

Report

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Evaluation of the Law and Order Trust Fund for Afghanistan (LOTFA) Phase IV: Report

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Contents

1.	Executive Summary	1
1.1	The purpose of this report	1
1.2	Key findings	1
1.3	Recommendations	3
2.	Introduction	6
2.1	Background to the Report	6
2.2	Objectives of Evaluation	6
2.3	Structure of Report	7
3.	Study Approach and Methodology	8
3.1	Approach	8
3.2	Qualifications to the Review	9
4.	LOTFA-IV Design, Approach and Objectives	11
4.1	LOTFA-IV objectives and targets	11
4.2	The delivery management and oversight framework	14
4.3	Design assumptions and risks	15
5.	Progress to Date	16
5.1	Summary allocation of resources	16
5.2	Status of activities funded by LOTFA-IV	23
5.3	Changes being implemented in transition to LOTFA-V	31
6.	Appraisal of Implementation Issues	33
6.1	Introduction	33
6.2	Pursuit of priorities in the Fund	33
6.3	The Impact of the Fund	43
6.4	Fiscal sustainability and fiduciary risk	47

6.5	Management of the Fund	51
7.	Conclusions and Draft Recommendations	54
7.1	Introduction	54
7.2	Key findings	54
7.3	Recommendations	56

Appendix A – Evaluation TOR

Appendix B – Stakeholders consulted

Appendix C – Key references

Appendix D – Field visit questionnaire

Appendix E – Payroll system and processes

Appendix F – Status of EPS and EFT roll out

Appendix G – LOTFA Organisation Structure

LIST OF ACRONYMS

ANA	Afghan National Army
ANAP	Afghan National Auxiliary Police
ANCOP	Afghan National Civil Order Police
ANDS	Afghanistan National Development Strategy
ARTF	Afghanistan Reconstruction Trust Fund
ANP	Afghan National Police
COIN	Counter Insurgency
CPD	Central Prisons Department
CSTC-A	Combined Security Transition Command Afghanistan
EUPOL	European Union Police Mission in Afghanistan
ISAF	International Security Assistance Force
KPA	Kabul Police Academy
MOF	Ministry of Finance
MOI	Ministry of Interior
OVI	Objectively Verifiable Indicator
PAR	Public Administration Reform
PRR	Priority Restructuring and Reform
RC	Regional Command
TOR	Terms of Reference
UNAMA	United Nations Assistance Mission in Afghanistan
UNDP	United Nations Development Programme
USAID	United States Agency for International Development

1. Executive Summary

1.1 The purpose of this report

This report (the “Report”) sets out the findings and recommendations of an evaluation (the “Evaluation”) of the performance of the *Law and Order Trust Fund for Afghanistan (LOTFA) Phase IV*, (the “Fund” or “LOTFA-IV”).

LOTFA is a key intervention that seeks to cover “all reasonable costs associated with the start-up and operational needs of the police force” in Afghanistan. This was to be achieved by remunerating the Afghan National Police and reimbursing and funding police related activities that help to underscore the return to law and order across the country.

The Fund is an initiative jointly funded by several of Afghanistan’s development partners and administered by the United Nations Development Programme (UNDP). LOTFA was established in May 2002, and has been delivered through a series of sequential phases. In general, throughout its phases, the Fund has sought to cover the Government of Afghanistan’s (GOA’s) police related costs, particularly in relation to recurrent costs. In addition LOTFA aims to strengthen the capability of the through a range of project based interventions. The key beneficiary institutions are the Ministry of Interior (MOI) and the Afghanistan National Police (ANP), which it administers. LOTFA-IV was designed to build on previous successive phases that have been implemented since 2002. Fifteen donors have contributed to the Fund over this Phase, providing approximately \$306 million. Expenditure in this Phase was approximately \$316 million, as it included cash balances held from the previous Phase.

Atos Consulting has been engaged by UNDP to undertake this review, and this Report presents our appraisal of performance to date and recommendations for the future of the Fund. In this respect, LOTFA Phase V, commencing October 2008, has already begun to address concerns that the LOTFA Steering Committee has already identified through in the previous phase.

1.2 Key findings

Overall, against the established targets, the Fund has made some significant progress in ensuring an effective mechanism is established for reliable payment of salaries. In addition, LOTFA-IV has diversified its financial resource base and increased its absolute support to a range of activities that reflect its output requirements, compared to previous Phases.

There are a number of notable achievements by the Fund during Phase-IV. Key among these are:

- Its work on rolling out an Electronic Payroll System (EPS) has contributed to a high degree of assurance of workforce numbers and provides measure of control on recurrent costs. By August 2008 60,830 or 78% of the personnel recorded on the personnel database of the ANP were enlisted in the EPS. The system was implemented in all 115 payroll stations across 47 reporting units nationally in the MOI.

However, 6 units were still not using EPS to report payroll data. (By November 2008 the non-compliance fell to 4 units);

- By establishing the EPS, LOTFA allowed for 33,137 police personnel (or 42% of the HR recorded staff) to receive their salaries by Electronic Funds Transfer in August 2008.

These achievements have a major bearing on reducing fiduciary risk associated with the MOI and ANP.

Also, a number of benefits are likely to accrue as a result of LOTFA work beyond improving and securing the pay for policemen. Indirect benefits arise from the boost to morale, the inclusion of women through enhancing recruitment processes and awareness of gender in policing, and the perceptions that are formed of the ANP's credibility.

However, there are a number of significant constraints that detract from the potential benefits offered by LOTFA and if not addressed effectively, will undermine the credibility of the Fund as an appropriate instrument of delivery of support in the longer term. The inability to attain a multi-year planning framework for LOTFA due to the short term funding horizon of donors, the limited interventions in institutional capacity building outside the payroll related function, and the constraints faced in addressing financial risk are critical drawbacks. LOTFA-V recognises some of these issues and goes some way to address them.

The causes of these constraints are several-fold and can be traced to factors which can be addressed directly by LOTFA's management, but largely comprise those which are outside their control. In this regard, there are problems in the reliability and predictability of cash flows from donors as well as poor commitment by the MOI to broaden the scope of LOTFA's capacity development work. Furthermore a proliferation of bilateral support in this sector and a lack of consensus on the strategic aspects of policing and police management and administration limit the opportunities to deliver major reforms. This in turn affects the ability of LOTFA to focus on a consistent set of responsibilities in supporting MOI and the ANP in planning and addressing their development priorities. This ongoing focus by donors on bilateral measures at the expense of multilateral initiatives undermines not only the Fund but the broader principles of donor harmonisation and raises rather than reduces the burdens on government. That donors do so is perhaps an indication of preferences to maintain greater control of security related interventions, given the wider political context of meeting the demands of their own domestic constituencies regarding their interventions in Afghanistan.

Nonetheless, our review suggests that there are some internal constraints to the capacity of LOTFA, in terms of the availability of skilled resources (and the pre-emption of staff to supporting earmarked activities) In addition, the TOR for LOTFA provide a narrower scope for the UNDP's role as the Fund administrator than suggested by other management documents. Given the considerable and urgent challenges still faced by the MOI and ANP in attaining institutional sustainability and improved performance, a wider role for LOTFA perhaps is warranted. Indeed, many commentators make this interpretation and suggest that LOTFA does not adequately address their expectations

The consequences of these negative perceptions and a limit to LOTFA's role are significant if not quickly addressed. In particular, the loss of credibility may threaten the Fund to unravel and persuade donors to take more bilaterally focused action and reduce national ownership of security and rule of law reforms.

The concluding finding, though, is cautiously positive, and the next Phase of the Fund has reprioritised its activities in recognition of some of the pressing issues in improving the performance of the police. Given the importance of its aims, LOTFA has the potential to be a key tool for development of essential government capacity in the MOI, if the constraints imposed by some of its design features and implementation approach are lifted. Achieving that potential is the aim of the actions considered next.

Finally in conclusion, the key evaluation lesson is that an intervention as significant as LOTFA, which touches on development, security and justice issues in a challenging “fragile state” context cannot be administered in a passive manner. Rather such interventions need close and active management.

1.3 Recommendations

Several recommendations to carry forward into LOTFA-V follow from our analyses. These are considered below:

- **LOTFA stakeholders should align themselves to a clearly articulated long term strategy for each of the Fund’s priorities with specified targets.** The limited support attained for non-salary and non-earmarked priorities needs to be addressed. While priorities and outputs are defined in the Project Document for LOTFA-V at a high level, these need to be translated into a more detailed multi-year strategy and targets for each priority, around which subsequent funding commitments can be built and outcome performance monitored. For the first time, the Project Document considers a two year budget, but work plans are still annual. It would be important to begin planning in a way that considers a longer term vision of administrative capacity and the step changes needed to attain it. This must be derived from a consensus view of Steering Committee members.
- **The role for LOTFA in relation to institutional development needs to be clarified.** It is clear there are divergent expectations about the role that LOTFA plays in relation to institutional development issues. This stems from the dichotomy between the requirements in the Fund TOR and the Project Document and Project Manager’s job description. These documents needs to be more closely aligned – either to specify that LOTFA has a wider role to play, or to strip down priorities to where the Fund has existing comparative advantages. These comparative advantages relate to salary payments (and associated payroll processes) and gender related support.
- **Develop a detailed template for Priority-based proposals:** The MSU should develop guidance for the MOI on proposal templates which are used as the basis for soliciting funding support. While submissions to the Steering Committee provide a clear (and costed) business case for proposals, it is evident that an action plan, as well as assessment of the long term financial implications of the proposal, (including a cash flow plan aligned with an action plan), are also needed. An appropriate template should reflect key outputs and priorities as agreed in the Project Document and set out in detail against each priority strategy statement, a more detailed scope of work, objectives, high level activities, timescales for implementation, milestones, resources, and highlight any synergies and dependencies. The priority-based proposals should be reviewed and signed off by the LOTFA Steering Committee at each quarterly review meetings as appropriate.

- **Review the MSU's professional and management roles:** The roles and responsibilities of the MSU management team should be reviewed and rationalised to reflect the priority needs of the Fund as a whole in line with the agreed role for the Fund administrator. Currently, the management resources appear unbalanced and overly focused on payroll related processing or supporting earmarked activities which are relatively small components of the Fund. If the Fund is to undertake a wider role in relation to institutional development, essential technical skills relating to the management and administration of policing need to be considered. Skills shortages are exacerbated by shortages of staff – vacancies should be addressed also.
- **Define counterpart arrangements for the MA that are independent of the National Director for LOTFA:** The framework for the MA function must not only ensure independent regular verification but build appropriate counterpart capacity in the MOI. Good practice would suggest that the department of the Inspector General of Police would be a preferred counterpart.
- **Increase level of communication about LOTFA's role:** Given the plethora of international cooperation partners in the security and law enforcement arena, it is critical that LOTFA ensures visibility for its work, to avoid duplication and exploit synergies. Although it is now represented on the Steering Committee for IPCB (and vice versa), and there is a greater effort being made by donors to attain coordination, there is still a need for continuous communications that take in stakeholders. Communication needs to be increased if buy-in and support from external stakeholders is to be increased and retained, especially where expectations among stakeholders of LOTFA's role and performance can easily diverge. (This includes providing supplementary communications that aim to provide clarity around financial reporting).

1.3.1 Preconditions for success

We have identified the following preconditions for success. Mainly they require actions that are outside the responsibility of the LOTFA team but are primarily Government and international partner responsibilities. The preconditions are:

- **Government commitment:** the Government of Afghanistan must sign up to addressing the key deficiencies relating to its commitments identified in this review. As the national owner the MOI must improve cooperation with LOTFA in relation to the institutional capacity building aspects. The key aspects of improving accountability in this regard will need to be imposed from the National Director. For this to be effective there needs to be ministerial concurrence.
- **Commitment of LOTFA donors:** the proposed reforms need to be naturally agreed by LOTFA's donors. In particular, even with UNDP's concurrence to these recommendations, it is important that donors are aligned. It is only by presenting a consistent basis for dialogue with the MOI that the donors will maximise the potential of LOTFA. In this regard, adherence to these recommendations should constitute part of the overall monitoring framework for LOTFA

To conclude our analysis, we consider that LOTFA has the potential to perform well – and needs to perform well. To facilitate this, we recommend that the Steering Committee

resolve to transform the delivery of the Fund along the lines above, and does so quickly as a means to safeguard the credibility of this important instrument.

2. Introduction

2.1 Background to the Report

This report (the “Report”) sets out the findings and recommendations of an evaluation (the “Evaluation”) of the performance of the *Law and Order Trust Fund for Afghanistan (LOTFA) Phase IV*, (the “Fund” or “LOTFA-IV”).

The Fund is an initiative jointly funded by several of Afghanistan’s development partners and administered by the United Nations Development Programme (UNDP). LOTFA was established in May 2002, and has been delivered through a series of sequential phases. In general, throughout its phases, the Fund has sought to cover the Government of Afghanistan’s (GOA’s) police related costs, particularly in relation to recurrent costs. In addition LOTFA aims to strengthen the capability of the MOI through a range of project based interventions. The key beneficiary institutions are the Ministry of Interior (MOI) and the Afghanistan National Police (ANP), which it administers. LOTFA-IV was designed to build on previous successive phases that have been implemented since 2002

LOTFA-IV comprised an estimated budgeted \$169 million per annum¹. This has been primarily funded by the United States, the European Commission, Canada, the Netherlands, Japan, Germany, United Kingdom, Switzerland, Finland, Australia and Italy. LOTFA-IV commenced implementation in April 2006 and was expected to run for 2 years, for the Afghan years 1385 – 1386, although a five month extension was made. This review thus considers work undertaken until end of August 2008 (1387).

Atos Consulting has been engaged by UNDP to undertake this review, and this report presents our appraisal of performance to date and recommendations for the future of the Fund². In this respect, LOTFA Phase V, commencing September 2008, has already begun to address concerns that the LOTFA Steering Committee has already identified through in the previous phase.

2.2 Objectives of Evaluation

UNDP’s project management framework requires an evaluation of the Fund to be conducted at the end of each phase, and as with other end-of-phase reviews, the evaluation of Phase-IV aims to assessing the effectiveness and impact of LOTFA in meeting its stated objectives.

Moreover, the evaluation aims also to provide lessons learnt and recommendations that can help improve the effectiveness of Phase V of LOTFA. As well as being valuable for UNDP in providing ongoing improvements to Phase V, it provides a basis for engagement with the international community to continue support to LOTFA.

¹ As forecast for April 2006 – March 2007 in the Project Document. The actual out-turn is reported in section 5.1.

² A recent performance review of LOTFA-IV was completed by the German Government in August 2008. This Report also builds upon that appraisal also, where a number of issues considered to be important going forward were identified.

The emphasis within the TOR is to provide a wide ranging framework for the evaluation work, summarily covering requirements to analyse various dimensions of LOTFA-IV, covering its:

- Relevance;
- Effectiveness;
- Efficiency;
- Impact;
- Sustainability; and
- Coordination and institutional arrangements.

The full terms of reference (TOR) for the evaluation are provided in Appendix A.

Whether the Fund generates significant impact is as much a function of the quality of the management and control systems and processes as it is of the design of the interventions. Our appraisal thus aims to provide a complete overview of performance, in terms of its inputs, outputs and likely outcomes.

2.3 Structure of Report

This report (the “Report”) is therefore the culmination of our work. The document is a draft which provides a basis for discussion of the potential way forward and will need subsequent finalisation on comment.

Chapter 3, which follows, describes the approach taken by us in developing our analysis. Chapter 4 sets the scene for LOTFA-IV, by outlining its objectives, activities and structure. The progress made by the Fund in both operational and financial terms, as well as changes that are already taking place are subsequently reported in Chapter 5. Chapter 6 is at the heart of our analysis of the Fund’s performance. The chapter examines the operational performance and puts it in the context of its future prospects and in terms of how it is managed and delivered. The Report concludes with Chapter 7, which sets out our conclusions and draft recommendations, for discussion. Finally, a number of appendices, which offer further illustration or supporting documentation to the main body of text, are provided.

3. Study Approach and Methodology

3.1 Approach

The appraisal in this Report is designed to provide an overview of LOTFA-IV's performance, in terms of its inputs, outputs and likely outcomes.

We acknowledge that the interventions supported by LOTFA have a long term focus and that an impact evaluation that has a short term appraisal horizon is therefore perhaps unrealistic. This is particularly so given the broader context of Afghanistan's capacity where institutions generally are still nascent and weak. The appraisal process therefore seeks to assess potential outcomes in this context. It focuses on the robustness of the delivery systems and management capacity as much as on its impact on its beneficiary stakeholders. It also gauges the continued relevance of LOTFA-IV in a fast changing institutional and political context. Therefore, whilst we cannot provide an opinion on whether the LOTFA generates conclusively significant positive impacts, we can offer a view on the likelihood of its probable success in the longer term.

To arrive at these opinions, our findings are premised on the following investigative approach:

- **Desk research:** comprising a literature review of LOTFA-IV related design documents, progress reports and other external materials that relate to policing performance in Afghanistan. This research also included summary assessment of other programmes and organisations that either interact, or have the potential to, with the activities of LOTFA-IV. (The documents reviewed are listed in Appendix B). In particular, the police are only part of the wider Rule of Law (ROL) framework. This broader framework needs to be effective also, if the police are to be seen as a credible mechanism for providing security and law enforcement.
- Detailed **interviews** with key Fund personnel, comprising implementing consultants from the LOTFA delivery management team in the Management Support Unit and relevant members of UNDP; and
- **Stakeholder consultation** with key management and administrative officials in the beneficiary institutions of the Government of Afghanistan; with other selected stakeholders amongst Afghanistan's international partners; and with civil society representatives. This stakeholder input was considered critical both as a means of gathering evidence and of building ownership of the findings and recommendations of the review (see the list of stakeholders at Appendix C). This consultation process also included provincial and district visits to enable us to gain a better understanding of implementation issues and performance of LOTFA-IV in areas outside Kabul. Visits to the police general headquarters in Kabul in the Ministry of Interior, and Regional Command (RC) headquarters for Kabul Police were also made. Visits were selected to give a broad sample, based on the following location-specific factors:
 - a) The aim was to cover stakeholders in at least 2 police RCs, covering both low threat and higher threat areas to assess the impact of LOTFA on funding policing, morale and community engagement, rule of law impact etc in a context that was

permissive towards traditional civil policing and in non-permissive environment where a counter-insurgency (COIN) emphasis would be more prevalent; and

- b) To assess whether remote locations would pose difficulties in delivering LOTFA resources.

However, security and logistical considerations for the review team were of overriding importance, which consequently curtailed the scope of sites visited³.

- **Assessment of comparative evidence** drawn from current and best practice, nationally and internationally in the use of development-oriented trust fund mechanisms and in police development elsewhere. These benchmark comparators or reference points are noted throughout this Report.

A number of qualifications need to be made in respect of this review. These are discussed below.

3.2 Qualifications to the Review

Our recommendations and conclusions in this report are subject to a number of assumptions and constraints:

- The field visit programme was limited in relation to the complexity of issues to be assessed and the scope of work defined in the TOR. Within the available time it was not possible to spend extended periods in interviews or consultations: on occasion, this may result in a high-level view although we have endeavoured to cover all the key issues;
- This is exacerbated by the security and associated logistical constraints, which limited the opportunity to assess the impact of LOTFA-IV in the field.
- There has been a high turnover of international staff associated with this Fund. Many of the personnel among Afghanistan's international cooperation partners are relatively new to their roles and are unfamiliar with many of the details of LOTFA. Consequently some interviewees could only offer a limited opinion of the Fund and its achievements.
- The review was critically dependent on the quality and timeliness of documentation and information made available to us by MOI, LOTFA and other organisations' staff. We have also relied upon the integrity of responses provided through interview. We cannot vouch for the veracity of this information, although we have attempted to cross-reference it where possible to improve its reliability. However, much of the statistical data provided have varied by source.
- Inevitably as the delivery of LOTFA is an ongoing, multi-phased initiative it will be difficult to attribute outcomes directly to just LOTFA-IV only.

³ Logistical and security difficulties however limited the scope of visits to just Parwan and Nangahar provinces, as well as Kabul Police. We have therefore relied on second-hand views from international and local security and law enforcement specialists regarding broader national issues in our analysis.

- A number of strong and often contradictory opinions on the performance of LOTFA were expressed by various stakeholders and commentators. This situation made the task of corroborating evidence more time consuming, as well as more critical, for ensuring the overall integrity of the report's findings.

4. LOTFA-IV Design, Approach and Objectives

4.1 LOTFA-IV objectives and targets

4.1.1 Objectives

Since 2002 UNDP has been assisting the Government of Afghanistan in rebuilding the police force of Afghanistan through a range of capacity building and funding interventions. LOTFA in particular was established by UNDP as an open multi-donor trust fund to cover “all reasonable costs associated with the start-up and operational needs of the police force”⁴. This was to be achieved by remunerating the Afghan National Police and reimbursing and funding police related activities that help to underscore the return to law and order across the country. An initial Project Document was signed on 3 December 2002 to serve as framework for the LOTFA funded activities, and as mentioned previously, LOTFA-IV was one of a series of successive renewals of the Fund, running from April 2006 (1385) until August 2008 (1387).

LOTFA-IV also serves to support the attainment of UNDP’s broader goals relating to fostering democratic governance, and addressing public sector reform and anticorruption as laid out in its Multi-Year Funding Framework (MYFF) for 2004-2007. Moreover, it is important to note, that while LOTFA extends to several phases, it is envisioned to be a finite mechanism: the Afghanistan Compact, co-chaired by the UN in 2006, 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 **outcome** defined for LOTFA-IV in the Project Document (as indeed for other phases) comprised the attainment of “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”⁵.

LOTFA Phase IV in particular had a range of priorities, against which a range of **outputs** have also been defined. These are illustrated in Table 4-1.

