

QUARTERLY PROJECT REPORT [3rd Quarter, 1386]

United Nations Development Programme

Afghanistan

Law and Order Trust Fund for Afghanistan (Phase IV)

[01-10-2007 – 31-12-2007]



A view of Electronic Payroll System (EPS) workshop for Ministry of Interior (Mol) Finance Officers

Project ID:	00052084
Duration:	2 years
Component (MYFF):	2.7 Public Administration Reform and Anti -Corruption
Total Budget:	USD 155,612,575
Implementing Partners/Responsible parties:	Ministry of Interior (Mol)

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I. IMPLEMENTATION PROGRESS

During the third quarter of Fiscal Year 1386, the implementation of the Law and Order Trust Fund (LOTFA) project proceeded in accordance with the annual work plan. The details of the project progress towards the achievement of the outputs are articulated under each output below:

Output 1: Improved Integrity, reliability and image of police personnel and force

Activity 1.1: Reimbursement of expenses related to police remuneration to the Ministry of Finance

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 remuneration comprises salaries in cash and payments for the provision of food for police (salaries in kind). The actual payment of police remuneration took place through the regular government payroll and non-salary payment system. The funds were channelled to provinces by the Treasury Department of Ministry of Finance (MoF).

The amount eligible for reimbursement was based on the actual expenditure derived from the Afghanistan Financial Management Information System (AFMIS) maintained by MoF, which has been verified by the LOTFA Management Support Unit (MSU). In the third quarter of Fiscal Year (FY) 1386, the combined expenditure for police salaries and food allowance totalled **USD 41,052,176**.

New contributions were also made to the Trust Fund by the donors during the quarter. During the third quarter of 1386, LOTFA received new contributions from the following donor countries:

Donors	Contributions (USD)
Italy	1,414,427
Netherlands	12,499,970
USA	40,000,000
EC	49,041,298
Canada	20,511,265
Germany	2,949,852
Total	126,416,812

These contributions enabled LOTFA to reimburse MoF for the police remuneration expenditure incurred in the second quarter of 1386.

The details of the transfers made by LOTFA to MoF during 1386 are provided below:

Period	Amount (USD)
Expenses of Quarter 1, transferred during Quarter 2	19,468,244
Expenses of Quarter 2, transferred during Quarter 3	31,732,032
Total Transferred to MoF during 1386	51,200,276

LOTFA will reimburse the 3rd Quarter police remuneration expenditure to MoF before the end of 1386 Fiscal Year.

Activity 1.2: Electronic Payroll System

The Electronic Payroll System (EPS) financially supported by the Swiss Agency for Development and Cooperation (SDC) is a significant activity of LOTFA. The objectives of EPS are to ensure timely and accurate police salary payment to the legitimate police, through sustainable cost effective payroll payment procedures. The use of electronic payroll calculations would allow avoiding errors and police salary payments would be made within due time. Payables tracking would ensure subsequent salary disbursement to employees who do not get paid on time due to illness, absence, travel etc. In addition, EPS is proving to be a useful tool for updating a personnel data base to be used for HR information. EPS would cover the atomization of payrolls for all uniformed police paid by LOTFA.

EPS has already been installed nationwide and is operational at 104 out of 115 payroll stations of the Ministry of Interior (Mol). However, EPS is yet to be activated in four provinces i.e. Helmand, Uruzgan, Daikundi and Nooristan and five border police brigades.

LOTFA continued its logistic support for the EPS implementation and procured computers, printers and furniture for 10 border police and 5 regional command stations. In addition, training sessions were also conducted. A 2-days workshop for 101 provincial finance officers and computer operators was conducted by LOTFA staff. The purpose of the workshop was to provide refresher training in generating EPS reports to provinces. As a result of the joint effort by Mol and LOTFA in enforcing the EPS reporting requirements on provinces, 21 provinces submitted EPS reports to headquarters for the month of December 2007. In addition, LOTFA conducted 2-days training for 32 DynCorp mentors in two sessions.

