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# Economic Growth & Governance Initiative

Q3 Quarterly Report April—June 2013  
June 2013 Monthly Report

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USAID’s Economic Growth and Governance Initiative (EGGI) project continued to make strong progress in the third quarter of its fourth project year in budgeting, tax administration, and revenue generation. The project continued to support line ministries in key aspects of budget formulation, budget execution, and performance reporting. As part of an initiative to inform all line ministries about National Priority Programs (NPPs), the project conducted NPP presentations for 21 line ministries. These NPP presentations help line ministries understand the concepts, objectives, deliverables, and outcomes of their NPPs and enhance the capacity of key ministry officials to better align their FY 1393 programs and projects with their NPPs.

The project delivered tax enforcement training to 71 tax officials from the Herat and Mazar Small Taxpayer Offices (STOs) and delivered audit training to 146 tax officials from the Herat, Mazar, Jalalabad, and Kandahar Large Taxpayer Offices (LTOs), Medium Taxpayer Offices (MTOs), and STOs, and the Kabul STO. Through regular consultation with tax office directors, managers, and employees, the project continued to support tax offices to meet their annual collection targets.

During the quarter, the Women in Government internship program achieved a 73% full-time job placement rate for graduated interns. Six new interns began internships in Kabul, 19 interns completed the internship program, and 57 interns found full-time employment. Additionally, the Women in Development Association was officially registered with the Ministry of Justice (MoJ).

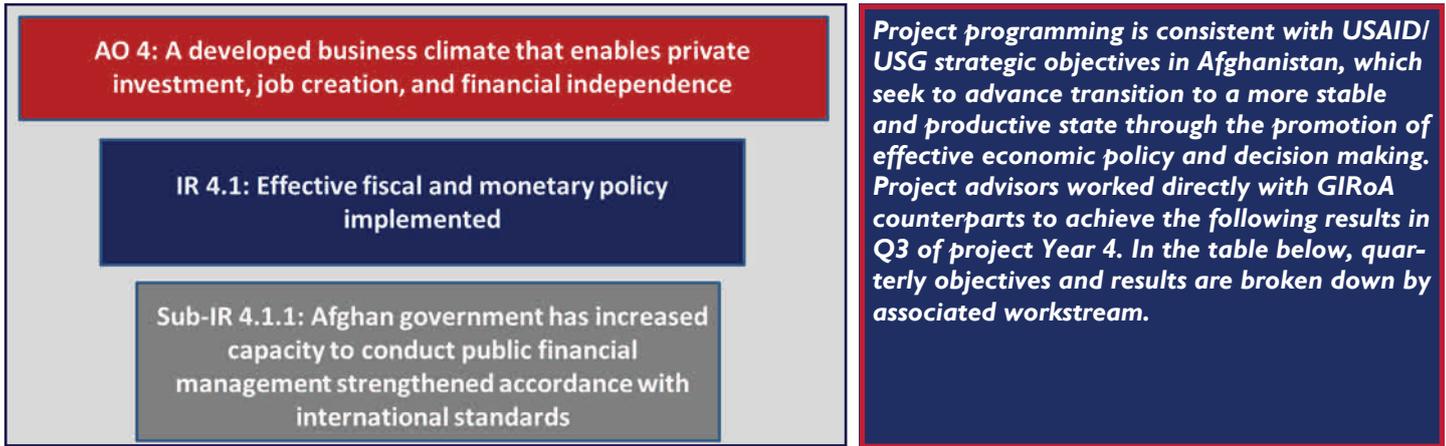
Finally, the project supported the Afghanistan Revenue Department (ARD) to successfully remediate Revenue Reconciliation Database (RRD) application issues and fiscal year reporting issues in Nangarhar province, the last of the six priority provinces—Balkh, Herat, Kandahar, Kunduz, Nangarhar, and Nimroz. At the request of ARD, the project also began redesigning the RRD application.

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## Q3 Recap: Notable Areas of Progress

- 1) Program Budget:** Conducted NPP presentations in 21 line ministries for 386 participants. Conducted a training program for 10 major spending ministries to strengthen FY 1393 budget formulation and to help ministries align budgets with NPPs and other government priorities.
- 2) Tax Administration:** Delivered tax audit training to 146 tax officials from the Herat, Mazar, Kandahar, and Jalalabad LTOs, MTOs, and STOs, and the Kabul STO. Delivered tax law and tax enforcement trainings to 71 provincial STO officials from Herat and Mazar.
- 3) Women in Government:** Nineteen interns graduated from the internship program, and 57 interns obtained full-time employment, maintaining a 73% full-time job placement rate for the quarter.
- 4) Revenue and Tax Policy:** Supported the Ministry of Transport and Civil Aviation (MoTCA) to review and propose reforms to airport security fees, passenger departure fees, and overflight fees. Assisted the Non-Tax Revenue (NTR) Directorate to develop a proposed traffic fee structure.
- 5) Revenue Reconciliation Database:** Worked with ARD officials to remediate of RRD application issues and fiscal year reporting issues in Nangarhar province, completing RRD issue remediation in the last of the six priority provinces identified by ARD.

## Q3 Objectives in Line with Results



Workstream	Quarterly Objective	Quarterly Results
<b>Revenue and Tax Policy</b>	Support the ARD NTR Directorate to identify and facilitate non-tax revenue reform activities.	Supported the MoTCA to review and propose reforms to airport security fees, passenger departure fees, and overflight fees. Assisted the ARD NTR Directorate to develop a proposed traffic fee structure.
<b>Program Budget</b>	Support budgetary units to improve budget formulation, execution, and performance reporting capacity in 38 line ministries. Support line ministries to better align resources with priorities of the government and improve services by line ministries.	Conducted NPP presentations in 21 line ministries and trained 386 participants. Conducted a training program for 10 major spending ministries to strengthen FY 1393 budget formulation and to help line ministries align their budgets with NPPs and other government priorities.
<b>Tax Administration</b>	Deliver trainings to improve the capacity of tax officials to mobilize revenues from a collection and audit perspective and increase tax compliance. Expand training support to STOs.	Delivered tax audit training to 146 tax officials from the Herat, Mazar, Kandahar, and Jalalabad LTOs, MTOs, and STOs, and the Kabul STO. Delivered tax law and tax enforcement trainings to 71 provincial STO officials from Herat and Mazar.
<b>Revenue Reconciliation Database</b>	Support the ARD to remediate RRD database issues and fiscal year issues in six priority provinces. Redesign the RRD application.	Supported ARD officials to remediate RRD application issues and fiscal year reporting issues in Nangarhar province, the last of the six priority provinces identified by the ARD. Began redesigning the RRD application at the request of the ARD.
<b>Women in Government</b>	Through the Women in Government internship program, hire, graduate, and support interns to find full-time employment to meet the targets for Year 4 of the project.	Hired six additional interns in Kabul, graduated 19 interns from the internship program, and supported 57 interns to find full-time employment while maintaining a 73% full-time job placement rate for the quarter.