In addition to the requirements laid out in the Project Document LOTFA is also governed by a set of Terms of Reference developed in 2002, and subsequently amended in 2008 for Phase V. There is a difference between responsibilities for LOTFA as articulated in the TOR and what is described in the Project Document in Phase-IV (and indeed in Phase V). In particular, the TOR do not make specific reference to undertaking institutional development activity, whereas the LOTFA-IV Project Document suggests this possibility, albeit as the lowest priority for the Fund. Differences in interpretation have led to a divergence of expectations about the role of the Fund. Indeed, as illustrated in later sections of this Report, this is a recurring theme.

⁴ Annex II, *Project Document: Support to Law and Order in Afghanistan – Phase IV*, Islamic Republic of Afghanistan and United Nations Development Programme, 6th June 2006, clause 10, p.6.

⁵ Ibid., p.2.

Table 4-1: LOTFA priorities and outputs

Priority	Output (and scope of activities to be funded)
<ul style="list-style-type: none"> • Priority 1: Remuneration costs and payment of the police force. 	<ul style="list-style-type: none"> • Output 1: Improved integrity, reliability and image of police personnel and force. Scope of work: Improving capacity of the GOA to remunerate police pay promptly. This includes extending the computerised payroll system for full workforce coverage, enabling MOI to provide accurate and timely data to MOF for salary payments.
<ul style="list-style-type: none"> • Priority 2: Procurement, maintenance and operations of non lethal police equipment. 	<ul style="list-style-type: none"> • Output 2: Responsiveness, mobility, and visibility of the police force increased countrywide. Scope of work: Procurement of vehicles, radio equipment for police in the districts, as well as other equipment, and coverage of operational and maintenance costs, in accordance with the National Budget.
<ul style="list-style-type: none"> • Priority 3: Rehabilitation, maintenance and operations of police facilities; 	<ul style="list-style-type: none"> • Output 3: Increased efficiency and morale of the police force through improvement of their working and living conditions. Scope of work: Rehabilitation, reconstruction and maintenance of police facilities/buildings in accordance with the National Development Budget
<ul style="list-style-type: none"> • Priority 4: Gender orientation (selection, recruitment and training of police). 	<ul style="list-style-type: none"> • Output 4: Higher standards, a more competent and representative police force, promoted. Scope of work: Enhancement of procedures for recruitment and training of the police, particularly on improving ethnic and gender composition, facilitating the recruitment of women and developing awareness of human rights.
<ul style="list-style-type: none"> • Priority 5: Institutional development. 	<ul style="list-style-type: none"> • Output 5: The police force and the activities are better supported by the MOI. Scope of work: strengthening MOI with respect to financial and management of project activities and undertaking other reforms as envisaged in the current national budget.

Source: LOTFA Phase IV Project Document

As with earlier phases, payment of salaries was the key priority for Phase IV and un-earmarked contributions to LOTFA were to be applied to the reimbursement of Afghan National Police (ANP) remunerations via the national budget until annual costs are covered. Remaining contributions were then to be applied to the subsequent priority areas as determined by the MOI and as incorporated in the Interim Afghanistan National Development Strategy (IANDS) and reflected in the National Budget.

While generally open, LOTFA also allows earmarked bilateral contributions by donors to the extent that such funding is in accordance within the requirements of the National Budget and the five priority areas, and agreed in conjunction with the MOI and MOF.

An indicative budget of approximately \$169 million was estimated for the first year, and the UNDP recognised that achieving the Fund's aims would be highly dependent on the extent of the financial support from Afghanistan's international cooperation partners.

4.1.2 Targets and measuring performance

The **outcome indicator** has been defined for LOTFA as being “the extent, to which a fully constituted, professional, functional and ethnically balanced Afghan National Police and Afghan Border Police with a combined force of 62,000 will be strengthened and able to meet the security needs of the country effectively”⁶.

Furthermore, there is a series of **output indicators**, which aim to illustrate progress towards this outcome. These are illustrated in Table 4-2 below.

Table 4-2: LOTFA priorities and outputs

Output	Output indicators
<ul style="list-style-type: none"> Output 1: Improved integrity, reliability and image of police personnel and force. 	<ul style="list-style-type: none"> Number and percentage of verified police officers receiving individualised payment from MOF; proportion of payments received on time increased; measured improvement in the perception of the police in the population.
<ul style="list-style-type: none"> Output 2: Responsiveness, mobility, and visibility of the police force increased countrywide. 	<ul style="list-style-type: none"> Increase in the number of districts and units where the necessary transportation and communication equipment are available to the police; measured increase the number of police interventions (regular patrols, ad-hoc interventions, etc).
<ul style="list-style-type: none"> Output 3: Increased efficiency and morale of the police force through improvement of their working and living conditions. 	<ul style="list-style-type: none"> Number and percentage of provincial police headquarters and other relevant police facilities rehabilitated or rebuilt.
<ul style="list-style-type: none"> Output 4: Higher standards, a more competent and representative police force, promoted. 	<ul style="list-style-type: none"> Number of police personnel participating in human rights, gender awareness, and legal training; increase in the number of ethnic/geographic groups with relatively low representation, and of women, in the police force.
<ul style="list-style-type: none"> Output 5: The police force and the activities are better supported by the MOI. 	<ul style="list-style-type: none"> Increase timeliness and quality of work plans and activity and financial reports submitted by the Implementing Agency (MOI); Structural Reform of MOI implemented; specialised units newly created or substantially strengthened.

Source: LOTFA Phase IV Project Document

Despite providing a framework of indicators, the Project Document does not define targets against which to assess performance. Given the timeframe envisioned in the Afghanistan Compact for attaining a transformed national police this is potentially a key weakness in

⁶ Ibid., p.2.

ensuring its alignment with the Compact goal⁷.

However, one concrete target is alluded to in the Project Document. By the end of Phase III, the Electronic Payroll System (EPS) for police remuneration funded by LOTFA had been rolled out to 14 provinces in Afghanistan. LOTFA-IV planned to extend coverage of the EPS to all 34 provinces by its conclusion⁸.

4.2 The delivery management and oversight framework

Rebuilding the national civilian police force for national security and recovery and represents one of the Government's highest priorities, and consequently LOTFA requires considerable visibility at the highest levels of government. Given its potential broad impact on state-building, fiscal stability and security, it also requires considerable inter-ministerial coordination. In addition, as activities under LOTFA are delivered under a National Execution (NEX) modality, GOA retains overall responsibility. These concerns are reflected in its governance arrangements and management responsibilities. As designed, LOTFA benefits from the following structural features:

- A **Steering Committee**, which provides overall leadership to the Programme. The Steering Committee engages the executive stakeholders in the Fund and provides a quarterly review and management oversight mechanism;
- The **Implementing Agency** is the MOI supported by a **Management Support Unit** (MSU), reporting to the Steering Committee, with responsibility for implementation of LOTFA's components. In turn the MSU comprise professional non-state resources who undertake tasks that cannot be handled by the existing Government mechanisms with a view to strengthening GOA capacity, and transferring skills to the relevant Government counterparts;
- As well as the acting as the **Fund manager** responsible for managing the flow of funds from UN accounts to the MOF via the MSU, UNDP's role in LOTFA is primarily focused on the coordination and liaison of stakeholders, reviewing work plans and reports and monitoring of expenditures. UNDP also provides the support services delivered by the MSU; and
- Addressing cross-cutting issues is also reflected at the operational level. The Implementing Agency is responsible for coordinating with other government and donor interventions and drawing in other **Implementing Partners**. Chief among these is the MOF for the purpose of reimbursement of National Budget expenditures and the individualised payment to police personnel.

In addition to the designed governance arrangements, during the course of implementation a **Donor "Small Group"**, comprising the major financial contributors to

⁷ Whether the Compact vision for the police in Afghanistan is realistically attainable by 2010 is a separate issue. Of concern here is that LOTFA-IV does not provide an adequate "top-level" performance management and monitoring framework with which to manage and assess progress. Targets are however defined in Annual Work Plans and reported in quarterly and annual management reports. The Phase V Project Document focuses on alignment with ANDS rather than the Compact.

⁸ Ibid., clause 8, p.5.

LOTFA as well as UNDP and MOI, was established. This aimed to allow for more detailed discussion of operational and strategic issues on a more frequent basis than the more formalised Steering Committee process permits.

4.3 Design assumptions and risks

Only a limited set of assumptions and risks underpinning the LOTFA-IV design were identified in the Project Document. These include:

- As indicated previously, there is an assumption of donor funding. In addition there is an assumption that the appropriate capacity will be built within the MOI, and that the required implementing partners are available to carry out specific activities.
- The key risks to successful implementation were expected to be:
 - delays in the implementation of measures to improve the payment systems for the police, resulting in unreliability of the police force and potentially threat the achievement of the outcome;
 - insufficient transparency or accountability of expenditures and payment mechanisms under the project, resulting in the lack of donor confidence and lack of donor funding, which would immediately impact on the ability of the project to produce the required outputs; and
 - insufficient ownership by, and capacity building at, the designate institution, resulting in lack of sustainability of results and increased dependency of the national institution to external support.

5. Progress to Date

5.1 Summary allocation of resources

5.1.1 Funding commitments and disbursements

Table 5-1 shows the financial resources mobilised for LOTFA-IV by donors. Fifteen donors have contributed to the Fund over this Phase, providing approximately \$306 million. This represents a major increase in both annual funding and diversification of sources compared to previous phases of LOTFA⁹.

Table 5-1: Donor resources (\$) for LOTFA-IV 1st April 2006 – 31st August 2008 (1385-87)

Donor	Opening balance	Contributions by 31 st Aug 2008		Contribution balance	Expended by 31 st August 2008	Balance at 31 st August 2008
		Committed	Received			
USA	9,369,767	120,000,000	120,000,000	-	128,276,448	1,093,319
European Commission	490,513	90,700,710	90,700,710	-	90,213,396	977,827
Canada		38,945,597	38,945,597	-	39,107,406	(161,809)
Netherlands		25,111,712	25,111,682	30	25,111,681	1
United Kingdom		8,830,904	8,830,904	-	8,754,991	75,913
Germany		9,537,468	9,537,468	-	9,537,467	1
Japan		6,000,000	5,999,950	50	5,999,950	-
Finland	146,885	3,623,157	2,885,695	737,462	2,521,770	510,810
Australia		1,550,388	1,550,388	-	1,550,388	-
Italy		1,474,926	1,474,926	-	1,414,427	60,499
Switzerland	968,485	1,030,000	1,030,000	-	1,602,063	396,422
Iceland		100,000	100,000	-	100,000	-
UNDP		63,380	63,380	-	63,380	-
Latvia		20,000	20,000	-	20,000	-
Norway	468,022				188,046	279,976
Total¹⁰	11,443,672	306,988,242	306,250,700	737,542	314,461,413	3,232,959

Source: UNACT data provided by LOTFA Management Support Unit, 26th January 2009.

The contributions from international partner countries varied substantially, with the six largest contributors having provided more than 95% of the funding. This group are also key partners for security support for Afghanistan providing military and law enforcement resources. In particular, the United States, Canada, the Netherlands and the United Kingdom are committed to strengthening security in the most volatile regions of Afghanistan. This is primarily through military means, while Germany and the European Union have a broader remit to support police reform in Afghanistan through bilateral and multilateral police assistance teams respectively¹¹.

While generally donors have allowed a flexible use of their resources, several donors

⁹ LOTFA-III had eight donors and received \$86.85 million over 1384 (April 2005 – March 2006).

¹⁰ There are minor rounding errors in the totals given in columns 3, 5 and 7 in relation to the UNACT data supplied.

¹¹ The German Police Advisory Team and EU Police Mission in Afghanistan (EUPOL) focus on establishing sustainable and effective civilian policing arrangements.

earmarked the funds they provided. This includes funds given by Finland and Norway for construction activity and Switzerland for gender and for development of the EPS. As section 5.1.2 below shows, the Fund has been used mainly to finance the Operating Budget of the Government of Afghanistan (particularly in relation to payment of police salaries and allowances), with some minimal contribution to the Development Budget. Salaries and allowances are reimbursed in arrears against MOF payment requests and expenditure reports. UNDP applied a 3% General Management Support (GMS) fee to cover administration of the Fund, which is also reflected in the table in the next section.

Although not captured in the Table 5-1, receipts from donors have somewhat lagged their commitments over the course of the Phase. However, by the end of Phase IV only a small balance was still owed, as reflected in column 5 in the table above. The table indicates that overall there has been a minor under-utilisation of the funds received. This underspend is approximately \$3.23 million before allowing for final adjustments due to GMS charges which had not yet been applied at the time the table was compiled¹². In turn, Table 5-2 in the next section, which details LOTFA-IV expenditure, shows expenditure amounted to \$316.13 million, implying a residual balance to be carried forward as at end August 2008 of \$1.56 million. Again, this is expected to be revised downwards to reflect GMS charges that still accrue and have not yet been reported within the UNDP's Atlas enterprise resource planning (ERP) system.

We note that during the course of LOTFA-IV queries have been raised by some commentators regarding discrepancies in data reported in quarterly reports vis-à-vis annual reports¹³. Our analysis of these reports also suggests there is considerable *prima facie* scope for confusion. While any concerns over financial data are satisfactorily resolved in the end of year and end of Phase reconciliations this issue does suggest that commentaries provided in quarterly financial reports need to offer greater clarification, especially to the casual reader¹⁴. The problems in this regard derive from timing of cash flows and the use of cash-based accounting methods – which result in variances being reported depending on when reports are produced, and the source of data. As indicated above, end of year reports provide accurate reconciliations, but a lack of familiarity with the financial reporting approach can lead to misconceptions around LOTFA's financial performance and thus pose a risk to credibility.

¹² GMS is charged quarterly in arrears, and is thus not fully reflected in column 8 of Table 5-1.

¹³ Specifically, these have been highlighted in a recent review of LOTFA-IV by GTZ on behalf of the German Government (*Analysis of the Institutional Settings of the Law and Order Trust Fund*, Study by GTZ-PIU Kabul, August 2008). This report points out a \$22 million transfer to the MOF to reimburse police salaries and allowances in May 2007 which potentially has been counted twice in 1386 and 1387 financial reports.

¹⁴ For example, data presented at the most recent LOTFA Steering Committee (*LOTFA progress report to Steering Committee*, 18th November 2008) shows that nearly \$47.38 million was carried into 1387 from 1386 (31st March 2008). In contrast, the opening balance for 1387 calculated from Table 5-2 is \$62.95million.

5.1.2 Activity-related budgets and expenditures

Table 5-2 overleaf provides a breakdown of LOTFA budget and expenditure by activity for the period April 2006 (1385) to August 2008 (1387).

Table 5-2: LOTFA-IV Budget and expenditure 1385-86 and April-Aug 1387, by activity, (US\$ million)

Activity	Budget 1385 (2006/7)	Expenditure 1385 (2006/7)	Budget realisation 1385 (2006/7)	Budget 1386 (2007/8)	Expenditure 1386 (2007/8)	Budget realisation 1386 (2007/8)	Budget 5 mths 1387	Expenditure 5 mths 1387	Budget realisation 5mths 1387	Budget Project to end Aug 2008	Expenditure Project to end Aug 2008	Budget realisation Project to end Aug 2008
Activity 1: Police remuneration <i>% of total</i>	112.70 93.02%	96.00 95.91%	85.18%	188.24 95.09%	140.86 96.21%	74.83%	66.72 93.55%	66.72 95.82%	100.00%	367.66 94.17%	303.58 96.03%	82.57%
Activity 2: Procurement <i>% of total</i>				0.13	0.13	100.00%	0.00	0.00		0.13 0.03%	0.13 0.04%	100.00%
Activity 3: Construction <i>% of total</i>	0.74 0.61%	0.21 0.21%	28.12%	0.88 0.45%	0.01 0.01%	1.36%	0.87 1.22%	0.00 0.00%	0%	2.49 0.64%	0.22 0.07%	8.82%
Activity 4: Gender mainstreaming <i>% of total</i>	0.73 0.60%	0.01 0.01%	1.08%	0.94 0.48%	0.19 0.13%	20.54%	0.75 1.05%	0.19 0.27%	25.25%	2.42 0.62%	0.39 0.12%	16.15%
Activity 5: Project staff & support <i>% of total</i>	2.21 1.8%	0.41 0.4%	18.74%	1.21 0.6%	0.43 0.3%	35.50%	0.61 0.86%	0.41 0.59%	67.60%	4.03 1.03%	1.26 0.40%	31.20%
Activity 6: Electronic payroll system <i>% of total</i>	1.17 0.96%	0.50 0.50%	42.95%	0.47 0.24%	0.30 0.20%	62.85%	0.18 0.25%	0.16 0.23%	90.67%	1.81 0.46%	0.96 0.30%	52.73%
Activity 7: Audit & evaluation <i>% of total</i>	0.07 0.06%	0.00 0.00%	2.90%	0.16 0.08%	0.10 0.07%	62.30%	0.06 0.09%	0.06 0.08%	93.43%	0.29 0.07%	0.16 0.05%	55.13%
GMS <i>% of total</i>	3.55 2.93%	2.96 2.96%	83.53%	5.93 3.00%	4.39 3.00%	74.02%	2.14 3.00%	2.09 3.00%	97.71%	11.61 2.97%	9.44 2.99%	81.28%
Total	121.15	100.09	82.62%	197.97	146.41	73.96%	61.22	20.16	97.62%	390.44	316.13	80.97%

Source: LOTFA-IV Annual reports (1385 -1386) and UFACT data provided by LOTFA Management Support Unit, 26th January 2009.

In the table activities 1-4 broadly correlate to priority and output requirements 1-4 specified in the Project Document whereas activity 6 reflects the institutional development aspect (priority/output 5) of the Fund. Over 95% of the resources have been applied to reimbursement to the MOF for police salaries and allowances.

Table 5-2 indicates a total LOTFA-IV budget of \$380.34 million till end August 2008 and expenditures of \$316.13 million for the period. While this implies an overall underspend of around 19% compared to total budget, it is in fact an unrealistic picture, which is a result of cash-based reporting. Rather the data needs to be understood at a disaggregated level.

In particular, although we have presented a consolidation of the periodic (ie annual and final 5 month) budgets for LOTFA-IV, in reality budgets constantly have to be revised in light of the resources that are actually made available by donors each time period. Thus the budget numbers include not only the annual requirement but also acknowledge any cash balances. This systemic issue is also reflected in the annual planning process. There are variations between the resources estimated in annual Work Plans prepared for the Fund and that presented in the annual reports; e.g. the Work Plan for 1386 provided to the Review Team estimated a requirement of around \$189.60 million whereas Table 5-2 indicates a budget of \$197.97 million for this period. The variations occur across all the budget lines. Again, we stress the differences between management reports and the annual Work Plans need to be understood in relation to the reporting requirements of the UN's Atlas system, against which LOTFA managers are required to budget on the basis of known cash balances and yearly requirements rather than on a yearly accrued basis. This leads to annual budgets which do not reflect actual project requirements for the year presented and which differ according to when produced.

In this respect, the budget utilisation levels are higher than that suggested by Table 5-2. This is especially the case with Activity 1, where, rather than the under-utilisation suggested by the table, total budget utilisation for this activity for the whole of Phase IV is close to 100%.

The fact that there are often cash balances in excess of yearly requirements is that financial flows from donors have lagged commitments and salary expenditures by the MOF. This is examined further in section 5.1.3 below. The cash position is complicated by the fact that planned expenditures occasionally have been affected by wider decisions affecting policing which has caused variances between yearly budgets and reported expenditure. For example the variance in remunerations for police, particularly between 1385 and 1386, is that an increase in the tashkeel for the ANP, from 62,000 to 82,000, was agreed by the Joint Coordination & Monitoring Board (JCMB) of the IANDS. Furthermore a salary increase for Afghan National Police (ANP) to match pay rates that apply within the Afghan National Army (ANA) was sanctioned at that time. Additionally, for 1385, there were delays in implementation of the Pay and Rank Reform (PRR) efforts in the MOI and a slower than expected rate of recruitment for police patrolmen which affected that year's out-turn.

For development expenditures made by LOTFA, the MSU indicates the budget utilisation data in Table 5-2 is more reflective of performance, although the exact percentage utilisation may differ from that presented. The lower level of budget execution against development activities is not atypical of development programmes in fragile countries where absorptive capacity is weak. In particular, it mirrors experience in other trust funds, projects and public finances in general in Afghanistan where expenditures relate to the

development of institutional capacity in sectors where little presently exists¹⁵.

While absorptive capacity of the GOA is a potential factor, donor fund flow problems faced by LOTFA are significant also in constraining the level of implementation that can be achieved. As mentioned above, this is examined further in the next section.

In summary, cash based budgeting and reporting, as well as decisions on reform that substantially impact on financing requirements, make it difficult to quantitatively assess the financial planning efficiency of LOTFA. However, it should be noted that LOTFA honoured pay related commitments to the MOF on behalf of the MOI. Thus, despite the significant variation in budget execution that exists among many of the budget lines, adjusting for a full reconciliation of salary related expenditures against budget over the life of LOTFA-IV would indicate overall budget utilisation for the Phase is likely to be in excess of 95%.

Finally, commentators have suggested that remuneration of police salaries should reflect a high degree of predictability, and that LOTFA has not performed well in this regard¹⁶. However, the difficulties in budgeting shouldn't be under-estimated as in practice the level of predictability in salary cash flows is actually quite low. As well as examining yearly planning data, we have reviewed quarterly expenditure statements and reimbursement requests from MOF¹⁷. While the period covered is influenced by the events relating to tashkeel changes and PRR effects described above, the overall standard deviation in payroll costs from the mean quarterly expenditures for the period is nonetheless very high and does not accord with the wider performance on predictability achieved across Afghanistan's National Operating Budget¹⁸. This would suggest the budget planning process within the MOI and MOF requires a more sophisticated approach than perhaps has been applied to date.

