are present during project board meetings to ensure that their views on the project are taken into account. As part of reformulating the ACT project, it is envisaged that the HOO will become the main partner with the Ministry of Interior (MOI) and Ministry of Education (MOE) also becoming Senior Beneficiaries.

II. Performance review

Progress review

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

The project is expected to contribute to the achievement of UNDP's CPAP Outcome 2 and Output 2. In 2008, the project continued to contribute to the strengthening of government institutions to deliver public services. This included support aimed at improving the institutional, legal and policy environment, enhancing integrity and accountability in pilot ministries, and increasing awareness and understanding of corruption in Afghanistan.

The project works in close partnership with other actors in the area of anti-corruption to ensure that there is a joint approach and synergies in anti-corruption activities and that overlaps are avoided.

2. Capacity development

One of the main achievements of the project was the support provided to the establishment of the HOO. In close collaboration with the Government, and in particular the HOO, the project contributed to the drafting of the Anti-Corruption Decree which establishes the new institution, the development of the HOO organizational structure including the development of key TOR, drafting of the HOO strategic plan, and the establishment of a system for the registration of assets. The support provided to the HOO forms part of a long-term approach to developing the capacity of HOO counterparts through skills transfer, mentoring and on-the-job training.

The ACT project provided on-the-job training and capacity development support to the Complaints Office and Fraud Investigation Unit established in the MOF, contributing to the development of capacity and internal mechanisms to deter corruption. The project also completed a legislative review of national legislation in view of United Nations Convention Against Corruption (UNCAC) requirements. The findings of the review were shared with the government and a consultation workshop was organized to ensure Government buy-in and to feed the findings of the survey into the process of drafting and revising national legislation. Furthermore, participation of two staff of MOJ from HOO in the regional workshop on UNCAC was facilitated by the project contributing to building national capacity to comply with UNCAC and implement its recommendations. In close collaboration with the Government the project also developed a corruption monitoring system, a tool for measuring progress in the fight against corruption. As a result of dialogue with relevant government counterparts a survey unit will be established with the aim of developing national capacity for the implementation of the corruption monitoring system.

In addition, the project supported the participation of three high level government delegations in international events on anti-corruption to increase their capacity in the area of corruption and to develop networks with international actors. Trainings and meetings were also held with civil society organizations to increase their understanding on the role that they have to play in the fight against corruption. Through the Accountability and Transparency Grants Facility they were also provided support to carry out activities in the area of accountability and transparency. Two training events were also organized for the civil servants on anti-corruption and delivered through the Civil Service Training Institute's ongoing training programmes.

3. Impact on direct and indirect beneficiaries

The project initially had three direct beneficiaries (MOF, MOJ, and civil society), with the people of Afghanistan as indirect beneficiaries. In addition, with the establishment of the HOO, the project provided support to the new institution although this was not envisaged when the annual

workplan was formulated. This support is being provided on a priority basis given that the HOO is directly mandated by the government to take the lead in the fight against corruption.

The project did reach target beneficiaries in accordance with the annual workplan with satisfactory results. On-going support is being provided to the HOO to enable this newly established institution to fulfil its mandate. This support is set to expand considerably and to have significantly greater impact in 2009. The capacity of the MOF to address corruption through the establishment of internal integrity mechanisms was developed and the MOJ received support for future efforts in bringing national legislation in line with UNCAC requirements, efforts which will be further supported by UNODC. Civil society and media organizations have been supported to undertake activities in the area of accountability and transparency, laying the foundations for an increased involvement of Afghan civil society in the fight against corruption. Strengthening internal integrity mechanisms within key ministries and providing support to the establishment of effective institutional mechanisms for preventing corruption will ultimately benefit the indirect beneficiaries of the project, the people of Afghanistan. The impact on indirect beneficiaries however remains difficult to assess at this stage as the reforms supported by the project will have clearly measurable impact only in the longer-term.