# Progress Towards Meeting Objectives

## Program Budgeting

During the quarter, the program budget team supported line ministries by delivering training programs on NPPs, Performance Monitoring and Reporting (PMR), Budget Circular 1 (BC-1), and public financial management. The team also conducted a training program for 10 major spending ministries to strengthen FY 1393 budget formulation and to help line ministries align their budgets with the NPPs and other government priorities.

**The Program Budget Team Helps 21 Budgetary Units Better Understand National Priority Programs:** As part of an initiative to inform all major budgetary units about their NPPs before the FY 1393 BC-2 is released, the program budget team delivered NPP presentations to 386 budgetary unit officials from 21 line ministries.

The purpose of the presentations was to inform line ministries about their relevant NPPs and to enhance the capacity of key ministry officials to understand the concepts, objectives, deliverables, and outcomes of their NPPs. The presentations also help ministry officials better align their FY 1393 programs and projects with their NPPs. The presentations were delivered in coordination with the Ministry of Finance (MoF) Policy Unit, which has been leading the design and preparation of NPPs with line ministries and the international community.

The presentations were an opportunity for mid-level managers, who are responsible for preparing the national budget in line ministries, to learn more about their NPPs. Directors and managers of planning, policy, and finance departments attended the presentations. The line ministries included:

- Ministry of Labor, Social Affairs, Martyrs, and Disabled (MoLSAMD);
- Ministry of Energy and Water (MEW);
- MoJ;
- Ministry of Women's Affairs (MoWA);
- Ministry of Borders and Tribal Affairs (MoBTA);
- MoTCA;
- Ministry of Mines (MoM);
- Ministry of Urban Development Affairs (MoUDA);
- Ministry of Higher Education (MoHE);
- Ministry of Public Works (MoPW);
- Ministry of Information and Culture (MoIC);
- Ministry of Rural Rehabilitation and Development (MRRD);
- Ministry of Communications and Information Technology (MoCIT);
- Independent Directorate of Local Governance (IDLG);
- Afghanistan National Standards Authority (ANSA);
- Kabul Municipality;



Provincial Council officials from 34 provinces attend a public financial management workshop delivered in partnership with the National Democratic Institute.

- Control Audit Office (CAO);
- Supreme Court;
- Central Statistics Office (CSO);
- High Office of Oversight and Anti-Corruption (HOOAC); and
- Independent Commission on Oversight Implementation of Constitution (ICOIC).

**The Program Budget Team Assists Line Ministries to Complete Budget Circular 1 and Performance Monitoring and Reporting Through On-the-Job Training and Coaching:** The program budget team conducted on-the-job training and coaching for line ministries on BC-1 and PMR. The team supported 38 line ministries to prepare and submit the FY 1393 BC-1. This is the first step in budget formulation for the FY 1393 budget. With the team's support, the line ministries were able to prepare their BC-1 using the MoF guidelines for the operating and development budgets. During this part of the budget formulation process ministries propose new spending items and projects to MoF for the FY 1393 budget. The MoF issued the BC-1 on March 24, and all but two of the supported budgetary units submitted the BC-1 by the April 13 deadline.

The BC-1 submissions provide MoF with important information on the resource needs of line ministries. This information helps MoF and the Budget Committee to set budget ceilings for the operating and development budgets, which are important parts of the budget allocation mechanism for the FY 1393 budget.

Additionally, beginning in the second quarter of FY 1392, six additional ministries will be required to complete quarterly PMR for MoF. Nine ministries are currently required to complete quarterly PMR. The new ministries include the Ministry of Foreign Affairs (MoFA),

Ministry of Refugees and Repatriation (MoRR), Ministry of Counter Narcotics (MCN), MoIC, MoM, and MoJ. The team delivered presentations on PMR to 15 line ministries and supported ministries to complete the required reporting.

The performance reporting through PMR is an essential part of program budgeting reform. Performance reporting plays an important role in prioritizing resources and monitoring performance of programs and sub-programs in line ministries. This information helps the MoF and line ministries effectively link budgetary resources and final outcomes and achieve allocative efficiency.

**The Ministry of Finance and the Program Budget Team Deliver a Training Program for Major Spending Ministries:** During June 29 – July 3, the program budget team in coordination with the MoF delivered a week-long training program for 10 major spending ministries. The purpose of the training program was to strengthen FY 1393 budget formulation and help line ministries align their budgets with NPPs and other government priorities. Since the BC-2 is expected to be delivered to ministries in early July, the training program will help line ministries submit quality budgets on time to the MoF. A total of 296 participants attended the training program, including 44 female participants. During the training, the program budget team discussed program budget reform, BC-2 processes, budget costing, NPP budget alignment, pro-poor spending, PMR reform, provincial budgeting reform, operations and maintenance (O&M), and gender-based budgeting. The 10 line ministries included: MoF, MoJ, MoHE, MoPW, MoPH, MoUDA, MEW, MoM, MoCIT, and MoTCA.

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# Progress Towards Meeting Objectives

## Program Budgeting

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**The Program Budget Team Conducts Workshop on Public Financial Management for Provincial Council Officials in Partnership With the National Democratic Institute:** During April 30 - May 1, the program budget team conducted a two-day workshop on public financial management in partnership with the National Democratic Institute (NDI). The workshop was held at the IDLG for 36 Provincial Councils' administration and finance managers from 34 provinces. The program budget team participated and delivered presentations at the request of the NDI. The workshop focused on budgeting reforms, the FY 1392 budget circulars, the National Local Governance NPP, government procurement procedures, and budget costing.

The NDI supports Provincial Councils to enhancing their capacity, helping to ensure that Provincial Council members can fully represent their citizens and oversee the local government's performance.

**The Program Budget Team Works with The Asia Foundation to Conduct Training Program at the Independent Directorate of Local Governance:** During June 15-20, the program budget team worked with The Asia Foundation to conduct a joint training program for the IDLG as part of the USAID-funded Performance-Based Governance Fund (PBGF). This program is one of the IDLG's national programs designed to improve public service delivery at the sub-national level by providing additional financial resources to



Officials from the Ministry of Transport and Civil Aviation attend a presentation National Priority Programs delivered by the program budget team.

Provincial Governors' Offices. The PBGF program is implemented by The Asia Foundation, which organized and funded this six-day training for administration and finance directors and managers from all 34 provinces.

