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Risk Assessment Report on Sustainability of Program Budget and Associated Reforms for 38 Assigned Budgetary Units

June 2012

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Authors		
<p>Raju Kalidindi Program Budgeting Team Lead USAID/EGGI rkalidindi@deloitte.com</p> <p>Abdul Tawab Wardak Program Budget Deputy Team Lead USAID/EGGI tawab.wardak@eggi.af</p>		

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Acronyms

AFMIS	Afghanistan Financial Management Information System
AAEC	Afghanistan Atomic Energy Commission
AGO	Attorney General Office
AGCHO	Afghanistan Geodesy and Cartography Head Office
ANSA	Afghanistan National Standard Authority
ANDMA	Afghanistan National Disaster Management Authority
ANDS	Afghanistan National Development Strategy
BIT	Budget Implementation Team
CAO	Control and Audit Office
CSO	Central Statistics Office
COTR	Contracting Office Technical Representative
EGGI	Economic Growth and Governance Initiative
GIRoA	Government of the Islamic Republic of Afghanistan
HOOAC	High Office of the Oversight on Anti-Corruption
IBC	Internal Budget Committee
IARCSC	Independent Administrative Reform and Civil Service Commission
ICOIC	Independent Commission for Overseeing the Implementation of the Constitution
IDoKA	Independent Directorate of Kochies Affairs
IDLG	Independent Directorate of Local Governance
IEC	Independent Election Commission
KM	Kabul Municipality
LH	Lower House Parliament
MoBTA	Ministry of Border and Tribal Affairs
MCN	Ministry of Counter Narcotics
MoCIT	Ministry of Communication Information and Technology
MoCI	Ministry of Commerce and Industries
MoEW	Ministry of Energy and Water
MoF	Ministry of Finance
MoFA	Ministry of Foreign Affairs
MoHE	Ministry of Higher Education
MoHRA	Ministry of Hajj and Religious Affairs
MoIC	Ministry of Information and Culture
MoJ	Ministry of Justice
MoLSAMD	Ministry of Labor & Social Affairs Martyrs and Disabled
MoM	Ministry of Mines
MoRR	Ministry of Refugees and Repatriation
MoSPA	Ministry of State in Parliamentary Affairs
MoTCA	Ministry of Transportation and Civil Aviation
MoUDA	Ministry of Urban Development Affairs
MoWA	Ministry of Women Affairs



Acronyms

NEPA	National Environment Protection Agency
NOC	National Olympic Committee
NPP	National Priority Program
PFM	Public Financial Management
PFP	Procurement and Financial Planning
PPU	(Ministry of Finance) Procurement Policy Unit
PMR	Performance Monitoring and Reporting
OAA	Office of Administration Affairs
PO	President's Office
SA	Science Academy
SC	Supreme Court
UH	Upper House Parliament
USAID	United State Agency for International Development

Executive Summary

The Government of the Islamic Republic of Afghanistan (GIROA) with international community support is committed to achieving national developmental objectives through development strategy documents such as the Afghanistan National Development Strategy (ANDS) and the National Priority Programs (NPPs). The implementation of program budgeting and associated budget reforms across the government is critical for building donor confidence in the GIROA's ability to manage its fiscal resources for greater on-budget support. The United States Agency for International Development (USAID) has provided support to the Afghan Government since 2007 to implement program budgeting reform gradually across government ministries and agencies. Currently, the USAID-funded Economic Growth and Governance Initiative project (EGGI project) is providing technical assistance to 38 assigned budgetary units in program budget preparation and execution.

At the request of USAID, the project conducted a risk assessment of all assigned budgetary units currently receiving program budgeting reform technical assistance to determine their current capacity in program budgeting implementation. 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”. 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. A brief summary of results is as follows:

- Six ministries (16% of the total) were rated “strong” in their capacity to implement program budgeting reform and can be considered for graduation from the project support in 2012.
- Twelve budgetary units (32% of the total) were rated “above average,” and will require at least one more year of project support particularly in the new reform areas such as procurement and financial planning, and performance monitoring reporting
- Fifteen budgetary units (39% of the total) were rated “average” in their capacity to implement program budgeting reform and will require at least two more years of support to be able to implement the reform without external assistance
- The remaining five budgetary units (13% of the total) were rated “weak”, and will require major internal reforms and continued project support for at least two years before they are able to implement program budgeting reform without external assistance

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 Budget Implementation Team (BIT) or Internal Budget Committee (IBC), BIT/IBC member retention, the status of pay and grading reform implementation in the ministry to ensure qualified staff, 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)/Sector/Ministry strategy, the capacity of key technical staff in program budget preparation, procurement and financial planning, and performance monitoring and reporting. Key assessment findings include:

- **Political Commitment.** Political commitment and engagement of the senior management in the reform implementation in general are weak in most line ministries. The Ministry of Finance (MoF) needs to be more engaged with the senior management of many 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/IBCs Operations.** In most budgetary units, BITs meet regularly especially during the budget formulation stage (Budget Circular 2 preparation) before the budget negotiations. IBCs meet less regularly. In many budgetary units, however, the Director General of Finance and/or Planning makes important decisions without much consultation with other key directorates such as HR, procurement. The BITs/IBCs of many ministries should meet more regularly to discuss and work together on preparation of the annual program budget submission, budget execution, and other related budget reforms with broader participation from all key directorates (HR, procurement, planning and policy) rather than finance and administration directorates handling most of the budget reform work.
- **MoF Coordination.** In most cases, coordination between the Ministry of Finance and budgetary units has been weak. Better coordination can be done at two levels: senior management (minister and deputy minister) and technical (sector managers and focal points). Such coordination has to be done by periodic meetings throughout the year for program budget implementation and associated reforms.
- **Staff Retention and Pay and Grading Reform Implementation.** Several Ministries with contracted staff as BIT members or staff that are near retirement should hire qualified civil servants through pay and grading reform to replace contracted staff or those near retirement, and develop a comprehensive plan to train and build the newly-hired staff capacity in program budgeting reform implementation. The pay and grading recruitment process should be merit based and closely monitored by the Independent Civil Service Commission (CSC).
- **Sector Strategies and Output and Outcome Indicators:** In general, staff knowledge in these areas continues to be weak in most line ministries. MoF, in coordination with other technical assistance projects in budgetary units, should provide comprehensive training programs with more relevant material with specific examples of output and outcome indicators related to sector strategies for the concerned sectors.
- **Procurement and Financial Planning.** As a newly introduced reform area in 1390, most budgetary units have limited knowledge in this area. Additional training and on-the-job assistance is required to enable most of the assigned budgetary units to build their capacity to prepare annual PFPs in accordance with MoF guidelines and to improve the overall quality of the PFPs.
- **Performance Reporting:** Currently 19 budgetary units submit quarterly performance reports to MoF. However, the quality of the performance reports, usage, and dissemination of the performance reporting information is weak. Additionally, program and project managers also do not consistently use the performance information to assess how well the budgetary unit is achieving its program objectives and outcomes. Most budgetary units currently lack a system to compile output, outcome, and other results-based data for performance reporting. Instead, budgetary units collect data for one quarter and do not compile or leverage time-series data using their quarterly indicators.

The key assessment findings for each variable related to successes/achievements, continued risks/challenges, and recommendations are summarized in **Appendix 1**, ratings by ministry for each variable in **Appendix 2**, the assessment tool is provided in **Appendix 3**, and individual assessment reports for each ministry attached as **Appendix 4**. This assessment report represents the first comprehensive evaluation of the assigned budgetary units’ capacity in program budgeting reform implementation and sustainability of such reform since USAID project support began in 2007. It is important to note that this assessment does not cover the eight Line Ministries that graduated from project support during 2009 - 2010. The key next step



is to submit this report to USAID for review and consideration as well as the Ministry of Finance Budget Department to share the key assessment findings. The findings and recommendations can then be discussed in detail with MoF and USAID and fully considered when planning how to structure and strengthen the project's future program budget assistance to the assigned budgetary units.

Introduction

The GIRoA, with support from the international community, is committed to achieve fiscal sustainability in the medium-term and with greater on-budget support by 2014. Successful program budget reform implementation across the government is critical for donor confidence in the Government's ability to effectively manage its public resources and produce tangible results with greater transparency and accountability in the budget process.

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

The project's program budget advisors, which are, embedded in 38 budgetary units and serving as mobile teams to assist certain ministries as needed, provide on-the-job training and technical assistance to the BITs and IBCs in program budget preparation and execution. The project's technical assistance is aimed at gradually building capacity of budgetary units to prepare their program budgets and to execute them with minimal or no assistance from the project. At the request of the project's USAID COTR (Contracting Office Technical Representative), the project conducted assessments of the 38 assigned budgetary units to determine their current capacity in program budgeting and to recommend actions to strengthen capacity to ensure sustainability of the project's assistance. This report details the findings of the risk assessment conducted by the team.

To evaluate the capacity of each unit, the project developed an assessment tool using 12 variables that represent the key areas for program budgeting reform sustainability within a budgetary unit. These variables include:

- Political commitment of the ministry's senior management
- Active implementation and management of program budget reform by the BITs/IBCs
- Retention of BIT/IBC members
- Status of the pay and grading reform implementation (to ensure qualified staff) in the budgetary units
- Extent of program budgeting training for staff
- Staff knowledge of ANDS/Sector/Ministry Strategy
- Current knowledge of output and outcome indicators
- Current capacity of key technical staff in program budget preparation, procurement and financial planning (PFP), and performance monitoring reporting (PMR)

The tool rated each variable on a scale of 1 – 5 with 1 representing “poor” and 5 representing “excellent.” For two important variables, political commitment and staff continuity, higher weights were applied to amplify the significance of the ratings. The Political Commitment and Staff Continuity variables are given two weights while the rest of the factors are given one weight each. The ratings given to the variables are multiplied with their weights and the sum of the results for all the variables are then divided by the sum of total weights. The

final result is considered as the average rating for a budgetary unit. Budgetary units were then classified as “strong”, “above average”, “average”, and “weak”.

As part of the assessment, the project’s program budget team met with all 38 assigned budgetary units. In addition to this overall results report, individual reports were prepared for each budgetary unit with specific recommendations for each of the 12 variables on strengthening their existing capacity in program budgeting.

Risk Assessment

1. Political Commitment

Political commitment to the MoF’s program budgeting reform initiative is a critical factor that directly correlates to a ministry/agency’s ability to successfully implement and sustain the reform. Factors that can undermine the success and sustainability of program budgeting reform implementation include:

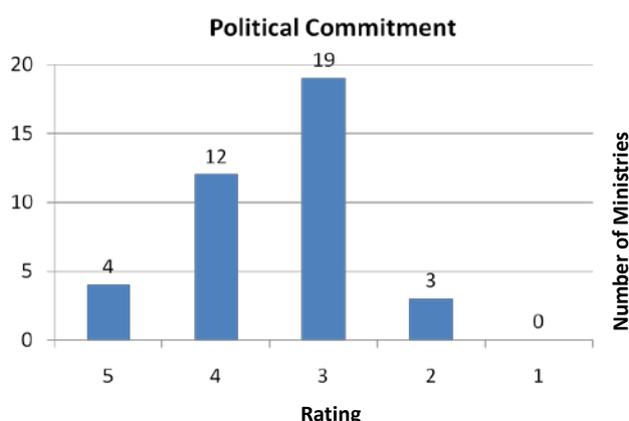
- Lack of sufficient political commitment from ministry/agency leadership
- Overall lack of coordination within the government
- Unclear lines of accountability both within the ministry and with the MoF

There is broad consensus that political commitment is critical for implementing any major reform within a government, such as program budgeting reform, which in GIRoA’s case, requires systemic changes in institutional structures, legal framework, and human resource management. Political commitment is not limited to the MoF. There is also a need for high level commitment within each budgetary unit that implements program budgeting reform.

The level of political commitment within the budgetary units varies across the units. There is sufficient or even strong support from the senior management of several budgetary units; however, senior management within the majority of budgetary units, is not sufficiently involved/engaged in budget reform implementation. Only three ministries were identified where the minister is directly engaged and provides guidance and direction. In most budgetary units, the deputy minister for administration and finance is involved in the reform while other deputy ministers responsible for policy are not sufficiently involved. The importance of political commitment and engagement of senior ministry leadership for the program budgeting reform initiative cannot be underestimated -- commitment from senior management is critical for aligning the budget with the sector/ministry strategy and securing donor funding for programs. In budgetary units where there is strong political support, the minister and/or deputy ministries are directly involved and participate in preparing and aligning budget proposals with their strategies and outcomes. The assessment revealed that budgetary units that have strong political commitment have better program structures, alignment of resources with sector and ministry strategies, and are better able to secure necessary donor funding. Examples of ministries where political commitment is strong include the Ministry of Mines, and Ministry of Communication and Information Technology. In contrast, in budgetary units where political commitment is weak progress has been limited in implementing program budgeting and other associated reforms that are supported by USAID projects.

The assessment revealed that budgetary units that have strong political commitment have better program structures, alignment of resources with sector and ministry strategies, and are better able to secure necessary donor funding.

To effectively improve political commitment within the budgetary units, change must begin with the MoF. There is strong interest among MoF leadership to implement program budgeting reform, which needs to be communicated to budgetary units frequently through high-level statements or meetings. First, the MoF should engage budgetary units regularly to demonstrate a visible high-level commitment at least once every six months. This could be achieved if the Deputy Minister of Finance convened bi-annual steering committee meetings with the senior management of the ministries (all 57 or the 10 largest ministries) to maintain and strengthen the momentum of this reform, and to build a broader consensus for reform. Second, the MoF or other senior MoF officials could issue regular communications from high-level meetings or donor conferences regarding the importance of budget reform for the Government to achieve better results and performance. . Third, the importance of the program budgeting reform initiative could be highlighted in policy documents such as those related to the National Priority Programs (NPPs). The following chart and table show the number of budgetary units rated “1” to “5” for **Political Commitment**.



Political Commitment

Rating	Description	No. of Ministries	% of Ministries
5	Strong support and fully involved	4	10%
4	Strong support and less involved	12	32%
3	Average support and less involved	19	50%
2	Weak support and less involved	3	8%
1	No support	0	0%
Total		38	100%

Recommendations

Steering Committee

The MoF Minister/Deputy Minister for Finance could conduct bi-annual steering committee meetings. These meetings could be convened by sector, and attended by the budgetary unit’s minister/deputy minister to assist them in understanding the importance of this major reform, and to require them to report on their Ministry’s progress with implementation of the program budgeting reform initiative.

Role of Ministers

Ministers of all budgetary units should demonstrate a tangible commitment by leading and participating in the program budgeting reform implementation.

Cabinet Level Commitment

More regular Cabinet-level discussions on the program budgeting reform initiative should be held at least during the national budget finalization stage. Additionally, statements from the Cabinet on the implementation of program budgeting reform will help in creating and bolstering sufficient political commitment.

High Level Communiqués

Statements on the importance of program budgeting reform in the form of high-level communiqués from major donor conferences are important and will help demonstrate stronger GIRoA commitment for this reform to the international donor community.

Policy Documents

All major policy reports of the Government (including reports on development strategy such as NPPs and donor funding reports) should include language about the merits and value of program budgeting reform implementation in improving transparency and accountability of the budget.

2. BIT/IBC Structure and Composition¹

The assessment revealed that all budgetary units have BITs as recommended by MoF. Some smaller budgetary units do not have IBC due to limited staff and budget allocations. The structure of the BITs and IBCs, however, vary across the budgetary units. In some budgetary units, BITs have as many as 12 members. In other budgetary units, there are fewer than 10 members, mainly from the finance and administration department. The BIT/IBC structure has helped budgetary units coordinate budget reform related activities between various departments especially where the finance and planning departments are not yet integrated.

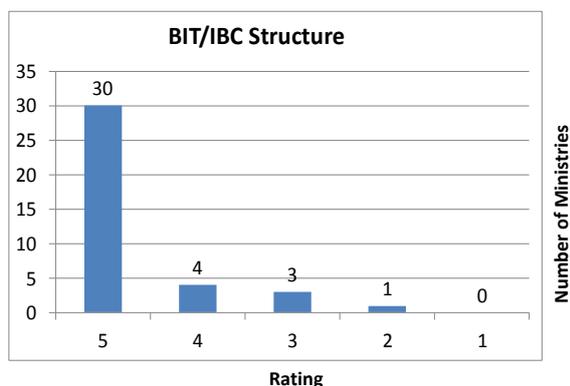
There is a need for a uniform structure for the BIT within all budgetary units which would consist of Director General, Manager and Officer level staff from the finance and administration, procurement, planning and policy, HR directorates.

While the Cabinet has endorsed the integration of the finance and planning departments, many budgetary units have not actually integrated these two functions. While the operating and development budgets have been classified under program structures, the operating and development budget decisions are still made separately (either by separate departments such as the planning and finance department or by separate teams within the same department) without adequate consultation in many budgetary units. To integrate

¹ Budget Implementation Teams (BITs) were created to coordinate program budget implementation within budgetary units. BITs consist of technical staff headed by the deputy minister or director general of finance. IBCs were created in 2011 to discuss policies and to make high-level managerial decisions related to program budgeting reform implementation and are usually led by the minister.

decision making more effectively, budgetary units should have program budget managers/officers for each program responsible for preparing both the operating and development budgets. The composition and leadership structure of the BITs and IBCs is not uniform across all units and results in varying levels of capacity across the budgetary units. Some BITs are led by the deputy minister and others are led by the finance and planning directors. Similarly, some IBCs are led by the minister or deputy minister for administration and finance. While all budgetary units have BITs, the smaller budgetary units do not require IBCs. The senior management of smaller budgetary units can also be members of the BIT, and their scope of work is more limited in those budgetary units with smaller budgets. There is a need for a uniform structure for the BIT within all budgetary units which would consist of director general, manager and officer level staff from the finance and administration, procurement, planning and policy, HR directorates.

The following chart and table show the number of budgetary units rated “1” to “5” for **BIT/IBC Structure**:



BIT/IBC Structure

Rating	Description	No. of Ministries	% of Ministries
5	Very good structure	30	79%
4	Good structure	4	10%
3	Average structure	3	8%
2	Weak structure	1	3%
1	No BIT/IBC	0	0%
	Total	38	100%

Recommendations

Civil Service Commission Mandates Uniform BIT/IBC Structure

The CSC has the authority to recommend a uniform structure for BITs and IBCs as part of the Tashkeel structure and guidelines, and could pursue this course of action. All relevant departments should have representatives on the BIT/IBC. Exceptions can be given to smaller budgetary units where IBCs may not be required.

Appoint Program Budget Managers/Officers to Help Prepare Integrated Budget

Budgetary units would benefit from appointing managers/officers from each program responsible for preparing the operating and development budgets rather than separate operating and development budget officers.

IBC Leadership

The IBC should be led by the minister/head of budgetary unit in all budgetary units without exception.

3. BIT/IBC Operations

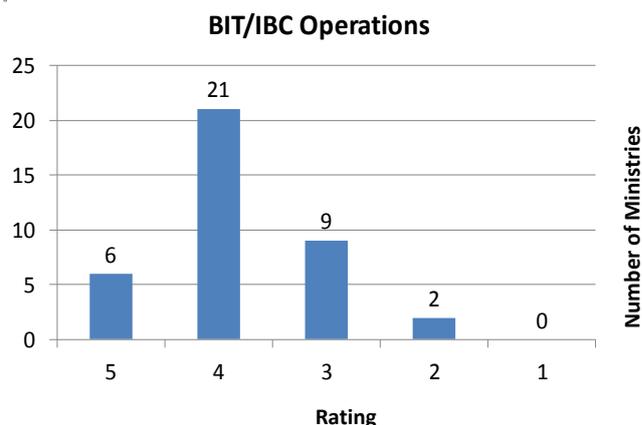
BITs/IBCs that operate well are essential for effective implementation of program budgeting reform in budgetary units. Given that the reform activities require close coordination among several ministry/agency functions including policy, planning, financial management, HR, procurement, reporting, project management, the BITs/IBCs play a critical role to ensure successful communication and coordination on reform implementation.

Based on the assessment findings, the BITs/IBCs operations vary significantly across ministries. In most budgetary units, BITs work and meet regularly. However, in other budgetary units, IBCs are only on paper and meet infrequently, in some cases as little as once or twice a year. Project advisors continue to play an important role in how the BITs/IBCs operate, and in facilitating regular committee meetings and communications throughout the year on program budget reform matters. In cases where the BITs/IBCs are not operating well, all decisions are made either by the minister/deputy minister or director general of administration and finance without consultation with the other budget reform related units within the Ministry.

Project advisors continue to play an important role in how the BITs/IBCs operate, and in facilitating regular committee meetings and communications throughout the year on program budget reform matters.

In most budgetary units, BITs meet regularly during the budget formulation process to discuss and reach consensus on all important reform decisions. IBCs, with senior management, meet less regularly to discuss important policy decisions, program structure, major projects, and program funding. During meetings of the BITs, officials usually have technical discussions on the completion of Budget Circular (BC)1 and BC2 forms, PFP, PMR, tashkeel positions, project cost estimates, and to set targets for program budget output and outcome indicators. Project embedded staff are allowed to attend most BIT/IBC meetings. Some budgetary units do not allow external project staff to attend BIT/IBC meetings due to confidential discussions.

The assessment interviews revealed that budgetary units with strong political commitment from senior management have active BITs/IBCs, which contribute to more effective implementation of program budgeting and associated reforms. Overall, BIT/IBC operations and coordination has helped budgetary units in making progress across all budget reform areas. The following chart and table show the number of budgetary units rated “1” to “5” for **BIT/IBC Operations**:



BIT/IBC Operations

Rating	Description	No. of Ministries	% of Ministries
5	BIT/IBC operate very well	6	16%
4	BIT/IBC operate well	21	55%
3	BIT/IBC operate on average	9	24%
2	BIT/IBC operate weakly	2	5%
1	BIT/IBC does not operate well	0	0%
	Total	38	100%

Recommendations

IBC Meetings

The IBCs should meet at least once a month during non-peak budget season to provide guidance in budget formulation and execution, PFP, and PMR, and meet more regularly during the budget formulation (BC2 preparation) process.

BIT Meetings

The BITs should meet at least twice a month, and more frequently during the peak budget formulation season. The director general of finance should take the lead role in conducting these meetings with other departments in attendance on a regular basis.

IBC/BIT Meeting Minutes

The IBCs/BITs should prepare minutes of the meetings and share a read out of topics discussed and action items with their senior management (including the minister) for inputs on program budgeting and associated reforms.

MoF Participation

All BIT meetings should be attended by MoF focal points and project advisors unless budgetary units plan to discuss confidential matters.

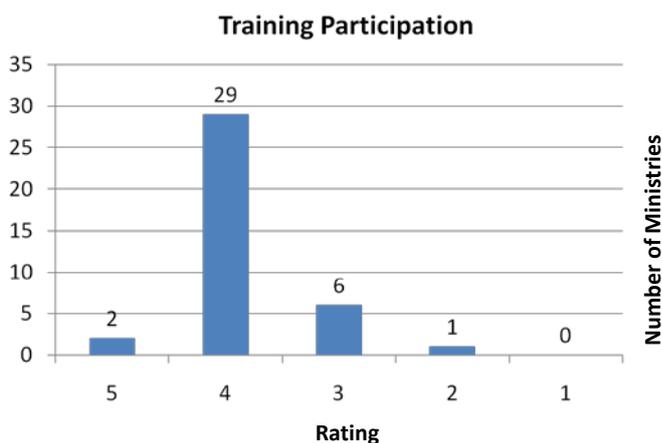
4. Training Participation

Training is an essential element to ensure sustainability and sufficient implementation of program budgeting reform. Due to the limited capacity of civil servants in some budgetary units, regular training programs by the MoF and other donor projects is necessary to build staff capacity. Since 2007, MoF has been conducting training programs regularly on almost all aspects of budget formulation, execution, and reporting yet civil servants would benefit from additional targeted training.

The overall attendance at training programs by staff from budgetary units is satisfactory. Budgetary units usually send their staff and most members of the BITs to training programs conducted by the MoF with project support, on budget formulation, execution, procurement and financial planning and other important program budgeting reform topics. Budget staff have also benefitted from on-the-job training, coaching and mentoring provided by project staff over the past few years.

One challenge for some budgetary units is that not all relevant staff attend all training programs. Instead, junior staff, who are not directly involved in the budget work, attend training programs. Budgetary units informed the assessment team that senior staff are often busy with work and are unable to attend training programs, especially when they are only provided with one to two days advance notice prior to commencement of the trainings. Another reason for low attendance by senior officials could be because the MoF repeats the same training program each year. Budgetary units prefer their BIT members to attend more in-depth training with relevant examples for their related sectors/budgetary units in all aspects of the reform as opposed to repeats of the same general training programs. During the past few years, MoF training programs have not changed significantly. The following chart and table show the number of budgetary units rated “1” to “5” for **Training Participation**:

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.



Training Participation

Rating	Description	No. of Ministries	% of Ministries
5	BIT attends all trainings and coaching	2	5%
4	BIT attends most of the trainings and coatings	29	76%
3	BIT attends 50% of the trainings and coaching	6	16%
2	BIT attends few trainings and coaching	1	3%
1	BIT does not attend any training and coaching	0	0%
Total		38	100%

Recommendations

Early MoF Invitations

Invitations for training programs should be received by all budgetary units at least five to seven working days before the training programs start. This will help budgetary units to plan their work, leave, and travel arrangements accordingly to ensure the appropriate officials and staff attend the program budgeting training programs.

New Training Modules for BIT Members

Most MoF-led training programs have delivered the same training modules with slight changes over the past few years. 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.

In-depth Training

The MoF should conduct more comprehensive training programs (beyond training on forms and guidelines) in such areas as sector strategies and budget formulation. If possible, the MoF could leverage short-term experts (national and international) in specific program budgeting areas to conduct two-week long, targeted training programs for budgetary units.

5. MoF-Budgetary Units Coordination

Given that the MoF is leading the program budgeting reform initiative, close coordination and establishment of a strong, working relationship between the MoF and budgetary units is key for successful implementation of this reform. Open communication and trust between the MoF and budgetary units are important aspects of the coordination process. There is also a need to form a consensus within budgetary units (and with other stakeholders) that program budget reform is needed to improve results and service delivery.

Such coordination on implementation of program budgeting and associated reforms is required at both the senior level (Cabinet or minister level) and technical level (Director General Finance and MoF sector focal points). Regular communication, and transparent and predictable budget processes can create improved trust and effective coordination between the MoF and budgetary units. .

The assessment results show that overall coordination between the MoF and budgetary units has improved significantly in the past few years especially at the technical level. However, the assessment also shows that many budgetary units believe the MoF makes unilateral decisions without much consultation with budgetary

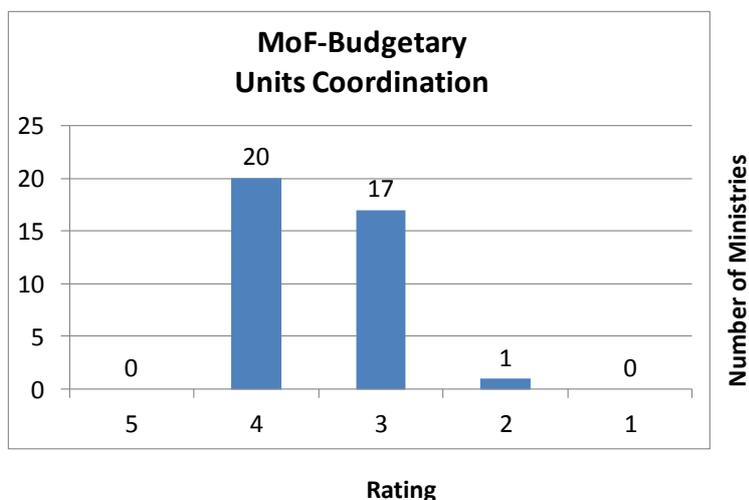
units or ministry/agency leadership. Several budgetary units noted that during the budget hearings, the Budget Committee (led by MoF) does not focus on the priorities presented by the budgetary units. The final draft budget that is submitted to the Cabinet is often very different from what was agreed to during budget negotiations especially for the development budget.

Another area where coordination can be improved is among the MoF sector managers and focal points. In addition to the MoF Budget Reform Unit, the MoF sector managers can play an important role in internalizing program budget reform in budget formulation, execution, and reporting. Some budgetary units reported that MoF focal points, especially at the junior level, are not sufficiently knowledgeable about the MoF’s program budgeting reform initiative to provide the level of guidance and feedback often needed on the draft program budget submission and certain aspects of the execution of the budget.

The MoF sector managers can play an important role in internalizing program budget reform in budget formulation, execution, and reporting.

Even though most budgetary units understand some of the advantages in preparing and presenting their budgets based on program structures, they lack a clear understanding of future steps for the program budgeting reform implementation. For this to improve there has to be effective communication with budgetary units on implementation as well as guidance on next steps for the program budgeting reform.

The following chart and table show the number of budgetary units rated “1” to “5” for **MoF-Budgetary Units Coordination**:



MoF-Budgetary Units Coordination

Rating	Description	No. of Ministries	% of Ministries
5	Coordination is very effective at all levels on very regular basis	0	0%
4	Coordination is effective from time to time	20	53%
3	Coordination is effective mostly at officer level only	17	45%
2	Coordination is weak at all levels	1	2%
1	No coordination at all	0	0%
Total		38	100%

Recommendations

Steering Committee Meetings

Steering committee meetings should be held at least once every six months and led by the Minister of Finance and/or Deputy Minister of Finance. These meetings could be convened by sector, and attended by the budgetary units' minister/deputy minister to assist them in understanding the importance of this major reform, and to also require them to report on their Ministry's progress with program budgeting reform implementation.

MoF Sector Managers

The MoF sector managers/focal points should take a more proactive role in the reform process and internalize all aspects of the reform in coordination with budgetary units.

MoF's Communications Strategy

The MoF should implement its comprehensive communications strategy to improve communication at all levels with budgetary units on the program budgeting reform initiative.

Program Budgeting Reform Roadmap and Key Next Steps

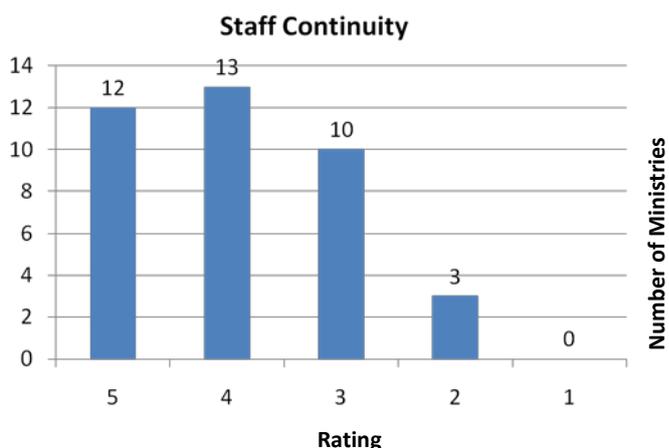
The MoF should prepare and share a road map and future steps for program budget implementation with budgetary units.

6. Staff Continuity

Staff continuity is critical for sustainability of program budgeting reform. Given that most of the BIT members are civil servants with low salaries, they usually leave for higher paid jobs in two or three years after receiving training in budget reform implementation. Hiring civil servants through the pay and grading system can be a long process, which involves proposals for new Tashkeel positions in the following fiscal year, advertising, and the hiring process. As a result, most budgetary units are constantly understaffed. Many budgetary units, however, have been able to retain staff in recent years after implementing pay and grading systems, which pays slightly higher salaries than under the previous system.

Civil servants leave their government jobs primarily to pursue careers in budget and finance areas particularly with donor-funded projects that pay higher salaries. Civil servants with college degrees and sufficient training in budgeting and finance can easily find jobs which pay five to ten times their current government salaries. In the last six to twelve months, the market for these positions has declined in Kabul and other economic hub cities in Afghanistan (Herat, Mazar, Jalalabad) with the closing of many large donor-funded projects, while the labor force has expanded with more young Afghans with undergraduate or graduate degrees entering the job market. This trend is expected to continue in the medium-term and may result in a fall in salary levels. This may help in the retention of civil servants.

The following chart and table show the number of budgetary units rated "1" to "5" for **Staff Continuity**:



Staff Continuity

Rating	Description	No. of Ministries	% of Ministries
5	All BIT is expected to stay for a long period with ministry (5-10 years)	12	32%
4	Most BIT members is expected to stay in the medium term	13	34%
3	Staff turnover is high and key staff members are expected to leave	10	26%
2	Staff turnover is high and most key member are expected to leave	3	8%
1	All key member of BIT have left/expected to leave	0	0%
	Total	38	100%

Recommendations

Training for Junior Staff

Budgetary units should train their junior level staff (budget and accounting officers) in all relevant departments and involve them in implementing budget reforms and budget processes, so that they can fill positions vacated by senior staff members.

Super Scale Positions

Ministries should apply for super scale positions for key members of the BITs/IBCs, who are critical for implementing program budget reforms. (See the recommendations under the following Pay and Grading section including recommendations for staff continuity and retention.)

7. Pay and Grading

Implementation of civil service reforms, including the pay and grading system, has been slow in most budgetary units. The pay and grading system has been either implemented or is in the process of implementation in most budgetary units and the balance of budgetary units are in the process of introducing

pay and grading. For the budgetary units that have introduced pay and grading, it has helped, to a certain extent, in retaining staff.

The pay and grading system was expected to build the required capacity and improve staff retention. However, in practice, most budgetary units have been hiring the same existing civil servants but with higher salaries. Except for a few budgetary units (the Ministry of Mines, Ministry of Commerce and Industries, and others), the recruitment process is not merit-based. In addition, due to low government salaries compared to those of donor-funded projects, budgetary units have difficulty in hiring and retaining qualified staff even under the pay and grading system.

One important skill set necessary for implementation of program budgeting reform is computer skills. Information Technology (IT) and computer skills tend to be associated with steeper learning curves. The loss of staff well versed in IT, can pose a challenge to operations of a given budgetary unit. Older staff members without computer skills either have to be supported by younger staff with computer skills or donor-funded project support staff.

While some budgetary units implement pay and grading in an effort to better retain staff, still younger, qualified staff members continue to leave for donor-funded projects with higher salaries after developing sufficient skills and experience. The average salary for pay and grading is about \$200 per month far below the salary levels for similar positions with donor-funded projects. As a result, the pay and grading system has not benefited most budgetary units. However, staff retention is expected to improve as new jobs by donor-funded projects quickly dwindle.

Pay and Grading recruitment should be merit based and closely monitored by the Afghan Civil Service Commission

The following chart and table show the number of budgetary units rated “1” to “5” for **Pay and Grading Implementation**:



Pay and Grading

Rating	Description	No of Ministries	% of Ministries
5	Pay and grading is implemented in the ministry	17	45%
4	Pay and grading is implemented in some directorates	1	2%
3	Pay and grading implementation has recently started	12	32%
2	Pay and grading has not started-to start in 1-2 years	6	16%
1	No plans for Pay and grading	2	5%
	Total	38	100%

Recommendations

Merit Based Recruitment

Pay and grading recruitment should be merit-based and closely monitored by the Afghanistan Civil Service Commission (CSC).

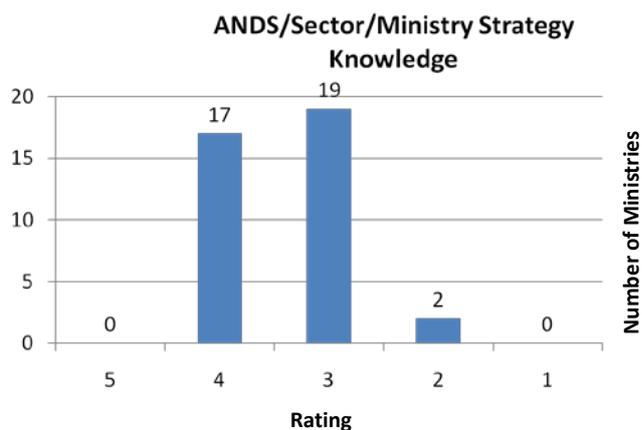
Introduce Orientation Program for New Staff

There are no orientation or training programs in most budgetary units for new staff members. New hires are expected to learn their positions on-the-job. Budgetary units, in coordination with the CSC, should introduce a mandatory orientation course curriculum that includes computer training, accounting, finance, and budget related skills required for effective program budgeting implementation.

8. ANDS and Sector Priorities

The budget is a policy statement and the mechanism for operationalizing government policies. As such, budget formulation should take into account current government policies, such as the ANDS and sector/ministry strategies. A basic understanding of the ANDS, National Priority Programs (NPPs), sector and the budgetary unit's strategy are essential for guiding the development of effective program budget proposals. Program budgeting reform was introduced to better link the budget and allocation of resources with national/sector strategies. In most cases, the deputy minister and/or director general for finance and planning are familiar with their strategies. However, junior staff members are less informed about the national and sectoral priorities of the government. The MoF, in consultation with budgetary units and support from the project advisors, should take a more proactive role in highlighting key sector and ministry priorities during its annual program budgeting training and other programs.

The following chart and table show the number of budgetary units rated "1" to "5" for **ANDS/Sector/Ministry Strategy Knowledge**:



ANDS/Sector/Ministry Strategy Knowledge

Rating	Description	No. of Ministries	% of Ministries
5	All IBC/BIT members have strong knowledge	0	0%
4	Most IBC/BIT members have strong knowledge	17	45%
3	Some IBC/BIT members have knowledge	19	50%
2	1-2 managers have limited knowledge	2	5%
1	No understanding among staff at all level	0	0%
	Total	38	100%

Policy and planning departments in budgetary units should take the initiative to train their mid-level staff, who are responsible for preparing projects in all aspects of government policies including their own sectoral policies. Donor-funded project staff members also can provide support in this area as required.

Recommendations

Present National/Sectoral/Ministerial Strategy to Key Budgetary Unit Staff

Donor-funded project advisors can assist the ministry leadership with preparing presentations and materials on national, sectoral, and ministerial strategies for staff of key budgetary units to increase their knowledge and awareness of such strategies for development of more effective budget proposals.

MoF Training Programs

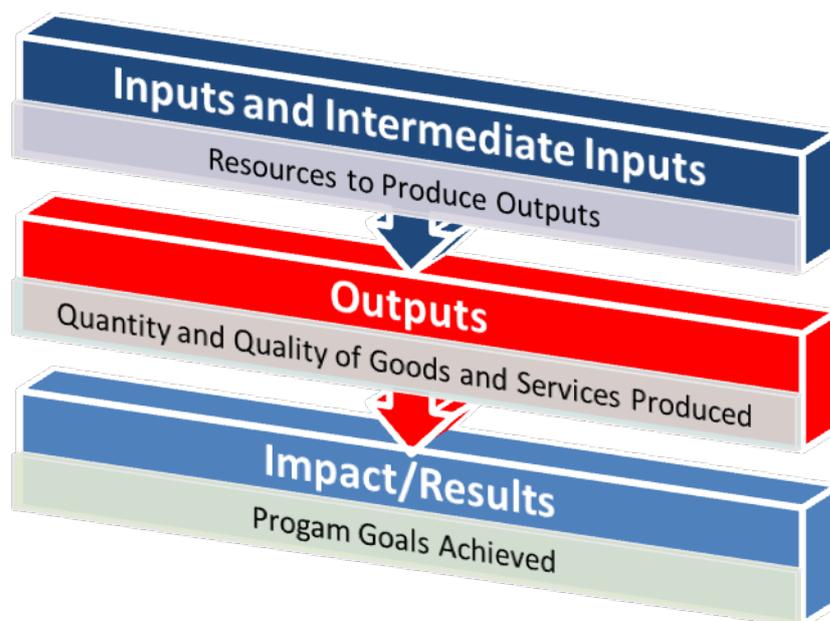
The MoF Budget Department staff can make presentations to the budgetary units' staff on ANDS sector and ministry strategies and National Priority Programs (NPP) during the MoF annual program budgeting training and other related budget-reform training programs.

BIT/IBC Meetings

Senior management within the budgetary units should discuss and share their policy priorities with other staff members during the budget formulation process during BIT and IBC meetings.

9. Knowledge of Output and Outcome Indicators

Program budgeting is a budgeting system that allocates resources by programs and activities linked with a ministry's strategic objectives. The results of budget spending by programs and activities is measured by program outputs and overall outcomes achieved. Officials involved in implementing a program budgeting system should understand the following results-based chain which shows the relationship between inputs and outputs which ultimately results in program impact:

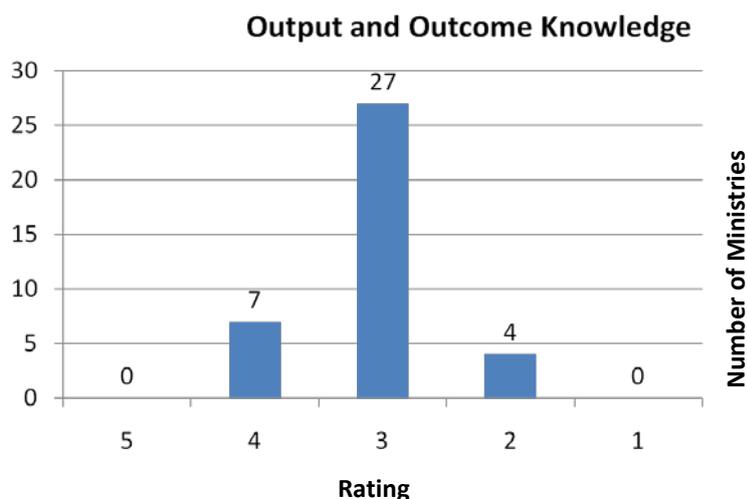


Program budgeting is focused on outputs, outcomes, and linking resources to results. As such, unless budgetary units have a good understanding of these aspects of the reform, program budgeting reform cannot benefit budgetary units in measuring results of spending on programs and activities.

In most budgetary units, the deputy minister and directors general of finance and/or planning are sufficiently knowledgeable about outputs and outcomes, while other BIT/IBC officers are less knowledgeable. Even though BIT/IBC officers have received some training from the MoF and project advisors, many either have left their jobs or transferred to other departments, which are not primarily responsible for program budget formulation.

The MoF training programs focus more on output and outcome indicators for the infrastructure and/or health and education sectors. Budgetary units from other sectors such as governance have difficulty in developing good quantifiable outputs and outcomes.

The following chart and table show the number of budgetary units rated "1" to "5" for **Output and Outcome Knowledge**:



Output and Outcome Knowledge

Rating	Description	No of Ministries	% of Ministries
5	All IBC/BIT members have strong knowledge	0	0%
4	Most IBC/BIT members have strong knowledge	7	19%
3	Some IBC/BIT members have knowledge	27	71%
2	1-2 managers have limited knowledge	4	10%
1	No understanding among staff at all level	0	0%
	Total	38	100%

Recommendations

Enhance BIT/IBC Members' Knowledge of Output/Outcome Indicators

The BIT/IBC members can take a more proactive role to learn about outputs and outcomes of their sector and ministry strategies. This action should also be encouraged by senior-level ministry/agency officials and the BIT/IBC leadership.

Provide Targeted MoF Program Budgeting Training on Sector Output/Outcome Indicators

The MoF-led program budgeting training programs should be more detailed oriented and include separate presentations with examples of outputs and outcome indicators and case studies for a cross section of sectors, rather than just focusing on the infrastructure, health, and education sectors. If necessary, the program budgeting training should not only be organized by sectors but more relevant examples of program budget output and outcome indicators for the relevant sectors should also be presented.

Require USAID-EGGI Embedded Staff To Assist Budgetary Units to Better Understand Indicators

Project advisors can assist staff of budgetary units to develop a better understanding of output and outcome indicators. During BIT meetings, members should discuss output and outcome indicators thoroughly before preparing the draft program budget submission and development budget projects.

10. Budget Formulation

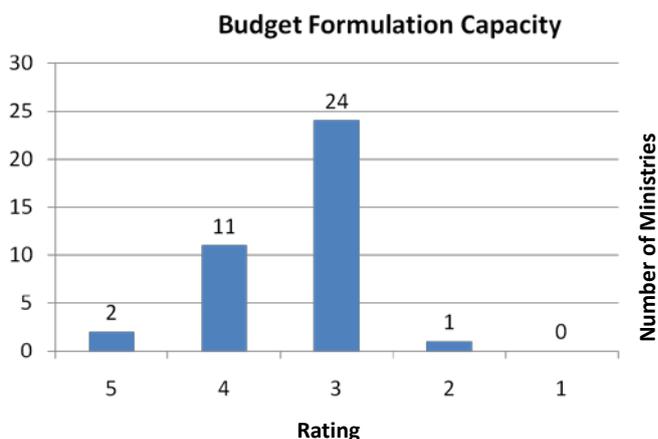
Overall budget formulation has improved in the past few years. Management and staff in general are significantly more knowledgeable about key steps in the budget formulation process. However, more progress is needed in budget formulation especially in the areas of aligning budget proposals with sector/budgetary unit policies and project planning and design.

Some budgetary units are able to complete budget formulation and program budget submissions independently with minimal support. However, the majority of budgetary units still require full-time support to ensure sustainability of reforms. There are several areas that could be strengthened. First, budgetary units should focus on retaining staff who have been trained in budget formulation and project planning. Second, more frequent meetings and better coordination among the BIT/IBC members especially between the planning and finance departments can improve the overall budget formulation and quality of budget proposals. Third, coordination and communication should be improved between budgetary units and MoF sector managers. Fourth, the MoF’s budget timetable should allow budgetary units sufficient time to prepare better projects. Finally, even though MoF-led training programs have been useful, more comprehensive public financial management (PFM) training programs are necessary for budgetary units to develop a broader perspective on budget formulation and PFM reforms. Additional training for budgetary units is recommended to strengthen their capacity in budget formulation areas such as:

More frequent meetings and better coordination among the BIT/IBC members especially between the planning and finance departments can improve the overall budget formulation and quality of budget proposals.

- Linking the budget with policy
- Developing a medium-term budget framework
- Integrating the operating and development budget
- Focusing on results and reporting
- Costing and estimating Operations and Maintenance (O&M) needs
- Identifying strategic priorities and achieving operational efficiency
- Planning and designing effective development projects
- Improving donor coordination during the budget formulation process

The following chart and table show the number of budgetary units rated “1” to “5” for **Budget Formulation Capacity**:



Budget Formulation Current Capacity

Rating	Description	No of Ministries	% of Ministries
5	BIT can complete BC1 & BC2 without support	2	5%
4	BIT can complete BC1 & BC2 with ad-hoc support	11	29%
3	BIT can complete BC1 & BC2 with full time support	24	63%
2	BIT is very weak and cannot complete without support	1	3%
1	No understanding among BIT members	0	0%
	Total	38	100%

Recommendations

Improving Coordination among the BIT/IBC Members

More frequent meetings and better coordination among the BIT/IBC members especially between the planning and finance departments can improve the overall budget formulation process and quality of budget proposals.

Adjusting the MoF's Budget Timetable

The MoF should adjust the budget calendar and timetable to allow sufficient time for budgetary units to prepare their projects.

Deliver More In-depth Program Budgeting Training

The MoF should conduct more comprehensive training programs (beyond training on forms and guidelines) especially in budget formulation and aligning budgets with sector/ministry strategies. The MoF should hire short-term experts (national and international) in specific areas to conduct targeted two-week training programs for budgetary units.

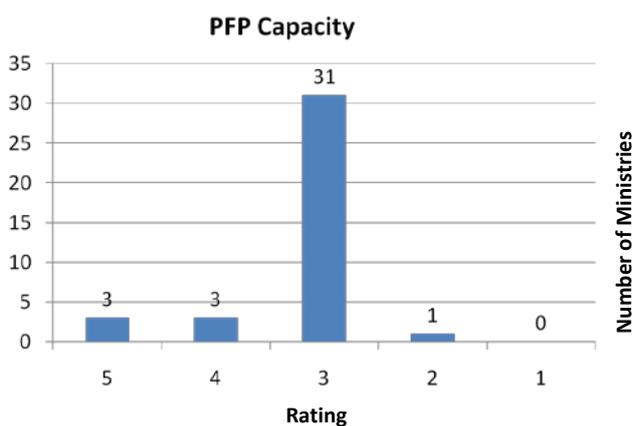
11. Procurement and Financial Planning

The MoF introduced Procurement and Financial Planning (PFP) for the 1390 budget cycle to help budgetary units improve their budget execution. The PFP, which was simplified for the 1391 budget process, provides a detailed breakdown of the approved budget by program, budget unit, fund component, geographic location, and month. The PFP process was developed for the following purposes:

- To help ministries prepare more accurate and systematic annual expenditure plans
- To promote better budget prioritization
- To strengthen the planning, monitoring and execution stages of the budget
- To improve overall service delivery and results

The PFP process also helps the MoF’s Budget and Treasury Directorates. The Budget Department uses PFP as a monitoring tool during the budget execution stage. The Treasury Directorate uses PFP as a tool to improve its cash management and disbursements by geographic location on a monthly basis for all ministries/budgetary units. Most budgetary units have little experience with this reform. Even though the PFP forms and costing methodologies were simplified for the 1391 budget process, most budgetary units still require significant support from project embedded staff and mobile teams to prepare their PFPs. Considering most of the development budget is funded by donors, who have significant control over procurement schedules and processes, budgetary units have to work closely with donors during the final stages of budget formulation on the procurement and financial planning. The following chart and table shows the number of budgetary units rated “1” to “5” for **Procurement and Financial Planning Capacity**:

The PFP process helps the MoF’s Budget and Treasury Directorates. The Budget Department uses PFP as a monitoring tool during the budget execution stage. The Treasury Directorate uses PFP as a tool to improve its cash management and disbursements by geographic location on a monthly basis for all ministries/budgetary units.



Procurement and Financial Planning Capacity

Rating	Description	No of Ministries	% of Ministries
5	BIT can complete PFP without support	3	8%
4	BIT can complete PFP with ad-hoc support	3	8%
3	BIT can complete PFP with full time support	31	82%
2	BIT is very weak in and cannot complete PFP without support	1	2%
1	No understanding among BIT members	0	0%
	Total	38	100%

Recommendations

Provide Additional Training on PFP Preparation

Budgetary units require more structured training and on-the-job coaching on preparing PFPs in accordance with MoF guidelines and templates. The project advisors, in coordination with MoF, could provide the



additional training required to build capacity of the assigned budgetary units to prepare quality PFPs and support the units' in using the PFPs to effectively monitor the execution of their annual budget.