Implementation strategy review

1. Participatory/consultative processes

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

2. Quality of partnerships

In addition to the project's initial main beneficiaries, MOF and MOJ, the project is also working closely with the HOO in the fight against corruption and it has been the approach of the project to involve its main beneficiaries in planning and implementing project right from the outset of activities to ensure close partnership. While overall partnership with the Government to some extent suffered from a lack of institutional clarity the establishment of the HOO largely addresses this concern. The ability of the project to be anchored to an institution specifically mandated to lead and coordinate the fight against corruption should prove effective in terms of deepening partnerships with the Government as a whole.

The project has been working closely with the UNODC and other international partners including DFID, the World Bank and the Governments of Canada, the Netherlands and Norway. These partnerships have resulted in such activities as the UNCAC review workshop, the justice sector survey, the corruption monitoring system and the study of donor integrity and transparency. The project has contributed to convening of the informal donor group on corruption aimed at coordinating activities and bringing synergies to efforts to support the Government in the fight against corruption.

The project has also been able to establish an effective partnership with civil society, with three civil society organizations being supported through the Accountability and Transparency Grants Facility to carry out activities in the area of accountability and transparency.

3. National ownership

National ownership is promoted through the representation of relevant Government and civil society partners on the project board. Government and civil society counterparts are involved at all stages of planning and implementation of activities, including through stakeholder consultations, to ensure that project outputs and recommendations benefit from their inputs. The

project has also made efforts, to the extent possible, to be responsive to requests for assistance from government counterparts when in line with the overall priorities of the project.

4. Sustainability

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

The fight against corruption however requires a long-term approach and the ACT project was designed as a preparatory phase leading up to a more comprehensive project in support of the fight against corruption. In order to provide the necessary support the ACT project will be significantly extended and expanded with the aim to develop the necessary capacity within the Government and civil society in the areas of prevention of and awareness-raising on corruption. The reformulated project builds on the lessons learned from the completed and on-going activities

Management effectiveness review

1. Quality of monitoring

The project team carried out regular monitoring and evaluation of the project and project activities to ensure that the pace and design of the project is adjusted in the rapidly changing institutional, political and economic environment in Afghanistan. The Output Targets contained in the Results Framework served as reference for the project activities and provided guidance for the ongoing monitoring of achievement of agreed project outputs. The project team carried out three quarterly reviews of its activities in 2008. In addition, the project team has carried out regular internal monitoring of activities through regular project team meetings.

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

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

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

2. Timely delivery of outputs

The project was initially designed to run from January 2007 to June 2008 but due to delays in the start-up of the project, it was not possible to achieve project outputs within this duration. The main reason for this was difficulties faced in recruiting project staff and consultants to carry out project activities. In 2008 the project was without a Project Manager for the first six months of the year resulting in further delays in project implementation. The decision was therefore taken by the project board to extend the project by an additional nine months, with a revised annual workplan. Satisfactory progress has been made towards achieving outputs according to the revised annual workplan. The extension of the project until March 2009 will allow for the completion of project activities and for the reformulation of the project document to more effectively respond to the needs of the Government and civil society in the fight against corruption.

3. Resources allocation

Over 71% of project resources were allocated to cover development activity costs, while 29% of the resources were allocated for the project costs.

4. Cost-effective use of inputs

The project has been able to deliver most of its activities within the initial budget which was allocated for an 18 month period, despite the extension of the project by nine months. While the project expanded in terms of staff and activities, it remained in its current premises and only a minor expansion of office space was required. In addition, the project could manage to achieve its outputs with a relatively small number of staff including only one international staff as project manager.

III. Project results summary

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

The report of the gap analysis of national legislation in view of UNCAC ratification was finalized and translated into Dari and Pashto to allow for wide dissemination amongst national counterparts in Q2. Following the dissemination of the report to all relevant national and international counterparts a stakeholder consultation workshop was organized in collaboration with the MOJ and UNODC to ensure that the findings of the report had the buy-in of the Government. The workshop took place on 15-17 June bringing together some 100 participants from the relevant government institutions (Attorney General's Office, MOI, MOJ, the National Assembly and the Supreme Court) and the international community. There was high-level representation from the government including the Acting Attorney General, the Deputy Minister of Justice, members of the National Assembly and a Supreme Court Judge. The Taqin Department of the MOJ which has a key role to play in bringing forward the recommendations of the Gap Analysis was also well represented.