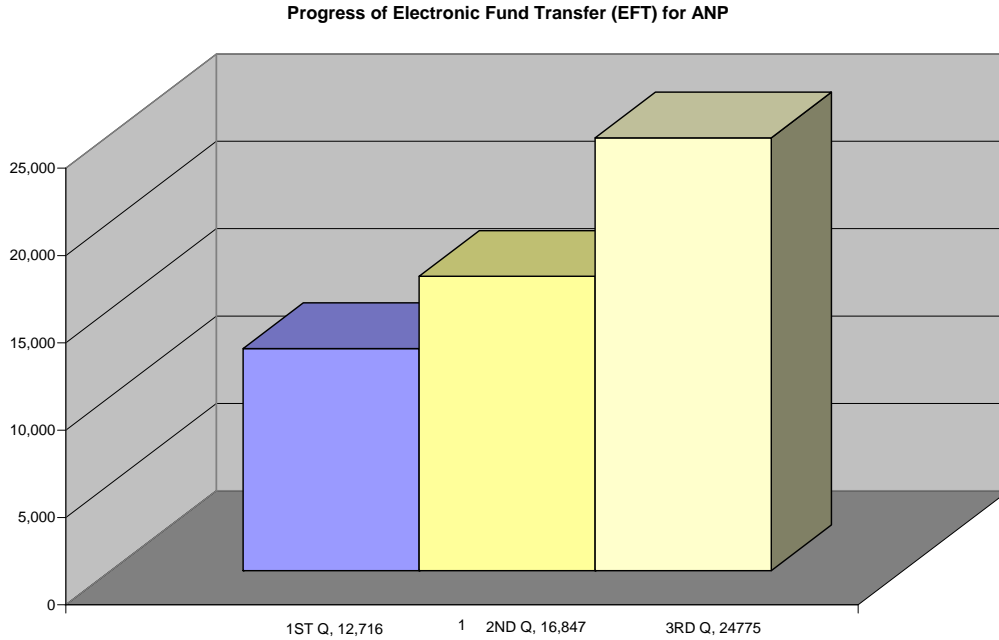
While EPS has already been implemented nationwide in all Mol financial stations, the implementation of Electronic Funds Transfer (EFT) is dependent on further expansion of commercial banks in provinces. During the 3rd Quarter, more than 6,300 new bank salary accounts were established for Mol personnel in different provinces, which bring the total number of personal accounts to 36,029. Four additional provinces (Faryab, Bamyan, Ghazni and Laghman) were brought under the coverage of Electronic Fund Transfer (EFT).

By the end of December 2007, 24,775 uniformed police were paid their salaries through EFT to their individual bank accounts opened in the commercial banks after the verification of police through ID cards and registration numbers.

The Table below shows the progress of EFT implementation in Kabul and provinces.

Table 1: EFT Coverage

S/N	Location	Number of Police Enrolled in EFT
1	Kabul(65) Payroll stations	13,398
2	Border Police	473
3	Balkh	1201
4	Hirat	2,573
5	Nangarhar	1551
6	Parwan	1,110
7	Baghlan	400
8	Kunduz	892
9	Takhar	550
10	Kandahar	161
11	Badakhshan	220
12	Khost	700
13	Kunar	304
14	Jawzjan	241
15	Faryab	417
16	Bamyan	166
17	Ghazni	118
18	Laghman	300
Total		24,775



Output 2: Responsiveness, mobility and viability of the police force increased country-wide.

Activity 2.1: Procurement of transportation equipment for MoI

In June 2007, the Steering Committee approved the procurement of one armored vehicle for the MoI Chief of Staff, who is also performing duties of the LOTFA National Director. The Presidential approval for the procurement had been received and following the bidding process, the contract had been awarded to the national company. The vehicle was delivered in December 2007 and handed over to MoI.