Improve Donor Coordination in Planning Procurements for Budget Formulation

The budgetary units should coordinate better with relevant donors on procurement and financial processes during the final stages of preparing their program budget submission and when developing the PFP for the execution of their approved budget.

Improve Coordination with MoF Procurement Policy Unit

The BIT members should coordinate with and obtain feedback from the MoF Procurement Policy Unit (PPU) when preparing procurement and financial plans. This is required given the MoF PPU representatives currently embedded in line ministries are responsible for monitoring and controlling contracts entered into above \$500,000.

12. Performance Monitoring and Reporting

Successful program budgeting reform implementation depends on how well budgetary units and program managers use performance information to strengthen programs and to improve allocation and operational efficiency of the budget. Many budgetary units have started collecting data and producing quarterly performance reports as required under the MoF 2010-11 Performance Monitoring and Reporting (PMR) pilot with 19 ministries². Under the pilot, the 19 ministries are required to submit performance monitoring reports to the MoF on a quarterly basis. The project advisors currently support 10 of the 19 budgetary units that are required to submit the quarterly performance reports. However, the quality of the performance reports, usage, and dissemination of the performance reporting information is weak. Additionally, program and project managers also do not consistently use the performance information to assess how well the budgetary unit is achieving its program objectives and outcomes.

Most budgetary units currently lack a system to compile output, outcome, and other results-based data for performance reporting. Instead, budgetary units collect data for one quarter and do not compile or leverage time-series data using their quarterly indicators. Additionally, budgetary units do not have sufficient knowledge on how to write performance reports and monitor such indicators over time. The performance data budgetary units submit based on the MoF format/template is inconsistent with data generated by the Afghanistan Financial Management Information System (AFMIS). As such, budgetary units cannot easily generate the performance data for submission to the MoF.

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 performance

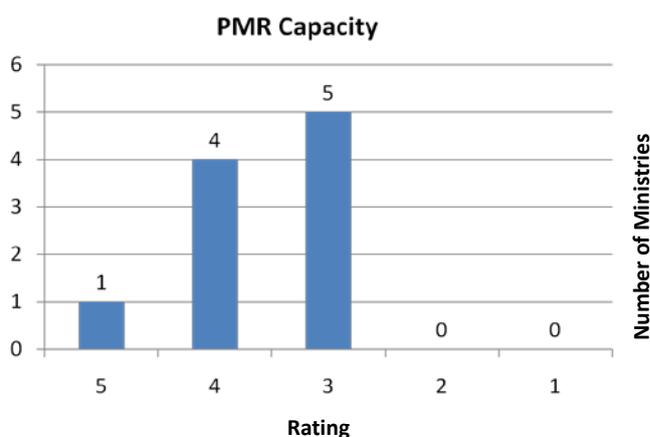
² Ministry Transportation and Civil Aviation, President's Office, Ministry of Women's Affairs, Ministry of Energy and Water, Independent Directorate of Local Governance, Ministry of Labor and Social Affairs, Ministry of Urban Development Affairs, Ministry of Communications and Information Technology, Ministry of Higher Education, Ministry of Commerce and Industries, Ministry of Education, Ministry of Economy, Ministry of Public Health, Ministry of Rural and Rehabilitation Development, Ministry of Agriculture, Irrigation and Livestock, Independent Administrative Reform and Civil Service Commission, Ministry of Finance, Ministry of Public Works, Ministry of Interior.

reports to evaluate program results and budget execution, and for allocating and prioritizing resources by programs.

Some ministries (Ministries of Rehabilitation and Rural Development, Education, Agriculture, and Finance) have been using a management information system called “Budget Planning & Expenditure Tracking System”. If MoF is satisfied with this system for tracking both financial and performance data, it can be rolled out to other budgetary units to standardize performance reporting, or a new MIS system can be considered for all line ministries. The project can assist MoF to explore options for a suitable MIS system, if needed. Additionally, an enhanced performance and monitoring report would include actual performance indicator information for at least 2-3 previous years to enable a comparison over time, and to assess progress towards achieving the established targets for output and outcome indicators. The performance information database could store and generate the performance data. The performance management reports generated by the budgetary units would better assist the Cabinet and Parliament in their budget oversight functions.

An enhanced performance and monitoring report would include actual performance indicator information for at least 2-3 previous years to enable a comparison over time, and to assess progress towards achieving the established targets for output and outcome indicators.

The following chart and table shows the number of budgetary units rated “1” to “5” for **Performance Monitoring and Reporting**:



Performance Monitoring and Reporting

Rating	Description	No of Ministries	% of Ministries
5	BIT can complete PMR without support	1	10%
4	BIT can complete PMR with ad-hoc support	4	40%
3	BIT can complete PMR with full time support	5	50%
2	BIT is weak in and cannot complete PMR without support	0	0%
1	No understanding among BIT members	0	0%
	Total	10	100%

Recommendations

Establish a Performance Management Information System

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 performance reports to evaluate program results and budget execution, and for allocating and prioritizing resources by programs.

Budgetary Units' Need Staff Dedicated to PMR

Most budgetary units are understaffed and do not have the capacity to complete PMRs on time. If the budgetary unit had one or two dedicated staff members trained in PMR to focus on reporting, especially in larger budgetary units, the budgetary units could produce better quality reports in a timely fashion.

Provide Additional Project Support to Budgetary Units in PMR

The project will support the MoF to prepare additional training material to train budgetary units on performance monitoring and reporting in areas such as collecting data for output indicator reporting, preparing time series analysis for performance reporting, and improved annual performance reporting.

Assessment Report Findings by Ranking

All 38 budgetary units evaluated during the assessment were classified in the following categories: “strong”, “above average”, “average”, and “weak”. The following tables show rankings by ministry/agency based on the overall average rating for the twelve variables for each Ministry. The ratings are on a scale of 1 - 5 with 4 - 5 representing “strong”, 3.7 – 3.9 representing “above average”, 3.3 – 3.6 representing “average”, and 3.2 and below representing “weak.”

Ministries/Agencies Rated “Strong”

Six budgetary units were rated “strong” in implementing program budgeting reform. These six budgetary units can be considered for graduation from full-time project support in the near future. If they require ad-hoc support in the future, the project can leverage its mobile team to provide support especially in the new reform areas such as PFP and PMR.

No.	Ministry	Final Rating
1	President's Office	4.5
2	Ministry of Communication Information and Technology	4.4
3	Ministry of Mines	4.3
4	Ministry of Energy and Water	4.2
5	Ministry of Urban Development Affairs	4.1
6	Ministry of Commerce and Industries	4.0

Ministries/Agencies Rated “Above Average”

Twelve budgetary units were rated “above average”, which indicates that they may require up to one year of project support. Some of these budgetary units are in the process of implementing the pay and grading system to improve civil servants salaries. Even though there are some strong areas for these budgetary units (strong political commitment, uniform BIT/IBC structure and strong operations, improved coordination with MoF on budget reform matters) several weaknesses were identified (low capacity in understanding output and outcome indicators, in BC-1 and BC-2 preparation, and procurement and financial planning). With additional support and training in the final two quarters of 2012, many of the following Ministries may be able to graduate from full-time, embedded donor support in program budgeting reform implementation in the coming fiscal year.

No	Ministry	Final Rating
1	Ministry of Women Affairs	3.9
2	Ministry of Transportation and Civil Aviation	3.8
3	Ministry of Justice	3.8
4	Ministry of Refugees and Repatriation	3.8
5	Upper House-Parliament	3.8
6	Central Statistics Office	3.7
7	Lower House-Parliament	3.7
8	Ministry of Higher Education	3.7
9	Ministry of Haj and Religious Affairs	3.7
10	Ministry of Counter Narcotics	3.7
11	Ministry of State in Parliamentary Affairs	3.7
12	Afghanistan Atomic Energy Commission	3.7

Ministries /Agencies Rated “Average”

Fifteen budgetary units were rated “average.” These budgetary units may require up to two additional years of full-time, embedded project support before they can implement program budgeting reform without external support. This group of budgetary units also has several weak areas that require significant improvements such as weak functioning of BITs, low capacity in understanding output and outcome indicators, in BC-1 and BC-2 preparation, and procurement and financial planning. If these budgetary units can strengthen their capacity and commitment, they would be in a better position for graduation within one to two years.

No	Ministry	Final Rating
1	High Office of Oversight on Anti-Corruption	3.6
2	Ministry of Information and Culture	3.6
3	Kabul Municipality	3.6
4	Independent Directorate of Kuchies’ Affairs	3.5
5	National Olympic Committee	3.5
6	Control and Audit Office	3.5
7	Science Academy	3.5

No	Ministry	Final Rating
8	Afghanistan National Standard Authority	3.5
9	Afghanistan National Disaster Management Agency	3.4
10	Independent Commission for Overseeing the Implementation of the Constitution	3.4
11	Ministry of Labor & Social Affairs Martyrs and Disabled	3.4
12	National Environment Protection Agency	3.4
13	Ministry of Foreign Affairs	3.3
14	Attorney General Office	3.3
15	Independent Election Commission	3.3

Ministries/Agencies Rated “Weak”

Five budgetary units were rated “weak” in implementing program budgeting reform. This group is ranked “weak” in almost all twelve variables assessed. These budgetary units require many internal institutional reforms such as restructuring of the BIT to represent all relevant directorates and level of staff – director general, manager and officer, higher level of MoF engagement to increase political commitment of Ministry leadership on program budgeting reform implementation, development of staff retention plan to ensure well trained, experienced staff involved in program budget implementation remain employed with the ministry long-term.

No	Ministry	Final Rating
1	Ministry of Borders and Tribal Affairs	3.2
2	Office of Administrative Affairs	3.2
3	Afghanistan Geodesy & Cartography Head Office	3.2
4	Independent Directorate of Local Governance	3.1
5	Supreme Court	2.6

Summary of Recommendations and Next Steps

Despite significant progress that budgetary units have made in the past five years with the assistance from the USAID project, the assessment shows several areas where further progress is needed. The following recommendations and next steps would help the budgetary units in strengthening capacity in implementing program budgeting and associated reforms.

- ✚ **There is a need for a stronger high level commitment for and engagement in the reform.** The Ministry of Finance (MoF) needs to be more engaged with the senior management of many budgetary units through high level steering committee meetings convened at least twice to raise awareness of the importance of program budgeting. Similarly, more regular Cabinet-level discussions on the 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 budgetary units.

- ✦ **IBC/BIT meetings should happen more frequently and with regular participation from all directorates.** IBCs should meet at least once a month during the non-peak season to provide guidance in the budget formulation, PFP, and PMR, and meet more regularly during the budget formulation process (BC2 preparation). Likewise, BITs should meet at least twice a month and more frequently – at least two times a week - during the peak budget formulation season. The project will follow-up with the top management of the budgetary units that do not have active IBCs/BITs. The project will also recommend to the MoF to put this issue on the agenda during steering committee meetings.
- ✦ **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 and budget formulation. If possible, the MoF could 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.
- ✦ **MoF sectors should take a more proactive role in the reform process and internalize all aspects of the reform in coordination with budgetary units.** To this end, the project has already started working closely with the MoF's sectors and sector coordinator. The Budget Team Lead is currently sitting in the office of the Sector Coordinator for at least 3-4 days a week. As a result of these actions, in the coming months, improved coordination is expected to be established between MoF sectors and budgetary units on the program budgeting reform.
- ✦ **Expedite Pay and Grading Reform and use super scale positions for key members of IBCs/BITs.** Pay & Grading reform should be expedited and should be merit-based. In case of high staff turnover after implementing the Pay and Grading, budgetary units should consider the super scale mechanism for key members of IBC/BIT. To make these happen, MoF, in coordination with budgetary units, should discuss these with the Civil Service Commission. The project will raise these issues with the MoF.
- ✦ **The project in coordination with MoF should prepare more specialized training programs and capacity building measures for budgetary units in ANDS, sector strategies, output and outcome indicators.** The project in coordination with MoF will prepare separate and comprehensive training materials for each budgetary unit on the budgetary unit's strategy and specific output and outcome indicators relevant for each budgetary unit.
- ✦ **Close coordination among BIT/IBC members is essential to improve the overall budget formulation process under the program budget reform.** For this to happen, project embedded staff in coordination with MoF and senior management in budgetary units should play a more active role. The project will also ask the MoF to put this on the agenda for the steering committee meetings.
- ✦ **Close coordination between the finance and procurement directorates and coordination with donor agencies and procurement policy unit of the MoF is vital in improving the 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 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 performance reports to evaluate program results and budget execution, and for allocating and prioritizing resources by programs. The project will support the MoF in identifying an appropriate system if needed.

This assessment report represents the first comprehensive evaluation of the assigned budgetary units' capacity in program budgeting reform implementation and sustainability of such reform since USAID project support began in 2007. It is important to note that this assessment does not cover the eight Line Ministries that graduated from project support during 2009-2010. The key next step is to submit this report to USAID for review and consideration as well as the Ministry of Finance Budget Department to share the key assessment findings. The findings and recommendations can then be discussed in detail with MoF and USAID and fully considered when planning how to structure and strengthen the project's future program budgeting assistance to the assigned budgetary units.

The findings in this assessment report (and the individual ministry reports) can serve as a baseline for evaluating a ministry's current capacity for program budgeting reform implementation and establishing what is required for sustainability of the project's support. Part of the report findings can also be shared with budgetary units. Project advisors can work with their assigned budgetary units to develop plans for targeted assistance to help address any weaknesses related to the twelve variables assessed and support the BIT in implementing recommendations to improve their capacity to implement program budgeting reform.

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 of 16 of the 38 budgetary units On average, budgetary units with strong political commitment have better program structures, alignment of resources with sector/ministry strategies, and ability to secure donor funding 	<ul style="list-style-type: none"> Political commitment is uneven across most of the budgetary units Senior management of the majority of budgetary units (22 out of 38) are not sufficiently involved in program budget reform implementation In general, budgetary units with weak political commitment have achieved limited progress in program budget implementation 	<ul style="list-style-type: none"> Ministry of Finance 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 participation. 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 38 budgetary units have established BITs. The larger budgetary units have also established IBCs. 	<ul style="list-style-type: none"> BITs/IBCs do not have uniform structures. Some are led by deputy ministers and others are led by the director general of finance/planning 	<ul style="list-style-type: none"> The Afghanistan Independent Civil Service Commission should mandate a uniform structure for BITs/IBCs and institutionalize the structure through the Ministry's tashkeel structure in coordination with MoF
3.	BIT/IBCs Operations	<ul style="list-style-type: none"> The BITs of some ministries work daily during budget formulation stage, and meet frequently on other reform areas such as budget execution, PFP and PMR. The project plays an important role in the BITs/IBCs operations and in facilitating them to meet more frequently throughout the year on program budget reform related work. 	<ul style="list-style-type: none"> For other budgetary units, BITs and/or IBCs are not active and meet only a few times a year. The ministry or deputy minister are not actively involved in the IBC leadership meetings and are not providing relevant input to the BITs in the formulation of their program budget submission and in the execution of the budget. 	<ul style="list-style-type: none"> IBC meet at least once a month during non-peak budget season to guide staff on budget formulation, PFP, budget execution and PMR BITs meet at least twice a month and more frequently during the budget season. IBCs/BITs prepare minutes of their meetings and readouts with recommended follow-up actions to address issues and share with senior management for input on program budget and associated reform implementation. MoF focal points and EGGI staff should attend all BIT meetings unless confidential matters are to be discussed.
4.	Program Budget Training Participation	<ul style="list-style-type: none"> Overall attendance by budgetary units' staff in MoF/EGGI program budget reform training is satisfactory. 	<ul style="list-style-type: none"> For some budgetary units relevant senior staff do not attend training programs. Senior staff are in some 	<ul style="list-style-type: none"> MoF send invitations to budgetary units for training programs at least 5-7 days in advance. MoF revises the training

Program Budget Risk Assessment Key Findings by Variable

S/No.	Variable	Successes/Achievements	Continued Risks/Challenges	Key Recommendations
		<ul style="list-style-type: none"> Embedded project staff have also trained budgetary unit staff on program budget reform through on-the-job training, coaching and mentoring. 	<p>cases, informed of training programs 1-2 days before they start.</p> <ul style="list-style-type: none"> MoF repeats the same training program each year with slight variation. 	<p>modules with updated program budget reform and associated reform information.</p> <ul style="list-style-type: none"> 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.
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 unit. MoF sector managers have not fully institutionalized program budget reform in their budget formulation, execution and reporting work with ministries. 	<ul style="list-style-type: none"> MoF convenes high-level Budget Steering Committee meetings twice a year for Minister/Deputy Minister participation from each budgetary unit. MoF Sector managers are more proactive in the reform process and institutionalizing all aspects of the reform in coordination with budgetary units
6.	Staff Continuity	<ul style="list-style-type: none"> Staff continuity is essential for sustainability of program budget and associated reform implementation. Staff continuity has improved after implementing pay and grading in some budgetary units. 	<ul style="list-style-type: none"> Staff retention continues to be a problem in other budgetary units. Experienced civil servants with training usually apply for employment with donor-funded projects for higher salaries 	<ul style="list-style-type: none"> Budgetary units that experience high staff turnover should work to implement pay and grading reform, if not currently in place, for the budget reform related staff. Budgetary units might also consider requesting super scale positions for key BIT members from the CSC
7.	Pay and Grading Reform/PRR Implementation	<ul style="list-style-type: none"> Pay and grading has been either implemented or currently in progress for the majority of the budgetary units. Staff retention has improved. 	<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"> For those budgetary units that have not implemented pay and grading, they should plan for implementation in the near future. Pay and grading recruitment needs to 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, sector and their budgetary unit's priorities. 	<ul style="list-style-type: none"> Other BIT members, who are junior, have limited knowledge of ANDS/sector/ ministry strategy and priorities. 	<ul style="list-style-type: none"> Policy and planning departments can assume a more proactive role in conducting training programs on ANDS/Sector/Ministry strategy and priorities for the BIT members. MoF training programs can be more comprehensive to include in-depth analysis and information on sector priorities and National Priority Programs.
9.	Knowledge of	<ul style="list-style-type: none"> Senior management 	<ul style="list-style-type: none"> Most mid-level and junior 	<ul style="list-style-type: none"> MoF should conduct separate

Program Budget Risk Assessment Key Findings by Variable

S/No.	Variable	Successes/Achievements	Continued Risks/Challenges	Key Recommendations
	Program Budget Outputs and Outcomes	and some mid-level ministry staff have knowledge and/or provide input on the development of their ministry's program outputs/outcome indicators.	staff have limited understanding of their ministry's program budget output/outcome indicators.	<p>training sessions for sectors with examples of relevant output and outcome indicators for participants.</p> <ul style="list-style-type: none"> • Policy and planning departments should conduct internal trainings and briefings for the BIT members on the Ministry's program budget output/outcome indicators. • Project advisors should help budgetary units in training their staff on output and outcome indicators.
10.	Budget Formulation Capacity	<ul style="list-style-type: none"> • Overall program budget formulation has improved over the past few years for some of the budgetary units • Management and staff are more knowledgeable about the MoF budget preparation process and procedures 	<ul style="list-style-type: none"> • Most budgetary units still need support in the formulation of their program budgets 	<ul style="list-style-type: none"> • MoF can provide more training and the project can provide on-the-job-training, coaching and mentoring to the BIT members and officials of budgetary units on the MoF budget preparation process and procedures.
11.	Procurement and Financial Planning Capacity	<ul style="list-style-type: none"> • PFP was introduced for the first time for the 1390 budget process. • PFP played a role in improving development budget execution in many budgetary units in 1390. • It is expected to improve development budget execution. 	<ul style="list-style-type: none"> • Given PFP is a fairly new recent reform most of the budgetary units require support from the project's embedded staff to prepare and monitor their PFPs. 	<ul style="list-style-type: none"> • Additional training and on-the-job assistance is required to enable budgetary units to improve the quality of their PFPs and their capacity to prepare good PFPs. • 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/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 could 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

No	Ministry	Rating by Assessment Variable												Final Rating
		Political Commitment	BIT/IBC Comp.	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	Afghanistan Atomic Energy Commission	3	5	4	4	4	4	5	3	3	3	3	NA	3.7
2	Attorney General Office	4	5	4	4	4	3	2	3	2	2	3	NA	3.3
3	Afghanistan Geodesy & Cartography Head Office	3	5	5	4	4	2	3	2	2	3	3	NA	3.2
4	Afghanistan National Standard Authority	3	4	4	4	3	4	3	4	3	3	3	NA	3.5
5	Afghanistan National Disaster Management Authority	2	3	4	5	3	4	3	4	3	4	3	NA	3.4
6	Ministry of Borders and Tribal Affairs	4	5	4	3	3	3	3	3	2	3	2	NA	3.2
7	Control and Audit Office	4	5	4	4	4	3	3	3	3	3	3	NA	3.5
8	Central Statistics Office	2	4	3	4	3	5	5	4	4	4	3	NA	3.7

No	Ministry	Rating by Assessment Variable												Final Rating
		Political Commitment	BIT/IBC Comp.	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	
9	Ministry of Counter Narcotics	3	5	4	4	2	5	5	3	3	3	3	NA	3.7
10	Ministry of Communication Information and Technology	5	5	5	4	4	4	5	4	4	4	5	4	4.4
11	Ministry of Commerce & Industry	3	5	4	3	4	5	5	4	4	4	4	3	4.0
12	Independent Directorate of Kochies Affairs	3	5	3	4	3	5	2	3	3	3	3	NA	3.5
13	Ministry of Energy & Water	4	5	5	4	4	4	5	3	4	5	4	4	4.2
14	Ministry of Foreign Affairs	3	4	4	4	4	3	3	3	3	3	3	NA	3.3
15	Ministry of Higher Education	4	5	3	3	4	4	5	3	3	4	3	3	3.7
16	Ministry of Hajj and Religious Affairs	5	5	4	4	3	4	2	4	2	3	3	NA	3.7
17	High Office of Oversight on Anti-Corruption	3	5	4	4	4	3	5	3	3	4	3	NA	3.6
18	Independent Commission for	3	4	3	4	3	3	5	4	3	3	3	NA	3.4

No	Ministry	Rating by Assessment Variable												Final Rating
		Political Commitment	BIT/IBC Comp.	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	
	Overseeing the Implementation of the Constitution													
19	Ministry of Information and Culture	4	5	3	4	3	4	3	4	3	3	3	NA	3.6
20	Independent Directorate of Local Governance	3	2	2	4	3	3	5	3	3	4	3	3	3.1
21	Independent Election Commission	3	5	4	4	3	3	2	4	3	3	3	NA	3.3
22	Ministry of Justice	4	5	4	4	3	5	4	3	3	3	3	NA	3.8
23	Kabul Municipality	3	3	3	4	4	5	3	4	3	4	3	NA	3.6
24	Ministry of Labor & Social Affairs Martyrs and Disabled	3	5	3	3	4	2	5	4	3	4	3	3	3.4
25	Lower House-Parliament	4	5	4	4	4	3	5	3	3	3	3	NA	3.7
26	Ministry of Mines	5	5	5	4	4	5	5	4	3	3	3	NA	4.3
27	National Environment Protection Agency	3	5	3	4	3	4	3	3	3	3	3	NA	3.4
28	National Olympic	3	5	4	4	4	5	2	2	3	3	3	NA	3.5

No	Ministry	Rating by Assessment Variable												Final Rating
		Political Commitment	BIT/IBC Comp.	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	
	Committee													
29	Office of Administrative Affairs	3	3	4	2	3	5	2	3	3	3	3	NA	3.2
30	President's Office	5	5	5	4	4	5	3	4	4	5	5	4	4.5
31	Ministry of Refugees and Repatriates	4	5	4	4	3	4	3	4	4	3	3	NA	3.8
32	Science Academy	3	5	4	4	3	5	1	4	3	3	3	NA	3.5
33	Supreme Court	2	5	2	3	3	2	1	3	3	3	3	NA	2.6
34	Ministry of State in Parliamentary Affairs	3	5	4	4	4	4	5	3	3	3	3	NA	3.7
35	Ministry of Transportation and Civil Aviation	3	5	3	4	4	4	5	3	3	4	4	4	3.8
36	Ministry of Urban Development Affairs	4	5	5	3	4	3	5	4	4	4	5	5	4.1
37	Upper House-Parliament	4	5	4	4	3	4	5	3	3	3	3	NA	3.8
38	Ministry of Women Affairs	4	5	4	5	4	5	3	4	3	3	3	3	3.9



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	BITs/IBCs 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				



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Appendix 4: Individual Ministry Assessment Reports



Risk Assessment Report

Ministry/Budgetary unit: Afghanistan Atomic Energy Commission (AAEC)
Assessment Date: March 2012
Venue: Accounting and Budget Manager Office-AAEC
Participants: Mohammad Nadir-Accounting and Budget Manager, Homaira-Operating Budget Officer, Abdul Rashad-Development Budget Officer from AAEC. Fatima Hayat, Shafiq Ebrahimkhail and Abdul Tawab Wardak from USAID's Economic Growth and Governance Initiative (EGGI) project
Date of BIT establishment: July 2010
No of BIT/budget staff: Civil servants: 7, contractors: 0
USAID support since: August 2010
Expected Date of Graduation: Within 1 year

About AAEC: The AAEC states that it has the following objectives:

- Preventing nuclear terrorism and explosive devices.
- Contributing to the agriculture sector through improvement of seeds.
- Improving nutrition programs for children.
- Diagnosing and treating medical diseases.
- Managing underground water.
- Supporting the mining sector.
- Exploring options for nuclear energy.

Summary of Key Findings:

- The Afghanistan Atomic Energy Commission is one of the smallest budgetary units. In 1390, the AAEC had no development budget. Its current development budget for 1391 is only \$44,000. Even though the Commission shows a broad mandate (see above), the achievements have been very limited so far.
- The overall rating for this budgetary unit is 3.7, which comes under the "above average" category.
- The top leadership supports the reform. However, they are not involved in the reform process. The DG Administration and Finance is fully engaged and supports the BIT while other members are active in providing inputs/comments to the budget preparation process. The BIT structure conforms to the MoF suggested structure and the BIT meets regularly to discuss all key reform areas. Key members



attend training programs arranged by MoF/project. The BIT, however, still needs support in completing the some technical parts of the BC1 and BC2 submissions including budget narrative part.

- The BIT members are all permanent civil servants, who have been hired in recent years through pay & grading reform. In the past two years, the Commission has been able to retain almost all its key staff. Most BIT members have limited knowledge of the ANDS and policies of the Commission. Because PFP is new, their knowledge is limited in this area and they require at least one more year of support. As of now, the Commission is not required to prepare quarterly PMRs.

***Approved Budget and Execution Figures:**

Budget type	SY 1389			SY 1390			SY 1391
	Approved (\$ millions)	Execution (\$ millions)	Execution (in percent)	Approved (\$ millions)	Execution (\$ millions)	Execution (in percent)	Approved (\$ millions)
Operating	0.454	0.389	85.7	0.632	0.403	63.8	0.519
Development	0.100	0.052	52.0	0	0	NA	0.044

*Data Source: Budget Execution Directorate-Ministry of Finance

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)

No	Key Variable Areas	Rating	Key Findings and Challenges	Recommendations
1	Political Commitment	3	<ul style="list-style-type: none"> • The senior management supports the reform process, but they are not involved in the reform process. The DG Administration and Finance is fully engaged and supports the BIT while other members provide inputs/comments to the budget preparation process. 	<ul style="list-style-type: none"> • MoF should conduct program budget steering committee meetings at least twice a year, and the head of AAEC should be required to attend to understand the importance of this

			<ul style="list-style-type: none"> The DG Administration and Finance participates in all budget meetings and works with the budget manager and officers on designing the program structure, aligning it with strategic goals, and defining the link between the annual budget and the program structure. 	<ul style="list-style-type: none"> major reform and to be more involved in the process. The senior management should guide the reform process and provide inputs to program structure and priorities.
2	BIT/IBC Composition	5	<ul style="list-style-type: none"> The BIT is led by the DG Administration and Finance of the AAEC. Other members include: <ul style="list-style-type: none"> Finance Officer Procurement Officer HR Officer Operating Budget Manger and Development Budget Manager AAEC is a small budgetary unit with a total budget of about \$ 0.6 million. IBC is not established. The BIT structure conforms to the MoF suggested structure for the BIT. 	<ul style="list-style-type: none"> Given the size of the budget and tashkeel, IBC is not required.
3	BITs/IBCs Function	4	<ul style="list-style-type: none"> During the preparation of BC1 and BC2 forms the BIT regularly arranges meetings with heads of every AAEC department to discuss and obtain inputs on the costing, performance indicators, cross cutting issues, and alignment of programs and subprograms to the strategy and the organizational structure of the AAEC. These meetings are conducted once a week. 	<ul style="list-style-type: none"> Given that it is a small budgetary unit meeting once a week during the budget season is sufficient. It is recommended that the BIT meet twice a month during the non budget season to discuss their on-going activities such as allotments, PFP and budget execution.
4	Training Participation	4	<ul style="list-style-type: none"> The key BIT members except DG attend all of the training programs conducted by MoF/project advisors on budget formulation and execution. These trainings and workshops have built the capacity of the team to a satisfactory level. Some of the BIT members who are not responsible for finance and planning do not attend most of the trainings. The project also supplements the training programs with 	<ul style="list-style-type: none"> The MoF should make the training participation mandatory for the BIT especially the DG level members. More comprehensive training modules should be developed for each sector with specific examples relevant to each sector and/or budgetary unit so

			additional coaching sessions on the reform areas at the Commission.	that all members including DG level members could also attend the training programs.
5	MoF Coordination	4	<ul style="list-style-type: none"> The AAEC has developed a good working relationship with the MoF sector managers and the treasury department. When the team has issues with budget forms, allotments, submissions of BC1, BC2, PFP and other budget formulation/execution issues, MoF sector manager always assists the team. The BIT members, however, do not meet MoF sector manager on a regular basis. 	<ul style="list-style-type: none"> To improve coordination, AAEC should meet with the relevant sector manager at least twice in each quarter to discuss the issues related to the budget preparation and execution.
6	Staff Continuity	4	<ul style="list-style-type: none"> The BIT members are all permanent civil servants. In the past few years, the Commission has been able to retain almost all its BIT members. In the event some BIT members leave the team, the Commission is in a position to fill the positions quickly. One of the reasons for good staff retention includes the pay and grading reform 	<ul style="list-style-type: none"> The Commission should train some of their junior members from key departments who are not in the BIT. These junior members can then replace vacant positions in the BIT as needed.
7	Pay and Grading (P&G) and PRR Implementation	5	<ul style="list-style-type: none"> Pay and grading reform is implemented in the Commission. 	<ul style="list-style-type: none"> P&G is implemented and there is no need for further HR reform in the immediate future.
8	ANDS, Sector, and Ministry Strategy knowledge	3	<ul style="list-style-type: none"> The BIT has limited knowledge of the ANDS. The AAEC does not have a strategy but they have an annual work plan. An embedded project advisor assists them in preparing the program structure and defining the link to the ANDS and the AAEC work plan. 	<ul style="list-style-type: none"> The project should conduct a training program on the ANDS and AAEC work plan for the BIT members.
9	Program Budget Outputs and Outcomes Knowledge	3	<ul style="list-style-type: none"> The BIT has basic knowledge of outcome and outputs. They still have challenges in setting output and outcome indicators as required by MoF. The budget manager expects that after regular meetings with MoF staff, their problems in setting the indicators 	<ul style="list-style-type: none"> More emphasis should be made on the output/outcome training module by MOF and project in the annual program budget trainings and specific

			would be solved.	<p>examples related to AAEC should be provided by the MoF and the project.</p> <ul style="list-style-type: none"> Frequent coaching sessions by project advisors should be conducted to develop the knowledge of the BIT members in output/outcome indicators relevant to AAEC.
10	Budget Formulation Current Capacity	3	<ul style="list-style-type: none"> The BIT can complete sections of the BC1 and BC2 submissions, such as costing the wages and salaries, goods and services and acquisition of assets with no or minimal assistance. However, the BIT has limited understanding in completing the technical parts of the BC1 and BC2 submissions (i.e. program structure, performance indicators, project costing and project concept note preparation). The team can only complete the technical sections of the BC1 and BC2 submissions with support from MoF/project advisors. 	<ul style="list-style-type: none"> The project should continue supporting AAEC in preparation of BC1 and BC2 submissions for at least one more budget cycle. Project advisors should provide more coaching in areas where the BIT need assistance.
11	Procurement and Financial Planning Current Capacity	3	<ul style="list-style-type: none"> The BIT's knowledge in PFP preparation is limited. This reform is still new for AAEC. 	<ul style="list-style-type: none"> The budgetary unit requires at least one more year of support to be able to prepare a realistic PFP according to MoF guidelines. The project should continue supporting AAEC in preparation of PFP until this reform is completely implemented and the AAEC receives annual allotments for both the operating and development budgets.
12	Performance Monitoring Reporting Current Capacity	NA	<ul style="list-style-type: none"> Atomic Energy Commission is not required to prepare quarterly PMRs. 	
Final Rating		3.7		



Risk Assessment Report

Ministry/Budgetary unit: Afghan Geodesy and Cartography Head Office (AGCHO)
Assessment Date: 5 March 2012
Venue: Deputy Head of AGCHO - Office
Meeting Participants: Deputy Head of AGCHO, Mohammad Asghar Bayat-Budget Manager and Mohammad Asif-Budget Officer from AGCHO and Farangaiz Haidary, Abdul Tawab Wardak from USAID's Economic Growth and Governance Initiative (EGGI) project
Date of BIT establishment: June 2010
No of BIT/budget staff: Civil servants: 8, contractors: 1
USAID support since: August 2010
Expected Date of Graduation: Within 2-3 years

About AGCHO: The strategic objective of AGCHO is “developing the Geodesy, Cartography, Cadastral Surveys and Meta Data affairs in order to produce and provide the required maps for ministries, governmental organizations, individuals and national and international organizations”

Summary of Key Findings:

- AGCHO is a small budgetary unit with limited capacity. It did not execute any development budget in 1390. The main reason includes delays in the procurement process by the Ministry of Economy's ARDS (Afghanistan Reconstruction Development Services).
- The overall rating for this budgetary unit is 3.2, which is in the “weak” category.
- The Head of AGCHO is not involved in the program budget process. The Deputy of AGCHO supports the program budget reform but his involvement is limited in the budget process. The DG of Administration and Finance is more involved in all aspects of the budget preparation and execution cycle. AGCHO does not have an IBC as this budgetary unit is small. The BIT structure conforms to the MoF recommended structure. The BIT meets regularly during BC1 and BC2 preparation and the DG Administration and Finance participates in all meetings. The Deputy of AGCHO indicated that all the BIT members participate in all budget training programs conducted by the MoF and the project.

- AGCHO has developed good coordination with MoF budget sector managers and the treasury directorate, but faced several problems with the Ministry of Economy (MoEc) during the procurement process for their development project. Staff turnover is a serious problem in AGCHO. The pay and grading is expected to be implemented in 1391 in most departments.
- In general, the BIT members have limited understanding of ANDS, sector strategies, and outputs and outcomes. The capacity is low and the BIT members cannot complete the BC1 and BC2 submissions without full-time support from the project. The BIT faced several problems during the preparation of their Procurement and Financial Plan for FY 1390. The project advisor provided extensive support in this area PMR has not been implemented at AGCHO yet.

***Approved 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	2.471	2.428	98.3	2.663	2.510	94.2	1.959
Development	0.587	0.543	92.5	3.505	0	0	3.503

*Data Source: Budget Execution Directorate-Ministry of Finance

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)

No	Key Variable Areas	Rating	Key Findings and Challenges	Recommendations
1	Political Commitment	3	<ul style="list-style-type: none"> The AGCHO Head is not involved in the program budget process. The Deputy of AGCHO supports the program budget reform but his involvement is limited. He rarely provides comments and inputs to the budget submissions. The DG of Administration and Finance is more involved in all aspects of the budget preparation and execution cycle. 	<ul style="list-style-type: none"> The MoF should conduct the program budget steering committee meetings at least twice a year and all ministers/agency heads should be required to attend to raise their awareness of the importance of this major reform and to report on their budgetary units' progress with the reform. The Head and the Deputy of AGCHO should guide the BIT members during the program budget preparation and execution process.
2	BIT/IBC Composition	5	<ul style="list-style-type: none"> The BIT is led by the Deputy of AGCHO and other members are: <ul style="list-style-type: none"> DG Administration and Finance Finance Manager Budget Manager Planning Manager Statistics Analysis Manager Budget Officer AGCHO does not have an IBC as this budgetary unit is small. The BIT structure conforms to the MoF recommended structure 	
3	BITs/IBCs Function	5	<ul style="list-style-type: none"> The BIT meets three times a week during preparation of BC1 and BC2 submissions. The Deputy of AGCHO does not attend most of the BIT meetings. The DG Administration and Finance participates and is involved in all the details of the budget preparation process. The BIT functions very well under the DG's 	<ul style="list-style-type: none"> The BIT should prepare meeting minutes and share with their senior management to solicit inputs on program budget and associated reforms.

			leadership.	
4	Training Participation	4	<ul style="list-style-type: none"> The Deputy of AGCHO indicated that all the key BIT members participate in all the budget trainings and workshops conducted by the MoF and project. Members are keen to learn more about program budgeting and other associated reforms. The Deputy also noted that program budget and other budget related trainings are essential for the BIT because of its weak capacity. He appreciated the project's technical assistance and requested to continue support in completion of BC1, BC2 and PFP submissions. 	<ul style="list-style-type: none"> The training programs should be more detailed with specific examples to address the program budget and PFP preparation capacity issues in AGCHO. Training modules should include the very basics and should be modified if necessary for those staff who have no background on budgeting.
5	MoF Coordination	4	<ul style="list-style-type: none"> AGCHO has developed good coordination with MoF budget sector managers and the treasury directorate. Several meetings are convened during the year between the MoF and AGCHO to discuss issues related to budget preparation and execution. AGCHO faced several problems with the Ministry of Economy (MoEc) during the procurement process for their development project. The MoEc only just finished the bidding process for the project in the last quarter of FY1390, which resulted in AGCHO not having time to spend their development budget. 	<ul style="list-style-type: none"> The Head or his Deputy should meet with MoEc officials to improve coordination with MoEc on the bidding process for the AGCHO development projects.
6	Staff Continuity	2	<ul style="list-style-type: none"> Staff turnover is a serious problem in AGCHO. Most of the employees that were sent to foreign countries for technical trainings resigned after they returned and joined other organizations for higher pay. According to the Deputy, the PRR or Pay and Grading (P&G) reforms are not expected to significantly improve the retention problem because of lower salaries even under the pay and grading scale compared to those of donor funded projects. 	<ul style="list-style-type: none"> It is recommended that the management of AGCHO request for super scale positions for the key BIT members. Hiring some key staff members under super scale positions may help in staff retention as the average monthly salary is much higher than their current salaries.
7	Pay & Grading and PRR Implementation	3	<ul style="list-style-type: none"> The P&G salary mechanism has only been implemented in the HR department of AGCHO. Other departments will come under P&G in 1391. 	<ul style="list-style-type: none"> The P&G reform may not entirely solve the issue of staff retention in this budgetary unit. While some key positions in the BIT can come under the super scale, other positions can be financed by the P&G system.

8	ANDS, Sector, Ministry Strategy Knowledge	2	<ul style="list-style-type: none"> Only one of the BIT members has limited knowledge of the AGCHO, sector and ANDS strategies. Most of the BIT members have very little knowledge and demonstrate minimal interest in this topic. Their focus is more on the financial part of the budget rather than ensuring the program budget narrative is well crafted. 	<ul style="list-style-type: none"> The MoF and project should conduct a training program on the ANDS, Sector, Ministry strategies for all members of the BIT.
9	Program Budget Outputs and Outcomes Knowledge	2	<ul style="list-style-type: none"> The BIT members also have very limited understanding of outputs and outcomes. Again the primary reason appears to be lack of interest in these areas. The project embedded advisor has trained them several times but still their capacity is weak. 	<ul style="list-style-type: none"> More emphasis should be made on the output/outcome module of the annual program budget trainings and specific examples related to AGCHO should be given. MoF and project should discuss with the Head of the AGCHO for solutions in improving the BIT capacity.
10	Budget Formulation Current Capacity	3	<ul style="list-style-type: none"> In general, the capacity is low and the BIT members cannot complete the BC1 and BC2 submissions without full-time support from the project. They need to be trained in program budget formulation to understand program budgeting concepts. They cannot prepare a quality budget, especially the program budget narratives, without the technical assistance from the project's embedded advisor. 	<ul style="list-style-type: none"> In addition to the regular training programs, the AGCHO BIT requires the very basics in budgeting. The project should take a lead in conducting special training sessions for those staff members who have no background in the reform areas.
11	Procurement and Financial Planning Current Capacity	3	<ul style="list-style-type: none"> The BIT faced several problems during the preparation of the Procurement and Financial Plan for FY 1390. The team could not prepare the breakdown of their payments (payment schedule) on a monthly basis for their programs. The project advisor provided extensive support to prepare the payment schedule. During the preparation of the PFP for FY 1391, the BIT could not prepare a realistic plan with project assistance. The BIT members still have limited understanding in most of the areas. 	<ul style="list-style-type: none"> The project should continue supporting AGCHO in preparation of PFP until the reform is completely implemented and the Ministry receives annual allotments for both the operating and development budgets. Project's embedded advisor should conduct coaching sessions on PFP preparation more regularly.
12	Performance Monitoring Reporting Current Capacity	NA	<ul style="list-style-type: none"> PMR has not been implemented at AGCHO yet. 	

Final Rating

3.2



Risk Assessment Report

Ministry/Budgetary unit: Attorney General Office (AGO)
Assessment Date: March 10, 2012
Venue: Deputy Attorney General Office-AGO
Meeting Participants: Abdul Wakil Amini-Deputy Attorney General, Sayed Farid-Deputy DG for Administration and Finance, Hasmuddin-Operating Budget Manager, Enayatullah-Development Budget Manager and Gul Muhammad-Provincial Budget Manager from AGO. Hamid Rahman, Abdul Tawab Wardak and Raju Kalidindi from USAID's Economic Growth and Governance Initiative (EGGI) project
Date of BIT establishment: June 2010
No of BIT/budget staff: Civil servants: 18, contractors: 0
USAID support since: August 2010
Expected Date of Graduation: Within two years

Summary of Key Findings:

- Development budget execution rate increased significantly from only 10.7 percent in 1389 to 81.1 percent in 1390. This shows increased capacity in the AGO in implementing its development budget.
- In the assessment, the AGO was rated "average" with 3.3 score.
- The BIT is supported by the management of the AGO. The Deputy Attorney General (DAG) for the Administration and Finance is involved in every detail of the budget preparation process. The BIT is composed of a management team and working group (WG). The management team is led by the DAG for Administration and Finance. All technical group members meet once a week during the preparation of BC2 and PFP submissions. The Attorney General Office is having three sub organizations. Civil attorney, military attorney and national security attorney. Sometimes it is difficult to arrange BIT meetings as team members from all three attorney offices are situated in different locations of the city. Most members participate in the training programs conducted by the MoF and the project.
- All three offices have their own budget and accounting units. The managers of the budget units are regularly in contact with the MoF budget sector and the treasury directorate. Staff continuity has not yet been an issue for the AGO. The Pay and Grading reform is underway in the AGO and expected to be completed by the end of FY 1392.

- The BIT WG's knowledge in the AGO's strategy is very limited. However, the BIT members at the DG and higher level positions have sufficient knowledge of the AGO and the governance sector strategies. The BIT members understand the concepts and unable to prepare submissions without support from the project advisor. The PFP is a new reform in AGO which started in early SY 1391. The BIT members' capacity is low in this area. The project advisor assists them in drafting and revising the PFP. AGO is not required to prepare quarterly PMRs.

***Approved 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	12.755	11.881	93.1	14.566	14.385	98.7	14.493
Development	9.445	1.014	10.7	3.899	3.163	81.1	4.091

*Data Source: Budget Execution Directorate-Ministry of Finance

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)

No	Key Variable Areas	Rating	Key Findings and Challenges	Recommendations
1	Political Commitment	4	<ul style="list-style-type: none"> The BIT is supported by the management of the AGO. The Deputy Attorney General (DAG) for Administration and Finance is involved in every detail of the budget preparation process. The Deputy was involved during the development of the program structure and preparation of budget narratives. He wrote the strategic objective 	<ul style="list-style-type: none"> The Deputy Attorney General for Prosecution and Judiciary should also get involved in the budget preparation process. His inputs are important in setting targets for the performance

			for the programs and sub programs and contributed significantly in preparing the outcome and output indicators.	indicators of output based programs.
2	BIT/IBC Composition	5	<ul style="list-style-type: none"> The AGO BIT is composed of a management team and working group (WG). The management team is led by the DAG for Administration and Finance, other members include: <ul style="list-style-type: none"> The DG Administration and Finance and DG planning The technical team of the AGO is composed of members from three Attorneys Offices: Civil Attorney, National Security Attorney and Military Attorney. The technical team / WG is led by the DG of Administration and Finance, other members include: <ul style="list-style-type: none"> Deputy DG Administration and Finance DG statistics –Military Attorney Finance manager – National Security Attorney Development budget manager-Civil Attorney Operating budget manager-Civil Attorney The BIT structure conforms to the MoF suggested structure. 	
3	BITs/IBCs Function	4	<ul style="list-style-type: none"> All technical group members meet once a week during the preparation of BC2 and PFP submissions. Sometimes it is difficult to arrange BIT meetings as team members from all three attorney offices are situated in different locations of the city. The project advisor assists all three Attorney offices to complete their budget proposals. The proposals are merged at the central AGO office and then sent to the management team for comments and review. The management team provides inputs and feedback and then the budget proposal is submitted to the MoF. 	<ul style="list-style-type: none"> The BIT should meet more frequently, ideally at least twice a week during the preparation of BC1 and BC2 forms. The DG of Administration and Finance should participate in all meetings.
4	Training Participation	4	<ul style="list-style-type: none"> Most members of the three offices at the manager and officer level participate in the training programs by MoF and the project. Members indicated these trainings are informative and are keen to learn more about budgeting and accounting reforms. The project advisor conducts coaching sessions separately for members of three attorney offices to increase their knowledge in budget planning and execution. 	<ul style="list-style-type: none"> The MoF should make training participation mandatory for the BIT including the Deputy DG for Administration and Finance and Deputy DG for Planning.

5	MoF Coordination	4	<ul style="list-style-type: none"> All three offices have their own budget and accounting units. The managers of the budget units are regularly in contact with the MoF budget sector and the treasury directorate. If the MoF finds any problems related to the budget of any of the three Attorney Offices, they call for a meeting with the BIT to resolve. There are no periodic meetings between the MoF budget sector manager and attorney offices. Whenever a problem arises a meeting is called by the MoF or the AGO for resolution. 	<ul style="list-style-type: none"> To improve coordination it is recommended that the BIT members from all three offices meet with the relevant sector manager at least twice in each quarter to discuss issues related to budget preparation and execution.
6	Staff Continuity	3	<ul style="list-style-type: none"> Staff continuity has not yet been an issue for the AGO. It could be a problem in future when the Pay and Grading (P&G) reform starts. All positions will be advertised and The AGO may fill some positions from outside market. Currently, all WG members are permanent civil servants, and they have been working in their positions at least 8-10 years. They are expected to stay with the AGO if they are not transferred or terminated after the P&G reform is implemented. 	<ul style="list-style-type: none"> The AGO should retain its qualified and skilled staff by rehiring them through the P&G reform and put together a training plan for the BIT members.
7	Pay and Grading (P&G) and PRR Implementation	2	<ul style="list-style-type: none"> The P&G reform is underway in the AGO. Currently, the reform is implemented only in the HR directorate. The civil service commission team is working on the restructuring the organization and it is expected that the reform implementation will be completed by the end of FY 1392. 	<ul style="list-style-type: none"> Implementation of the P&G reform should be expedited and the recruitment has to be based on merit.
8	ANDS, Sector, Ministry Strategy Knowledge	3	<ul style="list-style-type: none"> The BIT WG knowledge in this area is very limited. However, the BIT members at the DG and higher levels have sufficient knowledge of the AGO and the governance sector strategies. The Deputy Attorney General assisted the BIT to link the strategy to the annual budget and set program and subprogram objectives. He was also involved in setting output and outcome indicators. 	<ul style="list-style-type: none"> The MoF with project support should conduct a training program on the ANDS/Sector and AGO strategies for the manager, officer and assistant level members of the BIT.
9	Program Budget Outputs and Outcomes Knowledge	2	<ul style="list-style-type: none"> Knowledge of the BIT members in output and outcome indicators is limited. They struggle to understand the difference between output and outcome indicators. Project advisors continue to work with them and provide coaching and training sessions to increase their understanding of such concepts. It is very difficult to set output and outcome targets for the AGO as 	<ul style="list-style-type: none"> More emphasis should be made on the output/outcome training module in the annual program budget trainings and specific examples related to the AGO should be given. Frequent coaching sessions should be

			<p>this entity deals with crime, corruption, abuse and misuse. Such activities are not easily measurable. The BIT members need at least two more years of support in this area.</p>	<p>conducted to develop the knowledge of the BIT members in output/outcome indicators.</p>
10	<p>Budget Formulation Current Capacity</p>	2	<ul style="list-style-type: none"> The BIT members understand the program structure and some of the concepts but they are unable to prepare the submission without external technical assistance. They need to learn more about costing and program budget technical concepts. They need up to two more years of support in BC1 and BC2 completion. 	<ul style="list-style-type: none"> The project should continue supporting the AGO in the preparation of BC1 and BC2 submissions for about two years so that the BIT can then complete the submissions without external support.
11	<p>Procurement and Financial Planning (PFP) Current Capacity</p>	3	<ul style="list-style-type: none"> The PFP is a new reform in the AGO which started in early SY 1391. The BIT members' capacity is low in this area. The project advisor assists them in drafting and revising the PFP. The BIT needs technical assistance for about two years to be able to draft and revise the plan. 	<ul style="list-style-type: none"> The project should continue supporting the AGO in preparation of the PFP until this reform is completely implemented, and the AGO receives annual allotments for both the operating and development budgets.
12	<p>Performance Monitoring Reporting (PMR) Current Capacity</p>	NA	<ul style="list-style-type: none"> The AGO is not required to prepare quarterly PMRs. 	
Final Rating		3.3		



Risk Assessment Report

Ministry/Budgetary unit: Afghanistan National Disaster Management Authority (ANDMA)
Assessment Date: March 4, 2012
Venue: Budget Manager Office-ANDMA
Meeting Participants: Mohibullah Khan-Operating Budget Manager and Sardar Mohammad Zurmaty-Development Budget Manager from ANDMA, and Bahar Radmanish, Abdul Tawab Wardak, and Raju Kalidindi from USAID's Economic Growth and Governance Initiative (EGGI) project
Date of BIT establishment: June 2010
No of BIT/budget staff: Civil servants: 4, contractors: 0
USAID support since: August 2010
Expected Date of Graduation: Within two years

Summary of Key Findings:

- The ANDMA is a very small budgetary unit with the total core budget of about \$2 million. It implemented only 21.6 percent of its development budget in 1390.
- In the assessment, it was rated as "average" with 3.4 score.
- The ANDMA's senior management is neither fully supportive of the program budgeting reform nor engaged in the reforms. The Director General (DG) of Administration and Finance is not interested in budget formulation or execution. Program budget reform is only supported by the budget and accounting managers. The current BIT, which is represented by the finance department, is very active. They convene meetings on average three times a week during the preparation of BC1, BC2 and PFP submissions. All the BIT members are keen to learn more about budgeting and accounting reforms. They have participated in almost all the training programs conducted by the MoF and the project.
- The ANDMA has problems with the MoF social protection budget sector. The MoF sector does not process ANDMA's allotment requests on time which can result in delayed processing of the payroll or delayed contractor payments. The BIT was established in June 2010. Since then there has not been any major changes in the staffing of the BIT. The Pay & Grading is under process and expected to be completed by the end of 1391.