The workshop met its objective of raising awareness within the government of the findings of the Gap Analysis and ensuring that there is buy-in for the necessary next steps. The study was considered to be timely and an important contribution towards supporting Afghanistan in meeting the requirements under the UNCAC. Through this the ACT project is contributing directly to the achievement of the Afghanistan Compact Benchmark on bring Afghan legislation in line with the requirements of UNCAC.

While the workshop marks the finalization of this output under the ACT project it is only the beginning of a longer process to support the Government to meet the requirements under UNCAC. These efforts will be coordinated between UNDP and UNODC as it has been agreed that UNDP would carry out the Gap Analysis, and UNODC will support the MOJ in the implementation of the recommendations of the report and the recommendations coming out of the stakeholder consultation.

The project, facilitated the participation of one member of the Taqin Department of the MOJ and the Deputy Director General (Policy & Coordination) of the HOO to participate in a training event on UNCAC implementation organized by UNDP's Regional Centre in Bangkok in Q3, 2008 in order to strengthen the knowledge and capacity within the government on UNCAC.

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

The study on institutional arrangements for combating corruption was finalized in early 2008 and a workshop was planned to discuss its findings. Due to the departure of the Project Manager the planned workshop was postponed and instead the project focused on further disseminating the study to ensure that the recommendations that it puts forward were well understood by the Government. Following this the MOJ requested the support of UNDP and UNODC in drafting an anti-corruption law, based on a Presidential Decree, mandating the establishment of a new anti-corruption body – the HOO. The anti-corruption law to a large degree provides the HOO with a mandate in line with the recommendations put forward in the study. As a result it was not considered necessary to move ahead with the holding of a workshop.

Following the establishment of the HOO the project was requested by the government to provide support to the establishment and capacity development of the new institution. The project supported the senior management of the HOO in developing the organizational structure, defining the roles of the various departments as well as drafting TOR for key positions. The project facilitated an exchange with the Government of Indonesia to provide an expert to support the HOO in developing its strategic plan. Furthermore, a consultant was recruited to provide overall

support to the senior management of the HOO in establishing the new institution. The project has provided continuous policy and advisory support to the HOO and this has greatly facilitated the establishment of the new institution. The project is seen as a valued partner by the senior management of the HOO and as a result they have requested that the project serve as a platform for support to the HOO. The support provided to the HOO by the project is set to expand significantly in 2009.

The project also, jointly with UNAMA and the US Embassy, translated the strategy prepared by the Inter-Institutional Commission on Corruption to allow for a wider understanding of the vision that it puts forward for the fight against corruption.

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

The project provided support to the government to develop a Corruption Monitoring System, a requirement under the Afghanistan Compact. The TOR for developing the Corruption Monitoring System were developed in close consultation with the relevant government counterparts, including consultations with the Joint Coordination Monitoring Board (JCMB) Secretariat which is responsible for developing indicators for the Afghanistan Compact Benchmarks, to ensure that the activity was in line with the priorities of the government. Two experts were recruited to develop the Corruption Monitoring System in close consultation with all relevant partners. Following comprehensive consultations with all relevant stakeholders, the draft Corruption Monitoring System was finalized and shared with all relevant stakeholders in the government and international community. To ensure the ownership over the Corruption Monitoring System the project team met with all relevant government agencies and to present the system.

To further stimulate a dialogue on the draft Corruption Monitoring System a consultation workshop was jointly organized with 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 MOF, Ministry of Public Health (MOPH), MOJ, Attorney General's Office (AGO), Ministry of Rural Rehabilitation and Development (MRRD), the JCMB Secretariat, Canadian Embassy, DFID, the Dutch Embassy, UNAMA, UNODC and civil society organizations.

The draft Corruption 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. The project has agreed with UNODC to further develop the monitoring system and to define support the necessary mechanisms for the implement the monitoring system by the government. To this end UNODC and the project will jointly support the HOO in developing the capacity necessary to ensure national ownership of the corruption monitoring system.

