



Risk Assessment Report on Sustainability of Program Budget and Associated Reforms for Eight Graduated Ministries

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Background

The Ministry of Finance (MoF) has been implementing program budget reform gradually across the government with USAID project support since 2007. As part of this reform, Budget Implementation Teams (BITs), made up of technical planning, finance, human resources, and procurement staff, and Internal Budget Committees (IBCs), headed by minister/deputy ministers with director-level staff, were established to manage and implement program budgeting in the budgetary units. As the primary units within the line ministries and agencies charged with program budgeting reform implementation, the BITs and IBCs are critical for sustainability of this reform initiative.

Currently, the USAID-funded Economic Growth and Governance Initiative project (EGGI) is providing technical assistance to 38 assigned budgetary units in program budgeting and associated reforms. Earlier, the project also supported eight other ministries. After acquiring sufficient capacity, these ministries were graduated from full-time support by MoF/EGGI in 2010.

At the request of USAID, the project conducted a risk assessment of the eight graduated ministries.¹ The assessment tool evaluated 12 variables related to management, organizational structure, and technical capacity of the budgetary units rating each on a scale of 1 – 5 with 1 representing “poor” and 5 representing “excellent.” Based on the ratings, budgetary units were classified as “strong,” “above average,” “average,” and “weak.” The 12 variables assessed represent the critical areas for program budgeting reform sustainability across all budgetary units. These variables include:

- Political commitment of the ministry’s senior management;
- Active implementation and management of program budgeting reform implementation by the ministry’s BIT or IBC;
- BIT and IBC member retention;
- The status of pay and grading reform implementation in the ministry
- The extent to which relevant staff are adequately trained in program budgeting reform implementation;
- Staff knowledge and understanding of the Afghanistan National Development Strategy (ANDS) and Sector, and Ministry strategies; and
- The capacity of key technical staff in program budget preparation, procurement and financial planning and performance monitoring and reporting.

Political commitment and staff continuity are given two weights each, while the remaining 10 variables are given one weight. Weights are multiplied with the given rating for each variable, and then the sum of the result is divided by the sum of total weights and the final figure makes the average rating for a ministry.

¹ Ministry of Education; Ministry of Public Health; Ministry of Agriculture, Irrigation and Livestock; Ministry of Rural Rehabilitation and Development; Ministry of Finance; Ministry of Economy; Ministry of Public Works; and Independent Administrative Reform and Civil Service Commission

Summary

A brief summary of results is as follows:

- All eight ministries have sufficient capacity to implement program budget and associated reforms in budget formulation, execution, and performance reporting. Both institutional arrangements and trained staff are in place in all eight line ministries to carry out the reforms.
- All eight ministries have been rated 4.1 or above out of 5, which shows that these ministries were rated “strong” and will not require direct active support from EGGI to implement the current MoF program budgeting and associated reforms.
- Many of these ministries receive support from existing donor projects to implement the reforms, but almost all ministries have sufficiently trained civil servants who have the capacity to complete all important processes with minimal support from donor projects.
- The ministries continue to be weak in preparing projects with tools such as cost/benefit analysis and feasibility studies. These ministries need assistance in project planning and design, which assists with the development of better formulated projects and contributes to increased budget execution.
- The ministries need to improve their coordination with MoF senior management and sector managers/focal points and should have more regular meetings with MoF.
- All eight ministries have implemented Pay & Grading reform, and staff continuity has been good. These factors have contributed to the retention of staff trained by EGGI and its predecessor project funded by USAID. This has helped the ministries in implementing program budgeting and associated reforms.

Key Assessment Findings

- **Political Commitment.** Political commitment and engagement of the senior management in the reform implementation in general are quite strong in these graduated ministries compared to those budgetary units that currently receive support from EGGI. In most cases, ministers are sufficiently involved in the reforms. In all cases, deputy ministers are fully involved in program budget reform. In order to maintain momentum until these ministries receive program-based appropriations, MoF needs to be more engaged with the senior management of the ministries through high-level steering committee meetings convened at least twice a year to raise awareness of the importance of program budgeting reform to increase political commitment for this reform and sustainability.
- **BIT/IBC Structure and Operations.** In the graduated line ministries, BITs and IBCs are established with members from key departments (e.g., finance, planning and policy, procurement, and human resources) of the ministries as recommended by MoF. BITs are active and meet regularly, especially during the budget formulation stage (i.e., Budget Circular 2 preparation) and before the budget negotiations. The IBCs are also effective, although they meet less regularly.
- **MoF Coordination.** In several of the graduated ministries, coordination between the MoF and the budgetary units has been weak. Ministries, in general, feel that MoF makes unilateral decisions and does not coordinate and consult sufficiently with the line ministries. Better coordination can happen at two levels: senior management (i.e., minister and deputy minister) and technical (i.e., sector managers and focal points). Such coordination needs to happen through periodic meetings throughout the year for program budget implementation and associated reforms.
- **Staff Retention and Pay and Grading Reform Implementation.** Staff retention has been good in all graduated line ministries, as all of them have implemented pay and grading reform. Contract employees and donor staff continue to play important role in these ministries, including the implementation of budget reforms.
- **Sector Strategies and Output and Outcome Indicators.** In general, senior staff (including DMs and directors) have sufficient knowledge in this area. Junior staff at officer and manager levels need to be better trained. In some cases, contract staff support ministries in this area and provide training for civil servants. In general, MoF, in coordination with other technical assistance projects in the budgetary units, should provide comprehensive training programs with content that includes more relevant material and specific examples of output and outcome indicators related to sector strategies for the concerned sectors.
- **Procurement and Financial Planning (PFP).** Most ministries have sufficient knowledge of the PFP processes, but there is a room for further improvement. As a newly introduced reform area in 1390, civil servants are still learning to complete PFP as required by MoF. Training and effective coordination with MoF can improve PFP capacity among civil servants in the ministries. Contractors from donor funded projects also support and train staff in this area.
- **Performance Monitoring and Reporting:** All eight ministries submit quarterly performance reports although the quality of the performance reports varies. Program and project managers do not consistently use the performance information to assess how well the budgetary unit is achieving its program objectives and outcomes. In general, these line ministries currently lack a system to compile output, outcome, and other results-based data for performance reporting.

Ratings for Ministries/Agencies

No.	Ministry	Final Rating
1	Ministry of Public Works	4.1
2	Ministry of Public Health	4.3
3	Ministry of Education	4.4
4	Ministry of Finance	4.4
5	Ministry of Agriculture Irrigation and Livestock	4.5
6	Independent Administrative Reform and Civil Services Commission	4.6
7	Ministry of Economy	4.6
8	Ministry of Rural Rehabilitation and Development	4.6

Recommendations and Next Steps

Even though the graduated ministries have sufficient capacity in implementing the current reform areas, these ministries need more political commitment and technical capacity in order to transition to program-based appropriations.² Looking ahead for such a transition, the following recommendations and next steps would help the budgetary units in further strengthening capacity in implementing program budgeting and associated reforms and to have necessary prerequisites for program-based appropriations.

- **There is a need for a stronger high-level commitment for and engagement in the reform.** The MoF needs to be more engaged with the senior management of many budgetary units through high-level steering committee meetings convened at least twice a year to raise awareness of the importance of program budgeting. Similarly, more regular Cabinet-level discussions on program budgeting reform should be held, at least during the national budget finalization stage. The project will discuss these actions with the MoF and support the ministry in conducting steering committee meetings in close coordination with line ministries.
- **MoF-led training programs should include more comprehensive and in-depth training modules.** The MoF should include more comprehensive training programs in such areas as sector strategies, output/outcome, PFP, and Performance Monitoring and Reporting (PMR). If possible, the MoF should leverage short-term experts (both national and international) in specific program budgeting areas to conduct 1-2 week long, targeted training programs for budgetary units. The project will discuss this with the Budget Reform Unit (BRU) and the top management of the Budget Department.
- **Graduated ministries should align their program structure with National Priority Programs (NPPs) in consultation with MoF.** During recent donor conferences – beginning with the Kabul Conference in July 2010 – the Afghan Government committed to implement 22 NPPs in six clusters: peace, governance, agriculture and rural development, private sector development, infrastructure development, and human resources development. However, it is still not clear how the NPPs will be aligned with the line ministry's current program structures to enable program-based appropriations in the medium term. In transition towards program-based appropriations, these ministries should develop programs that are consistent with NPPs in consultations with MoF.
- **MoF sectors should take a more proactive role in the reform process and internalize all aspects of the reform in coordination with budgetary units.** Better coordination between MoF sector managers/focal points and BITs/IBCs is important for further strengthening the reforms. More periodic meetings between the two parties should be conducted to discuss issues in budget formulation, execution, and reporting.
- **Close coordination between the Finance and Procurement Directorates and coordination with donor agencies and Procurement Policy Unit of the MoF is vital in improving PFP.** The project will discuss these actions with relevant budgetary units and the MoF. The project will work closely with MoF to communicate with donor agencies to support budgetary units in developing a more robust procurement and financial plans.
- **MoF, in coordination with ministries, should introduce a simplified performance management information system to improve performance reporting.** To improve data collection and reporting, a simplified performance management information system is needed for line ministries such as a performance information database program. A performance management information system will enable MoF and program managers to easily generate

² Currently, the annual budget is appropriated by Parliament on a line-item basis. For full implementation of program budget reform, funds will need be appropriated and approved by Cabinet and Parliament



performance reports to evaluate program results and budget execution and will assist with allocating and prioritizing resources by programs. The project will support the MoF in identifying an appropriate system, if needed.

Appendix 1: Key Assessment Findings by Variable

Program Budget Risk Assessment Key Findings by Variable				
S/ No.	Variable	Successes/ Achievements	Continued Risks/Challenges	Key Recommendations
1.	Political Commitment	<ul style="list-style-type: none"> There is strong support from the senior management in their respective ministries. 	<ul style="list-style-type: none"> Weak communication with top management of these ministries with MoF. 	<ul style="list-style-type: none"> MoF should take the lead in communicating the importance of high-level political support and commitment by convening steering committee meetings twice a year for all Ministries' senior leadership. Cabinet-level discussions and references to the importance of program budget reform for better performance and results should be communicated in high-level communiqués from major donor conferences.
2.	BIT/IBC Structure	<ul style="list-style-type: none"> All of the eight ministries have established BITs/IBCs with key departments. 	None	None
3.	BIT/IBC Operations	<ul style="list-style-type: none"> The BITs of eight ministries work on a daily basis during the budget formulation stage and meet frequently on other reform areas such as budget execution, PFP, and PMR. 	<ul style="list-style-type: none"> Even though ministers support the reform, they are not directly chairing the IBC meetings or leading the budget formulation process. Their main focus is on budget execution due to high pressure from Cabinet meetings and Parliament. 	<ul style="list-style-type: none"> IBCs should meet at least once a month with ministers chairing the meetings. MoF sector managers/focal points should attend key BIT meetings unless confidential matters are to be discussed.
4.	Program Budget Training Participation	<ul style="list-style-type: none"> Overall attendance by ministries' staff in MoF/EGGI program budget reform training is satisfactory. 	<ul style="list-style-type: none"> Some BIT members do not attend training programs. Senior staff are, in some cases, informed of training programs 1-2 days before they start. MoF repeats the same training program each year with slight variation. 	<ul style="list-style-type: none"> MoF should send invitations to budgetary units for training programs at least 5-7 days in advance. MoF should revise the training modules with updated program budget reform and associated reform information. The MoF should introduce new modules to teach program budgeting concepts and include examples with in-depth analysis along with working group sessions with practical exercises and case studies.