Output 3: Increased efficiency and morale of the police force through improvement of their working and living conditions

Activity 3.1: Construction of police facilities

MoI has designated a site for the construction of police sports facilities at the Central Region Command Centre (CRCC). The facility will be used to improve the physical conditions of police force. The feasibility study has been completed. It is expected that the tender for the construction will be announced in February 2008.

Output 4: Higher standards, a more competent and representative police force promoted

Activity 4.1: Enhancement of ethnic and gender composition

4.1.1 Recruitment campaign

A country wide female police recruitment campaign has been planned to encourage women join police force. Materials for an electronic media campaign, comprising two one minute Television advertisements in Dari and Pashto, 15 minutes Police Academy tour and 25 minutes documentary portraying five female police officers of different ranks have been completed and approved by the Women Police Recruitment Steering Committee. The advertisement will commence in March 2008.

Materials for a print media campaign have also been developed (stickers, posters, bill boards, brochures and calendars). The content of the materials has been endorsed by MOI and coordinated with the international stakeholders.

Following a series of discussions and coordination meetings with the Personnel Department of Mol, the list of female police prior to the commencement of the recruitment campaign has been finalized. The number of female police at the beginning of 1386 totaled 311 uniformed personnel.

LOTFA also supports the training of female police. During the 3rd Quarter, as part of the project activity, 32 female students graduated as sergeants in Badakhshan province, while the incentive payments for two months are still pending due to incorrect documentation submitted by Badakhshan Provincial Headquarters (PHQ) and Education department of MOI. LOTFA continued paying incentives to seven officers and ten sergeants at the Kabul Police Academy. In addition, 2nd phase of women police recruitment campaign was undertaken and completed in Herat province by the national recruitment team members. It paved the way for the recruitment of 30 women to join police as sergeants. The training course is scheduled to commence for the newly recruited female in March 2008. It is expected that by the end of FY1386, the total number of new female recruits of different ranks will exceed 100.

Following discussions with Bamyán Provincial Rehabilitation Team (PRT), two instructors from National Police Academy in Kabul were sent to Bamyán province to organize a two months additional training for the female Satanmans (sergeants) already posted in Bamyán.

3.1.2 Gender Mainstreaming Unit

Two female officers were appointed within the Human Rights Department to oversee gender mainstreaming issues at Mol. LOTFA has started building their capacity in gender mainstreaming, languages and computer through regular classes and on-the-job training.

In addition, the capacity building programme for the female police officers introduced by Mol for gender mainstreaming activities has also been introduced on below topics:

- Convention on elimination discrimination against women;
- Mentoring skills;
- Research skills and methodologies;
- Guidance on planning and complaints resolution; and
- Training in internet usage.

LOTFA continued an on-going consultation process with national and international counterparts involved in gender mainstreaming issues in Afghanistan.

LOTFA staff assisted the MoI Gender Mainstreaming Unit in undertaking an assessment on availability of washrooms for the female personnel working at MoI. In addition another assessment was conducted following complaints of female police officers working at the gates for checking visitors about the lack of proper working facilities. The results of both assessments will be submitted to the Minister/ First Deputy Minister of MoI seeking their assistance in addressing the problems.

The gender mainstreaming team approached the MoI public relations office requesting a portion of the monthly police magazine to be allocated for the subjects related to gender mainstreaming. Furthermore, preparation has commenced to deliver a gender awareness workshop at the MoI headquarters.

II. PROJECT IMPLEMENTATION CHALLENGES

Updated Project Risks and Actions

Potential Funding Shortage

At this stage, the Government of Afghanistan does not have the ability to cover core remuneration costs for the Afghan National Police (ANP) from its internal revenue. Further, as a result of the increase in the number of policemen from 62,000 to 82,000, as per the agreement of the recent Joint Coordination & Monitoring Board (JCMB) and the approved salary and food allowance increase of the Afghan National Police (up to the Afghan National Army level), additional funding would be required.