- The BIT members understand the program budget concept. They have a good working knowledge of the ANDS and ANDMA strategies. The BIT's knowledge of the PFP is limited. They require more training and coaching sessions to fully understand the concept

***Approved 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	1.780	1.561	87.7	1.894	1.642	86.7	1.339
Development				0.500	0.108	21.6	0.660

*Data Source: Budget Execution Directorate-Ministry of Finance

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)

No	Key Variable Areas	Rating	Key Findings and Challenges	Recommendations
1	Political Commitment	2	<ul style="list-style-type: none"> The ANDMA's senior management is neither fully supportive of the program budgeting reform implementation nor engaged in the reform. The DG of Administration and Finance is not interested in budget formulation or execution. Program budget reform is only supported by the budget and accounting managers. 	<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	3	<ul style="list-style-type: none"> The BIT is composed of four members from the Administration and Finance Department with no members from the procurement, policy, or HR departments. The team members are: <ul style="list-style-type: none"> Operating budget manager Operating budget officer Development budget manager Development budget officer 	<ul style="list-style-type: none"> The BIT should be led by the Deputy to the Head of the ANDMA. In addition to the current BIT members, the following should also be included: Director Administration and Finance, Procurement Manager, HR Manager, Strategy and Policy Manager.
3	BITs/IBCs Function	4	<ul style="list-style-type: none"> The current BIT, which is represented by the finance department, is very active. They convene meetings on average three times a week during the preparation of BC1, BC2 and PFP submissions. They work under the close supervision of the embedded project advisor. The team can prepare most sections of the BC1 and BC2 submissions without much project support. 	<ul style="list-style-type: none"> The BIT meetings should be chaired by the Director of Administration and Finance and all recommended members should participate to discuss and provide inputs to the BC1, BC2 and PFP submissions.
4	Training Participation	5	<ul style="list-style-type: none"> All BIT members are keen to learn more about budgeting and accounting reforms. They have participated almost in all training programs conducted by the project and the MoF. The budget manager mentioned that the coaching sessions and on-the-job trainings were very useful in developing their capacity in program budgeting. 	<ul style="list-style-type: none"> The MoF should make training participation mandatory for the BIT including the Director of Administration and Finance. The project advisor should continue conducting the coaching sessions and on-the-job trainings to further develop the BIT capacity in program budgeting.
5	MoF Coordination	3	<ul style="list-style-type: none"> The ANDMA has problems with the MoF social protection budget sector. The MoF sector does not process ANDMA's allotment requests on time which can result in delayed processing of the payroll or delayed contractor payments. Otherwise, the ANDMA does not have major problems with MoF coordination. The ANDMA does not convene regular meetings with the MoF sector manager and/or focal points. However, they meet when MoF requests a meeting or they face a problem with the budget or allotments. 	<ul style="list-style-type: none"> There should be high-level discussions between the MoF and ANDMA to resolve the problem of delayed payments and allotment by the sector focal point. To improve coordination, the BIT should meet with the relevant MoF sector manager at least twice each quarter to discuss the issues related to

				budget preparation and execution.
6	Staff Continuity	4	<ul style="list-style-type: none"> The BIT was established in June 2010. Since then there has not been any major changes in the staffing of the team. The members who are currently working are experienced and well-trained in budgeting and accounting areas and they are committed to their jobs. The current BIT members are expected to stay in the team for long-term. 	<ul style="list-style-type: none"> A succession plan for the BIT is strongly recommended. Management should ensure that enough skilled staff are available to replace a key BIT members if they leave.
7	Pay and Grading and PRR Implementation	3	<ul style="list-style-type: none"> The P&G reform is implemented only in the HR department. Other departments and units are in the process and by the end of FY 1391 all Tashkeel positions are expected to come under the P&G reform. 	<ul style="list-style-type: none"> Implementation of P&G should be expedited to hire qualified and experienced staff for the budgetary unit.
8	ANDS, Sector, Ministry Strategy Knowledge	4	<ul style="list-style-type: none"> The BIT members understand the program budgeting concept. They have a good working knowledge of the ANDS and ANDMA strategy. They are well-trained and can link their program structure and the budget with the priorities mentioned in their strategy. Senior management of ANDMA is not interested in the budget reform work and has a limited understanding of the ANDS, Sector and ANDMA strategies. 	<ul style="list-style-type: none"> The project should conduct a training program on the ANDS, Sector and NPPs for the senior BIT members of the ANDMA.
9	Program Budget Outputs and Outcomes Knowledge	3	<ul style="list-style-type: none"> The BIT members' knowledge in this area is limited. The project embedded advisor assists the BIT in setting outcome and output indicators. The BIT needs assistance at least for another year to gain a good understanding of outputs and outcomes. 	<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 ANDMA should be provided.
10	Budget Formulation Current Capacity	4	<ul style="list-style-type: none"> The BIT's capacity to complete BC1 and BC2 submissions is good. They can complete most parts of the submissions and only need assistance with completing the budget narrative and filling the forms. The team requires part-time assistance in this area from the embedded project advisor 	<ul style="list-style-type: none"> The ANDMA should be supported in the preparation of BC1 and BC2 submissions for about 1-2 years so that the BIT can then prepare the submissions without external support
11	Procurement and Financial Planning Current	3	<ul style="list-style-type: none"> The BIT's knowledge of PFP is limited. They require more training and coaching sessions to fully understand the concept. The BIT cannot prepare the PFP without project assistance. There is lack of coordination between the procurement unit and the 	<ul style="list-style-type: none"> The ANDMA should include the procurement manager and officer in the BIT and the management of this budgetary unit should urge the two

	Capacity		budget unit of the ANDMA. The PFP is prepared with limited inputs from the procurement manager.	units to work together. <ul style="list-style-type: none"> The project should continue supporting The ANDMA in the preparation of the PFP up to two years.
12	Performance Monitoring Reporting Current Capacity	NA	<ul style="list-style-type: none"> The ANDMA is not required to prepare quarterly PMRs. 	
Final Rating		3.4		



Risk Assessment Report

Ministry/Budgetary unit: Afghanistan National Standard Authority (ANSA)
Date: 27 March 2012
Venue: Afghanistan National Standard Authority
Participants: Shawkat Ali-DG Administration and Finance, Abdul Ghafoor-Operating Budget Manager, Fahim-Development Budget Manager from ANSA, Aimal Elham, and Abdul Tawab Wardak from USAID’s Economic Growth and Governance Initiative (EGGI) project
Date of BIT establishment: June 2010
No of BIT/budget staff: Civil servants: 7, contractors: 0
USAID support since: August 2010
Expected Date of Graduation: Within 2 years

About ANSA: The main goal of the ANSA is to develop the technical infrastructures of standard, metrology, accreditation and quality control to play significant role in economy and trade, resolve technical trade barrier and facilitate exchange of goods and services of Afghanistan at global level.

Summary of Key Findings:

- The ANSA has difficulties in implementing its development budget. In 1389, it did not execute any of its development budget mainly because of the cancelation of the contract for procuring material testing laboratories from an Iranian supplier and low capacity in project planning and design. In 1390, it implemented only about 19 percent of the development budget. The ANSA implemented only about 70 percent of its operating budget in both 1389 and 1390 mainly due to low spending of the operating and maintenance cost for the material testing laboratories.
- In the assessment, ANSA was rated “average” with 3.5 score.
- The Director of ANSA and both Deputies support the program budgeting reform, but their involvement is limited. The technical Deputy Director sometimes provides inputs to the budget formulation process and participates in the BIT meetings. The technical members of the BIT meet twice a week during the preparation of BC1, BC2 and PFP submissions. The Director for Administration and Finance, procurement manager, and DG for Planning and Policy also participate. The BIT’s functioning has improved significantly since the start of project assistance.



- All members of the BIT have participated in all training programs on accounting and budgeting to date. The ANSA has major challenges with development budget execution in part due to the lack of capacity in project planning and implementation. There are no regularly scheduled meetings between the MoF and the ANSA even though the MoF sector manager and ANSA meet 2-3 times to sort any issues related to budget formulation or execution.
- Staff continuity is not a problem at the ANSA. Most BIT members that were on the team in 1389 are still working in their positions. Implementation of the Pay and Grading mechanism has already started and expected to be completed by the end of 1391.
- The ANSA strategy for 2011-2016 was recently prepared by the strategy and policy directorate with contributions from all DGs and Deputy Directors. The senior management within the budgetary units (DG and Deputy Minister (DM) levels) is usually involved in linking the annual budget to the priorities indicated in the strategy. Program budgeting reform was introduced in ANSA in FY 1389, but the BIT is still lacking capacity to complete BC1 and BC2 submissions independently. The Administration and Finance, and Procurement directorates are primarily involved in the preparation of the PFP. They still need support from the project. ANSA is not required to prepare quarterly PMRs.

***Approved 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	1.003	0.700	70.0	1.290	0.915	71.0	0.937
Development	4.471	0.000	0.0	4.471	0.850	19.0	4.653

*Data Source: Budget Execution Directorate-Ministry of Finance



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)

No	Key Variable Areas	Rating	Key Findings and Challenges	Recommendations
1	Political Commitment	3	<ul style="list-style-type: none"> The Director of the ANSA and both Deputies support the program budgeting reform, but their involvement is limited. The technical Deputy Director sometimes provides inputs to the budget formulation process and participates in the BIT meetings. The Director General for Administration and Finance is primarily involved and leads the budget team. He participates in all meetings and he is involved in every detail of the budget formulation process. 	<ul style="list-style-type: none"> The senior management is not sufficiently involved in the budget preparation process. The MoF should conduct the program budget steering committee meetings at least twice a year and all ministers and heads of budgetary units should be required 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	4	<ul style="list-style-type: none"> The BIT is led by the Deputy Director of ANSA and other members include: <ul style="list-style-type: none"> o Director Administration and Finance o Director of Planning and Policy o Operating budget manager o Development budget manager 	<ul style="list-style-type: none"> While the structure for the ANSA BIT is good and conforms to the MoF recommended structure, the BIT should be led by the Head of the ANSA to have more support for the reform.

			<ul style="list-style-type: none"> ○ Procurement manager ○ HR manager <ul style="list-style-type: none"> ● The BIT structure conforms to the MoF recommended structure. 	
3	BITs/IBCs Function	4	<ul style="list-style-type: none"> ● The technical members of the BIT meet twice a week during the preparation of BC1, BC2 and PFP submissions. The Director for Administration and Finance, procurement manager, and DG for Planning and Policy also participate in some meetings. 	<ul style="list-style-type: none"> ● The Head and the director level members of the BIT should participate in all BIT meetings to review the BC1, BC2, and PFP submissions.
4	Training Participation	4	<ul style="list-style-type: none"> ● All members of the BIT have participated in all training programs by the MoF and the project and they are satisfied with the MoF-led workshops and trainings. The BIT's operations have improved significantly since the start of project assistance. ● The ANSA has major challenges with development budget execution in part due to the lack of capacity in project planning and implementation. The BIT requires specific training in project proposal writing, project costing and project implementation. 	<ul style="list-style-type: none"> ● The MoF should make training participation mandatory for the BIT including the Director level members. ● The project should establish a project planning and design team to assist ANSA and improve project design and implementation.
5	MoF Coordination	3	<ul style="list-style-type: none"> ● The ANSA arranges few meetings during the year with the MoF budget sector manager to sort out issues related to budget allotment and payments. There are no regularly scheduled meetings between the MoF and the ANSA to improve the coordination. 	<ul style="list-style-type: none"> ● To improve coordination it is recommended that the BIT should meet with the relevant sector manager at least twice in each quarter to discuss issues related to budget preparation and execution.
6	Staff Continuity	4	<ul style="list-style-type: none"> ● Staff continuity is not a problem at the ANSA so far. Most of the BIT members who were on the team in 1389 are still working in their positions. ● The DG of Administration and Finance mentioned that the ANSA provides training and development opportunities inside and outside the country for all its key staff members. He also stated that management motivates and incentivizes longevity at the ANSA. However, if any staff member gets a better job opportunity with higher pay, he/she is likely to leave. Staff 	<ul style="list-style-type: none"> ● Development of a succession plan is recommended for the BIT. Management should ensure that enough skilled staff are available to replace key BIT members if they leave.

			continuity cannot be guaranteed.	
7	P&G and PRR Implementation	3	<ul style="list-style-type: none"> Implementation of the Pay and Grading (P&G) salary mechanism has already started in ANSA and the reform will be completely installed by the end of FY 1391. 	<ul style="list-style-type: none"> Implementation of the P&G reform should be expedited and qualified, experienced staff should be hired for the BIT.
8	ANDS, Sector, Ministry Strategy Knowledge	4	<ul style="list-style-type: none"> The ANSA strategy 2011-2016 was recently prepared by the strategy and policy directorate with contributions from all DGs and Deputy Directors. Some of the Directors have in-depth knowledge of the ANSA's strategy. However, the technical team members (such as budget and accounting officers) have limited knowledge in this area and need additional trainings/workshops to understand the strategy of ANSA. The senior management within budgetary units (DG and Deputy Minister (DM) levels) is usually involved in linking the annual budget to the priorities indicated in the strategy. For ANSA, the DG of Planning and Policy and DG of Administration and Finance have played key roles in this area. The DGs worked with the technical team to reflect strategic priorities in the budget. 	<ul style="list-style-type: none"> The project should conduct a training program on the ANDS/Sector and ANSA strategies for all BIT members.
9	Program Budget Outputs and Outcomes Knowledge	3	<ul style="list-style-type: none"> The BIT members (especially technical team) have limited knowledge of the outcome and output indicators. The ANSA needs at least one more year of technical assistance and trainings to develop sufficient knowledge in this area. Some members of the team at the DG level have knowledge of outputs and outcomes but they still require project assistance. 	<ul style="list-style-type: none"> More emphasis should be placed on the output/outcome training module in the annual program budget trainings and specific examples related to ANSA should be given.
10	Budget Formulation Current Capacity	3	<ul style="list-style-type: none"> Program budgeting reform was introduced in the ANSA in FY 1389, but the BIT is still lacking capacity to complete BC1 and BC2 submissions independently. The team has improved and there is room for further improvement. The BIT needs support for about 2 years to graduate from donor-funded assistance in this area. 	<ul style="list-style-type: none"> The ANSA should be supported in the preparation of BC1 and BC2 submissions for about two years so that the BIT can then prepare the submissions without external support.
11	Procurement and Financial	3	<ul style="list-style-type: none"> The Administration and Finance, and procurement directorates are primarily involved in the preparation of the PFP. The PFP is 	<ul style="list-style-type: none"> The ANSA should be supported in the preparation of the PFP submission for



	Planning Current Capacity		prepared based on the annual procurement plan of the ANSA. This reform was started in early FY 1390 and there were changes made in the preparation guidelines and forms by the MoF with more changes are expected in future years. The ANSA will need support in this area for two more years.	another two years so that the BIT can then prepare the PFP without external support.
12	Performance Monitoring Reporting Current Capacity	NA	<ul style="list-style-type: none"> The ANSA is not required to prepare quarterly PMR reports. 	
Final Rating		3.5		



Risk Assessment Report

Ministry/Budgetary unit: Control and Audit Office (CAO)
Assessment Date: March 3, 2012
Venue: Deputy Auditor General Office-CAO
Meeting Participants: Abdullah Aakhunzada-Deputy Auditor General and Noor Muhammad Khan-Finance Manager from CAO. Hanif Hemati, Abdul Tawab Wardak and Raju Kalidindi from USAID's Economic Growth and Governance Initiative (EGGI) project
Date of BIT establishment: June 2010
No of BIT/budget staff: Civil servants: 9, contractors: 2
USAID support since: August 2010
Expected Date of Graduation: Within two years

Summary of Key Findings:

- The Control and Audit Office (CAO) has been able to implement only about one-third of its development budget. Budget execution rates have been low in the past few years. The reasons include low capacity and delays in donor disbursements.
- In the assessment, the overall rating for this budgetary unit is 3.5, which comes under the "average" category.
- Program budget reform is well supported by the Auditor General and the Deputy Auditor General for Administration and Finance. The Deputy Auditor General (DAG) is leading the BIT and is fully involved in all aspects of the budget preparation process. This budgetary unit is relatively small both in terms of Tashkeel and budget and does not have an IBC. The BIT structure conforms to the MoF suggested structure. Most BIT members participate in training programs by the MoF and project. The BIT's knowledge has improved a lot in the past few years.
- According to the DAG, the CAO faces problems each year with MoF during the Qatia (financial statements of previous year's budget) audit. According to the DAG, the MoF does not submit the Qatia report to the CAO for audit on time, which delays the submission of the Qatia report and its audit report to the Parliament. The MoF is also not implementing the recommendations of CAO auditors provided in the audit report on the Qatia report. Staff continuity can be a problem for the CAO. One of the key BIT members, who was well-trained in program budgeting, left the CAO for a higher paying job. Currently, two key BIT members are working on a contractual basis. The CAO is expected to implement the pay & grading reform during 1391.
- DG level team members have a working knowledge of the ANDS and the CAO strategy. However, the BIT members at the officer and manager levels have limited knowledge of the ANDS and CAO strategy. Almost the CAO's entire development budget is from

non-discretionary sources and the spending decisions are all made by a donor agency. As a result, it is very difficult for the CAO to develop a realistic procurement and financial plan. CAO is not required to prepare quarterly PMRs.

***Approved 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	1.530	1.518	99.2	1.754	1.692	96.5	1.406
Development	9.280	3.616	38.9	9.205	3.572	38.8	7.551

*Data Source: Budget Execution Directorate-Ministry of Finance

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)

No	Key Variable Areas	Rating	Key Findings and Challenges	Recommendations
1	Political Commitment	4	<ul style="list-style-type: none"> Program budgeting is well supported by the Auditor General and the Deputy Auditor General for Administration and Finance. The Deputy Auditor General (DAG) is leading the BIT and is involved in all aspects of the budget preparation process. During the budget season the DAG makes budget work a top priority, and is actively engaged and provides inputs to the budget process. 	<ul style="list-style-type: none"> The Auditor General should review the Budget Circular (BC2) submission and get involved in the program budget priorities before submitting the draft budget to the MoF.
2	BIT/IBC Composition	5	<ul style="list-style-type: none"> The BIT is led by the DAG. Other members include: <ul style="list-style-type: none"> Finance manager Operating budget manager Development budget manager Program officer Procurement manager Financial supervisor CAO does not have an IBC. This budgetary unit is small both in terms of Tashkeel and budget. 	<ul style="list-style-type: none"> The BIT structure conforms to MoF suggested structure.
3	BITs/IBCs Function	4	<ul style="list-style-type: none"> The finance manager and operating budget and development budget managers are the key players involved in the preparation of BC1, BC2 and PFP submissions. Other members do not contribute much to the budget formulation process. The BIT meets twice a week during the BC2 preparation and once a week during BC1 and PFP preparation. These meetings are chaired by the DAG. The DAG makes sure that all the costing for operating and development activities is done realistically and properly. The project's embedded advisor is also involved to support the BIT. 	<ul style="list-style-type: none"> The DAG should make sure that the procurement manager and program officer also attend all the BIT meetings and contribute to the budget formulation process.
4	Training Participation	4	<ul style="list-style-type: none"> Most BIT members participate in BC1, BC2, PFP and budget execution trainings. The Director General, who is a key member, does not participate in training programs. These trainings are very important for all the BIT members to keep them abreast of changes 	<ul style="list-style-type: none"> The MoF should make training participation mandatory for the BIT including the DG level members.

			<p>in the MoF guidelines and submission of forms. The BIT's knowledge has improved a lot in the past two years.</p> <ul style="list-style-type: none"> The DAG appreciates the value of the project's technical assistance to the CAO and said that the embedded advisor has made significant contribution in developing the capacity of the civil servants. 	
5	MoF Coordination	4	<ul style="list-style-type: none"> The operating and development budget managers coordinate their activities with the relevant budget sector manager. There are no formal periodic meetings between the MoF and CAO, but meetings are scheduled when needed. According to the DAG, the CAO faces problems each year with MoF during the Qatia (financial statements of previous year's budget) audit. According to the DAG, the MoF does not submit the Qatia report to the CAO for audit on time, which delays the submission of the Qatia report and its audit report to the Parliament. The MoF is also not implementing the recommendations of CAO auditors provided in the audit report. 	<ul style="list-style-type: none"> To improve coordination the BIT should meet with the sector manager at MoF at least twice per quarter to discuss issues related to the budget preparation and execution. Higher management of MoF and CAO should meet to coordinate better on issues related to the Qatia report and its audit.
6	Staff Continuity	3	<ul style="list-style-type: none"> Staff continuity can be a problem for CAO. One of the key BIT members, who was well-trained in program budgeting, left the CAO for a higher paying job. Currently, two key BIT members are working on a contractual basis and they may leave when their donor funded project is closed. Pay and grading, which is expected to be implemented during 1391, may help staff continuity. 	<ul style="list-style-type: none"> All key position in the BIT should be filled with permanent civil servants. A succession plan is also needed for the BIT. Junior staff of the operating and development budget units should be trained to develop their capacity to be able to replace contractor staff as they leave.
7	Pay and Grading (P&G) and PRR Implementation	3	<ul style="list-style-type: none"> The P&G reform started at the CAO in FY1390 and it is expected to cover all Tashkeel staff by the end of 1391. It is expected that about 90 percent of the positions will be filled by the same staff because CAO has already implemented PRR and does not need to advertise the positions again. Under PRR reform, staff were hired on a merit basis. 	<ul style="list-style-type: none"> Implementation of P&G should be expedited and recruitment process should be merit based to hire qualified and experienced staff for the BIT.
8	ANDS, Sector, and Ministry	3	<ul style="list-style-type: none"> The DG level team members have a working knowledge of the ANDS 	<ul style="list-style-type: none"> The project should conduct a training

	Strategy Knowledge		and the CAO strategy. However, the BIT members at the officer and manager levels have limited knowledge of the ANDS and CAO strategy. There has been no training conducted on the ANDS and CAO strategy for the finance and accounting staff of the CAO.	program on the ANDS, Sector, and Ministry strategies for the managers and officers in the BIT.
9	Program Budget Outputs and outcomes Knowledge	3	<ul style="list-style-type: none"> Senior BIT members have a working knowledge of output and outcome indicators, but the lower-level team members' knowledge is limited. The indicators are usually set by the senior management of a budgetary unit because they have a broader picture of the budgetary unit's work and they have a better understanding of their strategy and priorities. 	<ul style="list-style-type: none"> More emphasis should be placed on the output/outcome training module in the annual program budget trainings and specific examples related to CAO should be given. Frequent coaching sessions should be conducted to develop the knowledge of the BIT members in output and outcome indicators.
10	Budget Formulation Current Capacity	3	<ul style="list-style-type: none"> The BIT members understand the program structure. Overall the BIT still needs to improve their skills in program budgeting, specifically in project costing and setting outcomes and outputs for programs and subprograms. 	<ul style="list-style-type: none"> The BIT needs technical assistance from the project for about two years to be able to complete BC1 and BC2 submissions without external assistance.
11	Procurement and Financial Planning Current Capacity	3	<ul style="list-style-type: none"> Almost the CAO's entire development budget is from non-discretionary sources and the spending decisions are all made by a donor agency. It is very difficult for the CAO to develop a realistic procurement and financial plan. Project support in this area is essential to the CAO. The project recommends - and CAO management requested - assistance for at least two more years to continue to build staff knowledge. 	<ul style="list-style-type: none"> The project should continue supporting the CAO until the PFP is fully implemented and CAO receives annual allotments for both the operating and development budgets which will happen in two years.
12	Performance Monitoring Reporting Current Capacity	NA	<ul style="list-style-type: none"> CAO is not required to prepare quarterly PMRs. 	
Final Rating		3.5		



Risk Assessment Report

Ministry/Budgetary unit: Central Statistics Office (CSO)
Assessment Date: March 4, 2012
Venue: Budget Manager Office-CSO
Meeting Participants: Dour Muhammad-Finance Manager and Sayed Khalil-Budget Manager from CSO, and Abdul Tawab Wardak, Raju Kalidindi, Mobeen Safi and Tawfeeq Azimi from USAID's Economic Growth and Governance Initiative (EGGI) project
Date of BIT establishment: June 2010
No of BIT/budget staff: Civil servants: 8, contractors: 0
USAID support since: August 2010
Expected Date of Graduation: Within 1 year

Summary of Key Findings:

- The CSO is a small budgetary unit. Its development budget execution rate has been low, but it increased to 36.5 percent in 1390 from 23.3 percent in 1389.
- In the assessment, the CSO was rated "above average" with 3.7 score.
- The political commitment for program budget implementation is very weak in the CSO. The senior management is not actively involved in the budget process. The budget is prepared by lower level staff without much consultation with the Director General of the CSO or his Deputy. The BIT is headed by the Director of Administration and Finance. The BIT members meet once a week during preparation of BC1, BC2 and PFP submissions. The BIT members other than those from the Administration and Finance Directorate are not interested in budgeting and do not participate in most of the BIT meetings.
- The finance and budgeting managers indicated that most of the BIT members are keen to increase their knowledge in program budgeting, accounting and financial planning. Most of the BIT members attend the training programs conducted by the MoF and the project. There are no regular meetings between the MoF sector manager and the BIT. They meet only if there is a problem that needs to be discussed and resolved.

- Staff continuity has not been a problem at the CSO. The BIT members have not changed since it was established in 2010. The P&G salary mechanism is in place. In most cases existing employees were re-hired through the P&G reform. This reform has not benefited CSO staff in salary increments because the CSO had already implemented PRR (priority reform restructuring).
- The BIT can complete most of the budget reform work without external technical assistance. The BIT can do the costing for operating and development activities, prepare the output and outcome indicators, and complete the provincial distribution. The Procurement and Financial Planning (PFP) reform is new in the CSO. Knowledge of the BIT members is limited in this area. The CSO is not required to prepare quarterly performance and monitoring reports.

***Approved 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	3.427	3.266	95.3	2.672	2.618	98.0	1.983
Development	2.169	0.506	23.3	3.000	1.097	36.5	3.924

*Data Source: Budget Execution Directorate-Ministry of Finance

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)

No	Key Variable Areas	Rating	Key Findings and Challenges	Recommendations
1	Political Commitment	2	<ul style="list-style-type: none"> • The political commitment for program budget implementation is very weak in the CSO. The senior 	<ul style="list-style-type: none"> • The MoF should conduct program budget steering committee meetings at least twice a year the Director

			<p>management is not actively involved in the budget process. The budget is prepared by lower level staff without much consultation with the Director General of the CSO or his Deputy. The Director of Administration and Finance and other directors are also not involved. The BIT is managed by the finance and budget manager of the CSO.</p>	<p>General of the CSO and his Deputy be required to attend to raise their awareness of the importance of this reform and to report on their budgetary units' progress with this reform.</p>
2	BIT/IBC Composition	4	<ul style="list-style-type: none"> • The BIT includes six members and is led by the Director Administration and Finance. Other members include: <ul style="list-style-type: none"> ○ Budget manager ○ Finance manager ○ Planning manager ○ Project coordinator ○ HR manager ○ Budget officer • The CSO does not have an IBC given its small size. 	<ul style="list-style-type: none"> • The BIT should be led by the Director General of the CSO or his Deputy. • The BIT structure should conform to the MoF suggested structure for the BIT.
3	BIT/IBC Function	3	<ul style="list-style-type: none"> • The BIT members meet once a week during preparation of BC1, BC2 and PFP submissions. The BIT members other than those from the Administration and Finance Directorate are not interested in budgeting and do not participate in most BIT meetings. The budget and finance units prepare the budget submissions. 	<ul style="list-style-type: none"> • The BIT should convene more frequent meetings, at least twice a week. The Director of Administration and Finance should ensure that all key BIT members attend the meetings and provide input to the budget formulation process of the CSO.
4	Training Participation	4	<ul style="list-style-type: none"> • The finance and budget managers indicated that most BIT members are keen to increase their knowledge in program budgeting, accounting and financial planning. Key BIT members participate in all trainings and workshops conducted by the MoF and the project. 	<ul style="list-style-type: none"> • The MoF should make training participation mandatory for all BIT members including director level members.
5	MoF Coordination	3	<ul style="list-style-type: none"> • There are no regular meetings between the MoF sector manager and the BIT. They meet only if there is a problem that needs to be discussed and resolved. 	<ul style="list-style-type: none"> • To improve coordination the BIT should meet with relevant sector manager at least twice per quarter to discuss issues related to budget preparation and execution.

6	Staff Continuity	5	<ul style="list-style-type: none"> Staff continuity has not been a problem at the CSO. The BIT members have not changed since it was established in 2010. Key BIT members appear committed to their jobs and CSO management expects them to stay with the CSO for the foreseeable future. 	<ul style="list-style-type: none"> The CSO should train junior staff to replace the BIT members in case they leave.
7	P&G and PRR Implementation	5	<ul style="list-style-type: none"> The P&G salary mechanism is in place. In most cases existing employees were re-hired through the P&G reform. This reform has not benefited CSO staff in salary increments. The CSO had already implemented PRR (priority reform restructuring) and the salaries paid by these two mechanisms are more or less the same. However the P&G has assisted the CSO in improving the organizational structure and the job descriptions of the positions. 	<ul style="list-style-type: none"> If the P&G salary structure does not help in retaining the BIT members in future, key BIT members should be given super scale positions to improve the retention.
8	ANDS, Sector, Ministry Strategy Knowledge	4	<ul style="list-style-type: none"> Director-level BIT members understand the CSO strategy and the ANDS. However, the understanding of lower level staff is limited. They need more training to better understand their strategic plan and how it can be linked to the annual budget. 	<ul style="list-style-type: none"> Project staff should conduct a training program on the ANDS/Sector and CSO strategies for the manager, officer, and assistant-level members of the BIT.
9	Program Budget Outputs and Outcomes Knowledge	4	<ul style="list-style-type: none"> All the key BIT members have a good working knowledge of program budget outputs and outcomes. They can set indicators and performance targets for their programs and subprograms. They still require part-time assistance from the project's program budget advisor in this area. 	<ul style="list-style-type: none"> More emphasis should be placed on the output/outcome training module in the annual program budget trainings and specific examples related to the CSO should be given.
10	Budget Formulation Current Capacity	4	<ul style="list-style-type: none"> The CSO BIT can complete most of the budget reform work without external technical assistance. The BIT can do the costing for operating and development activities, prepare the output and outcome indicators, and complete the provincial allocation. They still require the project advisor part-time support to assist them during the BC1 and BC2 preparation processes. 	<ul style="list-style-type: none"> The CSO should be supported in preparation of BC1 and BC2 submissions on a part-time basis for at least one additional year so that the BIT can then prepare the submissions independently and without external support.
11	Procurement and Financial	3	<ul style="list-style-type: none"> The Procurement and Financial Planning (PFP) reform is 	<ul style="list-style-type: none"> It is recommended that the project should continue

	Planning Current Capacity		new in the CSO. Knowledge of the BIT members is limited in this area. The BIT still needs part-time advisor support for at least two more years to assist them with preparing and revising the plan.	supporting the CSO in preparation of the PFP until this reform is completely implemented and the CSO receives annual allotments for both the operating and development budgets.
12	Performance Monitoring Reporting Current Capacity	NA	<ul style="list-style-type: none"> The CSO is not required to prepare quarterly performance and monitoring reports. 	
Final Rating		3.7		



Risk Assessment Report

Ministry/Budgetary unit:	High Office of Oversight and Anti-Corruption (HOOAC)
Assessment Date:	February 22, 2012
Venue:	Director Finance office-HOOAC
Meeting Participants:	Muhebullah Hilali-Director Administration and Finance and Bashir Ahmad Juya Budget Manager from HOOAC. Farid Ahmad Noori and Abdul Tawab Wardak from USAID's Economic Growth and Governance Initiative (EGGI) project
Date of BIT establishment:	June 2010
No of BIT/budget staff:	Civil servants: 9, contractors: 0
USAID support since:	August 2010
Expected Date of Graduation:	Within two years
About HOOAC:	The strategic objective of HOOAC is to encourage transparency and accountability and to coordinate all anticorruption efforts and to eliminate corruption.

Summary of Key Findings:

- The High Office of Oversight and Anti-Corruption (HOOAC) executed 22.2 percent of its development budget in SY 1389 and 7.3 percent in 1390. The reason for low budget execution includes low capacity in project planning and design and delay in getting approval from the MoUDA for the construction project.
- In the assessment, the HOOAC was rated "average" with 3.6 score.
- The Deputy Head of the HOOAC supports the program budget and associated reforms. He is, however, not involved in the process. During the executive meetings (which are attended by senior management), budget formulation or execution issues are not discussed. The Director of Administration and Finance supports the reform and is actively involved. The BIT structure conforms to the MoF recommended structure. The BIT is led by the Deputy of HOOAC and key BIT members meet regularly during the budget season.
- Most key BIT members participate in almost all trainings/workshops conducted by the MoF and the project. The HOOAC holds regular meetings with the MoF budget sector manager at least once per quarter to discuss the BC1, BC2 and PFP submissions and other budget issues. As a result of these meetings, coordination has improved between the MoF and HOOAC.
- The Director noted that the Pay and Grading (P&G) has been implemented. The maximum salary, however, a civil servant can receive under the Pay and Grading (P&G) reform is \$200 per month, which makes it difficult for HOOAC to retain well-trained employees for a long time. Senior level BIT members have a working knowledge of the HOOAC's strategy and its link with the



program structure and the budget while lower level staff (budget and accounting officers) have a limited knowledge of its strategy and ANDS. The Director and Deputy Director level officials at HOOAC have a good working knowledge of program budget outputs and outcomes.

- The HOOAC needs full time support for about 1-2 years in implementing program budget reform. The Procurement and Financial Plan prepared by HOOAC was weak. Although the MoF approved the plan, actual expenditures varied significantly from what was in the plan. The HOOAC is not yet required to prepare quarterly performance monitoring reports.

***Approved 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	1.649	1.430	87.0	2.130	2.112	99.1	1.765
Development	1.502	0.334	22.2	1.140	0.083	7.3	0.892

*Data Source: Budget Execution Directorate-Ministry of Finance

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)

No	Key Variable Areas	Rating	Key Findings and Challenges	Recommendations
1	Political Commitment	3	<ul style="list-style-type: none"> • The Deputy Head of the HOOAC supports the reform, but he is not involved. During the executive meetings (attended by senior management), budget formulation and execution issues are not discussed. • The Director of Administration and Finance supports the 	<ul style="list-style-type: none"> • HOOAC’s senior management is not sufficiently involved in the budget preparation process. The MoF should conduct program budget steering committee meetings at least twice a year

			reform and is actively involved. He provides inputs and suggestions for the BC1 and BC2 submissions. He regularly monitors the progress of the BIT members and ensures MoF budget deadlines are met.	and all ministers and heads of budgetary units should be required to attend to raise their awareness of the importance of this major reform and to report on their budgetary units' progress with the reform.
2	BIT/IBC Composition	5	<ul style="list-style-type: none"> • The BIT is led by the Deputy Head of HOOAC, Other members are: <ul style="list-style-type: none"> ○ Director of Administration and Finance ○ Director of Planning and Policy ○ Budget Manager ○ HR Manager ○ Accounting Manager ○ Budget officer and ○ Allotment officer • There is no IBC at HOOAC due to its small Tashkeel and budget. The HOOAC has only one main program and three sub programs, so the IBC is not needed for this budgetary unit. • The BIT structure conforms to the MoF recommended structure. 	
3	BITs/IBCs Function	4	<ul style="list-style-type: none"> • Key BIT members meet regularly during the budget season. They meet at least twice a week when they work on costing activities and completing the budget narratives during BC1 and BC2 submissions. • Their work has been supported by the embedded project advisor. 	<ul style="list-style-type: none"> • The BIT should prepare meeting minutes and share them with their senior management to solicit inputs on program budget and associated reforms.
4	Training Participation	4	<ul style="list-style-type: none"> • Most key BIT members participate in almost all trainings/workshops conducted by the MoF and the project. HOOAC management always motivates the BIT members to participate in all trainings and coaching sessions organized by the project and MoF. The Director 	<ul style="list-style-type: none"> • The MoF should make training participation mandatory for the BIT including the Director level-members



			<p>of Administration and Finance considers all the training programs useful in building the team’s capacity.</p> <ul style="list-style-type: none"> Some senior BIT members including the Director for Administration and Finance usually do not attend most training programs. 	
5	MoF Coordination	4	<ul style="list-style-type: none"> The HOOAC holds regular meetings with the MoF budget sector, at least once per quarter to discuss the BC1, BC2 and PFP submissions and other budget issues. As a result of these meetings, coordination has improved between the MoF and HOOAC. The operating budget manager is the official focal point for MoF and he takes the lead in arranging these meetings. 	<ul style="list-style-type: none"> To further improve coordination, HOOAC should meet more frequently with the sector manager. Director for Administration and Finance should be part of these meetings. The BIT and the MoF should meet at least twice per quarter to discuss the issues related to budget formulation and execution.
6	Staff Continuity	3	<ul style="list-style-type: none"> The Director indicated that staff continuity cannot be guaranteed. Salaries are not as high as in the private sector and employees tend to leave when they receive offers for higher paying jobs. He also noted that staff turnover is a major issue across the government and can only be remedied if civil servants are offered competitive salaries. The Director noted that the maximum salary a civil servant can receive under the Pay and Grading reform is \$200 per month, which makes it difficult for HOOAC to retain well-trained employees for a long time. 	<ul style="list-style-type: none"> Key BIT members should be granted “super scale” salaries from the civil services commission to increase staff retention rates.
7	P&G and PRR Implementation	5	<ul style="list-style-type: none"> The pay and grading (P&G) salary reform was implemented in 1389 with the assistance from Civil Services Commission. 	
8	ANDS, Sector, Ministry Strategy Knowledge	3	<ul style="list-style-type: none"> Senior level BIT members at the Director and manager levels have a good working knowledge of the HOOAC’s strategy and its link with the program structure and the budget. Lower level staff (budget and accounting officers) have a limited knowledge of the HOOAC /sector/ANDS strategy. 	<ul style="list-style-type: none"> The project should conduct a training program on the ANDS/Sector and HOOAC strategies for the manager, officer, and assistant level members of the BIT.
9	Program Budget Outputs	3	<ul style="list-style-type: none"> The Director and deputy Director level officials at HOOAC have a good working knowledge of program 	<ul style="list-style-type: none"> More emphasis should be placed on the output/outcome training module in the



	and Outcomes Knowledge		<p>budget outputs and outcomes, while lower level BIT staff have limited knowledge. They require additional training and coaching to better understand these concepts. Currently, the project's program budget advisor assists the BIT members in setting the outcomes and outputs for the programs and subprograms.</p>	<p>annual program budget trainings and specific examples related to HOOAC should be given.</p> <ul style="list-style-type: none"> Frequent coaching sessions should be conducted to develop the BIT members' knowledge of output and outcome indicators.
10	Budget Formulation Current Capacity	4	<ul style="list-style-type: none"> The HOOAC has implemented program budget reform for one year and requires 1-2 years to reach a level when the BIT can prepare budget submissions without external technical assistance. The HOOAC still needs a full-time advisor to assist with the completion of BC1 and BC2 submissions. 	<ul style="list-style-type: none"> Donor-funded program budgeting support should continue at HOOAC for 1-2 additional years, so that the BIT will be capable of completing budget submissions without external assistance.
11	Procurement and Financial Planning Current Capacity	3	<ul style="list-style-type: none"> The Procurement and Financial Plan prepared by HOOAC was weak. Although the MoF approved the plan, actual expenditures varied significantly from what was in the plan. The HOOAC requires additional training in PFP to increase the BIT members' capacity in this area. The HOOAC requires technical assistance from the project's program budget advisor to prepare a quality PFP. 	<ul style="list-style-type: none"> The project should continue supporting HOOAC to prepare the PFP until this reform is completely implemented and the HOOAC receives annual allotments for both the operating and development budgets.
12	Performance Monitoring Reporting Current Capacity	NA	<ul style="list-style-type: none"> The HOOAC is not yet required to prepare quarterly performance monitoring reports. 	
Final Rating		3.6		



Risk Assessment Report

Ministry/Budgetary unit:	Independent Commission for Overseeing the Implementation of the Constitution (ICOIC)
Assessment Date:	March 5, 2012
Venue:	Director of Administration and Finance office-ICOIC
Meeting Participants:	Hamidulah Rahil-Director Administration and Finance from ICOIC and Tawfeeq Azimi, Bahar Radmanish, Shabnam Bidar and Abdul Tawab from USAID's Economic Growth and Governance Initiative (EGGI) project
Date of BIT establishment:	June 2011
No of BIT/budget staff:	Civil servants: 5, contractors: 0
USAID support since:	July 2011
Expected Date of Graduation:	Within two years
About ICOIC:	The strategic objective of the ICOIC is to monitor the implementation of the Constitution and to coordinate and integrate activities among all three branches of the government according to the ANDS and to strengthen the democratic process and institutionalize in the society.

Summary of Key Findings:

- ICOIC is a new budgetary unit, which was established in 1390. It does not have any development budget. Its operating budget in 1391 is only \$1.074 million.
- In the assessment, the ICOIC was rated "average" with 3.4 score.
- The senior management supports the reform, but their involvement is very limited and they lack knowledge about program budgeting and its importance. The ICOIC has a small BIT, which was established in FY 1390. The BIT meets every day during the budget season. The BIT meetings are led by the Director of Administration and Finance.
- Because there is no development budget, there has not been a major need to have regular meetings with the MoF budget sector, Budget Reform Unit (BRU), or any other unit. The relationship between the ICOIC and the MoF is strong. Staff continuity is unpredictable at the ICOIC. The civil servants' salaries are low and they may leave at any time. The Pay and Grading (P&G) reform has been implemented.
- The key BIT members have a good working knowledge of the ANDS and the ICOIC strategy. The BIT's knowledge of output and outcome indicators, however, is limited.

- ICOIC has only implemented program budgeting for one year so this is still a new concept. The BIT requires up to two years of support to fully understand the reform and implementation. The BIT prepared the PFP for the first time for FY1391. The team has limited knowledge in this area and therefore requires technical assistance to prepare at least one more year. The ICOIC is not required to prepare quarterly PMRs.

***Approved 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	0	0	0	1.319	1.196	90.6	1.074
Development	0	0	0	0	0	0	0

*Data Source: Budget Execution Directorate-Ministry of Finance

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)

No	Key Variable Areas	Rating	Key Findings and Challenges	Recommendations
1	Political Commitment	3	<ul style="list-style-type: none"> • The senior management supports the reform, but their involvement is very limited and they lack general knowledge about program budgeting and its importance. The Director for Administration and Finance is primarily involved in the process. 	<ul style="list-style-type: none"> • The MoF should conduct program budget steering committee meetings at least twice a year and the head of ICOIC be required to attend to raise his awareness of the importance of this major reform and to report on their budgetary unit’s progress with the reform.

2	BIT/IBC Composition	4	<ul style="list-style-type: none"> • The ICOIC has a small BIT that was established in FY 1390. The BIT is led by the head of the ICOIC secretariat. Other members include: <ul style="list-style-type: none"> ○ Director of Administration and Finance ○ Director of HR ○ Planning and policy manager ○ Budget manager ○ Budget officer 	<ul style="list-style-type: none"> • The BIT structure should also include a member from the procurement unit of ICOIC to conform to the MoF recommended structure for the BIT.
3	BITs/IBCs Function	3	<ul style="list-style-type: none"> • The BIT meets every day during the budget season. The BIT meetings are led by the Director of Administration and Finance, and only the budget manager and officer participate. Other members are on paper and do not contribute to the budget process. 	<ul style="list-style-type: none"> • All BIT members should participate in the BIT meetings and every member should contribute to the budget formulation process.
4	Training Participation	4	<ul style="list-style-type: none"> • The key BIT members participate in all the workshops, training programs and coaching sessions conducted by the project and MoF budget department. All workshops have been helpful in building the capacity of the ICOIC staff. The Director of Administration and Finance noted that the project's support has been helpful in building the capacity of the ICOIC staff and requested continued project support in all areas. 	<ul style="list-style-type: none"> • The MoF should make training participation mandatory for the BIT including the director-level members.
5	MoF Coordination	3	<ul style="list-style-type: none"> • The Director of Administration and Finance indicated that there has not been a need to have regular meetings with the MoF budget sector, Budget Reform Unit (BRU), or any other unit. The relationship between the ICOIC and the MoF is strong. If the BIT encounters a problem, the management convenes a meeting with the MoF to resolve the issue. 	<ul style="list-style-type: none"> • To further improve coordination the ICOIC should meet with the relevant sector manager more frequently. The BIT and MoF should meet at least twice per quarter to discuss issues related to BC1, BC2 and PFP submission.
6	Staff Continuity	3	<ul style="list-style-type: none"> • Staff continuity is unpredictable at the ICOIC. The civil servants' salaries are low and when a better opportunity arises, they leave. The Director of Administration and Finance noted that the BIT civil servants may not be expected to remain with the Commission long-term due to low salaries. 	<ul style="list-style-type: none"> • Key BIT members should be granted "super scale" salaries to increase the staff retention rate.

7	Pay and Grading (P&G) and PRR Implementation	5	<ul style="list-style-type: none"> The Pay and Grading reform is implemented and some of the senior management are paid through the Management Capacity Program, which uses a higher pay scale than that of the P&G reform. 	
8	ANDS, Sector, Ministry Strategy Knowledge	4	<ul style="list-style-type: none"> The key BIT members have a good working knowledge of the ANDS and the ICOIC strategy. The BIT was able to align the program structure with the strategic priorities of ICOIC. 	<ul style="list-style-type: none"> The MoF with project support should conduct a training program on the ANDS, Sector, and ICOIC strategies for all members of the BIT.
9	Program Budget Outputs and Outcomes Knowledge	3	<ul style="list-style-type: none"> The BIT's knowledge in this area is limited. The ICOIC requires trainings and coaching sessions for its BIT members to more thoroughly understand the concept. Currently, the project is assisting the team in these areas and their knowledge is growing to enable them to take ownership of program budget reform implementation. This will require up to another two years of assistance. 	<ul style="list-style-type: none"> More emphasis should be made on the output and outcome training module in the annual program budget trainings and specific examples related to the ICOIC should be given. Frequent coaching sessions should be conducted to develop the knowledge of the BIT members in output and outcome indicators.
10	Budget Formulation Current Capacity	3	<ul style="list-style-type: none"> The ICOIC has only implemented program budgeting for one year so this is still a new concept. The BIT may require up to two more years of support to fully understand the reform and implementation. Full-time support provided by the project is important to enable the team to prepare BC1 and BC2 submissions. The ICOIC requires up to two more years of technical assistance to reach a level where the BIT can complete all MoF requirements for program budget preparation without external assistance. 	<ul style="list-style-type: none"> The project should continue supporting the ICOIC in preparation of BC1 and BC2 submissions for up to two more budget cycles so that the BIT will be capable of completing budget submissions without external assistance.
11	Procurement and Financial Planning Current Capacity	3	<ul style="list-style-type: none"> Because program budgeting reforms including the PFP were recently introduced to the ICOIC, the BIT requires project technical support to build their capacity in this budget reform area. The BIT prepared the PFP for the first time for FY1391. The team has limited knowledge in this area and therefore requires technical assistance to prepare the plan. 	<ul style="list-style-type: none"> The project should continue supporting the ICOIC in preparation of PFP until this reform is completely implemented and they receive annual allotments for both the operating and development budgets.

12	Performance Monitoring Reporting Current Capacity	NA	<ul style="list-style-type: none">• The ICOIC is not required to prepare quarterly PMRs.	
Final Rating		3.4		



Risk Assessment Report

Ministry/Budgetary unit: Independent Directorate of Local Governance (IDLG)
Assessment Date: February 19, 2012
Venue: Director of Finance office-IDLG
Meeting Participants: Khwaja-Director of Finance, Ubaidullah-Budget Manager from IDLG, and Tawfeeq Azimi, Mobeen Safi, Abdul Tawab Wardak and Raju Kalidindi from USAID's Economic Growth and Governance Initiative (EGGI) project
Date of BIT Establishment: June 2009
No of BIT/budget staff: Civil servants: 8, contractors: 3
USAID support since: August 2009
Expected Date of Graduation: Within 2-3 years

Summary of Key Findings:

- The IDLG was given sizable development budgets in the past few years to improve local governance initiatives. The development budget execution rate, however, has been disappointing. The execution rate in the past two years for the development budget has been less than 30 percent. The reasons include low capacity and poor project planning and design.
- The overall rating for the IDLG is 3.1, which is in the “weak” category.
- Support from the senior management is generally weak. During the initial years of the reform (1387-1388), senior management including the Head of the IDLG strongly supported the reform. But support from the senior management has diminished in the past two years. This was mainly due to the changes in the senior management and management structure.
- During the first two years of the reform, the BIT consisted of eight members from the Administration and Finance, HR, Policy, Municipalities, and Procurement Directorates. During the third and fourth year of the reform almost all of the BIT members were either transferred to other directorates or resigned from their jobs. This has significantly affected the BIT structure and capacity. The BIT members do not meet on a regular basis. Aside from the members from the Finance Directorate, members only provide information when requested by the Finance Directorate and never participate in meetings. Almost all the budget-related work is done by the Director of Finance and the budget manager with assistance from the project's advisor.
- Most members of the BIT attend training programs. The operating budget and development budget managers are in regular contact with the sector manager at MoF on budget submissions, allotments, PFP, and PMR related issues. Formal meetings with sector or Performance

and Evaluation Reporting Unit (PERU) officials are rarely held. The staff turnover has been high. Several people were hired in the Finance Department in recent years through the pay and grading system. This may improve staff retention.