Program Budget Risk Assessment Key Findings by Variable

S/ No.	Variable	Successes/Achievements	Continued Risks/Challenges	Key Recommendations
5.	MoF Sector Coordination	<ul style="list-style-type: none"> Overall coordination between MoF sector managers and budgetary units has improved over the past few years. 	<ul style="list-style-type: none"> At times, MoF makes unilateral decisions about the budget without consulting the budgetary units. 	<ul style="list-style-type: none"> MoF should convene high-level Budget Steering Committee meetings twice a year for Minister/Deputy Minister participation from each budgetary unit.
6.	Staff Continuity	<ul style="list-style-type: none"> Staff continuity is very good after implementing pay and grading reform in the ministries. 	<ul style="list-style-type: none"> Donor contract staff are sizable in some BITs. There is a risk that the existing capacity would drop when the contract staff leave. 	<ul style="list-style-type: none"> Budgetary units should also consider requesting super scale positions for key BIT members from the Civil Services Commission (CSC) when donor staff leave. All BIT positions should be added to the ministry Tashkeel.
7.	Pay and Grading Reform/PRR Implementation	<ul style="list-style-type: none"> Pay and grading reform has been implemented in all ministries. 	<ul style="list-style-type: none"> Most budgetary units have hired the same existing civil servants through pay and grading rather than new, more qualified staff, as needed. 	<ul style="list-style-type: none"> Pay and grading recruitment needs should be merit-based and closely monitored by the CSC.
8.	Knowledge of ANDS/ Sector/ Ministry Strategy	<ul style="list-style-type: none"> Senior management and mid-level ministry staff have knowledge of ANDS and sector strategies and their budgetary unit's priorities. 	<ul style="list-style-type: none"> Other BIT members, who are more junior, have limited knowledge of ANDS, sector and ministry strategies and priorities. 	<ul style="list-style-type: none"> Policy and planning departments should assume a more proactive role in conducting training programs on ANDS/Sector/Ministry strategy and priorities for the BIT members. MoF training programs should be more comprehensive to include in-depth analysis and information on sector priorities and National Priority Programs.
9.	Knowledge of Program Budget Outputs and Outcomes	<ul style="list-style-type: none"> Senior management and some mid-level ministry staff have knowledge and/or provide input on the development of their ministry's program outputs/outcome indicators. 	<ul style="list-style-type: none"> Most mid-level and junior staff have limited understanding of their ministry's program budget output and outcome indicators. 	<ul style="list-style-type: none"> MoF should conduct separate training sessions for sectors with examples of relevant output and outcome indicators for participants. Policy and planning departments should conduct internal trainings and briefings for the BIT members on the Ministry's program budget output/outcome indicators.
10.	Budget Formulation Capacity	<ul style="list-style-type: none"> All eight ministries have capacity to prepare and submit satisfactory budget proposals. Management and staff are fully knowledgeable about the MoF budget preparation process and procedures 	None	<ul style="list-style-type: none"> These ministries should focus more on project planning and design and start this very early in the budget formulation process.

Program Budget Risk Assessment Key Findings by Variable

S/ No.	Variable	Successes/ Achievements	Continued Risks/Challenges	Key Recommendations
11.	Procurement and Financial Planning Capacity	<ul style="list-style-type: none"> All ministries have sufficient knowledge in PFP and its related issues. 	<ul style="list-style-type: none"> There is not much effective coordination between the line ministries and MoF on PFP and its updates throughout the year. 	<ul style="list-style-type: none"> High-level meetings between the ministries and MoF should take place, and MoF should allow ministries to update PFPs on a quarterly and monthly basis. Some budgetary units need to better coordinate with donors and the MoF Procurement Policy Unit on their PFP preparation.
12.	Performance Monitoring Reporting Capacity	<ul style="list-style-type: none"> PMR is an important prerequisite for effective program budget reform implementation. MoF currently requires 19 budgetary units to prepare quarterly PMR reports of which 10 are supported by the project's embedded staff. 	<ul style="list-style-type: none"> Most of the budgetary units collect performance data on an ad-hoc basis and do not have a computerized system to store data and generate performance reports. Line Ministry and Agency managers who manage programs require performance data to improve the quality of information reported on program outputs and outcome indicators. 	<ul style="list-style-type: none"> MoF should consider implementing a new performance information management system or to adapt an existing system to store data and provide budgetary units the ability to generate time-series performance reports.

Appendix 2: Ministry Ratings by Variable

Graduated Ministries Risk Assessment Ratings														
No	Ministry Name	Rating for Key Variable Areas												Final Rating
		Political Commitment	BIT/IBC Composition	BIT/IBC Function	Training Participation	MoF Coordination	Staff Continuity	Pay & Grading	ANDS /Sector /Ministry Strategy	Output/Outcome Knowledge	Budget Formulation Current Capacity	PFP Capacity	PMR Capacity	
1	Ministry of Finance	5	5	5	3	5	4	5	3	3	5	5	4	4.4
2	Ministry of Agriculture Irrigation and Livestock	5	5	5	5	3	4	5	4	4	5	5	4	4.5
3	Ministry of Economy	5	5	5	5	5	4	5	4	4	5	4	4	4.6
4	Ministry of Public Health	5	5	4	5	3	3	5	4	4	5	4	5	4.3
5	Ministry of Public Works	4	5	5	4	3	4	5	3	4	5	4	4	4.1
6	Ministry of Education	5	5	5	5	3	3	5	4	4	5	5	4	4.4
7	Ministry of Rural Rehabilitation and Development	5	5	5	5	4	4	5	5	4	5	5	4	4.6

8	Independent Administrative Reform and Civil Services Commission	5	5	5	5	3	4	5	5	4	5	5	4	4.6
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Appendix 3: Risk Assessment Tool

Program Budget Technical Assistance Risk Assessment USAID/EGGI Program Budget Team						
Rating Scale: 1 – 5 (1 = Poor; 2 = Fair; 3 = Average; 4 = Very Good; 5 = Excellent) Percentage Score: 1 = 0%; 2 = 25%; 3 = 50%; 4 = 75%; 5 = 100%						
S/No	Key Variable Areas	Variable Description	Reform Activity Start Date	Rating	Score	Comments
1	Political Commitment	Program budget reform supported by senior management (including Minister)				
2	BIT/IBC Composition	Availability of BIT/IBC in the Ministry and whether it is represented by planning, finance, HR and procurement departments				
3	BIT/IBC Function	Frequency of BIT/IBC meetings and level of all members active participation				
4	Training Participation	Level of technical staff participation in MoF/EGGI training/coaching programs				
5	MoF Coordination	Level of coordination with MoF sector managers and focal points				
6	Staff Continuity	Whether current BIT members who are trained are expected to continue in the medium term in the Ministry				
7	Pay & Grading/ PRR Implementation	Whether Pay & Grading is in place. If not, immediate or future (during 1391) plans to have Pay & Grading and PRR mechanisms for BIT members				
8	ANDS/ Sector/ Ministry Strategy Knowledge	Understanding of ANDS/Sector/Ministry strategy among BIT/IBC members				
9	Program Budget Outputs/ Outcomes Knowledge	Understanding of program budget output/outcome indicators and other expected results of BIT/IBC members				
10	Budget Formulation Current Capacity	Ability of BIT/IBC members to complete BC-1 and BC-2 without external assistance and knowledge of program budget structure				
11	Procurement and Financial Planning Current Capacity	Ability of BIT/IBC members to complete procurement and financial planning processes without external assistance				
12	Performance Monitoring Reporting Current Capacity	Ability of BIT/IBC members to complete performance monitoring reporting without external assistance				

Appendix 4: Individual Ministry Assessment Reports



Risk Assessment Report

Ministry/Budgetary Unit: Independent Administrative Reform and Civil Services Commission (IARCSC)
Assessment Date: 07 July 2012
Venue: DG Administration and Finance meeting room-IARCSC
Meeting Participants: Mr. Habibi –DG Administration and Finance and Program Budget Manager from IARCSC and Abdul Tawab Wardak and Raju Kalidindi from USAID's Economic Growth and Governance Initiative (EGGI) project
Date of BIT Establishment: January 2010
No. of BIT/Budget Staff: Civil servants: 8, contractors: 2
No. of Years of USAID Support: 1 year

Summary of Key Findings:

- The Chairman of the IARCSC and the Director General of Administration and Finance are committed and support the Program Budget, Procurement and Financial Plan (PFP), and Performance Monitoring Report (PMR) reforms. The Chairman of the Commission is involved in the budget prioritization process. The Budget Implementation Team (BIT) and Internal Budget Committee (IBC) structures conform to the Ministry of Finance (MoF) recommended structures for BIT/IBC.
- The BIT convenes weekly meetings during the Budget Circular 2 (BC-2), PFP, and PMR preparation. The meetings are chaired by the DG Administration and Finance, and minutes of the meetings are shared with the program managers. Most of the BIT members attend the training programs conducted by the project and the MoF.
- Coordination with the MoF has not been very effective. There are no regular meetings conducted between the MoF Governance Budget Sector Manager and the IARCSC BIT.
- All key BIT members are civil servants. The BIT is not dependent on any project assistance. The team members have shown commitment and are satisfied with their jobs.
- The capacity of the key BIT and IBC members in the Afghanistan National Development Strategy (ANDS) and IARCSC strategy is at a satisfactory level. The team members understand the link between the IARCSC annual budget and the strategy. The performance indicators and the targets are usually set by the senior management of the IARCSC. The program managers, who are at DG level, are involved in setting indicators for their respective programs.
- The IARCSC has a planning committee, which is comprised of senior members of the IBC and BIT. The planning committee is involved in the PFP preparation, alongside other planning processes. Overall, the capacity of the BIT members is good in the PMR preparation process.

***Budget and Execution Figures:**

Budget type	FY 1389			FY 1390			FY 1391
	Approved (\$ million)	Execution (\$ million)	Execution (in percent)	Approved (\$ million)	Execution (\$ million)	Execution (in percent)	Approved (\$ million)
Operating	4.67	4.43	95.00	6.00	5.84	97.33	4.10
Development	11.60	7.87	68.00	14.01	8.91	63.60	12.12

*Data Source: Budget Execution Directorate-Ministry of Finance. Exchange rate: Afs 50/ USD 1

Assessment Results Table:

Ministries were evaluated based on 12 key program budgeting implementation variables. In calculating the final rating “Political Commitment” and “Staff Continuity” are given two weights each while the remaining 10 variables are given one weight. Weights are multiplied with the given rating for each variable and then the sum of the result is divided by the sum of total weights and the final figure makes the average rating for a ministry. The rating scale is as follows:

Scale: 1 – 5 (1 = Poor; 2 = Fair; 3 = Average; 4 = Very Good; 5 = Excellent)

S/No	Key Variable Areas	Rating	Key Findings and Challenges	Recommendations
1	Political Commitment	5	<ul style="list-style-type: none"> The Chairman of the IARCSC and the Director General of Administration and Finance are committed and support the Program Budget, PFP, and PMR reforms. The Chairman of the Commission is involved in the budget prioritization process. He is involved in project planning and provides his inputs during the budget execution as well. The management of IARCSC has taken the reforms very seriously and has made a lot of effort in implementing them. For instance, the IARCSC graduated after receiving two years of technical assistance from USAID. This would not be possible without the commitment and involvement of the senior management of IARCSC in the reform implementation. 	<ul style="list-style-type: none"> Given the commitment and the involvement of the senior management of the ministry in the budget process no further action is required.

2	BIT/IBC Composition	5	<ul style="list-style-type: none"> • The BIT is headed by the DG Administration and Finance, and other members are: <ul style="list-style-type: none"> ○ Program Budget Manager ○ Program Budget Officers – 3 staff ○ Allotment Officer ○ Human Resources (HR) Officer ○ Planning manager • The IBC is headed by the Chairman of the Commission and other members are: <ul style="list-style-type: none"> ○ Program Manager for all four programs (DG level) ○ DG Administration and Finance ○ DG Planning and Policy ○ Director of HR • The BIT and IBC structures conform to the MoF recommended structures for BIT/IBC. 	<ul style="list-style-type: none"> • No additional adjustments to the IARCSC BIT and IBC structures are needed.
3	BIT/IBC Function	5	<ul style="list-style-type: none"> • The BIT convenes weekly meetings during the BC-2, PFP, and PMR preparation. The meetings are chaired by the DG Administration and Finance, and minutes of the meetings are shared with the program managers. • IBC meets once a month and discusses the budget priorities for the next fiscal year. • The integration of operating and development budget functions has already been implemented, and the IARCSC budget functions have improved since then. 	<ul style="list-style-type: none"> • Given the meeting frequency and the way the BIT/IBC functions there is no action required for improvement.

4	Training Participation	5	<ul style="list-style-type: none"> Most of the BIT members attend the training programs conducted by the project and the MoF. The BIT members are keen to learn about program budget and associated reforms. The interest of the team led the IARCSC to graduate from the technical assistance sooner than planned. 	<ul style="list-style-type: none"> No action is required.
5	MoF Coordination	3	<ul style="list-style-type: none"> Coordination with the MoF has not been very effective. The MoF takes a lot of time to process the allotment and payments. Sometimes the allotment requests are delayed deliberately by the Budget Directorate when the IARCSC is not able to submit the BC-2, BC-1, or the PFP on time. The reason for late submissions is the short deadlines for submissions. The Governance Budget Sector Manager from MoF does not meet regularly with the IARCSC management to discuss budget-related issues. 	<ul style="list-style-type: none"> The MoF should provide enough time for the IARCSC to complete the BC-1, BC-2, and PFP submissions. The MoF Governance Sector Budget Manager should regularly meet with the BIT members of the IARCSC to discuss achievements and problems and improve coordination. These meetings should be convened at least once in a month.
6	Staff Continuity	4	<ul style="list-style-type: none"> All key BIT members are civil servants. The BIT is not dependent on any project assistance. The team members have shown commitment and are satisfied with their jobs. The management of the IARCSC expects the key BIT members to stay with the Commission for the foreseeable future. The IARCSC had a high staff turnover during the last two years (FY 1389-1390). One of the main reasons was that USAID had provided several short-term advisors through its ACSS (Afghanistan Civil Service Support) project. However, the turnover has improved significantly after the project was closed and the remaining fund was transferred to the IARCSC development budget to finance the advisor positions. 	<ul style="list-style-type: none"> No action is recommended.
7	Pay & Grading and PRR Implementation	5	<ul style="list-style-type: none"> The Pay & Grading reform has been implemented in the IARCSC central and regional directorates. 	<ul style="list-style-type: none"> No further actions are needed.