Despite substantial new donor contributions (US \$126,416,812) received during the 3rd Quarter, LOTFA still experiences the funding deficit of up to USD25 million. All major donors have been alerted about the potential funding shortage.

Updated Project Issues and Actions

Monitoring

LOTFA monitoring missions have been restricted to provincial capitals due to the security restrictions. The verification of police presence on duty and salary payments was limited to small sample tests and verbal interviews.

UNDP proposed to introduce a separate Monitoring Agent (MA) to enhance the LOTFA monitoring procedures. A draft Terms of Reference of MA have been disseminated to the members of the Steering Committee.

CSTC-A presented a proposal on police pay accountability to the LOTFA Steering Committee, which envisages establishment of pay verification team comprising representatives of MoI, MoF, CSTC-A, EUPOL, UNAMA and LOTFA.

It is expected that the decision on the future approach to monitoring will be made at the next LOTFA Steering Committee.

Verified police force

The International Community has raised concerns about actual number of police in ANP and the need for verifiable present/for-duty strength data on numerous occasions.

It is envisaged that once Mol headquarters start receiving EPS reports from all provinces on a regular basis, the Personnel Department of Mol will utilize these reports to establish an updated and reliable personnel database of all police nationwide.

EPS utilization

As a result of the continuous effort of the Mol senior staff to enforce the utilisation of EPS, the number of provinces submitting reports to the headquarters has surged from one to 21. Mol and LOTFA are targeting to reach 30 provinces providing EPS reports by the end of 1386 fiscal year. Despite this substantial achievement, LOTFA has identified the following issues related to the EPS utilization:

- Ability of Mol to maintain regular EPS reporting by all provinces;
- Difficulties in attracting and retaining qualified staff involved in EPS in provinces
- Fear of personnel in provinces of both job loss and proper accountability as a result of complete EPS utilization
- Lack of a proper EPS/computer training facilities at Mol

The following actions will allow dealing with the issues described above:

- The full completion on the Pay and Rank Reform will enable provinces to retain the staff trained in EPS
- The Minister has designated a separate building for the EPS training centre and LOTFA staff. It is expected that the building will be renovated and the EPS training centre will become operational by the end of February 2008
- LOTFA would continue training of the finance staff and computer operators from provinces through structured courses in Kabul and on-the-job training in provinces
- Mol has demonstrated a strong commitment to enforce the EPS utilization

Loss of project staff

Four national EPS trainers were employed during the quarter. An interview for the position of the National Deputy Project Manager has been scheduled for the end of February 2008. The project is still exposed to the problem of losing professional staff due to the strong competition from other international agencies.

In order to further strengthen the LOTFA management support unit, a new position of the international monitoring and evaluation specialist will be proposed to be introduced under the LOTFA phase 5 project document.

III. FINANCIAL STATUS AND UTILISATION

Financial Status

Table 1: Contribution Overview [01 April 2007-31 December 2007]

DONOR NAME	CONTRIBUTIONS		CONTRIBUTION BALANCE
	Committed	Received	
Opening Balance 1386	-	20,822,914	
Canada	24,821,710	19,428,100	5,393,611
EC	60,471,976	-	60,471,976
Finland	2,841,046	2,103,583	737,463
Netherlands	12,500,000	12,499,970	30
Italy	1,414,427	1,414,427	-
USA	40,000,000		40,000,000
Germany	2,949,852		2,949,852
Switzerland	280,000	280,000	-
UNDP - Core Fund	46,000	46,000	-
USA from 2003 (unbudgeted)		94,489	
Belgium from 2004 (unbudgeted)		1,353	
Canada from 2003 (unbudgeted)		45,958	
TOTAL	145,325,012	56,736,794	109,552,932

The following contributions have been received in December 2007 but are not reflected in the ATLAS system

Donor	US \$ Amount
European Commission	49,041,298
United States	40,000,000
Germany	2,949,852
Canada	5,393,610
Total	97,384,760

