



Islamic Republic of Afghanistan
United Nations Development Programme

Law and Order Trust Fund for Afghanistan

(September 2008 / August 2010)

Project ID: 00060964

Project Document

Executive Summary

The Law and Order Trust Fund for Afghanistan (LOTF) was set up as a mechanism for the international community to mobilize additional resources for the establishment, payment, equipment and training of the police force and uniformed personnel employed by the Central Prisons Department in Afghanistan.

The Fund has been set up as a mechanism for the international community to contribute financial resources to the fund that cover:

- Payment of the police force remuneration;
- Institutional development;
- Procurement, maintenance and operations of non lethal police equipment and supplies;
- Rehabilitation, maintenance and operations of police facilities;
- Gender Orientation (Selection, recruitment and training of police); and
- Payment of remuneration of uniformed personnel employed by the Central Prisons Department through specially earmarked contributions.

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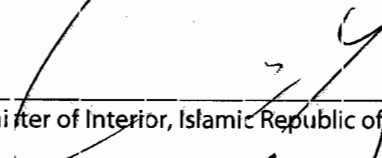
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UNDAF Outcome	Area of Cooperation: Governance, Rule of Law and Human Rights Outcome 2: By 2008, an effective more accountable and more representative public administration is established at the national and sub-national levels, with improved delivery of services in an equitable, efficient and effective manner.
Expected CPAP Outcome	The democratic state and government institutions strengthened at national and sub-national levels to govern and ensure the delivery of quality public services including security with special attention to marginalized groups.
CPAP Outcome Indicator(s)	<ul style="list-style-type: none"> • Level of trust in public services at central and local level. • Level of perception of corruption by the population
MYFF Service Line and Core result	2.7 Public Administration Reform and Anti-Corruption
Expected CPAP Output(s)	Law and order institutions at national and sub-national levels strengthened and security of the population improved
CPAP Output(s) Indicators	Indicator 3.5: police officers receiving individual monthly salary payment on regular basis. Baseline: None. Target 2008: 100% of police forces paid on regular basis and timely manner.
Implementing Entity	Ministry of Interior
Responsible Party	Ministry of Finance, Ministry of Interior and UNDP

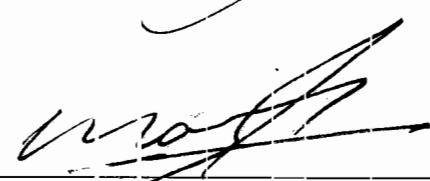
Programme Period	2003-2010
Programme Component	MYFF Service Line: 2.7 Public Administration Reform and Anti-Corruption
Project Title	Law and Order Trust Fund for Afghanistan
Project ID	00050964
Project Duration	(1 September 2008 – 31 August 2010)
Management Arrangement	National Implementation Modality

Total Budget (including 5% GMS)	USD 454,500,158
Allocated resources:	USD 5,261,508¹
• Government	0 USD
• Regular (UNDP core budget)	0 USD
• Other:	0 USD
○	USD
○	USD
○	USD
In kind contributions	0 USD
Unfunded budget	USD 449,238,650

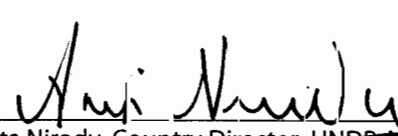
Agreed by


 Zarar Ahmad, Minister of Interior, Islamic Republic of Afghanistan.

Agreed by


 for Anwar-ul-Haq Ahady, Minister of Finance, Islamic Republic of Afghanistan.

Agreed by


 Anita Nirody, Country Director, UNDP Afghanistan.

Date

31 August 2008

¹ The figures are provisional as UNDP financial statements are issued only next July for the current year.

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Acronyms

AIAF	Afghanistan Interim Authority Fund
ANCOP	Afghan National Community Order Police
ANDS	Afghanistan National Development Strategy
ANP	Afghan National Police
ANAP	Afghan National Auxiliary Police
CPAP	Country Programme Action Plan
CPD	Central Prisons Department
CSTC-A	Combined Security Transition Command – Afghanistan
EFT	Electronic Fund Transfer
EPS	Electronic Payroll System
FRU	Family Response Unit
FY	Fiscal Year
GMS	General Management Support
HQs	Head Quarters
JCMB	Joint Coordination and Monitoring Board
LOTFA	Law and Order Trust Fund for Afghanistan
MoI	Ministry of Interior
MoF	Ministry of Finance
MYFF	Multi Year Financing Framework
NIM	National Implementation Modality
SDC	Swiss Agency for Development and Cooperation
UNAMA	United Nations Assistance Mission to Afghanistan
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme

PART 1: Project definition

1. Situation Analysis/Background

Afghanistan is a country where war has affected all sectors, including infrastructure, education, police, military and agriculture during the last two decades, which caused tremendous loss to the economy of the country. It is evident that Afghanistan urgently needs extensive rehabilitation and reconstruction, but to fill this gap a safe environment is an essential prerequisite. The re-establishment of a national civilian police force is an essential element for security and the rule of law in Afghanistan.

The threats to Afghanistan's security and stability are numerous and include terrorist/insurgent attacks, availability of weapons with armed militia groups, trade of weapons, narcotics and violation of human rights, with the result that the re-establishment of law and order becomes more difficult. Maintaining law and order in the country is primarily the responsibility of the national police force. Despite the need for a strong and well equipped police force, currently the national police personnel operate under severe constraints due in part to limited human and material resources. The ANP has expanded due to the growing insecurity but the quality of the police remains in question. JCMB has underlined that without an improvement in the security situation, disaffected parts of the Afghan population can become a fertile source of new anti-government recruits. Insecurity particularly in the South and South-East of the country prevents sustainable development and diverts attention and resources from comprehensive security sector reform.

Rebuilding the national civilian police force for national security and recovery represents one of the Government's highest priorities. The Afghanistan Compact envisaged that by end-2010, a fully constituted, professional, functional and ethnically balanced Afghan National Police and Afghan Border Police with a combined force of up to 62,000 will be able to meet the security needs of the country effectively and will be increasingly fiscally sustainable. Subsequently, JCMB has allowed to temporarily increasing the 62,000 to a maximum of 82,000 policemen, which will be reviewed on a 6-monthly basis.

The recent decision of the JCMB -VII regarding the increase of Mol ceiling from 82,000 to 82,180 to accommodate the establishment of the new DIAG (Disbandment of Illegal Armed Groups) cell within Mol would enable continuing DIAG operations under the GoA leadership and ownership. Following the successful completion of the DDR programme, the Disbandment of Illegal Armed Groups (DIAG) project became a major policy priority to improve security by promoting good governance and the rule of law. The Afghanistan Compact Benchmark as agreed to in the London Conference underlines that "All Illegal Armed Groups shall be disbanded by the end of 2007 in all provinces". However, due to the combined impact of insurgency and the linkages between large stockpiles of ammunitions and IAGs and/or Narcotic traffickers, the achievement of DIAG benchmarks has been rendered impossible. In parallel, private security companies have mushroomed in Afghanistan in the absence of legal and regulatory frameworks. Compounded to this has been the identified and urgent need of formal and national registration and licensing of weapons possession as a necessary means to prevent illegal weapons smuggling. Given these serious security challenges, the extension of the timeline for DIAG benchmark was proposed to the JCMB-VI in October 2007, upon which the formal adoption of the new roadmap for the program was made. The revised timeline reads as follows; "All Illegal Armed Groups will be disbanded by 20 March 2011 in all provinces". The achievement of this benchmark will require decisive, cost efficient and sustainable measures. In accordance with article (4.2) of the Gun Law and article (2) of Private Security Companies Regulation, Mol is the lead government ministry responsible for the disbandment of IAGs, the registration and licensing of private security companies as well as weapon registration. In order to fill its mandated function, the Mol will need to undergo serious

institutional and human capacity building ahead of ANBP¹ and D&R Commission disestablishment by end of March 2009.

As far as fiscal sustainability is concerned, the Government of Afghanistan does not have the ability to cover core remuneration costs for Afghan National Police (ANP) from its revenue sources. There is a need for a sustainable and long-term commitment for funding of the police force. Security in Afghanistan can only be maintained through professional and financially sustainable security institutions. The Joint Coordination and Monitoring Board (JCMB) have emphasised the need for an improvement in the security situation.

Since the Afghan Interim Authority first took office in 2002, UNDP has played an important role in enabling MoI to begin the process of rebuilding the civilian police by working with UNAMA police advisors, the Government of Germany as the lead donor to the reform of Police and other stakeholders in the process. Donors' resources covered the salaries of police in Kabul for the first six months of 2002 through the UNDP managed Afghanistan Interim Authority Fund (AIAF). In May 2002, at the request of the Government and UNAMA, UNDP established a Law and Order Trust Fund for Afghanistan (LOTFA) to enable the police to return to operation throughout the country. The LOTFA is administered by UNDP and nationally managed through the Ministry of Interior. LOTFA is governed by UNDP's financial rules and regulations. Helping to promote national security through LOTFA is one of the priorities set forth in the UNDP Administrator's Note to the Executive Board "UNDP Assistance to Afghanistan 2004-2007".

According to the Terms of Reference for LOTFA, as signed by the Associate Administrator of UNDP on 16 May 2002, the fund is designed to cover all essential costs incurred "in all reasonable costs associated with the start-up and operational needs of the police force." The project "Support to Law and Order in Afghanistan" provides a framework for the activities undertaken with LOTFA funding, including prioritization of proposed expenditures and activities. An Initial project document was signed on 3 December 2002 to serve as framework for the LOTFA funded activities.

In July 2007 Rome Conference on the Rule of Law, the Under Secretary General and other donors committed to improving the salaries of professionals working in the justice sector, including uniformed corrections workers. The Donor Implementation Plan approved in Rome called for the creation of a mechanism to fund support of salary reform for uniformed corrections workers employed by the Central Prisons Department, and the draft National Justice Program (NJP) that was presented at the conference suggested the possibility of "recommending to the Law and Order Trust Fund of Afghanistan (LOTFA) board of directors that the LOTFA charter be amended to allow salary funding for uniformed corrections personnel, pending specific earmarked donations for that purpose." The National Justice Programme, finalized in March 2008, outlines that as LOTFA was created to administer funding for remuneration, recruiting and training activities, infrastructure development, and equipment and supplies for police and other law enforcement agencies, including those charged with responsibility for corrections and prison operations, it (LOTFA) will be used as the multilateral mechanism for supporting the correction systems. This is part of a broader reform that the International Community has embarked upon to improve the prison infrastructure and facilities. In April 2008, the original LOTFA Terms of Reference (attached) were amended by UNDP HQ to include payment of salaries of uniformed personnel employed by the Central Prisons Department through specially earmarked contributions.