8	ANDS, Sector, and Ministry Strategy Knowledge	5	<ul style="list-style-type: none"> The capacity of the key BIT members and almost all the IBC members is at a satisfactory level. The team members understand the link between the IARCSC annual budget and the strategy. The ANDS and National Priority Program (NPP) knowledge among the BIT members is good too. 	
9	Program Budget Outputs and Outcomes Knowledge	4	<ul style="list-style-type: none"> The performance indicators and targets are usually set by the senior management of the IARCSC. The program managers, who are at DG level, are involved in setting indicators for their respective programs. The senior members of the team have in-depth knowledge of the subject. There is a need for refresher training in this area for the lower level BIT members (i.e., officer and assistant level). The IARCSC is planning to send its staff to the Civil Services Institute (CSI) to take classes on outputs and outcomes. 	<ul style="list-style-type: none"> The project may assist the IARCSC to conduct a workshop on the Program Budget output and outcomes. During the annual Program Budget training program, the training modules should be more detailed and specific examples related to the IARCSC should be included.
10	Budget Formulation Current Capacity	5	<ul style="list-style-type: none"> The understanding of the BIT members in this area has been very good and the team can prepare the BC-1 and BC-2 submissions without any assistance. The IARCSC has more than USD 12 million of development budget. The budget preparation usually takes around two months; however, the MoF provided only 20 working days to complete the BC2 submission for the 1391 budget. This was a major challenge this year for the BIT. 	<ul style="list-style-type: none"> Given the capacity of the BIT members in BC-1 and BC-2 completion no further actions are required. The MoF should provide at least 40 working days to the IARCSC to complete their BC-2 submission. The amount of work required by the budgetary units to complete the budget should be considered.

11	Procurement and Financial Planning (PFP) Current Capacity	5	<ul style="list-style-type: none"> The IARCSC has a planning committee, which is comprised of senior members of the IBC and BIT. The planning committee is involved in the PFP preparation, alongside other planning processes. The capacity of the BIT is very good. The concept of PFP is clear to almost all the members of the team and there have not been any major challenges in the PFP preparation process. However, the annual allotment process started by the MoF is a bit complicated. As based on the PFP, issuing the annual allotment has become challenging because IARCSC makes several adjustments in the budget allocations during the year. 	<ul style="list-style-type: none"> The senior management of IARCSC should communicate with the MoF Budget Director to come up with a solution for the PFP process. PFP should be amended if IARCSC's funding is changed. During the mid-year review of the budget the PFP should also be amended and have to be in line with the budget.
12	Performance Monitoring Reporting (PMR) Current Capacity	4	<ul style="list-style-type: none"> The IARCSC is using a database that has the capacity to produce the outcome and output achievement reports. The capacity of the BIT members is good in PMR preparation. The guidelines and the forms prepared by the MoF Performance Evaluation and Reporting Unit (PERU) are not clear and understandable for the BIT. 	<ul style="list-style-type: none"> The MoF PERU should review their guidelines and bring improvements. The guidelines should be easily understandable and self explanatory. The PERU should give a look to the PMR forms as well.
Final Rating		4.6		



Risk Assessment Report

Ministry/Budgetary Unit:	Ministry of Agriculture Irrigation and Livestock (MAIL)
Assessment Date	27 August 2012
Venue:	Director of Accounting and Finance meeting room-MAIL
Meeting Participants:	Waheedullah Aetebar–Director of the Accounting and Finance, Program Budget Manager from MAIL and Abdul Tawab Wardak and Raju Kalidindi from USAID’s Economic Growth and Governance Initiative (EGGI) project
Date of BIT Establishment:	September 2007
No. of BIT/Budget Staff:	Civil servants: 8, contractors: 6
No. of Years of USAID Support:	3 years

Summary of Key Findings:

- The program budget reform is supported by the Minister and the Deputy Ministers of MAIL. The DM for Administration and Finance and the Director of Accounting and Finance are both involved in implementation of the program budget and the other budget associated reforms. The tashkeel of MAIL is based on the ministry’s programs. Every program has a finance manager and an officer who are members of the Budget Implementation Team (BIT) and responsible for the preparation of the program budget, Procurement and Financial Plan (PFP), and Performance Monitoring Report (PMR).
- Coordination with MoF has not been very strong over the past few years. The MoF Agriculture Sector Manager does not meet regularly with MAIL BIT or the senior management. There have not been any meetings convened to increase coordination between MoF and MAIL.
- So far, the ministry does not have high staff turnover; however, the Accounting and Finance Directorate of the ministry heavily depends on contractor employees. The Pay & Grading reform has been implemented in MAIL central directorates and provinces.
- MAIL is one of the few ministries within the government that has the capacity and the authorization to process procurement contracts of any amount for works, goods and services, and construction.
- MAIL has a computerized Management Information System (MIS) that is primarily used for storing programs’ information and reporting. The ministry uses the Budget Preparation and Execution Tracking System (BPETS) primarily for accounting and the budget execution process. Both systems are not capable of storing and reporting performance data.

***Budget and Execution Figures:**

Budget type	FY 1389			FY 1390			FY 1391
	Approved (\$ million)	Execution (\$ million)	Execution (in percent)	Approved (\$ million)	Execution (\$ million)	Execution (in percent)	Approved (\$ million)
Operating	22.66	21.23	93.70	39.35	38.03	96.64	18.14
Development	119.60	37.05	31.00	100.54	57.52	57.20	138.71

*Data Source: Budget Execution Directorate-Ministry of Finance. Exchange rate: Afs 50/ USD 1

Assessment Results Table:

Ministries were evaluated based on 12 key program budgeting implementation variables. In calculating the final rating, "Political Commitment" and "Staff Continuity" are given two weights each, while the remaining 10 variables are given one weight. Weights are multiplied with the given rating for each variable, and then the sum of the result is divided by the sum of total weights and the final figure makes the average rating for a ministry. The rating scale is as follows:

Scale: 1 – 5 (1 = Poor; 2 = Fair; 3 = Average; 4 = Very Good; 5 = Excellent)

S/No	Key Variable Areas	Rating	Key Findings and Challenges	Recommendations
1	Political Commitment	5	<ul style="list-style-type: none"> The program budget reform is supported by the Minister and the Deputy Ministers of MAIL. The Deputy Minister for Administration and Finance and the Director of Accounting and Finance are both fully involved in the implementation of the program budget and the other budget associated reforms being implemented by MoF. The Deputy Minister for Administration and Finance provides inputs and is involved in the prioritization of the budget and some of the important meetings are chaired by him. 	<ul style="list-style-type: none"> Given the commitment and the involvement of the senior management of the ministry in the budget process, no further actions are required.

2	BIT/IBC Composition	5	<ul style="list-style-type: none"> • The BIT is headed by the Deputy Minister for Administration and Finance, and other members are: <ul style="list-style-type: none"> ○ Director of Administration and Finance ○ Director of Human Resources (HR) ○ Director of Procurement ○ Director of Planning ○ Program Finance Managers ○ Program Finance Officers • The IBC is headed by the Minister, and other members are: <ul style="list-style-type: none"> ○ Program Managers (all Deputy Ministers) ○ Director of Accounting and Finance ○ Director of Planning ○ Project Implementation Unit (PIU) • The BIT and IBC structures conform to the MoF recommended structures for BIT/IBC. 	<ul style="list-style-type: none"> • No additional adjustments to MAIL BIT and IBC structures are needed.
3	BIT/IBC Function	5	<ul style="list-style-type: none"> • The BIT and IBC of MAIL meet regularly during the Budget Circular 1 (BC-1), BC-2, PFP, and PMR preparation period. • The tashkeel of MAIL is based on the ministry's programs. Every program has a finance manager and an officer who are members of the BIT and responsible for the preparation of the program budget, PFP, and PMR. 	<ul style="list-style-type: none"> • Given the meeting frequency and the way the BIT/IBC functions, there is no action required for improvement.
4	Training Participation	5	<ul style="list-style-type: none"> • All the key BIT members participate in the MoF/EGGI training programs. These training programs are considered important by the ministry's management, and they have suggested some improvements to the training materials. 	<ul style="list-style-type: none"> • The training materials should be more focused on technical areas, such as the performance indicators, PFP, and PMR, and a specific example related to MAIL should be given.
5	MoF Coordination	3	<ul style="list-style-type: none"> • Coordination with MoF has not been very strong over the past few years. The MoF Agriculture Sector Manager does not meet regularly with the MAIL BIT or the senior management. There have not been any 	<ul style="list-style-type: none"> • The senior management of MAIL should conduct a meeting with the DM of Finance of MoF to discuss the coordination issue and

			<p>meetings convened to increase coordination between MoF and MAIL. Communication between the ministries takes place through official letters, emails, and phone calls.</p> <ul style="list-style-type: none"> The ministry complains about the short deadlines given by MoF for the budget submissions. This year the ministries were given only 20 working days to prepare their budget proposal. MAIL implements over 40 development projects across the country, and every year 5-10 additional development projects are added into the ministry's programs. The project design and planning process requires at least three months or more to complete. MoF does not consider these factors while finalizing the budget calendar and giving deadlines to line ministries. The Agriculture Sector Unit at MoF holds or sometimes rejects the allotment requests of MAIL for not submitting the BC-1, BC-2, or PFP. This action of MoF has a negative impact on the budget execution of the ministry. 	<p>suggest that the Agriculture Sector Manager should visit MAIL at least once a month to discuss the budget issues.</p> <ul style="list-style-type: none"> MoF may provide short deadlines to the small budgetary units, but ministries with a large budget and wide scope of work like MAIL should be given enough time to prepare the budget proposal. The number of programs of the budget, and the amount of work required by ministries while to the budget should be considered by MoF.
6	Staff Continuity	4	<ul style="list-style-type: none"> So far the ministry does not have high staff turnover; however, the Accounting and Finance Directorate of the ministry heavily depends on the contract employees. Civil servants do not contribute much to the reform implementation process in the ministry. Some of the contractor employees are hired by the USDA-funded Change Management and Capacity Building Program, while others are hired by DFID-funded projects. The program finance managers are all contract employees, and they may not stay with the ministry long-term. 	<ul style="list-style-type: none"> The program finance manager positions should be created in the tashkeel of the ministry, current managers should be hired in those positions, and super scale salaries should be given to them. The ministry should have a succession plan for the BIT.
7	Pay & Grading and PRR Implementation	5	<ul style="list-style-type: none"> The Pay & Grading reform has been implemented in MAIL central directorates and provinces. 	<ul style="list-style-type: none"> No further actions are needed.
8	ANDS, Sector, Ministry Strategy Knowledge	4	<ul style="list-style-type: none"> The capacity of the senior members of the BIT is good in this area. The program finance managers and the director of Accounting and Finance and the director of Planning have in-depth knowledge of the Afghanistan National Development Strategy (ANDS), National Priority 	<ul style="list-style-type: none"> The senior management of MAIL should request the USDA and CARDF project advisors to organize a training program on ANDS, NPPs, Sector, and MAIL strategies for

			Programs (NPPs), Agriculture Sector and the ministry strategies. There is a need for trainings in these areas for junior-level civil servants in the BIT.	the civil servants of the ministry.
9	Program Budget, Outputs and Outcomes Knowledge	4	<ul style="list-style-type: none"> The Planning Directorate of the ministry is responsible for preparing performance indicators in coordination with all program managers and DGs. The performance indicators are in line with the ministry's strategy and the NPPs. The understanding of the manager and high-level BIT members in program budget outputs and outcomes is very good. The civil servants need extensive trainings, as their knowledge in this area is limited. 	<ul style="list-style-type: none"> The senior management of MAIL should request the USDA and CARDF project advisors to organize output and outcome training programs for the civil servants. As the contract employees leave the ministry, the capacity should not be lost. While contract employees are working, they should transfer required skills to the civil servants through coaching and trainings.
10	Budget Formulation Current Capacity	5	<ul style="list-style-type: none"> The BIT members of MAIL have the capacity to prepare the BC-1 and BC-2 submissions without external technical support. Every program has experienced finance managers and officers to prepare the submissions. 	<ul style="list-style-type: none"> Given the capacity of the BIT members in BC-1 and BC-2 completion, no further actions are required.
11	Procurement and Financial Planning (PFP) Current Capacity	5	<ul style="list-style-type: none"> MAIL is one of the few ministries within the government that has the capacity and the authorization to process procurement contracts of any amount for works, goods and services, and construction. Most of the ministries have to process all procurement contracts that are above the threshold of USD 100,000 through ARDS (Afghanistan Reconstruction and Development Services). The capacity of the BIT members to complete the PFP submission is very good, and the team can prepare the plan without external assistance. MoF does not allow MAIL to make amendments to the PFP during the year. MAIL has requested that the Agriculture Sector Unit at MoF to approve the changes in the PFP, but they were never approved. 	<ul style="list-style-type: none"> The senior management of MAIL should meet with the MoF DM of Finance to discuss the PFP amendment and approval process. MoF should be flexible in approving changes in the PFP after satisfactory explanations are provided by MAIL. After the mid-year review, MoF should ask the budgetary units to make changes to their PFP allocations based on the changes in the budget.