The training was developed to enhance the capacity of local government officials in budget formulation, budget execution, reporting, and aligning sub-national priorities with NPPs and the Afghanistan National Development Strategy (ANDS). The training focused on the IDLG's NPP, program budgeting, Procurement and Financial Planning (PFP), PMR, and procurement.

**The Program Budget Team Attends MoF Presentations on New Program Budget Initiatives:** The program budget team attended MoF presentations on O&M, pro-poor spending, and gender sensitive budgeting to introduce the project team to these reforms at the following ministries:

- Gender Sensitive Budgeting: MoE, MoHE, MoPH, and MoLSAMD) in FY 1392. Ministry of Agriculture, Irrigation, and Livestock (MAIL) and MRRD in FY 1393.
- O&M: MoE and MoPH in FY 1392. MoPW in FY 1393.
- Identification and Tracking of Pro-Poor Spending: MoE, MoLSAMD and MoPH in FY 1393 on a pilot basis.

# Progress Towards Meeting Objectives

## Tax Administration

During the quarter, the tax administration team continued to support the provincial taxpayer offices in Herat, Mazar, Jalalabad, and Kandahar to make progress toward their annual collection targets. Support included regular consultation with tax office directors, managers, and employees. Additionally, the tax administration team conducted a number of trainings in accounting, audit, and tax enforcement. The team also expanded training to include STO officials from Kabul, Herat, Mazar, Jalalabad, and Kandahar.

The team continued to experience major challenges obtaining data from the Mazar MTO. As a result, the team was unable to provide adequate trend analysis to assist with revenue mobilization. The team has provided limited reporting and analysis as data and information has permitted.

**Audit and Tax Enforcement Training for Tax Officials:** During the quarter, the tax administration team delivered five audit and refresher accounting training programs for 146 tax audit officials from the Herat, Mazar, Jalalabad, and Kandahar LTOs, MTOs, and STOs, and the Kabul STO.

The team also delivered tax law and tax enforcement trainings to 71 provincial tax officials from the Herat and Mazar STOs.

**Herat Medium Taxpayer Office:** In June, the Herat MTO collected 40,583,872 AFN compared to 43,376,775 AFN collected in May, a 6% decrease. During the quarter, the Herat MTO collected 128,234,432 AFN compared to 137,188,163 AFN collected in the previous quarter, a 6.5% decrease. It should be noted that the previous quarter occurred during the tax return filing season when revenue collection is historically higher. To date, the



Tax officials from the Herat and Mazar LTOs and MTOs and the Kabul STO successfully completed accounting and audit training during June 3-5.

Herat MTO has collected 265,422,595 AFN, a 57% increase from 2012 when the MTO collected 168,658,386 AFN.

Additionally, Herat MTO taxpayers filed 519 tax returns in June compared to 498 filed in May, a 4% increase. During the quarter, Herat taxpayers filed 1,715 tax returns compared to 2,907 tax returns filed during the second quarter, a 41% decrease. This decrease is expected, as the previous quarter occurred during the tax return filing season. To date, Herat MTO taxpayers have filed 4,622 this year compared to 4,792 filed in 2012, a 4% decrease.

**Jalalabad Medium Taxpayer Office:** In June, the Jalalabad MTO collected 22,674,622 AFN compared to 40,387,562 AFN collected in May, a 44% decrease. This decrease in collection is significant and can be attributed to broad changes in personnel at the Jalalabad MTO. These changes have caused a massive erosion of capacity at the MTO. The purpose of the personnel changes is unclear, and the changes were implemented by a new Provincial Mustofi.

During the quarter, the Jalalabad MTO collected 78,881,346 AFN compared to 67,010,914 AFN collected in the second quarter, a 15% increase. To date, Jalalabad MTO

collected 143,673,171 AFN compared to 137,665,579 AFN collected in 2012, a 4% increase. Additionally, Jalalabad MTO taxpayers filed 116 tax returns during the quarter compared to 344 tax returns filed during the second quarter. The Jalalabad MTO is in its first year of collecting tax return filing data, and the data collection has been sporadic. Because of this sporadic data collection, it is difficult to trust the data and report this data as accurate, so the team's analysis may be incomplete.

**Kandahar Medium Taxpayer Office:** In June, the Kandahar MTO collected 41,012,967 AFN compared to 41,735,674 AFN collected in May, a 2% decrease. During the quarter, Kandahar MTO collected 113,790,929 AFN compared to 79,100,716 AFN collected in the second quarter, a 44% increase.

It should be noted that the Kandahar MTO is in its baseline year of reporting MTO data, so there is no annual comparison data. The Kandahar MTO revenue collection to date is 192,891,645 AFN, over half of its annual collection goal with five months left in the tax year.

Additionally, Kandahar MTO taxpayers filed 250 tax returns in June, while 757 tax returns were filed during the quarter. To date, Kandahar MTO taxpayers filed 1,701 tax returns during the 2013 tax year.



STO officials sit for a pre-test to determine their understanding of audit concepts during audit training on June 11-12.

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# Progress Towards Meeting Objectives

## Tax Administration

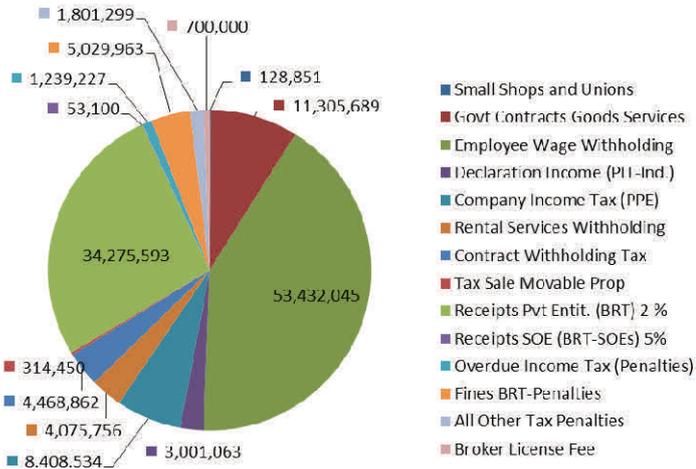
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**Mazar Medium Taxpayer Office:** The tax administration team encountered significant difficulties obtaining Form M-29 data from the Mazar MTO and has been unable to provide proper trend analysis both for the report and to the MTO Director. The data provided in this report only includes total revenues in some instances with limited comparisons.