During phase I – November 2002 through March 2004-LOTFA reimbursed the Ministry of Finance (MOF) for salary payments to police in the amount of US\$ 44.4 million. By the last quarter of 2003, LOTFA was covering police remuneration in each of the 32 provinces. Joint Government-UNDP missions were appointed to verify salary payments and to reach all 32 provinces till the end of the year 2004. The project had placed two public finance management officers in MoI to support the preparation of timely financial reports, regularization of the payroll system, and training of the Ministry's financial staff. Activities were also initiated with EC and SDC support for the computerization of the payroll system at MoI. The Project, through contributions to the National Development Budget and other funding windows also procured and made available to the police

¹ UNDP supported Afghanistan New Beginnings Programme

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1,100 vehicles with communications equipment and spare parts for a total of USD 11.45 million. During phase 1 of the project, funding limitations prevented LOTFA from moving substantially beyond its first and second priorities: police salaries and equipment.

During phase II – extending from April 2004 through March 2005 (covering Afghan Fiscal Year 1383) LOTFA ensured payment of police salaries in all 34 provinces. A total of US\$ 54,120,000 of salaries benefits was paid out. In order to establish a more efficient and accountable scheme for national police salaries, the police payroll system was configured. The software was prepared and tested in Kabul and Ghazni provinces. The construction of eight police stations in provinces and highway police check posts on Torkham-Kabul-Herat highways was initiated. Non-lethal equipment were also procured for the police. Representatives of MoI, MoF, UNDP and UNAMA conducted joint missions to monitor the effectiveness of payments to the police force. A three months training course was conducted for 47 staff of the finance department of MoI. An evaluation of the LOTFA Phase II revealed that expected outcomes such as reduction in crime, increased security, public perception of police and security are not clear in the absence of measurement mechanisms, that there is a need to address sustainability issues such as recurrent costs, payroll computerization, strengthening the role of the Management Support Unit (MSU) in management of the project and greater leadership of the MOI; and recommended active resource mobilization from both committed and new donors.

During Phase III- from 1st April 2005 through 31st March 2006 (Afghan Fiscal Year 1384) – LOTFA has reimbursed police salaries in all 34 provinces to the amount of US\$ 67,474,677. In addition, LOTFA has transferred US\$ 14,845,221 to MoF to cover the remaining part of expenditure related to the police remuneration for the last quarter of 1383. LOTFA funded the construction of highway check posts to the total amount of US\$3,000,000. Nine police stations in five provinces have been constructed/rehabilitated. LOTFA has also provided funding for the construction for border police in Torkham. The Electronic Payroll System (EPS) has been further modified. EPS has been deployed in 14 provinces and implementation continues in the rest of the provinces. The project continued to build financial and project management capacity within MoI. Over 100 ministry and provincial headquarters staff were trained in financial management and reporting, computerization of payroll and personal data entry. Monitoring missions were fielded to 11 provinces to ensure proper accountability and transparency of expenditure at the provincial level. The findings of the monitoring visits have been documented in reports and communicated to donors and other stakeholders during the monitoring sub-committee and oversight committee meeting. LOTFA has also contributed to the initiation of the Pay and Rank Reform of the Afghan National Police, including development of the new Tashkeel.

During Phase IV- from April 2006 through August 2008– LOTFA ensured payment of police salaries in all 34 provinces. LOTFA has transferred USD 96 million in 1385 FY and USD 92.3 million for the first three quarters of 1386 FY to MoF towards police remuneration. During this phase, the GoA and the International Community had agreed to recruit additional Afghan National Auxiliary Police (ANAP) force within the JCM3 approved ceiling of 82,000 to support the police operations in the insecure regions of the country. The ANAP are temporary in nature (maximum period of two years), perform mainly community order roles and receive less training than ANP. The International Community had raised concerns regarding the role/TOR of the ANAP that was initially proposed by MoI and had indicated that the ANAP should not be involved in the combat operations but tasked with maintaining security and community order and hence the TOR was suitably amended. The Electronic Payroll System (EPS) was deployed in all 34 provinces and is operational in 106 out of 115 payroll stations of MoI. EPS system also played a vital role in introducing the Electronic Funds Transfer (EFT) process of paying police officers through individual bank accounts. By the end of 1386, more than 26,000 police officers received their salaries through their individual bank accounts. LOTFA has secured funding from SIDC for the implementation of the gender mainstreaming project in MoI. The recruitment campaign has commenced and more than 100 women have joined police force. LOTFA provided incentive payments to female recruits undergoing training. During this phase, important decisions on backpay for ANP, severance pay, ANP food allowance parity were taken. In response to donors' concerns and to ensure proper accountability and transparency continued emphasis was placed on monitoring of expenditures

and effectiveness of payments to the police forces. The project faced reluctance of the provincial police HQs to utilize EPS for generating police payroll as well as transfer of trained personnel. However, the utilization of the EPS by the provincial administration and the transmission of the EPS lists to the relevant central Ministry in Kabul have improved in terms of the number of provinces reporting to the Ministry of Interior.

2. *Project Approach / Strategy*

It is proposed that while Phase V of the LOTFA would start, it would suitably be informed and amended by the planned evaluation of the LOTFA Phase IV. Upon completion of the evaluation within the first six months of the Phase V, the findings will be shared and agreed with the LOTFA Steering Committee members and the project strategy would integrate the results of this process.

The Government and the international community agree that the initial success of all efforts to re-establish the authority and capacities of the national police force relies in large measure on the timely and accountable payment of salaries to the police. For the purpose of LOTFA and the Project, the Afghan National Police is defined to include police employees or units reporting to MoI or falling under the direct responsibilities of MoI, as opposed to security being affiliated with other ministries and agencies.

Police salary is defined to include both salary and food allowance. As part of phase V of LOTFA, it has been agreed that phasing-out of re-imburement of food allowance by LOTFA will start in March 2009 (FY 1388) and be completed by March 2010 (FY 1389).

Further, a DIAG unit, consisting of three separate cells (DIAG ops, weapons registration, PSC registration and licensing) and related structures at central, regional and provincial levels would 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 operation and maintenance costs. It is also envisaged that the cell after the initial funding from LOTFA (The Government of Japan has committed to provide financial support for MoI capacity building and cover its initial costs during the first operation year) would become self-sufficient over a period of time.

In addition, LOTFA would also pay salaries of uniformed personnel employed by the Central Prisons Department through specially earmarked contributions.

It is important to outline that the Government and the international community recognise that the efforts relating to accountability and transparency need to be significantly strengthened and the disbursement of police salaries in provinces needs to be monitored to ensure that funds are disbursed only to policemen physically serving. This will entail verifications at the provincial and district levels of disbursement of salaries, reconciliation with police headcount database and/or existing payroll records of MOI, review of procurement procedures for food items as well as developing capacities at different levels to be able to meet the necessary transparent and accountable financial systems. Accountability will be significantly improved by systematic combined use of identification tools of the individuals serving in the police (ID Cards²), individual transfer of remuneration (systematisation of electronic funds transfer-EFT) and electronic payroll system (EPS). Pending further detailed recommendation from the LOTFA evaluation of phase IV, it has been therefore agreed that during phase V, these three instruments should be systematically implemented in order to allow LOTFA to proceed with reimbursement/advance request from the Ministry of Finance. Towards this, a few benchmarks have been determined, which could be modified upon agreed recommendations of LOTFA Phase IV evaluation.

It is also important to underline that the pace of reform within MOI and issues of transparency and accountability continue to concern the international community which has implications for LOTFA.

² This is a US Department of State project

The conclusions drawn from review carried out at the request of JCMB VII (February 2008) for the institutional reform of the Ministry of Interior and the integrated vision of the Afghan National Police and its consequences for staffing structure, oversight mechanisms and fiduciary controls might also therefore inform the LOTFA steering committee and lead it to take decisions on the management of LOTFA.

Prioritization of Expenditure and Activities

The Terms of Reference of the LOTFA outlines the purposes, objectives and administration of the Open Trust Fund. LOTFA expenditures will follow closely the requirements of the Terms of Reference. Furthermore the use of LOTFA funding will follow the principle that restoring the police force requires, first and foremost, the payment of police salaries. Given however the importance of accountability and capacity development within MoI (especially in its financial and personnel management), institutional development should be given higher priority in this phase of the LOTFA. LOTFA will cover Government's police-related costs and activities, as funding allows according to following priorities:

- Payment of the police force remuneration;
- Institutional development;
- Procurement, maintenance and operations of non lethal police equipment and supplies;
- Rehabilitation, maintenance and operations of police facilities;
- Gender Orientation (Selection, recruitment and training of police); and
- Payment of remuneration of uniformed personnel employed by the Central Prisons Department through specially earmarked contributions.

The first priority of LOTFA is to reimburse MoF for remuneration of the Afghan National Police across the country, and to ensure timely and accountable payment of the police force. In addition, institutional development would be made an important activity for LOTFA and un-earmarked contributions to LOTFA will therefore be applied in priority to these two activities. The three subsequent priorities for the project allow LOTFA to reimburse national expenditures and fund directly police related activities that help to underscore the return to law and order across the country. Hence, the remaining undesignated contributions will then be applied to the subsequent three priority areas. The newly introduced sixth priority covers the remuneration of the uniformed personnel working in prisons for which funding would be separately provided and earmarked.

Specific activities to be funded under the Project will be selected on the basis of MoI established priorities as incorporated in the National Development Framework and the National Budget. The Steering Committee will approve the annual workplan. Subject to Steering Committee approval, all reasonable cost associated with the operational needs of the police force can also be covered by the project through reimbursement to MoF, provided funding allows and they fall within the above priorities and the National Budget. In addition to reimbursing MoF for relevant expenditures, activities may be carried out by the MoI related to each Output of the Project, as funding allows. Allocation of funds within the project either for the purpose of reimbursing police related expenditures to MoF, or for the purpose of funding specific projects or activities through MoI or its implementing partners, will be further decided by the Project's Steering Committee. In particular, the Steering Committee will ensure that sufficient funds are assigned to meet the personnel and operational costs needed to build the required capacity for management of the project within the designated institution.

Earmarked contributions are possible in principle but, depending on the scale, could jeopardize the aim and function of an open trust fund. Should a donor wish to finance priorities other than Priorities 1 (police remuneration) and 2 (institutional development), MoI and MoF will be consulted accordingly by the donor. If so decided and required, MoF will make the requisite changes to the National Budget. In doing so any funds to be tapped from LOTFA will be in full accord with the mandate and areas of engagement as outlined in the Terms of Reference of LOTFA. Earmarking or

expressed preferences will be accepted to the extent they are within the requirements of the National Budget and the six priority areas.