- The Director of Finance has a good working knowledge of the ANDS and sub-national governance policy. The Director is also knowledgeable about program budget preparation processes including BC1 and BC2. Other members’ knowledge in this area is limited. The IDLG members have limited knowledge of Procurement and Financial Planning (PFP) as this reform was recently introduced by the MoF. The IDLG is not able to prepare a quality PFP without the technical assistance provided by the project. The BIT members have limited knowledge in preparation of performance monitoring and reporting (PMR), which is a new requirement by the MoF.

***Approved 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	42.565	38.537	90.5	40.812	39.165	95.9	31.101
Development	30.446	6.830	22.4	26.041	7.768	29.8	17.456

*Data Source: Budget Execution Directorate-Ministry of Finance

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)

No	Key Variable Areas	Rating	Key Findings and Challenges	Recommendations
1	Political Commitment	3	<ul style="list-style-type: none"> • IDLG senior management is not sufficiently involved in the budget preparation process. During the FY 1387 program budget implementation, there was sufficient support from the Head of the IDLG 	<ul style="list-style-type: none"> • Some budgetary units have lost their momentum in implementing program budget reform. The MoF should conduct program budget steering

			<p>and the Deputy Minister for Administration and Finance. However, after the Head of the IDLG left, the management structure changed, and all key directors were replaced by new management. At present, support from the senior management is not sufficient.</p> <ul style="list-style-type: none"> • Currently, the Director of Finance supports the program budgeting reform. He is actively involved in the process and ensures that all MoF deadlines are met and the team produces intended results. 	<p>committee meetings at least twice a year and all ministers and heads of the commissions be required 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.</p> <ul style="list-style-type: none"> • MoF could push for cabinet level discussions on program budget and its structure during the budget approval to reinforce the importance of the program budget reform.
2	BIT/IBC Composition	2	<ul style="list-style-type: none"> • During the first two years of the reform, the BIT consisted of eight members from the Administration and Finance, HR, Policy, Municipalities, and Procurement Directorates. • During the third and fourth year of the reform almost all of the BIT members were either transferred to other directorates or resigned from their jobs. This significantly affected the BIT structure and capacity. • Currently, the Director of Finance leads the BIT, and the operating and development budget managers are members. 	<ul style="list-style-type: none"> • IDLG senior management should restructure the BIT/IBC. Both the BIT and IBC should be represented by all key directorates of IDLG. The structure should also conform to the MoF's recommended structure for the BITs/IBCs. • The Civil Service Commission should recommend a uniform structure as part of the tashkeel structure and guidelines.
3	BITs/IBCs Function	2	<ul style="list-style-type: none"> • The Director of Finance noted that the BIT members do not meet on a regular basis. Except the members from the finance directorate, other members do not appear interested in program budgeting, PFP, and PMR. They only provide information when requested by the finance directorate and never participate in meetings or contribute to the preparation of BC1, BC2, PFP, or PMR. • Almost all the budget-related work is done by the Director of Finance and the budget managers with assistance from the project's advisor. • The operating and development budget functions have not yet been integrated. The operating budget is managed by the Finance Directorate and development budget is managed by the Planning Directorate. 	<ul style="list-style-type: none"> • The operating and development functions should be integrated under the Administration and Finance Directorate of the IDLG to improve coordination between the operating and development budget units. This will also improve strategic planning. • The DM Administration and Finance should regularly monitor the work of the BIT. The BIT should provide meeting minutes to senior management. • The BIT should regularly convene meetings and all key members should participate.
4	Training Participation	4	<ul style="list-style-type: none"> • The Director of Finance indicated that his team and the BIT members from other departments participate in almost all trainings organized by 	<ul style="list-style-type: none"> • The head of the BIT should make it mandatory for all the BIT members to participate in the coaching

			<p>the MoF.</p> <ul style="list-style-type: none"> The BIT members from the finance directorate participated in the coaching sessions by the project advisor for BC1, BC2, PFP, and PMR, but members from other directorates did not participate due to an apparent lack of interest. 	<p>sessions on BC1, BC2, PFP, and PMR submissions.</p>
5	MoF Coordination	3	<ul style="list-style-type: none"> The operating budget and development budget managers are in regular contact with the relevant budget sector and the Performance Evaluation and Reporting Unit (PERU) for budget submissions, allotments, PFP, and PMR related issues. Formal meetings with sector or PERU officials are rarely held. These meetings are convened on average once a year. 	<ul style="list-style-type: none"> To improve coordination the BIT should meet with the sector manager at MoF at least twice per quarter to improve coordination with MoF and discuss issues related to budget preparation and budget execution.
6	Staff Continuity	3	<ul style="list-style-type: none"> The IDLG has had a high staff turnover rate since the establishment of the BIT in 1387. Currently, there is only one member left who was on the BIT in 1387. Other BIT members were recently recruited. All the BIT members are permanent civil servants. 	<ul style="list-style-type: none"> The IDLG – in coordination with MoF and project - should develop a comprehensive training plan for new hires to the BIT. The new members should be trained and coached for at least two more budget cycles to increase their knowledge in program budgeting and other associated reforms.
7	P&G and PRR Implementation	5	<ul style="list-style-type: none"> The Pay & Grading (P&G) reform has been implemented in the IDLG and the BIT members are paid according to this scale, and this reform may help in staff retention 	
8	ANDS, Sector, Ministry Strategy Knowledge	3	<ul style="list-style-type: none"> The Director of Finance has a good working knowledge of the ANDS and Sub-National Governance Policy. Other members' knowledge in this area is limited. The Director mentioned that they had a member from the policy directorate of the IDLG whose main responsibility was to ensure the budget and program structure are aligned with the IDLG strategy and priorities. Currently, this team member is not participating in any BIT meetings and the Director of Finance had to perform that job as well. 	<ul style="list-style-type: none"> The project's embedded advisor should conduct a training program on the ANDS, Sector, ministry strategy and the Sub-National Governance Policy for relevant staff and members of the BIT. The IDLG leadership should mandate that the policy directorate member get involved in all the BIT meetings and training programs.

9	Program Budget Outputs and Outcomes Knowledge	3	<ul style="list-style-type: none"> The BIT members have limited understanding in this area. Project embedded advisors assist the team in setting output and outcome indicators for their programs and subprograms. The Director of Finance requested continued support in this area. The Director mentioned that the IDLG is in the process of hiring new BIT team members and that they will require training for up to two years on program budgeting reform. 	<ul style="list-style-type: none"> More emphasis should be made on the output/outcome training module in the annual program budget trainings and specific examples related to IDLG should be given. Frequent coaching sessions by project staff should be conducted to develop the knowledge of the BIT members in output and outcome indicators.
10	Budget Formulation Current Capacity	4	<ul style="list-style-type: none"> The Director of Finance has a good working knowledge of program budgeting. Since there is no other team member who can complete the BC1, BC2, PFP, and PMR submissions, the Director prepares most submissions with assistance from the project advisor. The Director appreciates the project's assistance and requested support in establishing and training new BIT members. 	<ul style="list-style-type: none"> The project should continue supporting the IDLG with preparation of BC1 and BC2 submissions for at least two additional years so that the new BIT can prepare submissions without external support. The project embedded staff should provide training to the BIT members in budget formulation, budget execution, PFP and PMR to ensure sustainability.
11	Procurement and Financial Planning Current Capacity	3	<ul style="list-style-type: none"> The IDLG members have limited knowledge of Procurement and Financial Planning (PFP) as this reform was recently introduced by the MoF. The current BIT members, who are fairly new, are not able to complete the PFP without project support. The IDLG is not able to prepare a quality PFP without the technical assistance. 	<ul style="list-style-type: none"> The project's embedded advisor should conduct coaching sessions at least once a week on PFP preparation to increase the capacity of the BIT members to prepare quality PFP submission. The BIT should be supported until the PFP reform is completely implemented and the IDLG receives annual allotments for its operating and development budgets, which will happen in two years.
12	Performance Monitoring Reporting Current Capacity	3	<ul style="list-style-type: none"> The BIT members have limited knowledge in preparation of performance monitoring and reporting (PMR), which is a new requirement by the MoF. 	<ul style="list-style-type: none"> The IDLG may need some kind of external support at least two additional years so that the BIT members can prepare the PMR on their own. IDLG should establish a reporting unit and project should train staff in the reporting to ensure sustainability.

Final Rating

3.1



Risk Assessment Report

Ministry/Budgetary unit: Independent Directorate of Kochies Affairs (IDoKA)
Assessment Date: March 24, 2012
Venue: Director of Administration and Finance Office-IDoKA
Meeting Participants: Amir Jan Ahmadzai, Director Administration & Finance; Aalam Khan, Operating budget Manager; Faqir Mohammad, Development Budget Manager from IDoKA. Khalid Rahman and Abdul Tawab Wardak from USAID's Economic Growth and Governance Initiative (EGGI) Project
Date of BIT establishment: June 2010
No of BIT/budget staff: Civil servants: 8, contractors: 0
USAID support since: August 2010
Expected Date of Graduation: Within 2-years

About IDoKA: The IDoKA aims to improve livelihood of kochies (nomads) in the following areas:

- Establishing schools, religious madrassas (Islamic schools), mobile schools and hostels.
- Providing health services for human and animals by building mobile and permanent clinics.
- Excavating deep wells, construction ponds for storage of water
- Identifying kochies and organizing Jirgas(councils) for resolution of conflicts
- Conducting drugs awareness programs

Summary of Findings:

- IDoKA is a very small budgetary unit with only \$0.77 million total core budget. Its development budget execution rate has been above 50 percent in the last two years: 66.0 percent in 1389 and 67.3 percent in 1390.
- As the result of the risk assessment, the IDoKA was rated "average" with 3.5 score.
- Program budget reform is supported by the Director General; however, his involvement in the preparation process is very limited.
- The BIT structure conforms to the MoF recommended structure. The integration of operating and development budget functions has not yet occurred. The Director of Administration and Finance is actively involved in the reforms. The BIT meets regularly during the budget

preparation stage. There is not significant coordination between the BIT and MoF. The BIT members consult with the MoF sector manager once or twice during the budget preparation stage.

- Key BIT members participate in all program budget, PFP and PMR training programs conducted by the MoF and the project. all the BIT members are permanent civil servants and they are expected to stay long term. The Pay and Grading (P&G) reform is planned to start in 1392.
- The BIT members on average have limited knowledge of the Directorate’s strategy, except for the Directors of Administration and Finance and Policy and Coordination who are well-aware of the Directorate’s strategy. Likewise, the BIT members have very limited knowledge of output and outcome indicators. The project’s advisor supports the BIT in all technical areas of the reform. The BIT’s capacity is weak in the PFP. The IDoKA is not yet required by MoF to prepare quarterly PMRs.

***Approved 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	0.986	0.868	88.0	0.946	0.850	90.0	0.655
Development	0.860	0.567	66.0	0.294	0.198	67.3	0.115

*Data Source: Budget Execution Directorate-Ministry of Finance

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)

No.	Key Variable Areas	Rating	Key Findings and Challenges	Recommendations
1	Political Commitment	3	<ul style="list-style-type: none"> • Program budget reform is supported by the Director General; however his involvement in the preparation process is very limited. The Director of Administration and Finance is involved in the budget formulation and execution cycles. • Senior management is not sufficiently involved in the budget preparation process 	<ul style="list-style-type: none"> • The MoF should conduct the program budget steering committee meetings at least twice a year and all ministers and heads of the commissions should be required to attend to increase their awareness of the program budget and other PFM reforms.
2	BIT/IBC Composition	5	<ul style="list-style-type: none"> • The BIT is led by the Director General of IDoKA and other members are: <ul style="list-style-type: none"> ○ Director of Administration and Finance ○ Director of Policy and Coordination ○ Operating Budget Manager ○ Planning Manager ○ Procurement Manager ○ HR Manager • The IBC is not established in IDoKA because the total budget is small (\$0.77 million). • The BIT structure conforms to the MoF recommended structure. 	IBC is not needed for this budgetary unit.

3	BITs/IBCs Function	3	<ul style="list-style-type: none"> The BIT meets regularly during the preparation of BC1, BC2 and PFP submissions. These meetings are led by the Director of Administration and Finance, and most representatives from the Administration and Finance directorate participate. The BIT members from the procurement, HR, and planning units rarely attend BIT meetings. The integration of operating and development budget functions has not yet occurred. The operating budget is managed by the Finance directorate while the development budget is managed by the Planning directorate. 	<ul style="list-style-type: none"> The BIT should meet twice a week during the preparation of BC1, BC2 and PFP submissions. All BIT members should attend the meetings and meeting minutes should be recorded and shared with the Director General and other senior managers. The operating and development budget functions should integrate under the Administration and Finance directorate of the IDoKA to improve coordination between the operating and development budget units. This will also improve strategic planning and decision making.
4	Training Participation	4	<ul style="list-style-type: none"> Key BIT members participate in all program budget, PFP and PMR training programs conducted by the MoF and the project. The Director for Administration and Finance appreciates the project's efforts in building the capacity of the IDoKA's BIT through training and coaching programs. The director level members do not attend most of the training programs. 	<ul style="list-style-type: none"> The MoF should make training participation mandatory for all BIT members including the Director-level members.
5	MoF Coordination	3	<ul style="list-style-type: none"> IDoKA does not meet with the MoF for improving coordination. However the IDoKA operating budget manager meets with the MoF social protection sector manager during preparation of BC1, BC2 and PFP 	<ul style="list-style-type: none"> The BIT should meet with the relevant MoF sector manager at least twice per quarter to discuss any issues related to budget formulation and execution and to improve

			submissions and for allotment requests.	coordination between the MoF and IDoKA.
6	Staff Continuity	5	<ul style="list-style-type: none"> The BIT members are all permanent civil servants. None of the BIT member has left in the past few years and they are expected to stay long term. 	
7	Pay & Grading/ PRR Implementation	2	<ul style="list-style-type: none"> The Pay & Grading (P&G) and PRR reforms have not been implemented yet. It is expected that the Civil Service Commission (CSC) will start P&G reform in SY 1392. 	<ul style="list-style-type: none"> IDoKA management should discuss this issue with the CSC to start P&G reform in IDoKA earlier than planned and hire qualified and experienced staff for the Administration and Finance directorate.
8	ANDS, Sector, Ministry Strategy Knowledge	3	<ul style="list-style-type: none"> The BIT members on average have limited knowledge of the Directorate's strategy, except for the Directors of Administration and Finance and Policy and Coordination. To date, no training has been conducted on the ANDS or IDoKA strategy and the BIT members' knowledge should be improved in this area. The manager-level BIT members should understand the mission and vision of IDoKA and the priorities and objectives mentioned in the strategy. 	<ul style="list-style-type: none"> The project's embedded advisor should conduct a training program on the ANDS, Social Protection Sector, and IDoKA strategies. MoF should focus more in this area during their training programs for budgetary units.
9	Program Budget Outputs and Outcomes Knowledge	3	<ul style="list-style-type: none"> The BIT members have limited knowledge of the outcome and output indicators. IDoKA needs at least one more year of technical assistance and trainings to develop the BIT's knowledge in this area. The Director of Administration and Finance and Director of Policy and Coordination are involved in setting the targets for outcome and output indicators for the programs and subprograms. It is important that manager-level staff also have sufficient knowledge of this area and they are also involved in setting 	<ul style="list-style-type: none"> More emphasis should be made on the output/outcome training module in the annual program budget trainings and specific examples related to IDoKA should be provided during the trainings. Frequent coaching sessions should be conducted on output/outcome concepts by

			the indicators for programs and subprograms.	the project embedded advisor.
10	Budget Formulation Current Capacity	3	<ul style="list-style-type: none"> The program budgeting reform was introduced at the IDoKA in 1389. This reform is still needed and the Directorate requires up to two more year of technical support to reach to a level that the BIT can prepare the BC1 and BC2 without external assistance. The Director of Administration and Finance appreciates project support in BC1 and BC2 preparation and requested continuation of such assistance. 	<ul style="list-style-type: none"> The IDoKA should be supported for about two additional years to build capacity of BIT members to complete BC1 and BC2 submissions without external assistance.
11	Procurement and Financial Planning Current Capacity	3	<ul style="list-style-type: none"> The BIT's capacity in PFP is limited. The PFP is prepared separately by the Procurement and Administration and Finance Departments with no coordination between these departments. The project team is working to increase the level of coordination among these departments by arranging more BIT meetings and encouraging all BIT members to work together on the PFP submission. 	<ul style="list-style-type: none"> Management of IDoKA should encourage the Procurement and Finance directorates to work together to prepare the PFP to minimize errors and mistakes. IDoKA should also coordinate with PPU on the procurement plan.
12	Performance Monitoring Reporting Current Capacity	N/A	<ul style="list-style-type: none"> The IDoKA is not yet required by MoF to prepare quarterly PMRs. 	
Final Rating		3.5		



Risk Assessment Report

Ministry/Budgetary unit:	Independent Election Commission (IEC)
Assessment Date	February 29, 2012
Venue:	DG Administration and Finance office-IEC
Meeting Participants:	Dawodzai-Budget and Accounting head, Niazuddin-Budget Manager and Naveed-Accounting Manager from IEC. Abdul Rahman Amiry, Abdul Tawab Wardak, and Raju Kalidindi from USAID's Economic Growth and Governance Initiative (EGGI) Project
Date of BIT establishment:	June 2010
No of BIT/budget staff:	Civil servants: 5, contractors: 2
USAID support since:	August 2010
Expected Date of Graduation:	within two years

Summary of Key Findings:

- The IEC is a very small budgetary unit with the core budget of only \$2.16 million. The development execution rate increased to 47.2 percent in 1390 from 33.8 percent in 1389?
- In the assessment, the IEC is rated "average" with 3.3 score.
- The Deputy Head of IEC supports and involved in program budget reform. The BIT is headed by the Deputy of IEC and other members are from all key departments of the Commission. Most of the technical aspects of budget preparation are completed by the finance and budget managers. Other members provide limited contribution. The BIT meets twice a week during BC1 and BC2 preparation. All key BIT members participate in training programs and workshops conducted by the MoF and project.
- The BIT does not meet regularly with the MoF sector manager and other MoF departments. Two key BIT members work as contractors under one-year contracts with potential extension of up to two years. They may leave the IEC at any time. Pay and Grading (P&G) is expected to be implemented in the next 1-2 years.
- The BIT members at all levels have sufficient knowledge about the ANDS and the IEC strategy. IEC training department arranges training programs for all central and provincial staff. The BIT's understanding of output and outcome indicators is limited.
- The BIT members are not very familiar with all aspects of the program budget reform and they need up to two more years of support to be able to complete BC1 and BC2 submissions independently. The BIT members have limited knowledge of procurement and financial planning. The IEC is not required to prepare quarterly PMR.

***Approved 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	2.166	1.714	79.1	2.407	2.117	88.0	1.723
Development	0.500	0.169	33.8	0.318	0.150	47.2	0.438

*Data Source: Budget Execution Directorate-Ministry of Finance

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)

No.	Key Variables	Rating	Key Findings and Challenges	Recommendations
1	Political Commitment	3	<ul style="list-style-type: none"> • The Deputy Head of IEC supports program budget reform. He is involved in the budget preparation process and participates in all the budget meetings. He provides inputs for such areas as costing, output and outcome indicators, provincial distribution, and project prioritization. The Deputy is also leading the program budget implementation team. • The Head of the Commission is not involved in the reform. 	<ul style="list-style-type: none"> • The BIT should write meeting minutes and share with the Head of IEC for inputs and guidance. • The MoF should conduct program budget steering committee meetings at least twice a year and all ministers and commission heads be required to attend.

2	BIT/IBC Composition	5	<ul style="list-style-type: none"> • The BIT is led by the Deputy of IEC. Other members are : <ul style="list-style-type: none"> ○ Director of Administration and Finance ○ Director of Policy ○ Finance Manager ○ Budget and Accounting Manager ○ IT Manager • Most of the technical aspects of budget preparation are completed by the finance and budget managers. Other members provide limited contributions. Managing the small budget (roughly \$2.1 million) does not require a large team for budget preparation and execution work. • The BIT structure conforms to the MoF's suggested structure. • There is no IBC in the Commission. 	
3	BITs/IBCs Function	4	<ul style="list-style-type: none"> • The BIT meets twice a week during BC1 and BC2 preparations. In some important meetings, the Deputy of IEC requires all directors to participate and share their views on the budget. The project team participates in all these meetings and supports the BIT's work. • The operating and development budget functions are integrated under the Finance Unit of the Administration and Finance Directorate. 	<ul style="list-style-type: none"> • The BIT should prepare meeting minutes and share with the senior management.
4	Training Participation	4	<ul style="list-style-type: none"> • All key BIT members except for the directors participate in trainings and workshops conducted by the MoF. The BIT has made substantial progress in budgeting in recent years with the support from the project. BIT members appreciate the support of embedded advisors and requested that 	<ul style="list-style-type: none"> • The MoF should make training participation mandatory for the BIT including the director level members.

			support continue for one to two more years.	
5	MoF Coordination	3	<ul style="list-style-type: none"> The BIT does not meet with the MoF sector manager on a regular basis. The finance manager of the IEC said that there is no need for regular meetings between the BIT and the MoF sector manager or the Performance Evaluation and Reporting Unit (PERU) head. Whenever the IBC encounters any issues with allotments or payments, they meet with the relevant MoF officials to resolve the issue. 	<ul style="list-style-type: none"> The BIT members should meet with the sector manager on a regular basis. The sector manager or the focal point should be invited to all important BIT meetings for better coordination.
6	Staff Continuity	3	<ul style="list-style-type: none"> Two key BIT members work as contractors under one-year contracts with potential extension of up to two years. They may leave the IEC at any time. The Tashkeel of the finance unit of the IEC has only two positions: the finance manager and accounting officer. The IEC cannot hire additional positions for the BIT as both the positions are filled. 	<ul style="list-style-type: none"> The IEC can propose at least four additional positions (2 budget officers and 2 accounting officers) in the Finance Department's Tashkeel for SY 1391. These positions should be filled by qualified and experienced civil servants. The IEC can also seek a few super scale positions for key members of the BIT.
7	Pay & Grading/ PRR Implementation	2	<ul style="list-style-type: none"> The Pay and grading (P&G) will be implemented during the next one to two years. The BIT members who are civil servants are paid low salaries and they need to fall under the civil service reform process 	<ul style="list-style-type: none"> The management of IEC should work with the Civil Service Commission to start the P & G reform during the SY 1391 and hire qualified and experienced staff for the BIT.
8	ANDS, Sector, and Ministry Strategy Knowledge	4	<p>The BIT members at both levels, the director and manager level have good knowledge of the ANDS and IEC strategy. The IEC training department arranges training workshops on different topics including the IEC work plan and strategy</p>	<ul style="list-style-type: none"> It is recommended that the project coordinate with the training department to strengthen central and provincial staff knowledge in budget formulation,

			for all central and provincial staff. These internal trainings are useful for the BIT members and their knowledge has improved significantly on topics such as ANDS, NPPS and the IEC strategy.	budget execution and PFP.
9	Program Budget Outputs and Outcomes Knowledge	3	<ul style="list-style-type: none"> The BIT's understanding is limited in this area. The director-level members are involved in setting outcome and output indicators with full support from the project advisor. The finance manager of IEC indicated that the traditional budgeting system did not have such concepts and the team cannot fully understand the new concepts unless they are supported in two budget cycles. 	<ul style="list-style-type: none"> More emphasis should be placed on the output/outcome training module in the annual program budget trainings and specific examples related to IEC should be given. The project advisor should provide coaching sessions on output and outcome indicators for all BIT members and other relevant staff.
10	Budget Formulation Current Capacity	3	<ul style="list-style-type: none"> The finance manager indicated that the BIT is not familiar with all the concepts of program budgeting. The team needs at least two more years of support to be able to complete BC1 and BC2 submissions. The finance manager added that the BC1 and BC2 submissions for 1391 were appreciated by the MoF governance sector manager and quality submissions would not have been prepared without the project support. 	<ul style="list-style-type: none"> IEC requires support in preparation of BC1 and BC2 submissions for up to two additional years so that the BIT can prepare the submissions without external support.
11	Procurement and Financial Planning (PFP) Current Capacity	3	<ul style="list-style-type: none"> The BIT members' understanding of procurement and financial planning is limited. They cannot complete submission without external assistance. The team needs to improve their knowledge in certain areas such as bidding, 	<ul style="list-style-type: none"> The project should continue to support the BIT in PFP preparation for at least two additional years so that the BIT can complete the PFP submission without

			contract management, and procurement law.	external assistance. <ul style="list-style-type: none"> The Commission should coordinate with Procurement Policy Unit (PPU) at MoF on its procurement planning.
12	Performance Monitoring Reporting (PMR) Current Capacity	NA	<ul style="list-style-type: none"> IEC is not required to prepare quarterly PMR. 	
Final Rating		3.3		



Risk Assessment Report

Ministry/Budgetary unit: Kabul Municipality (KM)
Assessment Date: April 4, 2012
Venue: DG Planning and Policy Office-KM
Meeting Participants: DG Planning and Policy and development budget manager from KM. Zia Omar, Abdul Tawab Wardak and Raju Kalidindi from USAID's Economic Growth and Governance Initiative (EGGI) project
Date of BIT establishment: June 2010
No of BIT/budget staff: Civil servants: 10, contractors: 2
USAID support since: August 2010
Expected Date of Graduation: Within two years

Summary of Key Findings:

- Kabul Municipality improved its budget execution to 55 percent in 1390 from 34 percent in 1389.
- In the assessment, Kabul Municipality was rated "average" with 3.6 score.
- Program budget reform is not widely supported by the management of Kabul Municipality. Kabul Municipality works differently from other budgetary units. It finances its own operating budget expenditures from its revenues. Only small part of the development budget comes from the MoF. As a result, Kabul Municipality has developed its own processes and procedures for budget preparation and execution. The DG for Planning and Policy supports the reform and is involved in the budget preparation process. The project advisor works closely with the BIT members from the Planning and Policy directorates. The BIT also includes members from sanitation, drainage, and other directorates. But these members do not work closely the members from the Planning and Policy directorate and do not participate in the BIT meetings. The BIT does not conform to the MoF's recommended structure. There is lack of coordination between the Planning and Policy and Administration and Finance directorates. Planning and Policy prepares and executes the development budget financed by MoF and donors. However, the operating budget is prepared by the Administration and Finance directorate.
- The Planning and Policy directorate staff of Kabul Municipality attend all MoF trainings and workshop. The DG Planning and Policy indicated that these trainings are important and contribute to capacity development of KM staff. Kabul Municipality has not experienced

staff turnover in its BIT. All members that were trained are still part of the team and are committed to their jobs. The Pay and Grading reform has started and expected to be completed in all directorates by the end of 1391.

- The DG-level members of the BIT have a good understanding of the ANDS and the Kabul Municipality strategy. The BIT’s capacity in program budgeting outcomes and outputs is limited. The team members have problems completing the PFP submission and needs support from the project advisor. Kabul Municipality is not required to prepare quarterly PMRs.

***Approved 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	0	0		0	0		0
Development	44.312	14.982	34.0	29.529	16.237	55.0	27.103

*Data Source: Budget Execution Directorate-Ministry of Finance

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)

No	Key Variable Areas	Rating	Key Findings and Challenges	Recommendations
1	Political Commitment	3	<ul style="list-style-type: none"> The program budget reform is not widely supported by the management of Kabul Municipality. The DG for Planning and Policy supports the reform and is involved in the budget preparation process. According to the Municipalities law, all municipalities should cover their operating and development cost from their own revenue sources. The Central Government does not allocate resources to municipalities in general. Kabul Municipality is an exception in the country. KM receives development budget for some of its projects from the MoF. KM covers all its operating costs from its own revenue sources. The project’s program budget team assists them with preparation of the development budget submission, and the development budget procurement and financial plan only. 	<ul style="list-style-type: none"> The MoF should conduct program budget steering committee meetings at least twice a year and Kabul Municipal and his Deputy be required to attend to raise their awareness of the importance of this major reform, and to report on their budgetary units’ progress with the reform. Despite its own revenues, KM should comply with program budget format and guidelines.
2	BIT/IBC Composition	3	<ul style="list-style-type: none"> The BIT members that are supported by the project are only from the Planning and Policy directorate. The BIT also includes members from sanitation, drainage, and other directorates. Members from other directorates are supported by other donor projects and not supported by the project. The BIT does not conform to the MoF’s recommended structure. 	<ul style="list-style-type: none"> Kabul Municipality should adopt the MoF recommended structure for the BIT. The BIT should consist of members from the operating budget, development budget, HR, Procurement, Planning and Policy, and other related departments.
3	BITs/IBCs Function	3	<ul style="list-style-type: none"> There is no coordination between the Planning and Policy and the Administration and Finance directorates. Planning and Policy prepares and executes the development budget that is received from MoF and other donors. However, the operating budget which is financed by the KM itself is prepared by the Administration and Finance directorate. Due to limited communication between these directorates, there is less budget allocation for 	<ul style="list-style-type: none"> To improve coordination between operating and development budget units and for better strategic planning it is recommended that the KM operating and development functions should integrate under the Administration and Finance

			the maintenance cost of the roads, sidewalks, and buildings.	<p>Directorate of KM.</p> <ul style="list-style-type: none"> Despite KM has its own resources, its IBC should function like any other IBC to improve budget formulation and execution.
4	Training Participation	4	<ul style="list-style-type: none"> The Planning and Policy directorate staff of Kabul Municipality attends all MoF trainings and workshops. The DG Planning and Policy indicated that these trainings are important and contribute to capacity development of KM staff. The DG noted that the capacity of the BIT members has improved as a result of the project support. He also requested for more comprehensive trainings in Budget Circular 2 (BC2) and procurement and financial planning areas. 	<ul style="list-style-type: none"> Program budgeting reform should be implemented in KM as it is in other budgetary units (not only in the Planning and Policy directorate of KM). Both the Administration and Finance and Planning and Policy directorates should be more involved in program budgeting reform.
5	MoF Coordination	4	<ul style="list-style-type: none"> The development budget manager is responsible for improving coordination with the MoF budget and treasury directorates. He arranges meetings with the MoF whenever they are needed and several issues related to budget formulation and budget execution are discussed. These meetings are conducted on average once every two months. 	
6	Staff Continuity	5	<ul style="list-style-type: none"> Kabul Municipality has not experienced staff turnover in its BIT. All members that were trained are still part of the team and are committed to their jobs. The management expects the BIT members to stay in KM for a long term (5-10 years). 	
7	Pay & Grading and PRR Implementation	3	<ul style="list-style-type: none"> Pay & Grading (P&G) reform implementation has already started in Kabul Municipality and by the end of FY 1391 all central directorates will come under this reform. 	<ul style="list-style-type: none"> Qualified and experienced employees should be hired for the BIT through open competition. Preference should not always be given to the internal employees.
8	ANDS, Sector, Ministry Strategy Knowledge	4	<ul style="list-style-type: none"> The DG-level members of the BIT have a good understanding of the ANDS and the Kabul Municipality strategy. The management of Kabul Municipality is involved in strategy issues. The Directorate of Planning and Policy prepares the development strategy for Kabul Municipality and is responsible for its implementation. 	
9	Program Budget Outputs and	3	<ul style="list-style-type: none"> The BIT's capacity in program budgeting outcomes and outputs is limited. The team needs to learn more to fully understand the concept. They receive 	<ul style="list-style-type: none"> More emphasis should be placed on the output/outcome training module in the

	Outcomes Knowledge		assistance in setting outcomes and outputs for their programs and subprograms from the project.	annual program budget trainings and specific examples related to KM should be given. <ul style="list-style-type: none"> Frequent coaching sessions should be conducted on output/outcome concepts by the project's embedded advisor.
10	Budget Formulation Current Capacity	4	<ul style="list-style-type: none"> The BIT can complete the BC1 and BC2 submissions with part-time assistance from the project advisor. The team has made significant improvements in the past two years. They understand most of the important budget concepts. The team needs at least one year of part-time support to fully understand all concepts and to be able to complete budget submissions without external assistance. 	<ul style="list-style-type: none"> The project's embedded advisor should continue supporting the BIT in preparation of BC1 and BC2 on an ad-hoc basis for one more year.
11	Procurement and Financial Planning Current Capacity	3	<ul style="list-style-type: none"> The BIT's understanding is limited in this area. The team members have problems completing the PFP submission. The DG for Planning and Policy indicated that the PFP forms for FY 1390 were too complicated and had many formula errors within the sheets. The problem was recently solved by the MoF and the new PFP forms are simplified and easier to complete. 	<ul style="list-style-type: none"> The project's embedded advisor should conduct coaching session at least once a week on the preparation of the PFP so that the BIT members' knowledge is developed to a satisfactory level. The BIT should be supported until the PFP reform is completely implemented and KM receives annual allotments for the development budget.
12	Performance Monitoring Reporting Current Capacity	NA	<ul style="list-style-type: none"> Kabul Municipality is not required to prepare quarterly PMRs. 	
Final Rating		3.6		



Risk Assessment Report

Ministry/Budgetary unit: Lower House-Parliament (LH)
Assessment Date: March 11, 2012
Venue: DG Admin and Finance office-LH
Meeting Participants: Azizullah Jahid-DG Admin and Finance, Zakera Wafayi- Budget Manager, and Ahmad-Procurement Manager from LH-Parliament, and Sayed Muslim Mulhim, Khalid Betani, Raju Kalidindi and Abdul Tawab Wardak from USAID's Economic Growth and Governance Initiative (EGGI) project
Date of BIT establishment: June 2010
No of BIT/budget staff: Civil servants: 10, contractors: 0
USAID support since: August 2010
Expected Date of Graduation: Within one year
Summary of Key Findings:

- The Lower House (Wolesi Jirga) had very small development budget for the year 1390 and the years before and it does not have any development budget for the year 1391. For the previous years, its development budget execution rate was increased to 71 percent in 1390 from 11.8 percent in 1389.
- In the assessment, the Lower House was rated "above average" with 3.7 score.
- The Secretary General and Deputy Secretary General of the Lower House are supportive and involved in the budget formulation and budget execution process. For the 1391 budget, the Secretary General himself presented the budget during budget hearings. The BIT is headed by the Secretary General and other members comprise of all key departments. The BIT meets twice a week during the preparation of BC1, BC2, and PFP. The director level members have an advisory role in the BIT. All the work is done by the Budget Technical Team (budget manager, finance officers, development budget manager and officer and deputy director for budget and finance).
- The LH coordinates its activities very well with the MoF budget sector manager and other units. The BIT organizes meetings with the sector manager to discuss the issues related to the BC1, BC2, or PFP. Staff turnover has been an issue since establishment of the BIT in 2010. Some of the key members left the team which affected the work. The LH has implemented the Pay and Grading (P&G) reform.
- Most BIT members have limited knowledge of ANDS and the Lower House's strategy and also the output and outcome indicators.
- The BIT's budget formulation capacity has not reached a sustainable level. The Lower House can prepare a quality PFP only with full-time assistance from the project embedded advisor. The BIT's knowledge in this area is still limited. The Lower House is not required by the MoF to prepare quarterly Performance Monitoring Reports.

***Approved 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	15.854	14.236	89.8	19.922	19.873	99.7	15.819
Development	1.894	0.224	11.8	0.155	0.110	71.0	0.000

*Data Source: Budget Execution Directorate-Ministry of Finance

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)

No	Key Variable Areas	Rating	Key Findings and Challenges	Recommendations
1	Political Commitment	4	<ul style="list-style-type: none"> • The Secretary General (SG) and Deputy Secretary General (DSG) of the LH are supportive and they are involved in the budget formulation and budget execution process. This year the SG of the Lower House made the budget hearing presentation to the budget committee members. He is very interested in the budget reform and involved to provide inputs during budget preparation. 	The Speaker of the House and the Administration Board should be involved in the budget reform and budget proposals of the LH.
2	BIT/IBC	5	<ul style="list-style-type: none"> • The BIT of the Lower House is led by the Secretary General of the 	<ul style="list-style-type: none"> • IBC should be established and the

	Composition		<p>Lower House. Other members include:</p> <ul style="list-style-type: none"> ○ DG Administration and Finance ○ Deputy-DG for Administration ○ Director HR ○ Deputy-Director for Budget and Finance ○ Deputy-Director for Services ○ Budget Manager ○ Finance Officer ○ Development Budget Manager <ul style="list-style-type: none"> ● The BIT structure conforms to the MoF's suggested structure. 	members should include the Speaker and Deputy Speakers.
3	BITs/IBCs Function	4	<ul style="list-style-type: none"> ● The BIT meets twice a week during the preparation of BC1, BC2, and PFP. The director level members have an advisory role in the BIT. All the work is done by the Budget Technical Team (budget manager, finance officers, development budget manager and officer and deputy director for budget and finance). During the preparation of program narratives (outputs, outcomes, program and subprogram objective, strategic objective, and impact of program on cross cutting issues) the director-level members contribute as each director can provide more specific information related to the subprogram he/she is managing. 	<ul style="list-style-type: none"> ● All BIT members including the Director of Administration and Finance, Director of HR, and Director of Procurement, should participate in the BIT meetings.
4	Training Participation	4	<ul style="list-style-type: none"> ● The DG of Administration and Finance of the LH mentioned that most key BIT members have attended all the training programs conducted by the MoF and the project. He appreciated the project's efforts in providing training to the Lower House BIT members. ● It was noticed that except the DG Administration and Finance, other senior BIT members don't attend program budget, PFP and PMR training programs. 	<ul style="list-style-type: none"> ● The MoF should make training participation mandatory for all BIT members including director-level members.
5	MoF Coordination	4	<ul style="list-style-type: none"> ● The LH coordinates its activities very well with the MoF relevant budget sector manager and other units. The BIT organizes meetings with the sector manager to discuss the issues related to the BC1, BC2, and PFP. ● The DG Administration and Finance indicated that some of the 	<ul style="list-style-type: none"> ● Periodic meetings should be conducted with the BIT members of the Lower House to further improve coordination and communication with the MoF sector managers.

			<p>junior staff at the Treasury and the Budget Directorates of MoF do not respect the LH representatives and they are treated like other budgetary units. He also indicated that the LH represents one of the three pillars of the government and is an independent body. He believes some preferences should be given to LH in processing the allotments and payments.</p>	<ul style="list-style-type: none"> • If the LH wants more independence in its fiscal affairs, the top management (Speaker and Administration Board) should talk to the Ministry and/or Deputy Minister of Finance.
6	Staff Continuity	3	<ul style="list-style-type: none"> • Staff turnover has been an issue since establishment of the BIT in 2010. Some of the key members left the team which affected the work. • The vacant positions were filled with new employees. The DG requested the EGGI team to train new staff as well. The DG mentioned that the reason for the turnover is low pay. Staff tend to leave when they get better job offers outside the organization. 	<ul style="list-style-type: none"> • Key BIT members should be granted “super scale” salaries from the civil services commission to increase the retention rate. • The LH should have a succession plan for the BIT. Management should ensure that enough skilled staff are available to replace any key BIT member in case they leave.
7	Pay & Grading and PRR Implementation	5	<ul style="list-style-type: none"> • The LH has implemented the Pay & Grading (P&G) salary reform. The reform did not help to increase the employees’ monthly pay. For many of the officer and assistant-level staff members monthly pay did not change. The reason is that LH had already implemented PRR reform. Those budgetary units who have implemented PRR reform would not get a significant increase in their pay after P&G is in place. 	
8	ANDS, Sector, Ministry Strategy Knowledge	3	<ul style="list-style-type: none"> • The Lower House employees have limited knowledge of ANDS, Governance sector, and LH strategies. The DG mentioned that program budget is a new reform and the LH requires specific training program on the strategies so that the team can fully understand the concept. 	<ul style="list-style-type: none"> • A training program should be conducted by the project embedded advisor on the ANDS, Governance Sector, and LH strategies.
9	Program Budget Outputs and Outcomes Knowledge	3	<ul style="list-style-type: none"> • Employees have limited knowledge of program budget outputs and outcomes. They require technical training to develop their capacity in this area. Currently, the project’s embedded advisor is assisting the BIT in setting the output and outcome indicators. The BIT needs at least one more year of support to be able to fully understand the concept. 	<ul style="list-style-type: none"> • The project embedded advisor should provide training to BIT members on how to set output and outcome indicators and to report them.

10	Budget Formulation Current Capacity	3	<ul style="list-style-type: none"> The BIT's budget formulation capacity has not reached a sustainable level. The BIT's knowledge in BC1 and BC2 preparation is limited. The LH requires additional training and technical support from the project for one to two more years. 	<ul style="list-style-type: none"> The project's embedded advisor should continue supporting the BIT in preparation of BC1 and BC2 on an ad-hoc basis for at least one more year The LH should take proactive role in hiring new staff under the super scale.
11	Procurement and Financial Planning Current Capacity	3	<ul style="list-style-type: none"> The Lower House can prepare a quality PFP only with full-time assistance from the project embedded advisor. The BIT's knowledge in this area is limited. The DG mentioned that in FY 1392 the LH will receive an annual allotment for its operating budget. Project assistance is required to support the LH in preparing the annual allotment for the approved budget. 	<ul style="list-style-type: none"> The project's embedded advisor should conduct coaching sessions regularly on PFP. The BIT should be supported until the PPF reform is completely implemented and the LH receives annual allotments for the operating and development budgets
12	Performance Monitoring Reporting Current Capacity	N/A	<ul style="list-style-type: none"> The Lower House is not required by the MoF to prepare quarterly Performance Monitoring Reports. 	
Final Rating		3.7		



Risk Assessment Report

Ministry/Budgetary unit: Ministry of Counter Narcotics (MCN)
Assessment Date: March 13, 2012
Venue: DG Administration and Finance office - MCN
Meeting Participants: DG Administration and Finance, Budget and Accounting Manager, Development Budget Manager and Finance Advisor from MCN, Abdul Tawab Wardak, Shafiq Ibrahimkhel, and Sulaiman Dawlatzai from USAID's Economic Growth and Governance Initiative (EGGI) project
Date of BIT establishment: June 2010
No of BIT/budget staff: Civil servants: 8, contractors: 1
USAID support since: August 2010
Expected Date of Graduation: Within one year

Summary of Key Findings:

- The MCN continue to struggle with implementation of its development budget. Even though its development budget is relatively small, the development budget execution rate has been low: 24.3 percent in 1389 and 21 percent in 1390.
- In the assessment, the MCN was rated "above average" with 3.7 score
- Political commitment for program budgeting is low at the MCN. The Minister and the Deputy Minister (DM) are not interested in the budget process. The DG of Administration and Finance and other BIT members at the DG level are actively involved in the budgeting process. The MCN has both the BIT and the IBC. The BIT is led by the DM for Administration and Finance. The IBC is led by the Minister. The BIT meets twice a week during preparation of BC1, BC2, and PFP submissions. Most of the BIT members regularly attend the meetings. The IBC does not function well. There have been very few IBC meetings on program budgeting or financial planning at the management level.
- All key BIT members participate in the training programs, workshops and coaching sessions which are conducted by the MoF and the project. The DG of Administration and Finance noted that they experience difficulties from time to time in their interactions with the MCN sector focal point in the MoF.

- The Ministry has not experienced staff turnover in the BIT. All members that were trained are still available and working on the team and appear committed to their jobs. The Pay & Grading reform has been implemented and the entire Ministry's staff are paid based on the Pay & Grading salary scale.
- Program budgeting is still a new reform for this Ministry. The Ministry has implemented program budget only for one year. The BIT lacks sufficient capacity in different areas and they are not at a stage where they can prepare the BC1 and BC2 submissions without project support. There is a lack of communication and coordination between the finance and procurement directorates for the PFP preparation. The Ministry of Counter Narcotics is not required by the MoF to prepare quarterly performance reports.

***Approved 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	1.849	1.687	91.2	2.996	2.586	86.3	1.924
Development	8.701	2.118	24.3	5.098	1.070	21.0	11.000

*Data source Budget Execution Directorate Ministry of Finance.

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)

No	Key Variable Areas	Rating	Key Findings and Challenges	Recommendations
1	Political Commitment	3	<ul style="list-style-type: none"> • Political commitment for program budgeting is low at the MCN. The Minister and the DM are not interested in the budget process. The DM sometimes requests some information on the Ministry budget but 	<ul style="list-style-type: none"> • The MCN senior management is not sufficiently involved in the budget preparation process. The MoF should

			<p>does not provide inputs/suggestions during the preparation of the BC1 or the BC2. Since the start of the reform at the MCN only three meetings were held at the IBC senior management level on program budgeting progress. This indicates the lack of interest of the management in budgeting.</p> <ul style="list-style-type: none"> • The DG of Administration and Finance and other BIT members at the DG level are actively involved in the budgeting process. They support the reform and always provide inputs and their suggestions during the budget planning and execution stages. 	<p>conduct program budget steering committee meetings at least twice a year and the Minister and the DM be required to attend to raise their awareness of the importance of this major reform, and to report on their Ministry's progress with the reform.</p>
2	BIT/IBC Composition	5	<ul style="list-style-type: none"> • The MCN has a BIT and IBC. The BIT is led by the DM for Administration and Finance. Other members include: <ul style="list-style-type: none"> ○ DG Administration and Finance ○ Budget and accounting manager ○ Operating budget manager ○ Development budget manager ○ HR manager ○ Procurement manager • The IBC is led by the Minister. Other members include: <ul style="list-style-type: none"> ○ DM Administration and Finance ○ DM Counter Narcotics ○ DG Administration and Finance ○ DG Planning and Policy <ul style="list-style-type: none"> • The BIT/IBC structure conforms to the MoF recommended structure. 	
3	BITs/IBCs Function	4	<ul style="list-style-type: none"> • The BIT meets twice a week during preparation of the BC1, BC2, and PFP submissions, most of the BIT members regularly attend the meetings. These meetings are chaired by the DG for Administration and Finance. • The IBC only exists on paper and IBC hardly ever meet to discuss the budget formulation and execution of the MCN. The management is somewhat not interested in the budget process. The management 	<ul style="list-style-type: none"> • The IBC should convene meetings at least once a month to discuss/review budget formulation and decisions made by the BIT • It is recommended that the BIT should prepare meeting minutes and share them with the senior management (including the Minister) for inputs on program budget and

			focuses more time however, on the Counter Narcotics program activities of the Ministry.	associated reforms.
4	Training Participation	4	<ul style="list-style-type: none"> All key BIT members participate in the training programs, workshops and coaching sessions which are conducted by the project and the MoF. MCN management noted that project embedded advisor's efforts have helped the Ministry in budget formulation and execution. 	<ul style="list-style-type: none"> The MoF should make training participation mandatory for all the BIT members including the DG-level members.
5	MoF Coordination	2	<ul style="list-style-type: none"> The MCN DG for Administration and Finance noted that they experience difficulties from time to time in their interactions with the MCN sector focal point in the MoF. They also noted that the focal point does not have sufficient knowledge of program budgeting and creates issues by rejecting the budget submissions and allotment requests. Although the submissions and the allotment requests were without errors they were still rejected. The back and forth between the BIT and the MoF on the budget submissions and allotment requests delays the process. The operating and development budget ceilings that were approved in the 1391 budget hearing meeting, were decreased later when the draft budget decree was issued. This is a major issue for MCN. The ministry will not be able to achieve its targets with the limited budget available. 	<ul style="list-style-type: none"> The MoF should provide comprehensive training to the budget sector focal points to develop their knowledge in program budgeting and PFP. To improve coordination between the MoF and the MCN, the BIT should meet with the relevant sector manager at least twice per quarter to discuss issues related to the budget preparation and budget execution.
6	Staff Continuity	5	<ul style="list-style-type: none"> The Ministry has not experienced staff turnover in the BIT. All members that were trained are still available and working on the team and appear committed to their jobs. The MCN management expects them to stay with the Ministry long-term. 	
7	Pay & Grading and PRR Implementation	5	<ul style="list-style-type: none"> The Pay & Grading (P&G) reform has been implemented and the entire Ministry's staff are paid based on the P&G salary scale. 	
8	ANDS, Sector, Ministry Strategy Knowledge	3	<ul style="list-style-type: none"> The BIT members at the DG and DM-levels have a good understanding of the ANDS, MCN strategy, and the priorities and the long-term objectives of the Ministry. However, the BIT members at the manager and officer level have limited knowledge of the ANDS, MCN strategy and objectives. 	<ul style="list-style-type: none"> The project should conduct a training program on the ANDS/Sector and MCN strategies for the manager, officer and assistant-level members of the BIT.

9	Program Budget Outputs and Outcomes Knowledge	3	<ul style="list-style-type: none"> The capacity of the BIT in program budget outcome and output indicators is limited. The team needs more training to fully understand these concepts. The BIT cannot complete the output and outcome part of the budget submission without the technical assistance from the project. 	<ul style="list-style-type: none"> More emphasis should be placed on the output/outcome training module in the annual program budget trainings and specific examples related to the MCN should be given.
10	Budget Formulation Current Capacity	3	<ul style="list-style-type: none"> Program budgeting is still a new reform for this Ministry. The Ministry has implemented program budget only for one year. The BIT lacks capacity in different areas and they are not at a stage where they can prepare the BC1 and BC2 submissions without project support. They need assistance for at least one more year to be able to prepare BC1 and BC2 submissions without external support. 	<ul style="list-style-type: none"> The MCN should be supported in the preparation of BC1 and BC2 submissions for at least one more year so that the BIT can prepare submissions without external support.
11	Procurement and Financial Planning Current Capacity	3	<ul style="list-style-type: none"> There is lack of communication and coordination between the finance and Procurement directorates. For PFP preparation, it is recommended that the two directorates work together to achieve good results. The procurement directorate prepares the procurement plan and later the Administration and Finance directorate prepares the financial plan. The two plans are then combined by the BIT and sent to the MoF. The BIT had difficulty completing the PFP forms in 1390. The forms were complex and contained linkage errors between the work sheets. The MoF resolved this technical issue. The new PFP forms for the preparation of 1391 PFP are simplified and easier to complete. The MCN did a better job in 1391 compared to the PFP submission for 1390. There has been lack of coordination between the Procurement Policy Unit (PPU) advisor of the MoF and the BIT. the BIT does not consult with the PPU advisor while working on the PFP 	<ul style="list-style-type: none"> The management of the MCN should urge both the Administration and Finance, and Procurement directorates to work together on the PFP submission. The BIT should work together with the PPU advisor at least once a week during the preparation of the PFP. The project should continue supporting MCN in preparation of the PFP until this reform is completely implemented and the ministry receives annual allotments for both operating and development budgets.
12	Performance Monitoring Reporting Current Capacity	NA	<ul style="list-style-type: none"> The MCN is not required by MoF to prepare quarterly performance reports. 	
Final Rating		3.7		



Risk Assessment Report

Ministry/Budgetary unit:	Ministry of Borders & Tribal Affairs (MoBTA)
Assessment Date:	March 24, 2012
Venue:	DM Administration and Planning office-MoBTA
Meeting Participants:	DM Planning & Administration, Director of Administration and Finance, Operating Budget Manager, Development Budget Manager, Khalid Rahman and Abdul Tawab Wardak from USAID's Economic Growth and Governance Initiative (EGGI) project
Date of BIT establishment:	June 2010
No of BIT/budget staff:	Civil servants: 9, contractors: 0
USAID support since:	August 2010
Expected Date of Graduation:	Within 2-3 years
About MoBTA:	MoBTA focuses on national sovereignty, national unity, and territorial integrity through tribal elders. It also promotes cultural values in the border areas and the participation of tribal in national security.