12	Performance Monitoring Reporting (PMR) Current Capacity	4	<ul style="list-style-type: none"> MAIL has a computerized MIS that is mainly used for storing program information and reporting. The ministry is using BPETS primarily for accounting and budget execution process. Both systems are not capable of storing and reporting performance data. There is a need for a performance reporting database, as the data is not stored properly. Overall, the capacity of the BIT members is good. The ministry can prepare the quarterly PMR without any external support. PMR is prepared by the Planning and the Accounting and Finance Directorates. 	<ul style="list-style-type: none"> The ministry should purchase a performance reporting module and link it to the BPETS. This will help the ministry store performance data in an organized manner and assist with reporting and decision making.
Final Rating		4.5		



Risk Assessment Report

Ministry/Budgetary Unit: Ministry of Economy (MoEc)
Assessment Date 8 July 2012
Venue: DG Administration and Finance Office -MoEc
Meeting Participants: Ghulam Maroof Fata- DG Administration and Finance, Operating Budget Manager and Development Budget Manager from MoEc and Abdul Tawab Wardak and Raju Kalidindi from USAID's Economic Growth and Governance Initiative (EGGI) project
Date of BIT Establishment: Jan 2010
No. of BIT/Budget Staff: Civil servants: 7; contractors: 0
No. of years of USAID support: 1 year

Summary of Key Findings:

- Program budget reform is well supported by the Deputy Minister of Administration and Finance. The DM is a member of the budget committee as well. He has in-depth knowledge in the budget reforms. The Budget Implementation Team (BIT) meets twice a week during the peak season of the Budget Circular 1 (BC-1), BC-2, Procurement and Financial Plan (PFP), and Performance Monitoring Report (PMR) submission period. The team takes minutes at each meeting and shares them with the senior management.
- The DM of Administration and Finance is a member of the budget committee, and he attends all the weekly committee meetings. This has positively affected the working relations with the Ministry of Finance (MoF). The staff continuity has not been a major problem for the MoEc. The BIT members are permanent civil servants. The management expects the BIT members to stay employed with the ministry for a foreseeable future.
- The Pay & Grading reform has been implemented in the MoEc central directorates and the provinces.
- The Afghanistan National Development Strategy (ANDS) Directorate of the ministry has experts in ANDS and strategic planning, who assist the BIT members in understanding the ANDS and the ministry strategy. The senior members of the BIT have a good understanding of the ministry's outputs and outcomes. Usually the performance indicators are prepared by the senior management because they have a broad picture of the ministry's major services delivery areas and the strategy forward.
- The MoF Procurement Policy Unit (PPU) has placed a procurement specialist and a procurement controller in the MoEc. They assist the BIT in completing the PFP process. The BIT can prepare the quarterly PMR without much external assistance.

***Budget and Execution Figures:**

Budget type	FY 1389			FY 1390			FY 1391
	Approved (\$ million)	Execution (\$ million)	Execution (in percent)	Approved (\$ million)	Execution (\$ million)	Execution (in percent)	Approved (\$ million)
Operating	4.56	3.45	75.65	4.62	3.82	82.68	3.60
Development	12.84	2.74	21.34	11.51	4.72	41.00	11.81

*Data Source: Budget Execution Directorate-Ministry of Finance. Exchange rate: Afs 50/ USD 1

Assessment Results Table:

Ministries were evaluated based on 12 key program budgeting implementation variables. In calculating the final rating, "Political Commitment" and "Staff Continuity" are given two weights each, while the remaining 10 variables are given one weight. Weights are multiplied with the given rating for each variable and then the sum of the result is divided by the sum of total weights, and the final figure makes the average rating for a ministry. The rating scale is as follows:

Scale: 1 – 5 (1 = Poor; 2 = Fair; 3 = Average; 4 = Very Good; 5 = Excellent)

S/No	Key Variable Areas	Rating	Key Findings and Challenges	Recommendations
1	Political Commitment	5	<ul style="list-style-type: none"> Program budget reform is well supported by the Deputy Minister of Administration and Finance. The DM is a member of the budget committee as well. He has in-depth knowledge of the budget reforms being implemented by the MoF. The strong support from the DM of Administration and Finance and the efforts he made to implement the program budget and other reforms resulted in graduating the MoEc within one year. MoEc is the only ministry that could prepare the program budget submission without the technical assistance from the project in less than one year after the reform was introduced. The capacity assessment that was done in 2010 showed that the BIT of the MoEc was able to prepare the program structure, write the strategic and the operational objectives for the ministry and the programs, set performance indicators, and do the costing in an organized and 	<ul style="list-style-type: none"> Given the commitment and the involvement of the senior management of the ministry in the budget process no further action is required.

			<p>professional manner. The ministry's efforts were appreciated by the MoF.</p> <ul style="list-style-type: none"> The Budget Committee consists of members from MoF, Ministry of Economy, Ministry of Foreign Affairs, Ministry of Women's Affairs, and Office of Administrative Affairs. 	
2	BIT/IBC Composition	5	<ul style="list-style-type: none"> The BIT is headed by the Deputy Minister for Administration and Finance and other members are: <ul style="list-style-type: none"> DG of Administration and Finance Procurement Manager Operating Budget Manager Development Budget Manager HR Manager Planning Manager The Internal Budget Committee (IBC) of the ministry is chaired by the Minister himself and other members are: <ul style="list-style-type: none"> All three Deputy Ministers DG of Administration and Finance Director of Procurement Director of Planning and Policy ANDS expert Head of Afghanistan Reconstruction and Development Services (ARDS) The BIT and IBC structures conform to the MoF recommended structures for BIT/IBC. 	<ul style="list-style-type: none"> No additional adjustments to the MoEc BIT and IBC structures are needed.
3	BIT/IBC Function	5	<ul style="list-style-type: none"> The BIT meets twice a week during the peak season (BC-1, BC-2, PFP, and PMR submission period). The team takes minutes at each meeting and shares them with the senior management. The operating and development budget functions are integrated, and 	<ul style="list-style-type: none"> Given the frequency of the BIT meetings and the fact that integration of the operating and development budget has taken place no action is required.

			<p>works under the Administration and Finance Directorate.</p> <ul style="list-style-type: none"> The DM of Administration and Finance, who is the member of the budget committee, attends the budget committee meetings every week. The budget committee discusses the budget achievements, challenges, and issues in the line ministries and makes decisions for improvement. The DM of Administration and Finance keeps the ministry's BIT members aware of all policy changes and important decisions made by the budget committee. 	
4	Training Participation	5	<ul style="list-style-type: none"> All key BIT members participate in the training programs organized by MoF and the project. One of the reasons for early graduation from the program budget assistance is the BIT members' keen interest in the budget training programs. 	<ul style="list-style-type: none"> No further action required.
5	MoF Coordination	5	<ul style="list-style-type: none"> As indicated above, the DM of Administration and Finance is a member of the budget committee, and he attends all the weekly committee meetings. This has positively affected the working relations with MoF. The sectors' coordinator at the MoF meets with the Planning and the ANDS director of the MoEc on a regular basis and they exchange information regarding the ministry's performance with regards to budget planning and execution. MoEc is actively involved with the Budget Directorate of the MoF in all the steps mentioned in the budget calendar. MoEc has its role both in the budget preparation and execution stages both at the policy and the operational level. 	<ul style="list-style-type: none"> There is sound coordination between the MoF and the MoEc. No further action is recommended for improvement.
6	Staff Continuity	4	<ul style="list-style-type: none"> Staff continuity has not been a major problem for the MoEc. The BIT members are permanent civil servants. The management expects that almost all the BIT members to stay employed with the ministry for a foreseeable future. The reasons for low staff turnover are the limited number of contract employees in the ministry and encouragement and 	<ul style="list-style-type: none"> The ministry should request super scale salaries for the key BIT staff.

			<p>motivation is provided by the senior management.</p> <ul style="list-style-type: none"> It was noticed that many of the manager-level BIT members are not paid super scale salaries. This could be one of the reasons for some staff staff turnover. 	
7	Pay & Grading and PRR Implementation	5	<ul style="list-style-type: none"> The Pay & Grading reform has been implemented in the MoEc central Directorates and the provinces. 	<ul style="list-style-type: none"> No further action required.
8	ANDS, Sector, and Ministry Strategy Knowledge	4	<ul style="list-style-type: none"> The ANDS Directorate of the ministry has experts in ANDS and strategic planning, who assist the BIT members in this area. The capacity of the senior members of the ministry is good, and more junior staff members usually do not become involved in this area. There is a need for a training program for the junior-level staff. 	<ul style="list-style-type: none"> The ANDS Directorate of the ministry should organize specialized training programs on ANDS, National Priority Programs (NPPs), and the MoEc strategy not only for the BIT members but for all the Planning, Administration and Finance, Procurement, and HR Directorates.
9	Program Budget Outputs and Outcomes Knowledge	4	<ul style="list-style-type: none"> The senior members of the BIT have a good understanding of the ministry's outputs and outcomes. Usually the performance indicators are prepared by the senior management because they have a broad picture of the ministry's major services delivery areas and the strategy forward. There is a need for training for the junior-level BIT members. 	<ul style="list-style-type: none"> The ministry should conduct a training program for the BIT members in outputs and outcomes. The project may provide assistance in this area if requested by the ministry.
10	Budget Formulation Current Capacity	5	<ul style="list-style-type: none"> MoEc does not have any capacity issue in regards to completing the BC-1 and BC-2 submissions. The BIT members have experience and knowledge in this area. No external technical assistance is required. 	<ul style="list-style-type: none"> Given the capacity of the BIT members in BC-1 and BC-2 completion, no further action is required.
11	Procurement and Financial Planning (PFP) Current Capacity	4	<ul style="list-style-type: none"> The MoF Procurement Policy Unit (PPU) has placed a procurement specialist and a procurement controller in the MoEc. They assist the BIT in completing the PFP process. The PPU advisors mostly focus only on the procurement contracts. PPU and the Budget Directorate of the MoF do not coordinate much 	<ul style="list-style-type: none"> The PPU of the MoF should coordinate all their activities with the MoF Budget Directorate. They should meet regularly to provide better guidance to line ministries.

			<p>and the line ministries are asked to prepare two procurement plans. Both the Budget Directorate and the PPU require the ministries to prepare procurement plans in two different formats.</p> <ul style="list-style-type: none"> • Overall the capacity of the BIT members in preparation of PFP is good. The ministry does not need external technical assistance to complete the PPF submission. 	
12	Performance Monitoring Reporting (PMR) Current Capacity	4	<ul style="list-style-type: none"> • The capacity of the BIT is good in this area. The BIT can prepare the quarterly PMR without much assistance from any external project. • Like other ministries, MoEc also does not store the performance data in a system. 	<ul style="list-style-type: none"> • The ministry should consider purchasing the performance reporting module and have it linked to the budget/accounting database that they use. The performance reporting module will help in reporting and decision making purpose.
Final Rating		4.6		



Risk Assessment Report

Ministry/Budgetary Unit:	Ministry of Education (MoEd)
Assessment Date	29 August 2012
Venue:	DG Accounting and Finance meeting room-MoEd
Meeting Participants:	Rohullah Khalil – Program Budget Manager from MoEd and Abdul Tawab Wardak and Raju Kalidindi from USAID's Economic Growth and Governance Initiative (EGGI) project
Date of BIT Establishment:	September 2007
No. of BIT/budget staff:	Civil servants: 10, contractors: 6
No. of years of USAID support:	2 years

Summary of Key Findings:

- The Program Budget reform is well supported by all the Deputy Ministers of MoEd. MoEd has five programs, and the program managers are all Deputy Ministers. They are fully involved in the budget prioritization of their programs. The Budget Implementation Team (BIT) of the MoEd is very organized and different from those of other ministries. Every program has a program budget manager and an officer who are primarily responsible for the budget preparation for their program. Almost all of the key BIT members participate in the Ministry of Finance (MoF)/EGGI budget preparation, budget execution, Procurement and Financial Plan (PFP), and Performance Monitoring Report (PMR) training programs.
- Coordination has been weak between the MoF and the MoEd. Some of the policies and rules of the MoF Budget Directorate have created a lot of problems for the MoEd. For instance, the MoF stops all the allotments and payments of the MoEd when the ministry does not submit documents such as the Budget Circular 1 (BC-1), BC-2, PFP, or PMR on time.
- Employment turnover is a concern for the management of MoEd. The officer-level BIT members do not stay with the ministry for a long period, while the senior members tend to stay employed with the ministry for a longer period. Some of the key BIT members in the ministry are paid by the Danish International Development Agency (DANIDA) through the ministry's development budget.
- The ministry has a five-year National Education Strategy on which all of the activities of the ministry are planned. The Planning Directorate of the ministry coordinates the activities related to the Afghanistan National Development Strategy (ANDS), the National Education Strategy, and the National Priority Programs (NPPs) with all the programs.
- There are several problems that MoEd faces during the year with PFP. The ministry does not receive funds from donors during the year, but these funds are part of the total budget of the ministry. This results in lower budget execution for the ministry. The MoEd uses the Education Management Information System (EMIS) to produce reports for the donors and the management of the ministry. This system is not currently capable of producing performance reports, but a performance reporting module could also be included in the system.