5.1.3 Cash flow

Table 5-3 indicates the budgeted and actual outlays for LOTFA for 1385-1387 as provided by the MOF. As this data relates to financial flows through the National Budget and payment systems, the table illustrates only reimbursement of police salaries and allowances, with a total expected outlay of \$189.37 million for the year presented¹⁹.

¹⁵ The most recent Public Expenditure and Financial Accountability (PEFA) assessment for Afghanistan carried out at the end 2007 indicated that the operating budget is credible but the gap between the budget and realisation remains significant in the development budget expenditures. Overall, the variation of budget expenditures between realisation and budget was less than 10% in 1385. For development budget expenditures the variation is more than 40%. (*Afghanistan, Public Financial Management Performance Assessment*, UK Department for International Development and the World Bank, June 2008, pp. 1- 2). One of the factors in relation to absorptive capacity is the lack of willingness on the part of MOI to address institutional development. This is examined further in section 6.

¹⁶ *Analysis of the Institutional Settings of the Law and Order Trust Fund*, op.cit., p. 21

¹⁷ MOF quarterly statements and payment requests sent to LOTFA for the period 1385 – Q2 1387.

¹⁸ Standard deviation, σ = \$15.97 million compared to a mean of \$33.24 million per quarter.

¹⁹ The LOTFA Steering Committee approved an increase in pay for the police during its meeting of 18th November. This is not reflected in 1387 budgeted expenditure either in Table 5-2 or in Table 5-3 overleaf.

Table 5-3: MOF budget for LOTFA 1387 (US\$ '000) vs actuals

Period (quarter)	Budget	Advance required	Receipts	Due in each quarter	Surplus /(Deficit)	Actual Expend.
Q1 (Apr-Jun 08)	37,404	38,250		38,250	(38,250)	37,404
Q2 (Jul-Sep 08)	50,465	38,250	35,469	37,404	(40,185)	52,323
Q3 (Oct-Dec 08)	51,000	38,250	30,633	50,465	(60,017)	
Q4 (Jan-Mar 09)	50,500	38,250		63,250	(123,267)	
Total 1387	189,369	153,000	66,102	189,369		

Source: Ministry of Finance, Government of Afghanistan, November 2008.

The table highlights a funding cash flow deficit which is likely to impact upon perceptions of LOTFA's performance going forward. This indicates that cash flow problems that have existed in LOTFA-IV are likely to escalate in LOTFA-V, with a deficit of approximately \$60.02 million expected as at the end of Q3 in 1387. The report for the first quarter of 1387 provides an antecedent: stating that "available resources permitted the release of USD 21 million out of the USD 37.9 million requested by the MOF for expenditures incurred during the quarter"²⁰. A shortfall in funding was also experienced in 1385, and reported in 1386. In contrast, the Project Document mandates that the Fund can provide a quarterly advance to the MOF²¹.

A factor in the shortfalls was the imposition, in 1386, of conditionality in EU funding which resulted in transfers being delayed. In particular, the EU sought to reimburse salary expenditures only where AFMIS expenditure data could be reconciled with EPS. Although this condition was withdrawn when UNDP offered to set up a pay verification system to address this issue, this has had a knock on effect on payment schedules overall. Indeed, fund flow in general from donors has been erratic over the life of LOTFA-IV.

Feedback from MOF suggests that this lack of predictability in transfers from LOTFA to it is hampering its ability to meet its wider budgetary commitments. In particular, proposed projects which were to be funded from the National Development Budget are being deferred or cancelled in order to allow MOF to honour salary obligations to the police.

The MOF contrasts the disbursement performance of LOTFA with that of the US Department of Defense which pays Afghan military salaries, and the World Bank administered Afghanistan Reconstruction Trust Fund (ARTF) which pays non-security sector government salaries. ARTF in particular prioritises funding the recurrent costs of government and aims to ensure that payments are made in a timely manner to ensure salaries are paid on time. ARTF thus provides a \$50 million float for this and other purposes²². The US Department of Defense pays monthly in arrears, with a lagged

²⁰ *Quarterly Project Report (1st Quarter, 1387) op.cit.*, p.5..

²¹ LOTFA-IV Project Document, op.cit. p.10. There have been periods during Phase IV where sufficient funding has existed to allow advances to be paid to the MOF, for example Q4 1385 (as reported to the Steering Committee for the period).

²² Taken together, MOF considers that at least a \$25 million float – approximately 1.5 times the monthly salary bill (for non-military employees, predominantly comprising police and teachers) is needed to ensure that salary commitments at a provincial level can be met.

payment cycle of 45 days. The MOF asserts that LOTFA is the only major contributor to government salaries that has proved erratic in implementing transfers²³. The funding gap is exacerbated by the high variation in quarterly payroll expenditures.

The LOTFA team, and indeed the UNDP Country Director, has regularly sought to address this problem through ongoing requests to its donors through the framework of Steering Committee and Donor Small Group meetings. Despite requests for buffer resources, as exist with ARTF, donors have yet to agree any mechanism to ensure a reliable cash flow to the Fund.

In conclusion, LOTFA-IV appears to have diversified its financial resource and increased its absolute support to a range of activities that reflect its output requirements. However, an examination of funding, budget and expenditure performance suggests that there are potentially areas for improvement. These include in resource appropriation, where there continues to be a reliance on the US and EU (together providing approximately 69% of resources) and problems with cash flow predictability. Also, while the Fund has worked across a number of output areas, the share of non-salary reimbursement activities has been small, with little donor contributions available for them. Given the prioritisation approach applied to use of funds, it is not surprising that LOTFA-IV has naturally been constrained to primarily addressing the salary reimbursement aspects. As will be discussed in more depth in our analysis in section 6, issues over finance is a theme reflected in feedback from several key stakeholders. In particular, the inability of donors to offer predictable cash transfers and long term commitments impacts adversely on planning Fund activities.

5.2 Status of activities funded by LOTFA-IV

What follows in Table 5-4 is a concise summary of the progress of LOTFA-IV relative to the objectives expounded in the Project Document. It focuses on reporting against the attainment of outputs within each of the priority areas and draws upon a much more detailed exposition of progress given in various LOTFA-IV annual and quarterly progress reports. While performance targets are absent in the Project Document, these have been

²³ Despite the MOF's assertions, the level of arrears is perhaps not always as severe as it indicates. Correspondence from LOTFA to MOF suggests that at times transfers have included advances as well as reimbursements.

defined in annual Work Plans, and we therefore include these here also as appropriate²⁴.

²⁴ A Work Plan for 1385 (April 2006 – March 2007) was unavailable. We therefore report on 1386 and 1387 only, depending on where targets have been defined. The Work Plans sometimes do not adequately differentiate between outputs, activities and benchmarks. We have therefore made a judgement on these and adjusted them for presentation in the table.

Table 5-4: Progress against outputs and priorities

Priority/Output	Output Indicators / Target	Progress
<p>Priority 1: Remuneration costs and payment of the police force.</p> <p>Output 1: Improved integrity, reliability and image of police personnel and force.</p>	<p>Indicators: Number and percentage of verified police officers receiving individualised payment from MOF; proportion of payments received on time increased; measured improvement in the perception of the police in the population.</p> <p>Target: 60% coverage of personnel in EFT by end Q2 1387 (Sept 2008). However, this is a target specified in the LOTFA-V Project Document.</p> <p>Target (Q2 1387): Implementation of EPS in 34 provinces</p>	<p>This comprises remuneration of salaries and eligible allowances as made by the Ministry of Finance to the police forces of Afghanistan. During LOTFA-IV the eligible allowance was determined to be for the provision of food, as payment in kind. Other important issues relating to salary-related payments were resolved during the course of the Phase, notably in relation to severance and payment of salary arrears, and special incentives for female recruits. All salary payments are processed through the established government payroll system and distributed through provincial cashiers of Da Afghanistan Bank (the central bank), or electronically to individual bank accounts of staff through the commercial banking system. LOTFA has assisted in enhancing this payment process by:</p> <ul style="list-style-type: none"> • Financial and technical support for the introduction and maintenance of an Electronic Payroll System (EPS), which contains personnel data for verified police personnel who have been issued with registered ID cards; and • Providing coordination, information and analysis of personnel and payroll data for an Electronic Fund Transfer (EFT) system. The EFT facilitates remittance of salaries to individual bank accounts of police personnel who are recorded on the EPS. <p>By the end of LOTFA-III police salaries and allowances were being reimbursed in all 34 provinces of the country, and LOTFA-IV continued to provide this national coverage. During 1385, despite payroll costs amounting to \$100.69 million only 95% of this (see Table 5-2) of this was reimbursed. This represented the limit of LOTFA-IV commitment to the MOF for that year. During 1386 the reimbursement rate was approximately 99% (there is a difference recorded by MOF and LOTFA of \$1.09 million). By end August 1387, the reimbursement rate was expected to be approximately 100% of expenditure, although as discussed in section 5.1 above there are issues relating to the timeliness of cash flows that affect this statistic. Although there have been cash flow problems, given the fungibility of financial assets, the MOF has continued to pay salaries from other resources.</p>

Priority/Output	Output Indicators / Target	Progress
		<p>The headcount being reimbursed, (as reflected in personnel records of the HR department of MOI), was around 72,470 at the end of 1385 (comprising both regular and ancillary forces). By August 2008, the headcount as recorded by the HR department of MOI was 78,249. The veracity of this data is disputed by many commentators, and continues to be a source of fiduciary risk.</p> <p>In contrast, the EPS provides a high degree of assurance of workforce numbers and a measure of control on payments (and any salary deductions). By August 2008 coverage comprised: 60,830 or 78% of the personnel recorded²⁵. (As at 12th January 2009 this further extended to 76,343 personnel or 97% coverage)²⁶. However, the EPS was not universally adopted by all provinces by the end of LOTFA-IV. As at August 2008, although implemented in all 115 payroll stations across 47 reporting units, 6 units were still not using EPS to report payroll data. By November 2008 the non-compliance fell to 4 units²⁷. Although full compliance was achieved by end Dec 2008, there are concerns over the quality of HR data attained from eight provinces²⁸.</p> <p>A further risk of leakage to that suggested by unreliable HR data occurs where personnel are not paid electronically through the EFT while police morale and performance can be eroded due to poor timeliness of payments as well. In turn, the EFT provides a mechanism for payments to reach intended individual payees in a timely manner.</p> <p>33,137 police personnel (or 42% of the HR recorded staff) received their salaries by EFT in August 2008. By early in LOTFA-V (January 2009), this number stands at 45,229 (or 58% of HR recorded staff). Police in 20 reporting stations did not receive payments via EFT at all by end of LOTFA-IV. This has been where commercial banks have yet to extend their presence.</p>

²⁵ EPS Report as of 7th September 2008, LOTFA 2008, provided in Appendix F.

²⁶ EPS Report as of 12th January 2009, LOTFA 2009, provided in Appendix F.

²⁷ Data as at 5th November 2008 presented in *LOTFA presentation to Steering Committee meeting*, 18th November 2008, op.cit.

²⁸ EPS Report as of 12th January 2009 (Appendix F), see footnote 3 therein.

Priority/Output	Output Indicators / Target	Progress
		<p>Monitoring performance of this payment framework is a key role for the LOTFA management team. Consequently, monitoring teams, comprising staff from UNDP, the MSU for LOTFA, MOF and MOI, conducted 10 monitoring visits in each of 1385 and 1386 to various provinces to assess:</p> <ul style="list-style-type: none"> • Whether the salaries are paid on timely basis and that police personnel receive the full amount for which they are eligible; and • The performance of the EPS and compliance with Afghan Government procedures, including assessing reconciliation of financial records between the Police Finance Department (PFD) and the Mustafiats. <p>Random interviews were conducted with policemen of different ranks. In addition personal files of police were also checked on a random basis. Furthermore, finance and logistic departments were visited with their records reviewed on a sample basis.</p> <p>Generally such missions provided positive reviews, although it is evident that both analytical rigour and the coverage of provinces were constrained by time and security issues among others. Indeed, the LOTFA Steering Committee has deemed this level of monitoring insufficient in relation to the potential fiduciary risks in the Project. UNDP has therefore proposed providing a more comprehensive framework (by procuring an external monitoring agent) for LOTFA-V.</p> <p>A lack of confidence in the assurance process and the reliability of the payroll also led one LOTFA donor, the European Commission, to demand the application of conditionalities (later relaxed) to continued financial support.</p>
Priority 2: Procurement, maintenance and operations of non lethal police equipment.	Indicator: Increase in the number of districts and units where the necessary transportation and	<p>During 1386 a vehicle was supplied. No other LOTFA resources were available for funding this Priority.</p> <p>As with Priority 3, assets (both lethal and non-lethal) are funded bilaterally. The United</p>

Priority/Output	Output Indicators / Target	Progress
Output 2: Responsiveness, mobility, and visibility of the police force increased countrywide.	communication equipment are available to the police; measured increase the number of police interventions (regular patrols, ad-hoc interventions, etc.). Target (1386): Procurement of one armoured car for MOI.	States, through CSTC-A is the biggest contributor in this regard, providing approximately \$2.523 billion in 1386 to MOI in terms of support through the External Development Budget (i.e. not through the Government's Treasury Single Account) ²⁹ . This funding includes for police facilities.
Priority 3: Rehabilitation, maintenance and operations of police facilities Output 3: Increased efficiency and morale of the police force through improvement of their working and living conditions.	Indicators: Number and percentage of provincial police headquarters and other relevant police facilities rehabilitated or rebuilt. Target (1386 and Q2 1387): Commencement of a multipurpose sports facility for Kabul police.	Construction of a police gymnasium to serve personnel in Regional Command Kabul commenced during 1387. To date, most police infrastructure assets that have been built in Afghanistan have been done so by other means – bilaterally by donors through PRTs and other projects, (eg. historically, Afghanistan Stabilisation Programme), with CSTC-A being the largest contributor. During 1387 proposals have started to be invited from Police Regional Commands for funding of construction of facilities by LOTFA. However, proposals have been forthcoming.
Priority 4: Gender orientation (selection, recruitment and training of police)	Indicators: Number of police personnel participating in human rights, gender awareness,	A structured gender programme was put together with Swiss Government funding to focus on recruitment of 300 policewomen during LOTFA-IV; establishment of a Gender Mainstreaming Unit (GMU); a statistical framework for monitoring and evaluating gender issues; and extending pilot Family Response Unit into new areas.

²⁹ 1387 National Budget, Ministry of Finance, Government of Afghanistan, p.140.

Priority/Output	Output Indicators / Target	Progress
<p>Output 4: Higher standards, a more competent and representative police force, promoted.</p>	<p>and legal training; increase in the number of ethnic/geographic groups with relatively low representation, and of women, in the police force.</p> <p>Targets: <u>1386</u> Recruitment of 100 female police; Gender Mainstreaming Unit at MOI established.</p> <p><u>Q2 1387</u> Recruitment of 200 female police; Two staff of Gender Mainstreaming Unit able to organise and conduct workshops. Repair of 3 Family (violence) Response Units (FRUs).</p>	<p>In 1385, an independent Gender Mainstreaming Unit was established in MOI, with female management resources and a programme of gender-focused interventions. There are two key components of work, covering (i) female recruitment; and (ii) gender mainstreaming.</p> <p>With a base of 232 women in 1385, a net gain of 182 new female police personnel was attained in 1386, after allowing for staff attrition. While positive, this gain has been among <i>satanman</i> (non-commissioned officer) and <i>sarbaz / satonki</i> (soldier/patrolman) ranks whereas there have been net losses among <i>saran</i> (officer) ranks. A further 278 women were recruited during 1387 (as at 18th November 2008), however a net loss of 189 also characterised this period. Total female resources as at this date comprised 503³⁰.</p> <p>The GMU has undertaken a number of activities over the period, covering promotion and support for recruitment activity (and provision of incentive pay for completion of training on recruitment) as well collection and analysis of gender-related data in the police force. The GMU has also advised the MOI on issues facing female personnel.</p> <p>5 FRUs received logistical support during the period, and several were assisted with renovation costs.</p>
<p>Priority 5: Institutional development.</p> <p>Output 5: The police force and the activities are better supported by</p>	<p>Indicators: Increase timeliness and quality of work plans and activity and financial reports submitted by the Implementing Agency (MOI); Structural Reform of</p>	<p>By the end of Phase III, EPS had been deployed in 14 provinces following its development and deployment within the MOI. In Kabul. The aim in Phase IV was to ensure roll-out to the remaining provinces while building commensurate financial and project management capacity within MOI. EPS implementation comprises: the provision and installation of hardware and EPS software; development of computerised payroll data; generation of a</p>

³⁰ LOTFA presentation to Steering Committee meeting, 18th November 2008, op.cit.

Priority/Output	Output Indicators / Target	Progress
the MOI.	<p>MOI implemented; specialised units newly created or substantially strengthened.</p> <p>Target (1386): Installation and deployment of EPS in 14 districts of Kabul and Daykuni.</p> <p>Target (Q2 1387): Implementation of EPS in 34 provinces (as listed against Output 1)</p>	<p>monthly payroll; and training of EPS operators.</p> <p>During 1385, EPS coverage extended to provincial police HQs in 33 out of the 34 provinces of Afghanistan and, within the MOI and Kabul Police Regional Command, was installed in 65 financial stations. During 1386, all 115 financial stations of the MOI nationwide were covered. At least 344 MOI/police staff, (primarily EPS operators) had been trained (including refresher training for many) on EPS operations by end Q1 1387. As a result EPS reports were being produced and submitted in a timely manner by all but 4 provinces by the end of the Project period. LOTFA also supported funding of internet and e-mail resources for the MOI to allow electronic uploads of EPS data by provincial stations where possible.</p> <p>It has not been possible to assess the quality of training in this evaluation. It is not clear whether an evaluation framework exists for this training that considers training needs analysis or post-training feedback to assess effectiveness and continuity of trained personnel in their roles – anecdotal and published evidence suggests some operators have been transferred into other administrative functions once trained³¹.</p> <p>Furthermore targets have not been defined for the quality of plans and reports. While payroll reports are generally timely, we note the inability of MOI to independently prepare broader (non payroll) budgets. The emphasis in capacity building to date has been entirely on strengthening EPS operations and payroll processing. Improving financial planning generally needs to be done (and indeed is addressed in LOTFA-V).</p>

³¹ *Review of the Quality, Structures and Accountability of the Afghan National Police (ANP)*, Islamic Republic of Afghanistan, Ministry of Interior, January 2008, p. 6.

5.3 Changes being implemented in transition to LOTFA-V

A number of changes have been introduced with the introduction of LOTFA-V in September 2008. These changes were introduced as a result of perceived operational weaknesses that were highlighted in various LOTFA reports and feedback from GOA and donors engaged in the Steering Committee and Donor Small Group process.

In addition, adjustments have acknowledged developments that affect the security sector. In particular, these include: recommendations arising from the 2007 Rome Conference on the Rule of Law relating to broadening the scope of salary payments across the security and justice sector; and the increasing threat from insurgency and the impact on police resources (including staffing, morale and physical assets).

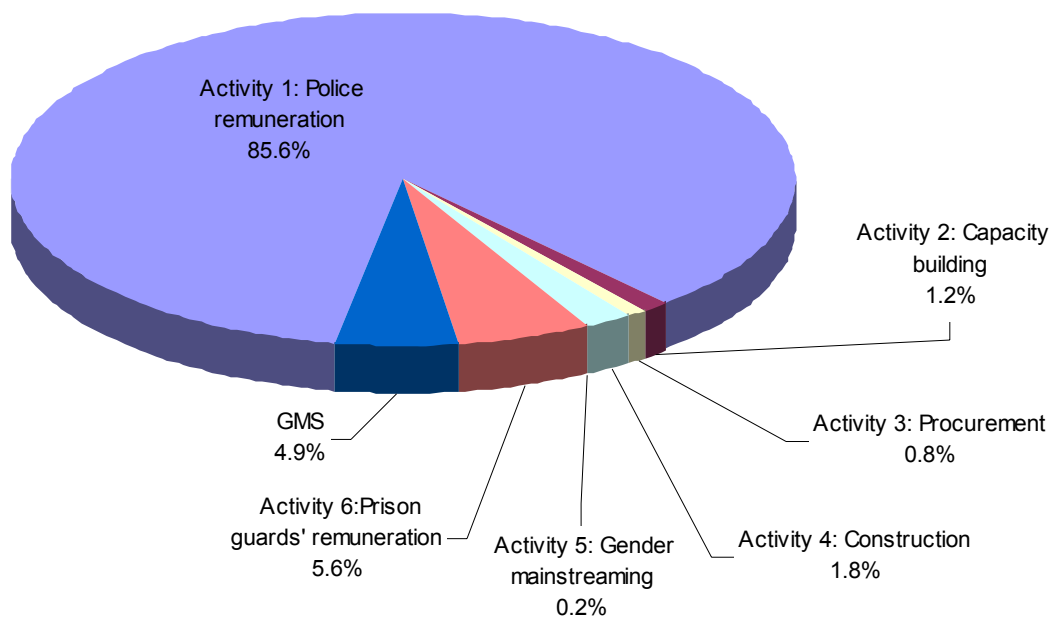
The key changes are:

- Recognition that the sustainability of police salary-related payments would need to be addressed. This focused on alignment of staff numbers and pay with a fiscally sustainable policing plan. In addition, a decision on phasing out food allowances would be made during the Phase³²;
- A re-ordering of priorities for the Fund. Specifically, institutional development has been upgraded to be the second priority after police salary reimbursement. A target for the Personnel (HR) Department at the MOI to have a comprehensive staffing list by March 2009 was also introduced in this regard;
- Establishment of a Disbandment of Illegal Armed Groups (DIAG) Unit in MOI that will be funded through the national budget transfers accorded through Priority 1 (salary and allowance payments);
- Formulation of a sixth priority as a result of the 2007 Rome deliberations and subsequent development of a National Justice Programme: LOTFA-V would be used as a mechanism for supporting the corrections system by paying salaries of uniformed staff in the Central Prisons Department (CPD). Although this is the last priority it would receive earmarked contributions to ensure it would be delivered;
- An increase in the GMS charged by UNDP from 3% to 5%;
- A more detailed risk framework, with risk mitigation measures was identified; and
- The introduction of an external Monitoring Agent (MA) to monitor and review disbursements, payments and the provision of accounting and reporting support for LOTFA in relation to salary and eligible allowances. Also, the MA would work to improve financial and management capacity at MOI at central, provincial and district levels through its pre- and post-audit work.