Summary of Key Findings:

- The MoBTA is a small budgetary unit with the total core budget of \$7.9 million. The development budget execution increased to 75.7 percent in 1390 from only 27.3 percent in 1389.
- In the assessment, the Ministry was rated “weak” with 3.2 score.
- The Minister of Borders & Tribal Affairs supports the program budget reform. The Deputy Minister for Administration and Planning and the Deputy Minister for Tribal Affairs are both actively involved in the program budgeting process. The MoBTA has both the BIT and the IBC in place. The BIT/IBC structure conforms to the MoF recommended structure. The BIT meets twice a week during the preparation of BC1, BC2, and PFP and sometimes when required the meetings takes place more frequently. The meetings are chaired by the DG Administration and Finance and mostly the operating and development budget managers participate. The IBC meets once during each BC1, BC2, and PFP submission period and reviews the draft submissions prepared by the BIT.
- Staff from the Administration and Finance Directorate make up the majority of participants in training programs conducted by MoF and the project. Even though the operating and development budget units are in touch with the MoF sector manager, there are no scheduled meetings between the two parties. MoBTA experienced staff turnover last year. The BIT and the IBC structures have changed since last

year. The Director of Finance and Director of HR are newly appointed; the Directorate of Policy was merged with the Directorate of Planning so the Planning and Policy Director is also newly appointed. The Pay and Grading (P&G) reform is currently being implemented in the Ministry and expected to be completed by the end of FY 1392.

- The BIT members at director level have good understanding of the MoBTA strategy and the ANDS. Because of the staff turnover, several BIT members, including senior members, need to be trained in output and outcome indicators.
- The program budget reform, which was introduced in 1389, is still relatively new and staff need about two more years of external support to complete budget formulation processes including BC1 and BC2. The BIT members' knowledge is very limited in the PFP preparation. The high staff turnover in the BIT has affected the team's performance, and they require at least two more years of support in PFP to be able to complete a quality and realistic PFP without external assistance. The MoBTA is not required by MoF to prepare quarterly PMRs.

***Approved 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	6.814	6.687	98.1	8.628	8.508	98.6	5.889
Development	1.510	0.413	27.3	1.569	1.188	75.7	2.033

*Data Source: Budget Execution Directorate-Ministry of Finance

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)

No	Key Variable Areas	Rating	Key Findings and Challenges	Recommendations
1	Political Commitment	4	<ul style="list-style-type: none"> The Minister of Borders & Tribal Affairs supports the program budget reform. The Deputy Minister for Administration and Planning and the Deputy Minister for Tribal Affairs are both actively involved in the program budgeting process. The DM Administration and Planning provides comments and inputs to the program budget and PFP submissions. Even though the senior management is sufficiently involved and supports the reform, they do not know the next steps needed in moving towards program based appropriations. 	<ul style="list-style-type: none"> To keep the momentum and track the progress in implementing the reform, the MoF should conduct program budget steering committee meetings at least twice a year and all ministers and heads of the commissions should be required to attend.
2	BIT/IBC Composition	5	<ul style="list-style-type: none"> The MoBTA has both the BIT and the IBC in place. The BIT is led by the Director Administration and Finance and members are: <ul style="list-style-type: none"> Operating budget manager Development budget manager Procurement manager HR manager The IBC is headed by the DM Administration & Planning and other members are: <ul style="list-style-type: none"> DM Tribal Affairs DM Political Affairs Director of Administration and Finance Director of Planning & Policy Director of Human Resources and Director of Educational Affairs The BIT/IBC structure conforms to the MoF recommended structure. 	
3	BITs/IBCs Function	4	<ul style="list-style-type: none"> The BIT usually meets twice a week during the preparation of BC1, 	<ul style="list-style-type: none"> The BIT should prepare meeting minutes and

			<p>BC2, and PFP. The meetings are chaired by the DG Administration and Finance and mostly the operating and development budget managers participate.</p> <ul style="list-style-type: none"> The IBC meets once during each BC1, BC2, and PFP submission period and reviews the draft submissions prepared by the BIT. 	<p>share them with senior management (including the minister) for inputs on program budget and associated reforms.</p> <ul style="list-style-type: none"> The senior management of MoBTA should require all BIT members to participate in all internal meetings. The IBC should meet more often to guide the BIT.
4	Training Participation	3	<ul style="list-style-type: none"> Staff from the Administration and Finance Directorate make up the majority of participants in program budgeting trainings conducted by the MoF and the project. The Director of Administration and Finance noted that the project's efforts have helped in building the capacity of the BIT members. The Ministry considers the coaching sessions effective for building capacity of the BIT members. 	<ul style="list-style-type: none"> The MoF should make training participation mandatory for the BIT including the DG-level members.
5	MoF Coordination	3	<ul style="list-style-type: none"> The Ministry's operating and development budget units are in contact with the MoF sector manager during budget submission season and for processing the approved budget allotment. There are no coordination meetings conducted between the MoBTA and the MoF. 	<ul style="list-style-type: none"> To improve coordination, it is recommended that the BIT should meet with the relevant sector manager at least twice in each quarter to discuss issues related to the budget preparation and budget execution.
6	Staff Continuity	3	<ul style="list-style-type: none"> MoBTA experienced staff turnover last year. The BIT and the IBC structures have changed since last year. The Director of Finance and Director of HR are newly appointed; the Directorate of Policy was merged with the Directorate of Planning so the Planning and Policy Director is also newly appointed. Also, the Development Budget Officer resigned, and was replaced by another employee from the Administration and Finance Directorate. 	<ul style="list-style-type: none"> The BIT should adopt a comprehensive training plan. All Finance, Budgeting, and Accounting staff should be trained in program budgeting and other areas to ensure skilled staff are available to replace any key BIT member in case he/she leaves.
7	Pay & Grading and PRR Implementation	3	<ul style="list-style-type: none"> The Pay & Grading (P&G) reform is currently being implemented in MoBTA and is expected to be completed by the end of FY 1392. The implementation process has been very slow. 	<ul style="list-style-type: none"> Implementation of the P&G process should be expedited and qualified/experienced staff hired for the Administration and Finance Directorate. Recruitment process has to be merit based.

8	ANDS, Sector, and Ministry Strategy Knowledge	3	<ul style="list-style-type: none"> Some BIT members mainly at the director level have a good working knowledge of the MoBTA strategy and the ANDS. The BIT technical members lack sufficient knowledge of ANDS and the MoBTA strategy. 	<ul style="list-style-type: none"> The project should conduct a training program on the ANDS, Sector, and MoBTA strategies for the manager, officer and assistant-level members of the BIT.
9	Program Budget Outputs and Outcomes Knowledge	2	<ul style="list-style-type: none"> The current BIT members have very limited knowledge of program budget outcome and output given that most of the key BIT members were replaced during the year. The Ministry requires up to two years of technical assistance and trainings to develop the BIT's knowledge in this area. 	<ul style="list-style-type: none"> More emphasis should be made on the output/outcome training module in the annual program budget trainings and specific examples related to MoBTA should be given. Frequent coaching sessions should be conducted on output/outcome concepts by the project's embedded advisor.
10	Budget Formulation Current Capacity	3	<ul style="list-style-type: none"> The program budgeting reform was introduced in MoBTA in SY 1389. This reform is still new and the Ministry requires up to two more years of technical assistance to reach to a level that the BIT could prepare the BC1 and BC2 submission without external support. 	<ul style="list-style-type: none"> The embedded project advisor should train and coach all key members to build capacity which is needed to complete budget formulation processes necessary for implementing program budget reform.
11	Procurement and Financial Planning Current Capacity	2	<ul style="list-style-type: none"> The BIT members' knowledge is very limited in this area. The high staff turnover in the BIT has affected the team's performance, and they require up to two years of support in PFP to be able to complete a quality and realistic PFP without external assistance. 	<ul style="list-style-type: none"> It is recommended that the project's program budget team should provide on-the-job training in the PFP.
12	Performance Monitoring Reporting Current Capacity	N/A	<ul style="list-style-type: none"> The MoBTA is not required by MoF to prepare quarterly PMRs. 	
Final Rating		3.2		



Risk Assessment Report

Ministry/Budgetary unit:	Ministry of Commerce and Industries (MoCI)
Assessment Date	February 29, 2012
Venue:	DG Admin & Finance office-MoCI
Meeting Participants:	Mr. Sadat-DG Administration and Finance, Rafi Sherzai- Operating Budget Manager and Sayed Qasem Agha- Development Budget Manager from MoCI. Abdul Tawab Wardak and Raju Kalidindi from USAID's Economic Growth and Governance Initiative (EGGI) project
Date of BIT establishment:	June 2009
No of BIT/budget staff:	Civil servants: 10, contractors: 2
USAID support since:	June 2009
Expected Date of Graduation:	Ready to graduate from BC1, BC2 and PFP assistance, but need ad-hoc support on PMR.

Summary of Key Findings:

- The Ministry's development budget implementation rate has been very low in the past several years. It was less than 20 percent in both 1389 and 1390. This was mainly – according to the Ministry – due to delays in donor disbursements.
- In the assessment, the overall rating for the Ministry is 4.0, which comes under the “strong” category.
- The Minister and Deputy Minister support program budgeting reform but their involvement is limited. They do not contribute much to budget preparation. They, however, meet with the BIT to provide inputs only during preparation of BC2 submissions. The BIT/IBC structure conforms to the MoF's suggested structure. The BIT meets twice a week during the preparation of BC1 and BC2 but they rarely convene meetings when they work on PFP and PMR. Almost 90 percent of the work is done by the budget managers and officers with some contribution from the accounting, procurement, HR, and reporting units.
- Managers and the officer-level staff attend almost all training programs conducted by MoF. Staff continuity has not been a major issue for the MoCI. Most of the current BIT members have been with the team since the establishment of the BIT (1387) and they are expected to stay with the Ministry over the next five to ten years. The DG for administration and finance, who is a key person on the BIT team and who is relatively more involved in the budgeting process compared to other directors, believes that the BIT is now able to work without the project's assistance.
- The key members in BIT, specifically the operating and development budget officers, have a good understanding of PFP preparation. They are well trained and the project's embedded advisor has provided good coaching. MoCI established a reporting unit in FY 1390 under the

Administration and Finance Directorate. This reporting unit is mainly responsible for preparing financial reports for the management of the Ministry, MoF, and other stakeholders. The members of this unit need to be trained more on reporting and specifically on performance monitoring reporting.

***Approved 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	13.492	13.128	97.3	37.752	36.702	97.2	4.897
Development	5.912	1.146	19.4	9.062	1.589	17.5 ¹	6.073

*Data Source: Budget Execution Directorate-Ministry of Finance

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)

No	Key Variable Areas	Rating	Key Findings and Challenges	Recommendations
1	Political Commitment	3	<ul style="list-style-type: none"> The Minister and Deputy Minister support program budgeting reform but their involvement is limited. They do not contribute much to budget preparation and meet with the BIT to provide inputs only during preparation of BC2 submissions. Management does not take seriously 	<ul style="list-style-type: none"> The MoF should conduct program budget steering committee meetings at least twice a year. The Ministry of Commerce should attend the steering committee meetings and

¹ Two of the MOCI projects are funded by non discretionary source and donor disbursements have been delayed.

			other reform areas such PFP and PMR.	report on their work to MoF. <ul style="list-style-type: none"> Parliament should call the Minister for hearings to discuss budget and budget reforms.
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 for Administration and Finance. Other members are: <ul style="list-style-type: none"> DG Administration and Finance Budget Manager Operating Budget Officer Development Budget Officer Accounting Manager Reporting Manager Reporting Officer Procurement Manager and HR Manager The IBC is led by the DM for Administration and Finance. Other members include: <ul style="list-style-type: none"> DM international trade and transit DM Industries DG planning and policy DG private sector strengthening 	<ul style="list-style-type: none"> The BIT/IBC structure conforms to the MoF's suggested structure for the BIT and the IBC.
3	BITs/IBCs Function	4	<ul style="list-style-type: none"> The BIT meets twice a week during the preparation of BC1 and BC2 but they rarely convene meetings when they work on PFP and PMR. Almost 90 percent of the work is done by the budget managers and the officers with some contribution from the accounting, procurement, HR, and reporting units. The BIT focuses more on preparation of BC2 submission compared to BC1. The IBC convenes meetings twice a year and discusses the next year's draft budget. Generally, the Minister or the Deputy Minister provides some suggestions for increasing the budget for development projects or operating budget. 	<ul style="list-style-type: none"> All units other than budget should take on active part in the budget preparation process. Budget shouldn't be considered as a job of admin and finance directorate only but all key directorates should be involved and provide inputs to the process. The BIT should prepare meeting minutes and share them with the senior management (including the Minister) for inputs on program budget and associated reforms.
4	Training Participation	3	<ul style="list-style-type: none"> Manager and the officer-level staff attend almost all training programs that are conducted by MoF and project. However, the DG-level 	<ul style="list-style-type: none"> The MoF should make training participation mandatory for DG-level members.

			members do not attend these trainings and are therefore less informed about program budgeting and other budget associated reforms.	
5	MoF Coordination	4	<ul style="list-style-type: none"> The BIT convenes meetings with representatives from the MoF's economic governance sector during the BC1, BC2, and PFP preparation. The MoF and MoCI convene meetings about six times a year. The budget manager is always in contact with the sector manager and coordinates all the budget related activities. 	MoF and MOCI have to coordinate better on donor disbursements and budget execution issues to improve its implementation rate.
6	Staff Continuity	5	<ul style="list-style-type: none"> Staff continuity has not been a problem for the MoCI. Most of the current BIT members have been with the team since the establishment of the BIT at the Ministry and they are expected to stay with the Ministry over the next five to ten years. This was mainly because of a merit based recruitment system that was developed in the Ministry. 	
7	Pay & Grading and PRR Implementation	5	<ul style="list-style-type: none"> Pay and grading (P&G) reform is already implemented in the Ministry and all the BIT members are paid based on the P&G scale. The Minister supported P&G reform. This Ministry is one of the few ministries that have implemented merit based recruitment. 	
8	ANDS, Sector and Ministry Strategy Knowledge	4	<ul style="list-style-type: none"> The managers and officer-level members of the BIT have limited knowledge of the Ministry strategy, NPPs, and ANDS. They have never reviewed their Ministry's strategy or the ANDS and NPPs. The executive members of the team at the DM and DG-levels have a very good understanding of their strategy and ANDS. In the preparation of the budget narratives section (program and subprogram objectives, output and outcome indicators, cross cutting issues) usually the senior management is involved. 	<ul style="list-style-type: none"> The project should conduct a training program on the ANDS, NPPs, and MoCI strategies for managers and officers of the BIT.
9	Program Budget Outputs and Outcomes Knowledge	4	<ul style="list-style-type: none"> In preparation of the budget narratives, specifically with the output and outcome section, all the senior BIT members are involved. With the project's support the BIT's knowledge has improved. The MoCI now has specific indicators for all the programs and subprograms and they report on a quarterly basis against those indicators. 	<ul style="list-style-type: none"> More emphasis should be placed on the output/outcome training module in the annual program budget trainings and specific examples related to MoCI should be given. With support from MoF and project, the senior management should train their

				managers and officers
10	Budget Formulation Current Capacity	4	<ul style="list-style-type: none"> The DG for administration and finance believes that the BIT is now able to work without the project's assistance. Most of the budget work is being done by the BIT, with ad-hoc assistance from the project. This Ministry is ready to graduate from project assistance. If necessary, the MoCI budget submissions can be reviewed by project advisors before they are submitted to MoF. 	<ul style="list-style-type: none"> The MoF should start the Program Budget Graduation assessment soon and formally graduate the MoCI from the project assistance. The project's mobile team can assist the BIT in the event they require assistance with completing BC1 and BC2 submissions.
11	Procurement and Financial Planning (PFP) Current Capacity	4	<ul style="list-style-type: none"> The key members in BIT, specifically the operating and development budget officers, have a good understanding of PFP preparation. They are well trained and the project's embedded advisor has provided sufficient coaching. The MoCI is included in the list of the pilot ministries for receiving operating budget annual allotments. 	<ul style="list-style-type: none"> The project's mobile team should support the BIT for at least another year to ensure that PFP is well implemented at the Ministry.
12	Performance Monitoring Reporting (PMR) Current Capacity	3	<ul style="list-style-type: none"> MoCI established a reporting unit in FY 1390 under the Administration and Finance Directorate. This reporting unit is mainly responsible for preparing financial reports for the management of the Ministry, MoF, and other stakeholders. The members working in this unit were all hired in FY 1390. They can produce reports but they need to be checked by the project's advisor to ensure high quality. When drafting the PMR, the reporting unit receives the execution data from the BIT and the output and outcome data from all the program and subprogram managers. The members of this unit need to learn more about reporting and specifically about performance monitoring reporting. 	<ul style="list-style-type: none"> The project's mobile team could support the BIT in this area for at least another budget cycle to ensure that the newly established reporting unit's capacity is fully built. The MoCI can graduate from the external assistance in other areas (BC1 and BC2 preparation) but assistance in PMR is still needed. Other ministries should also start a reporting unit similar to one at the Ministry of Commerce.
Final Rating		4.0		



Risk Assessment Report

Ministry/Budgetary unit:	Ministry of Communications, Information and Technology (MoCIT)
Assessment Date:	March 05, 2012
Venue:	DG Administration and Finance office-MoCIT
Meeting Participants:	DG Administration and Finance, operating & development budget manager from MoCIT, Abdul Rahman Amiri, Shakiba Mihrazad (intern), Raju Kalidindi and Abdul Tawab Wardak from USAID's Economic Growth and Governance Initiative (EGGI) project
Date of BIT establishment:	June 2008
No of BIT/budget staff:	Civil servants: 8, contractors: 0
USAID support since:	June 2008
Expected Date of Graduation:	Ready to graduate from the project assistance in all the areas (BC1, BC2, PFP and PMR)

Summary of Key Findings:

- The MoCIT has had high development budget execution in the last several years. The MoCIT's development budget execution rates have been consistently above 60 percent.
- In the assessment, the MoCIT was rated "Strong" with 4.4 score.
- This reform has been fully supported by the Minister and all Deputy Ministers (DMs). The Minister, DM for Administration and Finance, and DM Technical are all actively involved in program budgeting reform implementation. They provide inputs and suggestions to the Ministry's program structure and the budget submissions. The BIT members regularly meet during the preparation of BC1, BC2, PFP and PMR. The BIT and the IBC structure conforms to the MoF recommended structure.
- All key BIT members have participated in the program budgeting, PFP and PMR training programs conducted by the MoF. The MoCIT BIT members are all permanent civil servants and they are expected to remain with the Ministry over the long-term. The BIT has not yet faced significant problems with staff turnover. The P&G reform has been implemented in the MoCIT. The MoCIT was one of the first three ministries that implemented P&G reform both at the central and provincial level.
- Most of the BIT members have in-depth knowledge of the Ministry's strategy and ANDS. They have a good working knowledge of the program budget output and outcomes indicators. The BIT members are able to set output and outcome indicators for their Ministry's programs and subprograms without external assistance. This is the fourth year of program budget implementation at the MoCIT. This

reform has been successfully implemented in this Ministry. The BIT members are currently able to complete almost all their program budgeting work without external assistance. The PFP is prepared by the development & operating budget manager in coordination with the Planning and Procurement directorates. The BIT members are well trained in this area and they are able to complete the PFP without external assistance. The Ministry can prepare the PMR without external assistance.

***Approved 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	9.244	8.854	96.0	9.655	9.153	95.0	7.372
Development	34.630	29.118	84.0	38.661	23.597	61.0	41.001

*Data Source: Budget Execution Directorate-Ministry of Finance

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)

No	Key Variable Areas	Rating	Key Findings and Challenges	Recommendations
1	Political Commitment	5	<ul style="list-style-type: none"> • This reform has been fully supported by the Minister and DMs. The Minister, the DM for Administration and Finance and the DM Technical 	<ul style="list-style-type: none"> • Most other budgetary units should take this Ministry as a

			<p>are actively involved in program budgeting reform implementation. They provide inputs and suggestions to the Ministry 's program structure and the budget submissions.</p> <ul style="list-style-type: none"> • The program budgeting work is discussed in the weekly MoCIT executive meetings. The Ministry's senior management has given importance to this reform. The DMs and DGs are directly involved in the program budgeting work and provide their inputs and suggestions throughout the budget process. 	<p>model for political commitment that is needed to support the program budget reform.</p>
2	BIT/IBC Composition	5	<ul style="list-style-type: none"> • Both the BIT and the IBC are established. The IBC is led by the Minister. Other members include: <ul style="list-style-type: none"> ○ DM Administration and Finance ○ DM Technical ○ DG Administration and Finance ○ DG IT ○ DG Procurement • The BIT is led by the DM Administration and Finance and other members are: <ul style="list-style-type: none"> ○ DG Administration and Finance ○ Finance manager ○ Operating budget officer ○ Development budget officer ○ HR officer ○ Procurement manager ○ Accounting manager ○ Accounting officer • The BIT/IBC structure conforms to the MoF recommended structure. 	
3	BITs/IBCs Function	5	<ul style="list-style-type: none"> • The BIT members regularly meet during the preparation of BC1, BC2, PFP and PMR. The BIT members consult with each other during the preparation of the submissions. The frequency of the meetings is twice a week during the preparation of BC1 and BC2, and once a week during 	

			<p>the PFP and PMR preparation. The BIT meetings are chaired by the DG of Administration and Finance and sometimes by the DM of Administration and Finance.</p> <ul style="list-style-type: none"> The IBC meets and reviews the draft BC1, BC2, PFP and PMR submissions prepared by the BIT. The IBC ensures that the Ministry's priorities are reflected in the budget and the output and outcome indicators and other important program budgeting documents are prepared carefully and costing is done realistically. 	
4	Training Participation	4	<ul style="list-style-type: none"> All key BIT members have participated in the program budgeting, PFP and PMR training programs conducted by the MoF. The Procurement and HR directorate members of the BIT do not participate in all the workshops and training programs. 	<ul style="list-style-type: none"> The MoF should make training participation mandatory for all the BIT members, including DG-level members.
5	MoF Coordination	4	<ul style="list-style-type: none"> The MoCIT finance manager is responsible for all coordination work with the MoF budget and treasury directorates. He arranges meetings with the MoF sector manager and the head of the Performance Evaluation and Reporting Unit (PERU) whenever there are any issues related to budget formulation or execution. The frequency of these meetings is on average four times a year. 	<ul style="list-style-type: none"> Meetings should be convened more frequently to improve coordination and communication with the MoF. At least twice in a quarter the BIT members should meet with the MoF relevant sector manager to discuss issues related to budget formulation and budget execution.
6	Staff Continuity	4	<ul style="list-style-type: none"> The MoCIT BIT members are all permanent civil servants and they are expected to remain with the Ministry over the long-term. The BIT has not yet faced significant problems with staff turnover. The Ministry does not have a training/ succession plan for its junior staff in Administration and Finance directorate. 	<ul style="list-style-type: none"> The MoCIT should have a succession plan for the BIT to ensure the availability of skilled staff for key BIT positions.
7	Pay & Grading and PRR Implementation	5	<ul style="list-style-type: none"> The P&G reform has been implemented in the MoCIT and all the BIT members are paid according to this salary scale. The MoCIT was one of the first three ministries that implemented the P&G reform both at the central and provincial level. 	
8	ANDS, Sector, Ministry Strategy	4	<ul style="list-style-type: none"> Most of the BIT members have in-depth knowledge of the Ministry 	<ul style="list-style-type: none"> A refresher training workshop

	Knowledge		<p>strategy and the ANDS. They know the Ministry's strategy priorities and long-term objectives.</p> <ul style="list-style-type: none"> The program structure of the Ministry is directly linked with both the strategy and the MoCIT organizational structure. All key directors and the DM Administration and Finance have worked together in the preparation of the Ministry program structure. 	<p>should be given to the junior BIT members on ANDS, NPPs, Sector and MoCIT strategies.</p>
9	Program Budget Outputs, Outcomes Knowledge	4	<ul style="list-style-type: none"> Most of the BIT members have a good working knowledge of the program budget outputs and outcomes. The BIT members are able to set output and outcome indicators for their Ministry's programs and subprograms without external assistance. 	
10	Budget Formulation Current Capacity	4	<ul style="list-style-type: none"> The program budgeting reform was introduced in the MoCIT in 1387. This is the fourth year of program budget implementation at the MoCIT. This reform has been successfully implemented in this Ministry. The BIT members are currently able to complete most of their program budgeting work without external assistance. The Ministry is ready to graduate from the BC1 and BC2 support but they may still require ad-hoc support during the preparation of the BC1 and BC2 budget submissions. 	<ul style="list-style-type: none"> The project and the MoF should start the Program Budget Graduation Assessment and formally graduate the MoCIT from the project assistance in BC1 and BC2.
11	Procurement and Financial Planning Current Capacity	5	<ul style="list-style-type: none"> The PFP is prepared by the development & operating budget manager with coordination of Planning and Procurement directorates. The BIT members are well trained in this area and they are able to complete the PFP without external assistance. 	
12	Performance Monitoring Reporting Current Capacity	4	<ul style="list-style-type: none"> The PMR is prepared by the development & operating budget manager with the coordination of Planning directorate. The Ministry can prepare the PMR without external assistance. The MoCIT requires the project ad hoc assistance during the preparation of PMR specifically on the output and outcome reporting part. 	<ul style="list-style-type: none"> It is recommended that the project mobile team assist the BIT in preparation of PMR on a part time basis.
Final Rating		4.4		



Risk Assessment Report

Ministry /Budgetary unit:	Ministry of Energy and Water (MoEW)
Assessment Date	April 1, 2012
Venue:	DG Administration and Finance Office-MoEW
Meeting Participants:	Ramin Kakar-DG Administration and Finance-MoEW. Abdul Tawab Wardak, Tawfiq Azimi and Raju Kalidindi from USAID's Economic Growth and Governance Initiative (EGGI) project
Date of BIT establishment:	June 2008
No of BIT/budget staff:	Civil servants: 10, contractors: 3
USAID support since:	June 2008
Expected Date of Graduation:	Ready to graduate from EGGI assistance in all areas (BC1, BC2, PFP, and PMR).

Summary of Key Findings:

- The MoEW is one of the biggest ministries in terms of the development budget, which is about \$242.5 million in 1391. The Ministry's development budget execution rate increased to 51.9 percent in 1390 from 27.6 percent from 1389. The 1389 operating budget execution rate is 97.6 percent based on the MoF report. However MoEW reported 98 percent. This difference is mainly due to not reconciling the budget execution figures between the MoF and the MoEW.
- In the assessment, the Ministry was rated "strong" with 4.2 score.
- Program budgeting reform is supported by the management of the Ministry. All three Deputy Ministers are involved in the budget preparation and budget execution stages. During the weekly executive meetings the budget is always an important part of the agenda. The management has put budget formulation and budget execution as its top priority since budget execution has been low in the past few years. The BIT is represented by all key directorates of the Ministry. The IBC is led by the Minister and members include the DM Administration and Finance, DM Water and DM Energy, DG Administration and Finance, and DG Planning and Policy. Most BIT members are keen to learn more about program budgeting and other associated reforms. They attend all the training programs arranged by the MoF and the project.
- MoEW is in regular contact with the MoF. The DG Finance meets with the sector manager on average once in every two months. The key staffs in the finance and planning directorates are employed on a contractual basis. The Pay and Grading reform was implemented during the SY 1390. All of the civil servants within the BIT are paid through the P&G salary scale.

- The finance directorate is planning to conduct a training program on strategies for the BIT members to increase their understanding of the Ministry’s strategy, ANDS, and NPPs. The capacity of the BIT has reached a sustainable level. They can prepare quality budgets without any external technical assistance. The BIT members are knowledgeable about PFP and can complete the plan without any external assistance.

***Approved 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	6.358	6.206	97.6	8.016	6.431	80.2	6.072
Development	296.201	81.693	27.6	263.713	136.771	51.9	242.459

*Data Source: Budget Execution Directorate-Ministry of Finance

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)

No	Key Variable Areas	Rating	Key Findings and Challenges	Recommendations
1	Political Commitment	4	<ul style="list-style-type: none"> • Program Budget reform is supported by the management of the Ministry. All three Deputy Ministers are involved in the budget preparation and budget execution stages. During the weekly 	<ul style="list-style-type: none"> • The MoF should start program budget steering committee meetings and the Minister and Deputy Ministers should

			<p>executive meetings the budget is always an important part of the agenda. The management has put budget formulation and budget execution as its top priority since the budget execution has been low in the past few years.</p>	<p>attend. There should be discussion on how to increase the development budget execution as the key infrastructure ministries with large development budgets are still lacking capacity in budget execution.</p>
2	BIT/IBC Composition	5	<ul style="list-style-type: none"> • The IBC is led by the Minister and members include the DM Administration and Finance, DM Water and DM Energy, DG Administration and Finance, and DG Planning and Policy. • The BIT is represented by all key directorates of the Ministry. The BIT includes the following members: <ul style="list-style-type: none"> ○ Operating budget manager ○ Development budget manager ○ Accounting manager ○ HR manager ○ Procurement manager ○ Project planning manager ○ Planning and policy manager • The structure of BIT/IBC conforms to the MoF recommended structure. 	
3	BITs/IBCs Function	5	<ul style="list-style-type: none"> • The management recognizes the importance of budget formulation and execution. The IBC meets once a week to discuss progress on budget execution and any challenges or problems faced during the implementation of the projects. • The BIT meets twice a week during the preparation of BC1, BC2, PFP, and PMR. They also meet regularly (usually once a week) to prepare development budget execution reports. 	<ul style="list-style-type: none"> • The BIT should continue its focus on budget execution, which has been consistently low for several years. It improved significantly in 1390.
4	Training Participation	4	<ul style="list-style-type: none"> • Most BIT members are keen to learn more about program budgeting and other budget associated reforms. They attend all the training programs arranged by the MoF. The Ministry also has internal training sessions for their staff. The senior BIT members who are well-trained and understand all the program budgeting and other reforms teach junior staff members at the Ministry to transfer 	<ul style="list-style-type: none"> • The internal trainings for junior level staff should be continued. This is very important for the sustainability of the program budget reform.

			<p>skills and for sustainability of budget reform implementation.</p> <ul style="list-style-type: none"> • The DG considers the trainings very helpful for the BIT as the team familiarizes themselves with the updates and new changes made in budget preparation forms or the guidelines. 	
5	MoF Coordination	4	<ul style="list-style-type: none"> • MoEW is in regular contact with the MoF physical infrastructure sector manager and with the MoF Performance Evaluation and Reporting Unit (PERU) head. The DG finance and the key managers meet the sector manager and PERU head to discuss submissions of BC1, BC2, PFP, and PMR and any other issue related to the budget planning and/or budget execution. These meetings take place on average once in every two months. 	<ul style="list-style-type: none"> • For improved coordination between the MoF and MoEW it is important that regular meetings should be continued in the future.
6	Staff Continuity	4	<ul style="list-style-type: none"> • The key staffs in the finance and planning directorates are employed on a contractual basis. They usually have a one year employment contract and extendable for three to five years. These contractors are expected to stay with the Ministry under multi-year contracts but still contractor employees may leave at any time. Fortunately, the Ministry has put together a training plan for the civil servants working in the planning and finance directorates. The purpose is to ensure skilled staff trained in program budgeting are available if the key managers leave. 	<ul style="list-style-type: none"> • More of the budget preparation responsibilities should be given to the permanent civil servants because civil servants are more likely to stay with the Ministry as compared with contracted staff.
7	Pay & Grading and PRR Implementation	5	<ul style="list-style-type: none"> • The Pay and Grading reform was implemented during the SY 1390. All of the civil servants within the BIT are paid through the P&G salary scale. 	
8	ANDS, Sector, Ministry Strategy Knowledge	3	<ul style="list-style-type: none"> • Most of the BIT members' knowledge in this area is limited except for the DG level members in the team. The finance directorate believes that the planning and policy directorate should be responsible for the implementation of the Ministry strategy as it is a development strategy which mostly covers the only development activities of the Ministry. • The finance directorate is planning to conduct a training program on strategies for the BIT members to increase their understanding in the Ministry's strategy, ANDS, and NPPs. 	<ul style="list-style-type: none"> • The Ministry should conduct trainings on the ANDS/Sector and Ministry strategies for the permanent civil servants in the BIT to increase their knowledge.

9	Program Budget Outputs and Outcomes Knowledge	4	<ul style="list-style-type: none"> • Only the BIT members at the director and advisor levels have a good understanding of the Ministry’s objectives, outcomes and outputs. They are able to set the indicators and targets for programs and subprograms. However, the civil servants in the team and lower level officers have limited knowledge of outputs and outcomes. Given the importance of this area, the directors and the Ministry advisors are involved in setting outputs and outcomes. 	<ul style="list-style-type: none"> • More emphasis should be made on the output/outcome training module in the annual program budget trainings and specific examples related to the Ministry should be given. Civil servants and junior staff need to be trained in this area.
10	Budget Formulation Current Capacity	5	<ul style="list-style-type: none"> • MoEW started program budgeting in FY 1387. The BIT members of this Ministry are well trained in program budgeting. They understand the concept and they are able to complete the BC1 and BC2 submissions without external assistance. • The capacity of the BIT has reached a sustainable level. They can prepare quality budgets without any external technical assistance. 	<ul style="list-style-type: none"> • The project and MoF should start the Program Budget Graduation Assessment and formally graduate MoEW from external assistance in BC1 and BC2.
11	Procurement and Financial Planning (PFP) Current Capacity	4	<ul style="list-style-type: none"> • The BIT has good knowledge of PFP and they can complete the plan without any external assistance. MoEW has recently hired international and national advisors who work mainly in the project planning and costing area. They all have a very good knowledge in procurement planning and financial planning. PFP is prepared mostly by the MoEW advisors with limited contribution from the civil servants. • The DG Administration and Finance requested for technical assistance in project planning and design. 	<ul style="list-style-type: none"> • The PFP should be prepared by the civil servants and not by contractor staff or advisors. Advisors can assist BIT members in completing the PFP submission. • The project may consider some support to MoEW in project planning and design.
12	Performance Monitoring Reporting (PMR) Current Capacity	4	<ul style="list-style-type: none"> • The DG for Administration and Finance believes that the narrative part of PMR should be completed by the planning and policy directorate. That part mainly includes reporting of the outcome and output indicators. The Administration and Finance directorate has some coordination problems with the planning directorate over the reporting issues. Usually it takes more time than it should to prepare quarterly PMRs. 	<ul style="list-style-type: none"> • The project’s mobile team should support MoEW on a part time basis during the preparation of quarterly PMRs.
Final Rating		4.2		



Risk Assessment Report

Ministry/Budgetary unit:	Ministry of Foreign Affairs (MoFA)
Assessment Date	April 01, 2012
Venue:	DG Administration & Finance office-MoFA
Meeting Participants:	Parwani, DG Administration and Finance, Ahmad, Administrative Officer, and Humayoon Nezami, Accounting Manager from MoFA. Nimat Amiry, Abdul Tawab Wardak, Program and Raju Kalidindi from USAID's Economic Growth and Governance Initiative (EGGI) Project
Date of BIT establishment:	June 2010
No of BIT/budget staff:	Civil servants: 8, contractors: 0
USAID support since:	August 2010
Expected Date of Graduation:	Within 2 years
Summary of Key Findings:	

- The Ministry improved its development budget execution rate from 21.7 percent in 1389 to 59.6 percent in 1390.
- In the assessment, the Ministry was rated “average” with 3.3 score.
- The Minister and Deputy Minister support the reform, but their involvement is very limited. The IBC is headed by the DM for Administration and Finance. The BIT is represented by key directorates of the Ministry. The IBC meets only once a year to discuss and review budget proposals during BC2 submissions. The BIT, which is chaired by the DG Administration and Finance, meets once a week during the preparation of the BC1, BC2, and PFP.
- All BIT members participate in all budget formulation and budget execution training programs conducted by the MoF and the project. There are no periodic meetings between the BIT and the MoF. The BIT members meet with MoF sector focal points when they have issues to be resolved. Staff continuity has been a major issue for the BIT. Some key BIT members who were fully trained have been transferred to Afghan Embassies and Consulates in recent years. The Ministry is not interested in implementing the Pay and Grading system. The Ministry indicated that the current salary scale is higher than that of the Pay and Grading system.
- The BIT members especially at the DG and manager level have a good understanding of the ANDS, NPPs, and MoFA strategy. Similarly, DG level members of the BIT are very knowledgeable about output and outcome indicators for the Ministry. The BIT has several new members who need to be trained in all aspects of the reform. PFP is a new reform area and MoFA needs to be trained to prepare their financial and procurement plans.

***Approved 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	52.720	42.163	80.0	55.649	54.321	97.7	38.073
Development	8.514	1.851	21.7	12.512	7.460	59.6	14.942

*Data Source: Budget Execution Directorate-Ministry of Finance

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)

No.	Key Variable Areas	Rating	Key Findings and Challenges	Recommendations
1	Political Commitment	3	<ul style="list-style-type: none"> The Minister and Deputy Minister are committed to the program budget reform, but their involvement is limited in the budget preparation cycle. The implementation of the reform is led by the DG Administration and Finance and DG of Planning. The Minister or the DM for Administration and Finance provide some inputs and guidance during the BC2 preparation. 	<ul style="list-style-type: none"> MoFA senior management is not sufficiently involved in the budget preparation process. The MoF should conduct program budget steering committee meetings at least twice a year. This is essential to keep the momentum and build consensus on the reform.

	BIT/IBC Composition	4	<ul style="list-style-type: none"> • The IBC is led by the DM of Administration and Finance. Other members include DM Political Affairs, DG Administration and Finance, and DG Planning. • The BIT is represented by all key directorates of the Ministry. It includes the following members <ul style="list-style-type: none"> ○ Budget manager ○ Budget officer ○ Accounting manager ○ Accounting officer ○ Deputy to DG Administration and Finance and ○ Planning officer • The BIT structure conforms to MoF suggested structure. 	<ul style="list-style-type: none"> • The BIT should also include a member from the Ministry's Procurement Department.
3	BIT/IBC Function	4	<ul style="list-style-type: none"> • The budget implementation team meets once a week during preparation of the BC1, BC2, and PFP submissions. All meetings are chaired by the DG Administration and Finance, who is involved in all details of each budget activity. The project's embedded advisor supports the BIT. The EGGI advisor ensures that the BC1, BC2 and PFP submissions are prepared in accordance with the MoF guidelines. • The IBC meets once a year to discuss/review during budget submission. 	<ul style="list-style-type: none"> • The IBC and the BIT should meet more frequently. The BIT should meet at least twice a week during the preparation of BC1 and BC2, and the IBC should convene meetings at least twice per quarter to discuss and to provide guidance on budget formulation and execution issues.

4	Training Participation	4	<ul style="list-style-type: none"> • The BIT members participate in all budget training programs conducted by the MoF and the project. The DG administration and finance mentioned that these training programs have been very helpful in building the capacity of their staff in program budgeting, PFP and PMR. Usually the manager and officer- level staff attend these trainings. Participation of DG level members is rare. • The project’s program budget team conducts coaching sessions twice a week. Coaching and mentoring helps the BIT members to learn on-the-job. 	<ul style="list-style-type: none"> • The MoF should require that the training participation be mandatory for the BIT members including the DG-level members. • The Ministry should have a training plan for new members and coordinate with the MoF and the project.
5	MoF Coordination	4	<ul style="list-style-type: none"> • There are no periodic meetings between the BIT and the MoF relevant sector managers. When the BIT encounters issues related to budget or payments, the BIT meets with the responsible unit in the MoF. • MoFA’s Budget and Accounting managers are in regular contact with the MoF budget sector, PERU, and the disbursement unit of the Treasury Directorate. 	<ul style="list-style-type: none"> • The BIT should meet with the relevant sector manager at least twice per quarter to improve coordination and discuss issues related to the budget preparation and execution.
6	Staff Continuity	3	<ul style="list-style-type: none"> • Staff continuity has been a major issue for the BIT. Some key members of the BIT that were well trained left the team and transferred to Afghanistan embassies and consulates abroad. Such staff transfers have adversely affected the performance of the BIT recently. The DG noted that if any key member leaves, he/she will be replaced by one of his/her subordinates. He also remarked that the Ministry has started training lower level staff to ensure enough skilled staff are available to do budget related work. 	<ul style="list-style-type: none"> • Senior management of MoFA should not transfer key BIT members frequently. • Management should retain key staff members until the Ministry’s capacity is built in the budget reforms.

7	Pay & Grading and PRR Implementation	3	<ul style="list-style-type: none"> • P&G has not been implemented in MoFA for several reasons. The DG Administration and Finance indicated that P&G reform is not compatible with the organizational structure of MoFA. There is an issue between MoFA and the Civil Service Commission (CSC) on the staff grading system under this reform. MoFA's current grades for staff working in diplomatic positions are higher than the grades provided under the P&G system. • MoFA has its own salary scale for the embassy staff and the management does not want to replace it with the P&G scale. • Because MOFA is not implementing Pay and Grading, it is able to maintain a strong BIT. 	<ul style="list-style-type: none"> • The Pay and Grading reform should be implemented in the central directorates such as Administration and Finance, Procurement, HR, Planning, Services, and Asset Management if not in the political directorates and/or the embassies.
8	ANDS, Sector, Ministry Strategy Knowledge	3	<ul style="list-style-type: none"> • The BIT members at the DG and manager level have a good understanding of the ANDS, NPPS and MoFA strategy. Other members at the officer level have limited knowledge in these areas. The DG level members of the team prepare the budget narrative section on defining the link between the strategic objectives and the annual budget. 	<ul style="list-style-type: none"> • The project could conduct a training program on the ANDS, Sector, and MoFA strategies for junior staff in the Ministry including the BIT members.
9	Program Budget Outputs and Outcomes Knowledge	3	<ul style="list-style-type: none"> • The DG level members of the BIT have a very good knowledge of the Ministry's outputs and outcomes. They are involved in setting the output and outcome indicators and annual targets. The officer level members of the BIT need more training in this area to fully understand the concept. The key staff members that were transferred to other assignments affected the performance of the team. 	<ul style="list-style-type: none"> • MoF and the project should strengthen the output and outcome training modules delivered during the annual program budget training by adding specific examples related to MoFA.

10	Budget Formulation Current Capacity	3	<ul style="list-style-type: none"> The BIT has three new members and they all need to be trained at least for another year to understand the program budgeting concepts. They still need to learn more about costing the operating and development budget activities, completing the submission forms, and defining outcomes and outputs for the programs and subprograms. 	<ul style="list-style-type: none"> MoFA should be supported in the preparation of BC1 and BC2 submissions for about two years so that the BIT can then prepare the submissions without external support.
11	Procurement and Financial Planning (PFP) Current Capacity	3	<ul style="list-style-type: none"> PFP is a relatively new reform. The BIT's knowledge in this area is limited. They cannot complete the plan without external technical assistance. MoFA is not yet one of the piloted ministries for receiving annual allotment for the operating budget. MoFA will need much more support when they will receive annual allotment in SY 1392. 	<ul style="list-style-type: none"> The project should continue supporting MoFA in preparation of PFP until this reform is completely implemented and the Ministry receive annual allotments for both the operating and development budgets.
12	Performance Monitoring Reporting (PMR) Current Capacity	NA	<ul style="list-style-type: none"> MoFA is not required to prepare quarterly PMRs. 	
Final Rating		3.3		



Risk Assessment Report

Ministry/Budgetary unit:	Ministry of Higher Education (MoHE)
Assessment Date	22 February 2012
Venue:	DG Administration & Finance office-MoHE
Meeting Participants:	Assadullah Safi-DG Administration and Finance, Tahir Khan-Accounting Manager, Tayeb Khan-Budget Manager and Sulaiman Tarin-Development Budget Officer from MoHE. Masoud Nejrabi, Abdul Tawab Wardak and Raju Kalidindi from USAID's Economic Growth and Governance Initiative (EGGI) project
Date of BIT establishment:	September 2009
No of BIT/budget staff:	Civil servants: 12, contractors: 1
USAID support since:	September 2009
Expected Date of Graduation:	Within one year

Summary of Key Findings:

- The MoHE's development budget execution rate is low: 31.8 percent in 1389 and 45.7 percent in 1390. The reasons include less number of staff in the project planning department and low capacity of the staff.
- In the assessment, the MoHE was rated "above average" with 3.7 score.
- The Deputy Minister (DM) for Administration and Finance supports and actively involved in the reform. The Internal Budget Committee (IBC) is headed by the Minister. The Budget Implementation Team (BIT) is led by the DM Administration and Finance. The BIT meets regularly during the budget preparation process. But the IBC meets about once in two months.
- All key members of the BIT participate in the training programs conducted by the MoF and the project. The MoHE convenes meetings with the MoF sector manager and other focal points to discuss budget formulation and execution issues.
- Staff continuity is not a problem in the Ministry. The management expects that all the BIT members stay for a long period. Pay & Grading reform is in place.
- The BIT members at DG and director level have a good knowledge of the Ministry's strategy. Likewise, the BIT members have a good working knowledge of output and outcome indicators.

- The BIT prepares the Budget Circular 1 (BC1) and Budget Circular 2 (BC2) with periodic support from the project’s embedded advisor. The BIT members, however, are not able to complete the PFP on their own. Similarly, the BIT members have limited knowledge in the Performance and Monitoring Reporting (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	38.501	38.151	99.0	45.448	39.384	86.6	43.717
Development	29.711	9.462	31.8	30.773	14.073	45.7	56.277

*Data Source: Budget Execution Directorate-Ministry of Finance

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 senior management of the MoHE supports the reform. The DM for Administration and Finance is currently leading the BIT. He provides inputs and is actively involved in designing program structure and aligning its budget with program objectives and the ministry priorities. The Minister is leading the IBC but his involvement is very limited. The 	<ul style="list-style-type: none"> Given the low development budget execution by the Ministry, It is recommended that the Minister should lead the IBC meetings and get involved in the budget process, specifically in the development budget formulation and

			IBC meetings are mostly headed by the DM Administration and Finance.	execution area.
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 ○ DG Planning and Policy ○ Procurement manager ○ Accounting manager ○ Operating budget manager ○ Development budget manager • The IBC was established in SY 1390. It is led by the Minister of Higher Education and the members are: <ul style="list-style-type: none"> ○ D M Administration and Finance ○ DM of Students Affairs ○ DM of Education ○ DG Planning and Policy ○ DG Administration and Finance. 	<ul style="list-style-type: none"> • No additional adjustments to the MoHE BIT and IBC structures are needed.
3	BITs/IBCs Function	3	<ul style="list-style-type: none"> • The BIT meets regularly especially during the BC1 and BC2 submissions. The IBC convenes meetings and provides its inputs and comments on BC1, BC2, and PFP that are prepared by the BIT. The BIT revises the draft budget and incorporates the inputs and comments from the IBC and submits it to MoF. The IBC meets once in two months. • In the MoHE tashkeel, both the operating and development budget functions are under the Administration and Finance directorate but in practice the integration has not yet occurred. The operating budget manager works under the Administration and Finance directorate and the development budget manager works under the Planning and Policy directorate. 	<ul style="list-style-type: none"> • For improved coordination between operating and development budget units and for strategic planning, it is recommended that operating and development budget functions should be integrated under the Administration and Finance directorate.