***Budget and Execution Figures:**

Budget type	FY 1389			FY 1390			FY 1391
	Approved (\$ million)	Execution (\$ million)	Execution (in percent)	Approved (\$ million)	Execution (\$ million)	Execution (in percent)	Approved (\$ million)
Operating	400.40	382.29	95.48	463.16	459.14	99.13	392.57
Development	205.90	82.38	40.00	203.33	101.02	49.70	130.03

*Data Source: Budget Execution Directorate-Ministry of Finance. Exchange rate: Afs 50/ USD 1

Assessment Results Table:

Ministries were evaluated based on 12 key program budgeting implementation variables. In calculating the final rating, "Political Commitment" and "Staff Continuity" are given two weights each, while the remaining 10 variables are given one weight. Weights are multiplied with the given rating for each variable, and then the sum of the result is divided by the sum of total weights and the final figure makes the average rating for a ministry. The rating scale is as follows:

Scale: 1 – 5 (1 = Poor; 2 = Fair; 3 = Average; 4 = Very Good; 5 = Excellent)

S/No	Key Variable Areas	Rating	Key Findings and Challenges	Recommendations
1	Political Commitment	5	<ul style="list-style-type: none"> The Program Budget reform is well supported by all the Deputy Ministers of MoEd. MoEd has five programs, and the program managers are all Deputy Ministers. They are fully involved in the budget prioritization for their programs. The program managers hold biweekly meetings to discuss the budget preparation and budget execution, and the meeting minutes are shared with the Minister. During the preparation of BC-1 and BC-2 forms, all the program managers work with their teams on their budgets and send them to the Accounting and Finance Directorate, where it is accumulated and submitted to MoF. 	<ul style="list-style-type: none"> Given the commitment and the involvement of the senior management of the ministry in the budget process, no further action is required.

2	BIT/IBC Composition	5	<ul style="list-style-type: none"> • The BIT is headed by the Accounting and Finance Director, and the structure is as follows: <ul style="list-style-type: none"> ○ Program 1-5: 1 manager and 1 officer, total 5 managers and 5 officers ○ Accounting and Finance Director ○ Program Budget Manager form Accounting and Finance Directorate ○ Program Budget officers: 3 staff from Accounting and Finance Directorate • The Internal Budget Committee (IBC) is composed of Deputy Ministers. The composition is as follows: <ul style="list-style-type: none"> ○ DM of Islamic Studies ○ DM of Teacher Training ○ DM of Technical and Vocational Training ○ DM of Literacy ○ DM of Administration and Finance • The BIT and IBC structures conform to the MoF recommended structures for BIT/IBC. 	<ul style="list-style-type: none"> • No additional adjustments to the MoEd BIT and IBC structures are needed.
3	BIT/IBC Function	5	<ul style="list-style-type: none"> • The BIT of the MoEd is very organized and different from those of other ministries. Every program has a program budget manager and an officer who are primarily responsible for the budget preparation of their program. The MoEd Accounting and Finance Directorate have a program budget unit as well, and this unit puts together the individual budget submissions from each program and submits it to the MoF. The program budget managers meet regularly during the budget preparation period. The meetings are held once a week, and the minutes are shared with the senior management. • The IBC meets every two weeks to discuss the budget priorities and the budget execution status. The meeting minutes are shared with the Minister. 	<ul style="list-style-type: none"> • Given the meeting frequency and the way the BIT and IBC function, there is no further action required for improvement.

4	Training Participation	5	<ul style="list-style-type: none"> Almost all of the key BIT members participate in the MoF/EGGI budget preparation, budget execution, PFP, and PMR training programs. The MoEd senior management considers these trainings important and encourages the staff to participate in all the budget training programs. 	<ul style="list-style-type: none"> No further action required.
5	MoF Coordination	3	<ul style="list-style-type: none"> Coordination has been weak between the MoF and the MoEd. Some of the policies and the rules of the MoF Budget Directorate have created problems for the MoEd. For instance the MoF stops all the allotments and payments of the MoEd when the ministry does not submit documents such as the BC-1, BC-2, PFP, or PMR on time. This year the MoEd was given only 20 working days during the month of Ramadan to complete the BC-2 submission. This was a very limited time for the preparation of MoEd's projects. Preparation of the budget for a ministry that has more than a 30 percent share in the total tashkeel of the government, a 15 percent share in the total operating budget, and about a six percent share in the total development budget for the FY 1391 requires at least 60 working days to prepare a quality budget proposal. There are no regular meetings between the MoF education sector manager and the MoEd BIT. They only meet when there are serious issues. The Operations and Maintenance (O&M) issue has created problems for the MoEd. The MoF has asked the ministry not to calculate the O&M cost for any of its programs, and MoF suggested it would be based on a formula that is developed for O&M purposes. There is a high probability that the ministry's management will not agree with the O&M budget, which would create serious problems for the MoEd budget unit. 	<ul style="list-style-type: none"> Coordination needs to be improved with MoF. The MoEd senior management should have a meet with the MoF Deputy Minister for Finance to discuss the issue of stopping allotments and payments by MoF and other issues such as the O&M policy for MoEd. There should be regular meetings between the MoF education sector manager and the BIT members of the MoEd. These meetings should be convened at least once a month. All challenges and issues should be discussed and coordination should be improved.
6	Staff Continuity	3	<ul style="list-style-type: none"> Employment turnover is a concern for the management of MoEd. The officer-level BIT members do not stay with the ministry for a long period, while the senior members tend to stay employed with the 	<ul style="list-style-type: none"> The ministry should develop a succession plan for the BIT.

			<p>ministry for a longer period. When the ministry hires new officers, at least a year or more is required to train and coach them in program budget, PFP, and PMR functions.</p> <ul style="list-style-type: none"> Some of the key BIT members in the ministry are paid by DANIDA through the ministry's development budget. These contractors are given one year employment contracts with a multi-year extension period, but the ministry is not sure whether they will stay with the ministry for a foreseeable future. 	<ul style="list-style-type: none"> The key BIT positions should be created within the tashkeel of the ministry and super scale salaries should be requested for them.
7	Pay & Grading and PRR Implementation	5	<ul style="list-style-type: none"> The Pay & Grading reform has been implemented in the MoEd central directorates and provinces. 	<ul style="list-style-type: none"> No further action required.
8	ANDS, Sector, Ministry Strategy Knowledge	4	<ul style="list-style-type: none"> The ministry has a five year National Education Strategy on which all the activities of the ministry are based. The Planning Directorate of the ministry coordinates the activities related to the ANDS, the National Education Strategy, and NPPs with all the programs. No specific trainings are given to the program budget officers and managers on ANDS, NPPs, and the National Education Strategy. 	<ul style="list-style-type: none"> The Planning Directorate should organize training programs for all the BIT members and educate them in the National Education Strategy, NPPs, and ANDS.
9	Program Budget Outputs and Outcomes Knowledge	4	<ul style="list-style-type: none"> The Planning Directorate of the ministry is responsible for preparing performance indicators for all the programs. The performance targets are taken from the National Education Strategy, which is linked to the ANDS and the NPPs. Senior managers of the BIT have the knowledge of outputs and outcomes, but the junior members have to be trained in this area. 	<ul style="list-style-type: none"> All the program budget managers need to be involved in setting the output and outcome indicators for their programs. The Planning Directorate may facilitate the discussion and coordinate the activities, but it should not be solely responsible for setting the performance indicators. All programs have to play a proactive role in this area. The officer-level BIT members need to be trained in output and outcome indicators.

10	Budget Formulation Current Capacity	5	<ul style="list-style-type: none"> MoEd is fully capable of preparing the BC-1 and BC-2 submissions without external technical support. Programs have well-trained managers and officers to prepare the submissions. 	<ul style="list-style-type: none"> Given the capacity of the BIT members in BC-1 and BC-2 completion, no further action is required.
11	Procurement and Financial Planning (PFP) Current Capacity	5	<ul style="list-style-type: none"> The MoEd believes that the MoF Budget Directorate has not taken the PFP reform seriously. There are several problems that MoEd faces during the year with PFP. The ministry does not receive funds from donors for some of its development projects during the year, which are added to the total budget of the ministry but not to the PFP. MoF is always reluctant to accept the changes suggested by MoEd in the PFP. The ministry also believes that the budget execution figures for provinces and programs differ from the PFP sent at the beginning of the year. The reason is that the PFP has a lot of discrepancies since MoF does not accept changes to the PFP during the year. Overall, the capacity is good, and the program budget officers' and managers' knowledge is satisfactory. The ministry consults with the provincial directorates and uses their inputs to prepare the PFP. 	<ul style="list-style-type: none"> MoEd senior management should communicate with the MoF Budget Director to come up with a solution for the PFP process. PFP should be amended if the ministry's budget is changed. During the mid-year review of the budget, the PFP should also be amended and to be in line with the budget.
12	Performance Monitoring Reporting (PMR) Current Capacity	4	<ul style="list-style-type: none"> The MoEd uses the Education Management Information System (EMIS) to produce reports for donors and management. This system is not currently capable of producing performance reports, but a performance reporting module could also be included in the system. Like other ministries, MoEd does not keep performance data in a database for reporting and decision making purposes. The Planning Directorate of the ministry prepares the PMRs. They take the financial data from the Accounting and Finance Directorate and performance data from the programs and compile the submission. 	<ul style="list-style-type: none"> The ministry should either purchase or include a performance reporting module in the EMIS or the Budget Preparation and Execution Tracking System (BPETS). Having a computerized performance reporting system will help the ministry store the data and use it for decision making and oversight.
Final Rating		4.4		



Risk Assessment Report

Ministry/Budgetary Unit:	Ministry of Finance (MoF)
Assessment Date	27 August 2012
Venue:	DG Administration & Finance Office-MoF
Meeting Participants:	Sherzi, Program Budget Manager; Zia-ur-Rahmaan Kakar Program Budget Advisor from MoF; and Abdul Tawab Wardak and Raju Kalidindi from USAID's Economic Growth and Governance Initiative (EGGI) project
Date of BIT Establishment:	September 2007
No. of BIT/Budget Staff:	Civil servants: 10, contractors: 1
No. of years of USAID Support:	2 years

Summary of Key Findings:

- The Deputy Minister for Administration and Finance is leading the program budget team. He supports the reform and is fully involved in the budget formulation and execution process. The Minister of Finance is also involved in the budget prioritization and planning process. He gets reports from the program managers (Program managers are Deputy Ministers).
- The Budget Implementation Team (BIT) meets regularly especially during the Budget Circular 1 (BC-1) and BC-2, Procurement and Financial Plan (PFP), and Performance Monitoring and Reporting (PMR) submissions. The frequency of the BIT meetings is four times a month. The Internal Budget Committee (IBC) makes the final decision on the budget priorities and the PFP. The IBC meets twice a week as well. The Operating and development budget functions in the MoF are integrated under the Accounting and Finance Directorate. Most of the BIT members from Accounting and Finance Directorate participate in all important trainings and workshops that are conducted by the Budget Directorate and the EGGI project.
- The MoF Budget Directorate representative always participates in all the important BIT meetings. Usually the Economic Governance Sector Manager participates in the meetings and provides guidance and shares his views on the reform and provides recommendations for the challenges that the budget unit faces. The key BIT members of the MoF have not changed since the start of the program budget reform in FY 1387.
- The Reform Implementation and Management Unit (RIMU), which is a World Bank funded program, has prepared the MoF strategic plan and all other documents related to the National Priority Programs (NPP) and the sector strategy. This unit also writes the output and outcome indicators for the programs. The civil servants are not involved in the process. The Project Implementation Unit (PIU) manager coordinates the PFP preparation activities. The PFP is prepared in coordination with all the central directorates of the MoF. The PIU calls for meetings, and all BIT members provide information on their directorate's procurement plans for the next fiscal year. The BIT members' understanding of PMR is good.