The conclusions of the LOTFA evaluation and JCMB police review described above might lead to the LOTFA steering Committee to make decisions and amend the priorities described above or their implementation modalities.

Transfer of Resources

Transfer of resources under the project may take place through:

(a) Quarterly reimbursement of payments and partial advances made by UNDP to MoF who will receive funds on behalf of the implementing entity for the purpose of reimbursing recurrent costs, or relevant components of the National Development Budget.

(b) Direct payment by UNDP to agreed implementing partners, contractors, or individuals (e. g., for procurement of equipment, recruitment and payment of personnel, contracting of implementing partners), upon request from the implementing Agency.

Monitoring Agent

The LOTFA Steering Committee has recognized that special attention is needed to monitor and support financial management and accountability practices until capacity of the MoI is built in these areas. A qualified and independent Monitoring Agent (MA) will be contracted by UNDP to monitor and review disbursements, payments of police salaries and food allowances, accounting and reporting for LOTFA activities. The MA will carry out physical verification of the personnel on pay roll. The MA will also provide pre and post auditing services and report on disbursement claims by the Ministry of Finance (MoF).

Thus, MA will be assigned tasks that are similar to those of a Financial Controller and pre-and post-audit service. The role of MA will be limited to monitoring activities under the Remuneration and payment of police component. The MA will support improvement of fiduciary standards and contribute to developing financial and management capacity of the MoI at the central, provincial and district levels under priority 2 (institutional development).

The MA will be working primarily at the Ministry of Interior and will liaise closely with MoF and the LOTFA project office. The MA would closely coordinate with the efforts of the CSTC-A and other international partners, including EUPOL, under the auspices of IFCB on monitoring of EPS and EFT at the local levels. The Terms of Reference of MA is attached.

Transition Strategy

LOTFA was intended to fund recurrent costs during the transition and consolidation period, with this coverage ceasing when domestic revenues should have recovered sufficiently for the Government of Afghanistan to finance most or all of its recurrent costs from such revenues. The Bonn Agreement foresees the "return to normality" occurring in the period 2006-2011. The Afghanistan compact envisages that the transformation of Afghan National and Border Police into a fully constituted professional, functional, ethnically balanced and increasingly fiscally sustainable force will be completed by 2010. The project covers the Afghan Fiscal Year 1387 and 1388, and may be extended subject to evaluation at the end of the project period. Insufficient donor funding support might make it difficult to achieve LOTFA objectives, outputs and outcomes.

The issue of the Government of Afghanistan's ability to take over the task of funding police salaries could not be addressed in isolation from the assessment of its capacity to cover expenditure of the country as a whole. The MoF has been requesting the donors for a sustainable and long-term commitment for funding of the police force. This was taken up at the JCMB and international member nations were encouraged to increase their pledges to LOTFA with the forecast of increase

in police numbers in the future as well as to meet the pay raises resulting from the Pay and Rank Reform process. The JCMB has recommended that the final ceiling for ANP will be determined by the Government based on a fiscally sustainable policing plan after a study by the JCMB of the current problems of payment and recruitment and the long-term consequences of various options. Further the review under the responsibility of JCMB and the lead of the MoI and UNAMA will inform the transition strategy.

During 1387 FY, LOTFA will utilize the LOTFA Steering Committee as a forum for initiating discussions between the donors and the GoA to determine a time frame for gradual phasing out of reimbursement of police remuneration. In the meantime, phasing-out of re-imbursement of food allowance by LOTFA will start in March 2009 (FY 1388) and be completed by March 2010 (FY 1389). A Steering Committee decision has to be taken on the question if food allowance in future be included as part of the regular police remuneration.

Links to the Afghanistan National Development Strategy (ANDS) benchmarks, the UNDAF and the CPAP outcomes:

The National Development Framework and National Development Budget envision a professional and disciplined police force that is loyal to the Ministry of Interior (MoI) and widely visible to the public, creating a sense of comfort among the population. The project is aligned with the goals and objectives of the Afghanistan National Development Strategy (ANDS) and directly supports the "Security" pillar of ANDS. Additionally this project supports the UN Development Assistance Framework (UNDAF) that identifies development priorities, objectives and outcomes to be achieved in Afghanistan from 2006 through 2009. It will further support the UNDP Country Action Plan (CPAP 2006-2009) that aims to strengthen the democratic state and government institutions at national and sub-national levels to govern and ensure the delivery of quality public services including security.

3. Project Description

3.1 Project Outputs

The intended outcome of Phase V of the project is a better trained and appropriately resourced Afghan National Police contributing to the return of law and order across the country, in turn promoting national, regional, and global security. In addition, better payment of uniformed personnel of Central Prison Department would help to improve management of the prisons, increase professionalism and lead to better conditions for the uniformed personnel and the inmates. Further establishment of DIAG cell within the MoI will provide government greater leadership to deal more effectively the issues of illegal armed groups and weapons registration. In particular, the project is expected to strengthen the general public's confidence in the ability of the Afghan National Police to restore and maintain law and order and contribute to the eradication of drug production, illegal trafficking and ensure the security of the Afghanistan's borders. It is critical to strengthen the efforts to foster ownership of LOTFA strategies by MoI. This should be the foundation of component two, institutional development, and will entail enhancing MoI engagement in LOTFA planning and decision-making processes, and other areas. This outcome will not be achieved by LOTFA alone, but is the intended result of a concerted effort of the Government, civil society and the international community.

The project's intended outputs are in line with the six priorities of LOTFA as outlined below:

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

The capacity of the Afghan Government to pay police remuneration will be improved. The project will support activities to ensure that the police are paid promptly and transparently. Assistance to MoI in the process of computerizing the payroll system for the police has started and will be completed in 2008 for all provinces, enabling MoI to provide accurate and timely data to MoF for

salary payments. EPS reports will be submitted to Mol on a regular basis. Close coordination will be ensured between Mol and MoF for the gradual implementation of individualized payment of police salaries to police personnel, in particular the EFT. By September 2008 a minimum of 60% and by March 2009 a minimum of 80% of serving police personnel will benefit from individualized payment. The Monitoring Agent has the task to monitor the implementation process, which is subject to the availability of commercial banks in the provinces. For the provinces and districts where, based on specific documented evidence, money transfer to individual bank account is proven technically impossible, alternatives will be explored, as close as possible to an individual transfer. Innovative experiences for money transfer will be explored, including new technologies and micro-credit networks.

In order to ensure a proper identification of police personnel, distribution of identity card will be systematized. A specific benchmark for distribution of identity cards will be determined based on the evaluation of LOTFA IV and the outcome of the police working group under JCMB, with the minimal objective of full coverage of the police force by the end of the project period - March 2010. The Afghan government has to deliver the necessary documentation (including each individual recruit's tazkira) which is required for ID card production. The fulfillment of the EFT and ID card benchmarks and their reporting is the responsibility of the Government of Afghanistan.

The project will also support putting in place special measures to ensure timely payment of priority police units, such as those assigned to duties on highway, anti-narcotics, or anti-terrorism. If required, implementing partners other than MoF may be requested by MoF and Mol to ensure the priority payment of agreed police remuneration in the context of specific activities.

In the context of (i) strengthened accountability of LOTFA reimbursements, and (ii) modernisation of remuneration similar to the one carried out for civilian employees of the State, phasing-out of reimbursement of food allowance by LOTFA will start in March 2009 (FY 1388) and be completed by March 2010 (FY 1389). A Steering Committee decision has to be taken on the question if food allowance in future be included as part of the regular police remuneration.

As mentioned earlier, the outlined benchmarks will be refined based on the outcome of the LOTFA Phase IV evaluation.

Accountability and efficiency of payment to the police will be closely monitored and verified, and appropriate recommendations made for improvement of the system in place.

Output 2: Financial and project management capacity built within Mol.

The institutional development activities envisaged in the current national budget include: (a) Institutional reform, (b) Building financial and project management capacity at Mol; and (c) Supporting the establishment or strengthening of specialized units. The project can support Mol in all these areas, including the support to administrative reform at Mol. The institutional capacity of Mol, essential for the Project to progress, will be strengthened, in particular with respect to management of project activities.

By March 2009, the Personnel Department of the Mol will have a comprehensive list of all police employees with identity, grade, unit and deployment.

The institutional building activities will be coordinated with IPCB.

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

The project may procure vehicles and radio equipment for police in the districts, as well as other equipment, and cover their operational and maintenance costs, in accordance with the National Budget, Government request, funding availability, and the approval of the Project Steering Committee.

Output 4: Improved working and living conditions of police contributing to better efficiency and morale.

Police facilities and other relevant buildings will be rehabilitated or reconstructed, and maintained. The priority project will have been identified in accordance with the National Development Budget.

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

Through enhanced procedures for recruitment and training of the police, knowledge and abilities of police personnel regarding the promotion of law and order in a democratic environment will be broadened and deepened, and the gender balance of the police force enhanced. Special Emphasis will be placed on facilitating the recruitment and retention of women police, and developing awareness of human rights.

In addition, capacity development activities will be undertaken for MoI. This would include theoretical trainings as well as development of training and gender awareness material for MoI. Because several training programmes are already covered by bilateral contributions and projects undertaken by countries such as Canada, Germany and the United States of America, the project's training component will supplement existing programmes, as requested by the MoI in consultation with the MOI Gender Advisor.

Output 6: Uniformed personnel of Central Prisons Department (CPD) are supported to perform their job effectively and efficiently.

The capacity of the Afghan Government to pay remuneration of uniformed personnel at prisons will be improved. The project will support activities to ensure that the uniformed personnel of CPD are paid promptly. If required, LOTFA will provide assistance to the CPD in installing a computerized payroll system enabling provision of accurate and timely data to MoF for salary payments. Accountability and efficiency of payment to the uniformed personnel employed by CPD will be closely monitored and verified, and appropriate recommendations made for improvement of the system in place.

3.2 Risk Analysis

As the past efforts show, LOTFA faces formidable challenges. Therefore, it is important to analyse the potential risks and the measures required to mitigate such risks. The specific risks and the risk mitigation measures are outlined in the chart below in no particular order or priority. These risks will be observed and regularly updated according to the changing situation.