4	Training Participation	3	<ul style="list-style-type: none"> All key members of the BIT participate in the trainings/workshops conducted by the project and MoF. However, most members do not attend the coaching sessions conducted by the project advisor. Only the operating and development budget officers attend. Members from other directorates such as HR, Procurement, and Planning & Policy directorates do not attend the coaching sessions. The BIT's knowledge has improved significantly since the start of the reform at this Ministry. Currently the BIT is able to do about 60% of its work without much consultation with the project advisor. 	<ul style="list-style-type: none"> The Deputy Minister of Administration and Finance of MoHE should urge the BIT members other than Administration and Finance directorate to attend the coaching sessions conducted by the project embedded advisor.
5	MoF Coordination	4	<ul style="list-style-type: none"> The MoHE convenes meetings with the sector manager/focal point and the head of the Performance Monitoring and Reporting Unit (PERU) on a periodic basis. They meet about once a quarter. In these meetings budget formulation, budget execution and reporting related issues are discussed. 	<ul style="list-style-type: none"> The frequency of the meetings with MoF should increase from once in a quarter to at least twice in a quarter. Meetings with MoF improve working relations between the two ministries.
6	Staff Continuity	4	<ul style="list-style-type: none"> The DG for Administration and Finance indicated that staff continuity hasn't been a problem for the BIT. Most of the team members that were selected in SY 1387 for the BIT are still in place and have developed moderate capacity in program budgeting. The management expects the BIT members to stay for a long period with the Ministry. 	<ul style="list-style-type: none"> The MoHE should have a succession plan for the BIT. The management should make sure that enough skilled staff are available to replace any key BIT member in case he/she leave.
7	Pay & Grading and PRR Implementation	5	<ul style="list-style-type: none"> The Pay & Grading reform is implemented. This reform was started in year SY 1389 by the Civil Services Commission and implementation was completed by the end of SY 1390. 	<ul style="list-style-type: none"> No further actions are needed.
8	ANDS, Sector, Ministry	3	<ul style="list-style-type: none"> The BIT members at the DG or director level have a good knowledge of the Ministry's strategy and its links to the program structure and the 	<ul style="list-style-type: none"> It is recommended that a training program should be conducted by the project

	Strategy Knowledge		annual budget. However, the staff at the officer level have limited knowledge of the ANDS/Sector and Ministry strategies. In preparing budget narratives usually the senior management of the Ministry gets involved. The DGs prepare the program and subprogram objectives and ensures the annual budget is aligned with the Higher Education Strategy.	embedded advisor on the ANDS, Education Sector and Higher Education strategies for the junior level members of the BIT.
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 needs support from the project's embedded advisor in setting the output and outcome indicators for the annual program budget submission. 	<ul style="list-style-type: none"> The project embedded advisor should conduct special coaching session on output and outcome concept for the junior level BIT members. These coaching sessions should be conducted at least twice in a week. It is recommended that more emphasis should be placed on the output and outcome training module in the annual program budget trainings and specific examples related to MoHE should be given.
10	Budget Formulation Current Capacity	4	<ul style="list-style-type: none"> The MoHE has been involved in program budgeting for more than three years. The BIT members are well trained and they are able to complete the BC1 and BC2 submissions with periodic support from the project's embedded advisor. 	<ul style="list-style-type: none"> It is recommended that the project embedded advisor should continue supporting the BIT in the preparation of the BC1 and the BC2 on an ad-hoc basis for another additional year.
11	Procurement and Financial Planning Current Capacity	3	<ul style="list-style-type: none"> The BIT's knowledge in PFP is limited. This is a new reform since 2011. The BIT members are unable to complete the PFP submissions without the assistance from the project's embedded advisor. The DG of Administration and Finance requested project's support for at least up 	<ul style="list-style-type: none"> It is recommended that the project embedded advisor conduct coaching sessions at least once a week on the preparation of the PFP.

			to one more year in this area.	<ul style="list-style-type: none"> The BIT should be supported until the PFP reform is completely implemented and MoHE receives annual allotments for the operating and development budgets.
12	Performance Monitoring Reporting Current Capacity	3	<ul style="list-style-type: none"> The BIT's knowledge in this area is limited. Quarterly PMR was a new requirement by the MoF at the start of SY 1390. The BIT has problems with collecting data from the relevant directorates of the Ministry. There are problems with coordination between the Administration and Finance and other directorates. Sometimes it takes weeks to get the output and outcome data from other directorates. 	<ul style="list-style-type: none"> MoHE should be supported for at least one additional year in the preparation of PMR by the project and frequent coaching sessions should be conducted for the key BIT members. In order to better organize the performance data, the Ministry in coordination with the MoF should explore using an information management system.
Final Rating		3.7		



Risk Assessment Report

Ministry/Budgetary unit: Ministry of Haj and Religious Affairs (MoHRA)
Assessment Date April 3, 2012
Venue: DG Finance office-MoHRA
Meeting Participants: DG Administration and Finance, Senior Finance advisor to the Minister, Operating budget manager, and Development budget manager from MoHRA. Qasim Ghafari, Abdul Tawab Wardak USAID's Economic Growth and Governance Initiative (EGGI) project
Date of BIT establishment: June 2010
No of BIT/budget staff: Civil servants: 10, contractors: 0
USAID support since: August 2010
Expected Date of Graduation: Within one year

Summary of Key Findings:

- MoHRA's total core budget (operating and development budget) is \$13.7 million for 1391. The development budget execution rate increased to 81.9 percent in 1390 from 32.5 percent in 1389. The 1389 operating budget execution rate is 60 percent based on the MoF report. However MoHRA reported 99 percent. This difference is mainly due to not reconciling the budget execution figures between the MoF and the MoHRA.
- In the assessment, the Ministry was rated as "above average" with 3.7 score.
- The Minister and the Deputy Minister (Administration and Finance) support and sufficiently involved in the program budget and associated reforms. Among the BIT members, the DG Administration and Finance, the operating budget manager, and the development budget manager are in the working group, which prepares the BC1, BC2 and PFP submissions. The BIT working group members participate in all the training programs organized by the MoF and the project. They are interested in learning more about budgeting, procurement and financial planning, and reporting.
- The operating and development budget managers are always in contact with the MoF governance sector manager. The BIT has not experienced staff turnover in the recent past. All of the BIT members are civil servants and the management expects them to stay and work with the Ministry for a long period. The Pay and Grading reform is expected to be implemented in the next 1-2 years.
- Some BIT members at the manager and DG-levels have very good knowledge of the MoHRA strategy. Their annual budget is linked to the priorities identified in the strategy. MoHRA is in the second year of program budget implementation. The BIT is still in the learning stage

and staff has not reached a level where they can prepare the BC1 and BC2 submission without support from the project. PFP was started one year after the program budget reform was initiated at MoHRA. This area is still new for the BIT members. MoHRA is not required to prepare quarterly Performance Monitoring Reports (PMRs).

***Approved 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	15.619	9.335	60.0	15.376	15.003	97.6	10.738
Development	4.311	1.399	32.5	2.834	2.321	81.9	2.982

*Data Source: Budget Execution Directorate-Ministry of Finance

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)

No	Key Variable Areas	Rating	Key Findings and Challenges	Recommendations
1	Political Commitment	5	<ul style="list-style-type: none"> The Minister and DM for Administration and Finance support the reform. They are involved in all aspects of the budget formulation process. In the FY 1391 budget hearing meeting, the Minister himself delivered the hearing presentation and participated in all the budget meetings. This indicates the high level of interest and the involvement of the senior management in the budget preparation process. 	<ul style="list-style-type: none"> To maintain and strengthen the momentum and build a broader consensus for the reform, The MoF should conduct the program budget steering committee meetings at least twice a year.
2	BIT/IBC Composition	5	<ul style="list-style-type: none"> The BIT is led by the DM Administration and Finance and other members are: <ul style="list-style-type: none"> DG Administration and Finance Senior Financial Advisor to the Minister DG Planning and Policy DG Religious Affairs DG Haj Operating Budget Manager and Development Budget Manager Among the BIT members DG Administration and Finance, the operating budget manager and the development budget manager are in the working group, which prepares the BC1, BC2 and PFP submissions. The working group consists of key BIT members who are responsible for day to day work in implementing the reform. MoHRA does not have an IBC. The BIT composition conforms with the MoF recommended structure. 	
3	BITs/IBCs Function	4	<ul style="list-style-type: none"> The working group meets twice a week during the preparation of BC1 and BC2 and each member's progress is discussed. The project's program budget advisor supports all aspects of the budget preparation process. Once the draft budget is prepared by the working group, they 	<ul style="list-style-type: none"> All members of the BIT – not just the working group - should actively participate in implementing the reform.

			solicit inputs and/or comments from the Minister and DM of Administration and Finance and then it is sent to MoF.	<ul style="list-style-type: none"> The BIT should prepare minutes of the meetings and share with senior management for advice and guidance.
4	Training Participation	4	<ul style="list-style-type: none"> The BIT working group members participate in all the training programs organized by the MoF and the project. They are interested in learning more about budgeting, procurement and financial planning, and reporting. MoHRA encountered many problems during FY 1390 with budget execution in the provinces. The capacity at provincial directorates is very low. Provincial staff require training and capacity building in budget execution. The MoHRA lacks any funding for training of provincial offices. Additionally, no donor has expressed an interest in this Ministry for funding training programs. 	<ul style="list-style-type: none"> The Ministry should request the MoF for discretionary budget for training and capacity programs in provinces.
5	MoF Coordination	3	<ul style="list-style-type: none"> The operating and development budget managers are in contact with the MoF governance sector manager. However, there are no periodic meetings between the two ministries. If MoHRA faces any problems related to the program budget or PFP then the Ministry meets with the MoF sector manager to resolve the problem. 	<ul style="list-style-type: none"> To further improve coordination it is recommended that the BIT should meet with the relevant sector manager at least twice in each quarter to discuss the issues related to the budget preparation and execution.
6	Staff Continuity	4	<ul style="list-style-type: none"> The BIT has not experienced staff turnover to date. All of the BIT members are civil servants and the management expects them to stay and work with the Ministry for a long period. 	<ul style="list-style-type: none"> The BIT needs a comprehensive training plan. All finance, budgeting, and accounting staff should be trained to ensure skilled staff are available to replace any key BIT member in case he/she leaves.
7	Pay & Grading (P&G) and PRR Implementation	2	<ul style="list-style-type: none"> The BIT members are low-paid civil servants and Pay and Grading (P&G) reform has not yet been started in MoHRA. As per the Civil Service Commission plan, this reform will be implemented in the next one to two years. 	<ul style="list-style-type: none"> Senior management of MoHRA should discuss about expediting P&G reform with the Civil Service Commission to start reform implementation earlier than planned.
8	ANDS, Sector, and Ministry	4	<ul style="list-style-type: none"> Some BIT members at the manager and DG-levels have very good knowledge of the MoHRA strategy. Their annual budget is linked to the 	

	Strategy Knowledge		priorities indicated in the strategy. The Ministry does not use ANDS to align its strategy and program structure because ANDS is a development strategy and contains very little about religious affairs.	
9	Program Budget Outputs and Outcomes Knowledge	2	<ul style="list-style-type: none"> The knowledge of the BIT members in program budget output and outcome indicators is limited. They have problems in differentiating between output and outcome indicators. The BIT needs at least one more year of coaching and training to develop a stronger understanding of program budget outputs and outcomes. 	<ul style="list-style-type: none"> The BIT lacks capacity in output and outcome indicators which is an important aspect of the budget submission. The MoF and the project should organize specific training programs for the BIT members on output and outcome indicators for the Ministry.
10	Budget Formulation Current Capacity	3	<ul style="list-style-type: none"> MoHRA is in the second year of program budget implementation. The BIT is still in the learning stage and staff have not reached a level where they can prepare the BC1 and BC2 submission without the external technical assistance. The BIT needs one more year of full-time project support to understand all the concepts of program budgeting and complete the submissions without external support. 	<ul style="list-style-type: none"> The project's program budget team should continue supporting the BIT for at least one more budget cycle and conduct more comprehensive and customized training programs and coaching sessions on BC1 and BC2 submissions.
11	Procurement and Financial Planning (PFP) Current Capacity	3	<ul style="list-style-type: none"> This area is still new for the BIT members. They need to learn more about financial planning. According to the MoF plan, the MoHRA will receive the annual allotment of its operating budget in FY 1392. The presence of the project advisor is needed to guide the team on developing a more realistic procurement and financial plan. 	<ul style="list-style-type: none"> It is recommended that the project's program budget team continue supporting MoHRA in PFP preparation for at least one more year.
12	Performance Monitoring Reporting (PMR) Current Capacity	NA	<ul style="list-style-type: none"> MoHRA is not required to prepare quarterly PMRs. 	
Final Rating		3.7		



Risk Assessment Report

Ministry/Budgetary unit: Ministry of Information and Culture (MoIC)
Assessment Date: March 18, 2012
Venue: DG Finance Office-MoIC
Meeting Participants: Zahir Hasan-DG Administration and Finance, Haji Shamsuddin-Operating Budget Manager, Mr. Ishaq Watandost-Operating Budget Sr. Officer, Tasmim-Development Budget Manager from MoIC and Raju Kalidindi, Abdul Tawab Wardak, Mohammad Khalid Betani and Mr. Samim Rahimi from USAID's Economic Growth and Governance Initiative (EGGI) project
Date of BIT establishment: June 2010
No of BIT/budget staff: Civil servants: 9, contractors: 0
USAID support since: August 2010
Expected Date of Graduation: Within 2 years

Summary of Key Findings:

- The MOIC's development budget execution rate has been very low: 23.1 percent in 1389 and 13.8 percent in 1390. The reasons include low capacity in project planning and design and slow procurement processes.
- In the assessment, the Ministry was rated "average" with 3.6 score.
- The senior management of the MoIC, especially the DM for Tourism and Culture, is actively involved in program budget reform. This reform is well supported both by the Minister and the DM-Administration and Finance. The BIT/IBC structure conforms to the MoF recommended structure. The BIT meets twice a week during the preparation of BC1, BC2, and PFP. These meetings have been effective in improving the coordination between the Planning and Finance directorates of the Ministry. All BIT members have participated in program budgeting formulation, execution, PFP and PMR trainings conducted by the MoF and the project.
- Most of the key MoIC BIT members are permanent civil servants and they are expected to stay employed with the Ministry for the long-term. Almost all IBC members have a good working knowledge of the Ministry's strategy and the ANDS. The program structure that IBC prepared reflects the main service delivery areas of the Ministry and is linked to the priorities indicated in the Ministry's strategy. The BIT's knowledge in this area is limited. The DG Administration and Finance, Director of Planning, and all four DMs of the Ministry are involved in setting the targets for outcome and output indicators for the programs and subprograms.
- Program budgeting reform was introduced in MoIC during FY 1389. This reform is still new and the Ministry requires at least one more year of technical support to reach a level where the BIT can prepare the BC1 and BC2 submissions without external assistance. The PFP

for the operating and development budget are prepared jointly by the Administration and Finance and the Planning Directorates. MoIC is not required to prepare quarterly Performance and Monitoring Reports.

Approved 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	13.227	12.925	97.7	14.199	13.347	94.0	11.881
Development	8.869	2.053	23.1	15.433	2.128	13.8	11.259

* Data Source: Budget Execution Directorate, Ministry of Finance

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)

No	Key Variable Areas	Rating	Key Findings and Challenges	Recommendations
1	Political Commitment	4	<ul style="list-style-type: none"> • MoIC’s senior management is actively involved in program budgeting, especially the DM of Tourism and Culture. He provides inputs and suggestions to the Ministry’s program structure and the budget submissions. This reform is well supported both by the Minister and the DM Administration and Finance. The DM Administration and Finance was involved in the budget narrative preparation as well. He prepared the output and outcome indicators and the program and 	<ul style="list-style-type: none"> • The Minister should be more involved. This may happen if the Cabinet discusses the program budget reform during the budget discussions. • The MoF should also conduct program budgeting steering committee meetings at least twice a year and all Ministers and heads of the commissions should be required to attend.

			subprogram objectives.	
2	BIT/IBC Composition	5	<ul style="list-style-type: none"> • The BIT is led by the DM Culture and Tourism. Other members are: <ul style="list-style-type: none"> ○ DG Administration and Finance ○ Director Planning ○ Development Budget Manager ○ Operating Budget Manager ○ Operating Budget Officer ○ Development and Operating Budget Manager of National Radio and Television of Afghanistan (RTA) ○ Planning Manager of RTA • The IBC is led by the Minister with the following members: <ul style="list-style-type: none"> ○ DM Administration and Finance ○ DM Culture and Tourism ○ DM Youth Affairs ○ DM Media and Publications • The BIT/IBC structure conforms to the MoF recommended structure for the BIT and IBC. 	
3	BITs/IBCs Function	3	<ul style="list-style-type: none"> • The BIT meets twice a week during the preparation of BC1, BC2, and PFP. These meetings have been effective in improving the coordination between the planning and finance directorates of the Ministry. Prior to the start of this reform, these two directorates were not communicating well. The integration of operating and development functions has not happened yet. As a result, the BIT is unable to approach budget preparation strategically as operating and development are considered separate budgets. • Usually the BIT meeting participants are only from the Administration and Finance and the Planning directorates. • The IBC meets once every two weeks during the preparation of BC1, BC2 and PFP and discusses the BIT's progress with the submissions. In these meetings, the BIT members, including DG Planning, DG 	<ul style="list-style-type: none"> • To make program budget reform successful, the Ministry should integrate operating and development budget functions. • The BIT should prepare meeting minutes and share with the senior management (including the Minister) for inputs on program budget and associated reforms.

			Administration and Finance, participate. They review the draft budget prepared by the BIT and provide comments and suggestions for improvement.	
4	Training Participation	4	<ul style="list-style-type: none"> All BIT members have participated in program budgeting formulation, execution, PFP and PMR trainings conducted by the MoF and the project. The Ministry considered that the recent PFP training was useful. The Ministry considers the project coaching sessions effective and helpful in building capacity of the BIT members. The DG Administration and Finance noted that the project's assistance has helped the Ministry in building the capacity of the BIT members. He also requested continuation of support in all program budget-related areas. 	
5	MoF Coordination	3	<ul style="list-style-type: none"> The operating budget manager noted that the Ministry has good coordination with the MoF. Meetings are arranged with the MoF whenever needed and specific issues related to budget formulation and budget execution are discussed. The frequency of these meetings is on average once each quarter. 	<ul style="list-style-type: none"> To improve coordination further, the BIT should meet with the relevant sector manager at least twice in each quarter and discuss the Ministry's issues with budget preparation, budget execution and PFP.
6	Staff Continuity	4	<ul style="list-style-type: none"> Most of the key MoIC BIT members are permanent civil servants and they are expected to stay employed with the Ministry for long-term. 	<ul style="list-style-type: none"> The BIT should develop a comprehensive training plan with support from the MoF and the project. All Finance, Budgeting and Accounting staff should be trained in program budgeting and other areas to ensure skilled staff are available to replace any key BIT member in case he/she leaves.
7	Pay & Grading and PRR Implementation	3	<ul style="list-style-type: none"> The Pay & Grading (P&G) reform is in progress at the Ministry. The DG Administration and Finance noted that the Ministry does not want to lose their experienced employees. The Ministry needs to rehire the same staff through the Pay and Grading reform. The current staff have years of relevant experience and are more familiar with the work. The DG added that current staff are well trained in the area of budgeting and accounting. 	<ul style="list-style-type: none"> It is recommended that qualified and experienced candidates be hired for the BIT through a competitive and merit based recruitment process.

8	ANDS, Sector, Ministry Strategy Knowledge	4	<ul style="list-style-type: none"> • Almost all IBC members have a good working knowledge of the Ministry's strategy and the ANDS. The program structure that IBC prepared reflects the main service delivery areas of the Ministry and is linked to the priorities indicated in the Ministry's strategy. • The BIT's knowledge in this area is limited. The BIT members require additional training to better understand the MoIC priorities and to be able to link the strategy and the annual budget. 	<ul style="list-style-type: none"> • The project should conduct a training program on ANDS, Sector, and MoIC strategies for all members of the BIT.
9	Program Budget Outputs and Outcomes Knowledge	3	<ul style="list-style-type: none"> • The BIT members have limited knowledge of the program budget outcome and output indicators. The Ministry requires at least one more year of technical assistance to develop the BIT's knowledge and skills. • The DG Administration and Finance, Director of Planning, and all four DMs of the Ministry are involved in setting the targets for outcome and output indicators for the programs and subprograms. 	<ul style="list-style-type: none"> • More emphasis should be made on the output/outcome training module in the annual program budget trainings and specific examples related to MoIC should be given. • Frequent coaching sessions should be conducted on output/outcome concepts by the project's embedded advisor.
10	Budget Formulation Current Capacity	3	<ul style="list-style-type: none"> • Program budgeting reform was introduced in MoIC during FY 1389. This reform is still new and the Ministry requires at least one more year of technical support to reach a level where the BIT can prepare the BC1 and BC2 submissions without external assistance. • There are three programs in the MoIC program structure which is a heavy workload for budget preparation. The BIT requires a full-time EGGI embedded advisor to assist with completion of the BC1 and BC2 submissions. 	<ul style="list-style-type: none"> • The project's program budget team should continue supporting the BIT for up to two budget cycles and conduct more training programs and coaching sessions on BC1 and BC2 submissions.
11	Procurement and Financial Planning Current Capacity	3	<ul style="list-style-type: none"> • The PFP for the operating and development budget are prepared jointly by the Administration and Finance and the Planning Directorates. • The project embedded advisor is assisting the team on the preparation of the PFP submission as the capacity of the BIT is limited in this area. 	<ul style="list-style-type: none"> • External assistance is need for about two years for the Ministry.
12	Performance Monitoring Reporting Current	N/A	<ul style="list-style-type: none"> • MoIC is not required to prepare quarterly Performance and Monitoring Reports. 	

	Capacity			
	Final Rating	3.6		



Risk Assessment Report

Ministry/Budgetary unit:	Ministry of Justice (MoJ)
Assessment Date	April 7, 2012
Venue:	DG Admin & Finance office-MoJ
Meeting Participants:	Mr. Hashimi-DG Admin and Finance and Budget manager from MoJ. Asmar Amir, Abdul Tawab Wardak and Raju Kalidindi from USAID's Economic Growth and Governance Initiative (EGGI) project
Date of BIT establishment:	June 2010
No of BIT/budget staff:	Civil servants: 11, contractors: 0
USAID support since:	August 2010
Expected Date of Graduation:	Within one year

Summary of Key Findings:

- The Ministry of Justice implemented on average about 53 percent of its development budget during 1389-90, which was above the overall development budget execution rate for the government.
- In the assessment, the Ministry was rated "above average" with 3.8 score.
- The Ministry's senior management including the Minister and the DM of Administration and Finance supports the program budgeting reform. The DM of Administration and Finance is involved in every detail of the budget preparation and execution processes. The BIT is led by the DM of Administration and Finance. The MoJ does not have an IBC. The DM of Administration and Finance and the key directors are all included in the management team of BIT. All staff below director level comes under the working group/technical team of BIT. The BIT structure conforms to the MoF recommended structure. All key BIT members participate in the trainings and workshops conducted by the MoF and the project.
- The MoJ coordinates closely with the MoF on program budget reform implementation. A BIT representative is always in contact with the MoF budget and treasury directorates and keeps other team members up to date on all budget issues. The MoJ has not experienced staff turnover in its BIT. The Pay and Grading reform has been implemented. All BIT members are civil servants and the management expects them to stay and work with the Ministry for a long period.
- The DM and DGs are knowledgeable about ANDS and their sector strategy, but mid level managers and low level staff have limited understanding in this area. Most BIT members at senior level are familiar with the Ministry's outputs and outcome indicators.
- Program budget reform was introduced in the MoJ only two years ago and BIT members are able to complete BC1 and BC2 submissions with assistance from project advisor. Procurement and Financial Planning (PFP) is a new reform that the MoF initiated at the MoJ at the

beginning of FY 1390. The MoJ had several problems with filling the submission forms and understanding the PFP preparation guidelines. MoJ is not yet required to prepare quarterly PMRs.

***Approved 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	38.255	35.849	93.7	34.827	34.305	98.5	8.409
Development	9.512	3.308	34.8	6.671	4.762	71.4	7.888

*Data Source: Budget Execution Directorate-Ministry of Finance

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)

No	Key Variable Areas	Rating	Key Findings and Challenges	Recommendations
1	Political Commitment	4	<ul style="list-style-type: none"> The Ministry’s senior management including the Minister and the DM of Administration and Finance supports the program budgeting reform. The DM of Administration and Finance is involved in every detail of the budget preparation and execution process. The DM has led the implementation team since the start of the reform at MoJ. He believes that program budgeting has solved many of the Ministry’s budgeting problems and that the current process has more advantages over the traditional line-item budgeting process. The DG 	<ul style="list-style-type: none"> To further strengthen and update the implementation of program budget reform, the MoF should conduct program budget steering committee meetings at least twice a year and all ministers and heads of the commissions be required to attend.

			Administration and Finance indicated that issues related to program budgeting are discussed in the Ministry's weekly executive meetings.	
2	BIT/IBC Composition	5	<ul style="list-style-type: none"> • The BIT is led by the DM Administration and Finance. Other members are: <ul style="list-style-type: none"> ○ DG of Administration and Finance ○ DG of Planning ○ HR Director ○ Legal Affairs Director ○ Juvenile Director ○ Operating Budget Manager ○ Development Budget Manager ○ Planning Officer • The MoJ does not have an IBC. The DM of Administration and Finance and the key directors are all included in the management team of BIT and the managers and officer level staff come under the working group/technical team. • The BIT structure conforms to the MoF recommended structure. 	<ul style="list-style-type: none"> • Given that the BIT structure conforms to the MoF recommended structure, no further action is recommended.
3	BITs/IBCs Function	4	<ul style="list-style-type: none"> • The BIT's technical team consists of staff from the operating budget, development budget and planning units. The team prepares the first draft of the budget submission under the supervision of the project embedded advisor and then forwards it to the management team. The management team provides comments and inputs to both the narrative and financial sections of the budget. The working group then revises the budget based on the inputs from the management and submits it to the MoF. • The working group meets twice a week during the preparation of BC1, BC2, and PFP while the management team meets once the draft budget and the PFP is prepared by the working group. 	<ul style="list-style-type: none"> • For better coordination between the management team and technical team, the BIT should prepare meeting minutes and share them with their senior management (including the Minister) to solicit inputs on program budget and associated reforms. • The management should also meet during the non budget season to discuss budget execution and future plans.
4	Training Participation	4	<ul style="list-style-type: none"> • All key BIT members participate in the trainings and workshops conducted by the MoF and project. The DG of Administration and Finance considers these trainings very informative and influential for the Ministry staff. The DG noted that the project advisor's efforts have built 	<ul style="list-style-type: none"> • It is recommended that the MoF treasury directorate conduct AFMIS training for MoJ staff if possible and provide them with the appropriate rights to be able to

			<p>the capacity of the Ministry staff. He requested to continue the project support to the Ministry at least for another year.</p> <ul style="list-style-type: none"> • During the risk assessment interview the budget manager showed interest in receiving training in AFMIS. 	<p>generate their Ministry's financial reports.</p>
5	MoF Coordination	3	<ul style="list-style-type: none"> • The MoJ coordinates closely with the MoF on program budget reform implementation. A BIT representative is in routine contact with the MoF budget and treasury directorates and keeps other team members up to date on all budget related updates. There are no periodic meetings convened between the MoJ and the MoF, although they meet whenever they encounter any budget-related issues. • MoJ indicated that MoF takes unilateral decisions on budget allocations. The budget proposal that the Ministry submitted to MoF was not approved during the budget hearings and MoJ received a much lower budget than the actual request after the hearings. 	<ul style="list-style-type: none"> • Key BIT members should meet with the sector manager at least twice in each quarter to discuss the issues related to the budget preparation and budget execution and to improve coordination. • Almost all budget allocations have to be agreed during budget hearings. Otherwise, ministries lose interest in budget hearing process.
6	Staff Continuity	5	<ul style="list-style-type: none"> • The MoJ has not experienced staff turnover in its BIT. All BIT members are civil servants and the management expects them to stay and work with the Ministry for a long period. 	<ul style="list-style-type: none"> • All finance, budgeting and accounting staff should be well trained in program budgeting and other associated reforms to ensure skilled staff are available to replace any key BIT member in case he/she leaves.
7	P&G and PRR Implementation	4	<ul style="list-style-type: none"> • The P&G reform is in place. All BIT members are paid per the P&G scale. However, the BIT members do not agree with the P&G pay scale. The average monthly salary is only about USD 200. This is very low compared to those of some ministries such as MoF that receives top-up salaries in addition to the P&G scale. 	<ul style="list-style-type: none"> • If the P&G pay scale is an issue for staff retention, the Ministry should consider offering super scale positions to key BIT members.
8	ANDS, Sector, Ministry Strategy Knowledge	3	<ul style="list-style-type: none"> • The DM and DG-level members' knowledge in this area is good, but the managers and officer-level members' understanding is limited. The manager and officer level members of the BIT need to receive specific trainings to increase their knowledge in the area of ANDS, Sector, and Ministry strategy. 	<ul style="list-style-type: none"> • The project should conduct a training program on the ANDS/Sector and the MoJ strategies for the manager, officer and assistant-level members of the BIT.
9	Program Budget	3	<ul style="list-style-type: none"> • All of the BIT members at the senior level have a good understanding of 	<ul style="list-style-type: none"> • More emphasis should be made on the

	Outputs and Outcomes Knowledge		<p>their Ministry's outputs and outcomes. However, the knowledge of junior level BIT members in this area is limited. Since setting outputs and outcomes for the programs and subprograms is a technical part of the budget submission, the MoJ needs assistance from project advisors to set output and outcome indicators for their programs and subprograms.</p>	<p>output/outcome training module in the annual program budget trainings and specific examples related to MoJ should be given.</p> <ul style="list-style-type: none"> • Frequent coaching sessions should be conducted on output/outcome concepts by the project's embedded advisor.
10	Budget Formulation Current Capacity	3	<ul style="list-style-type: none"> • The program budget reform was introduced in the MoJ two year ago. The BIT needs to be trained to enable the team to build capacity to a sustainable level and MoJ can then graduate from the project technical assistance. Currently BIT is able to complete BC1 and BC2 submissions with assistance from the project advisor. 	<ul style="list-style-type: none"> • It is recommended that the program budget team should continue supporting BIT for at least one more budget cycle to develop the capacity of BIT members to a sustainable level.
11	Procurement and Financial Planning (PFP) Current Capacity	3	<ul style="list-style-type: none"> • PFP is a new reform area. In 1390, MoJ had several problems with filling the submission forms and understanding the PFP preparation guidelines. The BIT needed to fill many PFP forms for the operating and development budget. For the 1391 budget, MoF revised the forms and guidelines. The guidelines are easier to understand and the forms are simplified. MoJ appreciates the efforts of MoF in simplifying the PFP preparation process. • BIT can prepare a quality PFP with assistance from the project embedded advisor. 	<ul style="list-style-type: none"> • The project should continue supporting the MoJ in PFP preparation for at least one more year to develop the capacity of BIT members to a sustainable level. • The project should conduct special coaching sessions on PFP guidelines and submission forms for the BIT members to develop their skills.
12	Performance Monitoring Reporting (PMR) Current Capacity	NA	<ul style="list-style-type: none"> • MoJ is not yet required to prepare quarterly PMRs. 	
Final Rating		3.8		



Risk Assessment Report

Ministry/Budgetary unit: Ministry of Labor, Social Affairs, Martyrs and Disabled (MoLSAMD)
Assessment Date: 27 February 2012
Venue: Director of Accounting and Finance office-MoLSAMD
Meeting Participants: Khalid Naweed-Director General Accounting and Finance and Farid-Budget Manager from MoLSAMD. Masoud Dawodzai , Abdul Tawab Wardak and Raju Kalidindi from USAID’s Economic Growth and Governance Initiative (EGGI) project
Date of BIT establishment: July 2008
No of BIT/budget staff: Civil servants: 10, contractors: 2
USAID support since: July 2008
Expected Date of Graduation: Within two years

Summary of Key Findings:

- The MoLSAMD improved its development budget execution from 44.7 percent in 1389 to 50.8 percent in 1390. The Ministry spent almost all its operating budget in 1390.
- In the assessment, the Ministry was rated “average” with 3.4 score.
- The overall political commitment for the reform is weak. The Deputy Minister for Administration and Finance has limited involvement in the budget process. The Director General for Accounting and Finance supports the reform and he is involved. The BIT is led by the DM and other members come from several important directorates. The BIT meets regularly and meets about twice a week during the budget formulation process. The IBC does not function at all.
- The BIT members mainly from the Accounting and Finance Directorate participate in the budget formulation. The MoLSAMD coordinates well with the MoF budget and treasury directorates. They meet once each quarter and more frequently if there is an issue to resolve.
- Staff continuity is a major problem in the MoLSAMD. Several BIT members, who were trained in program budgeting for two years, left the Ministry and joined donor projects. Currently, most of the BIT members are new and need to be trained. The Pay & Grading salary reform has been already implemented in the Ministry.
- Only some members of the BIT can understand ANDS and Ministry’s strategy. Most other members are relatively new and need to be trained in this area. Likewise, most of the BIT members have limited knowledge of output and outcome indicators.

- Some of the key BIT members are able to complete the BC1 and BC2 submissions with part-time assistance from the project’s embedded advisor. Most of the BIT members need training and capacity building measures in the PFP and PMR.

***Approved Budget and Execution Figures:**

Budget type	SY 1389			SY 1390			SY 1391
	Approved (\$ million)	Execution (\$ million)	Execution (percent)	Approved (\$ million)	Execution (\$ million)	Execution (in percent)	Approved (\$ million)
Operating	125.702	101.563	80.8	178.864	178.258	99.6	18.498
Development	13.518	6.048	44.7	15.465	7.863	50.8	17.037

*Data Source: Budget Execution Directorate-Ministry of Finance

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	3	<ul style="list-style-type: none"> • The Director General (DG) for Accounting and Finance indicated that the political commitment of the MoLSAMD leadership for the program budgeting reform implementation is weak. There is enough support at the Director and Director General level but not at the level of the Minister and the Deputy Minister (DM). • The DM for Administration and Finance has limited involvement in the budgeting process. He provides inputs and suggestions for the 	<ul style="list-style-type: none"> • The Ministry of Finance should convene a high level meeting with the Minister and the DM to discuss their level of involvement in the program budgeting reform implementation in their Ministry. MoF officials can encourage the Minister and the DM to be more actively involved by emphasizing the importance of program

			<p>BC1 and BC2 preparation. Yet the DM is not actively involved and committed to program budget reform implementation.</p>	<p>budgeting reform implementation across the Government and particularly in key social sector ministries such as the MoLSAMD.</p> <ul style="list-style-type: none"> It is also recommended that MoF conduct program budget steering committee meetings at least twice a year and all ministers and/or deputy ministers from the budgetary units be required to attend to raise their awareness of the importance of this major reform. Convening these steering committee meetings can reinforce the importance of program budgeting reform implementation and demonstrate the government's commitment to the reform implementation.
2	BIT/IBC Composition	5	<ul style="list-style-type: none"> The Budget Implementation Team responsible for the MoLSAMD budget process is led by the DM Administration and Finance and other members are: <ul style="list-style-type: none"> Director General Accounting and Finance Director General Planning and Policy Procurement Manager Budget Manager Operating Budget Officer Development Budget Officer HR Manager An Internal Budget Committee (IBC) which serves as a senior management monitoring committee for program budget reform implementation was recently established in MoLSAMD. The DM Administration and Finance is the lead and members are: <ul style="list-style-type: none"> Deputy Minister Labors' Affairs National Skills Development Program (NSDP) Director Director General Accounting and Finance 	<ul style="list-style-type: none"> No further action is required related to the MoLSAMD BIT and IBC structures given that the structure conform to the MoF recommended structures for the BIT and the IBC.

			<ul style="list-style-type: none"> ○ Director General Planning and Policy ● The BIT and IBC structure conforms to the MoF recommended structure for the BIT and the IBC. 	
3	BITs/IBCs Function	3	<ul style="list-style-type: none"> ● Although the DM for Administration and Finance heads the BIT team, he is not actively involved in the meetings. ● The BIT members meet regularly. They meet twice a week during the preparation of Budget Circular 1 (BC1) and Budget Circular 2 (BC2) and once a week during the preparation of the annual Procurement and Financial Plan and quarterly Performance Monitoring Reports. ● Even though it has been formally established, the IBC does not function. It's only on paper. This committee has not yet convened a single meeting on budget planning or budget execution issues. 	<ul style="list-style-type: none"> ● The Ministry of Finance should convene a high level meeting with the Minister and Deputy Minister to discuss their level of involvement in the program budgeting reform implementation in their Ministry. ● This will help to reinforce the importance of having an active IBC functioning in the MoLSAMD. ● It is recommended that the BIT should prepare meeting minutes and share with the senior management (including the minister) for inputs on program budget and associated reforms.
4	Training Participation	3	<ul style="list-style-type: none"> ● The BIT members mainly from the Accounting and Finance directorate participate in the budget, PFP, and PMR training programs conducted by the MoF and the project. ● The DG Accounting and Finance requested special training in budget formulation, budget execution, PFP and PMR for the provincial directorates' staff of MoLSAMD. 	<ul style="list-style-type: none"> ● The project's embedded advisor can team with the project's provincial budgeting team to deliver a three-four day comprehensive budgeting training program for the MoLSAMD provincial directorates' staff in Kabul.
5	MoF Coordination	4	<ul style="list-style-type: none"> ● MoLSAMD coordinates well with the MoF budget or treasury directorates. They meet once each quarter and more frequently if there is an issue to solve. 	<ul style="list-style-type: none"> ● To further improve coordination between the MoF and MoLSAMD, it is recommended that the BIT should meet with the relevant sector manager at least twice in each quarter to discuss the issues related to the

				budget preparation and budget execution.
6	Staff Continuity	2	<ul style="list-style-type: none"> Staff continuity is a major problem in MoLSAMD. The BIT members, who were trained in program budgeting, left the Ministry and joined other organizations for better salaries and benefits. The main reason of staff turnover is low pay with the average salary for the BIT members at the officer level are at about \$200 per month. Currently, most of the BIT members are newly hired through the Pay & Grading reform and need to be trained for 1-2 years to be able to complete the budget submission without external assistance. 	<ul style="list-style-type: none"> MoLSAMD should request super scale salaries for the key BIT members to retain them. The Ministry can also prepare a long term training plan for the BIT members. If any BIT member leaves, there should be enough trained staff available to replace them.
7	Pay & Grading and PRR Implementation	5	<ul style="list-style-type: none"> The Pay and Grading reform has already been implemented in MoLSAMD. All the BIT members are paid through the Pay and Grading salary mechanism. The BIT members that are newly hired are all university graduates and qualified for the BIT positions. 	<ul style="list-style-type: none"> No further action is required related to implementation of Pay and Grading reform in MoLSAMD.
8	ANDS, Sector, Ministry Strategy Knowledge	4	<ul style="list-style-type: none"> Three of the key BIT members understand the ANDS, Sector, and Ministry strategy and how it is linked to the Ministry's program budget. Many of the BIT members at the MoLSAMD were recently hired so they need to be trained at least for 1-2 years to fully understand the ANDS, Sector, and MoLSAMD strategy. 	<ul style="list-style-type: none"> The project's embedded advisor should conduct a training program on the ANDS/Sector and the MoLSAMD strategies for the manager, officer and assistant level members of the BIT.
9	Program Budget Outputs and Outcomes Knowledge	3	<ul style="list-style-type: none"> The BIT's knowledge of output and outcome indicators is limited. Only two senior staff of the Accounting and Finance directorate understands the outcome and output indicators. Recently hired lower level staff have yet to receive specific training on setting program budget output and outcome indicators for the programs and subprograms. 	<ul style="list-style-type: none"> The project's embedded advisor can conduct a special training session with follow up coaching sessions on setting output and outcome indicators for MoLSAMD. The Ministry of Finance Budget Reform Unit can also place more emphasis on the

				program budget output and outcome indicator training module in the annual program budget trainings.
10	Budget Formulation Current Capacity	4	<ul style="list-style-type: none"> Some of the key BIT members are able to complete the BC1 and BC2 submission with part-time assistance from the project's embedded advisor. The new BIT members require more training to build capacity in preparation of the BC1 and BC2 submissions in accordance with the Ministry of Finance guidelines and instructions. 	<ul style="list-style-type: none"> The project's program budget team should continue supporting the BIT for 1-2 budget cycles and conduct more training programs/ coaching sessions on BC1 and BC2 submissions particularly for the newly hired lower level staff members of the BIT.
11	Procurement and Financial Planning Current Capacity	3	<ul style="list-style-type: none"> The PFP is a new reform and the BIT's knowledge is limited in PFP. The BIT members need more training in this area to build sufficient capacity to be able to prepare an annual PFP with minimal or no external assistance from the project or MoF. The MoLSAMD has requested such training for the provincial line directorates as well so that they can also prepare quality PFPs for their provinces. The current BIT cannot prepare a quality annual PFP without technical assistance from the project's embedded advisor. 	<ul style="list-style-type: none"> It is recommended that the project's program budget team should continue supporting MoLSAMD for at least two additional years in PFP preparation. The project's embedded advisor can team with the project's provincial budgeting team to conduct an internal comprehensive training program on Program Budgeting, PFP, Budget Execution and PMR for the provincial line directorates of MoLSAMD.
12	Performance Monitoring Reporting Current Capacity	3	<ul style="list-style-type: none"> The Ministry of Finance requires the MoLSAMD to prepare quarterly performance monitoring reports under a pilot program that started in 1390. Similar to the PFP, this is a new area and the BIT members' knowledge is limited. The BIT requires assistance from the project's embedded advisor to prepare each quarterly PMR. 	<ul style="list-style-type: none"> The project's EGGI program budget team should continue supporting MoLSAMD for up to two additional years on PMR preparation.

Final Rating

3.4



Risk Assessment Report

Ministry/Budgetary unit:	Ministry of Mines (MoM)
Assessment Date:	20 February 2012
Venue:	Director Accounting and Finance Office-MoM
Meeting Participants:	Ibrahim Ibrahim-Director General Accounting and Finance, Khwaja Muhammad Nabi-Operating Budget Manager, Meer Abdul Jameel-Development Budget Manager, Muftahuddin Babakarkhel-Financial Management Advisor from MoM and Shafiqullah Amini, Raju Kalidindi and Abdul Tawab Wardak from USAID's Economic Growth and Governance Initiative (EGGI) project
Date of BIT establishment:	June 2010
No of BIT/budget staff:	Civil servants: 10, contractors: 2
USAID support since:	August 2010
Expected Date of Graduation:	Can be considered for graduation (from BC1 and BC2) if the coordination issues are resolved between the directorates (see bellow recommendations under indicators 10 and 11).

Summary of Key Findings:

- The MoM executed on average 34 percent of its 1389 and 1390 development budget.
- In the assessment MoM was rated "Strong" with 4.3 score.
- The Minister of Mines is actively involved in the program budgeting process. He provides inputs and suggestions to the Ministry's program structure and the budget submission. The Ministry of Mines has established both a Budget Implementation Team (BIT) responsible for the budget process implementation and an Internal Budget Committee (IBC) with senior leadership membership to oversee the budget process. The BIT and the IBC structure conforms with the MoF recommended structure for the BIT and the IBC. The BIT meets twice a week during the preparation of Budget Circular 1 (BC1), Budget Circular 2 (BC2) and annual Procurement and Financial Plan (PFP) submissions and in these meetings the Director Accounting and Finance and Director General Administration and Finance participate.
- Most of the BIT members have participated in the program budgeting, PFP and Performance Monitoring Reporting trainings conducted by the Ministry of Finance (MoF). overall the coordination between MoF and MoM is good. The MoM BIT members are all permanent civil servants and they are expected to stay with the ministry long term. The Pay and Grading reform has been

implemented in MoM. Almost all the IBC members have a very good understanding of the ANDS and the Ministry strategy. However, the junior members of the BIT have limited understanding of the ANDS the Ministry strategy.

- The BIT members have limited knowledge of the program budget outcome and output indicators. The PFP is prepared by the accounting and finance, and the procurement directorates. The coordination between these two directorates is very weak. MoM is not required to prepare PMRs.

***Approved 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	6.206	6.136	98.8	8.132	6.342	78.0	6.570
Development	34.974	14.740	42.1	65.178	17.238	26.4	68.322

*Data Source: Budget Execution Directorate-Ministry of Finance

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 Minister of Mines is actively involved in the program budgeting process. He provides inputs and suggestions to the Ministry’s program structure and the budget submission. This reform is strongly supported both by The Minister and the Deputy Minister for Administration 	<ul style="list-style-type: none"> • No further action is required related to the political commitment of the MoM leadership to program budgeting reform implementation in the Ministry

			and Finance.	
2	BIT/IBC Composition	5	<ul style="list-style-type: none"> • The Ministry of Mines has established both a BIT responsible for the budget process implementation and an IBC with senior leadership membership to oversee the budget process. The IBC is led by the Minister and other members are: <ul style="list-style-type: none"> ○ Deputy Minister Administration and Finance ○ DM policy ○ Deputy Minister Mines ○ Director General Administration and Finance ○ Director General Policy and Investment Promotion ○ Project Implementation Unit Director • The BIT is led by Deputy Minister Administration and Finance and other members are: <ul style="list-style-type: none"> ○ Director General Administration and Finance ○ Director Finance and Accounting ○ Operating budget manager ○ Development budget manager ○ Accounting manager ○ Public financial advisor ○ HR officer ○ Procurement manager • The BIT and the IBC structure conforms with the MoF recommended structure for the BIT and the IBC. 	<ul style="list-style-type: none"> • No further action is required related to the structure of the BIT and the IBC given that they conform to the recommended structure for the BIT and IBC for Line Ministries/Agencies.
3	BITs/IBCs Function	5	<ul style="list-style-type: none"> • The BIT meets twice a week during the preparation of BC1, BC2 and annual PFP submissions and in these 	<ul style="list-style-type: none"> • The BIT should prepare meeting minutes and share with the senior management (including

			<p>meetings the Director Accounting and Finance and Director General Administration and Finance participate. The BIT currently does not prepare minutes from each meeting to document progress on resolving issues with the budget preparation and execution and actions taken.</p> <ul style="list-style-type: none"> • The IBC meets at least twice a month during the budget season and reviews the draft submissions prepared by the BIT. The IBC meetings are chaired by the Minister and all other members provide their inputs/comments for the budget submission. 	<p>the Minister) for inputs on program budget and associated reforms, and also to document progress on resolving issues with the budget process.</p>
4	Training Participation	4	<ul style="list-style-type: none"> • Most of the BIT members have participated in the program budgeting, PFP and Performance Monitoring Reporting trainings conducted by the Ministry of Finance (MoF). The BIT members are interested in learning more about program budgeting and other budget associated reforms. The Director of Accounting and Finance noted that as a result of the project's efforts the capacity of MoM's BIT has developed significantly. 	<ul style="list-style-type: none"> • No further action is required related to improving the level of participation of the BIT members in the MoF and the project program budgeting reform training programs.
5	MoF Coordination	4	<ul style="list-style-type: none"> • The MoM Development Budget Manager is responsible for coordinating all the budget related work with the MoF budget sector and Budget Reform Unit. He arranges meetings with MoF whenever needed to discuss issues related to budget formulation and budget execution. These meetings are conducted on average once every two months. 	<ul style="list-style-type: none"> • To improve coordination it is recommended that the MoM BIT meet with the relevant MoF sector manager at least twice in each quarter to discuss the issues related to the budget preparation and execution.

6	Staff Continuity	5	<ul style="list-style-type: none"> The MoM BIT members are all permanent civil servants and they are expected to stay with the ministry long term. Staff turnover has not been a problem for MoM. 	<ul style="list-style-type: none"> Though staff turnover has not been a problem for MoM, it is recommended to have a comprehensive training plan for the BIT members. All finance, budgeting and accounting staff should be trained well enough in program budgeting and other areas to ensure skilled staff are available to replace any key BIT member in case he/she leaves.
7	Pay & Grading/ PRR Implementation	5	<ul style="list-style-type: none"> The Pay and Grading reform has been implemented in MoM. All BIT members are paid according to this salary scale. 	<ul style="list-style-type: none"> No further action is required related to implementation of the Pay and Grading reform in the MoM.
8	ANDS, Sector, and Ministry Strategy knowledge	4	<ul style="list-style-type: none"> Almost all the IBC members have in-depth knowledge of the MoM strategy and ANDS. The BIT members at the officer and manager level have limited knowledge of the ministry strategy, except for the policy and strategy directorate members. The ministry's program structure is directly linked with the strategy and the organizational structure of MoM. 	<ul style="list-style-type: none"> The project's embedded advisor could conduct a training program on the ANDS and the MoM strategy for the manager, officer and assistant level members of the BIT. Having this knowledge will enable them to have a better understanding of how the programs and activities of their units relate to the overall ANDS and MoM strategy.
9	Program Budget Outputs and Outcomes Knowledge	3	<ul style="list-style-type: none"> The BIT members have limited knowledge of the program budget outcome and output indicators. The ministry needs additional technical assistance and training to develop the BIT's knowledge in this area. The Director General Administration and Finance and all three Deputy Ministers are involved in setting the output 	<ul style="list-style-type: none"> The project's embedded advisor could deliver a special training program for the BIT members on setting outcome and output indicators for the programs and subprograms relevant to the Ministry of Mine's program budget structure. Additional technical assistance should be provided in future budget cycles to build the

			and outcome indicators for the programs and subprograms.	<p>BIT's capacity to set the indicators with minimal or no assistance from the project.</p> <ul style="list-style-type: none"> • Additionally, the MoF could place more emphasis on the program budget output and outcome training module during the annual program budget trainings. The module should include specific examples for all Line Ministries and Agencies.
10	Budget Formulation Current Capacity	3	<ul style="list-style-type: none"> • The program budgeting reform was introduced in MoM in 1389. This reform is still new and the ministry requires one additional year of technical support to reach a level that the BIT can prepare the BC1 and BC2 submission without external assistance. • There are four main programs in the program structure of MoM and a full time advisor is required to assist the BIT with the preparation of BC1 and BC2 submissions for all four programs. 	<ul style="list-style-type: none"> • The project's program budget team should continue supporting the BIT for at least one more budget cycles and conduct more training programs/ coaching sessions on BC1 and BC2 preparation. • Project support up to one year is necessary until the management resolves the issue of coordination between the directorates.
11	Procurement and Financial Planning Current Capacity	3	<ul style="list-style-type: none"> • The PFP is prepared by the accounting and finance, and the procurement directorates. The coordination between these two directorates is very weak. The procurement directorate prepares the schedule of commitments and the contract timetable while the accounting and finance directorate prepares the 	<ul style="list-style-type: none"> • The senior management of MoM may put more pressure on the procurement directorate to work in collaboration with the accounting and finance directorate of the ministry during the preparation of the annual PFP and during the procurement process of major contracts.