***Budget and Execution Figures:**

Budget type	FY 1389			FY 1390			FY 1391
	Approved (\$ million)	Execution (\$ million)	Execution (in percent)	Approved (\$ million)	Execution (\$ million)	Execution (in percent)	Approved (\$ million)
Operating	69.18	66.459	96.0	45.448	39.384	86.6	26.78
Development	138.96	37.72	27.1	74.64	61.08	81.8	87.32

*Data Source: Budget Execution Directorate-Ministry of Finance. Exchange rate: Afs 50/ USD 1

Assessment Results Table:

Ministries were evaluated based on 12 key program budgeting implementation variables. In calculating the final rating, “Political Commitment” and “Staff Continuity” are given two weights each, while the remaining 10 variables are given one weight. Weights are multiplied with the given rating for each variable, and then the sum of the result is divided by the sum of total weights and the final figure makes the average rating for a ministry. The rating scale is as follows:

Scale: 1 – 5 (1 = Poor; 2 = Fair; 3 = Average; 4 = Very Good; 5 = Excellent)

S/No	Key Variable Areas	Rating	Key Findings and Challenges	Recommendations
1	Political Commitment	5	<ul style="list-style-type: none"> The Deputy Minister for Administration and Finance is leading the program budget team. He supports the reform and is involved in the budget formulation and execution process. The Minister of Finance is also involved in the budget prioritization and planning process. He gets reports from the program managers (Program managers are Deputy Ministers). The Deputy Minister for Administration and Finance supports all other budget associate reforms such as the PFP and PMR. He chairs all the important meetings on the Program Budget, PFP, and PMR and 	<ul style="list-style-type: none"> Given the commitment of the Deputy Minister for Administration and Finance and the Minister, no further actions are required in this area.

			provides his inputs.	
2	BIT/IBC Composition	5	<ul style="list-style-type: none"> • The BIT is represented by all key directorates of the ministry. The team is led by the DM Administration and Finance, and other members are: <ul style="list-style-type: none"> ○ DG Administration and Finance ○ Procurement manager ○ Accounting manager ○ Human Resources manager ○ Operating budget manager ○ Development budget manager ○ Project Implementation Unit (PIU) officer • The IBC is led by the DM for Administration and Finance, and the members are: <ul style="list-style-type: none"> ○ DG Administration and Finance ○ Director of PIU ○ Director of HR ○ Director of Procurement ○ Director of Accounting and Finance 	<ul style="list-style-type: none"> • No additional adjustments to the MoF BIT and IBC structures are needed.
3	BIT/IBC Function	5	<ul style="list-style-type: none"> • The BIT meets regularly, especially during the BC-1, BC-2, PFP, and PMR submissions. The frequency of the BIT meetings is four times a month. IBC makes the final decision on the budget priorities and the PFP. The IBC also meets twice a week. • The operating and development budget functions in the MoF are integrated under the Accounting and Finance Directorate. The managers of these two functions coordinate their activities with each other and there are no major issues. • Although the BIT is supported by a DFID-ASI advisor, most of the work is being done by the civil servants and the ASI advisor only provides BC-2, PFP, and PMR coaching when needed. 	<ul style="list-style-type: none"> • Given the meeting frequency and the way the BIT/IBC functions there is no action required for improvement.

4	Training Participation	3	<ul style="list-style-type: none"> • Most of the BIT members from the Accounting and Finance Directorate participate in all important trainings and workshops that are conducted by the Budget Directorate and the EGGI project. Since the members of the BIT have been working in MoF for the past five to six years, they have a good understanding and are not very dependent on technical assistance. • BIT members other than the Accounting and Finance Directorate do not participate in the trainings programs arranged by the project and the Budget Directorate of MoF. 	<ul style="list-style-type: none"> • The DM for Administration and Finance should urge the PIU, Procurement, and HR Directorates to send their staff to the budget trainings so that they understand the concepts and are able to contribute to the budget processes.
5	MoF Coordination	5	<ul style="list-style-type: none"> • The MoF Budget Directorate representative always participates in all the important BIT meetings. Usually the Economic Governance sector manager participates in the meetings and provides guidance, shares his views on the reform, and provides recommendations for the challenges that the budget unit faces. The minutes of the meetings between the sector manager and the BIT members are shared with the DM for Administration and Finance. 	<ul style="list-style-type: none"> • Since the budget sector manager attends all the BIT meetings, no further action is required in this area.
6	Staff Continuity	4	<ul style="list-style-type: none"> • The key BIT members of the MoF have not changed since the start of the program budgeting reform in FY 1387. BIT members who are from PIU, HR, and Procurement Directorates have changed a few times. This has not affected the performance of the team. The operating and development budget managers and officers play a key role in and contribute to the budget preparation/execution process. 	<ul style="list-style-type: none"> • The MoF should have a training plan for BIT members other than the Accounting and Finance Directorate. The head of the BIT should advise all members to play a proactive role in the budget process.
7	Pay & Grading and PRR Implementation	5	<ul style="list-style-type: none"> • The Pay & Grading reform has been implemented in the MoF central directorates, and the provincial mustofiats and revenue and customs offices. 	<ul style="list-style-type: none"> • No further actions are needed.
8	ANDS, Sector, Ministry Strategy Knowledge	3	<ul style="list-style-type: none"> • The senior BIT members (Directors, DGs, and DM) have a good understanding of the MoF strategy and policies. Staff members at the officer and manager levels do not have much experience or knowledge 	<ul style="list-style-type: none"> • Civil servants should be trained in the Afghanistan National Development Strategy (ANDS), MoF strategy, and NPPs. The World Bank funded project may prepare an exit

			<p>in this area, as they were never involved in this area.</p> <ul style="list-style-type: none"> The RIMU, which is a World Bank funded program, has prepared the MoF strategic plan and all other documents related to the NPPs and the sector strategy. This unit also writes the output and outcome indicators for the programs. The civil servants are not involved in the process. 	<p>strategy, as they will not be in the ministry for a long period. The knowledge should be transferred to the civil servants in order for the program budget reform to be sustainable.</p>
9	Program Budget Outputs and Outcomes Knowledge	3	<ul style="list-style-type: none"> The BIT members at DG and director level have a good working knowledge of the program budget output and outcome indicators, but the junior level staff's understanding in this area is limited. The BIT receives support and assistance from the RIMU and the ASI advisor in this area. The performance indicators and targets are usually set by the RIMU. 	<ul style="list-style-type: none"> The RIMU and ASI advisors should train the lower level civil servants of the BIT in performance indicators. The civil servants should be trained well enough in this area to be able to set performance indicators and report them. More emphasis should be placed on the output and outcome training module in the annual program budget trainings, and specific examples related to MoF should be given.
10	Budget Formulation Current Capacity	5	<ul style="list-style-type: none"> MoF does not require trainings in this area. The BIT members are capable of preparing BC-1 and BC-2 submissions without any project support because the operating and development budget managers have been working in the ministry since the beginning of the reform and are well trained. 	<ul style="list-style-type: none"> Given the capacity of the BIT members in BC-1 and BC-2 completion, no further actions are required.
11	Procurement and Financial Planning (PFP) Current Capacity	5	<ul style="list-style-type: none"> The PIU manager coordinates the PFP preparation activities. The PFP is prepared in coordination with all the central directorates of the MoF. The PIU calls for meetings and all BIT members provide information on their directorate's procurement plans for the next fiscal year. The procurement manager consolidates the information and prepares the final PFP with the operating and development budget manager. It is worth mentioning that the ASI advisor assists the BIT in this area as well. 	<ul style="list-style-type: none"> No further action required.

12	Performance Monitoring Reporting (PMR) Current Capacity	4	<ul style="list-style-type: none"> The BIT members' understanding of PMR is good. With the support from the ASI advisor the team prepares the PMR and submits them to the Performance Evaluation and Reporting Unit (PERU) of the Budget Directorate. The MoF does not keep the performance data. There is no mechanism for keeping the data for future reporting and decision making purposes. 	<ul style="list-style-type: none"> The MoF should either include the performance reporting module in their current budget system, Budget Preparation and Execution Tracking (BPET) or purchase a separate database that can be used to keep performance data, which will help the ministry in reporting and decision making.
Final Rating		4.2		



Risk Assessment Report

Ministry/Budgetary Unit:	Ministry of Public Health (MoPH)
Assessment Date	2 July 2012
Venue:	Health Economics and Finance Directorate -MoPH
Meeting Participants:	Husnia Sadat – Head of the Health Economics and Finance Department from MoPH and Abdul Tawab Wardak and Raju Kalidindi from USAID's Economic Growth and Governance Initiative (EGGI) project
Date of BIT Establishment:	September 2007
No. of BIT/Budget Staff:	Civil servants: 8, contractors: 3
No. of Years of USAID Support:	2 years

Summary of Key Findings:

- The senior management of the ministry, including the Minister herself, supports and is involved in the budget process. Every month the ministry convenes meetings on the budget. The Minister chairs the meeting and requires all Deputy Ministers who are also program managers to focus on the project implementation of the ministry. The Budget Implementation Team (BIT) meets twice a week during the preparation of the Budget Circular 1 (BC-1), BC2, Procurement Financial Plan (PFP), and Performance Monitoring Report (PMR). These meetings are normally chaired by the Health Economics and Finance Director.
- The development and operating budget functions are not integrated. The operating budget is managed by the Finance Directorate and the Development budget is managed by the Health Economics and Finance Directorate of the ministry.
- All key BIT members participate in the training programs organized by the Ministry of Finance (MoF) and the project. Coordination with the MoF health budget sector manager has been weak, and there are no regular meetings convened to increase coordination and discuss MoPH budget issues.
- Staff continuity has not been a major problem for the MoPH. The knowledge of the senior members of the BIT, who are at manager and director level, is very good. Junior-level civil servants working in the Finance Directorate have a limited understanding of the Afghanistan National Development Strategy (ANDS), Sector, and Ministry strategies. The output and outcome indicators are usually set by the senior management of the ministry. The ministry has annual targets for each of its directorates and programs.
- The Health Economics and Finance Directorate of the ministry provides support to other directorates of the ministry in completing the PFP submission, and the capacity of the ministry is good in the preparation of quarterly PMR.

***Budget and Execution Figures:**

Budget type	SY 1389			SY 1390			SY 1391
	Approved (\$ million)	Execution (\$ million)	Execution (in percent)	Approved (\$ million)	Execution (\$ million)	Execution (in percent)	Approved (\$ million)
Operating	44.65	41.34	92.60	50.26	43.65	86.84	41.61
Development	150.90	88.32	58.53	165.69	103.82	62.70	185.86

*Data Source: Budget Execution Directorate-Ministry of Finance. Exchange rate: Afs 50/ USD 1

Assessment Results Table:

Ministries were evaluated based on 12 key program budgeting implementation variables. In calculating the final rating, "Political Commitment" and "Staff Continuity" are given two weights each, while the remaining 10 variables are given one weight. Weights are multiplied with the given rating for each variable, and then the sum of the result is divided by the sum of total weights and the final figure makes the average rating for a ministry. The rating scale is as follows:

Scale: 1 – 5 (1 = Poor; 2 = Fair; 3 = Average; 4 = Very Good; 5 = Excellent)

S/No	Key Variable Areas	Rating	Key Findings and Challenges	Recommendations
1	Political Commitment	5	<ul style="list-style-type: none"> The senior management of the ministry, including the Minister herself, supports the reform and is involved in the budget process. Every month the ministry convenes meetings on budget. The Minister chairs the meeting and requires all Deputy Ministers who are also program managers to focus on the project implementation of the ministry. The commitment and the support from the ministry's senior management and the follow ups have resulted in high budget execution by the ministry and successful implementation of program budget, PFP, and PMR reforms. During the budget hearings all the Deputy Ministers attend the meeting and defend the individual budgets of each program. 	<ul style="list-style-type: none"> Given the commitment and the involvement of the senior management of the ministry in the budget process, no further action is required.