Risk	Mitigation Measures
Funding shortage during project implementation, which would immediately impact on the ability of the project to produce required output	Promptly alert all major donors about the potential funding shortage and secure a financial buffer
Lack of confidence of donors in accountability and transparency of the LOTFA mechanisms leading to withdrawal or reduction of contributions	Significant improvement in monitoring instruments, new benchmarks, phasing out of food allowance. In addition the engagement of a monitoring agent would support the process.
Security constraints hinders monitoring activities and EPS coordination at provincial level	Develop various options and partners to enable the work at provincial level
Insufficient ownership by the designated institution resulting in lack of sustainability of results of EPS implementation	Continue to work with MoI's senior staff to ensure the enforcement of the EPS utilization and regular reporting
Project staff leave MoI and institutional	Encourage project staff to work with the relevant

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capacity/memory remain weak	departments of MoI to ensure skill transfers made to the existing staff
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3.3 Monitoring and Evaluation

Monitoring will be conducted by UNDP on a regular basis to oversee the quality, quantity and timeliness of progress towards delivering intended results and benchmarks identified in the Results and Resource Framework and Annual Work Plan.

UNDP will closely monitor the project in line with its Results Based Management principles and using relevant tools and technical assessments done by other project and partners. The progress and quality of the deliverables being produced will be assessed based on the quality criteria established in the indicators, targets and benchmarks as per the planned schedule. If changes are required, the Deliverable Description and/or schedule will be updated in a form of Quarterly Plan and presented at the Steering Committee meeting.

Any project implementation issues will be recorded in the progress report and critical issues (such as time and resource plan) will be brought to the attention of the Steering Committee members by the Project Manager.

Quarterly progress reports will be submitted by the Project Manager to UNDP for Project Assurance and to the Steering Committee. Project lessons learnt should be actively captured to ensure ongoing learning and adaptation within the organisation. The Risks Log will be updated by reviewing the external environment that affects project implementation, and associated risk management plans updated accordingly. An annual project report will be produced with more focus on the extent to which progress is being made towards outputs.

In order to address the need to monitor and support financial management and accountability practices until capacity of the MoI is built in these areas, an independent Monitoring Agent (MA) would be contracted to monitor and review disbursements, payments, accounting and reporting for LOTFA activities.

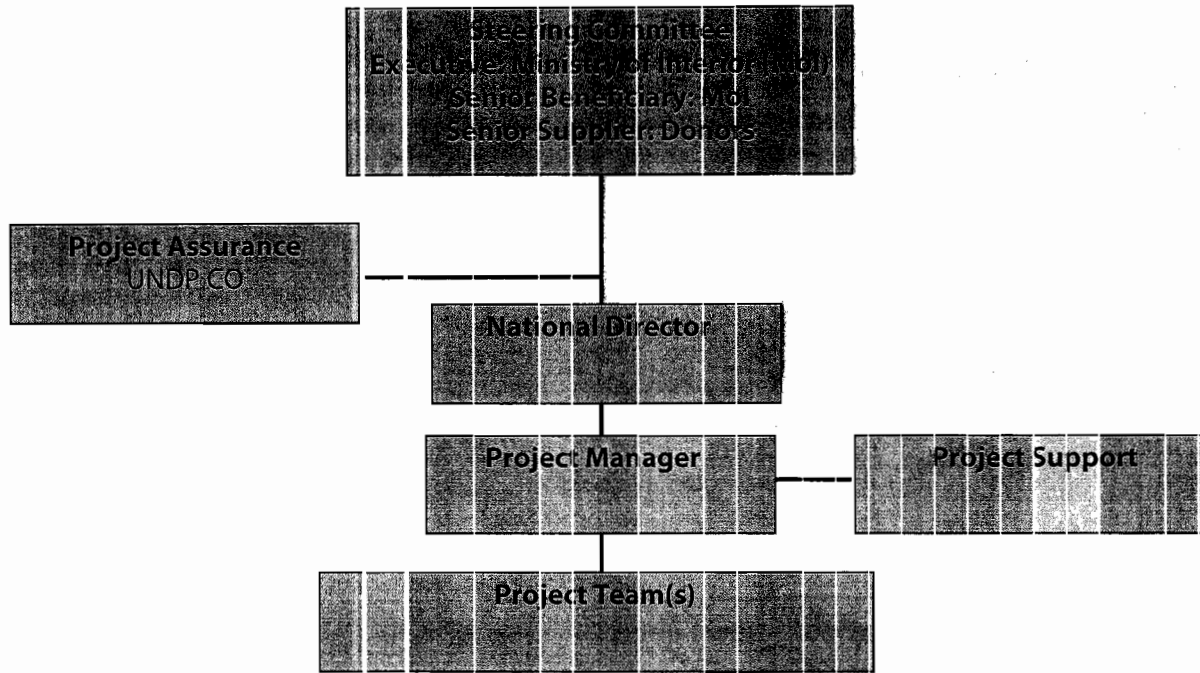
An evaluation will be conducted at the end of Phase V of LOTFA to determine the delivery of outputs and the success of the implementation. The evaluation will be prepared and carried out in close cooperation with the international partners and the report will be shared with the LOTFA Steering Committee members.

The project is also subject to audit in accordance with the UNDP programming procedures.

4. Management Arrangements

This project will be implemented over a two-year period by the UNDP under National Implementation Modality (NIM). To ensure co-ordination among the main stakeholders and effective, efficient and transparent utilisation of the inputs made available to the project, a Steering Committee is already in place. The Steering Committee will be chaired by the Ministry of Interior, with representation from MoF, MoJ, UNAMA, UNDP and all LOTFA donors.

The management structure described in the following chart is a structure specifically designed to manage the project to its conclusion, and it consists of roles and responsibilities that bring together the various interests and skills involved in, and required by, the project. The roles and responsibilities are further described in Annex II.



The **Steering Committee** is the group responsible for making executive management decisions for the project when guidance is required by the Project Manager, including approval of project revisions. The Steering Committee will be chaired by Mol. In addition to the MoF and UNDP as the administrator of the fund, the committee will also include UNAMA and all LOTFA donors. The Steering Committee would guide and oversee the project implementation, approve administrative procedures and operational strategy and standards, define roles and responsibilities of the various partners and ensure broad participation and transparency in decision-making. Project assurance reviews by this group are made at designated decision point during the running of a project, or as necessary when raised by the Project Manager. This group will be consulted by the Project Manager for decisions when the tolerances have been exceeded.

This group is constituted of the following posts:

- The *Executive* is ultimately responsible for the Project, supported by the Senior Beneficiary and the Senior Supplier. The Executive role will be held by the Ministry of Interior.
- The *Senior Beneficiary* ensures the realisation of the project benefits from the perspective of project beneficiaries. Mol, as the beneficiary will ensure that the results, correspondent interventions (outputs/activities) be formulated in line with the national development priorities and goals and objectives of the sector.
- The Senior Supplier represents the interests of those designing and developing the project deliverables and providing project resources. This role provides guidance regarding the technical feasibility of the project. This role will be held by the donors supporting the project.

Under the supervision and leadership of the Steering Committee and in close consultation and cooperation with the Mol and other technical institutions, the LOTFA administrator (UNDP) is responsible for the overall fiduciary management of the project.

UNDP will appoint a project manager who will organize and lead a project team to provide management, technical and operational support to the project. The project manager is responsible for overall project management and ensures achieving the intended results.

Role & responsibilities of Institutions involved

- Implementing Entity

Under National Implementation Modality (NIM), the Islamic Republic of Afghanistan shall retain overall responsibility for the nationally managed project through its designated institution, MoI. The Implementing Agency is therefore responsible for the overall achievements of the results, for the UNDP - assigned project and the full involvement of the relevant Departments in the project activities.

In particular, the Implementing entity shall:

- Assign, in consultation with UNDP, a National Director for the project who will support the Project and serve as focal point on the part of the Government.
- Identify, designate, and make available on a full time basis among its own personnel the staff that may be required and will serve as a direct counterpart to, and work in close cooperation with, the Management Support Unit in particular within the Finance, Procurement and Construction Departments.
- Provide adequate office space and facilities, individual identification, and access to relevant buildings, to Project staff.

Implementing Partners

The MoI will act as an implementing partner for the purpose of reimbursement of National Budget expenditures and the individualized payment to police personnel.

Other implementing partners may be selected by the Implementing Agency for the carrying out of specific activities under the Project.

Management Support Unit

Management Support Unit (MSU) was established under the supervision of the Implementing Agency to carry out the tasks that cannot be handled by the existing Government mechanism and strengthen its capacity, and transfer the necessary skills to the relevant Government Counterparts. MSU will be managed by an international Project Manager and supported by an International Technical Advisor/Monitoring & Evaluation expert in support to National implementation of the project by the Government and for the coordination of the project activities, liaise with partners and stakeholders, will focus on qualitative monitoring of the LOTFA activities, coordinate the activities of the monitoring sub-committee, ensure actions on findings, , prepare reports, support resource mobilization & donor relations, with a view of ensuring that the necessary capacity be built within the Ministry. The unit would include national staff.

UNDP Country Office

UNDP will support resource mobilization for the project, ensure that the necessary staff and other inputs be available at its Country Office in support to the Project, as required.

The increase in the complexity, size and scale of LOTFA, the expansion in its scope, the pursuit of reforms by the Ministry of Interior, need for strengthening accountability systems, together with weak government capacities have a major impact on how LOTFA is managed. Engaging in all of the stated requires extensive preparatory work, negotiations, follow-up support, continued monitoring of additional elements and expenditures, review of work plans and reports, coordination as well as dialogue with government partners and donor agencies. This requires considerable engagement of the UNDP Country Office's and Headquarters' senior international and national staff including operational and oversight management units.

The procurement of goods and services and the recruitment of project personnel by the UNDP Country Office shall be in accordance with the UNDP regulations, rules, policies and procedures.

Financial Management for Funds Disbursement & Reporting

Reimbursement of payments to MoF will be processed on a 3 monthly basis according to the following steps:

The Treasury Department of the Ministry of Finance prepares a **Draft Quarterly Financial Report** no later than 30 days after the end of each Quarter (Solar or Gregorian), including a request for advance detailed by months and charts of accounts (Chartfields). The purpose of the financial report is to request a quarterly reimbursement of police remuneration, to list the disbursement on the project by budgetary basis, and to reconcile outstanding advances and foreign exchanges loss or gain during the quarter.

The Financial Report and Quarterly Financial Forecast are reviewed and endorsed by the Ministry of Interior, as the Implementing Agencies, prior to submission to UNDP.

Upon receiving and reviewing the Quarterly Financial Report and Quarterly Financial Forecast, UNDP, after confirming from the monitoring agent, releases the required payment into the appropriate bank account indicated by the Treasury Department of the Ministry of Finance. Ineligible expenditure identified will be deducted from future reimbursement. All NEX advances should be settled within three months or exceptionally within six months from the advance start date.