			<p>schedule of payments for contracts and unregistered obligations. The two directorates work without much consultation with each other.</p> <ul style="list-style-type: none"> • Lack of coordination between these two directorates is an issue that the MoM management is working to resolve. 	<ul style="list-style-type: none"> • The project's program budget team should continue supporting MoM for up to one year in the preparation of the annual PFP in accordance with MoF guidelines and instructions.
12	<p>Performance Monitoring Reporting Current Capacity</p>	N/A	<ul style="list-style-type: none"> • The MoF does not require MoM to prepare quarterly PMRs. 	<ul style="list-style-type: none"> • No action is required on PMR capacity
Final Rating		4.3		



Risk Assessment Report

Ministry/Budgetary unit: Ministry of Refugees and Repatriates (MoRR)
Assessment Date: 21 February 2012
Venue: Director General Finance Office-MoRR
Meeting Participants: Ramiz Momenzada-Director General Administration and Finance from MoRR and Tawfeeq Azimi, Haroon Nayebkhel, Raju Kalidindi and Abdul Tawab Wardak from USAID's Economic Growth and Governance Initiative (EGGI) project
Date of BIT establishment: June 2010
No of BIT/budget staff: Civil servants: 13, contractors: 1
USAID support since: August 2010
Expected Date of Graduation: Within 1 year

Summary of Key Findings:

- The MoRR improved its development budget execution rate to 57.4 percent in 1390 from 37.7 percent in 1389.
- In the assessment, the Ministry was rated "above average" with 3.8 score.
- The senior management of the Ministry supports the reform and the Deputy Minister (DM) for Administration and Finance provides inputs to the program structure and budget submissions during the budget formulation. The MoRR BIT is led by the DM Administration and Finance. The BIT is active during the budget formulation and most BIT members participate in and contribute to the meetings.
- Most BIT members participate in all training programs. The MoRR management and the BIT members meet with the MoF sector manager during the budget submissions. They also meet when they have a particular issue to resolve.
- Staff continuity has not been a problem at the MoRR. The management expects the BIT team members to stay employed with the Ministry long term. The Ministry has implemented the PRR reform. The management plans to implement the Pay & Grading reform in 1391.
- The Administration and Finance directorate arranges training programs on the ANDS and MoRR strategies. This has helped most staff to understand their strategic objectives better. Likewise, the BIT members have a good understanding of output and outcome indicators.
- The BIT's knowledge in this area is limited. The BIT can prepare the BC1, BC2, and PFP submissions with assistance from the project advisor. Many BIT members especially from the Administration and Finance directorate have a good working knowledge of the PFP. The MoRR is not required by MoF to prepare the quarterly PMRs.

***Approved 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	3.336	3.264	97.8	4.095	4.050	99.0	2.535
Development	4.786	1.804	37.7	3.552	2.040	57.4	2.069

*Data Source: Budget Execution Directorate-Ministry of Finance

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 Director General (DG) of Administration and Finance indicated that the senior management of the Ministry supports the program budgeting reform implementation. He also noted that the DM Administration and Finance provides inputs to the MoRR program structure and budget submissions during the budget formulation process. 	<ul style="list-style-type: none"> • The Minister should be more involved. This may happen if the Cabinet discusses the program budget reform during the budget discussions. • The MoF should also conduct program budgeting steering committee meetings at least twice a year and all ministries and heads of the commissions are required to attend.

			<ul style="list-style-type: none"> • Program budget reform implementation was initiated in MoRR in 1389. Since then it has always been discussed in the Ministry's executive meetings which indicates support from the Ministry's senior management for this reform. • The Minister supports the implementation of program budget but he is not sufficiently actively involved in this process. 	
2	BIT/IBC Composition	5	<ul style="list-style-type: none"> • The MoRR BIT responsible for the MoRR budget process is led by the Deputy Minister for Administration and Finance and other members are: <ul style="list-style-type: none"> ○ DG Administration and Finance ○ Planning and policy manager ○ HR manager ○ Operating budget manager ○ Development budget manager ○ Housing manager ○ Gender manager ○ Accounting manager ○ Grant Management Unit (GMU) manager • Given the amount of total core budget and the tashkeel, an IBC is not needed in MoRR. • The BIT structure conforms to the MoF recommended structure for the BIT which includes all of the relevant directorates involved in the budget process. 	<ul style="list-style-type: none"> • No further action is required given the BIT structure conforms to the MoF recommended structure.
3	BITs/IBCs Function	4	<ul style="list-style-type: none"> • During the Budget Circular 1 (BC1), Budget Circular 2 (BC2) and Procurement Financial Plan (PFP) preparation, the BIT members meet almost daily and work together on the costing of salaries, goods and 	<ul style="list-style-type: none"> • No further action is required given the BIT functions well in the MoRR.

			<p>services, capital expenditure, and completing the submission forms, and setting the output and outcome indicators.</p> <ul style="list-style-type: none"> • The gender unit of the Ministry is actively involved during the costing of activities and preparation of budget narratives of the programs. The gender manager ensures that the needs of both men and women are equally addressed in the MoRR budget submission. • The project's embedded advisor is actively involved throughout the budget process. He provides guidance to the BIT members and reviews their work and provides comments and suggestions for improving the budget submissions. 	
4	<p>Training Participation</p>	4	<ul style="list-style-type: none"> • The DG for Administration and Finance indicated that all members from his team are keen to increase their knowledge in program budgeting, accounting, and financial planning. They participate in all trainings and workshops organized by the MoF and the project. • The DG mentioned that last year due to the heavy workload for the budget and accounting units, the managers of the operating and development budget could not attend the program budget training sessions. This year the Ministry's management has taken this issue seriously and all technical and relevant staff are asked to attend all the program budget and 	<ul style="list-style-type: none"> • No further action is required given the Ministry's management has resolved issues with the BIT members attending MoF program budgeting training programs.

			related trainings and workshops.	
5	MoF Coordination	3	<ul style="list-style-type: none"> The MoRR management and the BIT members meet with the MoF sector manager during the budget submission period and for allotment requests. There aren't periodic coordination meetings between MoRR and MoF. Meetings are arranged if there is an issue to resolve. 	<ul style="list-style-type: none"> To improve coordination the BIT should meet with the relevant sector manager at least twice in each quarter to discuss the issues related to the budget preparation
6	Staff Continuity	4	<ul style="list-style-type: none"> Staff continuity has not been a problem at MoRR. All BIT members have been on the team since the start of program budgeting reform. Both senior and low level staff are committed and interested in their program budget work. The management expects the BIT team members to stay employed with the Ministry long term. The Ministry does not have a training/succession plan for the BIT. 	<ul style="list-style-type: none"> The MoRR should develop a comprehensive training plan for the BIT. All finance, budget and accounting staff should be trained in program budgeting to ensure skilled staff are available to replace any key BIT member in case he/she leaves.
7	Pay & Grading and PRR Implementation	3	<ul style="list-style-type: none"> The Ministry has implemented the PRR reform. The BIT members are paid based on this scale. The Administration and Finance directorate plans to implement Pay & Grading reform in SY 1391. The organizational structure of the Ministry was recently revised for this purpose. Currently, the operating budget is managed by the Administration and Finance directorate and the development budget is managed by the Planning directorate. The integration of these 	<ul style="list-style-type: none"> The MoRR management should accelerate the Pay and Grading implementation, and qualified and experienced staff should be hired in all the Administration and Finance directorate's units.

			units under the Administration and Finance directorate will happen after the Ministry's new organization structure is implemented. This is most likely to occur in the first two quarters of SY 1391.	
8	ANDS, Sector, Ministry Strategy Knowledge	4	<ul style="list-style-type: none"> The Administration and Finance directorate arranges training programs on the ANDS and MoRR strategy. The manager level members of the BIT participate and take part in the discussion sessions. Their knowledge in this area has improved. These trainings are conducted by strategy and policy experts from the GMU of the Ministry. 	<ul style="list-style-type: none"> The project's embedded advisor could conduct a training program on the ANDS, NPPs, Social Protection Sector and the MoRR strategies for the manager, officer and assistant level members of the BIT. Having this knowledge will enable them to have a better understanding of how the programs and activities of their units relate to the overall ANDS and Ministry's strategy.
9	Program Budget Outputs and Outcomes Knowledge	4	<ul style="list-style-type: none"> Some BIT members of MoRR have a good working knowledge of program budget output and outcome indicators concept. Currently, the BIT members can set outcome and outputs for programs and subprograms with technical assistance from the project's embedded advisor. The BIT would need at least one more year of support for all members to fully understand the program budgeting output and outcome indicator concept. 	<ul style="list-style-type: none"> The project's advisor should continue supporting the MoRR in the area of program budget output and outcome indicators for at least one more budget cycle to ensure that the BIT members have a good working knowledge of this concept for sustainability.

10	Budget Formulation Current Capacity	3	<ul style="list-style-type: none"> The BIT's knowledge in this area is limited. The MoRR's BIT can prepare the BC1, BC2 submissions with full time assistance from the EGGI advisor. Since this is a new reform for the MoRR, the project's assistance is required for at least another year. 	<ul style="list-style-type: none"> It is recommended that the project's embedded advisor should continue supporting the BIT in preparation of BC1 and BC2 to develop their capacity in completing of BC1 and BC2 submissions.
11	Procurement and Financial Planning Current Capacity	3	<ul style="list-style-type: none"> The MoRR started Procurement and Financial Planning in SY 1390. This year eight directorates of the Ministry participated in the PFP preparation with support from the project advisor. The plan was well prepared and it was approved by the MoF budget department. The DG of Administration and Finance has a good working knowledge of PFP while the technical team members have limited knowledge in this area. The technical BIT members required detailed trainings and coaching to be able to prepare the PFP without external assistance. 	<ul style="list-style-type: none"> It is recommended that the project's embedded advisor should conduct coaching session regularly in this area, so that the BIT members' knowledge is developed to a satisfactory level. The BIT should be supported until the PFP reform is completely implemented and MoRR receives annual allotments for the operating and development budgets. This will occur in two years.
12	Performance Monitoring Reporting Current Capacity	NA	<ul style="list-style-type: none"> The MoRR is not required by MoF to prepare quarterly Performance Monitoring Reports. 	
Final Rating		3.8		



Risk Assessment report

Ministry/Budgetary unit:	Ministry of State for Parliamentary Affairs (MoSPA)
Assessment Date:	12 March 2012
Venue:	DG Administration Finance Office - MoSPA
Meeting Participants:	Abdul Wodod Sabet-DG Administration and Finance, M Rahim Ali-Administration and Finance Manager, M Farid-Budget Manager from MoSPA, and Raju Kalidindi, Abdul Tawab Wardak, Khalid Betani and Suliman Dawlatzai from EGGI-USAID
Date of BIT establishment:	June 2010
No of BIT/budget staff:	Civil servants: 7, contractors: 0
USAID support since:	August 2010
Expected Date of Graduation:	Within 1-2 years

- The MoSPA is a small ministry with no development budget and provincial offices. The Ministry's total budget for 1391 is \$ 1.2 million.
- In the assessment, the MoSPA was rated "above average" with 3.7 score.
- The senior management (including the Minister) is supportive of the reform. But the senior management is not involved or engaged in the budget process. The MoSPA's BIT is led by the Deputy Minister (DM) for Administration and Finance. The BIT meets once a week during the preparation of the budget and the Procurement and Financial Plan (PFP). All the BIT meetings are chaired by the DG Administration and Finance.
- Most of the BIT members participate in all the training programs conducted by the MoF and the project. Generally, the Ministry has excellent communication with the MoF budget sector and the Treasury directorate.
- The key BIT members are permanent civil servants. The Ministry has not experience turnover in the recent past. The Pay and Grading system has been already implemented.
- The BIT has limited knowledge of the ANDS and Ministry strategy and objectives. Likewise, the Ministry needs to be trained in output and outcome indicators.

- The BIT members have improved their knowledge in the budget formulation, but still they need support for 1-2 years to prepare good quality submissions. The BIT has difficulty completing the PFP on its own, but sufficient training has been completed for the Ministry by the project.

***Approved 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	1.155	1.067	92.4	2.217	2.125	96.0	1.265
Development	0	0	0	0	0	0	0

*Data Source: Budget Execution Directorate-Ministry of Finance

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)

No	Key Variable Areas	Rating	Key Findings and Challenges	Recommendations
1	Political Commitment	3	<ul style="list-style-type: none"> • The program budget reform is supported by the MoSPA senior 	<ul style="list-style-type: none"> • It is recommended that MoF conduct program budget steering committee

			<p>management. While the Minister and the DM Administration and Finance support the budget reform, their involvement is very limited. They rarely provide inputs to the budget submission. Usually, the DG Administration and Finance is more involved in the budget preparation and execution processes.</p>	<p>meetings at least twice a year and all ministers and heads of the commissions be required 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 in areas such as budget formulation, budget execution, PMR, PFP.</p>
2	BIT/IBC Composition	5	<ul style="list-style-type: none"> • The MoSPA's BIT is led by the DM Administration and Finance and other members are: <ul style="list-style-type: none"> ○ DG Administration and Finance ○ Administration and Finance manager ○ Budget manager ○ HR manager and ○ Services officer ○ Procurement manager • The MoSPA's budget and tashkeel is very limited. There is no need for an IBC. • The BIT structure conforms to the MoF recommended structure for the BIT. 	<p>No Action required.</p>
3	BITs/IBCs Function	4	<ul style="list-style-type: none"> • The BIT meets once a week during the preparation of BC1, BC2 and PFP submissions. All the BIT meetings are chaired by the DG Administration and Finance. The BIT does not take meeting minutes. This Ministry has a total of \$1.2 million budget for SY 1391. The Ministry doesn't have any development project and provincial directorates. There hasn't been any major challenge during the implementation of the 	<ul style="list-style-type: none"> • Given that the head of the BIT is the DM Administration and Finance, it would be good if the BIT meetings are chaired by the DM for better results. • The BIT should take minutes of the minutes and share them with the senior

			reform.	management including the Minister.
4	Training Participation	4	<ul style="list-style-type: none"> • Most of the BIT members have participated in all the trainings, workshops and coaching sessions which were conducted by the MoF and the project. • This Ministry requires specific trainings in costing, financial planning and reporting to prepare for graduation from the project's technical assistance. 	<ul style="list-style-type: none"> • The project advisor should provide regular training to BIT members in costing, Procurement and Financial Planning and reporting.
5	MoF Coordination	4	<ul style="list-style-type: none"> • The budget manager is responsible for coordination with the MoF. He arranges meetings with the MoF budget sector manager and focal point and Budget Reform Unit (BRU) on periodic basis. To date, all issues related to the budget have been resolved. Generally, the Ministry has developed excellent working relationship with the MoF Budget and Treasury directorates. 	<ul style="list-style-type: none"> • No further action is required.
6	Staff Continuity	4	<ul style="list-style-type: none"> • The key BIT members are permanent civil servants. They are well trained and have a working knowledge of program budgeting and financial planning. The MoSPA management expects them to stay employed with the Ministry long term. 	<ul style="list-style-type: none"> • It is recommended that the Ministry develop a succession plan. All finance, budgeting and accounting staff should be trained well enough in program budgeting and other areas to ensure skilled staff are available to replace any key BIT member in case he/she leaves.
7	Pay & Grading and PRR Implementation	5	<ul style="list-style-type: none"> • The Pay & Grading salary mechanism has already been implemented and the entire Ministry's staff is paid based on this salary scale. In addition, the Ministry has some employees 	<ul style="list-style-type: none"> • No further action is required.

			which are paid based on super scale salary mechanism.	
8	ANDS, Sector, Ministry Strategy Knowledge	3	<ul style="list-style-type: none"> The BIT has limited knowledge of ANDS, Ministry strategy and objectives. There hasn't been any specific training program arranged on ANDS and Ministry strategy. The DG requested the project to arrange training programs in this area as well. 	<ul style="list-style-type: none"> It is recommended that project should conduct a training program on the ANDS, Sector, and MoSPA strategies for the manager, officer and assistant level members of BIT.
9	Program Budget Outputs, Outcomes Knowledge	3	<ul style="list-style-type: none"> The BIT's knowledge is limited in output and outcome indicators. The Ministry needs further training in this area to understand the concept. Currently, the project advisors are assisting them in setting outcome and output indicators. 	<ul style="list-style-type: none"> It is recommended that more importance should be given to the output and outcome training module in the annual program budget trainings. The module should be more detailed and with relevant examples for all sectors.
10	Budget Formulation Current Capacity	3	<ul style="list-style-type: none"> The program budget was introduced in 1389 in the Ministry. The BIT members have limited knowledge in this field. This reform is still new and the Ministry requires one more year of additional technical support to develop their knowledge and understanding in program budgeting to the level where they can prepare BC1 and BC2 submission without external support. 	<ul style="list-style-type: none"> It is recommended that the project program budget team continue to support MoSPA for at least one more year to build their capacity to be able to complete the budget submissions without external support.
11	Procurement and Financial Planning Current Capacity	3	<ul style="list-style-type: none"> The BIT had difficulty completing the SY 1390 PFP submission due to the complexity of the forms. But this has improved in 1391. The Administration and Finance directorate has developed good coordination with the Procurement 	<ul style="list-style-type: none"> It is recommended that the project program budget team should continue supporting MoSPA for at least one

			<p>directorate of the Ministry and both these directorates work together on the completion of the PFP.</p> <ul style="list-style-type: none"> The DG Administration and Finance raised issues with the Procurement Law. He noted the lengthy process to complete a contract. The contract paper work takes several months which is one reason for low budget execution. 	additional year in the PFP.
12	Performance Monitoring Reporting Current Capacity	NA	<ul style="list-style-type: none"> MoSPA is not required to prepare quarterly Performance Monitoring Reports. 	
Final Rating		3.7		



Risk Assessment report

Ministry/Budgetary unit:	Ministry of Transportation and Civil Aviation (MoTCA)
Assessment Date	03 April 2012
Venue:	DG Administration and Finance Office -MoTCA
Meeting Participants:	Ahmad Zia Ghaznavi-DG Administration and Finance and Faqib Muhammad Taniwal-Finance Manager from MoTCA and Mohammad Qasim Ghafari, Abdul Tawab Wardak and Raju Kalidindi from EGGI-USAID
Date of BIT establishment:	July 2008
No of BIT/budget staff:	Civil servants: 9, contractors: 0
USAID support since:	July 2008
Expected Date of Graduation:	in one year

Summary of Key Findings:

- The MoTCA improved its development budget execution rate significantly from 33.3 percent in 1389 to 59.3 percent in 1390.
- In the assessment, the MoTCA was rated “above average” with 3.8 score.
- The program budget reform has been supported by the Minister and the Deputy Minister (DM) for Administration and Finance. But they are not involved much in the budget formulation process. The Internal Budget Committee (IBC) is led by the Minister and the Budget Implementation Team (BIT) is led by the DM Administration and Finance. The BIT meets twice a week during the budget formulation process.
- The BIT members participate in all training programs conducted by the MoF and the project. The operating and development budget managers coordinate with the MoF sector manager on a regular basis.
- Some key BIT members including Director General (DG) for Administration and Finance have left the Ministry in the recent years. The Pay and Grading (P&G) reform has been implemented.
- The DG level members of the BIT are familiar with the ANDS and the MoTCA strategy. Likewise, the senior members are knowledgeable about output and outcome indicators.
- The BIT members are familiar with all key concepts and are able to complete the budget formulation processes without assistance. The BIT members, however, need coaching and ad-hoc support when changes are made to the submission forms. Similarly, the MoTCA does not have major challenge with completing the PFP, but it needed some ad-hoc support from the project advisor for the 1391 PFP. The BIT needs part-time support from the project advisor in the Performance and Monitoring Report (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	7.757	7.473	96.3	15.443	14.702	95.2	7.170
Development	30.646	10.212	33.3	30.988	18.390	59.3	41.786

*Data Source: Budget Execution Directorate-Ministry of Finance

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)

No	Key Variable Areas	Rating	Key Findings and Challenges	Recommendations
1	Political Commitment	3	<ul style="list-style-type: none"> The senior management (Minister and DM for Administration and Finance) support the reform. Their involvement, however, is very limited. Their only contribution to the budget process is made when the BIT sends them the draft budget for comments. The DG level members support the reform and they are involved in the details of the budget formulation and execution cycles. 	<ul style="list-style-type: none"> It is recommended that MoF conduct program budget steering committee meetings at least twice a year to monitor the progress in the reform for each budgetary unit and to encourage the senior management to take a proactive role in the program budget and associated reforms implementation.

2	BIT/IBC Composition	5	<ul style="list-style-type: none"> • The BIT of MoTCA is led by the DM Administration and Finance and the members are: <ul style="list-style-type: none"> ○ DG Administration and Finance ○ DG Planning ○ Finance manager ○ Operating budget manager ○ Development budget manager ○ Accounting manager ○ Procurement manager ○ Contract manager • The IBC is led by the Minister the following are the members: <ul style="list-style-type: none"> ○ DM Administration and Finance ○ DM Plan and Policy ○ DM Transportation Management ○ DG Administration and Finance ○ DG Planning • The BIT and the IBC structures conforms to the MoF recommended structures for the BIT and the IBC. 	No required action in this area.
3	BITs/IBCs Function	3	<ul style="list-style-type: none"> • The BIT members meet twice a week during the preparation of BC1, BC2, PFP and PMR. • There is a lack of coordination between the Administration and Finance and Planning directorates. The operating and development budget functions are not integrated in the MoTCA. The Administration and Finance directorate works on the operating budget and the Planning directorate works on the development budget of the Ministry. For the PFP, the operating budget plan is prepared by the Administration and Finance directorate while the development budget plan is prepared by the Planning directorate. 	<ul style="list-style-type: none"> • The Ministry should integrate the operating and development budget functions under the Administration and Finance directorate. If the current practice continues, the BIT wouldn't be able to think strategically while preparing the budget when decisions are made separately for the operating and development budgets. • The MoF should discuss the integration issue with the senior

				management of the Ministry.
4	Training Participation	4	<ul style="list-style-type: none"> • Almost all the BIT members participate in the training programs conducted by the MoF and the project. These trainings are very important for all the BIT members as many changes are made every year in the guidelines and the submission forms. The BIT's knowledge has improved a lot compared in recent years. • The DG Administration and Finance appreciated the project's technical assistance to the MoTCA. He mentioned that the embedded advisor has made a significant contribution in developing the capacity of the Ministry in budget formulation and execution. 	No action is required.
5	MoF Coordination	4	<ul style="list-style-type: none"> • The operating and development budget managers coordinate their activities with the relevant budget sector manager. There aren't any periodic meetings between MoF and MoTCA but they meet on average once in each quarter. 	<ul style="list-style-type: none"> • To improve the coordination better it is recommended that the BIT should meet with the relevant sector manager at least twice in each quarter to discuss the issues related to the budget preparation and budget execution.
6	Staff Continuity	4	<ul style="list-style-type: none"> • Some key BIT members including the DG Administration and Finance, who were at the Ministry when the reform introduced, left the Ministry in the past few years. The Ministry had to then hire fresh staff to fill those positions. Currently, all the key BIT members are civil servants hired through Pay and Grading reform and the management expects them to stay with the Ministry long term. 	<ul style="list-style-type: none"> • It is recommended to have a comprehensive training plan for the BIT. All finance, budgeting and accounting staff should be trained well enough in program budgeting and other areas to ensure skilled staff are available to replace any key BIT

				member in case he/she leaves.
7	Pay & Grading and PRR Implementation	5	<ul style="list-style-type: none"> Pay and Grading (P&G) reform is implemented in all the directorates of the Ministry. All the BIT members are paid according to the P&G salary scale. 	No action is required at this time.
8	ANDS, Sector, Ministry Strategy Knowledge	3	<ul style="list-style-type: none"> The DG level BIT members have a good working knowledge of ANDS and the MoTCA strategy. However, the BIT members at officer and manager level have limited knowledge of the ANDS and MoTCA strategy. So far there hasn't been any training conducted on the ANDS and the MoTCA strategy for the finance and accounting staff. 	<ul style="list-style-type: none"> It is recommended that the project advisor conduct a training program on the ANDS, NPPS, Sector and the MoTCA strategies for the manager, officer and assistant level members of the BIT.
9	Program Budget Outputs and Outcomes Knowledge	3	<ul style="list-style-type: none"> Senior members of the BIT are very familiar with the output and outcome indicators. Usually these indicators are set by the senior management because they have a broader picture of the budgetary unit's work and they have a better understanding of their strategy and priorities. 	<ul style="list-style-type: none"> It is recommended that more importance should be given to the output and outcome training module in the annual program budget trainings and specific examples related to MoTCA should be given. The embedded advisor should provide trainings and conduct coaching sessions for the junior staff

				in output and outcome indicators.
10	Budget Formulation Current Capacity	4	<ul style="list-style-type: none"> MoTCA has practiced program budgeting for more than three years. The BIT members' capacity both at the director level and manager level have raised to a sustainable level. The BIT can complete the BC1 and BC2 submission with part time assistance from the embedded advisor. The BIT need to be coached during the preparation of the BC1 and BC2 specifically when changes are made into the submission forms. The management of the MoTCA appreciated the project for assistance in this regard and requested the project to continue the part-time support for at least another year. 	<ul style="list-style-type: none"> It is recommended that the project advisor continue to assist the Ministry in preparation of the BC1 and the BC2 submissions on a part time basis.
11	Procurement and Financial Planning Current Capacity	4	<ul style="list-style-type: none"> The BIT does not have any major challenge with completing the PFP. The BIT can prepare the PFP but with an ad-hoc assistance from the project. 	<ul style="list-style-type: none"> It is recommended that the advisor support the BIT in the PFP preparation on a part time basis.
12	Performance Monitoring Reporting Current Capacity	4	<ul style="list-style-type: none"> The BIT members have a good working knowledge in the PMR. They are well trained and they have the skills to prepare the report with ad-hoc assistance. Currently, the project advisor supports the team on a part time basis. 	<ul style="list-style-type: none"> MoTCA should be supported at least for another year in the preparation of the PMR.
Final Rating		3.8		



Risk Assessment Report

Ministry/Budgetary unit:	Ministry of Urban Development Affairs (MoUDA)
Assessment Date	22 February 2012
Venue:	Director General of Planning and Policy office-MoUDA
Meeting Participants:	Waheed Ur Rahman Qasim-DG Finance and Accounting and Gul Rahim Zyarmal-DG Planning and Policy from MoUDA. Abdul Tawab Wardak and Raju Kalidindi from USAID's Economic Growth and Governance Initiative (EGGI) project
Date of BIT establishment:	June 2008
No of BIT/budget staff:	Civil servants: 8, contractors: 3
USAID support since:	June 2008
Expected Date of Graduation:	Ready to graduate from the EGGI assistance for BC1, BC2, PFP and PMR

Summary of Key Findings:

- The MoUDA is a sizable budgetary unit. Due to its relatively low development budget execution in 1389(42.1 percent), its total development budget was cut by more than 50 percent in 1390. In 1390, its development budget execution rate slightly increased to 50.7 percent.
- In the assessment, the MoUDA was rated "Strong" with 4.1 score.
- In almost all the areas the Ministry can work without any external assistance. The MoF can start the graduation assessment process to formally graduate them from the project's technical assistance.
- The DG Planning and Policy requested the project to support the Ministry in Project Planning and Design (PPD). They need assistance in projects proposal writing, project design, and project costing.
- The MoUDA senior management including the Ministry is committed to the program budget reform. The Deputy Minister (DM) for Administration and Finance is involved in every detail of the budget. The Internal Budget Committee (IBC) is led by the Minister. The Budget Implementation Team (BIT) is led by the DM for Administration and Finance. The BIT members regularly meet and are in consultation with each other during the preparation of the draft budget document. The BIT meets twice a week during the budget formulation stage.
- The BIT does not participate in all the training programs conducted by the MoF. The MoUDA coordinates its activities very well with the relevant MoF sector manager and other MoF departments.

- There are some contractor staff on the BIT, which are mostly from the Planning and Policy directorate. Although they are given multi-year contracts, the Ministry is still concerned. The Pay & Grading reform was implemented in 1390.
- The BIT’s knowledge in this area is very good. Most of the senior members understand their Ministry’s strategy. The BIT members also have a good understanding of the Ministry’s objectives, outputs, and outcomes.
- The BIT members are well trained in the program budget reform. They are able to complete the BC1 and BC2 submissions without external assistance. Likewise, the BIT members are capable of completing both the PFP and PMR without any external assistance.

***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	5.101	4.933	96.7	5.277	5.093	96.5	2.730
Development	63.830	26.890	42.1	24.579	12.472	50.7	12.219

*Data Source: Budget Execution Directorate-Ministry of Finance

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 MoUDA senior management including the Minister and the DM for Administration and Finance are committed to the program budgeting reform. The management is involved throughout the 	<ul style="list-style-type: none"> • The Minister should get more involved in the budget process, as the budget execution has been low for the past few

			<p>budget cycle. They provide inputs and suggestions for improvements during the budget preparation and execution phases. The BIT is led by the Deputy Minister for Administration and Finance and he is involved in every detail of the budget.</p>	<p>years. He needs to review the budget submissions and discuss the budget execution with the BIT and IBC members.</p>
2	BIT/IBC Composition	5	<ul style="list-style-type: none"> • The IBC is represented by the senior management of the Ministry. The Minister leads the team and members are all Deputy Ministers and the Director Generals. • The BIT includes technical members from relevant directorates. The team is led by the DM for Administration and Finance and other members are: <ul style="list-style-type: none"> ○ DG Planning and Policy ○ DG Accounting and Finance ○ DG Procurement ○ Operating budget manager ○ Development budget manager ○ Project Management Unit (PMU) head ○ HR manager • The BIT/IBC structure conforms to the MoF recommended structures for the BIT and IBC. 	<ul style="list-style-type: none"> • No further action is needed regarding the current BIT and IBC structure.
3	BITs/IBCs Function	5	<ul style="list-style-type: none"> • The BIT members regularly meet and are in consultation with each other during the preparation of the draft budget document. They meet twice a week during the preparation of the BC1 and the BC2. IBC meet once in a month to discuss the budget related issues. • The operating budget is prepared by the Accounting and Finance directorate while the development budget is prepared by the Planning and Policy directorate. The integration of the operating and development budget functions has not yet occurred at the Ministry though it has not affected the coordination between the two directorates. The BIT includes members from both the Accounting and Finance and Planning and Policy directorates and 	<ul style="list-style-type: none"> • For improved coordination between the operating and development budget units and for better strategic planning it is recommended that the Ministry's leadership proceeds with integrating the operating and development functions under the Accounting and Finance directorate. • The BIT should prepare meeting minutes and share with the senior management (including the Minister) for inputs on

			they work together to complete the program budget submissions.	program budget and associated reforms.
4	Training Participation	3	<ul style="list-style-type: none"> The BIT does not participate in all the trainings/workshops conducted by MoF. The DG Planning and Policy indicated that the reason most of the BIT members don't attend the trainings is the repetition of the same training modules in all the workshops. He added that the BIT's knowledge has developed to a good level. They can do their work without any consultant or advisor from an external agency. The DG Planning and Policy requested project's support in training his staff in Project Planning and Design (PPD). 	<ul style="list-style-type: none"> It is also recommended that the BIT members and the DGs should be encouraged to attend the important training programs, as every year MoF make some changes into the submission forms and the guidelines for the BC1, BC2 and PFP. The project should establish a PPD team and start assisting some key infrastructure ministries to improve PPD, which contributes to better outputs and outcomes.
5	MoF Coordination	4	<ul style="list-style-type: none"> The MoUDA coordinates its activities very well with the relevant MoF budget sector manager and other MoF departments. The BIT organizes meetings with the sector manager, budget reform unit and performance evaluation and reporting unit focal points to discuss the issues related with the program budgeting, PFP or PMR. The MoUDA, however, disagreed with the MoF budget committee's final decision on the 1391 budget ceilings for the MoUDA. The ceilings that were approved by the committee during the SY 1391 budget hearing meeting were then reduced without consensus and in the absence of the MoUDA officials. This has adversely affected the relationship between the MoUDA and the MoF. 	<ul style="list-style-type: none"> The budget hearings should decide allocations for all budgetary units. In case, any changes to the allocations after the hearings process should be consulted with relevant budgetary unit.

6	Staff Continuity	3	<ul style="list-style-type: none"> • There are contractor-staff on the BIT. Almost all the technical BIT members from the Planning and Policy directorate are contractors. Although they are given multi-year employment contracts, the Ministry is still concerned because these employees may leave the Ministry at any time. • The BIT members from the HR, Administration and Finance directorates are all permanent civil servants and they have received trainings in the budgeting and accounting areas. They are expected to stay with the Ministry for a long period. The ministry does not have a long term training plan for the BIT members. 	<ul style="list-style-type: none"> • It is recommended to have a comprehensive training plan for the BIT. All finance, budgeting and accounting staff should be trained well enough in program budgeting and other areas to ensure skilled staff are available to replace any key BIT member in case he/she leaves.
7	Pay & Grading and PRR Implementation	5	<ul style="list-style-type: none"> • The Pay & Grading reform was implemented in SY 1390. All of the civil servants within the BIT are paid through the Pay & Grading salary scale. 	<ul style="list-style-type: none"> • No further action is required in this area.
8	ANDS, Sector, Ministry Strategy Knowledge	4	<ul style="list-style-type: none"> • The BIT's knowledge in this area is very good. Most of the senior team members understand their Ministry's strategy and have some knowledge of ANDS. They are able to link their annual budget to the priorities indicated in the government's Urban Development Strategy. 	<ul style="list-style-type: none"> • It is recommended that the project conduct a refresher training for all the junior and senior level members of the BIT on ANDS, NPPs, Infrastructure and the Ministry strategies.
9	Program Budget Outputs and Outcomes Knowledge	4	<ul style="list-style-type: none"> • Some BIT members both at the director and manager level have a good understanding of the Ministry's objectives, outcomes and outputs. They are able to set the indicators and targets for programs and subprograms. 	<ul style="list-style-type: none"> • No further action is needed in this area.
10	Budget Formulation Current Capacity	4	<ul style="list-style-type: none"> • All the BIT members are well trained in program budgeting. They understand the concept and are able to complete the BC1 and BC2 submission without external assistance. The project's program 	<ul style="list-style-type: none"> • The MoF and the project should start the program budget graduation assessment process to formally graduate the

			budget team has assisted them for three years on a full-time basis and their capacity has reached to a sustainable level. This Ministry is ready to graduate from the project's technical assistance in BC1 and BC2 preparation.	MoUDA from project assistance in BC1 and BC2.
11	Procurement and Financial Planning Current Capacity	5	<ul style="list-style-type: none"> Although PFP is a new area for all the ministries, the BIT has the capacity to complete the plan according to the MoF PFP guidelines without any external assistance. 	<ul style="list-style-type: none"> No action required in this area.
12	Performance Monitoring Reporting Current Capacity	5	<ul style="list-style-type: none"> Most of the key members of the BIT have a good knowledge of the PMR. They can complete the quarterly reports without any external assistance. The PMRs that were completed by the BIT members had no significant technical problems and they were always appreciated by the MoF. 	<ul style="list-style-type: none"> No action is required in this area.
Final Rating		4.1		



Risk Assessment report

Ministry/Budgetary unit:	Ministry of Women Affairs (MoWA)
Assessment Date	07 April 2012
Venue:	Director General Administration and Finance office-MoWA
Meeting Participants:	Karima Sultani-DG Administration and Finance, Sayed Riza Misam-Policy and Finance Advisor, Feruza-Operating Budget Manager and Eqbal Shah-Accounting and Budget Manager from MoWA. Abdul Khaliq Rafi, Abdul Tawab Wardak and Raju Kalidindi from USAID's Economic Growth and Governance Initiative (EGGI) project
Date of BIT establishment:	June 2009
No of BIT/budget staff:	Civil servants: 9, contractors: 1
USAID support since:	June 2009
Expected Date of Graduation:	Within one year

Summary of Key Findings:

- The MoWA's development execution rate increased to 66.4 percent in 1390 from 52.5 percent in 1389.
- In the assessment, the MoWA was rated "above average" with 3.9 score.
- The Minister and Deputy Minister (DM) for Administration and Finance support the reform. The DM is directly involved and engaged in the reform implementation. The Internal Budget Committee (IBC) is led by the Minister. The Budget Implementation Team (BIT) is led by the Director General (DG) of Administration and Finance. The BIT meets twice a week during the budget formulation. The IBC reviews budget submissions and provide comments.
- All the BIT members participate in all the trainings and workshops conducted by the MoF and the project. The MoWA regularly meets with the MoF sector manager for improved coordination.
- The BIT has not experienced staff turnover. All the members of the BIT are civil servants and they are expected to stay in the Ministry for a long time. The Ministry also has a replacement plan in case any key member leaves. The Pay & Grading (P&G) reform has not yet started at the MoWA. But the P&G is expected to be in place by the end of 1391.
- Almost all the key BIT members have a good working knowledge of the ANDS, National Priority Programs (NPPs), and the National Action Plan for Women (NAPWA). The key BIT members have a good knowledge of the Ministry's outputs and outcomes.

- The MoWA’s BIT is relatively weak in the budget formulation process. Most directorates lack capacity to contribute to the preparation of the Procurement and Financial Plan (PFP). The BIT’s knowledge is limited in the Performance Monitoring Reporting (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	3.271	2.918	89.2	3.471	3.364	97.0	2.710
Development	2.388	1.253	52.4	2.146	1.426	66.4	2.124

*Data Source: Budget Execution Directorate-Ministry of Finance

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 Minister of Women Affairs and the DM for Administration and Finance support the program budget reform. The DM is involved in details of the budget process and provides input into the budget formulation process. Her role in the execution of the MoWA program budget is also proactive. She monitors the execution and takes corrective measures if the Ministry faces any problem. In all executive meetings, budget-related issues are discussed. 	<ul style="list-style-type: none"> • No further action regarding political commitment is needed given the DM for Administration and Finance high level of commitment and involvement in program budget reform implementation in the Ministry.

2	BIT/IBC Composition	5	<ul style="list-style-type: none"> • The IBC is led by the Minister and other members are: <ul style="list-style-type: none"> ○ Deputy Minister for Administration and Finance ○ Deputy Minister Policy and Proficiency ○ DG Administration and Finance ○ DG Coordination and International Relations ○ DG Legal Affairs ○ DG Social and Cultural Affairs ○ DG Economic Affairs • The BIT consists of the following members led by the DG Administration and Finance. <ul style="list-style-type: none"> ○ International relations manager ○ Finance manager ○ Operating budget manager ○ Development budget manager ○ Budget and policy advisor HR manager M&E manager • The structure of the BIT and IBC conforms to the MoF recommended structure for the BIT and IBC. 	<ul style="list-style-type: none"> • No further action regarding the BIT and IBC composition is needed given the structures for both the teams conforms to the MoF recommended structure.
3	BITs/IBCs Function	4	<ul style="list-style-type: none"> • The BIT convenes meetings twice a week during the preparation of the BC1, BC2, PFP and PMR submissions. The budget submissions, the PFP and the PMR are prepared by the Administration and Finance directorate with limited contribution from other directorates. The BIT always faces problems in collecting data from the Ministry's directorates for quarterly performance and monitoring reports. • The IBC is involved in the budget process. The DM Administration and Finance and the DM Policy and Proficiency provide inputs during the budget formulation and executions stages. The IBC convenes meetings on average twice a quarter. 	<ul style="list-style-type: none"> • To improve coordination among the Administration and Finance and other directorates, the Director General of Administration and Finance should discuss this issue at the executive meetings and explain the importance of the PFP and the PMR. Arranging a training program on the PMR and the PFP for other directorates would also be helpful to increase coordination between the finance and other

			<ul style="list-style-type: none"> Most directors are not cooperative and there is a lack of coordination between the Administration and Finance and other directorates. 	directorates.
4	Training Participation	5	<ul style="list-style-type: none"> The key BIT members participate in all the trainings and workshops conducted by the MoF and the project. The DG Administration and Finance considers these trainings very informative and educational for the Ministry staff. The DG noted that the project advisor's efforts in building the staff capacity has been effective, and requested continued support to MoWA at least for another year. The Budget and Finance Managers and their subordinates understand the concept of program budget; however, members from other directorates (Women's Affairs, Policy Directorate, Services Department, and Project Implementation Unit) should also receive trainings in this area to be able to contribute to the PMR and PFP preparation process. 	<ul style="list-style-type: none"> The senior management should consider sending staff members from other directorates to all training programs.
5	MoF Coordination	4	<ul style="list-style-type: none"> The MoWA BIT members meet with the MoF sector manager if some issues arise. The coordination in general is good. In the meetings, budget formulation, budget execution, PFP and PMR issues are discussed. The meetings are not conducted on a regular basis. Meetings are usually conducted after the MoF sector manager requests for a meeting. 	<ul style="list-style-type: none"> To further improve coordination it is recommended that the MoWA BIT meet with the relevant sector manager at least twice each quarter to discuss the program budget preparation and budget execution issues.
6	Staff Continuity	5	<ul style="list-style-type: none"> The BIT has not experienced staff turnover. All the members of the BIT are civil servants and the management expects them to stay and work with the Ministry long term. The Ministry has a replacement plan in case any key member leaves. 	<ul style="list-style-type: none"> Given that the ministry has a replacement plan for the BIT and the staff are expected to stay long term no further action is required.

7	Pay & Grading and PRR Implementation	3	<ul style="list-style-type: none"> The P&G reform has not yet started at the MoWA. The PRR was implemented a few years ago. By the end of 1391, P&G will also be in place. Currently, the staff are paid based on the PRR salary scale. The DG Administration and Finance noted that almost 90 percent of the current staff from the MoWA will come under the P&G reform. The remaining 10 percent will be hired probably from outside the ministry. 	<ul style="list-style-type: none"> The MoWA should accelerate the P&G implementation process and hire qualified and experienced staff for the BIT. Preference shouldn't be given to all the current members. The Ministry should also hire some qualified people in the Administration and Finance directorate from outside the Ministry.
8	ANDS, Sector, Ministry Strategy Knowledge	4	<ul style="list-style-type: none"> Almost all the key BIT members have a good working knowledge of the ANDS, NPPs, and NAPWA. The Ministry has designed its program structure based on these strategies. The BIT is able to link the Ministry's strategic objectives to the annual budget and reflect the Ministry's priorities in the annual budget. 	<ul style="list-style-type: none"> The project should conduct a refresher training program on the ANDS/Sector and the MoWA strategies for the manager, officer and assistant level members of the BIT.
9	Program Budget Outputs and Outcomes Knowledge	3	<ul style="list-style-type: none"> A few BIT members (finance manager, operating and development budget managers) have a good working knowledge of the Ministry's outputs and outcomes. They are able to set output and outcome indicators for the Ministry's programs and subprograms with assistance from the project's embedded advisor. 	<ul style="list-style-type: none"> It is recommended that more importance should be given to the output/outcome training module in the Ministry of Finance annual program budget trainings. The module should be more detailed and with relevant examples for all budgetary units.
10	Budget Formulation Current Capacity	3	<ul style="list-style-type: none"> The BIT requires assistance from the project's embedded advisor to complete the BC1 and BC2 submissions especially in costing of program activities, developing/refining the program structure, 	<ul style="list-style-type: none"> The MoWA needs at least up to one more year of technical assistance to develop their capacity to a

			developing the narratives.	sustainable level. The project's program budget team should continue supporting the BIT for at one budget cycle to develop the capacity of the BIT members to a sustainable level.
11	Procurement and Financial Planning Current Capacity	3	<ul style="list-style-type: none"> Most of the directorates of the MoWA lack capacity to contribute to the preparation of the PFP. They require training in this area. The directorates other than Administration and Finance cannot disaggregate the internal budget ceilings for their directorates and secondary budgetary units and prepare payment schedules for the major budget line items and the contracts. The BIT may require full-time assistance from the project's embedded advisor to prepare a good quality PFP for about a year. 	<ul style="list-style-type: none"> It is recommended that the project should continue supporting the MoWA for at least one more year and provide trainings to some of the technical staff from the central directorates of the Ministry.
12	Performance Monitoring Reporting Current Capacity	3	<ul style="list-style-type: none"> The BIT knowledge is limited in this area. The MoWA always has problems with collecting data from the central directorates for the quarterly PMRs. The directorates are uncooperative and there is a lack of coordination between the Administration and Finance and other directorates. Some directors of the Ministry do not have a good understanding of the output and outcome indicators. The BIT needs technical assistance in this area at least for one more year. 	<ul style="list-style-type: none"> It is recommended that the Ministry start a reporting unit to coordinate all reporting requirements including the PMR.
Final Rating		3.9		



Risk Assessment Report

Ministry/Budgetary unit:	National Environmental Protection Agency (NEPA)
Assessment Date:	27 February 2012
Venue:	Director Administration and Finance office-NEPA
Meeting Participants:	Mir Mohammad Kazim Habibi- Director Administration and Finance, NEPA. Ahmad Reshad Tarakhel and Abdul Tawab Wardak from USAID's Economic Growth and Governance Initiative (EGGI) project
Date of BIT establishment:	July 2010
No of BIT/budget staff:	Civil servants: 7, contractors: 0
USAID support since:	August 2010
Expected Date of Graduation:	Within two years
About NEPA:	The strategic objective of NEPA is "To protect the environmental integrity of Afghanistan and support sustainable development of its natural resources through the provision of effective environmental policies, regulatory frameworks and management services that are also in line with MDGs".

Summary of Key Findings:

- The NEPA is a small budgetary unit with about \$3.5 million total core budget. Its development budget execution rate has been above 60 percent in the past two years: 64.0 percent in 1389 and 68.4 percent in 1390.
- In the assessment, the NEPA was rated "average" with 3.4 score.
- The NEPA senior management is not sufficiently involved/engaged in the budget formulation and execution processes. The NEPA Budget Implementation Team (BIT) is composed of the management team and a working group (technical team). The management team is led by the NEPA Head, two Deputies, and Director for Administration and Finance. The working group is led by the Director for Administration and Finance and members are the operating, development budget, procurement and policy units. All the BIT technical group members meet twice a week during the preparation of the Budget Circular 1 (BC1), Budget Circular 2 (Budget 2), and Procurement and Financial Plan (PFP) submissions.
- Almost all the technical members including the Administration and Finance Director participate in all the trainings/workshops conducted by the MoF and the project. There are no periodic meetings between the MoF budget sector and the BIT.
- All the BIT members are permanent civil servants. The Pay & Grading reform was recently started in the NEPA. So far, the reform has been implemented in the HR directorate only.

- The key BIT staff knowledge in ANDS, Sector and NEPA strategies is limited. But the BIT members at the Director and leadership level have a good working knowledge. Likewise, the BIT members' knowledge of output and outcome indicators is limited as well. Most of them have difficulty understanding the difference between the output and outcome indicators.
- The BIT understands some of the key concepts of the program budget reform. Their working knowledge, however, is limited. Similarly, the BIT has limited knowledge in the PFP as this reform is relatively new and the 1391 procedures changed significantly from those of 1390.

***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	2.576	2.463	95.6	3.275	2.549	78.0	2.457
Development	0.973	0.622	64.0	1.046	0.716	68.4	1.128

*Data Source: Budget Execution Directorate-Ministry of Finance

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	3	<ul style="list-style-type: none"> • The NEPA senior management (Head and the Deputy for Administration and Finance) support the budget reform process, but they are not involved or engaged in the budget reform implementation. • The Administration and Finance Director is involved in the budget formulation and execution process. He not only supervises the BIT responsible for the budget process but he is also involved in all the details, such as costing for operating or development activities, setting performance indicators, setting strategic objectives, program and subprogram objectives, and cross cutting issues 	<ul style="list-style-type: none"> • It is recommended that MoF conduct program budget steering committee meetings at least twice a year and all ministers and heads of the commissions be required 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 in areas such as budget formulation, budget execution, PMR, PFP.
2	BIT/IBC Composition	5	<ul style="list-style-type: none"> • The NEPA BIT is composed of the management team and a working group. The management team is led by the Head of NEPA and other members are the Deputy for Policy, Deputy for Administration and Finance, Deputy for Supervision and Improvement of the Environment and the Director for Administration and Finance. • The BIT working group is led by the Director for Administration and Finance and other members are: <ul style="list-style-type: none"> ○ Operating Budget Manager ○ Development Budget Manager ○ Procurement Manager ○ Policy and Strategy Manager • The NEPA is a small budgetary unit and therefore does not require an Internal Budget Committee (IBC). • The BIT structure conforms to the MoF recommended structure. 	<ul style="list-style-type: none"> • No further action is needed related to the BIT structure given that it conforms to the MoF recommended structure.

3	BITs/IBCs Function	3	<ul style="list-style-type: none"> All the BIT technical group members meet twice a week during the preparation of the BC1, the BC2, and PFP. The Director Administration and Finance is more involved than other working group members in the budget and PFP preparation. Generally, he completes the submission without any assistance from his subordinates or any other directorates. There is lack of coordination between the Administration and Finance and the Procurement directorates. The reason is weak communication between the departments. 	<ul style="list-style-type: none"> The Administration and Finance Director should delegate some of the work responsibilities to other BIT members. This can help build their capacity. The senior management should be involved to make sure that other BIT members are given responsibilities and the management also needs to urge the Procurement and the Administration and Finance directors to improve coordination among each other.
4	Training Participation	4	<ul style="list-style-type: none"> Almost all of the technical team members including the Administration and Finance Director participate in all the trainings/workshops conducted by the MoF and the project. The team members are keen to learn more about program budgeting and other reforms such as the PFP and the PMR. The project's embedded advisor conducts coaching sessions regularly to sharpen the skills of the technical team members in all program budget concepts. 	<ul style="list-style-type: none"> No action is required.
5	MoF Coordination	3	<ul style="list-style-type: none"> There are no periodic meetings between the MoF budget sector manager and the NEPA's BIT. When there is a problem with the budget formulation and budget execution, the MoF sector manager calls the NEPA BIT representative and resolves the problem. 	<ul style="list-style-type: none"> To improve coordination it is recommended that the NEPA leadership request high level meetings periodically with the MoF. The BIT should meet with the MoF

				relevant sector manager at least twice each quarter to discuss the issues related to the budget preparation and budget execution.
6	Staff Continuity	4	<ul style="list-style-type: none"> All the BIT members are permanent civil servants. Most of the work is done by the Administration and Finance Director himself. He doesn't delegate the work to other BIT members which can be a problem for the team in case the Director leaves. Other BIT members are also trained and capable of handling some of the work, and they should be given a more active role in the budget preparation process. 	<ul style="list-style-type: none"> The Administration and Finance Director should delegate some of the work responsibilities to other BIT members. This can help build their capacity. The senior management should be involved to make sure that other BIT members are given responsibilities.
7	Pay & Grading (P&G) and PRR Implementation	3	<ul style="list-style-type: none"> The P&G reform was recently started in NEPA. Currently, the reform is implemented only in the HR directorate. The management is currently working on restructuring the NEPA and it is expected that the P&G reform implementation will be completed by the end of SY 1391. 	<ul style="list-style-type: none"> The NEPA should accelerate the P&G implementation process and hire qualified and experienced staff for the BIT. Preference shouldn't be given only to the current members. The NEPA should also hire some qualified people from outside the agency.
8	ANDS, Sector, Ministry Strategy Knowledge	3	<ul style="list-style-type: none"> The key BIT staff knowledge in this area is limited. However, the BIT members at the Director and leadership level have a good working knowledge of the ANDS and NEPA strategy. Determining the performance indicators and aligning the program structure to the budget is primarily the responsibility of the BIT senior members (Deputies to the Head of the NEPA, and the Directors). The technical 	<ul style="list-style-type: none"> The project's embedded advisor should conduct a training program on the ANDS/Sector and the NEPA strategies for the manager, officer and assistant level members of the BIT.

			team, the budget managers, procurement officers and other junior team members require additional training in this area.	
9	Program Budget Outputs and Outcomes Knowledge	3	<ul style="list-style-type: none"> The BIT members' knowledge of output and outcome indicators is limited. They have difficulty understanding the difference between output and outcome indicators. The project's advisor assists them in this area during the budget preparation process. Coaching and training sessions have been arranged for them to increase their understanding of output and outcome indicators. 	<ul style="list-style-type: none"> The MoF should place more emphasis on the output and outcome training module for the annual program budget training program. The module should be more detailed and with relevant examples.
10	Budget Formulation Current Capacity	3	<ul style="list-style-type: none"> The NEPA's BIT members understand some of the key concepts of program budgeting but still their working knowledge is limited. They need at least 1-2 years of support to reach a sustainable level to be able to complete the BC1 and BC2 submissions without external assistance. 	<ul style="list-style-type: none"> The project's program budget team should continue supporting the BIT to develop the BIT members' capacity in this area to a sustainable level.
11	Procurement and Financial Planning Current Capacity	3	<ul style="list-style-type: none"> The BIT's knowledge in this area is limited as well. This was a new reform area which started in early 1390 and NEPA has implemented PFP for only one year. Many changes have been made to the PFP and more changes are expected in this area. The NEPA will come under the PFP piloted list in 1392 and by then the NEPA will receive annual allotments for its operating budget. Managing this would require intensive support from the project's program budget team. 	<ul style="list-style-type: none"> The NEPA may need support up to two years to develop the capacity of the BIT members to a sustainable level. The Procurement directorate should share all of the procurement related information with the Administration and Finance directorate and work together to develop a realistic PFP.
12	Performance Monitoring Reporting (PMR)	NA	<ul style="list-style-type: none"> The NEPA is not required to prepare quarterly PMRs. 	