³² However, in a move that is likely to undermine efforts to attain sustainability, by November 2008 a decision to increase pay of all uniformed police to ensure wage parity between ANA and ANP was made. A decision was also taken to defer indefinitely the issue of food allowances.

The estimated funding requirement for LOTFA-V, as indicated in the Project Document for it, is \$454.5 million. The pattern of budgetary allocations is reflected in Figure 1 below. As with LOTFA-IV the initial commitments are overwhelmingly for salary reimbursement via the National Budget. As noted elsewhere in this Report, subsequently there have been increases in salaries agreed by the Steering Committee and the total funding and relative shares of the activities are thus expected to change during delivery of the Phase.

Figure 1: Allocation of LOTFA budget by output/task



Source: Analysis of LOTFA-V Project Document budget

Lastly, changes have been effected to the TOR and Annex I to the TOR for LOTFA to reflect the key changes in the Project Document highlighted above.

6. Appraisal of Implementation Issues

6.1 Introduction

Chapter 5 illustrated the ‘as-is’ status of LOTFA-IV and the progress made towards its objectives. It also introduces the changes that have been designed into LOTFA-V. This chapter reflects our assessment of this implementation performance during Phase IV. It is still too early to quantify the broader impact of LOTFA or differentiate the additionality it brings within the context of many other interventions supporting development of the police, but it is possible to consider whether its deliverables and likely outcomes are relevant, and are viewed positively by recipients.

Our opinion is based on site visit research, interviews and consideration of the various control systems, processes and documentation that support the interventions supported by the Fund. In a number of areas, particularly in the processing tasks related to payroll reimbursements, stakeholders were very pleased with interventions implemented under the Fund. Often there was praise for the professionalism, knowledge, insight and commitment of the LOTFA team. However, some stakeholders were less happy with the overall impact of the Fund and expressed concern regarding its objectives, direction and oversight arrangements (particularly in relation to the cost of provision for this) as well as the ongoing fiduciary risk posed by unreliable provincial headcount data and poor payroll reporting by some MOI field offices. In this section, we set out our assessment of these issues; reliance is placed on common or consensus views and, together with the observations of the reviewing team, these form the basis for our conclusions.

The aim in this chapter and the next is to look in more detail at what affects performance of LOTFA-IV, both in terms of wider contextual issues and in terms of its own management resources and capabilities. There are a number of important questions to be answered: are the LOTFA interventions commensurate with the security, institutional development and community requirements, particularly in relation to other policy and project interventions? What drives performance of LOTFA at the field level? What are the constraints (political, institutional, and other)?

We remind readers that our inferences are formulated in respect of the limits to our work described in the caveats in section 3.2 above.

6.2 Pursuit of priorities in the Fund

A critical factor in the perceptions of LOTFA is the inherent contradiction between assisting the police to attain immediate operational effectiveness and the longer term development goals and achievement of fiscal sustainability that is envisioned in the Afghan Compact for the police and which is at the heart of the MYFF.

Specifically, the burgeoning insecurity in Afghanistan has increased the operational demands on the police. While force development through skills training, asset provision and logistical support has been heavily supported by the GOA’s bilateral and multilateral police-sector partners through a variety of interventions, it is evident that application of the rule of law in Afghanistan is still beset with many hurdles. In this respect, as well as an

aggressive insurgency in the south, east and north-west of the country, state power is subverted by a thriving opium sector in some regions, and constrained by a limited police “footprint” generally with which to provide effective law enforcement³³.

The operational challenges in overcoming these constraints are immense and these have been documented and discussed comprehensively in many other reviews. Among others these include:

- A range of **institutional and organisational weaknesses** in the MOI and the ANP that relate to poor governance, strategic management and policy capacity as well as a lack of experienced and skilled personnel;
- A **lack of clarity on human resource availability**: 20 per cent of ANP are absent from duty³⁴. Recent CSTC-A provincial and district audits by pay verification teams have found significantly less verified police at post than indicated by the payroll³⁵. This is exacerbated by a high attrition rate for ANP, especially in high threat and medium threat environments. (Some 17 per cent of police on the books are believed to be dead or wounded³⁶); and
- **Limited professionalism and national legitimacy** compounded by complex and opaque web of alternative loyalties that include ethnic, tribal, family, religious and political affinities that reinforce patronage and undermine force cohesion. Further, combined with gender and ethnic imbalances, the ANP is viewed as unrepresentative of gender and minority rights.

In the face of these concerns – particularly in relation to the perceived shortage of manpower – the JCMB has regularly sanctioned the MOI to strengthen the *tashkeel* of ANP. Given the lead time in training up forces, this support includes for introduction of ancillary forces³⁷. This is reflected in decisions to increase the *tashkeel* from 62,000 to 82,000 during 1386; and in JCMB-VIII (held 10th September 2008), to permit an increase to 82,180, to allow for staffing of a DIAG unit. Implicit in these decisions is the understanding there is continued bilateral and political support from international partners for funding this growth³⁸.

³³ The per capita ratio of police to general population has been asserted by commentators to be the lowest in the South Asia/West Asia region.

³⁴ As asserted by the Minister of Interior, Hanif Atmar, in a recent address (quoted in *Policing in Afghanistan: Still Searching for a Strategy*, International Crisis Group, Asia Briefing No.85, 18th December 2008, p. 3.).

³⁵ In one case, anecdotal feedback from CSTC-A indicated a roll-call of nearly 1,200 personnel (of an unspecified unit) realised an actual muster of only 68 staff. More generally, in September 2007, the US Department of Defense reported it was unable to verify the physical existence of about 20 per cent of the uniformed police and more than 10 per cent of the border police listed on MOI payroll records for a range of provinces reviewed in a census (*US Efforts to Develop Capable Afghan Police Forces Face Challenges and Need a Coordinated Detailed Plan to Help Ensure Accountability*, Testimony Before the Subcommittee on National Security And Foreign Affairs, Committee on Oversight and Government Reform, United States Government Accountability Office Report GAO-08-883T, 18th June 2008, pp. 7-8).

³⁶ *Policing in Afghanistan: Still Searching for a Strategy*, op cit. p. 3.

³⁷ In recent years this includes for the now defunct Afghan National Auxiliary Police (ANAP), and the present Afghan National Civil Order Police (ANCOP). Training ranges from eight weeks for patrolman to three years for officer ranks in the regular ANP.

³⁸ More recently there are calls by the MOI for the JCMB to sanction further rises in the *tashkeel* to

6.2.1 Funding police salaries

Improving police pay is a corollary factor in improving recruitment and retention in the ANP. A recent CSTC-A pay survey of the security sector personnel indicated that 75% of surveyed policemen who were considering leaving the police before retirement cited low pay as their key motive³⁹.

In response, in November 2008 the LOTFA Steering Committee considered and approved a pay raise as an incentive for recruitment and retention and to encourage national relocation from ANP personnel from the north of the country to the south, where counter-insurgency (COIN) operations have the greatest demands. The raise was proposed, and will be fully funded, by CSTC-A during the first year 12 months. The raise comprises \$20 per month pay for all ANP personnel and intends to facilitate pay parity with ANA servicemen. Incentive Pay for relocation of staff to high threat and medium threat districts also has been offered. This has been viewed as needed to ensure that additional resources are needed to secure a safe electoral process for the Presidential election in the second half of 2009.

Strengthening police deployments in medium and high threat areas is estimated to cost an additional \$18 million beyond existing recurrent policing costs⁴⁰. The across-the-board pay raise will also add around \$18 million to wage costs, but on an annual basis. Such initiatives clearly have a major impact on fiscal sustainability. We also note that addition of these costs to the existing ANP wage bill will exceed the budget ceiling specified in the LOTFA-V Project Document. Given the difficulties arising from poor cash flow predictability, there is a risk that the adverse impact from previous cash deficits will be magnified if cash flow is not effectively managed going forward.

In a fragile security environment where law enforcement personnel are poorly paid it is perhaps unsurprising that there is a major focus on ensuring adequate reward for those facing considerable risk. In this context, the **continued relevance of LOTFA is that it offers a proven mechanism for facilitating remuneration**. In particular:

- It offers a means to ensuring that pay is channelled to ANP personnel – especially since the advent of EPS and EFT as mechanisms to assure reliable and full payment of salaries; and
- It provides a framework to bring together stakeholders to assess and coordinate pay-related issues in the context of a broader focus on balancing security and development related support.

Thus, insofar as resources are overwhelmingly directed toward the delivery of ANP pay, the yardsticks for performance in this area of the Fund are the primary measures with which to judge it⁴¹. Table 5-4 suggests that targets in terms of provincial coverage by the

bring personnel levels up to between 130,000 -150,000 to match increased numbers of the ANA (*Report of Ministry of Interior for JCMB-IX*, 9th September 2008, p.16)

³⁹ Survey results based on sample population of 526 police personnel, in *Proposal for Afghan National Police Pay Raise to Steering Committee*, CSTC-A PowerPoint presentation to LOTFA Steering Committee, 18th November 2008.

⁴⁰ *Proposal for National Police Incentive Pay Pilot Program to Steering Committee*, CSTC-A PowerPoint presentation to LOTFA Steering Committee, 18th November 2008.

⁴¹ There are of course broader potential benefits. A trust fund offers a mechanism to improve the quality of aid. This includes improving harmonisation and meeting principles of the Paris

payroll system are being largely achieved but with residual problems of non-compliance in reporting in some areas and, due to a mix of security and logistical issues, a lack of reliable data in others. As also discussed previously, the risk of systemic leakage remains. This is derived from:

- Imprecise data on ANP headcount, complicated by deployment levels in some areas that exceed tashkeel limits for several operating units, which is often done to meet changing operational demands, (although overall the ANP strength is less than total tashkeel); and
- The reliance on insecure and unreliable means of payment where the EFT has not been rolled out.

Despite defining a performance indicator for these areas LOTFA-IV did not actually specify any target in this regard (rather applying in 1387 a Q2 target specified in the LOTFA-V Project Document). Progress on EFT implementation is regarded by most interviewees in our evaluation as slow, although this is largely outside the control of LOTFA, as it depends on the rollout of the commercial banking network. In the absence (until recently) of adequate benchmarks by which to gauge performance, it is clear that expectations among stakeholders were unmanaged. Nonetheless progress actually has been substantial against the “retro-fitted” target shown in Table 5-4. Although adoption of the EFT has not been able to meet the desired level of 60% coverage of personnel by end Q2 1387, this target almost been met as at the end of Q3 1387, with 45,229 personnel (representing 57% of total police) receiving salaries by EFT at that time⁴².

Achieving this level of roll-out has required considerable effort by the LOTFA management team and the Steering Committee in pushing EFT adoption by MOI and exhorting the MOF and central bank to encourage expansion of the banking network. In this respect, we also note that a JCMB sponsored review published early in 2008 considered the “lack of ownership and reluctance by provincial and MOI headquarters leadership threatens the success of the program”⁴³. Such views no doubt reinforce negative perceptions held by some commentators about the pace of implementation on the EFT mechanism despite recent performance to the contrary.

Going forward there is an increased focus in LOTFA-V to attain even greater coverage of electronic payments through the use of alternative fund transfer mechanisms and technologies. In particular, the LOTFA team, with donors and GOA, is working on development of a mobile phone based system for use in remote areas where the commercial banking network has failed to reach. This M-paisa scheme is premised on cash payments to ANP staff made by local agents of the cellular phone company Roshan against a pin number supplied by SMS to police officers’ phones. This scheme is presently at pilot stage. In addition, the LOTFA team are assessing a way forward on the development of a centralised payroll system, which consolidates the processing which is

Declaration on Aid Effectiveness as well as providing practical coordination mechanisms between international actors in accordance with the OECD principles for good international engagement in fragile states and situations. Our analysis focuses on LOTFA’s performance against its documented objectives.

⁴² *Quarterly Project Report 3rd Quarter, 1387), Law and Order Trust Fund for Afghanistan Phase V, UNDP, Dec 2008.*

⁴³ *Review of the Quality, Structures and Accountability of the Afghan National Police, op.cit., p.6.*

currently undertaken at a provincial level. This is planned to be piloted in two provinces during the current phase of LOTFA.

6.2.2 Institutional development

Recruitment, retention and overall ANP resource constraints are only part of the problem. There are ongoing institutional and organisational concerns over force composition, structure and policing strategy which need to be resolved also. While these are areas that require professional policing expertise, effectively addressing them also has consequences in terms of institutional governance and financial sustainability. Insofar as LOTFA-IV has a priority focused on institutional development, then this has been recognised in the Fund design and this priority has been promoted in LOTFA-V.

In Phase IV, the focus of effort in LOTFA on institutional development support has been primarily on capacity building support through training of MOI staff on using the EPS and fulfilling payroll processing functions⁴⁴. This is critical to ensuring a reliable payments system, especially given the importance of pay described above and the work on assisting MOI to roll out EPS is therefore to be commended. In the context of the major challenges that need to be addressed in effective policing a contribution to the broader reform agenda would perhaps also have been welcome. Indeed the Project Document afforded the opportunity to contribute more widely to the development of institutional and administrative capacity⁴⁵. As stated in the recent German Government review of LOTFA, “Reforming the payroll system is a necessary, but not sufficient step towards the development of a legitimately acting police”⁴⁶. Nonetheless, we recognise that broadening the scope of LOTFA’s interventions is entirely contingent on the provision of donor contributions to such purposes and attaining consensus on what should be done. As section 5 above shows, sufficient funding for such purposes has not been forthcoming nor has a cohesive strategy among donors for institutional development been defined.

The context for developing institutional capacity needs to be acknowledged in assessing performance in this regard:

- The MOI functions primarily as a police headquarters. It provides operational command and control, rather than effectively fulfilling all the functions that comparable institutions would perhaps do elsewhere. In particular there is no distinction between policy, oversight, ministry administration and policing operations management. Virtually all policy, strategy and administrative functions are still undertaken by uniformed personnel. This is in contrast to best practice that focuses on delivering such functions through civilian means both to improve administrative efficiency and safeguard public accountability.

⁴⁴ There has also been some basic training on computer use, finance and accounting, as well as the gender awareness work under Priority 4. Specifically in relation to financial management, there were two posts in the MSU dedicated to this during the final year of LOTFA-IV. While initially filled, these posts are now vacant.

⁴⁵ Output 5 envisages institutional development as (a) institutional reform, (b) building financial and project management capacity at MOI; and (c) supporting the establishment or strengthening of specialised units (LOTFA-IV Project Document, p.8). In this respect the scope of institutional reform leaves room for interpretation. The LOTFA MSU has taken a specific view focused on financial and management aspects, which is stressed in the Project Document, and in the emphasis given by the Steering Committee. The MSU has also aligned itself with the Fund TOR.

⁴⁶ *Analysis of the Institutional Settings of the Law and Order Trust Fund*, op.cit. p.15.

- To date reform interventions by donors in this area have been limited. Aside from the Priority Restructuring Reform (PRR) process in recent years that has delivered a framework for revising pay and rank across the ANP it is evident there has been no sustained or successful attempt at organisational reform in the MOI⁴⁷. Efforts have rather been centred on assisting the ANP meet pressing operational concerns;
- The emphasis in the technical assistance provided thus far by international partners has been on the delivery of basic policing training, provision of essential equipment and logistics. Recent initiatives such the Focused District Development (FDD) Programme only serve to reiterate this view⁴⁸.
- To assist the development of management, administrative and policy functions that typically comprise the responsibilities of a ministry there is also a wide ranging mentoring programme to advise key managers in the MOI at the executive decision making and heads of department levels. This mentoring is undertaken predominantly by the US military and MPRI (financed by the US Department of Defense), Dyncorp (on behalf of the US Department of State), EUPOL, as well as the Canadian and Australian police. Given the plethora of partners to MOI, a mentor coordination plan led by CSTC-A has been recently prepared, and this is awaiting endorsement by the new Minister for MOI⁴⁹.
- MPRI has made some efforts to introduce better management systems within MOI. This focuses on systems development and integration in relation to budget development, programme budgeting and budget execution reporting⁵⁰.
- Given the more general proliferation of international policing partners, (currently around 25), an International Policing Coordination Board (IPCB) now provides the main forum for creating a common framework for reform⁵¹. However it also has been clear that until recently there has been no common view of what is needed in terms of institutional arrangements for the MOI and the requisite capacity needed to service such arrangements.

Despite the lack of consensus, within this framework of interventions it is evident that there exist a number of significant gaps in organisational capacity at MOI which have not been the focus of professional support. For example, the development of a range of core

⁴⁷ Several functional reviews have been undertaken as part of ongoing attempts to re-design an organisation structure for the MOI and ANP as a basis for further reform. As at December 2008, a thirteenth revision to the proposed structure since 2002 was still being considered by the Ministry. With the appointment of a new Minister in late 2008, there is an expectation that an organisational structure will be settled upon. The outcome of the PRR process is questionable. Although this was to result in a downgrading of the ANP officer corps in line with specified rank-based skills and competency requirements, commentators point out that many officers have yet to relinquish their former rank. Issues of patronage have also undermined progress.

⁴⁸ The FDD is a recent CSTC-A led initiative in which several donors are involved that aims to develop the AUP on a district by district basis. By early December 2008 41 districts had been or are going through FDD (*Source: CSTC-A*).

⁴⁹ *Source: EUPOL.*

⁵⁰ MPRI is seeking LOTFA assistance to realise improvements in systems in Phase V.

⁵¹ The IPCB has undergone restructuring in recent weeks also in response to criticisms over its effectiveness. Its impact will only realistically be felt from 2009. IPCB now has a seat on the LOTFA Steering Committee and LOTFA in return is involved in IPCB-led fora.

administrative functions covering policy, human resource management, financial management and procurement is needed to support and complement the operational management area where most international resources have been devoted so far. In this respect the role of the mentors has been more in the provision of ad hoc advice rather than attaining organisational change and capacity transformation.

Many commentators point to the absence to date of an overarching national security framework and national policing plan against which to frame reforms – and clearly a strategic guidance framework is needed in order to engender structural change. However, there is still significant scope to effect process changes and capacity improvements across the administrative functional areas highlighted above.

As a consequence there are many among those interviewed who, while viewing the pay-related support positively, question the efficacy of LOTFA in relation to addressing the wider issues of building institutional capacity accountability and governance of the ANP by strengthening core functional capabilities in the MOI. Such interviewees consider the role of LOTFA in delivering against the vision of the Afghan Compact as only partially addressing the many challenges that need to be overcome. Commentators also claim that little has been done also in terms of coordinating and linking intervention plans between various donors to ensure that there are synchronous strategies between bilateral partners and LOTFA to address specific issues or priorities, although there is considerable evidence that suggests otherwise⁵².

Nonetheless, again we reiterate that while the Project Document for LOTFA-IV provided considerable flexibility as to what the Fund could do, donors did not give LOTFA the mandate to extend its role but rather preferred to undertake work bilaterally⁵³. That the LOTFA team continues to align itself with the Fund's TOR rather than take on a more expansive role is therefore not surprising

In light of such circumstances it is difficult to fully commend LOTFA-IV in relation to its institutional development and capacity building role. However, we also conclude it is not the fault of the trust fund or its administration per se, but rather caused by a systemic failure of multiple stakeholders to develop a coherent and coordinated approach to institutional development and commit funding to it through LOTFA. Nonetheless, it is also clear that this is an issue that has been recognised. Promoting institutional development within the priorities for LOTFA-V is a positive step, which should also benefit from the introduction of a new Policing Plan and improved donor coordination, led by the IPCB.

⁵² For example, LOTFA-IV could have coordinated more closely with the MOI mentoring partners to provide long-term capacity building support in areas where the mentor support programme cannot do so. A case in point is in relation to MPRI's budget development support work. While MPRI has developed and put in place systems, the MOI's ability to manage, use and roll them out is limited. LOTFA already has established mechanisms for ensuring roll out of EPS which could be built on for providing more comprehensive financial management training. We note however, that efforts were being made by the MSU in this regard during the final year of LOTFA-IV and this is a continuing focus in LOTFA-V. Also, as discussed in the note below, there have been occasions where proposals have been mooted, but donors have felt that LOTFA's role has been unwarranted. In this regard, potential interventions are discussed and approved by the LOTFA Steering Committee.

⁵³ For example, the Crime and Criminal Information System (CCIS) was an area which LOTFA could have offered development support but at the Steering Committee of 6th June 2007, the US Embassy gave notice of its intent to pursue this work bilaterally with MOI to avoid any duplicative efforts. Also, LOTFA has the ability to bring MOI proposals to the Steering Committee for consideration for funding. Anecdotal feedback indicated that more than \$100 million of proposals (in six projects) have been considered and all have been rejected

Finally, we also reiterate the continuing limited ownership by the MOI of LOTFA interventions highlighted briefly in section 6.2.1 above. Identified as a risk in the Project Documents for Phase IV and V, this is a concern which has been constant and which has curtailed the ability of the LOTFA team to expand its capacity building support. Engagement with the MOI in improving budgeting and financial analysis is cited as an example of where more could be done, but instead where the ministry has not encouraged greater LOTFA involvement. Instead it is claimed that the Ministry even goes so far as to not make counterparts staff available to work with LOTFA's new finance expert.