The Treasury Department of the Ministry of Finance processes and accounts for these funds vis-à-vis the Government budget, and releases funds to the implementing entity accordingly.

For audit and reporting purposes, MoF will be required by UNDP to produce evidence of, and bank statements related to: the amount received by the designated bank; the date, amounts, and exchange rate at the time of the withdrawal, of withdrawals made in local currency by MoF to the designated account; fees, if any, related to exchange transactions.

MSU will initiate payments and ensure accounts and record keeping.

Within three months of the completion of the project, the Designated Institution will submit a final project report on the project activity and include a final financial report on the use of the UNDP funds, as well as an inventory of supplies and equipment.

All formal communication will be signed by the Minister, for the Ministry of Interior, and the Country Director (for the UNDP Country Office), or the person by them formally designated and authorized as communicated in due course to the other party.

5. Legal Context

This project document shall be the instrument referred to as such in a) the Standard Technical Assistance Agreement, 1956 and b) CPAP 2006-2009. The host-country implementing agency shall, for the purposes of the Standard Technical Assistance Agreement, refer to the Government co-operating agency described in the Agreement. (See Annex 1)

PART 2: Results and Resources Framework

UNDAF Outcome: By 2008, an effective 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.
Intended Outcome as stated in the Country Programme Results Framework: The democratic state and government institutions strengthened at national and sub-national levels to govern and ensure the delivery of quality public services including security with special attention to marginalized groups.
Applicable MYFF Service Line: Public administration reform and anticorruption.
intended CFAF Output: Law and Order institutions at national and sub-national levels strengthened and security of the population improved
CPAP Output indicator(s), baseline and benchmark: Indicator 3.5: police officers receiving individual monthly salary payment on regular basis. Baseline: None Target 2010: 100% of police forces paid on regular basis and timely manner.
Project title and ID: Support to Law and Order Trust Fund for Afghanistan (00060964)

Project Outputs	Performance Indicators (benchmark ³)	Indicative Activities	Responsible Parties	Inputs
1. Police force is supported to perform their job effectively and efficiently	Police in all 34 provinces is paid on time and transparently. Computerisation of the payroll system for the police is completed by June 2008 for all provinces. By September 2008 a minimum of 60%, and by March 2009 a minimum of 80% of serving police	1.1. Ensure payment of salaries to police force. 1.2 Complete the computerization of the payroll system. 1.3 Establishment of bank accounts for police force and uniformed personnel of Central Prisons Department in the provinces/areas where commercial banks are operating 1.4 Expedite and increase the Electronic Fund Transfer to the police force.	MoF/Mol	- Finances - Project staff

³ These benchmarks would be modified upon agreed recommendations of LOTFA Phase IV evaluation

Project Outputs	Performance Indicators (benchmark ³)	Indicative Activities	Responsible Parties	Inputs
2 Financial and project management capacity built within Mol.	<p>personnel will benefit from individualized payment.⁴</p> <p>The Afghan government has to deliver the necessary documentation (including each individual recruit's tazkira) which is required for ID card production.⁵</p>	<p>1.5 Explore alternative fund transfer mechanisms including new technologies and micro-credit networks for individual transfer in provinces and districts where, based on specific documented evidence, individual bank account is proven technically impossible.</p> <p>1.6 Start the phasing-out of re-imbursment of food allowance after completion of first year of Phase V of LOI-A.</p>	Mol	
3. Police force is equipped with required equipment for	<p># of Training sessions organized</p> <p># of provinces receiving trainings</p> <p># of provinces receiving technical support in EPS</p> <p># of central departments of the Mol employees trained in EPS, personnel management techniques including staff lists</p> <p>Comprehensive list of every police personnel with identity, grade, unit, and deployment is available by March 2009</p>	<p>2.1 Conducting Financial, computer and project management training sessions</p> <p>2.2 Conducting EPS training sessions</p> <p>2.3 Provide technical support on EPS on regular basis</p> <p>2.4 Electronic payroll system is made functional in provinces</p>	Mol	<p>Finances</p> <p>Trainers</p> <p>Project Staff</p>
3. Police force is equipped with required equipment for	# of items procured	3.1 Conduct procurement of equipment that fall under the	Mol	Finances Project Staff

⁴ Responsibility for compliance of this benchmark lies with Afghan implementers and relates directly to their areas of responsibility.

⁵ Responsibility for compliance of this benchmark lies with Afghan implementers and relates directly to their areas of responsibility.

Project Outputs	Performance Indicators (benchmark ²)	Indicative Activities	Responsible Parties	Inputs
improvement of their mobility and responsiveness.		category of non-lethal equipments 3.2 Finalising maintenance contracts with the sub-contractors 3.3 Support procurement of supplies		
4. Improved working and living conditions of police contributing to better efficiency and morale.	# of police facilities constructed and/or rehabilitated	4.1 Provision of assistance to MoI for tendering of LOTFA funded construction activities 4.2 Reimbursement of LOTFA construction related expenditures to MoI	MoI	Finances Project Staff
5. Improved capacity in police force with enhanced gender balance.	# of women recruited and trained # of Gender awareness sessions conducted # family response units provided with required logistic support	5.1 Undertake recruitment campaign 5.2 Support training of female police 5.3 Conduct on the job and theoretical training sessions for the female police 5.4 Conduct trainings on Gender awareness for MoI staff 5.5 Provide logistic support to the Gender mainstreaming unit in MoI 5.6 Provide logistic support to the Family Response Units	MoI	Finances Project staff Media campaign Trainers Technical Advisor
6. Uniformed Personnel of Central Prisons Department are supported to perform their job effectively and efficiently	Uniformed Personnel of Central Prisons Department are paid on time and transparently.	6.1 Payment of remuneration of uniformed prison guards 6.2 Establishment of electronic payroll system	MoF/MoJ	Finances

PART 3: Multi-Annual Work Plan (September 2008 - August 2010)

1: Multi-Annual Budget Sheet

Expected Outputs	Key Activities	Input Description	Account Code	Budget Description	Total Planned Budget	Schedule of Disbursement	
						1387 (Sep 2008-Aug 2009)	1388 (Sep 2009-Aug 2010)
Output 1: Police force is supported to perform their job effectively and efficiently	1.1. Ensure payment of salaries to police force. 1.2. Complete the computerization of the payroll system. 1.3. Establishment of bank accounts for police force and uniformed personnel of Central Prisons Department in the provinces/areas where commercial banks are operating 1.4. Expedite and increase the Electronic Fund Transfer to the police force. 1.5. Explore alternative fund transfer mechanism including new technologies and micro-credit networks for individual transfer the provinces and districts where, based on specific documented evidence, 1.6. Start the phasing-out of reimbursement of food allowance by LOTFA after completion of first year of Phase V of LOTFA.	Reimbursement of funds to MoF	71400	Contractual Services - Individual	200,702,153	197,952,153	200,950,000
			75100	GMS @ 5%	20,458,008	9,886,956	10,571,052
			71400	Contractual Services - Individual(DIAG)	156,500	156,500	
			75100	GMS @ 5%	8,237	8,237	
	Sub-Total Output 1				409,324,903	197,903,851	211,421,052

Expected Outputs	Key Activities	Input Description	Account Code	Budget Description	Total Planned Budget	Schedule of Disbursement	
						1387 (Sep 2008-Aug 2009)	1388 (Sep 2009-Aug 2010)
Output 2. Financial and project management capacity built within Mol.	2.1 Conducting financial, computer and project management training sessions 2.2 Conducting EPS training sessions 2.3 Provide technical support on EPS on regular basis 2.4 Electronic payroll system is made functional in provinces	Training Workshop Expenses, trainees accommodation, training material, travel expenses Accommodation and travel costs of trainees Logistic for training workshops	71100	ALD Employee Costs	660,000	330,000	330,000
			71300	Local Consultants	24,136	12,068	12,068
			71400	Contractual Services - Individ	600,000	300,000	300,000
			71500	Travel	157,352	78,676	78,676
			72100	Contractual Services- Companies (Including MA cost)	3,095,268	1,547,634	1,547,634
			72400	Communic & Audio Visual Equip	51,634	25,817	25,817
			72500	Supplies	77,931	38,965	38,965
			72800	Information Technology Equipmt	71,629	35,815	35,815
			73400	Rental & Maint of Other Equip	80,010	40,005	40,005
			74100	Professional Services	320,000	160,000	160,000
			74300	Security Cost	50,000	25,000	25,000
			74500	Miscellaneous Expenses	112,298	56,149	56,149
			75100	GMS @ 5%	278,960	139,480	139,480
			Sub-Total Output 2				

Expected Outputs	Key Activities	Input Description	Account Code	Budget Description	Total Planned Budget	Schedule of Disbursement	
						1387 (Sep 2008- Aug 2009)	1388 (Sep 2009- Aug 2010)
<p>Output 3. Police force is equipped with required equipment for improvement of their mobility and responsiveness.</p>	3.1 Conduct procurement of equipment that fall under the category of non-lethal equipment	Procurement of non lethal equipment	71600	Travel	98,600	98,600	-
	3.2 Finalising maintenance contracts with the sub-contractors	Contracting of sub-contractors for maintenance work	72100	Contractual Services- Companies	198,000	198,000	-
	3.3 Support procurement of supplies		72200	Equipment and Furniture	1,394,340	1,394,340	-
			72400	Communic & Audio Visual Equip	179,340	179,340	-
			72500	Supplies	1,206,200	1,206,200	-
		support to procurement of supplies	72800	Information Technology Equipmt	196,250	196,250	-
			73400	Rental & Maint of Other Equip	121,500	121,500	-
			74500	Miscellaneous Expenses	142,757	142,757	-
			75100	GMS @ 5%	186,157	186,157	-
					3,723,144	3,723,144	-
Sub-Total Output 3							
<p>Output 4. Improved working and living conditions of police contributing to better efficiency and morale.</p>	4.1 Provision of assistance to MoI for tendering of LOTFA funded construction activities	Construction company is sub-contracted		Contractual Services- Companies	900,000	900,000	-
	4.2 Reimbursement of LOTFA construction related expenditures to MoF						
			75100	GMS @ 5%	47,368	47,368	-
					8,393,656	8,393,656	-
Sub-Total Output 4							