Output 1.4: Strategic regional and international partnerships developed

The project supported the presence of the Government as observer to the ADB/OECD Anti-corruption Initiative for Asia-Pacific which currently consists of 28 countries in the Asia-Pacific region. The Secretariat of ADB/OECD Anti-Corruption Initiative is in contact with the Ministry of Foreign Affairs of Afghanistan through the ACT Project regarding the procedures for becoming a member of the initiative. To facilitate the process of joining the initiative the project provided support to the Government of Afghanistan to send a delegation to the 11th Steering Group meeting of the ADB/OECD Anti-Corruption Initiative, held in Manila, Philippines on 27-28 May. The ACT project also facilitated the participation of a government delegation as observers in the 12th Steering Group meeting on 24-25 November and 6th Regional Anti-Corruption Conference of the ADB/OECD Anti-Corruption Initiative held in Singapore on 26-28 November.

The project supported participation of a high level Government delegation (the Director General of the HOO, the Attorney General and the Chairman of the IARCSC) in the 13th International Anti-

Corruption Conference held in Athens, Greece on 30 October to 2 November. Participation in the conference allowed for the exposure of senior government officials to international experiences in fighting corruption and provided an opportunity for networking.

Output 2.1: Ethics and integrity initiatives in two pilot ministries

The initial support to the establishment of Fraud Investigation Unit (FIU) in the Internal Audit Department of the MOF, initiated in Q4 2007, was completed. The consultant delivered all the envisaged outputs which included the development of an Organizational Structure, Fraud Investigation Module, a Fraud Risk Assessment, and a Legislative Analysis. Under this activity a strong emphasis was placed on capacity development with seven training sessions delivered to a total of 13 staff of the FIU. As a result of the support provided the FIU was established. As the FIU is newly established additional capacity development is required. To this end, the project is providing additional support through recruiting an expert to deliver on-the-job training and mentoring to the staff of the FIU. The international expert is also carrying out assessment in the MOI, MOJ and MOE to determine the possibility of establishing/strengthening fraud investigation capacity in those ministries.

The ACT project initiated discussion with the MOF and agreed on the establishment of an Integrity Promotion Office (IPO). A concept note has been developed and an international advisor was recruited to support the establishment and capacity development of the IPO. Due to the departure of the international advisor however the establishment of the IPO has been delayed. As part of the reformulated ACT project it is envisaged that similar offices will be established in the MOE and MOI and to this end an international advisor will be recruited. This will also facilitate the establishment of the IPO in the MOF. The IPOs will support and coordinate anti-corruption activities within the respective ministries.

Support has also been provided to the Complaints Office in the MOF. This support was provided in close collaboration with BearingPoint's Anti-Corruption Programme which was responsible for establishing the Complaints Office. A complaints manager was recruited after several rounds of vacancy announcements and a short-term consultant was also recruited to carry out an assessment, paying particular attention to strengthening the internal complaints mechanism of the Complaints Office. The assessment was completed and the recommendations formed the basis for additional support to the Complaints Office. The MOF has agreed to assign two staff members to the Complaints Office on a permanent basis. The recruitment of one staff is underway who is expected to join the Complaints Office in Q1 2009, at which time the Complaints Office is also set to open. At this time the Complaints Office will also take the lead on developing materials and providing training on ethics and the internal integrity frameworks within the MOF. It is envisaged that support to the establishment/strengthening of complaints mechanisms in the MOI and MOE will also be included in the revised project document.

The perceptions survey that was carried out in collaboration with UNODC in the justice sector was completed successfully. The findings of the survey have been analyzed and the results will be widely disseminated in Q1, 2009.

The initial draft of the justice sector Vulnerability to Corruption Assessment (VCA) has been submitted by the consultant to the project. Progress on this activity is behind schedule resulting from the need for additional research and revision of the VCA. It is expected that the VCA will be completed in Q1, 2009.