6.2.3 Gender-related activities

Strengthening the ability of the police to deal effectively with gender issues is an important intervention by LOTFA, albeit one on which relatively little has been spent. Performance is nonetheless positive to date. Specifically, the inclusion of a gender priority reflects the importance of ensuring protection of and respect for human rights of women and girls, including as they relate to the police. This is in accordance with the requirements of UN Security Council Resolution 1325 (October 2000), which seeks to address the impact of war on women and women's contributions to conflict resolution and sustainable peace. In particular, encouragement of women in the police not only provides a mechanism for reintroduction of women into the public sphere, but provides a critical point of access for women in civil society to the wider justice system.

The progress in establishing the GMU and initiating a proactive recruitment strategy and incentive pay for females is a significant achievement in this regard and the intake of females into the police is asserted to be higher than in previous periods. There is also the view that the Family Response Units set up to deal with domestic violence are giving women a chance "to show what they can do," and "as they show competence, they will be given more opportunities"⁵⁴. This is in addition to the potentially valuable role these units play in sensitising the police to issues of domestic violence. Indeed, LOTFA has focused more generally on awareness raising, with the development of a policy brief on gender sensitive police reform; training and workshops on Resolution 1325 (2000); gender budgeting training; and development of gender terminologies in consultation with the ANP⁵⁵. A major success has been the recognition of the GMU within the tashkeel of the MOI, reporting directly to the Deputy Minister Administration. This contrasts with other ministries where there has been the lack of recognition of similar functional structures with demonstrable senior support for gender issues⁵⁶.

However, there are also various aspects to gender related intervention which should be

⁵⁴ Quote from Tonita Murray, Senior Police and Gender Advisor to MOI, in *"Female cops test traditional gender roles in Afghanistan"*, Christian Science Monitor, 7th January 2009.

⁵⁵ The word "gender" itself does not translate into Dari or Pashto (*A Mandate to Mainstream: Promoting Gender Equality in Afghanistan*, AREU November 2008).

⁵⁶ An AREU survey of gender focused structures in several ministries considered that the "approval of senior authorities [in MOI] such as generals and deputy ministers lends considerable weight to [gender related] decision making processes", thus providing "vertical" championing of gender issues. (Source: AREU (2008) *ibid.*, pp. 30 – 32). There were concerns expressed in the survey about confusion of the role of the GMU vis-à-vis other roles in the MOI. These specifically comprise the Women's Affairs Unit and the gender team members in the Human Rights Department, who deal with violations by police of human rights relating to gender issues in the general population. However, the establishment of a Gender Mainstreaming Steering Committee within the MOI, chaired by the Deputy Minister Administration, is intended to oversee the coordination among these mechanisms and prevent overlap.

considered if the benefits achieved by LOTFA to date are to be maximised and sustained going forward:

- The AREU 2008 gender survey research highlights a commonly held negative image of gender units in ministries⁵⁷. Although this research indicates that criticisms were not well-founded, it also points out that limited contact among ministry staff with such units precipitates such perceptions. As a means to counter this problem, the AREU report suggests that the introduction of inter-departmental working groups that represent a wide range of departments within a ministry are a means to improve gender mainstreaming. In particular, the report concludes that “without vertical *and* horizontal influence, a gender unit could easily be sidelined within a ministry, limiting its effectiveness”. The MOI presently does not have any formal cross-cutting gender working group arrangements with which to effectively ensure coordination of gender mainstreaming initiatives among ministerial departments.

In contrast, the emphasis in the LOTFA-V Project Document is on the continuing facilitation of recruitment and retention of women, and the delivery of training. A broader focus on ensuring that gender mainstreaming is reflected in all aspects of ministry policy would therefore be a welcome addition to the tasks against this Priority.

- Female officers express frustration that more women haven't been moved up the chain of command to help set more of an example⁵⁸. In addition, as indicated in section 5.2 above the non-casualty attrition among women in the officer cadres has been high and will no doubt exacerbate the perceptions that opportunities for women are limited⁵⁹. Given that rank data is now being monitored through the work of the GMU what is needed is the use of such evidence as a basis for further analysis of gender aspects of policing policy and operational management, as well as recruitment and retention.

As highlighted above, it is important for LOTFA to move beyond just a focus on recruitment, retention and training. Substantive gender mainstreaming as opposed to basic positive discrimination in recruitment and incentive pay for retention “would involve a more comprehensive rendering of all systems, policies, programmes and services gender sensitive”⁶⁰. Against this, we note that, in the words of one commentator, “A huge amount has been spent of policing, and almost none of the main funds for policing have been spent on gender... The international community sees gender as a frill”⁶¹.

Finally, it is not clear that the gender related programming within LOTFA-IV provided a balanced use of MSU resources, especially as financial resources provided to this priority have been low in relation to the disproportionate numbers of staff devoted to it. There are four direct posts focused on gender (as shown in Appendix G), comprising almost one quarter of the MSU's professional and administrative posts whereas approximately only

⁵⁷ Ibid., p. 38

⁵⁸ For example, as highlighted in the Christian Monitor article on gender, op.cit.

⁵⁹ Since the assassination of two female officers in 2008, several women have also left the police force, citing fear and the increasingly insecure working conditions for them as the key factor in their decision (Source: CTV News article, http://www.ctv.ca/servlet/ArticleNews/story/CTVNews/20090104/afghan_police_women_090104/20090104?hub=World, 4th January 2009).

⁶⁰ AREU (2008), op.cit., p. 59.

⁶¹ AREU (2008) op.cit., p.62.

12% of non-salary related expenditures have been on this area⁶².

We do recognise that these posts have been separately commissioned and funded by the Swiss Government, which has also earmarked funding for the gender programmes that have been implemented by LOTFA to date. Thus, although the potential for attaining a flexible staffing strategy may be limited, the wider gender challenges, the low level of budget execution in this area and the broader institutional development needs suggest that a review of personnel requirements in the MSU in relation to priorities should perhaps be considered going forward.

6.2.4 Procurement and construction priorities

As with gender, construction of assets also has earmarked funds that remain unutilised from Phase IV. We have similar concerns about the administrative burden this creates and the diffusion of focus from more potentially more pressing priorities. Procurement support in turn, while not earmarked, appears to be centred on providing ad hoc “off budget” purchasing in response to specific MOI requests⁶³. Although this conforms to the Project Document requirements for Phase IV, such an approach detracts from the development of a coherent procurement-related capability within the MOI.

The major contributions to infrastructure and non-fixed assets for the ANP have largely been made outside the procurement and construction management framework offered by LOTFA, and indeed outside the command and procurement structures of the MOI. For example, Canada has signed an MOU directly with the Chief of Police for RC Kandahar for procurement of non-fixed assets and construction of facilities, while CSTC-A also provides decentralised procurement support via its mentors. Similar evidence can be found among many other donors. We therefore question the relevance of this LOTFA mechanism as designed in the presence of such parallel activity and in the absence of any means of coordination and monitoring of asset needs by the MOI.

Furthermore, that bilateral partners chose not to fund LOTFA to support procurement is maybe an indictment of the framework of the Afghan national procurement processes. Several donor staff have indicated they perceive the national procurement modality takes too long (with an assumption that the procurement process takes up to 3 months), which is too slow in relation to the urgency of operational needs. In contrast, security sector procurement elsewhere can be undertaken much faster⁶⁴. However, we also note that with the advent of LOTFA-V there is increased procurement activity (by transactions if not yet by value) compared to LOTFA-IV, and purchases have been made quickly (asserted to be within one month). This is specifically for equipment and supplies for the DIAG cell, although this is not booked against the procurement budget in LOTFA-V⁶⁵.

⁶² LOTFA's present organisational structure is provided at Appendix F; (the monitoring and evaluation role presented therein was introduced in Phase V). The percentage of resources spent on Activity 4 is derived not only from the exclusion of salary-related payments but also of the GMS charge associated with these payments.

⁶³ Procurement of office equipment and ICT supplies was undertaken to support EPS related activity. This effort was booked to other relevant Activities accordingly. Activity 2 in LOTFA-IV focused on meeting more general requests by the MOI.

⁶⁴ For example, the procurement process can be undertaken in as little as 25 days (Restricted Accelerated Procurement Process, as defined in the EU Procurement Directive). Moreover, given the specialised skills needed for effective procurement, it is unclear that LOTFA is adequately resourced to fulfil this function.

⁶⁵ Quarterly Report for Q3 1387, op.cit.

For the procurement function in LOTFA to be meaningful going forward we would suggest it is considered within the framework of building procurement capability in the MOI as part of a wider and more robust engagement in institutional development. Ideally, this would include benchmarks and targets for the progressive use of national procurement by donors rather than their current methods which detract from building MOI capacity. In addition, development of procurement capacity needs to be considered holistically with other aspects of supply chain management and thus should go hand in hand with a broader focus on addressing the post-procurement process, including coordination and monitoring of asset requirements and asset management in the MOI.

There are considerable adverse consequences of not doing so, and it is clear that the lack of any engagement in this area by Afghanistan's international partners with MOI entails significant risks to improving accountability within the MOI and ANP.

In this respect, a recent report by the US congressional watchdog has found the 242,000 weapons shipped to Afghanistan in recent years (to both the ANA and ANP) "are at serious risk of theft or loss", which is exacerbated by the absence of any central inventory of equipment within the Ministry of Interior⁶⁶. The US Government Accountability Office highlights the lapses in accountability procedures in handling, transport and storing weapons throughout the weapons supply process in relation to US procurements and international donations. While problems stem from early in the supply process and within the US Department of Defense and CSTC-A, they continue into subsequent weapons distribution and control by Afghan National Security Forces (ANSF), of which the ANP forms a part. An assessment by CSTC-A of logistics capacity in the ANP showed that ANP units were not maintaining property accountability⁶⁷. Indeed, distribution of hundreds of non-lethal equipment items on hand such as trucks, has been delayed due to limited police ability to account for equipment provided to them⁶⁸.

It is important to note that several donors have indicated that improving accountability across a range of functions aside from just that of headcount management and pay will be a precondition for any increased support for expansion of the police force.

6.3 The Impact of the Fund

6.3.1 ANP and MOI perspectives

The wider political, strategic policy and institutional challenges notwithstanding, feedback from stakeholders on LOTFA's contribution to facilitating salary payments was positive.

Although limited in scope, interviews from our field visits to several provincial headquarters and district police stations indicated that ANP personnel overwhelmingly endorse the use of EPS and EFT as mechanisms to secure their pay. Our discussions with CSTC-A representatives highlighted analysis from a more comprehensive recent market salary survey that points potentially to greater substantive evidence. The survey

⁶⁶ "US weapons in Afghanistan at threat of falling into Taliban hands", Daily Telegraph, 12th February, 2009.

⁶⁷ *Lack of Systematic Tracking Raises Significant Accountability Concerns about Weapons Provided to Afghan National Security Forces*, United States Government Accountability Office Report to Congressional Committees, January 2009, pp 21 – 22.

⁶⁸ United States Government Accountability Office Report GAO-08-883T, op.cit., p.10.

suggests 82% of police are happy with the new pay system⁶⁹.

Anecdotal evidence from international Police Mentoring Teams (PMTs) relayed to us, and from within MOI suggest however there continues to be difficulties in ensuring pay is delivered:

- The limited presence of banks in many provinces means that ANP in remote areas need to travel several days to draw their salaries. If their trips to provincial centres are delayed, the PMTs allege police salaries are sometimes returned to the MOF, and can take many more days to retrieve⁷⁰.
- Recent anecdotal evidence from RC Kandahar stress that even where police are paid through the EFT sometimes funds have not been received by police in their accounts.
- Even at the centre there are problems reported. These appear to be as a result of a mismatch of cash flow distribution by MOF with actual salary requirements. Processes for the distribution of cash appears not to keep pace with the flow of graduating police trainees from the training academies into the workforce (whereupon they become eligible for pay) with the result that pay for these new ANP personnel is delayed. Such failure suggests MOI needs more support on resource and cash planning issues. In particular, the ANP does not have a resource management plan. (While the need to address this is evident, we remind readers of the difficulties faced by the LOTFA team in garnering commitment from the MOI for the extension of support as highlighted previously).

The extent and frequency of such deficiencies is difficult to quantify.

6.3.2 Public perceptions of police performance

Has the work of LOTFA resulted in improved public perception of the ANP? Assessing this is difficult, given the inherent difficulties in identifying the additionality generated by LOTFA in the presence of many other bilateral interventions in policing and in the presence of other factors such as corruption and endemic institutional weaknesses. Nonetheless we did ask questions relating to whether the public perception of the police changed over time (see Appendix D).

Our limited anecdotal evidence from non-state civil society remains inconclusive. Although we have only confined our interviews to areas which are permissive to civil policing, feedback ranged from growing confidence and endorsement of the police, to increasing scepticism and continued mistrust⁷¹.

⁶⁹ This is taken from the same CSTC-A survey of 526 police personnel, as was used to justify a pay increase for ANP staff. We have not seen the underlying analysis or report.

⁷⁰ The return of salaries to the MOF Mustafiats contradicts what is known about the payment processes of GOA. Where money is transferred to staff bank accounts through EFT it is theoretically not possible for funds to be returned. Where manual processes apply in the absence of EFT the funds should be transferred to individuals' work locations, and again are not theoretically returnable. We therefore do not vouch for the veracity of the claims but simply report the concerns expressed by the PMTs. Regardless of the accuracy of the preceding claims, it is clear that the lack of presence of commercial banks in some areas is a constraint to the payment process.

⁷¹ As well as the limited range of civil society and news media interviewees met, as indicated in Appendix A, we also draw upon interviewee perspectives from our other, previous evaluation work in the security sector.

Interestingly, where endorsements were strongest were among communities that identified closely with their police commanders. This appears to have been in relation to sharing a common ethnic identity and also to shared prior experiences in facing conflict. In such areas, community leaders noted increasing professionalism in the police in their communities in recent years.

Although it has not been able to gauge civil society perspectives on the police in a non-permissive, COIN context, it is apparent that in even in environments that are permissive for civil policing there is still concern over the credibility and legitimacy of the police. In this regard our interviews suggested mistrust appeared to be higher in an urban context, where community-police relationships could perhaps be considered to be less intimate and communities ethnically heterogeneous. A major concern among several interviewees was over whether ANP were adequately aware of human rights and rule of law issues. In this regard, all our civil society and media sector interviewees considered issues of police performance and confidence in the ANP to be intrinsically linked to the broader context of attaining effective justice. In this regard the legal discipline and processes for arrest and searches are still being discussed within the Criminal Procedure Code (CPC) Working Group. Nevertheless, feedback from the Italian Rule of Law team assisting the CPC Working Group indicates the behaviour to date of the police force was far from complying with international human rights standards, especially concerning the rights of suspects.

A lack of confidence is exacerbated by criminal occurrences in which the police were believed by many to be complicit. In 2008 alone there were several well publicised instances involving allegations of police involvement in crime, particularly kidnapping⁷².

The move to link LOTFA-V to the justice sector by introducing uniformed CPD personnel into the LOTFA funding envelope is a positive development, being a step towards a more holistic approach to addressing security and justice. A disjointed approach to supporting policing and justice has characterised international support to Afghanistan to date, a shortcoming which donors are only now beginning to address. As with capacity development in relation to policing, perhaps the scope for a greater LOTFA contribution to improving management and administration in the correctional system should be examined. This would offer a means of encouraging greater coherence among interventions that cover the breadth of rule of law issues. Another area for potential support is in relation to addressing pay issues within the Attorney General's Office (AGO), given the critical operational linkages with the police⁷³.

Nonetheless, the scope for broadening LOTFA's role needs to be considered in the context of the existing arrangements for donor-government coordination of justice reforms and within the TOR for the Fund⁷⁴. It would also mean a substantial revision of the Fund's mandate and governing documents.

Lastly, earlier in this chapter we have already summarily highlighted the context in which

⁷² For example, as quoted in *Kabul Cops*, BBC News Channel broadcast on 7th February 2009. Other instances are reported in *Policing in Afghanistan: Still Searching for a Strategy*, op cit., p.6.

⁷³ Under the Afghan constitution, criminal investigations are a judicial rather than police function (Article 134 of the Constitution). At present members of the police earn a higher salary than prosecutors and there are weaknesses in the pay processes.

⁷⁴ Although some of these justice coordination arrangements would benefit from better integration also. For instance, the Working Group AGO-MOI is the forum in which shared operational protocols are intended to be developed. These include protocols for prisoner flow-through, data management and tracking. Cooperation between the AGO and MOI however has been poor.

interventions supporting policing in Afghanistan are undertaken. Despite considerable, and recently accelerated, efforts by multiple donors to attempt to improve performance the effectiveness of the police continues to be constrained. US Department of Defense and CSTC-A reviews of ANP performance against a range of capability milestones indicated that by April 2008, no police unit was fully capable of performing its mission and that more than 75% of units were assessed as not capable at all of performing their primary missions. Only around 3% of police units were deemed capable of leading operations, albeit with coalition support⁷⁵. The report considered that the requisite capability would not be attained until end 2012 at the earliest. While LOTFA is only one of a range of measures, it is clear the endemic weakness of policing in a context of increasing insecurity increases the urgency for such interventions as a whole to improve on the impact attained to date.

6.3.3 Institutional perspectives

As a trust fund, LOTFA should provide a means to ensuring local ownership and engaging in joint donor strategies. We note the generally positive views of senior MOI managers in this regard – especially in relation to the fact LOTFA gives them a forum to engage donors on issues of pay and ANP staffing levels. Donor perspectives were somewhat different and have centred on dissatisfaction on the value addition provided by UNDP in managing LOTFA. Key concerns articulated by those interviewed were:

- Although agreeing changes in the level of GMS paid to UNDP for LOTFA Phase V, donors generally feel the management charge (up from 3% to 5% of the value of the Fund) is too high. In comparison, the management fee charged by the World Bank for administering the ARTF is 1.5% of the value that scheme⁷⁶.
- Given that the GMS rate is agreed, the concern expressed going forward is that the value addition provided by UNDP in relation to the charge being made should be higher.

In this specific respect, the level of financial analysis support for MOI and effective management effort (relating to improving EPS and EFT utilisation in the field) have been considered by some to be unsatisfactory⁷⁷. In relation to the former of these issues, this view is premised on the perception that LOTFA has not adequately mediated project proposals from MOI before submitting them to the Steering Committee for approval. The weakness in mediation includes insufficient analysis of budget requests and their impact on sustainability and long term MOI performance, and the absence of clear guidance to the Steering Committee on detailed action steps

⁷⁵ United States Government Accountability Office Report GAO-08-883T, op.cit., pp. 5 – 7.

⁷⁶ There are costs which are not reflected in this management charge. Some of the professional input is charged directly to projects supported by ARTF and some of it is financed through IDA operations. However, the ARTF management charge reflects the effort devoted to: (i) transactions related to budget appropriation and disbursements; (ii) reporting on progress, fiduciary oversight and risk analysis, including reviews; (iii) financial management, including project procurement, financial reporting, audit and the engagement of a monitoring agent; and (iv) supervision, coordination and support to the ARTF steering committee and donors, including the provision of legal services for the management off the fund. Much of this is similar in scope to the services provided by UNDP.

⁷⁷ However, the EPS and EFT issues have been significantly addressed in the first few months of LOTFA-V as discussed previously.

for implementation⁷⁸. It also stems from a general frustration with the weak financial management capacity of the MOI in being able to proffer these proposals. Given the ongoing lack of commitment by MOI to developing financial analytical capacity, criticism of LOTFA in this regard is perhaps unfair. Regardless donors have indicated they would like to see a greater application of relevant strategic planning and financial advisory skills by the LOTFA team to ensure that proposals are more robust.

In the words of a commentator from one of the Fund's contributors, "LOTFA's ability to carry forward the ambitions of the donors has been limited". Such views need to be tempered with the view of another who considers that "LOTFA should not be overstepping its mandate". In this respect, the establishment of the Donor Small Group was a response by the UNDP and LOTFA to try and improve decision making and build consensus on proposal priorities and tasks before submissions are made to the Steering Committee.

What is clear in the context of such divergent expectations is that LOTFA needs to consider substantially improving the level of communication effort around the services and functions it provides, and clarify further with its Steering Committee and donors what additional responsibilities, if any, it should undertake given the context of its current TOR. Managing expectations through effective communications is critically important – especially where constant transitions and a lack of continuity among donors' staff can lead to adverse perceptions being formed.

Despite these concerns, as we have indicated before, the advent of LOTFA-V has also resulted in an increased funding expectation as well as scope of work – with the Fund aiming to attain more than \$454 million. Increasing diversification and depth of funding is perhaps a positive indicator of the value donors perceive that LOTFA can bring as a means of funding interventions.

Donors also perceive the role of LOTFA to be valuable in continuing to provide a mechanism to increase *fiscal space*⁷⁹. But we contend that the extent of the increase is potentially somewhat compromised by the earmarking within the Fund. Such allocations may detract from strategic priorities and imply that fiscal space is not increased by as much as the value of the aid resources.

That donors continue to choose undertake parallel interventions bilaterally (e.g. procurement) undermines the impact on donor harmonisation and limits policy coherence among them.