Expected Outputs	Key Activities	Input Description	Account Code	Budget Description	Total Planned Budget	Schedule of Disbursement		
						1387 (Sep 2008-Augst 2009)	1388 (Sep 2009-Aug 2010)	
Output 5. Improved capacity in police force with enhanced gender balance.	5.1 Undertake recruitment campaign 5.2 Support training of female police 5.3 Conduct on the job and theoretical training sessions for the female police 5.4 Conduct trainings on Gender awareness for MoI staff 5.5 Provide logistic support to the Gender mainstreaming unit in MoI 5.6 Provide logistic support to the Family Response Units	Public information materials i.e. brochures, TV spots etc.	71200	International Consultants	83,000	83,000	-	
		Workshop logistics	71300	Local Consultants	8,000	6,000	2,000	
			71400	Contractual Services - Individ	100,000	70,000	30,000	
			71600	Travel	26,000	20,000	6,000	
				Contractual Services				
			72100	Companies	230,000	210,000	20,000	
			72200	Equipment and Furniture	51,968	35,984	15,984	
			72400	Communic & Audio Visual Equip	43,890	30,000	13,890	
			72500	Supplies	138,244	99,122	39,122	
			73400	Rental & Maint of Other Equip	20,000	10,000	10,000	
	74500	Miscellaneous Expenses	12,697	10,000	2,697			
			75100	GMS @ 5%	37,568	30,216	7,352	
Sub-Total Output 5						751,367	604,322	147,045
Output 6. Prison Guards are supported to perform their job effectively and efficiently	6.1 Payment of remuneration of uniformed prison guards 6.2 Establishment of electronic payroll system	Reimbursement of funds to MoF	71400	Contractual Services - Individ	23,963,880	11,981,940	11,981,940	
			75100	GMS @ 5%	1,261,256	630,628	630,628	
Sub-Total Output 6						26,727,870	13,821,212	12,906,658
Grand Total						454,500,158	227,235,794	227,264,364

PART 3: Annexes

- Annex 1 Legal Context -- Supplemental Provisions to the Project Document**
- Annex 2 Project Management Structure: Roles and Responsibilities**

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Annex I:

Legal Context – Supplemental Provisions to the Project Document

General responsibilities of the Government, UNDP and the executing agency (when applicable)

1. All phases and aspects of UNDP assistance to this project shall be governed by and carried out in accordance with the relevant and applicable resolutions and decisions of the competent United Nations organs and in accordance with UNDP's policies and procedures for such projects, and subject to the requirements of the UNDP Monitoring, Evaluation and Reporting System.
2. The Government shall remain responsible for this UNDP-assisted development project and the realization of its objectives as described in this Project Document.
3. Assistance under this Project Document being provided for the benefit of the Government and the people of Afghanistan, the Government shall bear all risks of operations in respect of this project.
4. The Government shall provide to the project the national counterpart personnel, training facilities, land, buildings, equipment and other required services and facilities. It shall designate the Government Co-operating Agency (hereinafter referred to as the "Co-operating Agency"), which shall be directly responsible for the implementation of the Government's contribution to the project.
5. The UNDP undertakes to complement and supplement the Government participation and will provide the required expert services, training, equipment and other services within the funds available to the project.
6. Upon commencement of the project, the Executing Agency (UNDP) shall assume primary responsibility for project execution and shall have the status of an independent contractor for this purpose. However, that primary responsibility shall be exercised in consultation with UNDP and in agreement with the Co-operating Agency. Arrangements to this effect shall be stipulated in the Project Document as well as for the transfer of this responsibility to the Government or to an entity designated by the Government during the execution of the project.

(a) Participation of the Government

7. The Government shall provide to the project the services, equipment and facilities in the quantities and at the time specified in the Project Document. Budgetary provision, either in kind or in cash, for the Government's participation so specified shall be set forth in the Project Budgets.
8. The Co-operating Agency shall, as appropriate and in consultation with the Executing Agency (UNDP), assign a director for the project on a full-time basis. He shall carry out such responsibilities in the project as are assigned to him by the Co-operating Agency.
9. The estimated cost of items included in the Government contribution, as detailed in the Project Budget, shall be based on the best information available at the time of drafting the project proposal. It is understood that price fluctuations during the period of execution of the project may necessitate an adjustment of said contribution in monetary terms; the latter shall at all times be determined by the value of the services, equipment and facilities required for the proper execution of the project.
10. Within the given number of person-months of personnel services described in the Project Document, minor adjustments of individual assignments of project personnel provided by the Government may be made by the Government in consultation with the Executing Agency, if this is found to be in the best interest of the project. UNDP shall be so informed in all instances where such minor adjustments involve financial implications.

11. The Government shall continue to pay the local salaries and appropriate allowances of national counterpart personnel during the period of their absence from the project while on UNDP fellowships.
12. The Government shall defray any customs duties and other charges related to the clearance of project equipment, its transportation, handling, storage and related expenses within the country. It shall be responsible for its installation and maintenance insurance, and replacement, if necessary, after delivery to the project site.
13. The Government shall make available to the project - subject to existing security provisions - any published and unpublished reports, maps, records and other data, which are considered necessary to the implementation of the project.
14. Patent rights, copyright rights and other similar rights to any discoveries or work resulting from UNDP assistance in respect of this project shall belong to the UNDP. Unless otherwise agreed by the Parties in each case, however, the Government shall have the right to use any such discoveries or work within the country free of royalty and any charge of similar nature.
15. The Government shall assist all project personnel in finding suitable housing accommodation at reasonable rents.
16. The services and facilities specified in the Project Document which are to be provided to the project by the Government by means of a contribution in cash shall be set forth in the Project Budget. The Government shall make payment of this amount to the UNDP in accordance with the Schedule of Payments.
17. Payment of the above-mentioned contribution to the UNDP on or before the dates specified in the Schedule of Payments by the Government is a prerequisite to commencement or continuation of project operations.

(b) Participation of the UNDP - the executing agency

18. The UNDP shall provide to the project the services, equipment and facilities described in the Project Document. Budgetary provision for the UNDP contribution as specified shall be set forth in the Project Budget.
19. The Executing Agency shall consult with the Government and UNDP on the candidature of the Project Coordinator a/ who, under the direction of the Executing Agency, will be responsible in the country for the Executing Agency's participation in the project. The Project Manager shall supervise the experts and other agency personnel assigned to the project, and the on-the-job training of national counterpart personnel. He shall be responsible for the management and efficient utilization of all UNDP-financed inputs, including equipment provided to the project.
20. The Executing Agency, in consultation with the Government, shall assign international staff and other personnel to the project as specified in the Project Document, select candidates for fellowships and determine standards for the training of national counterpart personnel.
21. Fellowships shall be administered in accordance with the fellowships regulations of the Executing Agency.
22. The Executing Agency may, in agreement with the Government, execute part or all of the project by subcontract. The selection of subcontractors shall be made, after consultation with the Government, in accordance with the Executing Agency's procedures.
23. All material, equipment and supplies which are purchased from UNDP resources will be used exclusively for the execution of the project, and will remain the property of the UNDP in whose name it will be held. Equipment supplied by the UNDP shall be marked with the insignia of the UNDP.
24. Arrangements may be made, if necessary, for a temporary transfer of custody of equipment to local authorities during the life of the project, without prejudice to the final transfer.
25. Prior to completion of UNDP assistance to the project, the Government, the UNDP shall consult as to the disposition of all project equipment provided by the UNDP. Title to such equipment shall normally be transferred to the Government, or to an entity nominated by the Government, when it is required for continued

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operation of the project or for activities following directly therefrom. The UNDP may, however, at its discretion, retain title to part or all of such equipment.

26. At an agreed time after the completion of UNDP assistance to the project, the Government and the UNDP shall review the activities continuing from or consequent upon the project with a view to evaluating its results.
27. UNDP may release information relating to any investment oriented project to potential investors, unless and until the Government has requested the UNDP in writing to restrict the release of information relating to such project.

Rights, Facilities, Privileges and Immunities

28. In accordance with the Agreement concluded by the United Nations (UNDP) and the Government concerning the provision of assistance by UNDP, the personnel of UNDP and other United Nations organizations associated with the project shall be accorded rights, facilities, privileges and immunities specified in said Agreement.
29. The Government shall grant UN volunteers, if such services are requested by the Government, the same rights, facilities, privileges and immunities as are granted to the personnel of UNDP.
30. The Executing Agency's contractors and their personnel (except nationals of the host country employed locally) shall:
 - a) Be immune from legal process in respect of all acts performed by them in their official capacity in the execution of the project;
 - b) Be immune from national service obligations;
 - c) Be immune together with their spouses and relatives dependent on them from immigration restrictions;
 - d) Be accorded the privileges of bringing into the country reasonable amounts of foreign currency for the purposes of the project or for personal use of such personnel, and of withdrawing any such amounts brought into the country, or in accordance with the relevant foreign exchange regulations, such amounts as may be earned therein by such personnel in the execution of the project;
 - e) Be accorded together with their spouses and relatives dependent on them the same repatriation facilities in the event of international crisis as diplomatic envoys.
31. All personnel of the Executing Agency's contractors shall enjoy inviolability for all papers and documents relating to the project.
32. The Government shall either exempt from or bear the cost of any taxes, duties, fees or levies which it may impose on any firm or organization which may be retained by the Executing Agency and on the personnel of any such firm or organization, except for nationals of the host country employed locally, in respect of:
 - a) The salaries or wages earned by such personnel in the execution of the project;
 - b) Any equipment, materials and supplies brought into the country for the purposes of the project or which, after having been brought into the country, may be subsequently withdrawn therefrom;
 - c) Any substantial quantities of equipment, materials and supplies obtained locally for the execution of the project, such as, for example, petrol and spare parts for the operation and maintenance of equipment mentioned under (b), above, with the provision that the types and approximate quantities to be exempted and relevant procedures to be followed shall be agreed upon with the Government and, as appropriate, recorded in the Project Document; and
 - d) As in the case of concessions currently granted to UNDP's personnel, any property brought, including or a privately owned automobile per employee, by the firm or organization or its personnel for their personal use or

consumption or which after having been brought into the country, may subsequently be withdrawn there from upon departure of such personnel.

33. The Government shall ensure:

- (a) prompt clearance of experts and other persons performing services in respect of this project; and
- (b) the prompt release from customs of:
 - (i) equipment, materials and supplies required in connection with this project; and
 - (ii) property belonging to and intended for the personal use or consumption of the personnel of the UNDP, its Executing Agencies, or other persons performing services on their behalf in respect of this project, except for locally recruited personnel.

34. The privileges and immunities referred to in the paragraphs above, to which such firm or organization and its personnel may be entitled, may be waived by the Executing Agency where, in its opinion, the immunity would impede the course of justice and can be waived without prejudice to the successful completion of the project or to the interest of the UNDP.

35. The Executing Agency shall provide the Government through the resident representative with the list of personnel to whom the privileges and immunities enumerated above shall apply.

36. Nothing in this Project Document or Annex shall be construed to limit the rights, facilities, privileges or immunities conferred in any other instrument upon any person, natural or juridical, referred to hereunder.