Financial Utilization

Table 2: Quarterly Expenditure by Activity [1 April 2007-31 December 2007]

Activity Title	Activity Name	Budget	Expenditure	Balance	Delivery Rate
Activity01	Police Remuneration	51,200,277	51,200,277	-	100.00%
Activity02	Procurement	130,000	130,000	-	100.00%
Activity03	Construction	883,339	12,010	871,329	1.36%
Activity04	Gender Mainstreaming	943,372	142,466	800,906	15.10%
Activity05	Project Staff & Support	1,256,301	433,634	822,667	34.52%
Activity06	Electronic Payroll System	471,575	197,586	273,989	41.90%
Activity07	Audit & Evaluation	156,569	97,975	58,594	62.58%
GMS 3%		1,695,361	1,613,259	72,665	95.16%
Total		56,736,794	53,827,207	2,909,587	94.87%

The expenditure of US \$ 41,052,176 related to police remuneration incurred in the third quarter are not reflected in this table

TABLE 3: QUARTERLY EXPENDITURE BY DONOR [01 APRIL 2007 – 31 DECEMBER 2007]

Donor	Activities	Budget	Expenditure	Balance	Delivery Rate
UNDP	Project Staff & Support	46,000	51,899	(5,899)	112.82%
UNDP Total		46,000	51,899	(5,899)	112.82%
BELGIUM	Police Remuneration	1,312	1,312	-	100.00%
	GMS 3%	41	41	-	100.00%
BELGIUM Total		1,353	1,353	-	100.00%
CANADA	Police Remuneration	44,580	44,580	-	100.00%
	GMS 3%	1,378	1,378	-	100.00%
CANADA Total		45,958	45,958	-	100.00%
FINLAND	Police Remuneration	2,040,476	2,040,476	-	100.00%
	Procurement	130,000	130,000	-	100.00%
	Construction	451,493		451,493	0.00%

	Project Staff & Support	196,618		196,618	0.00%
	Audit & Evaluation	91,654	31,120	60,534	33.95%
	GMS 3%	89,275	68,091	21,185	76.27%
FINLAND Total		2,999,516	2,269,687	729,829	75.67%
ITALY	Police Remuneration	1,371,994	1,371,994	-	100.00%
	GMS 3%	42,433	42,433	-	100.00%
ITALY Total		1,414,427	1,414,427	-	100.00%
NETHERLANDS	Police Remuneration	12,124,971	12,124,971	-	100.00%
	GMS 3%	374,999	374,999	-	100.00%
NETHERLANDS Total		12,499,970	12,499,970	-	100.00%
NORWAY	Construction	272,321		272,321	0.00%
	GMS 3%	7,873	-	7,873	0.00%
NORWAY Total		280,194		280,194	0.00%
SDC	Gender Mainstreaming	943,372	142,466	800,906	15.10%
	Electronic Payroll System	471,575	197,586	273,989	41.90%
	GMS 3%	56,134	10,517	45,617	18.74%
SDC Total		1,471,081	350,569	1,120,512	23.83%
USA	Police Remuneration	9,306,654	9,306,654	-	100.00%
	Project Staff & Support	1,013,683	381,735	631,948	37.66%
	GMS 3%	309,700	299,641	10,059	96.75%
USA Total		10,630,037	9,988,030	642,007	93.96%
EC	Police Remuneration	7,465,033	7,465,033	-	100.00%
	Construction	159,525	12,010	147,515	7.53%
	Audit & Evaluation	64,915	66,855	(1,940)	102.99%
	GMS 3%	230,685	233,316	(2,631)	101.14%
EC Total		7,920,158	7,777,214	142,944	98.20%
CANADA - DFAIT	Police Remuneration	18,845,257	18,845,257	-	100.00%
	GMS 3%	582,843	582,843	-	100.00%
CANADA - DFAIT Total		19,428,100	19,428,100	-	100.00%
Grand Total		56,736,794	53,827,207	2,909,587	94.87%