2	BIT/IBC Composition	5	<ul style="list-style-type: none"> • The BIT is headed by the Deputy Minister for Administration and Finance, and other members are: <ul style="list-style-type: none"> ○ Director of Finance ○ Director of Procurement ○ Head of Health Economics and Finance Department ○ Operating Budget Manager ○ Development Budget Manager ○ Procurement Manager ○ HR Manager • The Internal Budget Committee (IBC) of the ministry is chaired by the Minister, and the members are: <ul style="list-style-type: none"> ○ Program Managers (Deputy Ministers) of all four programs ○ Director of Health Economics and Finance ○ Director of Finance • The BIT and IBC structures conform to the MoF recommended structures for BIT/IBC. 	<ul style="list-style-type: none"> • No additional adjustments to the MoPH BIT and IBC structures are needed.
3	BIT/IBC Function	4	<ul style="list-style-type: none"> • The BIT meets twice a week during the preparation of BC-1, BC-2, PFP, and PMR. These meetings are normally chaired by the Health Economics and Finance Director. The team takes meeting minutes and shares them with the Deputy Minister for Administration and Finance. • The development and operating budget functions are not integrated. The operating and development budgets are managed separately by the Health Economics and Finance Directorate and the Finance Directorate respectively. The reason there is not a joint budget unit is the low capacity in the Finance Directorate of the ministry. The Health Economics and Finance Directorate has hired several skilled and experienced employees through development projects of the ministry, and this has had a positive impact on the capacity of this directorate. On the other hand, the Finance Directorate does not have experts in 	<ul style="list-style-type: none"> • For increased coordination between the operating and development budget units and for better planning, the ministry should integrate the two functions under one directorate.

			<p>the budget, and all are civil servants.</p> <ul style="list-style-type: none"> Although the operating and development budget units are working separately, the ministry has been successful in completing the budget and PFP and PMR submission to the MoF. The BIT is composed of members from all the key directorates of the ministry and coordinates all the activities very well among the team members. 	
4	Training Participation	5	<ul style="list-style-type: none"> All key BIT members participate in the training programs organized by MoF and the project. The MoPH was supported by a USAID-funded project known as Health Systems 2020. This project provided technical assistance in the area of budget to the ministry civil servants and some of the health NGOs. 	<ul style="list-style-type: none"> No further action required.
5	MoF Coordination	3	<ul style="list-style-type: none"> Coordination with MoF health budget sector manager has been weak, and there are no regular meetings to increase coordination and discuss the budget issues of the ministry. For a month or so, the MoF did not have a sector manager, and there was a communication gap between the MoPH and the MoF health sector unit. This issue was resolved after the new sector manager joined, but he does not attend some of the important meetings on the MoPH budget even though MoPH is the only ministry in the health sector. The MoPH is concerned about the lack of experience and expertise of the health sector budget officers at the MoF. There have been many problems during the allotment requisition process. 	<ul style="list-style-type: none"> Coordination needs to be improved between the health sector unit of the MoF and the MoPH Finance and the Health Economics and Finance Directorates. At least once a month the sector manager should meet with the MoPH officials to discuss the budget related issues. MoF should train its staff, and the EGGI project may be able help in this area.
6	Staff Continuity	3	<ul style="list-style-type: none"> Staff continuity has not been a major problem for the MoPH. All key BIT members are employed with the ministry from a long time and the management of the ministry expects them to work with the ministry for a long period in the future. MoPH has some contractor employees in the BIT who are paid through 	<ul style="list-style-type: none"> The MoPH should have a succession plan for the BIT in case some members leave the ministry. The key BIT positions should be created within the tashkeel of the ministry and super

			the ministry's development projects, and some are financed by external donor projects. Usually contractor employees do not stay with the ministry for a long period as they look for better employment opportunities in the market.	scale salaries should be requested for them if necessary.
7	Pay & Grading and PRR Implementation	5	<ul style="list-style-type: none"> The Pay & Grading reform has been implemented in the MoPH central directorates and provinces. 	<ul style="list-style-type: none"> No further action is required.
8	ANDS, Sector, Ministry Strategy Knowledge	4	<ul style="list-style-type: none"> The knowledge of the senior members of the BIT, who are at manager and director level, is very good, but junior-level civil servants working in the Finance Directorate have limited understanding of the ANDS, Sector, and ministry strategies. Overall, the capacity is good in the Health Economics and Finance Directorate, as they have many contractor employees who are experienced and have good academic backgrounds. 	<ul style="list-style-type: none"> The MoPH should organize a training program for the Finance Directorate and train the civil servants in the areas of ANDS, National Priority Programs (NPPs), Health Sector, and the ministry strategies. The EGGI project can assist in trainings if requested by the ministry.
9	Program Budget Outputs and Outcomes Knowledge	4	<ul style="list-style-type: none"> Output and outcome indicators are usually set by the senior management of the ministry. The ministry has annual targets for each of its directorates and programs. These targets are reflected in the performance indicators, and it is discussed in the management meetings of the ministry. The capacity of the junior-level BIT members, civil servants working with the Finance Directorate, is limited. A training program is required in this area. 	<ul style="list-style-type: none"> The ministry should conduct a training program for the civil servants about performance indicators. The training program should contain specific examples related to the health sector.
10	Budget Formulation Current Capacity	5	<ul style="list-style-type: none"> MoPH does not have any capacity issues in completing the BC-1 and BC-2 submissions. The BIT has extensive experience in this area and does not need any external project support. 	<ul style="list-style-type: none"> Given the capacity of the BIT members in BC-1 and BC-2 completion, no further action is required.
11	Procurement and Financial Planning (PFP) Current Capacity	4	<ul style="list-style-type: none"> The Health Economics and Finance Directorate of the ministry provides support to both the Finance and Procurement Directorates of the ministry in completing the PFP submission. These two directorates lack capacity in preparing the PFP. There is a need for improvement. 	<ul style="list-style-type: none"> The Finance and Procurement Directorates should be trained in the PFP. A capacity transition plan should be developed by the ministry. The contractor employees,

				particularly those from the Health Economics and Finance Directorate should transfer their knowledge to the civil servants. As they leave, there should be enough capacity in the civil servants to handle the implementation of the PFP reforms so capacity is not lost.
12	Performance Monitoring Reporting (PMR) Current Capacity	5	<ul style="list-style-type: none"> The Health Economics and Finance Directorate, in collaboration with Finance Directorate, prepares the quarterly PMRs. The capacity of the staff is good and there is not any special need for trainings in this area. The ministry does not use a system to store performance data. There is a need for this type of system in the ministry. 	<ul style="list-style-type: none"> The ministry should consider purchasing the performance reporting module and have it linked to the budget/accounting database that they use. The performance reporting module will help with reporting and decision making.
Final Rating		4.3		



Risk Assessment Report

Ministry/Budgetary Unit: Ministry of Public Works (MoPW)
Assessment Date 3 July 2012
Venue: DG Administration & Finance Office-MoPW
Meeting Participants: DG Administration and Finance Mr. Rodwal, Program Budget Manager, Procurement Manager, Development Projects Manager, Allotment Manager, Program Budget Officer from MoPW and Abdul Tawab Wardak and Raju Kalidindi from USAID's Economic Growth and Governance Initiative (EGGI) project
Date of BIT establishment: September 2007
No. of BIT/budget Staff: Civil servants: 10, contractors: 0
No. of years of USAID Support: 3 years

Summary of Key Findings:

- The Deputy Minister for Administration and Finance supports the program budget reform and provides inputs to the budget process. The Budget Implementation Team (BIT) and the Internal Budget Committee (IBC) meets regularly especially during the Budget Circular 2 BC-2 and Procurement and Financial Plan (PFP) submissions. The BIT meets every week to discuss the budget issues and reports to the DM for Administration and Finance.
- Most of the BIT members participate in all the training programs that are conducted by the project and the MoF.
- The coordination has been strong between the MoF Infrastructure Sector and the MoPW. The Infrastructure Sector manager and the focal point for MoPW attend most of the meetings conducted on the budget and the other associated reforms.
- The key BIT members are all permanent civil servants, and the ministry has already implemented the Pay and Grading reform.
- The senior BIT members have an understanding of the Afghanistan National Development Strategy (ANDS) and the Ministry strategy. The performance indicators of the programs are set by the program managers, who are at the DM level. The program managers set the output and outcome targets in line with the MoPW strategy after consultation with the DGs.
- The BIT members are capable of preparing BC-1 and BC-2 submissions without any project support. Overall, the capacity of the BIT is good in the PPF, and the Procurement Directorate of the ministry coordinates all the activities of the PFP preparation process.
- The capacity of the BIT is good with regards to completing Performance Monitoring Reports (PMRs), but the Ministry does not have any mechanism to store the performance data and use it in future for reporting and decision making purpose.

***Budget and Execution Figures:**

Budget type	FY 1389			FY 1390			FY 1391
	Approved (\$ million)	Execution (\$ million)	Execution (in percent)	Approved (\$ million)	Execution (\$ million)	Execution (in percent)	Approved (\$ million)
Operating	56.90	51.26	90.00	29.60	23.57	80.00	24.90
Development	485.00	246.57	50.80	380.60	211.45	55.60	458.62

*Data Source: Budget Execution Directorate-Ministry of Finance. Exchange rate: Afs 50/ USD 1

Assessment Results Table:

Ministries were evaluated based on 12 key program budgeting implementation variables. In calculating the final rating, "Political Commitment" and "Staff Continuity" are given two weights each, while the remaining 10 variables are given one weight. Weights are multiplied with the given rating for each variable, and then the sum of the result is divided by the sum of total weights and the final figure makes the average rating for a ministry. The rating scale is as follows:

Scale: 1 – 5 (1 = Poor; 2 = Fair; 3 = Average; 4 = Very Good; 5 = Excellent)

S/No	Key Variable Areas	Rating	Key Findings and Challenges	Recommendations
1	Political Commitment	4	<ul style="list-style-type: none"> The Deputy Minister for Administration and Finance supports the Program Budget reform, and he provides inputs to the budget process. The Minister is more interested in the execution stage of the budget. He convenes regular meetings on the ministries projects' progress, and these meetings are conducted twice a month. 	<ul style="list-style-type: none"> The MoF should conduct the program budget steering committee meetings at least twice a year and require all ministers and heads of budgetary units to attend to raise their awareness of the importance of this major reform and to report on their budgetary unit's progress with the reform.
2	BIT/IBC Composition	5	<ul style="list-style-type: none"> The DM for Administration and Finance leads the BIT and the members are: <ul style="list-style-type: none"> o DG Administration and Finance o DG Planning and Policy o Procurement Manager 	<ul style="list-style-type: none"> No additional adjustments to the MoPW BIT and IBC structures are needed.

			<ul style="list-style-type: none"> ○ HR Manager ○ Program Budget Manager ○ Program Budget Officer <ul style="list-style-type: none"> ● The IBC is headed by the Minister and the members are: <ul style="list-style-type: none"> ○ All Program Managers ○ DG Administration and Finance ○ Director of Procurement ○ Director of HR ● The BIT/IBC structure conforms to the MoF recommended structure for the BIT and the IBC. 	
3	BIT/IBC Function	5	<ul style="list-style-type: none"> ● The BIT and the IBC meet regularly, especially during the BC-2 and PFP submissions. The BIT meets every week to discuss the program budget progress and reports to the DM for Administration and Finance. ● The operating and development budget functions in the MoPW are integrated under the Administration and Finance Directorate. The managers of these two functions work together on the budget and the coordination has been very strong. 	<ul style="list-style-type: none"> ● Given the frequency of the meetings and the way the BIT and IBC function, there is no action required for improvement.
4	Training Participation	4	<ul style="list-style-type: none"> ● Most of the BIT members participate in all the training programs that are conducted by the project and the MoF. The management of MoPW noted that the trainings are important for the capacity building of their staff, especially the newly hired BIT members. ● The DG of Administration and Finance included that the PMR training modules should be revised and specific examples related to the MoPW should be included. 	<ul style="list-style-type: none"> ● It is recommended that the project may prepare detailed training modules for the MoPW and specific examples and case studies related to the ministry should be included.
5	MoF Coordination	3	<ul style="list-style-type: none"> ● The coordination has been strong between the MoF Infrastructure Sector and the MoPW. The Infrastructure Sector manager and the focal point for MoPW attends most of the meetings conducted on the budget and the other associated reforms. 	<ul style="list-style-type: none"> ● Given the importance of the MoPW and the large budget this ministry has, the MoF Infrastructure Sector Manager and the sector focal point should meet at least once a month

			<ul style="list-style-type: none"> The meetings between the MoF and the MoPW are not held on a regular basis; however, both ministries meet when there is an issue to be discussed. The MoF delays the allotment requests many times during the year, which results in low budget execution. The DG for Administration and Finance noted that another reason for low budget execution is the late approval of the national budget by the Parliament. He added that the MoF does not have sound working relations with the Parliament and therefore do not get the budget approved on time. Similarly, because funds are not available for more than two months at the beginning of the fiscal year, the development budget execution rate is adversely affected. 	with the senior management of the MoPW to discuss the budget related issues and improve coordination between the two ministries.
6	Staff Continuity	4	<ul style="list-style-type: none"> The key BIT members are all permanent civil servants, and the management of the ministry expects them to stay with the ministry for a long period. 	<ul style="list-style-type: none"> No further action is required.
7	Pay & Grading and PRR Implementation	5	<ul style="list-style-type: none"> The Pay & Grading reform has been implemented in all the directorates of the MoPW. 	<ul style="list-style-type: none"> No further action is required.
8	ANDS, Sector, and Ministry Strategy Knowledge	4	<ul style="list-style-type: none"> The senior BIT members have the knowledge of the ANDS and the Ministry strategy. Usually the senior members are only involved in the policy and strategy issues. Junior members of the BIT have limited understanding of the ANDS and the Ministry strategy. 	<ul style="list-style-type: none"> The BIT should be trained in ANDS, Sector, and MoPW strategies. It is also important that the BIT members have the knowledge of the National Priority Programs (NPPs).
9	Program Budget Outputs and Outcomes Knowledge	4	<ul style="list-style-type: none"> The performance indicators of the programs are set by the program managers, who are at the DM level. The program managers set the output and outcome targets in line with the MoPW strategy after consultation with the DGs. Overall, the capacity of the team members is good, as most of the key staff have an understanding of program budget output and outcome indicators. 	<ul style="list-style-type: none"> More emphasis should be placed on the output and outcome training module in the annual program budget trainings, and specific examples related to MoPW should be given.