6.4 Fiscal sustainability and fiduciary risk

The recent increase in pay and the introduction of incentive pay for ANP deployments in

⁷⁸ We reviewed the Auxiliary Police Proposal presented to the LOTFA Steering Committee in October 2006. While the document provides a clear business case for its recommendations, it is evident that an action plan, as well as assessment of the financial implications of the proposal, (including a cash flow plan aligned with an action plan), were absent. It could be argued that the effort needed to develop a detailed response would be unwarranted without agreement in principle from the Steering Committee. Guidance on a standardised structure and content requirement for such proposals should be agreed to address any criticism in this regard

⁷⁹ "Fiscal space can be defined as the availability of budgetary room that allows a government to provide resources for a desired purpose without any prejudice to the sustainability of a government's financial position." *Understanding Fiscal Space*, Peter Heller, IMF, 2005.

medium and high threat areas will create additional financial pressures on the National Budget unless fully funded. CSTC-A has only committed to funding the increases for the first year. Funding for ANP salaries in 1386 constituted just under 13% of annual National Budget appropriations (comprising domestic revenues and donor contributions) and 14% of the operating budget. The impact of the marginal costs of the recent ANP pay increase and relocation incentive described in section 6.2.1 above will be felt most in 1388. Table 6-1 below shows a forecast of the potential impact of these cost factors using revenue and expenditure data supplied by the MOF. The analysis in the table suggests the increase in ANP pay agreed in November 2008 continues to have a marginal effect of around 6% on police pay by the end of the projected period⁸⁰. ANP salaries are still likely to account for almost 11% of operating budget by 1392.

Table 6-1: Operating Budget Medium Term Fiscal Framework (\$ million, constant prices)

	1386	1387 Est.	1388 Proj.	1389 Proj.	1390 Proj.	1391 Proj.	1392 Proj.
Domestic revenue	673	800	1,000	1,224	1,474	1,760	2,092
Operating budget	1,012	1,465	1,847	2,100	2,366	2,546	2,685
- of which, LOTFA (including fuel payments)	143	160	389	358	338	317	297
Ratio of ANP salaries/op budget	14.1%	10.9%	21.0%	17.0%	14.3%	12.5%	11.1%
Ratio of incremental ANP salaries to op budget ⁸¹		1.1%	1.5%	0.9%	0.8%	0.7%	0.7%
Marginal impact of incremental salary on ANP pay		10.3%	6.9%	5.0%	5.3%	5.7%	6.1%

Source: Atos Consulting analysis of Ministry of Finance MTFF data provided 26th January 2009.

Overall, there is a likelihood that ANP salaries will still require external support beyond 1392, with the MOF's medium term fiscal trajectory projecting a persistent operating deficit till that time. This is based revenue growth to almost \$2.1 billion by 1392 at an annual average growth rate of 21%. However, the current economic climate would suggest this growth rate is perhaps highly optimistic and the proposed increase in ANP manpower to 130,000 or more will further undermine the likelihood of attaining an operating fiscal surplus. This is both in the short to medium term with immediate salary cost pressures, and in the longer term with accumulated pension liabilities.

A number of mitigating measures can be introduced to address these problems. Indeed, they have already been largely anticipated and responses summarily defined for implementation in LOTFA-V. Among others, this includes capping food allowance payments to Afs.100 per policeman per day in the first instance, (although payments

⁸⁰ The MTFF assumes that policing salary costs decline over time with improving security and stabilisation. Given the salaries were \$140.9m in 1386, the fuel component accounts for only just over 1% of the value reported. Also, as LOTFA is mandated to fully reimburse salaries, we assume an equivalence between the LOTFA line reported in the table and total ANP pay.

⁸¹ Our assumption in this ratio is that the CSTC-A estimate of a one-off cost of \$18 million is split equally between 1387 and 1388 for election-related deployment to medium/high threat areas. The \$20 per month pay raise is assumed from the last 5 months of 1387. The MOF has not been able to provide us with details of their estimation of how the pay raise has been apportioned.

made by MOF are approximately Afs. 138), with the intention of phasing such payments out over time in line with pay and grading reforms in other parts of government.

In addition, the growing demand by MOI to increase the manpower of ANP brings considerable urgency to the need to verify the existing scale of police resources. Unreliable data undermines effective strategic and operational planning for policing. Attaining a reliable headcount also brings fiduciary benefits, as it secures the basis for defining the scale of systemic leakage and for undertaking appropriate prudent measures to mitigate them.

Domestic political considerations for international partners are also a factor. Perceptions of deteriorating security combined with potentially open-ended military and aid commitments are pushing some donors to increase the conditionality around their inputs⁸². LOTFA thus needs to address the significant risk of withdrawal of commitments by assuring a credible funding requirement is articulated.

As indicated in Table 5-4 the monitoring activity undertaken during Phase-IV has been deemed wholly insufficient to provide the level of assurance desired by donors. LOTFA-V introduces one full time post for monitoring, although this is still currently vacant. The decision in Phase V to outsource monitoring to an external Monitoring Agent (MA) that will be tasked with verification of ANP personnel numbers as well as assuring the salary expenditures and processes is therefore a crucial step in providing assurance.

However, donors' expectations of what can be achieved need to be carefully managed. For example, CSTC-A currently engages around 600 personnel, in mobile verification teams and Project Phoenix, focused on attaining a reliable ANP headcount through the application of ID cards and biometric data capture of personnel. These teams face considerable challenges in attaining verified numbers at the district level and progress even with this level of resource can be slow⁸³.

For the monitoring activity to succeed and be effective in the context of these challenges, several criteria need to be met:

- The approach must focus on providing assurance at an appropriate level of confidence within tolerances for risk that are agreed by the Steering Committee, rather than attempting to provide a traditional audit. Indeed, given the potential scale and geographic coverage of the monitoring task, the emphasis needs to be on applying a "risk-based approach" to expenditure monitoring, where the MA focuses on those areas where problems are most likely seen to occur. This approach is used successfully by the ARTF⁸⁴.

⁸² The EU applied conditions of only reimbursing salaries in provinces where AFMIS and EFT data could be reconciled. While for LOTFA this condition has been removed, there is a broader pressure among Afghanistan's international partners to demand more for the resources provided. The EU is considering moving to direct budgetary support in two years if issues of fiduciary risk in relation to police payments are not satisfactorily resolved.

⁸³ There are several problems in assessing personnel which make a straightforward examination of headcount against payroll, tashkeel and HR records difficult. For example there are ANP-uniformed individuals who are not registered policemen. Experience has shown these include private militia as well as *agirs* (short term contractors). In addition there is no system for measuring Absence Without Official Leave (AWOL) which can be reconciled against attendance. Indeed, attendance registers are manually maintained and open to abuse.

⁸⁴ *Afghanistan Reconstruction Trust Fund: External Evaluation*, Scanteam Report to World Bank, August 2008, p.37. Moreover using a risk based approach allows for a closer alignment of the

- Just as important as the monitoring function is the need for LOTFA to use this risk-based analysis to developing its work plans for assisting the MOI to improve its EPS and HR reporting performance in Phase V. In particular, such plans must be premised on a strategy that focuses on a pareto analysis of weaknesses in payroll and HR data and that subsequently offers a phased approach to rolling out capacity building work while reducing the risk tolerances. To achieve this requires a high degree of planning sophistication in relation to determining where capacity building measures need to be focused and what is required. In addition, a strategy for responding to non-compliance by the MOI and its provincial offices to reporting and accountability requirements needs to be established.
- The TOR for the MA specifies the management accountability relationship to be with the LOTFA Steering Committee. Building capacity with the MOF and MOI is also specified in the TOR as means of improving fiduciary standards. We note in this regard that the TOR focuses on the Finance and Personnel Departments in the MOI as the primary focal points for the MA to address issues of concern to LOTFA⁸⁵. We consider there are potential conflicts of interest in taking this approach, given that these functions fall within the responsibility of the Deputy Minister Administration, who is also National Director for LOTFA. Such conflicts are inherent in balancing financial prudence against the pressure to ensure LOTFA resources are utilised fully. The arrangements should rather engage functionaries in MOI who are potentially better placed to ensure compliance⁸⁶.
- For a risk-based approach to be really effective and contribute to developing a long term position regarding fiscal sustainability of the ANP, fiduciary risks alone should not be measured. Rather a more profound understanding of policing requirements is needed. This is so that investigative priorities for the MA are framed in the context of strategic risks that affect the outcomes desired by the Fund. Guidance for this aspect must come from LOTFA's management and the Steering Committee.
- There also needs to be coordination with other monitoring and verification efforts e.g. those currently undertaken by CSTC-A and those proposed to be undertaken by the IPCB and EUPOL. Shared monitoring would help build common understanding of operational and administrative constraints to effective management of policing at a local level⁸⁷.

Finally, given that fiscal sustainability is unlikely within the medium term, there is a need to consider a longer term approach to delivering LOTFA interventions. In this respect, Annex I to the Fund's TOR envisaged that LOTFA would "cease operating when domestic revenues should have recovered sufficiently for the Government of Afghanistan to finance most or all of its recurrent costs from such revenues". A simple, long term projection using the data in Table 6-1, and applying the average annual growth rates of 21% for domestic

monitoring effort with the Fund's broader objective and can be the basis for future institutional development.

⁸⁵ *Terms of Reference for Monitoring Agent for the Law and Order Trust Fund for Afghanistan*, (undated), p. 3.

⁸⁶ In this regard, the new Minister MOI is establishing a department of the Inspector General of Police. It would be important for this department to be a key counterpart in the monitoring process. Specifically, monitoring activity should not undertaken at the expense of longer term strengthening of the government's own performance monitoring and data collection systems..

⁸⁷ There is also an implicit requirement that the MA will need logistical and security support to be able to perform effectively. Donors will need to make explicit commitments as to the support they will provide.

revenue and 13% for operating expenditure that are calculated from this data, suggest that a fiscal surplus is unlikely to be attained until around 1396 (or 2018).

A point of difference between previous LOTFA phases and Phase V designs is that the latter is the first to have proffered a two year budget. Although Phase IV was envisaged as a two year intervention its budgets and work plans have only ever been considered annually. A criticism of the Fund in this regard states that this “is startling for a sector in which the needs and nature of reform stretch over the long term”⁸⁸. However, it is clear that the critical factor in this is that donors have not been able to provide commitments beyond one year, which is exacerbated by poor intra-year predictability of contributions that undermines effective longer term planning.

While LOTFA-V provides an opportunity to overcome the fund constraints of previous phases it is disappointing to note that the MSU continues to have to highlight this risk in its reports to the Steering Committee. Its most recent progress report for Q3 1387 also illustrate this is remains a recurring and significant problem. Until the fundamental issues of multi-year funding commitments and cash flow predictability are resolved, upon which a subsequent longer term planning horizon is agreed, LOTFA will continue to be beset by concerns that the “attention of UNDP managers is focused on ensuring that police salaries are covered rather than broader strategic issues, and as a result the LOTFA’s voice is not as strong as it could be in the wider debates on security sector reform”⁸⁹.

6.5 Management of the Fund

The preceding analysis points to a number of management issues that need to be addressed. Insofar as LOTFA is a mechanism for funding recurrent costs of policing, the management tasks are relatively straightforward albeit in need of some improvements to attain higher levels of EPS reporting and electronic payments. These improvements also comprise the need to ensure that there is a greater focus on managing and reducing fiduciary risk. The weaknesses in this regard, and the measures being taken to address them, have been examined in previous sections.

Of more general concern is whether LOTFA has been able to assist the MOI to articulate and develop appropriate strategies for development of police capacity which could then be funded through the other priority areas of LOTFA. In this regard the UNDP and the MSU staff potentially have an important role to play.

However, to date they have played a very passive role in the management of the Fund. Aside from providing a framework for processing and reporting payments, LOTFA’s managers have not sought to influence the direction of the work undertaken. Insofar as resources were either entirely pre-empted by Priority 1, or were earmarked, then little discretionary funding was available to the management team during LOTFA-IV. Nonetheless, it was potentially incumbent upon the team to take a proactive stance in attracting funding for other priorities and delivering interventions against them.

In particular, we note that within the LOTFA Project Manager’s management responsibilities lay the requirement to: “Develop specific project portfolio in line with the

⁸⁸ Manu Manthri, *Security sector financing and fiscal sustainability in Afghanistan*, Strategic Policy Impact and Research Unit Working Paper 20, Overseas Development Institute, London, January 2008, p.33.

⁸⁹ Ibid., p. 36.

National Development Budget and mobilize resources to ensure that all LOTFA priorities are addressed”⁹⁰. We do recognise however, that a factor in this not being done was because the role was vacant for nearly 6 months – but there is no indication that this task was addressed at times when the post was filled.

The perception among many stakeholders is that such a role has not been effectively addressed and has thus undermined the credibility of the Fund. In the words of one commentator, “that UNDP and LOTFA play a role of passive neutrality doesn’t sit well with donors. LOTFA’s managers needs to take on a greater financial advisory and advocacy role to ensure not only financial prudence, but to add value through analysis of the wider financing needs associated with delivering effective policing”.

Again, such perceptions need to be balanced with the design principles of the Fund, in which the NEX modality and consequent national ownership are emphasised – implying a more passive role for the Project Manager. As discussed earlier in this report, the commitment and appetite for addressing capacity development issues shown by MOI has been limited. For example, during 1387 the MSU indicated that invitations by them issued to regional police commanders soliciting construction requests yielded no responses. The incentive for the Project Manager to pursue this effort is also of course dulled by a limited basket of donor funding for LOTFA for such non-recurrent expenditures.

The Fund is thus locked in a vicious cycle in which an aversion by donors to fund non-salary activities in the absence of more robust and credible funding proposals is mirrored by a disincentive for the LOTFA team to work up proposals in the face of poor MOI commitment and limited funding. This is compounded by the lack of any specification of an institutional development role in LOTFA’s TOR that contrasts with a broadly defined sanction for it in the Project Document. In turn this precipitates mixed expectations of what value addition LOTFA is supposed to provide outside the management of salary-related reimbursements.

Breaking this cycle will depend on LOTFA demonstrating that it can offer the level of value addition demanded by its stakeholders, but this can only be done with unequivocal direction from the Steering Committee that this is what is wanted. This need to be done by amendment of the Fund’s TOR.

For the UNDP and MSU to succeed as professional interlocutors between the Government and donors requires a level of technical literacy around the issues of institutional capacity across the core administrative functions in 6.2.2 above, especially as related to delivering policing, ideally in a context characterised by conflict. Ideally, these skills would be supplemented by further skills associated with organisational change. These aspects are neither evident in the present project management job description nor reflected in the other management and administrative posts associated with the MSU. Indeed, we consider these requirements as quite distinct from the obvious need for a project manager with effective fund and project management skills and experience, which is specified. This requirement is best met by providing additional staff who focus on providing expert advice and support to the Project Manager in his tasks⁹¹. We have not

⁹⁰ Job Description for Project Manager, LOTFA, UNDP (undated).

⁹¹ Some have argued that this role is potentially already undertaken by the IPCB and UNAMA. However, the potential resource and skills implications of ensuring effective programming of LOTFA interventions suggest that this is more hands and requires more detailed understanding of management, administrative and accountability issues in ministerial support and oversight in policing rather than policing strategy and donor coordination, which has been the focus of UNAMA

considered the cost implications of such a strategy for LOTFA, although some may argue that the cost of additional resource persons should be borne within the current GMS levels.

We contrast the absence of this technical resource within LOTFA with the approach taken by the World Bank in administering the ARTF. Although there are only 5 fulltime professional staff nominally assigned to managing ARTF, this fund benefits from 15-20 full-time equivalent professional staff. In particular, the ARTF core team are able to draw upon expert resources, both by sector and by functional discipline (e.g. procurement, financial management etc) in assessing priorities and developing funding proposals.

and IPCB's work. There would also be very little overlap with mentoring support provided by donors, which is focused on advising the ANP and MOI at an operational level.

7. Conclusions and Draft Recommendations

7.1 Introduction

This Chapter summarises our findings, then considers recommendations, and spells out the preconditions for ensuring success. These are set out for consideration and approval by UNDP.

7.2 Key findings

An integrated and harmonised framework of **support for law enforcement and security is vital** for Afghanistan. LOTFA is premised on addressing the problems of insecurity and poor governance that fuel disaffection among the public. Afghanistan continues to be a fragile state in which establishing the legitimacy of government and the rule of law is a key priority. This legitimacy must also stem from the application of the rule of law and provision of security for all citizens, given the factors that have driven previous conflict.

However, the security difficulties that arise from insurgency, warlordism, and the burgeoning growth in narcotics as well as strong public perceptions of corruption, and poor public service delivery by the police continue to be threats to this aim. Addressing these risks requires measures both to strengthen institutions that guarantee accountability and representation such as the MOI and justice institutions, and to enhance the effectiveness of the machinery of government that translates public will into effective action – the Afghan National Police.

Given this context, and the pre-eminence given to addressing security in the Afghan Compact and the ANDS it is clear that the Government of Afghanistan and its partners continue to attach **priority to the development of an effective police force**. Delivering an integrated and effective response that pools resources to meet this need is best done either in a programme-based intervention or through a trust fund. As the funding of recurrent costs continue to be a major component of providing security, then a trust fund offers a superior choice. A trust fund approach offers coordination and alignment of the salary funding efforts of donors and potentially reduces transaction costs to them and government in delivering recurrent cost funding. The rationale for LOTFA therefore continues to be sound.

Our field research confirmed the value of focusing on this priority, by demonstrating that there are potentially **benefits** that arise from many LOTFA activities. Some such returns will accrue directly to beneficiaries in terms of improving and securing the pay for policemen. Indirect benefits arise from the boost to morale, the inclusion of women through enhancing recruitment processes and awareness of gender in policing (both internally in the police and the wider community), and the perceptions that are formed of the ANP's credibility.

However, there are a number of significant constraints that detract from the potential benefits offered by LOTFA and if not addressed effectively, will undermine the credibility of the Fund as an appropriate instrument of delivery of support in the longer term. The **inability to attain a multi-year planning framework for LOTFA due to the short term**

funding horizon of donors, the limited interventions in institutional capacity building outside the payroll related function, and the constraints faced in addressing financial risk are critical drawbacks. LOTFA-V recognises some of these issues and goes some way to address them.

The causes of these constraints are several-fold and can be traced to factors which can be addressed directly by LOTFA's management, but largely comprise those which are outside their control. In this regard, there are **problems in the reliability and predictability of cash flows from donors** as well as **poor commitment by the MOI** to broaden the scope of LOTFA's capacity development work. Furthermore a proliferation of bilateral support in this sector and a lack of consensus on the strategic aspects of policing and police management and administration limit the opportunities to deliver major reforms. This in turn affects the ability of LOTFA to focus on a consistent set of responsibilities in supporting MOI and the ANP in planning and addressing their development priorities. This ongoing focus by donors on bilateral measures at the expense of multilateral initiatives undermines not only the Fund but the broader principles of donor harmonisation and raises rather than reduces the burdens on government. That donors do so is perhaps an indication of preferences to maintain greater control of security related interventions, given the wider political context of meeting the demands of their own domestic constituencies regarding their interventions in Afghanistan.

Nonetheless, our review suggests that there are **some internal constraints to the capacity of LOTFA**, in terms of the availability of skilled resources (and the pre-emption of staff to supporting earmarked activities) In addition, the TOR for LOTFA provide a narrower scope for the UNDP's role as the Fund administrator than suggested by other management documents. Given the considerable and urgent challenges still faced by the MOI and ANP in attaining institutional sustainability and improved performance, a wider role for LOTFA perhaps is warranted. Indeed, many commentators make this interpretation and suggest that LOTFA does not adequately address their expectations

The consequences of these negative perceptions and a limit to LOTFA's role are significant if not quickly addressed. In particular, the loss of credibility may threaten the Fund to unravel and persuade donors to take more bilaterally focused action and reduce national ownership of security and rule of law reforms.

The concluding finding, though, is cautiously positive, and the next Phase of the Fund has reprioritised its activities in recognition of some of the pressing issues in improving the performance of the police. Given the importance of its aims, LOTFA has the potential to be a key tool for development of essential government capacity in the MOI, if the constraints imposed by some of its design features and implementation approach are lifted. Achieving that potential is the aim of the actions considered next.

Finally in conclusion, the **key evaluation lesson** is that an intervention as significant as LOTFA, which touches on development, security and justice issues in a challenging "fragile state" context cannot be administered in a passive manner. Rather **such interventions need close and active management**. As a consequence, that LOTFA has not been able to broaden its role from just administering recurrent cost reimbursements to being a mechanism to address broader management capacity in core administrative functions remains a disappointment.

7.3 Recommendations

Several recommendations to carry forward into LOTFA-V follow from our analyses. These are considered below:

- **LOTFA stakeholders should align themselves to a clearly articulated long term strategy for each of the Fund's priorities with specified targets.** The limited support attained for non-salary and non-earmarked priorities needs to be addressed. While priorities and outputs are defined in the Project Document for LOTFA-V at a high level, these need to be translated into a more detailed multi-year strategy and targets for each priority, around which subsequent funding commitments can be built and outcome performance monitored. For the first time, the Project Document considers a two year budget, but work plans are still annual. It would be important to begin planning in a way that considers a longer term vision of administrative capacity and the step changes needed to attain it. This must be derived from a consensus view of Steering Committee members.
- **The role for LOTFA in relation to institutional development needs to be clarified.** It is clear there are divergent expectations about the role that LOTFA plays in relation to institutional development issues. This stems from the dichotomy between the requirements in the Fund TOR and the Project Document and Project Manager's job description. These documents need to be more closely aligned – either to specify that LOTFA has a wider role to play, or to strip down priorities to where the Fund has existing comparative advantages. These comparative advantages relate to salary payments (and associated payroll processes) and gender related support.
- **Develop a detailed template for Priority-based proposals:** The MSU should develop guidance for the MOI on proposal templates which are used as the basis for soliciting funding support. While submissions to the Steering Committee provide a clear (and costed) business case for proposals, it is evident that an action plan, as well as assessment of the long term financial implications of the proposal, (including a cash flow plan aligned with an action plan), are also needed. An appropriate template should reflect key outputs and priorities as agreed in the Project Document and set out in detail against each priority strategy statement, a more detailed scope of work, objectives, high level activities, timescales for implementation, milestones, resources, and highlight any synergies and dependencies. The priority-based proposals should be reviewed and signed off by the LOTFA Steering Committee at each quarterly review meetings as appropriate.
- **Review the MSU's professional and management roles:** The roles and responsibilities of the MSU management team should be reviewed and rationalised to reflect the priority needs of the Fund as a whole in line with the agreed role for the Fund administrator. Currently, the management resources appear unbalanced and overly focused on payroll related processing or supporting earmarked activities which are relatively small components of the Fund. If the Fund is to undertake a wider role in relation to institutional development, essential technical skills relating to the management and administration of policing need to be considered. Skills shortages are exacerbated by shortages of staff – vacancies should be addressed also.
- **Define counterpart arrangements for the MA that are independent of the National**

Director for LOTFA: The framework for the MA function must not only ensure independent regular verification but build appropriate counterpart capacity in the MOI. Good practice would suggest that the department of the Inspector General of Police would be a preferred counterpart.