Suspension or termination of assistance

37. The UNDP may by written notice to the Government suspend its assistance to any project if in the judgment of the UNDP any circumstance arises which interferes with or threatens to interfere with the successful completion of the project or the accomplishment of its purposes. The UNDP may, in the same or a subsequent written notice, indicate the conditions under which it is prepared to resume its assistance to the project. Any such suspension shall continue until such time as such conditions are accepted by the Government and as the UNDP shall give written notice to the Government that it is prepared to resume its assistance.

38. If any situation referred to in paragraph 1, above, shall continue for a period of fourteen days after notice thereof and of suspension shall have been given by the UNDP to the Government and the Executing Agency, then at any time thereafter during the continuance thereof, the UNDP may by written notice to the Government and the Executing Agency terminate the project.

39. The provisions of this paragraph shall be without prejudice to any other rights or remedies the UNDP may have in the circumstances, whether under general principles of law or otherwise.

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Annex II.

Project Management Structure: Roles and Responsibilities

The following roles explain the normal responsibilities and tasks of each member of the project management structure.

Project Board:

The Project Board is the group responsible for making executive management decisions⁶ for a project when guidance is required by the Project Manager, including approval of project revisions. Project assurance reviews by this group are made at designated decision points during the running of a project, or as necessary when raised by the Project Manager. This group is consulted by the Project Manager for decisions when project tolerances have been exceeded.

The Project Board is responsible for the overall direction and management of the project and it covers the following three roles:

- The *Executive* is ultimately responsible for the Project supported by the Senior Beneficiary and the Senior Supplier.
- The *Senior Beneficiary* represents the interests of those who will ultimately benefit from the outputs of the project.
- The *Senior Supplier* represents the interests of those designing and developing the project deliverables and providing Project resources.

Specific responsibilities of the Project Board:

At the beginning of the project:

- Approve the start of the project
- Agree on Project Manager's responsibilities
- Appraise and approve the project plans submitted by the Project Manager
- Delegate any Project Assurance roles as appropriate
- Commit project resources required by the plan

As the project progresses:

- Provide overall guidance and direction to the project, ensuring it remains within any specified constraints
- Review each completed project stage and approve progress to the next
- Provide ad-hoc direction and advice for exception situations when tolerances are exceeded
- Assess and decide on project changes
- Assure that all planned deliverables during each stage are delivered satisfactorily

At the end of the project:

- Assure that all products deliverables are delivered satisfactorily
- Review and approve the end project report (if required)
- Make recommendations for follow-on actions if required

Project Assurance role supports the Project Board by carrying out objective and independent project oversight and monitoring functions. This role ensures appropriate project management milestones are managed and completed. The following list includes the key suggested aspects that need to be checked by the Project Assurance throughout the project as part of ensuring that it remains consistent with, and continues to meet, a business need and that no change to the external environment affects the validity of the project.

- User/Beneficiary needs and expectations are being met or managed

⁶ Where there is no consensus, in order to ensure UNDP's ultimate accountability, final decision making rests with UNDP in accordance with its applicable regulations, rules, policies and procedures.

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- Risks are being controlled
- Adherence to the expected achievements
- The right people are being involved
- An acceptable solution is being developed
- The project remains viable
- Focus on the development need is maintained
- Applicable standards are being used
- Adherence to quality assurance standards

Project Manager:

The Project Manager has the authority to run the project on a day-to-day basis on behalf of the Project Board within the constraints laid down by the Project Board. The Project Manager is responsible for day-to-day management and decision-making for the project. The Project Manager's prime responsibility is to ensure that the project produces the results specified in the project document, to the required standard of quality and within the specified constraints of time and cost.

Specific responsibility would include:

Overall project management and planning:

- Manage the production of the required deliverables
- Liaise with the Project Board or its appointed Project Assurance roles to assure the overall direction and integrity of the project
- Identify and obtain any support and advice required for the management, planning and control of the project
- Be responsible for project administration
- May also perform Team Manager and Project Support roles
- Prepare Project Plans and agree them with the Project Board

Project monitoring:

- Plan and monitor the project
- Record progress
- Manage the risks
- Take responsibility for overall progress and use of resources and initiate corrective action where necessary
- Be responsible for change control

Project reporting:

- Report to the Project Board according to agreed mechanisms and frequency
- Prepare any Follow-on Action Recommendations as required

Project Support

The Project Support role provides project administration and management support to the Project Manager as required by the needs of the individual project or Project Manager. The provision of any Project Support on a formal basis is optional. It is necessary to keep Project Support and Project Assurance roles separate in order to maintain the independence of Project Assurance.

Specific responsibilities: *Provision of administrative services:*

- Set up and maintain project files
- Collect project related information data
- Update plans
- Administer the quality review process
- Administer Project Board meetings

Project documentation management:

- Administer project revision control
- Establish document control procedures
- Compile, copy and distribute all project reports

Central source of expertise in:

- Specialist knowledge (for example, estimating, risk management)

- Specialist tool expertise (for example, planning and control tools, risk analysis)
- Specialist techniques and standards

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**Amendment to the Terms of Reference and Annex of
UNDP Law and Order Trust Fund in Afghanistan (LOTFA)**

The Terms of Reference (TOR) and the Annex of the UNDP Law and Order Trust Fund (Open Trust Fund) established on 16 May 2002 are hereby amended to reflect 1) LOTFA specific modifications as mentioned in the letter from Mr. Henri Morand (DCD) to the Associate Administrator dated 26 February 2008, and 2) the latest UNDP standard TOR Open Trust Fund template as follows (modified parts appear in *Italics*):

Terms of Reference

1. Paragraph 1 is amended to read as follows:

"1. The Administrator hereby establishes a *Trust Fund* (hereinafter referred to as "the Fund") under the financial regulations and rules of UNDP for the receipt and administration of the funds to mobilize additional resources needed to *enhance UNDP programme activities related to* providing financial support to the Afghan Interim Authority and/or its successor administration for the establishment, payment, equipment and training of the police force *and uniformed personnel employed by the Central Prisons Department, specifically wardens, guards and some administrative positions, but limited to only law enforcement officers in Afghanistan.*

The Fund has been set up as a mechanism for the international community to contribute financial resources to the Fund that cover:

- Establishment/strengthening of the police force,
- Payment of salaries *of the police force*
- Recruitment and training activities
- Rehabilitation of training facilities, dormitories and other relevant buildings
- Acquisition of the non-lethal equipment and supplies
- *Payment of salaries of uniformed personnel employed by the Central Prisons Department, specifically wardens, guards and some administrative positions, but limited to only law enforcement officers through specially earmarked contributions".*

2. Paragraph 2 is amended to read as follows:

"2. Financial resources *pledged* will be managed by the Fund under the authority of the Administrator. Activities financed by the Fund shall be carried out within these terms of reference and as specified in Annex 1".

3. Paragraph 3 is amended to read as follows:

"4. UNDP will designate an Executing *Entity or Implementing Partner* (here in after referred to as "*the Executing Entity or Implementing Partner*") for the execution/implementation of each activity financed under the Trust Fund".

4. I. Contributions to the Fund, the following article is added as a new 2(c) and other provisions renumbered accordingly.

"2.c) As contributions to a specific project or projects under a subsidiary trust fund agreement entered into between the donor and UNDP in accordance with UNDP's normal policies and procedures for the establishment of trust funds with specific donors."

5. II Utilization of the Fund, paragraph 1 is amended to read as follows:

"1. UNDP shall utilize the Fund for the purpose of meeting the project objectives and financing the activities of the projects as approved by UNDP under these terms of reference. Details of such projects, including the respective project budget, shall be as set out in the relevant project document."

6. II. Utilization of the Fund, paragraph 2 is amended to read as follows:

"2. In accordance with the decisions and directives of UNDP's Executive Board reflected in its Policy on Cost Recovery from Other Resources, the Contribution shall be subject to cost recovery for indirect costs incurred by UNDP headquarters and country office structures in providing General Management Support (GMS) services. To cover these GMS costs, the contribution shall be charged a fee equal to 7%. Furthermore, as long as they are unequivocally linked to the specific project(s), all direct costs of implementation, including the costs of executing entity or implementing partner, will be identified in the project budget against a relevant budget line and borne by the project accordingly."

7. "III Administration of the Fund" is amended to read as follows:

- "1. The Fund shall be administered by the UNDP in accordance with UNDP Financial Regulations and Rules*
- 2. Project management and expenditures shall be governed by the regulations, rules and directives of the UNDP and, where applicable, the regulations, rules and directives of the executing entities or implementing partners."*

8. "IV. Implementation and Budgeting of Funds" paragraph 1 is amended to read as follows:

"1. The aggregate of the amounts budgeted for the projects together with any estimated payments in respect of support services (ISS) shall not exceed the total resources available to the fund."

9. "VI Audit" is amended to read as follows:

"The contribution shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules and directives of UNDP. Should the biennial Audit Report of the Board of Auditors of UNDP to its governing body contain observations relevant to the contributions, such information shall be made available to the donor"

10. "VII. Reporting" paragraph 3 is amended to read as follows:

"3. The Administrator shall also provide a Donor report on the income and expenditure, including an annual certified financial statement by the UNDP Bureau of Management/Office of Finance and Administration as of 31 December to be submitted not later than 30 June of the following year."

11. VIII Other matters is amended to read as follows:

"1. Notwithstanding the completion of the projects financed from the Fund, any unutilized balances shall continue to be held in the Fund account until all commitments and liabilities incurred in execution/implementation of the projects have been satisfied and project activities have been brought to an orderly conclusion.

2. The Fund shall terminate upon completion of all projects identified pursuant to this *Terms of Reference* and after satisfaction of all commitments and liabilities arising therefrom. Any balance then remaining shall be disposed of by the UNDP in consultation with the Donor(s)."

12. Annex I of Terms of Reference

Approach, 2nd paragraph is amended to read as follows:

"The fund is designated to be sufficiently flexible to cover all reasonable costs associated with start-up and operational needs of the police force. LOTFA will take over salary payments of the civil police upon the closure of the Afghan Interim Authority Fund, provided that funding is forthcoming. *In addition, LOTFA will fund payment of salaries of uniformed personnel employed by the Central Prisons Department, specifically wardens, guards and some administrative positions, but limited to only law enforcement officers through specifically earmarked contributions.* It will also cover selected non-salary expenditures of the Afghan civil police and uniformed personnel employed by the Central Prisons Department, specifically wardens, guards and some administrative positions, but limited to only law enforcement officers, including the creation of a police department, the acquisition of space, vehicles, equipment and supplies, reasonable repair of official facilities, appropriate level of training, and all other costs incurred in the normal day-to-day operation of a functioning police force."