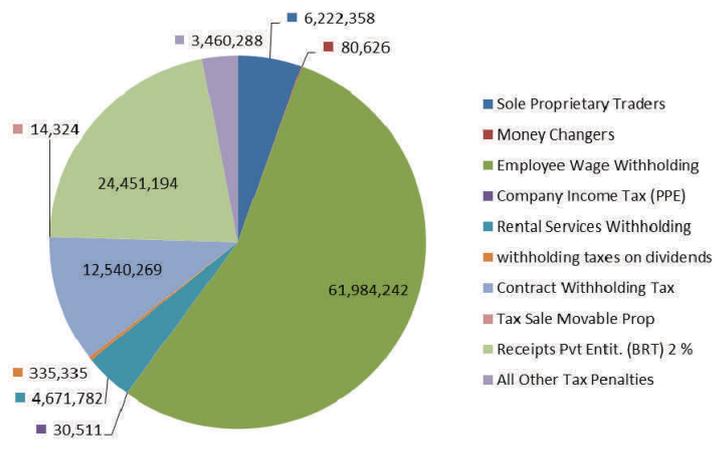
In June, the Mazar MTO collected 62,036,166 AFN compared to 37,891,903 AFN collected in May, a 64% increase. During the quarter, the Mazar MTO collected 74,602,148 AFN compared to 106,207,038 AFN collected in the second quarter, a 30% decrease. A moderate decrease is expected outside of tax return filing season, as is the case at other MTOs, but a 30% decrease is more than a moderate change.

To date, the Mazar MTO annual revenue collection is 242,845,352 AFN compared to 186,818,858 AFN collected in 2012, a 30% increase in annual revenue collection. The tax administration team has not received the Mazar MTO's tax return filing data for some time, as reported for the past several months, and is unable to provide analysis accordingly.

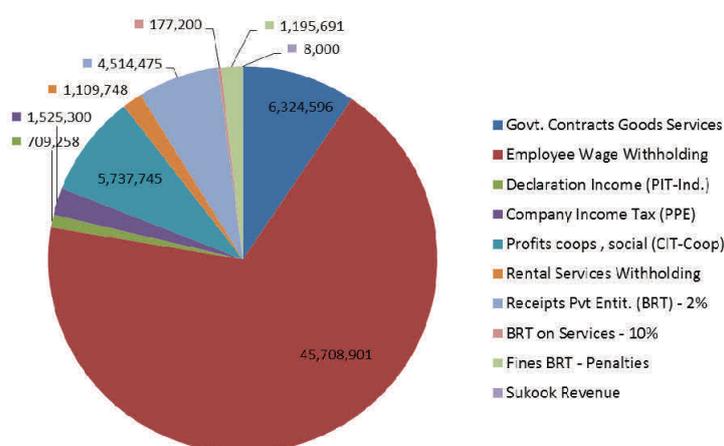
**Herat MTO Revenue Collected During  
21 March 2013 - 21 June 2013**



**Kandahar MTO Revenue Collected during  
21 March - 21 June 2013**



**Jalalabad MTO Revenue Collected During  
21 March 2013 - 21 June 2013**



# Progress Towards Meeting Objectives

## Non-Tax Revenue

During the quarter, the NTR team continued to support the ARD Non-Tax Revenue Directorate to identify and facilitate non-tax revenue reforms. The NTR team continued to support the ARD NTR Directorate with traffic revenue reforms implementation efforts. Additionally, at the request of ARD, the NTR team expanded its support to include revenue reform efforts at additional line ministries and government entities including the MoFA, MoM, Ministry of Interior (MoI) Passport Department, Afghan National Olympic Committee (ANOC), Ministry of Hajj and Religious Affairs (MoHIA), MoUDA, Ministry of Commerce and Industries (MoCI), Petroleum Enterprise Department, and State-Owned Enterprise Directorate.

The NTR team also continued working with the ARD NTR Directorate to review the ARD revenue targets and the actual revenue collection for the quarter. The Afghanistan Financial Management Information System (AFMIS) reflected a deficit of 500 million AFN for the quarter, so the NTR team and the ARD NTR Directorate conducted multiple meetings with ministry officials to identify the cause of the deficit. The team found that actual revenue collection exceeded the target but that the revenue had not been transferred to the MoF single treasury account and that correct revenue reporting codes were not being used.

In June, the NTR team finalized a non-tax revenue plan and workplan for FY 1392 and submitted this to the NTR Director and ARD Director General for feedback. The non-tax revenue plan and workplan are designed to help the ARD NTR Directorate initiate non-tax revenue reforms, identify existing revenue sources, and identify new non-tax revenue sources in all government revenue generating entities. These documents are currently under review, and the team expects that these documents will be finalized in July 2013.

**The NTR Team Continues to Support Traffic Fee Restructuring Efforts:** During the quarter, the NTR team continued to assist the ARD NTR Directorate with traffic revenue reform implementation efforts through the NTR Reforms Implementation Working Group. At a meeting in April, the NTR Direc-

tor and the MoI Traffic Director agreed to support efforts to restructure traffic fees. The current traffic fee structure is based on traffic law that has been in place for over three decades and does not reflect the value of the products or services provided.

The NTR team worked with the ARD NTR Directorate, the Traffic Directorate, and the Working Group to develop a proposed fee structure for traffic revenue streams that addresses the needs of the MoI Traffic Directorate and the MoF and reflects the value of the products and services provided.

The proposed traffic fee structure has been shared with the Traffic Directorate and provincial traffic departments, and the team expects that the MoI will finalize the proposed fee structure by mid-July 2013. The proposed traffic fee structure will then be officially submitted to ARD leadership to gain their buy in and will then be submitted to the Council of Ministers for approval. The proposed traffic fee structure is expected to help increase traffic fee revenues by millions of AFN.

**The NTR Team Begins Supporting Non-Tax Revenue Reforms Implementation Efforts at the Ministry of Transport and Civil Aviation:** In April, the NTR team began assisting the ARD NTR Directorate with revenue reform efforts at the MoTCA, including reforms to airport security fees, passenger departure fees, and overflight fees. MoTCA is one of the high revenue generating entities, and it collects non-tax revenues from approximately 18 revenue streams.

In April, the Council of Ministers approved a new airport security fee, and the NTR team assisted the ARD NTR Directorate and MoTCA to implement this new revenue stream. The approved security fee is USD 20 for international passengers and USD 5 for domestic passengers. Within one month of implementing the new security fee, MoTCA collected about USD 1.5 million in Kabul. The ministry expects that the annual revenue in Kabul and the provinces will reach USD 20 million. In order to implement the security fee, the International Air Transport Association (IATA) requested that GIRoA display the legal

documents related to the collection of the security fee. The NTR team is working closely working with MoTCA and the MoJ to finalize the draft procedure for security fee collection that outlines the legal basis for the collection of the security fee. The draft procedure is expected to be finalized by mid-July 2013.