- **Increase level of communication about LOTFA's role:** Given the plethora of international cooperation partners in the security and law enforcement arena, it is critical that LOTFA ensures visibility for its work, to avoid duplication and exploit synergies. Although it is now represented on the Steering Committee for IPCB (and vice versa), and there is a greater effort being made by donors to attain coordination, there is still a need for continuous communications that take in stakeholders. Communication needs to be increased if buy-in and support from external stakeholders is to be increased and retained, especially where expectations among stakeholders of LOTFA's role and performance can easily diverge. (This includes providing supplementary communications that aim to provide clarity around financial reporting).

7.3.1 Preconditions for success

We have identified the following preconditions for success. Mainly they require actions that are outside the responsibility of the LOTFA team but are primarily Government and international partner responsibilities. The preconditions are:

- **Government commitment:** the Government of Afghanistan must sign up to addressing the key deficiencies relating to its commitments identified in this review. As the national owner the MOI must improve cooperation with LOTFA in relation to the institutional capacity building aspects. The key aspects of improving accountability in this regard will need to be imposed from the National Director. For this to be effective there needs to be ministerial concurrence.
- **Commitment of LOTFA donors:** the proposed reforms need to be naturally agreed by LOTFA's donors. In particular, even with UNDP's concurrence to these recommendations, it is important that donors are aligned. It is only by presenting a consistent basis for dialogue with the MOI that the donors will maximise the potential of LOTFA. In this regard, adherence to these recommendations should constitute part of the overall monitoring framework for LOTFA

To conclude our analysis, we consider that LOTFA has the potential to perform well – and needs to perform well. To facilitate this, we recommend that the Steering Committee resolve to transform the delivery of the Fund along the lines above, and does so quickly as a means to safeguard the credibility of this important instrument.

Appendix A - Evaluation Terms of Reference

Evaluation of the Law and Order Trust Fund for Afghanistan

1. 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 Mol, widely visible to and respected by the public, and capable of protecting rights, insurgency and drug trafficking.

International community support for rebuilding the Afghan police force started from the beginning of 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, UNDP established a Law and Order Trust Fund for Afghanistan (LOTFA) to enable the police to return to operation throughout the country.

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

- 1) Remuneration and payment of police;
- 2) Procurement, operations and maintenance of non-lethal police equipment;
- 3) Rehabilitation, reconstruction, operations and maintenance of police facilities;
- 4) Gender orientation (selection, recruitment and training of police); and
- 5) Institutional development.

The first three phases of the project have been completed and the project is currently in Stage IV (April 2006 – March 2008). The European Commission, the United States, Canada, the Netherlands, Japan, Germany, United Kingdom, Switzerland, Finland and Italy are the major contributors to LOTFA. 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 administrator of the fund.

While LOTFA is a mechanism for receipt and administration of the funds, there a number of policy and institutional factors which have a bearing on the performance of LOTFA. Although some progress has been made towards reforming Mol and its police force through the pay and rank reform, introduction of Electronic Payroll System, Electronic Fund Transfer, promulgation of new policies, procedures and regulations, and improvement of the ethnic balance, many obstacles and challenges remain to be overcome. For instance, the Government of Afghanistan does not currently have the ability to cover core remuneration costs for the ANP from its own revenue sources, raising concerns about the sustainability of Mol reforms and the viability of the LOTFA exit strategy.

2. Purpose of the Evaluation

As per the UNDP project management cycle, a final evaluation of the project is to be conducted at the end of each project. Therefore, after the completion of the phase IV of the project, it will be evaluated. The main purpose of the evaluation would be to assess the effectiveness and impact of LOTFA in meeting its stated objectives during the two year period.

The evaluation should also provide lessons learnt and recommendations that can help improve the effectiveness of the Phase V of LOTFA . These will be extremely valuable for UNDP as it works to improve the planning, design and management of the LOTFA Phase V and for the international community to continue support to LOTFA.

3. Scope and Focus

The evaluation will cover all priorities of LOTFA and results achieved in each priority area. The evaluation team will analyse the implementation, outcome, outputs, impact and sustainability dimensions of LOTFA. Each of these aspects will be assessed as follows:

(1) Relevance

- Are LOTFA objectives and the logic behind them appropriate given the overall policy objective of rebuilding ANP?
- Are LOTFA activities consistent with the strategic priorities of its principal stakeholders? Where are LOTFA's linkages/synergies with other national programmes or projects?

(2) Effectiveness

- To what extent were the LOTFA objectives achieved or likely to be achieved directly by Trust Fund Administrator, donors and LOTFA, as well as indirectly by the Government?
- Has LOTFA been effective from a results-based perspective?
- To what extent have LOTFA outputs to date contributed to achieving the stated specific objectives?
 - reimbursement to the Government for police remuneration in all provinces;
 - monitoring of the verifiable present/for-duty strength data (on a random basis);
 - building financial and project management capacity in Mol; and
 - promoting the advancement of women and fostering gender equality in the police personnel and efforts made/incentives created to increase the no. of female police.

(3) Efficiency

- To what extent have the Electronic Payroll System and Electronic Fund Transfer mechanisms made the system of payment efficient and transparent? How effective have these investment been by the government?
- To what extent have timely payment of police been made? What kind of systems is MOF putting in place for smooth implementation of salary payment?

- How efficiently has Trust Fund planning and implementation been carried out, including the assessment of organisational structure, management support and co-ordination mechanism used by the Trust Fund Administrator to support LOTFA?
- Are the current monitoring mechanisms set up by LOTFA adequate for monitoring performance and the quality of results?

(4) Impact

- To what extent has LOTFA impacted the wider objective of re-building the ANP? In particular, what positive changes, both intended and unintended, can be attributed to the interventions?
- What is the impact of the LOTFA funding level on the police reform and overall security in the country?

(5) Sustainability

- To what extent will LOTFA benefits and results be maintained after its exit?
- To what extent have the funding requirements for the LOTFA been met and how have shortfalls been managed? How predictably and regularly have resources been supplied to LOTFA? What can be done to improve the predictability and sustainability/efficiency of fund raising?
- To what extent are LOTFA's capacity building initiatives/trainings sustainable?
- To what extent is the GoA taking measures for the fiscal sustainability of the ANP.

(6) Co-ordination and Institutional Arrangement

- To what extent do LOTFA activities compliment, duplicate or compete with other initiatives in the police sector?
- How efficient and effective are the management arrangements for LOTFA?
- How appropriate is LOTFA's governance structure and is there a need for streamlining it or making it more effective?

5. Recommendations

Based on the review, the team will provide:

- Recommendations for adjustments to the thematic focus of LOTFA, overall goals, strategic positioning including partnership strategy, delivery mechanisms including project staff, profile of expertise, organization, and systems, and the exit strategy and timeframe.

6. Review Process and Methods

A team of experts/institution will be hired to engage in a consultative process with the relevant GoA institutions, International Community, LOTFA Steering Committee members, LOTFA Trust Fund Administrator, and to assess the challenges and processes and provide recommendations for the future. An initial meeting could be conducted jointly with the Steering Committee members to provide a common direction to the evaluation, identify the major focus areas and agree upon key results.

The Review Team will be requested to prepare and submit to the UNDP Country Office an inception report with an outline of the methodology that will be followed for the evaluation.

The inception report will contain, but will not be limited to the following information:

- List of all key documents and resource people for the review exercise. The review mission will be provided with the available written documentation (Terms of Reference for LOTFA, programme documents, previous evaluation report, monitoring reports, project quarterly progress and annual financial reports, minutes of the Steering Committee and monitoring grant documents, etc).
- Work programme for the evaluation exercise.
- Draft of detailed programme for regional visits and consultation meetings.
- First cut of criteria and indicators for assessing the relevance, effectiveness and efficiency of LOTFA operations.
- List of specific questions and concerns relating to the review to which LOTFA Steering Committee would respond.

Upon arrival of the review mission in Kabul, a meeting will take place among all concerned parties to review and finalize the proposed work plan and methodology. The mission will meet with UNDP, LOTFA project management, National Director for the project, MoI and MoF staff and donors to receive answers to possible particular questions that the mission would like to look into prior to field visits.

Following these initial meetings the mission will have meetings in Kabul and the provinces (visiting provincial MoI departments) and hold discussions mainly with the police personnel, national project staff, local authorities, members of the public, donors and implementing partners, if necessary. The mission members would look into systems and processes adopted at different levels.

A participatory approach will be used throughout the review.

7. Deliverables

The consultancy will produce the following deliverables:

Inception Report
(as indicated earlier)

Preliminary conclusions

The Review team/institution will draft the preliminary conclusions one week prior to the end of the mission to be shared in meetings with all concerned, for obtaining reactions to these observations and conclusions. A particular effort will be made to obtain the views of the Government implementing agency (MoI), the LOTFA project management team, donors and UNDP staff during these meetings. Prior to its departure from Kabul, the Team Leader will submit the draft report.

Review Report

Within three weeks after receipt of the comments and observations on the draft report, the Review Team will submit a final report.

- The language of the report should be English
- 5 hard and soft copies should be delivered
- The soft copy should be compatible with MS Office Word and Acrobat Reader
- A five page long stand alone executive summary should be submitted

8. Team Composition

The evaluation team could consist of about three members (from an institution or individuals). The team leader (an international consultant) will take the overall responsibility for reviewing documents, undertaking field visits, conducting interviews and preparing draft and final reports.

National specialist will also be part of the team who may be separately hired by the institution or by the Trust Fund Administrator to support the team leader in reviewing documents, undertaking field visits and conducting interviews.

Minimum Qualification and Experience required for the Team members:

- Advance degree in law, public affairs or international developments studies;
- At least 15 years of experience in the area of democratic governance, security sector or police reform, of which at least five years should be experience of working for, or closely partnering with, international organizations working in a developing country context;
- Experience in evaluation of law enforcement and capacity building projects;
- Extensive experience in conflict countries, institution and state building initiatives; Knowledge of Afghanistan country context and the state's institutional framework;
- Experience in undertaking evaluation reviews/studies and impact assessments of development projects; Knowledge of management and implementation of Trust Funds;
- Ability to present information in transparent and comprehensive manner;
- Written and spoken fluency in English, knowledge of local languages is an asset

Minimum Qualification and Experience required for the National Specialist:

- University degree
- At least five years of experience in the area of democratic governance, law or judicial
- This expertise may have been gained in the private sector, NGO, international organizations or public sector
- Should have full command on Dari, Pashto and English languages

9. Timeline

The mission will start in Mid May 2008.

- Briefing, review of documentation – 5 days
- Inception Report - 1 week

- Consultations, field missions – 1 to 2 weeks
- Preliminary Conclusions- 1 week
- Draft Report – 2 weeks
- Receipt of comments and final report – 2 weeks

10. Procedures and Logistics

UNDP will be responsible for organizing and facilitating the evaluation. UNDP will provide all related documents and logistical support, arrange meetings and facilitate the field visits. LOTFA project staff will also assist the review team in performing their tasks.

Throughout the mission the evaluation team will be supported by the following staff:
UNDP Staff (1) and LOTFA Staff (2- Project Manager, Project Staff)

11. Funding

The review will be supported by the Trust Fund.

Appendix B - Stakeholders consulted

Scope of interviews and field visits

The evaluation was premised on desk research complemented by consultations with stakeholders in LOTFA to provide greater insight, comment and detail to that which can be garnered from desk work alone. We considered two main categories of stakeholders for this consultation process:

- **Executive stakeholders**, comprising the MOI and police, MOF, financial contributors from the international community, as well as UNDP and the LOTFA management team; and
- **Non-executive stakeholders**, such as those delivering other related interventions supporting the police, as undertaken bilaterally and multilaterally, as well as their sponsors. Meetings in this category also include discussions with those directly impacted by LOTFA outcomes, but who do not influence it (e.g community representatives and relevant civil government, especially at provincial and district levels, and the media).

In relation to Afghan stakeholders we aimed to engage with them at both a central level in Kabul, and where possible at a police Regional Command (RC), provincial and district level. In particular, we recognise that the logistical challenges to support the police in and around Kabul are not as extensive as perhaps those for other areas. It was important to attain a balance of views as a consequence. However, in practice, as described in the report our interviews were constrained by security and logistical considerations

Interviewees consulted

UNDP and LOTFA

Sandeep Kumar	Project Manager, LOTFA
Ubaidullah Sahibzada	Deputy Project Manager, LOTFA
Salim Shah Mushfiq	Senior Finance Officer, LOTFA
Shafiq Ahmad Kohistani	EPS Manager, LOTFA
Mithulina Chatterjee	UNDP
Mushtaq Rahim	UNDP

Government of the Islamic Republic of Afghanistan

Lt General Mohammad Haidar Basir	Deputy Minister for Support and Administration, National Director of LOTFA, Ministry of Interior
Lt General Mangal	Deputy Minister of Security, Ministry of Interior
Brigadier General (Dr) Alhamadin Wardak	Chief of Budget and Finance, Ministry of Interior

Lt General Ayub Salangi	Kabul Regional Zone Commander
Colonel Stanekzai, Administrative NCOs (3) and patrolmen (3)	3 rd District Police Station, Kabul
Colonel Abdul Mohammad Quraishi	CID Commander, Nangahar Police Headquarters
Major Rahim Daud and patrolmen(2)/NCO	3 rd District Police Station, Jalalabad
Major Sayed Alasi and patrolmen (2)	1 st District Police Station, Parwan Province
Officer-in-charge (Colonel) and patrolmen	Jabalussaraj Police Station, Parwan Province

International Partners

Colonel Charles Busick	International Affairs for Police Development, CSTC-A
Assistant Chief Constable (Brigadier General) Steve O'Rourke	Senior Police Advisor to Commanding General, CSTC-A
Wing Cmdr Andy Bunce	Officer in Charge (OIC) - CJ5 (ANP Strategic Planning), CSTC-A
Major Tim McIsaac	OIC - CJ1 (ANP Personnel & Admin), CSTC-A
Gillian Norwood	Staff Officer, Army Command Group, CSTC-A
Duke Lokka	First Secretary, Political/Military Affairs Officer, Embassy of the United States of America
Farrah Musani	Second Secretary Political, Canadian Embassy
Colin Townson	Political/Military Affairs Officer, Canadian Embassy
Erwan Marteil	Counsellor, Head of Sector – Governance, Rule of Law, Delegation of the European Commission to Afghanistan
Detlef W Karioth	Chief Senior Police Advisor, Head of the German Police Advisor Team, Embassy of the Federal Republic of Germany
Everett Summerfield	Head Programme Directorate, EUPOL
Erja Kaikonnen	Political Advisor, EUPOL
Bo Hogland	Manager, IPCB
Debbie Gibson	First Secretary (Policing), British Embassy
Saber Ibrahim	State Building Team Programme Officer, DFID Afghanistan, British Embassy
Stella Kloth	First Secretary, Political/Military Affairs, Royal Netherlands Embassy

Vishal Gandhi	Accounting Advisor, Public Administration Capacity Building Project, Ministry of Finance
John Grinyer	Advisor to Fiscal Policy Unit, Ministry of Finance
Khuda Baksh Chowdhury	Senior Police Advisor, Police Advisory Unit, UNAMA
Hugh Riddell	Operations Officer, ARTF, The World Bank Group
Paul Sisk	Manager ARTF, The World Bank Group
Christopher A Greene	Professional Mentor - Chief of Finance, Finance and Budget Department, Ministry of Interior (MOI)
Tonita Murray	Senior Police and Gender Advisor, CANADEM, Ministry of the Interior
Colonel Robert Wadsworth	ISAF Police liaison
Isabella Pierangeli Borletti	Programme Officer, Multilateral Projects UTL, Italian Cooperation Kabul

Civil society and media

Community wakils	2 districts in Kabul (un-named)
Community wakil and shura members	Jabalussaraj, Parwan province
Ben Farmer	Kabul Correspondent, the Daily Telegraph
TV/media producer (un-named)	Jalalabad

Appendix C - Key references

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Appendix D - Field visit questionnaire

Questions for MSU, MOI UNDP

1. Are there figures available for the number of police receiving salaries?
2. Are they up-to-date? How are the figures collected? How accurate are they?
3. Are these figures improving? If not why not?
4. What are the possible inaccuracies?
5. Are there figures as to whether salaries are received on time?
6. Are they up-to-date? How are the figures collected? How accurate are they?
7. Are these figures improving? If not why not?
8. What are the possible inaccuracies?
9. How have these figures changed since the 2005 evaluation? Are the statistics collected any differently?
10. What is the impact of the payments? How is this measured? (reduced crimes , perception of police etc)
11. What are the oversight and transparency mechanisms for payments at each level? (I am not yet sure how the payments work – from the centre to provinces and then distributed to individuals police stations)
12. How many vehicles and how much communication equipment has been distributed? Does it work? Is it still present in the police stations?
13. What effect have vehicles and radios had on the operational effectiveness of the police? *Ask for examples*
14. What rehabilitation works have taken place or are in progress? *(need to know how many are still left unrehabilitated)*
15. What has been the effect of these works?
16. Are there facts and figures on the numbers/ranks given police training / HR/Legal issues training/ gender awareness training?
17. Ask for a copy of the curriculum and details of how the training is conducted and whether any refresher training is given?
18. How do you communicate with the provinces- ask about reports, work plans, policy, regulations codes of conduct?

Questions for local community leaders (obviously some of these might not be relevant depending on how much knowledge they have of the police payments/ their role in the community)

1. How important are the police to the community? (need to find out what role they play – are they ignored/sidelined by the community because seen as ineffective– does some one else actually do the “Policing” are they feared by the community or a section of the community)
2. Who uses the police? Do women go to the police? Do children/ Poor people/ ethnic minorities go to or use the police?

3. Do the police ever consult the community? If yes how? And with whom?
4. How have things changed with regards to the police in the past 5 years? Are they getting better and how? (request examples of better performance)
5. What is lacking? What do the police need to do better in the future?
6. Do you trust the police? If not – why not – ask for examples of behaviour?
7. Do you feel that improving the police salaries and living conditions has had an effect on their performance? If so how? (If corruption and taking bribes is a problem, need to explore if the population know that this is not acceptable, who could the victim of corruption complain to? Would the police take it seriously?)
8. How often do you see the police? Do they move around or stay in their stations? Do they police the correct areas – markets, patrols? (this will depend upon where the local population consider the problem areas to be)
9. How have the police changed their activities in the past 5 years?

Questions for the Police

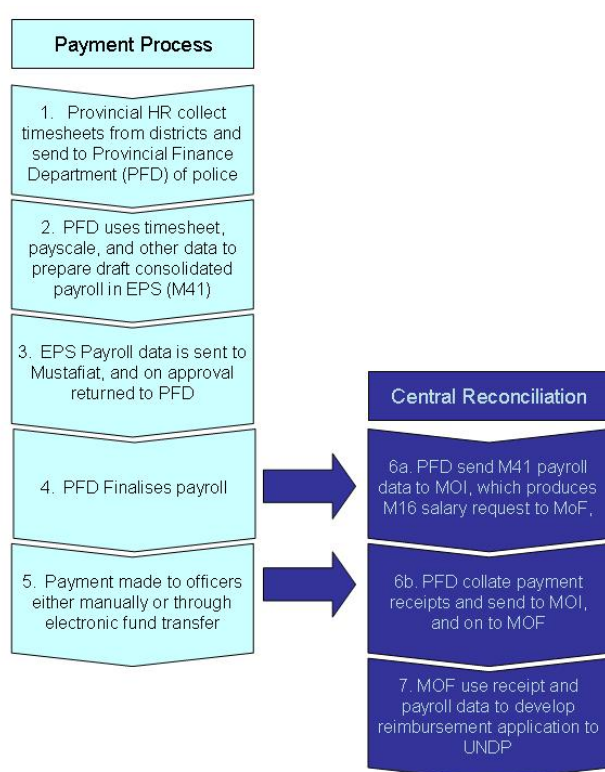
1. Do you get paid the correct amount on time every month? *If the answer is no ask questions about how often it does not work, whether this is getting more or less frequent.*
2. Do you know how much you should be paid every month? *Transparency of pay is very important*
3. What procedure do you go through if you do not get paid the correct amount or it is late? Is the process successful?
4. How do you survive (meals, housing family expenses) when you are not paid on time? *Depending on the answer as this is obviously going to be sensitive – ask whether witnessed any corruption in fellow officers?*
5. What are your living conditions like? Have any improvements been made?
6. How many vehicles do you have? Are they sufficient? What are the improvements in your vehicles over the past 5 years?
7. What methods of communication do you use? How effective is this? What have been the improvements in communication over the past 5 years?
8. What are the outstanding issues facing the police?
9. What are the problems for policing in the region?
10. How do you tackle these problems?
11. Do you keep records of crimes reported to you and/or incidences which occur?
12. How does the record system work?
13. How important are the police to the community? *(need to find out what role they play – are they ignored/sidelined by the community because seen as ineffective– does some one else actually do the “Policing” are they feared by the community or a section of the community)*

14. Who uses the police? Do women go to the police? Do children/ Poor people/ ethnic minorities go use the police?
15. Do you ever consult the community? If yes how? And with whom?
16. How have things changed with regards to the police in the past 5 years? Are they getting better and how? (*request examples of better performance*)
17. What is lacking? What do the police need to do better in the future?
18. Do you have a good relationship with the community? If not – why not?–
19. Do you feel that improving the police salaries and living conditions has had an effect on their performance? If so how – ask for examples?
20. How often do the police patrol areas such as markets etc
21. How have the police changed their activities in the past 5 years?
22. How many of your police have been given police training / HR/Legal issues training/ gender awareness training?
23. Ask for a copy of the curriculum and details of how the training is conducted and whether any refresher training is given?
24. What impact has this had on the police activities? (ask for examples)
25. What is the composition of the police- women, ethnic minorities? (need to look at it in rank terms as well)
26. What is the relationship with the MOI, do you communicate with them regularly? What information do you get from them?
27. Do the MOI deal with any issues you might have? Is it timely?