Output 2.2: Survey on transparency and accountability in aid management

The TOR for the survey on transparency and integrity in aid agencies were developed in close consultation with bilateral and multilateral development partners who took part in the survey. An expert was recruited and the study methodology was developed by the consultant in collaboration with the participating donor agencies and the ACT project. The study was completed in Q2 and was intended to stimulate further discussions amongst donors on strengthening internal transparency and integrity as well as feed into UNDP's Internal Integrity Initiative. Five

agencies took part in the study (Canada, DFID, the Netherlands, Norway and UNDP) and meetings were also held with Denmark, GTZ, USAID and the World Bank. A final draft of the study has been shared with the participating agencies for comments and a meeting conducted with a wider donor group in early Q3 to discuss the findings and recommendations of the report and agree on way forward. In Q4, further consultations were held with the donors to seek an agreement on the recommendations put forward in the report and further consultations will be held in 2009 with the aim of reaching an agreement on recommendations to move forward.

Output 2.3: UNDP Internal "Integrity Initiative"

The consultant recruited to carry out the aid management study was also tasked to assess the internal integrity of UNDP Country Office in Afghanistan. The consultant had meetings with senior management and national and international staff of UNDP Afghanistan. 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", which should be initiated in 2009. It is recommended that the Integrity Initiative be carried forward by the UNDP Country Office rather than through the ACT project.

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

The concept note and methodology for the Accountability and Transparency Grants Facility (ACT-GF) was finalized and a call for proposals was disseminated widely in Dari, Pashtu and English. In order to ensure that a sufficient number of proposals were received a training workshop, with some 30 CSOs participating, was organized during which Afghan Civil Society Organizations (CSOs) were informed about the ACT-GF as well as on the process for submitting proposals. Thirty proposals for the ACT-GF were received and a selection committee consisting of representatives from civil society, academia, donors and UNDP Country Office and ACT project was formed to assess and evaluate the proposals. The selection committee selected five proposals for further consideration and the applicant organizations were requested to submit a detailed proposal for final selection. Meetings were held with each of the applicant organizations to discuss how the proposals could be further strengthened.

The project received full project proposal from all five CSOs that had been selected in the initial round. Feedback sessions were organized to discuss the proposals in detail, with each CSO provided with feedback in order to further improve on their proposals. Following 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 ACT-GF. Funding for the CSOs released in early Q4 and the CSOs have started implementation of their projects. A monitoring plan has been developed and an evaluation of the first round of ACT-GF will be carried out in Q1, 2009.

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

The ACT project initiated discussions with UNDP's Civil Service Leadership Development (CSLD) project in order to integrate ethics and anti-corruption training in the leadership training being provided to high-level Afghan civil servants. Two anti-corruption training sessions were held for around 60-70 civil servants. The sessions were also used as a discussion forum for effective design of future trainings for civil servants. Dialogues were also initiated with the Independent Administration Reform and Civil Service Commission and UNDP's Afghanistan Sub-National Governance Programme to extend the training of civil servants to the sub-national level. The project will expand on these initiatives in 2009 when training manuals and modules will be developed and training of trainers will be carried out.

Coordination/Policy support to Government of Afghanistan

As part of ensuring the successful implementation of the ACT Project the project team has engaged in extensive dialogue with development partners involved in the fight against corruption. This has ensured close coordination between donors and beneficiaries, and has also

helped to avoid potential overlap in activities. These efforts will continue throughout the duration of the project and will be integral to the overall success of the project and the overall effectiveness of international efforts to help the Afghan Government fight corruption.

Visibility of the Project

The project organized a launch of the Asia Pacific Human Development Report on Corruption in collaboration with UNDP's Centre for Human Development (CPHD) project. The launch event saw speeches from the Minister of Finance, Minister of Higher Education and the UN Special Representative of the Secretary General and received wide media coverage.

Celebration of Anti-corruption Day

The ACT project provided support to the HOO in organizing the celebrations of the Anti-corruption Day. The event saw speeches from the President and the UN Special Representative of the Secretary General and provided a high profile venue to raise awareness on corruption and the activities being undertaken to combat corruption. The event received wide coverage in the media and also included the launch of a media campaign by the HOO.

IV. Implementation challenges

Project risks and actions

Political will

While a number of steps have been taken by the government, including the launch of the National Anti-Corruption Strategy by the Inter-Institutional Commission on Corruption, the approval by the President of a new anti-corruption law, and the establishment of the 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 to fulfil its mandate.