10	Budget Formulation Current Capacity	5	<ul style="list-style-type: none"> MoPW does not require trainings in this area. The BIT members are capable of preparing BC-1 and BC-2 submissions without any project support. This is because the operating and development budget managers have been working in the ministry since the beginning of the reform, and they are well trained. 	<ul style="list-style-type: none"> Given the capacity of the BIT members in BC-1 and BC-2 completion, no further action is required.
11	Procurement and Financial Planning (PFP) Current Capacity	4	<ul style="list-style-type: none"> The Procurement Directorate of the ministry coordinates all the activities of the PFP preparation process. The Ministry also receives technical assistance from the Civilian Technical Assistance Program (CTAP) in the preparation of procurement plan. Overall, the capacity of the civil servants to prepare PFP is high; however, the major issue is the implementation of PFP by the Ministry. The actual expenditures and the plans in the PFP differ significantly. It is because changes to the PFP are not allowed by the budget directorate of the MoF. Overall, the capacity of the BIT is good, and they are able to prepare the plan. 	<ul style="list-style-type: none"> The senior management of the MoPW should hold discussions with the MoF budget directorate to allow the Ministry to make changes to the PFP during the year.
12	Performance Monitoring Reporting (PMR) Current Capacity	4	<ul style="list-style-type: none"> The BIT members' capacity in preparing the performance evaluation report is good, and the team is able to prepare the report without any external assistance. The Ministry does not keep the performance data. Currently there is no database where the ministry stores performance data and uses it for reporting purposes. 	<ul style="list-style-type: none"> MoPW should purchase a database to store performance data, which will help the ministry in reporting and decision making.
Final Rating		4.4		



Risk Assessment Report

Ministry/Budgetary Unit: Ministry of Rural Rehabilitation and Development (MRRD)
Assessment Date 27 August 2012
Venue: Director of Accounting & Finance Office-MRRD
Meeting Participants: Financial Management Specialist Mr. Fahim Rahim, Program Budget Manager, Procurement Manager, Development Projects Manager, Allotment Manager, Program Budget Officer from MoPW and Abdul Tawab Wardak and Raju Kalidindi from USAID's Economic Growth and Governance Initiative (EGGI) project
Date of BIT Establishment: September 2007
No. of BIT/Budget Staff: Civil servants: 10, contractors: 3
No. of Years of USAID Support: 2 years

Summary of Key Findings:

- The MRRD was one of the first ministries selected as a key pilot ministry for Program Budget reform in mid-2006. Program Budget reform was implemented in this ministry in 2007 with assistance from the USAID-funded Capacity Development Program (CDP). The Minister and the Deputy Ministers are fully involved in the budget prioritization, and they provide necessary inputs to the budget formulation and execution process.
- The Budget Implementation Team (BIT) meets regularly during the Budget Circular 1 (BC-1) and BC-2 submissions. The Finance Director chairs all meetings, and the progress is reported on a weekly basis to the program managers and the Minister.
- The coordination between the Ministry of Finance (MoF) and MRRD has been good. Some of the key BIT staff are contractor employee that the MRRD hired through the National Rural Access Program (NRAP), the National Solidarity Program (NSP), and other programs/projects of the ministry.
- The Pay & Grading reform has been implemented in the MRRD central and provincial directorates.
- The Afghanistan National Development Strategy (ANDS) and MRRD strategy knowledge among key BIT members and all IBC members is very good. The outputs and outcomes are defined by the senior management. Every Deputy Minister is managing one of the programs and is responsible for setting performance indicators for their respective programs. The BIT members are capable of preparing BC-1 and BC-2 submissions without any project support. The Capacity of the BIT members in Procurement and Financial Plan (PFP) completion is satisfactory. The BIT members' understanding of Performance Monitoring Report (PMR) is good. The Public Financial Management (PFM) specialists hired by the World Bank funded project assist the BIT in completing the PMR.

***Budget and Execution Figures:**

Budget type	FY 1389			FY 1390			FY 1391
	Approved (\$ million)	Execution (\$ million)	Execution (in percent)	Approved (\$ million)	Execution (\$ million)	Execution (in percent)	Approved (\$ million)
Operating	9.95	9.60	96.50	10.70	10.41	97.30	7.87
Development	436.30	148.05	40.00	399.32	246.92	61.80	357.90

*Data Source: Budget Execution Directorate-Ministry of Finance. Exchange rate: Afs 50/ USD 1

Assessment Results Table:

Ministries were evaluated based on 12 key program budgeting implementation variables. In calculating the final rating, "Political Commitment" and "Staff Continuity" are given two weights each, while the remaining 10 variables are given one weight. Weights are multiplied with the given rating for each variable, and then the sum of the result is divided by the sum of total weights and the final figure makes the average rating for a ministry. The rating scale is as follows:

Scale: 1 – 5 (1 = Poor; 2 = Fair; 3 = Average; 4 = Very Good; 5 = Excellent)

S/No	Key Variable Areas	Rating	Key Findings and Challenges	Recommendations
1	Political Commitment	5	<ul style="list-style-type: none"> The MRRD was one of the first ministries selected as a pilot ministry for Program Budget reform in mid-2006. Program Budget reform was implemented in this ministry in 2007 with assistance from the USAID-funded Capacity Development Program (CDP). The Minister and the Deputy Minister for Administration and Finance and the Finance Director were all deeply committed to the implementation of program budgeting. The support and involvement of the management in the program budget process has led to a success of this reform at MRRD. MRRD was the first ministry that graduated from USAID's technical assistance. The Minister and the Deputy Ministers are involved in the budget prioritization, and they provide necessary inputs to the budget formulation and execution processes. 	<ul style="list-style-type: none"> Given the commitment and the involvement of the senior management of the ministry in the reform, no further action for improvement is recommended.

2	BIT/IBC Composition	5	<ul style="list-style-type: none"> • The BIT is headed by the DM for Administration and Finance, and other members are: <ul style="list-style-type: none"> ○ Director of Finance ○ Procurement manager ○ Accounting manager ○ Human Resources (HR) manager ○ Operating budget manager ○ Development budget manager ○ Bookkeeping and allotment manager ○ PFM specialist • The Internal Budget Committee (IBC) is led by the Minister, and the members are: <ul style="list-style-type: none"> ○ Local Governance Program Manager ○ Rural Infrastructure Program Manager ○ Economic Regeneration Program Manager ○ Institutional Support Program Manager ○ Director of Administration and Finance ○ Director of Procurement ○ Director of Planning and Policy • The BIT and IBC structures conform to the MoF recommended structure for BIT/IBC. 	<ul style="list-style-type: none"> • No additional adjustments to the MRRD BIT and IBC structures are needed.
3	BIT/IBC Function	5	<ul style="list-style-type: none"> • The BIT meets regularly during the BC-1 and BC-2 submissions. The Finance Director chairs all meetings, and the progress is reported on a weekly basis to the program managers and the Minister. • The operating and development budget functions are integrated and work under the Finance Directorate of the ministry. • All the key central directorates of the ministry as well as the provincial departments provide inputs during the budget preparation process. Provincial needs are the important part of the budget request of the MRRD. 	<ul style="list-style-type: none"> • Given the meeting frequency and the way the BIT/IBC functions there is no action required for improvement.

4	Training Participation	5	<ul style="list-style-type: none"> Most of the BIT members from Accounting and Finance Directorate participate in all important trainings and workshops that are conducted by the Budget Directorate and the EGGI project. 	
5	MoF Coordination	4	<ul style="list-style-type: none"> The coordination between the MoF and MRRD has been good.. The Director of Finance and the BIT members meet with the Agriculture and Rural Development Budget Sector Manager whenever the ministry faces any problem that needs MoF consultation. Like other ministries, MRRD also sometimes faces problems in receiving allotments on time or processing payments. 	<ul style="list-style-type: none"> The MoF and the MRRD should meet on a regular basis. There should be monthly meetings between the sector manager and the BIT to improve coordination and minimize problems/delays in the budget allotments and payments.
6	Staff Continuity	4	<ul style="list-style-type: none"> Some of the key BIT staff are contractor employees. The MRRD has hired them through NRAP, NSP, and other programs/projects of the ministry. Staff turnover has been high for the contract staff. On the other hand, staff turnover is very low for the civil servants. Contractors tend to leave as they get better opportunities outside the ministry. The ministry has hired several contractors in the Finance Directorate, but the staff turnover has not been adversely affected. The ministry has enough skilled human resources even if some key BIT members leave, as there are qualified people to replace them. 	<ul style="list-style-type: none"> The ministry should have more tashkeel staff than contractors. Projects and donor-funded programs are temporary, and the ministry should rely more on the permanent tashkeel staff.
7	Pay & Grading and PRR Implementation	5	<ul style="list-style-type: none"> The Pay & Grading reform has been implemented in the MRRD central and provincial directorates. 	<ul style="list-style-type: none"> No further actions are needed.
8	ANDS, Sector, Ministry Strategy Knowledge	5	<ul style="list-style-type: none"> The ANDS and MRRD strategy knowledge among the key BIT members and all IBC members is very good. The ministry has a five year strategic plan, and the prioritization of the budget is prepared in line with the strategic plan. 	<ul style="list-style-type: none"> No further actions are needed.
9	Program Budget Outputs and Outcomes	4	<ul style="list-style-type: none"> The knowledge of output and outcome is good among most of the key BIT members. The outputs and outcomes are defined by the senior management. 	<ul style="list-style-type: none"> Civil servants should be well trained and should be involved in setting the output and outcomes.

	Knowledge		<p>Every Deputy Minister is managing one of the programs and is responsible for setting performance indicators for their respective programs.</p> <ul style="list-style-type: none"> The junior civil servants have limited knowledge in this area and need more training. 	
10	Budget Formulation Current Capacity	5	<ul style="list-style-type: none"> MRRD does not require trainings in this area. The BIT members are capable of preparing BC-1 and BC-2 submissions without any project support. The ministry graduated in 2010 as a result of a capacity assessment that showed that the BIT members were capable of completing the BC-1 and BC-2 submission without USAID/MoF assistance. 	<ul style="list-style-type: none"> Given the capacity of the BIT members in BC-1 and BC-2 completion, no further actions are required.
11	Procurement and Financial Planning (PFP) Current Capacity	5	<ul style="list-style-type: none"> The capacity of the BIT members in PFP completion is satisfactory. The Procurement Directorate of the ministry coordinates the PFP preparation activities. The PFP is prepared in coordination with all the central directorates of the MRRD. The Procurement Directorate calls for meetings, and all BIT members provide information on their directorate's procurement plans for the next fiscal year. The procurement manager consolidates the information and works with the operating and development budget manager to prepare the final PFP. 	<ul style="list-style-type: none"> No further action required.
12	Performance Monitoring Reporting (PMR) Current Capacity	4	<ul style="list-style-type: none"> The BIT members' understanding of PMR is good. The PFM specialists hired by the World Bank-funded project assist the BIT in completing the PMR. The MRRD does not store the performance data. There is no mechanism for storing data for future reporting and decision making purposes. 	<ul style="list-style-type: none"> MRRD should either include the performance reporting module into their current budget system, Budget Preparation and Execution Tracking (BPET) or purchase a separate database that can be used to keep performance data, which will help the ministry with reporting and decision making.
Final Rating		4.6		