Scope of Work

- Establishment/strengthening of the police force,
- Payment of salaries of the police force
- Recruitment and training activities
- Rehabilitation of training facilities, dormitories and other relevant buildings
- Acquisition of the non-lethal equipment and supplies
- *Payment of salaries of uniformed personnel employed by the Central Prisons Department, specifically wardens, guards and some administrative positions, but limited to only law enforcement officers through specially earmarked contributions*".

All other provisions of the TORs and Annex of the above UNDP LOTFA shall remain in full force and effect.

This amendment shall be attached to the TORs of the above UNDP LOTFA as an integral part thereof.



Ad Melkert
Associate Administrator

Date: 7/4/08

TERMS OF REFERENCE

Monitoring Agent for the Law and Order Trust Fund for Afghanistan (LOTFA)

Background

Rebuilding the national civilian police force for national security and recovery represents one of the Government's highest priorities. The Afghanistan National Development Strategy (ANDS) envisions a professional, disciplined and reinvigorated police force that is responsible and loyal to MoI, widely visible to and respected by the public, so as to create an environment that enables the protection of rights and effectively combat terrorism, insurgency and drug trafficking.

International community support to rebuild Afghan police force started with the establishment of the Afghan Interim Government in 2002 as stipulated by the Bonn Agreement. In May 2002 at the request of the Government and UNAMA, United Nations Development Programme (UNDP) established a Law and Order Trust Fund for Afghanistan (LOTFA) to enable the police to return to operation throughout the country. Further, the May 2007 session of the Joint Coordination & Monitoring Board (JCMB) recommended an increase in the number of police from 62,000 to 82,000; in February 2008, JCMB VII approved an additional increase to 82,180 to include a new Disarmament of Illegally-Armed Groups (DIAG) cell.

LOTFA is envisaged to cover the Government police-related costs and undertake project activities in conjunction with the Ministry of Interior (MoI) in the following order of priorities:

- 1) Remuneration and payment of police;
- 2) Institutional development.
- 3) Procurement, operations and maintenance of non-lethal police equipment;
- 4) Rehabilitation, reconstruction, operations and maintenance of police facilities;
- 5) Gender orientation (selection, recruitment and training of police); and
- 6) Payment of remuneration of uniformed personnel employed by the Central Prisons Department

The first three phases of the project have been completed and project is currently in phase IV (April 2006 – March 2008). It is envisaged that phase V will commence in April 2008. The institutional oversight mechanisms for LOTFA include a Steering Committee comprised of the major donors, a monitoring sub-committee and regular audits. UNDP is the Trust Fund Administrator. The LOTFA is implemented through the National Implementation Modality (NIM). The Afghanistan Ministry of Interior (MoI) is the implementing partner of UNDP. The funds are channeled through the national treasury (Ministry of Finance).

- A standard practice for all trust funds includes the services of a Monitoring Agent (MA) as part of an Administrator's oversight of a trust fund. The LOTFA Steering Committee has agreed to the engagement of a monitoring agent. The LOTFA Steering Committee recognizes special attention is needed to monitor and support financial management and accountability practices until capacity of the MoI is built in these areas. Accordingly, UNDP will contract a qualified and independent MA to monitor and review disbursements, payments of police salaries and food allowance, accounting and reporting for LOTFA activities. The LOTFA Steering Committee will review the

draft MA contract and must authorize its approval prior to UNDP issuing a signed MA contract.

The MA verify the personnel on pay roll by physical or other equally reliable means. The MA will also provide pre and post auditing services and report on disbursement claims by the Ministry of Finance (MoF). Thus, the MA is assigned tasks that are similar to those of a Financial Controller and pre-and post-audit service. The role of MA will be limited to monitoring activities under the Remuneration and payment of police component and institutional development. The MA will work primarily at the Ministry of Interior and will liaise closely with MoF and the LOTFA project office.

Assignment Objectives

The overall goal of this MA assignment is to monitor, support, and report on the efficient and effective implementation of the remuneration and payment of police component of LOTFA. The MA will also support capacity development of MoI staff in financial monitoring, accountability and transparency at different levels. Specific objectives are to:

- Review, monitor and audit payments of police salaries and food allowances as well as reimbursement transactions from LOTFA to the MOF related to eligible expenditures;
- Develop and implement a plan for the improvement of fiduciary standards;
- Using a timeline and benchmarks informed by measurable criteria, improve the capacity of the central, provincial, and district MoI and MOF staff in financial management and accountability of recurrent expenditures related to police payroll, food allowance and other expenditures. Report on progress to LOTFA Steering Committee (SC) on a regular basis.
- Update and verify the police headcount database of the MOI and improving existing payroll records.
- Bring critical issues to the early attention of UNDP and the Government of Afghanistan as identified.

Detailed Scope of Services/Roles and Responsibilities

- The MA will screen and recommend for approval of police payroll reports and food allowance related expenditure as well as monitor disbursement of police salaries in provinces and selected districts to ensure that funds are disbursed only to policemen who are physically serving or otherwise lawfully entitled to compensation. The MA must prepare a nationwide monitoring plan including physical verification or other equally reliable means at the district level on a scientific random sampling basis which would assure a reasonable level of confidence that salaries are paid only to serving policemen. The plan will include a methodology for verification of payroll reports in districts that are remote or insecure, and will be approved by the LOTFA Steering Committee. More specifically, the MA will :
- Provide timely reviews and transmission of reimbursement applications to UNDP from MoF. Provide required support to MoF in preparing reimbursement applications.
- Screen MoI provincial financial reports relating to police payroll to ensure reconciliation of these reports with data from the Afghanistan Financial Management Information System (AFMIS), police headcount database, and/or existing payroll records of MoI, and police ID card project.

- Verify that amounts reported as expended both MoF and Mol are properly accounted for, and provide UNDP with a timely opinion and recommendation for completing the requested reimbursement.
- Undertake monitoring missions as per the Steering Committee approved work plan (identified by approved random sampling techniques, including alternative techniques for districts that are remote or inaccessible), ensuring coverage of a representative sampling of the majority of districts nationally. These missions will be coordinated by the Mol, in consultation with provincial authorities, ISAF, CSTC-A, and other partners as required. The MA is ultimately responsible for travel and force protection costs, with the understanding that in some cases it may be impossible to proceed without the support of external partners. Although not obligated or required to do so, the PRT's, EUPOL and CSTC-A, depending on available resources and the specific approval of competent authority, may provide logistical and security support to the MA. Monitoring missions will also be undertaken when specific irregularities are identified or suspected. The MA will provide feedback to the MOI and UNDP on discrepancies uncovered during monitoring missions, and will ensure appropriate follow-up.
- Review documentation and procurement procedures utilized for food items purchased as part of the police food allowance eligible for reimbursement from LOTFA and ensure that the procurement and expenditure follow the correct procurement procedures of the Government of Afghanistan.
- Monitor payroll expenditures of Mol to ensure that funds are disbursed in a timely manner to policemen in all provinces. Verify transactions through site visits to provinces and districts and sampling of disbursement of police salaries by checking EPS listing. Check the accuracy of payroll lists (EPS or other) against the actual total number, identity and ranking of serving agents –these checks will be made on random sampling basis at provincial and district levels. Conduct verification, by physical or other reliable means, of delivery of contracted quantities of food under LOTFA funded procurement and general adherence to contractual terms. Report on exceptions immediately including suspected cases of misuse of funds, suggesting preventive and corrective measures.
- Undertake capacity development activities. Work closely with the Mol and MoF to ensure that the rules for eligibility of expenditures are well understood by all concerned. Meet weekly with Mol officials from Finance and Personnel Departments to address issues of concern to LOTFA and identify possible solutions. Support capacity development through technical assistance to Mol to conduct workshops and training seminars for provincial police and ministry personnel to improve their ability to submit and assess correct documentation (Reports generated by EPS), monitor subsequent compliance by trained officials or reassignment of trained officials and report to LOTFA SC and MOI. Ensure that the police headcount database and existing payroll records at the Mol are maintained, assisting as necessary; perform consistency checks with other sources of information such as CSTC-A, ID-card programme of Dyn Corps, Da Afghanistan and commercial banks, ensure production of timely reports to meet the fiduciary standards. During the first year of operation, the MA will also consider relevant Afghan legislation and regulations governing fiduciary standards at MOI and MOF and identify strengths/weaknesses. Using a timeline and benchmarks

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informed by measurable criteria, ensure development of capacities of MoI and MoF to improve their ability to implement fiduciary standards.

Reporting by the LOTFA MA

The LOTFA MA will report to the UNDP project office on a monthly and quarterly basis, or as required. The MA will also submit quarterly report to the Steering Committee for approval.

- The monthly reports should be issue-focused and provide both aggregated and detailed financial information in order to support month to month analysis. The reports should address, in detail, expenditures issues, with an emphasis on reconciliation of MoI payroll and food allowance expenditure, eligible and ineligible claims, project contracts in execution, an account of physical verification conducted, expenditures charged to LOTFA and other relevant information.
- The quarterly reports should provide detailed analysis of trends and recurring challenges, identify problems in relation to execution of expenditure under LOTFA and recommend appropriate actions, and describe positive feedback and lessons learned. Appropriate actions that extend to policy will be reviewed by LOTFA Steering Committee before they are presented formally to the Afghan authorities.
- The MA should meet on a regular basis with MoI and MoF (and stakeholders, if merited) to discuss issues, findings and other information addressed in the monthly and quarterly reports.

Monitoring Agent Team

- The team should have adequate number of international and national staff.
- The team should include staff with advanced university degrees or equivalent in finance/accounting or business administration;
- Team leader should have at least 15 years of relevant work experience and expertise in Public Financial Management, financial controlling, accounting, and/or auditing;
- The team should have collective expertise in financial management, payroll systems, auditing and procurement;
- Experience in project appraisal with reference to financial management, necessarily with international exposure through Governmental institutions, NGOs, UN agencies and/or other organizations;
- Knowledge of the Afghanistan's financial system and financial management standards would be an asset;
- A team with proven management capacity, excellent IT skills and command of MS Office applications and financial software applications;
- Fluency in English is a must, fluency in Dari and/or Pashto would be an advantage;

- Proven written and oral communication skills, reporting skills and project appraisal experiences.

Budget Estimate

The bidding companies would be required to submit an estimated budget for one year, along with a detailed monitoring mission plan comprising schedule and a timeframe within which the team would be fully operational. Cost estimates would include staff size including interpreters and translators, salary, accommodation and life-support (including security) expenditures, along with an estimated budget for travel and expenses.