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 has worked closely with the HOO to provide it with the necessary support to establish an office and support is on-going 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 is working on a revised project document building on the lessons learned from the initial stage of project to allow for a more comprehensive response to the changing circumstances in political environment. If necessary 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 to fight corruption. The establishment of the HOO provides the project with a partner to build a long-term sustainable partnership. Questions still remain however on the relationship between the HOO and other institutions that play a role in the fight against corruption and for there to be effective action in the fight against corruption these relationships will need to be 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 in support 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 continue a dialogue within the international community to reach an agreement on modalities through which to support the HOO. The project will also support the HOO to develop a plan outlining their needs in the short to medium-term. Through the revised project document the project will extend its support to other key ministries including MOI and MOE. To have long term impact, the project will extend strategic support to the establishment and capacity building of HOO. The project will also ensure that activities are designed in way that the HOO is involved in all activities carried out in the government ministries at national and sub-national level.

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 a risk to implementation of project activities in the future.

Actions 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. The project will ensure that activities are designed in way to reduce this risk by flexible planning of all outputs.

Project issues and actions

Project Duration

As a result of the delays faced by the project in the start-up phase as well as resulting from the departure of the Project Manager in January 2008, the project was not able to achieve its outputs within the initially envisaged timeframe. In particular the delays in implementation of the project have affected the planning for the development of a revised project.

In order to respond to the need to provide support to the Government of Afghanistan in establishing and developing the capacity of the HOO and to follow up on and scale up 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: In order to compensate for the delays in project implementation the approval of a nine-month extension was made to and approved by the ACT Project Board in the Project Board that was held on 26 March. The project will hence continue until the end of March 2009.

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 after March 2009. The project has started the revision process and the aim is to sign a revised project document by the end of Q1, 2009.

Human resources

Lack of adequate human resources remained a challenge to the project. The position of project manager became vacant due to the departure of the project manager for security reasons. The position of deputy project manager was advertised several times but no qualified candidate could be recruited. Similarly, the project faced problems in identifying qualified candidates to carry out project activities.

Actions taken: In the absence of a project manager, the UNDP Country Office programme officer was assigned as officer-in-charge of the project until the project manager was recruited. The project specialist provided support to the project manager in the absence of the deputy project manager. A long term approach was taken to building the project team with junior national staff whose capacities could be built over time were recruited, with the aim of having a strong national team in place for the extended and expanded project.

V. Lessons learnt and next steps

Lessons learnt

In a rapidly changing institutional and political environment it is essential that the project has sufficient flexibility to adapt to changing circumstances. This will require that the project have flexibility in project implementation while at the same time ensuring that it remains on track towards achieving its stated outputs. This has been particularly important in 2008 with the establishment of the HOO and the need to refocus the efforts of the project in order to provide support to this newly established institution.

In view of reformulation of the ACT project it will be necessary for the project to have a focus on fewer outputs to allow for development of necessary partnerships and to achieve the desired results. To allow for the effective follow up on activities it will also be necessary for the project to engage staff on a long-term basis rather than relying too heavily on consultants. It is also critical that the size of the project team is sufficient to allow for effective planning, implementation and follow-up of activities. In order to develop a strong national project team in an area where there is limited capacity it is necessary to recruit promising staff at a junior level with the aim of developing their capacity over time. Over time this will allow for the creation a wider human resource base for the fight against corruption.

In the expanded project it will also be critical that project activities have an impact at the sub-national level. It is therefore necessary that activities aimed at the sub-national level are included.

In-depth planning and involvement of all relevant staff in the planning and implementation of project activities proved to be effective in terms of developing a strong project team and motivating staff to work towards the achievement of project outputs. Furthermore, a focus on capacity development and mentoring of staff within the project proved to be an effective way of team building and the retention of staff.