Appendix E - Payroll system and processes

This lack of accuracy and challenges in the budgeting process for salaries is in contrast to what is regarded as credible expenditure reporting⁹². At the heart of this is a comprehensive expenditure reporting system which reconciles EPS-based records of the MOI, developed by LOTFA, with the AFMIS framework for managing and recording payments of the MOF. The process is documented in detail in the GTZ study and in various LOTFA reports, and readers are directed to these documents for a detailed exposition. We offer a short summary in Figure 2 below, which illustrates the overall process in seven key stages⁹³. (A more detailed flowchart, provided by the MSU, which shows a more comprehensive illustration of the exact process, is given in Figure 3).

Figure 2: Summary payment process



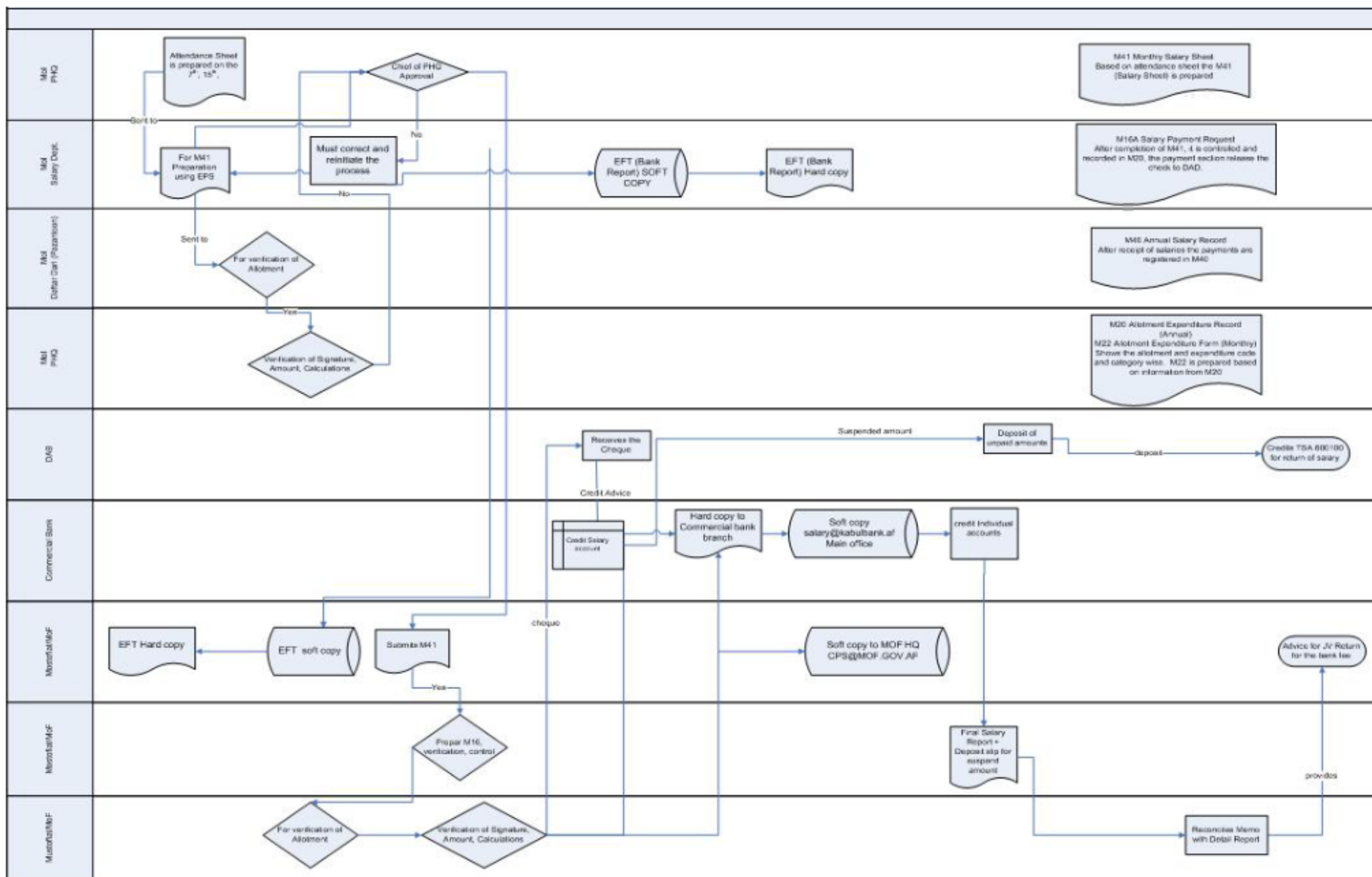
⁹² The process for expenditure reporting on payroll is perceived by LOTFA's stakeholders to be largely sound, with both the recent PEFA and GTZ studies commenting positively on the payroll system (*Afghanistan, Public Financial Management Performance Assessment and Analysis of the Institutional Settings of the Law and Order Trust Fund*, op.cit.). There are fiduciary risks in the system, but these relate mostly to who is paid and whether salaries are actually received. This is discussed later in this Report.

⁹³ We present a slightly simplified process in the figure here – in reality the consolidated payroll (M41 sheet) is passed twice between the Department of Finance at Provincial level and the Mustafiat, and not just once – see Appendix D.

In general the police develop a payroll at provincial level drawn from attendance and personnel records. (Where the EPS has been rolled out this draws on computerised records and police ID cards). This is used to generate an M41 payroll sheet for each province which is aggregated centrally at the MOI to be entered as a consolidated salary request (form M16) to MOF in Kabul. This payroll is entered into the AFMIS. The M16 reports are verified by the provincial *Mustafiats* (who cross reference them with the M41 data) before sending back to MOF to process payment.

In principle this framework should facilitate a straightforward reconciliation of expenditure data at the aggregate level (provincial and in Kabul) between LOTFA and MOF and ensure reasonably accurate forecasting for budgeting and cash flow planning purposes.

Figure 3: Salary payment process



Appendix F - Status of EPS and EFT roll-out

Sources for tables: LOTFA MSU. Notes below are as in original reports.



د افغانستان اسلامي جمهوریت
Islamic Republic of Afghanistan
د کورنیو چارو وزارت
Ministry of Interior



Support to Law & Order – Phase IV (LOTFA)

Report As of: 07-Sep-08

17-6-1378

تاریخ راپور:

Province ولایت	Tashkil تشکيل	HR Update پېژندنه	Month برخ	No. Police in Payroll (EPS) پرسونل در سیستم کپیو تری معائنات	Month برخ	Total Number Police in EFT کله از سیستم پاتکی معائنات میگیرند
Kabul Zone کابل	7559	9457	03-1387	5996	5-1387	5996
Central Departments+Battations						
اپرات و قطعات مرکزی	6276	7119	03-1387	5658	4-1387	5658
ANCOF نظم حمله	5365	1568	03-1387	2681	5-1387	2681
Sub total For Kabul Region	19200	18144		14335		14335
RC Center HQs قراړگه زون مرکز	611	312	03-1387	306	3-1387	306
National Police Training Center	150	0	03-1387			
Nangarhar (ننگرهار)	2826	2291	03-1387	2287	4-1387	2287
Parwan (پروان)	1007	1409	03-1387	987	4-1387	873
Kapisa (کاپیسا)	883	1021	03-1387	963	5-1387	0
Pangsher (پنجشیر)	532	397	03-1387	410	3-1387	0
Nuristan (نورستان)	740	590	03-1387	1177	4-1387	0
Kunar (کنړها)	1364	1481	03-1387	1231	4-1387	1025
Laghman (لغمان)	626	768	03-1387	699	3-1387	699
Logar (لوگر)	648	952	03-1387	801	5-1387	0
Wardak (وردک)	831	1094	03-1387	753	4-1387	0
Bamyan (بامیان)	756	545	03-1387	573	4-1387	280
Sub Total For Cenral Region	10974	10860		10187		5470
RC Paktia HQs قراړگه زون پکتیا	341	216	03-1387	214	5-1387	0
Paktiya (پکتیا)	1456	1341	03-1387	1075	5-1387	0
Ghazni (غزني)	2446	1894	03-1387	1762	5-1387	395
Paktika (پکتیکا)	1681	1101	03-1387	1249	5-1387	0
Khost (خوست)	1425	1560	03-1387	1003	4-1387	818
Sub Total for Gardiz Region	7349	6112		5303		1213
RC North HQs قراړگه زون شمال	367	264	03-1387	264	5-1387	264
Balkh (بلخ)	1891	1800	03-1387	1418	4-1387	1416
Kunduz (کنډز)	1188	1566	03-1387	1064	4-1387	695
Badakhshan (بدخشان)	1876	1851	03-1387	1714	5-1387	270
Takhar (تخار)	1304	1434	03-1387	1270	5-1387	351
Jawzjan (جوزجان)	838	869	03-1387	912	5-1387	296
Faryab (فاریاب)	1354	1339	03-1387	1278	5-1387	1025
Baghlan (بغلان)	1258	1682	03-1387	1515	4-1387	1515
Adreraskan Training Center	150	0	03-1387			
Samangan (سمنگان)	698	751	03-1387	822	5-1387	0
Saripul (سرپل)	725	523	03-1387	527	5-1387	0
Sub Total for North Region	11649	12079		10784		5832
RC Hirat HQs قراړگه زون هرات	365	207	03-1387	0		0
Herat (هرات)	2517	2776	03-1387	2651	5-1386	2611
Farah (فراه)	1291	1865	03-1387	1873	5-1387	0
Badghis (بادغیس)	881	1519	03-1387	0		0
Ghor (غور)	999	1099	03-1387	903	5-1387	0
Sub Total for Hirat Region	6053	7466		5427		2611
RC Kandahar HQs قراړگه زون کندهار	365	253	03-1387	220	4-1387	78
Kandahar (کندهار)	2744	3768	03-1387	3730	4-1387	564
Helmand (هلمند)	2063	2515	03-1387	0		0
Uruzgan (ارزگان)	819	1763	03-1387	0		0
Nimroz (نیمروز)	749	844	03-1387	809	2-1387	0
Zabul (زابل)	1213	1438	03-1387	1448	2-1387	0
Dikondy (دایکندی)	852	660	03-1387	0		0
Sub Total for Kandahar Region	8805	11241		6207		642
Kabul Border Police (سرحدی کابل)	1062	734	03-1387	722	5-1387	722
Brigade 1 لوی 1 سرحدی ننگرهار	3078	2225	03-1387	2181	12-1386	762
Brigade 2 لوی 2 سرحدی خوست	3490	1718	03-1387	1398	12-1386	560
Brigade 4 لوی 4 سرحدی کندهار	4651	3063	03-1387	0		0
Brigade 6 لوی 6 سرحدی هرات	2454	1877	03-1387	1896	3-1387	380
Brigade 7 لوی 7 سرحدی بلخ	3235	2730	03-1387	2390	4-1387	610
Sub Total for Border Police	17970	12347		8587		3034
Grand Total	82,000	78,249		60,830		33,137

EPS has been implemented to all 115 payroll stations of Mol Nationa Wide, but still we are not receiving regular reports from some of the stations where there EPS figures are zero.



د افغانستان اسلامي جمهوریت
Islamic Republic of Afghanistan
د کورنیو چارو وزارت
Ministry of Interior



Support to Law & Order – Phase V (LOTFA)

Report As of: 12-Jan-09

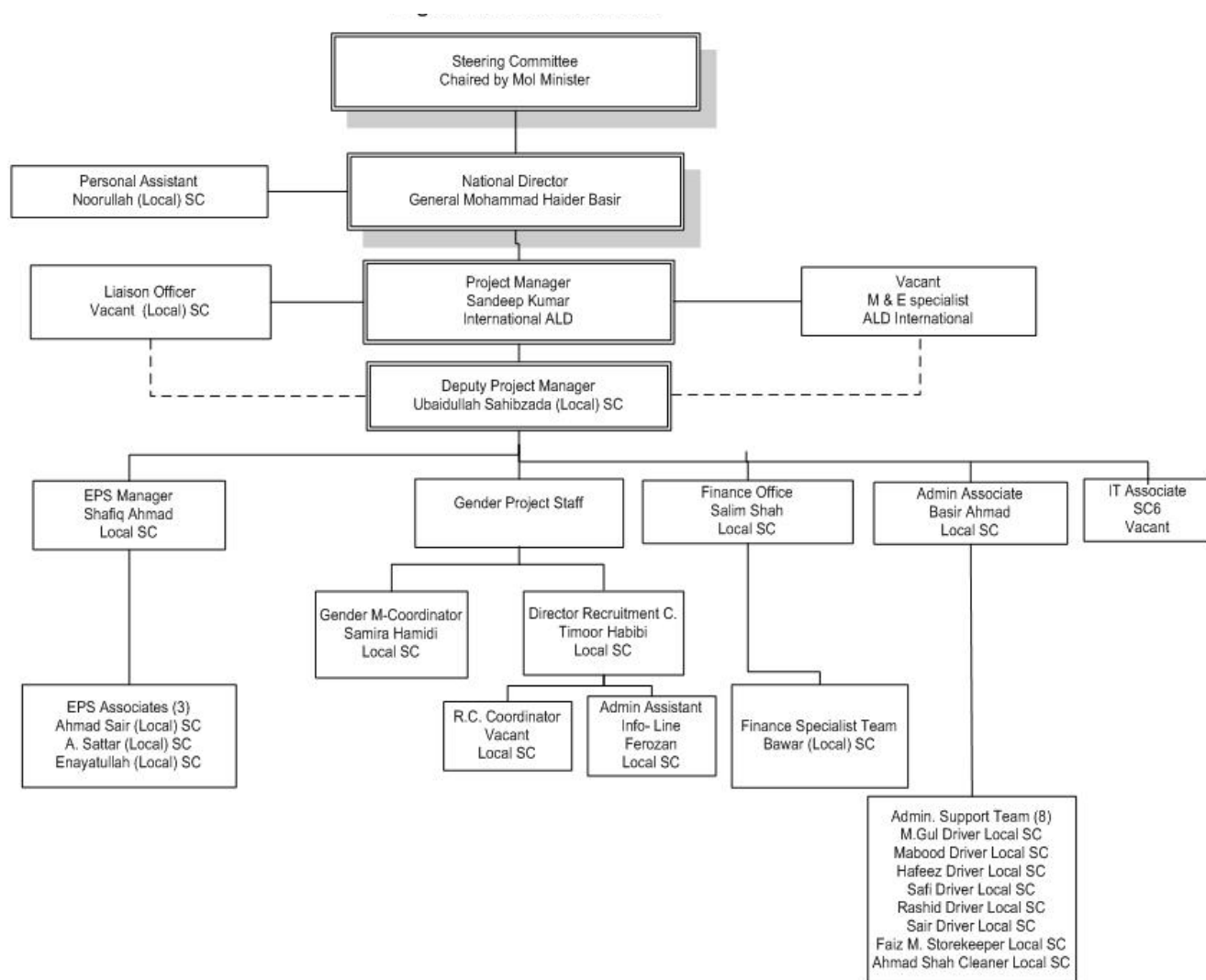
23-10-1387

تاریخ راپور:

Province ولایت	Tashkil تشکيل	HR Update احصایه پیژنتون	Month برج	No. Police in Payroll (EPS) احصایه پرسونل در سیستم کمپیوتری معاشات	Month برج	Total Number Police in EFT پانکی معاش میگیرند
Kabul Zone کابل	8395	7263	08-1387	7930	9-1387	7930
Central Departments+Battalions						
ايرات و فیلدات مرکزی	6083	8355	08-1387	6246	9-1387	6246
ANCOF علمه	5291	4032	08-1387	4124	9-1387	4124
Sub total For Kabul Region	19769	19650		18300		18300
RC Center HQs مرکز کابل	351	344	08-1387	319	9-1387	319
Nangarhar (ننگرهار)	2906	2754	08-1387	2788	9-1387	2788
Parwan (پروان)	1016	1112	08-1387	983	9-1387	973
Kapisa (کاپیسا)	916	1077	08-1387	992	9-1387	135
Pangsher (پنجشیر)	568	506	08-1387	499	7-1387	0
Nuristan (نورستان)	947	1325	08-1387	1170	5-1387	0
Kunar (کنړه)	1411	1305	08-1387	1295	9-1387	1294
Laghman (لغمان)	694	684	08-1387	710	9-1387	710
Logar (لوگر)	883	646	08-1387	833	9-1387	609
Wardak (وردک)	1019	874	08-1387	976	9-1387	0
Bamyan (بامیان)	779	643	08-1387	630	9-1387	348
Sub Total For Cenral Region	11490	11270		11195		7176
RC Paktia HQs پکتیا	360	231	08-1387	213	9-1387	0
Paktia (پکتیا)	1411	1096	08-1387	1089	9-1387	0
Ghazni (غزنی)	2429	1727	08-1387	1689	7-1387	628
Paktika (پکتیکا)	1744	1367	08-1387	1438	8-1387	0
Khost (خوست)	1408	1121	08-1387	1121	8-1387	818
Sub Total for Gardiz Region	7352	5542		5550		1446
RC North HQs شمال	363	295	08-1387	297	9-1387	297
Balkh (بلخ)	1829	1824	08-1387	1736	9-1387	1736
Kunduz (کنډز)	1158	1184	08-1387	1216	9-1387	1216
Badakhshan (بدخشان)	1839	1937	08-1387	1889	8-1387	1053
Takhar (تخار)	1271	1433	08-1387	1312	9-1387	1312
Jawzjan (جوزجان)	838	861	08-1387	850	9-1387	641
Faryab (فاریاب)	1307	1280	08-1387	1291	7-1387	1027
Baghlan (بغلان)	1364	1698	08-1387	1467	9-1387	1467
Samangan (سمنگان)	683	873	08-1387	866	9-1387	0
Saripul (سرپل)	694	569	08-1387	507	7-1387	507
Sub Total for North Region	11346	11954		11431		9256
RC Hirat HQs هرات	360	235	08-1387	236	9-1387	236
Herat (هرات)	2659	2771	08-1387	2914	9-1387	2914
Farah (فراه)	1333	1622	08-1387	1513	9-1387	0
Badghis (بادغیس)	1017	1060	08-1387	1116	9-1387	0
Ghor (غور)	961	891	08-1387	919	9-1387	0
Sub Total for Hirat Region	6330	6579		6698		3150
RC Kandahar HQs کندهار	402	266	08-1387	259	8-1387	94
Kandahar (کندهار)	2949	4082	08-1387	3889	5-1387	1513
Helmand (هلمند)	2152	2558	08-1387	2437	8-1387	0
Uruzgan (اورزگان)	1369	1660	08-1387	1677	7-1387	0
Nimroz (نیمروز)	869	822	08-1387	866	9-1387	0
Zabul (زابل)	1431	1192	08-1387	1448	2-1387	0
Dikondy (دیکندی)	861	597	08-1387	733	9-1387	0
Sub Total for Kandahar Region	10033	11177		11309		1607
Kabul Border Police (سرحدی کابل)	1009	906	08-1387	799	9-1387	799
Brigade 1 لوی 1 سرحدی ننگرهار	2649	2307	08-1387	2527	8-1387	1317
Brigade 2 لوی 2 سرحدی کابل	2986	1875	08-1387	1740	8-1387	784
Brigade 3 لوی 3 سرحدی کندهار	4003	2924	08-1387	2620	9-1387	120
Brigade 4 لوی 4 سرحدی هرات	2168	1743	08-1387	1855	9-1387	513
Brigade 5 لوی 5 سرحدی بلخ	2865	2383	08-1387	2319	9-1387	761
Sub Total for Border Police	15680	12138		11860		4294
Grand Total	82,000	78,541		76,343		45,229

- 1 - EPS has been implemented in all 115 payroll stations of Mol nationwide.
- 2 - In Dec, for first time, EPS reports were received from Helmand and Kandahar Brigade 4.
- 3 - However, there continues to be the issue of discrepancy in overall EPS and HR figures on account of irregularity in receipt of reports from some provinces i.e. Zabul, Khost, Nuristan, Ghazni, Kandahar, Saripul, Paktia, Faryab, etc on account of the report couriers not being able to come to Kabul for reasons of insecurity, unavailability of uninterrupted internet and power, desertion of trained personnel, etc.
- 4 - In provinces like Uruzgan, Kandahar and Nuristan the EPS figure is more than the Tashkil, as patrolmen are hired/dismissed sometimes in excess of the Tashkil numbers on security needs basis, but in keeping within the overall national ANP Tashkil.
- 5 - In province of Herat too, the EPS/ HR figure is higher than Tashkil because Herat HQ also processes salaries of police protection team of Salma Dam and Shindad garrison - but falling within the overall ANP Tashkil.
- 6 - In province of Samangan too the EPS/HR figure is higher than Tashkil, as it incorporates the highway police also.
- 7 - In Mol Central Dept, 1,350 police are not reflected in EPS although system is fully functional.

Appendix G - LOTFA Organisation Structure



~End~