Additionally, the NTR team assisted the MoTCA to enhance overflight fee revenues. Currently, MoTCA charges foreign airlines using Afghanistan air corridors USD 400 for each flight. The ARD NTR Directorate and the MoTCA, with the technical assistance of the NTR team, are working to increase overflight fees from USD 400 to USD 450. A justification has been provided to MoTCA officials to submit to the IATA. The team expects that MoTCA leadership will submit the official request by early July 2013 to IATA.

The NTR team also assisted the ARD NTR Directorate to develop a Memorandum of Understanding (MoU) between MoF and MoTCA to facilitate a collaborative approach to NTR reform implementation efforts and outline the responsibilities of each organization. This MoU provides a foundation for an in-depth study of all revenue streams at MoTCA. The ARD NTR Directorate, with the technical support of NTR team, plans to begin the study in July 2013.

**The Non-Tax Revenue Team Develops a Passport Fee Restructuring Proposal:** Following an assessment of the current passport fee structure, the NTR team developed a passport fee restructuring proposal that the ARD NTR Directorate will officially submit to the MoI Passport Department in July 2013. According to available data, the estimated annual revenue from passport fees is 594,086,628 AFN from the current fee of 1,000 AFN. With the implementation of a proposed fee increase of 1,000 AFN and the addition of a new revenue stream for expedited passports, the expected annual revenue is 1,118,173,256 AFN. These estimates have been shared with the International Monetary Fund (IMF).

# Progress Towards Meeting Objectives

## Revenue Reconciliation Database

**The Revenue Reconciliation Database Team Successfully Remediate RRD Issues in Nangarhar Province:** In coordination with ARD officials, the RRD team successfully remediated RRD application issues and fiscal year reporting issues in Nangarhar province, the last of the six priority provinces. The team installed the new RRD application at the Nangarhar Mustofiat, reinstalled the system with licensed software, updated the computer security settings and software, and conducted a training for the data entry operators. The updated technology and security features are designed to limit access to prevent or reduce the potential misuse of the system in the future. The team also addressed issues that resulted from the change of the fiscal year and assisted with the re-entry and reconciliation of the previous months' data to align with the first months of FY 1392.



The RRD team presents part of the redesigned RRD application to ARD officials.

**RRD Team Supports ARD to Redesign the RRD Application:** At the request of ARD and with USAID approval, the RRD team began redesigning the RRD application. ARD identified several updates that needed to be made to support accurate and timely reporting in the future, and the RRD, including:

- Entering data for current month arrears;
- Generating current month arrears report (M30);
- Linking all received revenue as past arrears by date and revenue code;
- Generating quarterly and yearly closing

- balance reports;
- Generating monthly T8 reports;
- Generating monthly reports by region; and
- Generating monthly reports for STOs, MTOs, and LTOs.

During the quarter, the RRD team began the redesign of the RRD application and completed the initial version of the RRD application, Awaiz (bank receipt) data entry form, and Taharofa data entry form. The team also provided an update on the progress of the RRD application to ARD Planning Department officials.

The team will continue working on additional features that will be included in the redesigned application and will provide regular updates to ARD officials on the progress of the redesign.

While the complete redesign and testing of the RRD application will not be completed by the end of the project, ARD and USAID approved the workplan and timeline. The RRD team will work to transition the RRD application redesign progress to ARD resources.



The Awaiz screen from the redesigned RRD application.

# Progress Towards Meeting Objectives

## Women in Government

During the quarter, the Women in Government team continued to support interns to develop key professional skills and find full-time employment. The team conducted capacity building trainings, on-the-job trainings, and mentorship for interns. The team also met with counterparts to discuss employment opportunities for interns. During the quarter 57 interns obtained full-time employment, achieving a 73% job placement rate for the quarter.

To date, the Women in Government internship program has provided 446 internships for female graduates. During the quarter six interns began internships with the Afghan Railway Authority at the MoPW in Kabul. Additionally, 19 interns completed the internship program during the quarter.

In April 2013, the President's Decree on Civil Service Recruitment was dissolved, once again giving ministries the ability to conduct merit-based recruitment. This decree was issued by the President in October 2012 and delegated the right of recruitment of grade 4, 5, and 6 civil servants to the Civil Service Commission through an entrance examination.

Following the dissolution of the decree, ministries announced their vacancies, and interns applied to a number of positions. Several interns obtained full-time employment with the ministries. During the quarter, 57 interns found full-time employment, raising the job placement rate from 62% during the previous quarter to 73% this quarter.

While several interns were shortlisted and found full-time employment with the ministries, several were not, as many of the positions require at least one year of work experience that recently-graduated interns do not have. However, at a President's Cabinet meeting in 2010, it was decided that a six-month internship program with government agencies was equivalent to one year of work experience. Taking that Cabinet decision into ac-



An intern in Jalalabad receives a certificate following the completion of the six-month Women in Government internship program.



Women in Government interns volunteer at Badaam Baagh farm in Kabul on May 11.

count, the Women in Government team is holding a series of meetings with government officials to discuss this issue.

**Women in Development Association:** On April 15, the Women in Development Association formally registered with the MoJ and has been since functioning under the ministry license.

On April 23, the Women in Government team conducted the first of a series of volunteer events in coordination with the Women in Development Association. During this volunteer event, Women in Government interns and team members planted seeds and saplings at the Dar-ul-Aman farm in Kabul. This event was led by a group of female interns in collaboration with the Horticulture and Livestock Project (HLP) and the Directorate of Home Economy. The volunteer event was based on the slogan "Go Green" to develop an understanding of planting, irrigation, and agricultural activities among the interns. Over 180 participants took part in the volunteer event, including women farmers, Home Economy Directorate officials, HLP officials, and interns.

On May 11, the Women in Government team and Women in Development Association, in collaboration with the MAIL, organized the second volunteer activity for interns at Badaam Baagh, a farm in Kabul. The volunteer activity was based on the slogan "let's clean up and green up" to help the interns develop an understanding of planting, irrigation, and agricultural activities. A total of 90 participants attended the volunteer event, including interns, the pro-

gram team members, and MAIL representatives.

### Capacity Building Trainings Program:

During the quarter, the team continued to deliver regular capacity building trainings to the interns in Kabul, Herat, Mazar, and Jalalabad. These trainings address key skills that interns need in their internships and as they search for full-time employment. Training topics included:

- Leadership;
- Business Management and Report Writing;
- Basic Accounting and Financial Management;
- Human Rights and Women's Issues; and
- Good Governance and Accountability.

The training team also visited the provincial offices to observe the capacity building trainings. During the site visits, the team noted:

- Interns had adequate training environments;
- Training sessions were managed effectively;
- Additional subject matter experts should be assigned to assist the training teams; and
- Interns would benefit from additional computer and English language training sessions.