Recommendations

With the establishment of the HOO and the increased attention being paid to corruption within the government and the international community there is a need for refocusing the ACT project. To this end the project will be reformulated based on the mandate provided by the project board and taking into account lessons learned from the implementation of project activities. The reformulated project will focus on long-term capacity development of the HOO and other key partners in the fight against corruption through the engagement of long-term expertise and engagement with partners at the central as well as sub-national level. To ensure sustainable impact focus will be on partners that have a commitment to the fight against corruption and the project will focus on a more narrow set of outputs and partners.

The project will ensure that there is a sufficient number of long-term staff to allow for the implementation and follow-up on activities as part of the reformulated ACT project. Particular attention will be paid to developing the capacity of national staff through mentoring and the transfer of knowledge by international experts. The project will continue its approach of ensuring the active engagement of all staff in the design and implementation of project activities to further strengthen the existing project team and team spirit.

VI. Financial status and utilization

Financial status

Table 1: Contribution overview [01 January 2007 – 31 March 2009]

DONOR NAME	CONTRIBUTIONS		CONTRIBUTION BALANCE
	Committed	Received	
UNDP	1,066,500	1,066,500	-
Italy	374,531	374,531	-
Norway	1,324,480	1,324,480	-
TOTAL	2,765,511	2,765,511	-

Table 2: Funding status (as of the end of the year)

DONOR NAME	RECEIVED*	EXPENDITURES			PROJECT BALANCE	EARMARKED**	AVAILABLE FUNDING (as of 1 Jan 2009)	REMARKS
		Period Prior to the Reporting Year	Reporting Year Only	TOTAL				
UNDP	1,066,500	629,931	79,971	709,901	356,599		356,599	
Italy	374,531	11,899	368,307	380,206	(5,675)		(5,675)	
Norway	1,324,480	70,474	703,843	774,318	550,162		550,162	
TOTAL	2,765,511	712,304	1,152,121	1,864,425	901,086	-	901,086	

Financial utilization

Table 3: Annual expenditure by activity [1 January – 31 December]

Activity	Budget 2008	2008 Expenditures	Balance 2008	Delivery %
ACTIVITY01: Legal and Policy Framework	264,617	340,748	(76,131)	129%
ACTIVITY02: Pilot Project	90,879	150,484	(59,605)	166%
ACTIVITY03: Awareness and Education	209,734	251,246	(41,512)	120%
ACTIVITY04: Project Team Support	479,821	334,591	145,229	70%
UNDP GMS 7%	74,896	75,051	(154)	100%
Grand Total	1,119,947	1,152,121	(32,173)	103%

Note: 60% cost of the Chief Technical Advisor has been charged to activity 1, 2, and 3 manually.

Table 4: Annual expenditure by donor [1 January – 31 December]

Donor	Activity	Budget 2008	Expenditures 2008	Balance 2008	Delivery %
UNDP	ACTIVITY01:Legal and Policy Framework	46,821	76,769	(29,948)	160%
	ACTIVITY02: Pilot Project	(8,406)	(8,406)	-	
	ACTIVITY03: Awareness and Education	(3,155)	(3,155)	-	
	ACTIVITY04: Project Team Support	14,742	14,763	(21)	
UNDP Total		50,001	79,971	(29,970)	
Italy	ACTIVITY01:Legal and Policy Framework	15,500	49,008	(33,509)	94%
	ACTIVITY02: Pilot Project	33,397	67,732	(34,335)	
	ACTIVITY03: Awareness and Education	13,005	44,389	(31,383)	
	ACTIVITY04: Project Team Support	301,797	181,396	120,401	
	UNDP GMS 7%	27,375	25,781	1,594	
Italy Total		391,075	368,307	22,769	
Norway	ACTIVITY01:Legal and Policy Framework	202,296	214,970	(12,674)	104%
	ACTIVITY02: Pilot Project	65,888	91,158	(25,270)	
	ACTIVITY03: Awareness and Education	199,884	210,013	(10,129)	
	ACTIVITY04: Project Team Support	163,282	138,433	24,849	
	UNDP GMS 7%	47,521	49,269	(1,748)	
Norway Total		678,871	703,843	(24,972)	
Grand Total		1,119,947	1,152,121	(32,173)	103%

Annexes

Multi-Annual Work Plan (or RRF)