Overall, the training team observed that the interns have benefited from the regular capacity building trainings that are part of the internship program.

### Women in Government Internship Program in Mazar:

During the quarter, 11 interns in Mazar obtained full-time employment with the government and non government organizations.

# Progress Towards Meeting Objectives

## Women in Government

*Continued from page 10...*

**Women in Government Internship Program in Herat:** In Herat, one intern completed her internship at Herat University, and five interns found full-time employment during the quarter. The Women in Government team also held a formal graduation ceremony for 19 interns who successfully completed the Women in Government internship program in March 2013 at the following organizations:

- Herat Governor's Office
- Herat University
- Directorate of Agriculture Irrigation and Livestock
- Directorate of Women's Affairs (DoWA)

In October 2012, the internship expanded to Herat, and these women are the first group to graduate in Herat. The Deputy Governor of Herat and representatives from Herat University, the DoWA, and the Civil Service Commission, and other government entities joined the graduating interns and USAID representatives to celebrate this milestone.

In June, 18 interns volunteered at the Khwaja Abdullah Ansari Orphanage, a government entity that supports 90 girls. The theme of the event was "Hold on, the Pain will End," and the interns delivered a presentation on self-confidence. The interns also made a donation of school bags and fans to the orphanage. A total of 60 participants attended the event including interns, girls, representatives from the orphanage, and the team.

Etifaq-e-Islam, the only government daily newspaper in Herat with highest number of readers in the province, faced a shutdown due to a shortage of qualified staff in the Directorate of Information and Culture (DoIC). Through the hard work of six interns at the DoIC who graduated in Literature and Journalism, the

newspaper avoided a shutdown. During the first month of their internship, the interns attended a news and reporting class provided by DoIC. Following the training, the interns began practical work, including collecting information, analyzing data, writing narratives, and submitting stories to be published through Etifaq-e-Islam.

Suhaila Mansuri, an intern with the Herat Governor's Office Technical and Sectoral Ser-

vices Department, was assigned to receive and distribute official letters to other government departments after they are edited by the Department Director. She was also given the opportunity to draft an official letter on implementing the Governor's decree; the letter was approved by the Governor of Herat.

Additionally, Maryam Karimi, an intern in Herat, collaborated with the Acting Manager of the Legal Affairs Department at the DoWA to solve family disputes for women. Her suggestion to introduce a separate legal department to resolve women's issues was welcomed by the DoWA, as she is a former graduate in law and has substantial experience in the field. Through this initiative, she plans to make sure that court decisions related to women are fairly handled and efficiently reported to the MoWA.

**Women in Government Internship Program in Nangarhar:** During the quarter, 17 interns graduated from the Women in Government internship program in Jalalabad. These interns began their internships in November 2012 and successfully completed their six



Interns volunteer at the Khwaja Abdullah Ansari Orphanage in Herat.

month internships at the following organizations:

- Nangarhar High Court
- Nangarhar University
- Ariana Teaching Hospital
- Directorate of Education
- Directorate of Rural Rehabilitation and Development

The team officially celebrated the graduation of these interns on May 29. The Regional Director of the Civil Service Commission, Nafisa Munsif, and the Director of Administration for the Nangarhar Governor's Office, Qaribullah Hijrat, attended the event. At the ceremony the interns received certificates for the completion of the internship program.

The interns in Nangarhar also conducted a health and hygiene class for students at the BiBi Hawa Girls High School in Nangarhar. Twenty students across all classes attended this volunteer activity led by the interns.

Additionally, 15 interns in Nangarhar obtained full-time employment during the quarter.

# Workplan Challenges

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## Program Budgeting

**Challenge 1:** Continued delays from MoF in providing guidance to the team on new initiatives have caused delays in implementing new initiatives such as O&M, gender-sensitive budgeting, pro-poor spending, and the State Budget Planning System (SBPS). Despite repeated requests and emails about the SBPS, there has been no response from MoF. The SBPS roll out may not happen this year as expected. Additionally, significant work is not expected in selected line ministries for other new initiatives.

**Challenge 2:** Staff retention continues to be an issue. At least three embedded staff have

submitted resignations. With this, it will be a challenge to effectively provide technical assistance in some line ministries in the remaining few weeks of the project, when ministries need assistance to complete the BC-2 submissions.

## Tax Administration

As reported previously, the tax administration team has encountered difficulty obtaining revenue collection and tax return filing data from the Mazar MTO. The result has been less than adequate trend analyses for the Mazar MTO, making it difficult to provide advice the MTO Director or to provide proper reporting for monthly and other reports.

## Revenue Reconciliation Database

At the request of ARD, the RRD team is redesigning the RRD application. The RRD team has limited resources, so the full application redesign and testing will not be completed before project technical assistance ends on July 31. The RRD team will work with ARD to transition the redesign activities to ARD resources.

## Women in Government

During the quarter, volunteer activities were canceled due to security issues in Kabul, and it is unlikely that the volunteer activities will be rescheduled before project technical assistance ends on July 31.

# Project Activities by Regional Command

## Regional Overview

In Q3 of Year 4, project activities at the provincial level centered on provincial tax administration support, the Women in Government internship program, and the remediation of RRD issues. The tax administration team contributed to revenue increases at provincial tax offices through regular consultations with various directors, managers, and employees at tax offices in Herat, Mazar, Jalalabad, and Kandahar. Revenue mobilization and tax return filings increased significantly in most provinces. The RRD team remediated RRD application issues and fiscal year issues in Nangarhar, the last of the six priority provinces identified by ARD. Additionally, the Women in Government team continued to deliver capacity building training to interns and support interns in the process of finding full-time employment in Herat, Mazar, and Jalalabad, maintaining an overall 73% job placement rate for the quarter.



Regional activities are highlighted below and broken down by Regional Command (RC).

## Regional Command West—Herat

**Tax Administration:** In June, the Herat MTO collected 40,583,872 AFN compared to 43,376,775 AFN collected in May, a 6% decrease. During the quarter, the Herat MTO collected 128,234,432 AFN, which represents a 6.5% decrease from the previous quarter when the Herat MTO collected 137,188,163 AFN. It should be noted that the previous quarter occurred during the tax return filing season when revenue collection is historically higher. To date the Herat MTO has collected 265,422,595 AFN for the year, which represents a 57% increase from 2012 when the MTO collected 168,658,386 AFN.

Additionally, Herat MTO taxpayers filed 519 tax returns in June compared to 498 filed in May, a 4% increase. During the quarter, Herat taxpayers filed 1,715 tax returns compared to 2,907 tax returns filed in the second quarter, a 41% decrease. This decrease is expected, since the previous quarter occurred during the tax return filing season. To date, Herat MTO taxpayers have filed 4,622 returns compared to 4,792 filed in 2012, a 4% decrease.

**Women in Government:** In Herat, one intern completed her internship at Herat University, and five interns found full-time employment during the quarter. The Women in Government team also held a formal graduation ceremony for 19 interns who successfully completed the Women in Government internship program in March 2013 at the following organizations:

- Herat Governor's Office
- Herat University
- Directorate of Agriculture Irrigation and Livestock
- DoWA

In October 2012, the internship expanded to Herat, and these women are the first group to graduate in Herat. The Deputy Governor of Herat and representatives from Herat University, the DoWA, and the Civil Service Commission, and other government entities joined the graduating interns and USAID representatives to celebrate this milestone.

In June, 18 interns volunteered at the Khwaja Abdullah Ansari Orphanage, a government entity that supports 90 girls. The theme of the event was "Hold on, the Pain will End," and the interns delivered a presentation on self-confidence. The interns also made a donation of school bags and fans to the orphanage. A total of 60 participants attended the event including interns, girls, representatives from the orphanage, and the team.

Etifaq-e-Islam, the only government daily newspaper in Herat with highest number of readers in the province, faced a shutdown due to a shortage of qualified staff in the DoIC. Through the hard work of six interns at the DoIC who graduated in Literature and Journalism, the newspaper avoided a shutdown. During the first month of their internship, the interns attended a news and reporting class provided by DoIC. Following the training, the interns began practical work, including collecting information, analyzing data, writing narratives, and submitting stories to be published through Etifaq-e-Islam.

Suhaila Mansuri, an intern with the Herat Governor's Office Technical and Sectoral Services Department, was assigned to receive and distribute official letters to other government

departments after they are edited by the Department Director. She was also given the opportunity to draft an official letter on implementing the Governor's decree; the letter was approved by the Governor of Herat.

Additionally, Maryam Karimi, an intern in Herat, collaborated with the Acting Manager of the Legal Affairs Department at the DoWA to solve family disputes for women. Her suggestion to introduce a separate legal department to resolve women's issues was welcomed by the DoWA, as she is a former graduate in law and has substantial experience in the field. Through this initiative, she plans to make sure that court decisions related to women are fairly handled and efficiently reported to the MoWA.

The team also continued to deliver regular capacity building trainings to the interns in Herat. These trainings address key skills that help prepare interns for success in their internships and help them find full-time employment. The team also continued to mentor and support interns throughout their internship and as they searched for full-time employment.



# Project Activities by Regional Command

## Regional Overview Continued

### Regional Command North—Balkh

**Tax Administration:** The tax administration team has encountered significant difficulties obtaining Form M-29 data from the Mazar MTO and has been unable to provide proper trend analysis both for the report and to the MTO Director. The data provided in this report only total revenues in some instances with limited comparisons.

In June, the Mazar MTO collected 62,036,166 AFN compared to 37,891,903 AFN collected in May, a 64% increase. During the quarter, the Mazar MTO collected 74,602,148 AFN compared to 106,207,038 AFN collected in the second quarter, a 30% decrease. A moderate decrease is expected outside of tax return filing season, as is the case at other MTOs, but

a 30% decrease is more than expected.

To date, the Mazar MTO has collected 242,845,352 AFN for the year compared to 186,818,858 AFN collected in 2012, a 30% increase. The tax administration team has not received the Mazar MTO's tax return filing data for some time, as reported for the past several months, and is unable to provide analysis accordingly.

**Women in Government:** During the quarter, 11 interns found full-time employment. The team continued to deliver regular capacity building trainings to the interns in Mazar. These trainings address key skills that help prepare interns for success in their internships



and help them find full-time employment. The team also continued to mentor and support interns throughout their internship and as they searched for full-time employment.

### Regional Command East—Nangarhar

**Tax Administration:** In June, the Jalalabad MTO collected 22,674,622 AFN compared to 40,387,562 AFN collected in May, a 44% decrease. This decrease in collection is significant and can be attributed to broad changes in personnel at the Jalalabad MTO. These changes caused a massive erosion of capacity. The purpose of the personnel changes is unclear, but they were implemented by a new Provincial Mustofi.

During the quarter, the Jalalabad MTO collected 78,881,346 AFN compared to 67,010,914 AFN collected in the second quarter, a 15% increase. To date, the Jalalabad MTO collected 143,673,171 AFN compared to 137,665,579 AFN collected in 2012, a 4% increase. Additionally, Jalalabad MTO taxpayers filed 116 tax returns during the quarter compared to 344 tax returns filed during the second quarter. Jalalabad is in the first year of collecting tax return filing data, and this data collection has been sporadic. Because of sporadic data collection, it is difficult to trust the data and report this data as accurate, so the analysis may be incomplete.

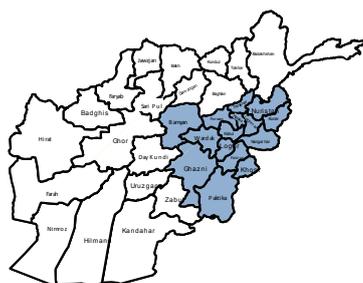
**Revenue Reconciliation Database:** At the request of ARD, USAID approved project support to ARD in remediating RRD applica-

tion issues and fiscal year reporting issues in six priority provinces. In coordination with ARD officials, the RRD team successfully re-mediated RRD issues and addressed fiscal year reporting issues in Nangarhar province, the last of the six priority provinces.

**Women in Government:** During the quarter, 17 interns graduated from the Women in Government internship program in Jalalabad. These interns began their internships in November 2012 and successfully completed their six month internships at the following organizations:

- Nangarhar High Court
- Nangarhar University
- Ariana Teaching Hospital
- Directorate of Education
- Directorate of Rural Rehabilitation and Development

The team officially celebrated the graduation of these interns on May 29. The Regional Director of the Civil Service Commission, Nafisa Munsif, and the Director of Administration for the Nangarhar Governor's Office, Qaribullah Hijrat, attended the event. At the ceremony the interns received certificates for the completion of the internship program.



The interns in Nangarhar also conducted a health and hygiene class for students at the BiBi Hawa Girls High School in Nangarhar. Twenty students across all classes attended this volunteer activity led by the interns.

Additionally, 15 interns obtained full-time employment during the quarter. The team continued to deliver regular capacity building trainings to the interns in Jalalabad. These trainings address key skills that help prepare interns for success in their internships and help them find full-time employment. The team also continued to mentor and support interns throughout their internship and as they searched for full-time employment.

### Regional Command South—Kandahar

**Tax Administration:** In June, the Kandahar MTO collected 41,012,967 AFN compared to 41,735,674 AFN collected in May, a 2% decrease. During the quarter, the Kandahar MTO collected 113,790,929 AFN compared to 79,100,716 AFN collected in the second quarter, a 44% increase.

It should be noted that the Kandahar MTO is in its baseline year of reporting MTO data, so there is no annual comparison data. However,

the Kandahar MTO annual revenue collection to date is 192,891,645 AFN, over half of its annual collection goal with five months left in the tax year.

Additionally, Kandahar MTO taxpayers filed 250 tax returns in June, and 757 tax returns were filed during the quarter. To date, 1,701 tax returns have been filed during tax year 2013.



# Q3 Training Summary

## Q3 Training by the Numbers:

**2,784**—Person-days of training in fiscal policy and financial administration

**2,607**—Person-days of training as part of the Women in Government Internship Program

**386**—Number of budgetary unit officials trained in National Priority Programs

**146**—Number of audit training participants

**761**—Number of women trained

## EGGI Training Summary

Table: Number of Male and Female Stakeholders Trained by EGGI, April through June 2013

Month	ID	Workstream	GIROA Counterparts Trained	Training Topic	Location								Total # of Participants by Gender			Total Training Days	Person Days Trained
					Kabul		Balkh		Herat		Jalalabad		Male	Female	Total		
					M	F	M	F	M	F	M	F					
Apr-13	W3	Program Budget	Provincial Council Admin & Finance Managers	Public Financial Management	36	-	-	-	-	-	-	-	36	-	36	2	72
	W6	RRD	ARD	RRD and MS SQL 2008 R2 installation and use	-	-	-	-	-	-	3	-	3	-	3	1	3
May-13	W3	Program Budget	MoLSAMD, MEW, Supreme Court, MoJ, ICOIC, CAO, CSO, MoTCA, MoM, MoWA, MoBTA, HOOAC	National Priority Programs	177	60	-	-	-	-	-	-	177	60	237	1	237
	W5	Tax Admin	MoF	Refresher Accounting	19	-	-	-	-	-	-	-	19	-	19	1	19
	W5	Tax Admin	MoF	Auditing	49	2	-	-	-	-	-	-	49	2	51	3	153
Jun-13	W3	Program Budget	MRRD, MoCIT, MoPW, MoIC, MoUDA, MoHE, IDLG, ANSA, Kabul Municipality	National Priority Programs	136	13	-	-	-	-	-	-	136	13	149	1	149
	W3	Program Budget	MoF, MoJ, MoHE, MoPW, MoPH, MoUDA, MEW, MoM, MoCIT, MoTCA	Program Budget Reform	252	44	-	-	-	-	-	-	252	44	296	5	1,480
	W3	Program Budget	IDLG	Program Budget Reform	33	1	-	-	-	-	-	-	33	1	34	6	204
	W5	Tax Admin	MoF	Refresher Accounting	95	-	-	-	-	-	-	-	95	-	95	1	95
	W5	Tax Admin	MoF	Auditing	95	-	-	-	-	-	-	-	95	-	95	2	190
	W5	Tax Admin	MoF	Tax Law	31	-	-	-	-	-	-	-	31	-	31	2	62
	W5	Tax Admin	MoF	Tax Enforcement	40	-	-	-	-	-	-	-	40	-	40	3	120
<b>Fiscal Policy and Financial Administration Sub-Total</b>					<b>963</b>	<b>120</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>966</b>	<b>120</b>	<b>1,086</b>	<b>28</b>	<b>2,784</b>
Apr-13	W7	WIG	Interns	Good Governance and Accountability	-	64	-	18	-	20	-	-	-	102	102	5	510
	W7	WIG	Interns	Good Governance and Accountability	-	-	-	-	-	-	-	27	-	27	27	4	108
	W7	WIG	Interns	Human Rights and Women's Issues	-	56	-	18	-	20	-	-	-	94	94	2	188
	W7	WIG	Interns	Human Rights and Women's Issues	-	-	-	-	-	-	-	26	-	26	26	4	104
	W7	WIG	Interns	Presentation Skills	-	-	-	19	-	-	-	-	-	19	19	1	19
May-13	W7	WIG	Interns	Business Management and Report Writing	-	65	-	17	-	-	-	10	-	92	92	7	644
	W7	WIG	Interns	Business Management and Report Writing	-	-	-	-	-	29	-	-	-	29	29	5	145
	W7	WIG	Interns	Leadership	-	62	-	-	-	-	-	-	-	62	62	2	124
	W7	WIG	Interns	Leadership	-	-	-	17	-	20	-	10	-	47	47	1	47
Jun-13	W7	WIG	Interns	Basic Accounting and Financial Management	-	54	-	14	-	-	-	-	-	68	68	8	544
	W7	WIG	Interns	Basic Accounting and Financial Management	-	-	-	-	-	-	-	10	-	10	10	9	90
	W7	WIG	Interns	Basic Accounting and Financial Management	-	-	-	-	-	19	-	-	-	19	19	2	38
	W7	WIG	Interns	Computer and IT Literacy Skills	-	33	-	-	-	-	-	-	-	33	33	1	33
	W7	WIG	Interns	CV Writing and Interview Tips	-	-	-	13	-	-	-	-	-	13	13	1	13
<b>Women in Government Sub-Total</b>					<b>-</b>	<b>334</b>	<b>-</b>	<b>116</b>	<b>-</b>	<b>108</b>	<b>-</b>	<b>83</b>	<b>-</b>	<b>641</b>	<b>641</b>	<b>52</b>	<b>2,607</b>
<b>Total</b>					<b>963</b>	<b>454</b>	<b>-</b>	<b>116</b>	<b>-</b>	<b>108</b>	<b>3</b>	<b>83</b>	<b>966</b>	<b>761</b>	<b>1,727</b>	<b>80</b>	<b>5,391</b>

# Q3 Counterpart Meetings

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## April through June 2013 Counterpart Meetings

### Counterpart Meetings

**33** meeting with Non-Tax Revenue GIRoA counterparts and stakeholders.

**114** meetings with Program Budget GIRoA counterparts and stakeholders.

**04** meetings with Tax Administration GIRoA counterparts and stakeholders.

**09** meetings with RRD GIRoA counterparts and stakeholders.

**96** meetings with Women in Government GIRoA counterparts and stakeholders.

To view additional meetings and training details, click [here](#) to access the data on the portal.

#### USAID/EGGI

Shash Darak  
Kabul, Afghanistan

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### *Dedicated to Economic Growth*

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*EGGI is a program led by the U.S. Agency for International Development to help Afghanistan create a favorable environment for private sector growth. EGGI is comprised of a diverse team of economists, development experts, and public financial management specialists who work alongside government officials, providing technical assistance and trainings on a daily basis.*