	Current Capacity			
Final Rating	3.4			



Risk Assessment Report

Ministry/Budgetary unit: National Olympic Committee (NOC)
Assessment Date: 13 March 2012
Venue: Director General Finance Office-NOC
Meeting Participants: Administration and Finance Advisor, Mr. Tariq Roshangar and Organization Development Manager, Mr Mukhtar from the NOC, and Raju Kalidindi, Abdul Tawab Wardak and Mobeen Safi from USAID's Economic Growth and Governance Initiative (EGGI) project
Date of BIT establishment: June 2010
No of BIT/budget staff: Civil servants: 10, contractors: 0
USAID support since: August 2010
Expected Date of Graduation: Within two years

Summary of Key Findings:

- The NOC's development budget execution rate increased to 75.3 percent in 1390 from 46.2 percent in 1389.
- In the assessment, the NOC was rated "average" with 3.5 score.
- The NOC Finance Advisor noted that the program budget reform is well supported by the senior management. But the senior management is not involved or engaged in the budget formulation process. The BIT is represented by members from all the key NOC departments and the BIT is headed by the NOC head. The BIT members meet twice or even three times a week during the budget formulation season. The Director General of Administration and Finance chairs the meetings.
- The BIT members participate in all the trainings conducted by the MoF and the project. The BIT members are in constant touch with the MoF sector manager. The BIT meets with the MoF sector manager at least once in each quarter.
- Staff continuity has not been an issue at the NOC. The key BIT members are expected to stay for a long time. The Pay & Grading reform has not yet been implemented at the NOC. According to the Civil Service Commission, the reform will be implemented by the end of 1391.
- Only two of the key BIT members have limited understanding of the ANDS/Sector and the NOC strategies. Other members need to be trained. The senior management has a good working knowledge of program budget output and outcome indicators.
- The NOC has been implementing program budget reform for less than two years. The BIT still has difficulty completing the necessary forms for the budget formulation processes. Similarly, the Procurement and Financial Plan (PFP) is still a new reform for the BIT and its understanding of the PFP is limited. The NOC is not required by MoF to prepare PMRs.

***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	4.200	4.149	98.8	4.894	4.288	87.6	3.664
Development	8.205	3.789	46.2	6.154	4.638	75.3	7.730

**Data Source: The Budget Execution Directorate of Ministry of Finance.*

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	3	<ul style="list-style-type: none"> The senior management supports the reform. However, the involvement or engagement in the budget preparation process is not sufficient. The NOC head leads the BIT yet he is not involved in the budget formulation process. The DG Administration and Finance is primarily involved in the budget formulation and execution process. 	<ul style="list-style-type: none"> MoF should conduct program budget steering committee meetings at least twice a year and all ministers and heads of the commissions be required to attend to raise their awareness of the importance of this major reform.
2	BIT/IBC Composition	5	<ul style="list-style-type: none"> The BIT responsible for the NOC budget process is represented by members from all the key directorates. The NOC head leads the team. Other members are: 	<ul style="list-style-type: none"> No further action is required regarding the BIT structure given that it conforms to the MoF suggested structure.

			<ul style="list-style-type: none"> ○ Deputy of NOC ○ DG Administration and Finance ○ DG Statistics and Planning ○ Administration and Finance advisor ○ Statistics manager ○ Budget manager ○ Procurement manager ○ Accounting manager <ul style="list-style-type: none"> ● The BIT structure conforms to the Ministry of Finance (MoF) suggested structure for the BIT. The NOC is a small budgetary unit and therefore does not require an Internal Budget Committee (IBC). 	
3	BITs/IBCs Function	4	<ul style="list-style-type: none"> ● The BIT members meet twice or three times a week during the preparation of Budget Circular 1 (BC1), Budget Circular 2 (BC2), and Procurement and Financial Planning (PFP) submissions. The DG Administration and Finance chairs the meetings and provides comments on the draft budget preparation. 	<ul style="list-style-type: none"> ● The head of the BIT should be requested to participate in some important BIT meetings to provide inputs to the budget formulation process. ● The BIT should prepare meeting minutes and share with the senior management (including the NOC head) for inputs on program budget and associated reforms.
4	Training Participation	4	<ul style="list-style-type: none"> ● The BIT members participate in all the trainings conducted by the MoF and the project. The Administration and Finance Advisor noted that the program budget trainings are very important for all the BIT members because the MoF make changes in the guidelines and the BC1, BC2 and PFP submission forms each year. ● The BIT's knowledge has improved compared to the first year of the program budget reform that started in 2010. The BIT is able to 	<ul style="list-style-type: none"> ● No further action is required regarding the level of training participation in program budgeting training programs by the NOC BIT members.

			<p>complete most sections of the BC1 and BC2 submissions without any external assistance.</p> <ul style="list-style-type: none"> The Administration and Finance Advisor noted that the project's embedded advisor's efforts in building the capacity of the BIT members through coaching and mentoring has been effective. 	
5	MoF Coordination	4	<ul style="list-style-type: none"> The BIT members are in constant contact with the MoF sector manager. They arrange meetings to discuss any issues with the formulation and execution of the NOC budget. These meetings are convened quarterly and sometimes more frequently, if needed. 	<ul style="list-style-type: none"> No action is needed.
6	Staff Continuity	5	<ul style="list-style-type: none"> Staff continuity has not been an issue at the NOC. The key BIT members are committed to their work. The management motivates them and the BIT members are expected to stay with the NOC for long term. 	<ul style="list-style-type: none"> Although staff continuity is not an issue, the NOC should still develop a comprehensive training plan and succession plan in case a key BIT member leaves the NOC.
7	Pay & Grading and PRR Implementation	2	<ul style="list-style-type: none"> The Pay & Grading reform has not yet been implemented at the NOC. According to the Civil Services Commission, the reform implementation will start at the end of SY 1391. 	<ul style="list-style-type: none"> The management of the NOC should discuss this issue with the Civil Services Commission to start the Pay and Grading reform implementation from the start of the SY 1391.
8	ANDS, Sector, Ministry Strategy Knowledge	2	<ul style="list-style-type: none"> Only two of the key BIT members have limited understanding of the ANDS, Sector, and the NOC strategy. The other BIT members need to be trained in this area to increase their knowledge on how their annual budget is linked to their strategic objectives and how the program structure is aligned with the priorities and service delivery areas. 	<ul style="list-style-type: none"> The project should conduct a training program on the ANDS/Sector and the NOC strategies for the director, manager, officer and assistant level members of the BIT.
9	Program Budget	3	<ul style="list-style-type: none"> The senior management has a good working knowledge of program 	<ul style="list-style-type: none"> The MoF should place more emphasis on the

	Outputs and Outcomes Knowledge		<p>budget output and outcome indicators. The lower-level team members have limited knowledge and understanding. The senior management usually sets these indicators because the management has a broader picture of the budgetary unit's work and a better understanding of the NOC outputs and outcomes.</p>	<p>output/outcome training module for the annual program budget training program. The module should be more detailed and with relevant examples.</p> <ul style="list-style-type: none"> The project advisor should prepare customized training material for lower level staff members to improve their knowledge in this area.
10	Budget Formulation Current Capacity	3	<ul style="list-style-type: none"> The NOC has been implementing program budgeting for less than two years. The BIT still has difficulty completing the BC1 and BC2 submission. The BIT requires external assistance for up to two more years to be able to complete the annual program budget submissions. The NOC management appreciates the project's role in building the capacity of the BIT members and requested continued support. 	<ul style="list-style-type: none"> The project's embedded advisor should continue supporting the BIT in preparation of BC1 and BC2 submissions to develop their capacity to be able to complete the submissions with minimal or no external assistance.
11	Procurement and Financial Planning Current Capacity	3	<ul style="list-style-type: none"> The PFP is still a new reform and the BIT's understanding is limited in this area. The NOC requires the project's assistance for up to two more years for the BIT to be able to complete the PFP without external assistance. 	<ul style="list-style-type: none"> The project's embedded advisor should conduct coaching sessions at least once a week on the preparation of the annual Procurement and Financial Plan to develop the BIT members' capacity in this area. The BIT should be supported until the PFP reform is completely implemented and the NOC receives annual allotments for the operating and development budgets. This will occur in two years.

12	Performance Monitoring Reporting Current Capacity	N/A	<ul style="list-style-type: none"> The NOC is not required to prepare quarterly performance monitoring reports. 	
Final Rating		3.5		



Risk Assessment Report

Ministry/Budgetary unit:	Office of Administrative Affairs (OAA)
Assessment Date	04 March 2012
Venue:	DG Administration and Finance office - OAA
Meeting Participants:	Muhammad Ali Ghangusar- DG Administration and Finance and Mohammad Haleem Noori-Budget Manager from OAA, and Farangaiz Haidary, Angeza Tamana and Abdul Tawab Wardak from USAID's Economic Growth and Governance Initiative (EGGI) project
Date of BIT establishment:	June 2010
No of BIT/budget staff:	Civil servants: 6, contractors: 0
USAID support since:	August 2010
Expected Date of Graduation:	Within 2 years
About OAA:	The strategic objective of the OAA is to provide effective consultation and facilities to the president and work to implement the roles mandated in article 64 and 75 of the Afghanistan constitution to achieve and promote good governance.

Summary of Key finding:

- The OAA's development budget execution rates have been above 40 percent: 44.4 percent in 1389 and 42.7 percent in 1390.
- In the assessment, the OAA was rated "weak" with 3.2 score.
- The Head of the OAA and the Deputy Head of the OAA are not involved in the budget preparation process. The program budget reform at the OAA is supported by the DG Administration and Finance. The Budget Implementation Team (BIT) is headed by the DG and other members are from the operating and development budget teams. The BIT meets once a week during the preparation of the Budget Circular 1 (BC1), Budget Circular 2 (BC2), and the Procurement and Financial Plan (PFP). Only the Administration and Finance directorate members attend the BIT meetings.
- Some of the BIT members do not attend the training programs conducted by the MoF and the project. The main reason as per the DG is the repetition of the same training modules in the training programs. The OAA and the MoF budget sector unit have developed good coordination and working relationship. The governance sector is very supportive of the OAA.



- Since the establishment of the BIT, none of the members have left the OAA. Staff are expected to stay for long term. The Pay and Grading reform has been implemented only in the HR department. The Pay and Grading reform will be implemented in all OAA directorates in the next 1-2 years.
- The BIT members have limited understanding of ANDS/National priority Programs (NPPs) and OAA strategy. Likewise, the BIT’s knowledge of the output and outcome indicators is limited too.
- The BIT members are unable to complete the budget formulation processes without assistance from the project. Even though it was introduced for the 1390 budget, the OAA could not submit the PFP to the MoF. This year, with assistance from the project, the BIT members were able to develop the PFP according to the MoF guidelines on time.

***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	33.351	32.820	98.4	33.212	33.031	99.4	9.684
Development	2.165	0.963	44.4	1.633	0.697	42.7	3.044

*Data Source: Budget Execution Directorate-Ministry of Finance

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)

No	Key Variable Areas	Rating	Key Findings and Challenges	Recommendations
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1	Political Commitment	3	<ul style="list-style-type: none"> • The OAA senior management (Head and Deputies) is not sufficiently involved in the budget preparation process. • Program budget reform at Office of Administrative Affairs is supported by the DG Administration and Finance. He is involved in all the details of the budget process and is interested to learn more about program budget and other PFM reforms. 	<ul style="list-style-type: none"> • The MoF should conduct program budget steering committee meetings at least twice a year and all ministers and heads of the commissions be required to attend to raise their awareness of the importance of this major reform.
2	BIT/IBC Composition	3	<ul style="list-style-type: none"> • The BIT responsible for the OAA budget process is led by the DG Administration and Finance and other members are: <ul style="list-style-type: none"> ○ Finance manager ○ Operating budget manager ○ Development budget manager ○ Procurement manager • The BIT is represented mostly by the finance directorate. Other important directorates such as HR, Policy and Planning are not represented. The structure does not conform to the BIT structure recommended by the Ministry of Finance which would include all of the important directorates. • The OAA is a small budgetary unit and does not require an Internal Budget Committee. 	<ul style="list-style-type: none"> • The OAA should restructure the current BIT with technical members from all relevant directorates in accordance with the MoF recommend structure. These would include Administration and Finance, Procurement, HR, Policy and Planning directorates.
3	BITs/IBCs Function	4	<ul style="list-style-type: none"> • The BIT meets once a week during the preparation of the Budget Circular 1 (BC1), Budget Circular 2 (BC2), and the annual Procurement and Financial Plan (PFP). Only the Administration and Finance directorate members attend. Once the draft submissions are ready to be submitted to MoF, they are first forwarded to the DG Administration and Finance for his comments. The DG provides comments and then the draft budget submission is sent to the MoF. 	<ul style="list-style-type: none"> • The BIT meetings should not only be attended by members from the Administration and Finance directorate but also the Planning and Policy, HR and Procurement directorates should get involved in the budget preparation process. • The BIT should prepare meeting minutes and share with the senior management (Head of the OAA) for inputs on program budget and

				associated reforms.
4	Training Participation	2	<ul style="list-style-type: none"> The OAA Finance Director indicated that some key members of his team do not participate in all the MoF and project training programs. The reason is the repetition of the same training modules for the last four years. The DG mentioned that if it continues like this, the OAA will not send any of its staff to future training programs. The DG suggested including new topics in the workshops and presentations. 	<ul style="list-style-type: none"> MoF should make the training participation mandatory for the BIT including the director and DG level BIT members. All the program budget training modules should be revised to be more relevant and specific to the OAA.
5	MoF Coordination	3	<ul style="list-style-type: none"> The OAA and the MoF budget directorate have not developed good coordination and working relationship. The BIT members meet with the MoF during the budget submission and processing requests for allotments. The frequency of meetings with the MoF sector on average is once per quarter. 	<ul style="list-style-type: none"> To improve coordination the BIT should meet more frequently at least 2-3 times each quarter with the MoF relevant sector manager to further strengthen working relationship and discuss on issues related to budget formulation and execution.
6	Staff Continuity	5	<ul style="list-style-type: none"> Since the starting of the BIT, none of the BIT members have left or transferred to any other department. Staff are expected to stay with the OAA for a long period. 	<ul style="list-style-type: none"> The OAA should still have succession plan in case there is turnover in the future.
7	Pay & Grading and PRR Implementation	2	<ul style="list-style-type: none"> The Pay and Grading reform has only been implemented in the HR Department of OAA. Other departments will come under this reform in 1-2 years. 	<ul style="list-style-type: none"> The OAA should accelerate implementation of the Pay and Grading reform, and more qualified, experienced people should be hired from outside the agency.
8	ANDS, Sector, Ministry Strategy Knowledge	3	<ul style="list-style-type: none"> The BIT members have limited understanding of ANDS, NPPs and OAA strategy. They have received few training workshops on ANDS and NPPs. 	<ul style="list-style-type: none"> The project should conduct a training program on the ANDS/Sector and the OAA strategies for the director, manager, officer and assistant level members of the BIT.
9	Program Budget Outputs and	3	<ul style="list-style-type: none"> The BIT knowledge of output and outcome indicators is limited. They have problems in setting output and outcome indicators. 	<ul style="list-style-type: none"> The MoF should place more emphasis on the output/outcome training

	Outcomes Knowledge		Given this is a new concept, the BIT will require at least another year or more of coaching and training to build capacity in this area.	module during the annual program budget training program. The module should be more detailed and with relevant examples for all budgetary units.
10	Budget Formulation Current Capacity	3	<ul style="list-style-type: none"> The BIT members are unable to complete BC1 and BC2 submission without technical assistance from the project's advisor. Technical areas include costing and project preparation. This is the second year of program budget implementation for the OAA. The OAA requires a full time embedded advisor to assist with the preparation of budget submissions for up to two years to reach a level where the OAA will be able to prepare the submission with no external assistance. 	<ul style="list-style-type: none"> The project's program budget team should continue supporting the BIT for up to two budget cycles and conduct more training programs and coaching sessions on BC1 and BC2 preparation.
11	Procurement and Financial Planning Current Capacity	3	<ul style="list-style-type: none"> The PFP is a new reform for the OAA. Last year, the BIT could not submit the 1390 PFP to the MoF. This year with the project's assistance, the BIT members were able to develop the PFP according to the MoF guidelines and instructions and submit it on time. 	<ul style="list-style-type: none"> The program budget team should continue supporting the OAA for up to two additional years in the preparation of the PFP to develop the knowledge of the BIT members to a sustainable level.
12	Performance Monitoring Reporting Current Capacity	NA	<ul style="list-style-type: none"> The OAA is not required to prepare the quarterly PMRs. 	
Final Rating		3.2		



Risk Assessment Report

Ministry/Budgetary unit: President's Office (PO)
Date/Time: 15 April 2012
Venue: EGGI Office, AGCHO
Participants: Jahadullah-Budget Manager from PO and Abdul Tawab Wardak and Raju Kalidindi from USAID's Economic Growth and Governance Initiative (EGGI) project
Date of BIT establishment: July 2009
No of BIT/budget staff: Civil servants: 7, contractors: 0
USAID support since: July 2009
Expected Date of Graduation: Ready to graduate from BC1, BC2 and PFP and PMR assistance

Summary of Key Findings:

- The PO development budget execution rate was 38.3 percent in 1389 and 34.8 percent in 1390. The reasons for low budget execution were not disclosed by the PO representative.
- In the assessment the PO was rated "Strong" with 4.5 score which is the highest.
- Program budgeting reform is strongly supported by the Deputy Chief of Staff of the President's Office. The top management is involved in designing the program budget structure, prioritization, and reviewing the draft BC1 and BC2. The BIT of the President's Office is composed of all key directorates. The BIT members meet regularly during the preparation of BC1, BC2, and PFP submissions. The operating and development budget functions were recently integrated under the Administration and Finance directorate.
- The PO budget manager noted that the BIT attends almost all training programs. The PO management appreciates the MoF and the project's efforts in this area. The PO and MoF sector manager have improved coordination and working relationship between the two organizations. The budget manager indicated that the MoF Governance Sector has been very supportive of the PO. MoF budget directorate staff supports and are responsive to the PO representatives.
- The PO staff, who were selected at the beginning of program budgeting reform implementation, are still working in the same positions. Pay & Grading reform has not yet started in the PO. For classified reasons, this may not get started in the next 1-2 years.
- The BIT members both at the director and manager level have a good working knowledge of the ANDS and the PO strategy. Likewise, they have a good understanding of output and outcome indicators for the PO program and sub-programs.
- The BIT members have the capacity to prepare the BC1 and BC2 submissions without any external assistance. Similarly, the BIT members are able to prepare quality annual PFP without external assistance. The PO budget manager indicated that the BIT has capacity in

completing PMRs on their own. All four quarterly PMRs prepared by the BIT were appreciated by the MoF's Performance Evaluations and Reporting Unit (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	28.809	26.191	91.0	35.899	33.152	92.3	24.398
Development	6.437	2.467	38.3	8.071	2.810	34.8	11.232

*Data Source: Budget Execution Directorate-Ministry of Finance

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 budgeting reform is strongly supported by the Deputy Chief of Staff of the President's Office. He leads the budget implementation team and monitors their progress on a regular basis. The support of the senior management has led to the success of program budgeting reform implementation in the President's Office. The Deputy has also 	<ul style="list-style-type: none"> • No further action is needed related to the level of political commitment in program budgeting reform implementation in the PO.

			been involved in designing the program structure, budget prioritization, and reviewing the draft BC1 and BC2 submissions.	
2	BIT/IBC Composition	5	<ul style="list-style-type: none"> • The BIT of the President’s Office is composed of all key directorates. The BIT is led by the Deputy Chief of Staff of the President’s Office and other members are: <ul style="list-style-type: none"> ○ DG of Administration and Finance ○ Director of assets ○ Budget manager ○ Operating budget officer ○ Development budget officer ○ Accounting and finance officer ○ Procurement officer • All the above BIT members are strongly committed to their jobs on issues related to program budgeting and associated budget reforms. • The BIT structure of the PO conforms to the Ministry of Finance (MoF) recommended structure for the BIT. • The PO is a unique Afghan government institution and does not need an Internal Budget Committee. 	<ul style="list-style-type: none"> • No further action is required related to the President’s Office BIT structure given that it conforms to the MoF recommended structure for the BIT
3	BITs/IBCs Function	5	<ul style="list-style-type: none"> • The BIT members meet regularly during the preparation of BC1, BC2, annual PFP and quarterly PMRs. On average, the BIT meet twice a week to discuss the progress of the team, challenges and solutions related to the program budget submission preparation. • The operating and development budget functions were recently integrated under the Administration and Finance directorate. • The budget submissions that the President’s Office has developed were agreed by MoF and represented one of the few program budget submissions with minimal errors. 	<ul style="list-style-type: none"> • The President’s Office BIT should prepare meeting minutes for each BIT program budget reform related meetings and share with the senior management (including the Head of the President’s Office) for inputs on program budget and associated reforms.

4	Training Participation	4	<ul style="list-style-type: none"> The PO Budget Manager noted that the BIT attends almost all training programs/workshops on program budgeting and other budget associated reforms conducted by the MoF and the project. All key members participate and benefit from the trainings. The PO management considers these trainings very useful which have resulted in improved capacity of the BIT members in different areas. 	<ul style="list-style-type: none"> No further action is required related to participation of the President's Office BIT members in program budgeting training programs.
5	MoF Coordination	4	<ul style="list-style-type: none"> The President Office and governance sector manager have improved the coordination and working relationship between the two organizations. The budget manager indicated that the MoF governance sector has been very supportive of the PO and MoF budget directorate staff supports and is responsive to the PO representatives. The PO meets with the MoF sector manager whenever there is a need for a meeting. Meetings are either called by the PO or the sector manager to discuss budget formulation or execution issues. The frequency of the meetings is quarterly. 	<ul style="list-style-type: none"> To improve coordination and communication between the MoF sector manager and the President's Office, meetings should be more frequently convened.
6	Staff Continuity	5	<ul style="list-style-type: none"> The PO staff selected at the beginning of program budgeting reform implementation are still working in the same positions. There has been no staff turnover in the BIT for the last three years. 	<ul style="list-style-type: none"> Although there has not been any staff turnover in the BIT since program budgeting reform implementation started in the PO, the PO should still prepare a succession plan for the BIT to ensure the availability of skilled staff for the key BIT positions if a

				member were to leave the PO.
7	Pay & Grading and PRR Implementation	3	<ul style="list-style-type: none"> The Pay & Grading reform has not yet started in the PO. For classified reasons, this reform may not get started even in the next 1-2 years. The BIT members are well qualified and trained in budgeting, accounting and reporting areas. Even if the Pay & Grading reform is not implemented, the PO will not be affected much. No BIT member has left the team so far. They are very committed to their jobs at the President's Office. 	<ul style="list-style-type: none"> No further action is recommended related to implementation of the Pay & Grading reform in the President's Office.
8	ANDS, Sector, Ministry Strategy Knowledge	4	<ul style="list-style-type: none"> The BIT members both at the director and manager level have a good working knowledge of the ANDS and the PO strategy. 	<ul style="list-style-type: none"> No further action is required related to increasing the knowledge of the President's Office staff in the ANDS, Sector, and President's Office strategy.
9	Program Budget Outputs and Outcomes Knowledge	4	<ul style="list-style-type: none"> All the BIT members have a good working knowledge of the PO program budget output and outcome indicators. The BIT team is able to set program budget outcome and output indicators for the PO program and subprograms without any external assistance. 	<ul style="list-style-type: none"> No further action is required related to increasing the knowledge of the BIT team in program budget output and outcome indicators.
10	Budget Formulation Current Capacity	5	<ul style="list-style-type: none"> The BIT members have the capacity to prepare the BC1 and BC2 submissions without any external assistance. They have skilled staff in the BIT and do not require an advisor or budget technical person to assist with the budget submission preparation. 	<ul style="list-style-type: none"> The MoF with the project's assistance should start the program budget graduation assessment and formally graduate the President's Office from the project's assistance in BC1 and

				BC2 formulation.
11	Procurement and Financial Planning Current Capacity	5	<ul style="list-style-type: none"> The President's Office BIT members are able to prepare a quality annual PFP without external assistance. The staff are skilled enough to prepare the plan as per the MoF PFP guidelines and the instructions. 	<ul style="list-style-type: none"> As with BC1 and BC2 formulation, it is recommended that the MoF with the project's assistance should start the program budget graduation assessment and formally graduate the President's Office from the project's assistance in the annual PFP preparation.
12	Performance Monitoring Reporting Current Capacity	4	<ul style="list-style-type: none"> The PO budget manager indicated that the BIT has capacity in this area as well. All four quarterly Performance Monitoring Reports (PMRs) prepared by the BIT were appreciated by the Ministry of Finance Performance Evaluations and Reporting Unit. The budget manager also noted that the BIT still needs a contact person from the project's program budget team to consult with in case the BIT needs assistance in preparing the quarterly PMRs. 	<ul style="list-style-type: none"> It is recommended that the one of the project's mobile team members should be introduced to the PO as a contact person for providing assistance to the BIT whenever needed in preparation of quarterly PMRs.
Final Rating		4.5		



Risk Assessment Report

Ministry/Budgetary unit: Science Academy (SA)
Assessment Date: 04 April 2012
Venue: Director General Administration and Finance office-SA
Meeting Participants: Ateequallah Khusheewal-Director General Administration and Finance, Salim-Finance Manager from Science Academy. Zia Omar, Abdul Tawab Wardak and Raju Kalidindi from USAID's Economic Growth and Governance Initiative (EGGI) project
Date of BIT establishment: June 2010
No of BIT/budget staff: Civil servants: 12, contractors: 0
USAID support since: August 2010
Expected Date of Graduation: Up to 2 years
About SA: The strategic objectives of the SA:

- “To present consultative drafts and comments for high ranking authorities on issues beyond the ability of an entity or a ministry in religious, legal, cultural, economical, health, irrigation, environment, energy, agricultural, industrial, mining and technological areas”.
- “To ensure regular communication with academies of sciences and scientific/research entities at the regional and international level in order to be updated on recent developments and achievements of science, technology, and to use the knowledge to resolve the technical, economical and social problems of the country”.

Summary of Key Findings:

- The SA is a small budgetary unit with relatively high development budget execution rate: 73.1 percent in 1389 and 52.2 percent in 1390.
- In the assessment, the SA was rated “average” with 3.5 score.
- Program budget is supported by the Deputy Head of the Science Academy, but the senior management is not actively involved. The BIT is headed by the Science Academy Head and other members come from all key departments. The BIT meets twice a week during the budget formulation. The meetings are led by the Director General of Administration and Finance.
- The BIT members attend all the training programs conducted by the MoF and the project. The BIT members are always in contact with the MoF sector manager for different issues related to the budget formulation and execution.

- The SA has not experienced staff turnover within the BIT. All the members that were trained are still available in the team and are committed to their jobs. The Director General for Administration mentioned that the Pay & Grading reform is not compatible with the SA structure. Its current salary scale is higher than that of the Pay & Grading.
- The Director General and manager level members of the BIT have a good working knowledge of the ANDS and Science Academy strategy. The capacity of the BIT in output and outcome indicators is limited. The team needs additional training to fully understand the concept.
- The BIT members can only complete the BC1 and BC2 forms with full time assistance from the project. Likewise, the BIT's understanding in the PFP is low but has improved in some areas of the PFP after extensive trainings in this area.

***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	2.924	2.907	99.4	3.163	3.002	95.0	2.296
Development	1.471	1.076	73.1	1.061	0.554	52.2	1.022

*Data Source: Budget Execution Directorate-Ministry of Finance

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	3	<ul style="list-style-type: none"> The Program budget reform implementation is supported by the Deputy Head of the Science Academy. The Director General for Administration and Finance supports the reform as well and he is involved in the budget formulation process. He gives much importance to the reform and urges the BIT to achieve good results related to program budget reform implementation. The SA senior management, however, is not sufficiently involved in the budget preparation process. 	<ul style="list-style-type: none"> It is recommended that MoF conduct program budget steering committee meetings at least twice a year and all heads of the budgetary units be required to attend to raise their awareness of the importance of this major reform.
2	BIT/IBC Composition	5	<ul style="list-style-type: none"> The Science Academy BIT is led by the Science Academy Head and other members are: <ul style="list-style-type: none"> Director General Administration and Finance Director General Planning Finance manager Operating budget officer Development budget officer Procurement officer HR officer Member of natural studies Member of human studies Member of Islamic studies The BIT structure conforms to the MoF recommended structure for the BIT The Science Academy is a small budgetary unit and therefore does 	<ul style="list-style-type: none"> No further action is required regarding the Science Academy BIT structure given it conforms with the MoF recommended structure with representatives from all of the key directorates.

			not require an IBC.	
3	BITs/IBCs Function	4	<ul style="list-style-type: none"> The BIT meets twice a week during the preparation of the Budget Circular 1 (BC1), Budget Circular 2 (BC2) and Procurement and Financial Plan (PFP) submissions. The meetings are all led by the Director General Administration and Finance. After the budget is prepared by the BIT, then it is sent to the Science Academy committee (which consists of scholars and professors in science) for comments. The committee members provide comments and then the budget is revised and submitted to MoF. 	<ul style="list-style-type: none"> No further action is required regarding the BIT function.
4	Training Participation	4	<ul style="list-style-type: none"> The BIT members attend all the trainings and workshop that are conduct by the MoF and the project. The Director General Administration and Finance indicated that the trainings conducted by MoF are not comprehensive enough. The presentations and the training materials are not focused and cover general budget concepts and submission forms. He requested the project to organize a more comprehensive training program for at least two weeks for the BIT members of SA. 	<ul style="list-style-type: none"> The project's embedded advisor at SA should conduct a comprehensive training program on program budget reform, PFP and PMR in addition to the Ministry of Finance annual program budgeting training program. The training program should include detailed explanations, examples, working group exercises and tailored to the Science Academy's program budget.
5	MoF Coordination	3	<ul style="list-style-type: none"> The BIT members are always in contact with the MoF sector manager for different issues related to budget formulation and execution. The Science Academy always faces serious problems with the MoF in the payment of cadre allowances. Although the cadre allowance is clearly mentioned in the SA law, the MoF still makes it difficult by not allocating sufficient budget funds for the allowances. The Director General Administration and Finance noted that SA has 	<ul style="list-style-type: none"> The SA leadership should request high level meetings between the Science Academy and the MoF to resolve the issue of allowances. It should be communicated to the budget hearing committee to allocate sufficient time to each budgetary unit to provide information on their projects.

			<p>problems in working relationship with the MoF budget hearing committee. He said that during the SY 1391 budget hearing meetings, the budget committee did not approve the SA proposed development budget for SY 1391, and SA was not given enough time to properly defend the proposed budget.</p>	
6	Staff Continuity	5	<ul style="list-style-type: none"> The Science Academy hasn't experienced staff turnover within the BIT. All the members that were trained are still available in the team and are committed towards their jobs. The SA management expects them to remain in the SA for a long period. 	<ul style="list-style-type: none"> The SA should prepare a comprehensive training plan for the BIT. All finance, budgeting and accounting staff should be trained in program budgeting and other areas to ensure skilled staff are available to replace any key BIT members in case they leave.
7	Pay & Grading and PRR Implementation	1	<ul style="list-style-type: none"> The Pay & Grading reform hasn't yet started. The Director General Administration and Finance mentioned that this reform is not compatible with the Science Academy system. Most of the Science Academy members receive cadre allowances which range from USD 200-600 a month. This allowance will not be paid anymore if the staff comes under the P&G salary scale. This is the main reason why Science Academy does not have a plan for implementing P&G reform. 	<ul style="list-style-type: none"> The P&G does not only provide a salary scale but it helps a budgetary unit to improve the organizational structure and develop job descriptions for the positions. SA should use the assistance of the civil services commission to improve their structure and the TORs.
8	ANDS, Sector, Ministry Strategy Knowledge	4	<ul style="list-style-type: none"> The Director General and Manager level members of the BIT have a good working knowledge of the ANDS and the Science Academy strategy. They are able to align their budget with their strategy and priorities. The BIT members below manager level lack knowledge in this area. The members have problems when preparing budget proposals and 	<ul style="list-style-type: none"> The project's embedded advisor should conduct a training program on the ANDS/Sector and the SA strategies for the manager, officer and assistant level members of the BIT.

			aligning it with the Science Academy strategy.	
9	Program Budget Outputs and Outcomes Knowledge	3	<ul style="list-style-type: none"> The capacity of the BIT in outcomes and outputs is limited. The team needs additional training to fully understand the concept. The project's embedded advisor assists them in setting outcomes and outputs for their programs and subprograms. The Director General requested a comprehensive training program in this area. 	<ul style="list-style-type: none"> The project's embedded advisor should deliver a comprehensive training program on output and outcome indicators tailored for the SA program budget in addition to the MoF annual program budget training program.
10	Budget Formulation Current Capacity	3	<ul style="list-style-type: none"> The BIT can only complete the BC1 and BC2 submissions with full time assistance from the project's program budget embedded advisor. The team has limited knowledge of different program budget concepts. 	<ul style="list-style-type: none"> The project's program budgeting team should continue to support SA for up to two additional years to be able to complete the BC1 and BC2 submissions without external support.
11	Procurement and Financial Planning Current Capacity	3	<ul style="list-style-type: none"> The BIT understanding is limited in PFP preparation. The BIT members have some difficulties with completing the forms and understanding the guidelines. Compared to last year, the team has improved. The BIT is now able to complete the payment schedule for the contracts. The BIT's understanding in completing the forms has also improved. The Director General Administration and Finance noted that the project's support in this area has been effective and requested continued support. 	<ul style="list-style-type: none"> The project's program budgeting team should continue to assist the BIT in this area for up to two additional years.
12	Performance Monitoring Reporting Current Capacity	NA	<ul style="list-style-type: none"> The Science Academy is not required to prepare quarterly PMRs. 	

Final Rating

3.5



Risk Assessment Report

Ministry/Budgetary unit: Supreme Court (SC)
Assessment Date: 06 March 2012
Venue: Budget Manager Office-SC
Meeting Participants: Aalim Khan-Budget Manager, Nasir Ahmad-Operating Budget Officer and Muhammad Musa-Development Budget Officer from SC and Shukria Mujadidi, Raju Kalidindi and Abdul Tawab Wardak from USAID's Economic Growth and Governance Initiative (EGGI) project
Date of BIT establishment: June 2010
No of BIT/budget staff: Civil servants: 10, contractors: 0
USAID support since: August 2010
Expected Date of Graduation: Up to 2 years (need major internal reforms within the Supreme Court)

Summary of Key Findings:

- The Supreme Court's development budget execution rate improved in 1390 significantly. It was 19.6 percent in 1389 and 62.6 percent in 1390.
- In the assessment, the Supreme Court was rated "weak" with 2.6 score.
- In the beginning of the reform, the senior management was very interested and involved in creating a comprehensive program structure. But the support from the senior management has declined significantly. The Supreme Court's BIT is led by the Head of the Judiciary Force. Other members included members from all key directorates. The BIT is very weak. The Director General for Administration and Finance is not involved in the budget preparation process. Only the budget manager and operating and development budget officers participate in the training programs conducted by the MoF and the project. There are no periodic meetings conducted with the MoF sector manager.
- The only BIT member who knows about the program budget and associated reforms is the budget manager. If he leaves, other BIT members would not be in a position to complete any processes related to the program budgeting reform. Currently, there are no concrete plans to implement Pay & Grading reform.
- A few of the BIT members have a good working knowledge of the ANDS and Supreme Court strategy. Almost all the BIT members are not knowledgeable about the output and outcome indicators for the Supreme Court.

- Except the budget manager, other BIT members have very limited knowledge of the budget formulation steps including BC1 and BC2. Likewise, the team is very weak in completing the annual Procurement and Financial Plan (PFP). Supreme Court is currently not required to complete the quarterly Performance Monitoring Reports (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	23.797	22.576	95.0	27.348	27.221	99.5	19.317
Development	8.225	1.611	19.6	5.388	3.372	62.6	4.017

*Data Source: Budget Execution Directorate-Ministry of Finance

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	2	<ul style="list-style-type: none"> • When the Supreme Court initially implemented the program budgeting reform, there was sufficient interest and contribution from the senior management. Every effort was made to create 	<ul style="list-style-type: none"> • The Ministry of Finance should initiate high level discussions with the SC to encourage the senior management to get involved in the program budgeting reform implementation.

			<p>a comprehensive program structure by the senior management.</p> <ul style="list-style-type: none"> The interest of the senior management has decreased quickly and by the second year of program budgeting implementation, there was no high level meetings conducted on the budget preparation process. The budget reform is currently not supported at the DG level. The head of the budget unit handles all the budget-related issues without consultation with the Director General Administration and Finance. 	<p>The senior management needs to understand the importance of this reform implementation in the SC and be more supportive.</p>
2	<p>BIT/IBC Composition</p>	5	<ul style="list-style-type: none"> The Supreme Court Budget Implementation Team which is responsible for the SC budget process is led by the Head of the judiciary force - Mr Kamawi. Other members are: <ul style="list-style-type: none"> DG Administration and Finance DG HR Director publication Director research Director constructions Budget manager Operating budget officer and Development budget manager The SC has not established an Internal Budget Committee (IBC). IBCs are generally established in bigger ministries with a large tashkeel and developing budgets. The BIT structure conforms to the MoF recommended structure for the BIT/IBC. 	<ul style="list-style-type: none"> No further action is required on the SC Budget Implementation Team structure.

3	BITs/IBCs Function	2	<ul style="list-style-type: none"> • The SC budget manager prepares first draft of the budget without consultation with any of the BIT member. The DG Administration and Finance is not involved in the budget preparation process. Once the draft budget is prepared by the budget manager, it is then forwarded to the High Council of the Supreme Court for approval. The High Council meetings are confidential and the project advisors and junior BIT members are not involved. • There are very few meetings conducted on the budget during the year. The DG Administration and Finance does not participate. Mostly the participants in these meetings are the budget manager and officers. 	<ul style="list-style-type: none"> • The Ministry of Finance should start discussions with the SC management on their involvement in the program budget implementation process. The MoF should urge the SC management to take an active role in the budget formulation and execution. The head of the BIT and the DG level members should participate in the BIT meetings and provide inputs to the budget process.
4	Training Participation	3	<ul style="list-style-type: none"> • Only the budget manager and the operating and development budget officers participate in the MoF and the project program budgeting trainings and workshops. The BIT members are not interested in coaching sessions. • The BIT members at the Director level do not attend the budget training programs. • Some of the BIT junior level staff noted that the budget manager does not share information to enable junior staff to learn the program budget process. Although he sends the team to trainings and workshops, he does not allow them to support him during the budget preparation process. The junior level staff have very limited knowledge of budget preparation and execution. 	<ul style="list-style-type: none"> • The SC leadership should encourage the budget manager to delegate some of his budget preparation and execution responsibilities to junior staff. If this is not possible then the MoF officials should convene a high level meeting with the SC leadership to discuss this issue. This issue is important to resolve to ensure sustainability of program budgeting reform in the SC in case the budget manager was to leave or retire from the SC. • The DG Administration and Finance and the DG HR should attend the program budgeting trainings to become more involved in the preparation of the annual program budget

				<p>submission.</p> <ul style="list-style-type: none"> The MoF should make the training participation mandatory for all the BIT members including the DGs.
5	MoF Coordination	3	<ul style="list-style-type: none"> The MoF has assigned a focal point for SC. Whenever the SC team faces any difficulty with the forms, allotments, submissions of Budget Circular 1, Budget Circular 2, Procurement and Financial Plan and other issues related to budget formulation and budget execution, the SC team get in touch with the MoF focal point. There are no periodic meetings conducted with the MoF sector manager to improve coordination between the MoF and the SC. 	<ul style="list-style-type: none"> The SC BIT should conduct periodic meetings at least once every two months with MoF to improve coordination.
6	Staff Continuity	2	<ul style="list-style-type: none"> The only BIT member with a full understanding of program budgeting implementation is the budget manager. If he was to leave, other BIT members would not be able to prepare the BC1, BC2 and PFP submissions. The budget manager may retire or leave the SC and in that case SC may face serious problems with the sustainability of the program budgeting reform assistance that the project has provided since 2010. 	<ul style="list-style-type: none"> The Supreme Court management (High Council Members) should intervene and work with the budget manager to delegate some budget preparation and execution responsibilities to the operating and development budget officers. SC should also have a succession plan for the BIT. Officer and assistance level members of the BIT should be trained in case any key BIT member leave.
7	Pay & Grading and PRR	1	<ul style="list-style-type: none"> The SC HR Director is responsible for the Pay and Grading reform implementation. This restructuring will take time to be 	<ul style="list-style-type: none"> The SC should implement Pay & Grading reform in the Administration and Finance, HR and

	Implementation		<p>implemented given that almost all the SC staff do not support this reform. However, the Pay & Grading reform structure is only applicable to the Administration and Finance staff and not to the professional employees such as Judges.</p> <ul style="list-style-type: none"> There are no concrete plans for implementing Pay & Grading reform for the Administration and Finance staff. 	<p>Procurement directorates, and hire qualified people from the job market for the BIT. P&G will help the SC to improve the organizational structure and the TORs.</p>
8	ANDS, Sector, Ministry Strategy Knowledge	3	<ul style="list-style-type: none"> A few of the BIT members have a good working knowledge of the ANDS and the Supreme Court strategy. The officer level members lack understanding of ANDS, Sector strategy and the Supreme Court strategy. 	<ul style="list-style-type: none"> The project advisor should conduct a training program on the ANDS, NPPs, Governance Sector and SC strategies for the officer and manager level members of the BIT.
9	Program Budget Outputs and Outcomes Knowledge	3	<ul style="list-style-type: none"> The program budget outcome and output knowledge among the BIT members is limited. Only one of the BIT members has a good working knowledge of the SC program budget outcome and outputs. The staff at the officer level lacks a working knowledge in this area. 	<ul style="list-style-type: none"> The Ministry of Finance should place more emphasis on the output and outcome training module in the annual program budget trainings and specific examples related to the SC should be given.
10	Budget Formulation Current Capacity	3	<ul style="list-style-type: none"> The budget manager can prepare the draft budget with the project support. However, his team is very weak and would require full project support in case the manager leaves the SC. Only the budget manager has a good working knowledge of BC1 and BC2 preparation. 	<ul style="list-style-type: none"> The SC management should assign equal responsibilities to all the BIT members, and both the officer and manager level members of the BIT should be involved in the BC1 and BC2 preparation. The project should provide assistance to SC up to two budget cycles.
11	Procurement and Financial Planning Current Capacity	3	<ul style="list-style-type: none"> The BIT's knowledge of PFP is limited. This is a new reform and the MoF changes the guidelines and submission forms each year. The BIT members are not able to complete the PFP 	<ul style="list-style-type: none"> Attendance in the PFP trainings should be mandatory for the key BIT members and the project's embedded advisor should conduct regular coaching sessions on PFP for the

			without assistance from the project's embedded advisor.	manager and officer level BIT members.
12	Performance Monitoring Reporting Current Capacity	N/A	<ul style="list-style-type: none"> Supreme Court is currently not required to complete the quarterly PMRs. 	
Final Rating		2.6		



Risk Assessment Report

Ministry/Budgetary unit: Upper House-Parliament (UH)
Assessment Date: 07 March 2012
Venue: Director of Finance Office-UH
Meeting Participants: Saleh Muhammad Noori-Director of Finance from UH-Parliament and Sayed Muslim Mulhim, Raju Kalidindi and Abdul Tawab Wardak from USAID's Economic Growth and Governance Initiative (EGGI) project
Date of BIT establishment: June 2010
No of BIT/budget staff: Civil servants: 6, contractors: 0
USAID support since: August 2010
Expected Date of Graduation: Within one year

Summary of Key Findings:

- The Upper House is a small budgetary unit. In the past two years, its development budget execution rates are low: 36.5 percent in 1389 and 25.3 percent in 1390. The reason for low budget execution is mainly the low capacity in project costing, planning and design.
- In the assessment, the Upper House was rated "above average" with 3.8 score.
- Program budgeting reform is well supported by the Upper House senior management. The Deputy Secretary General provides inputs and suggestions during the budget preparation and execution process. The BIT is led by the Deputy Secretary General. The BIT is composed of members from all the key directorates of the Upper House. The BIT meets quite frequently during the budget preparation process. Most of the budget formulation is done by the BIT members, but still need assistance from the project advisor.
- The key Upper House BIT members participate in all training programs and workshops conducted by the MoF and the project. The DG, however, does not attend the training programs regularly. Overall, there are gaps in coordination between the MoF and the Upper House.
- Staff turnover is not a problem in the Upper House. The management expects most BIT members to stay employed with the Upper House long term. The Pay & Grading reform has already been implemented in the Upper House.
- The BIT members at the manager and officer level have limited knowledge and management members have a good working knowledge of the ANDS and the Upper House strategy. Likewise, most junior level staff in the BIT has limited knowledge of program budget outputs and outcomes.

- The Upper House BIT members' knowledge and capacity to complete BC1 and BC2 submissions is very limited. The BIT has implemented program budgeting reform for a year and they need to practice this reform at least one more budget cycle. The BIT members need up to one more years of mentoring and practice in the PFP. The Upper House is not required by the MoF to prepare quarterly Performance Monitoring Reports.

***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	6.798	6.483	95.3	8.137	8.117	99.7	6.127
Development	1.277	0.467	36.5	2.280	0.577	25.3	1.890

*Data Source: Budget Execution Directorate-Ministry of Finance

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"> Program budgeting reform is well supported by the Upper House senior management. The Deputy Secretary General provides inputs and suggestions during the budget preparation and execution process. He is also interested in the annual Procurement and Financial Plan 	<ul style="list-style-type: none"> The Secretary General also needs to participate at least in key decisions.

			(PFP) preparation. The Deputy Secretary General leads the BIT. He participates in some important BIT meetings.	
2	BIT/IBC Composition	5	<ul style="list-style-type: none"> The BIT is composed of members from all the key directorates of Upper House. The BIT is led by the Deputy Secretary General of Lower House and other members are: <ul style="list-style-type: none"> Director of Finance Director of Administration Communication manager Procurement manager Budget manager Budget officer The BIT structure conforms to the MoF recommended structure for the BIT with all of the key directorates participating. 	<ul style="list-style-type: none"> No further action is required related to the BIT structure given that it conforms to the MoF recommended structure for the BIT.
3	BITs/IBCs Function	4	<ul style="list-style-type: none"> The BIT meets twice a week during the preparation of BC1, BC2 and PFP submission. The meetings are all chaired by the Director of Finance. Senior management does not participate in the BIT meetings. The BIT meets regularly during the budget formulation stage. Deputy Secretary General and Director of Finance are active members. 	<ul style="list-style-type: none"> The Deputy Secretary General should participate in some important BIT meetings to provide inputs to the budget formulation process. The BIT should prepare meeting minutes and share with the senior management (including the Speaker and Secretary General) for inputs on program budget and associated reforms.
4	Training Participation	4	<ul style="list-style-type: none"> The key Upper House BIT members participate in all trainings and workshops conducted by the MoF and the project. The Director of Finance mentioned that the training programs have been very helpful in building the capacity of the BIT members in program budgeting, PFP and quarterly Performance Monitoring and Reporting (PMR). The manager and officer level BIT members attend these trainings. 	It is recommended that Director General level staff attend the training programs.

			Participation at the Director level is rare.	
5	MoF Coordination	3	<ul style="list-style-type: none"> Overall there are gaps in coordination between the MoF and Upper House. The BIT only meets with the MoF sector manager regarding the budget submission and requests for allotments. The Upper House management has weak relationships with the MoF governance sector staff and the disbursement unit staff of the Treasury Directorate. The Director of Finance indicated that Upper House is a legislative pillar of the government and it is different from other budgetary units. He thinks MoF should give preference to the work of the Upper House. 	<ul style="list-style-type: none"> The Upper House needs to convene regular meetings with the MoF sector manager and the budget execution director to improve the coordination between the Upper House and MoF.
6	Staff Continuity	4	<ul style="list-style-type: none"> Staff turnover is not a problem in Upper House. Most of the key BIT members are still with the team since the team's establishment in June 2010. The management expects them to stay employed with the Upper House long term. 	<ul style="list-style-type: none"> Although the Upper House has not experienced staff turnover in the BIT so far, the Upper House should still develop a comprehensive training plan for the BIT. All finance, budgeting and accounting staff should be trained well enough in program budgeting and other areas to ensure skilled staff are available to replace any key BIT member in case they leave in the future.
7	Pay & Grading and PRR Implementation	5	<ul style="list-style-type: none"> The Pay and Grading reform has already been implemented in the Upper House. All BIT members are paid based on the pay and grading salary scale. 	<ul style="list-style-type: none"> No further action is required related to implementation of pay and grading reform in the Upper House.
8	ANDS, Sector, Ministry Strategy Knowledge	3	<ul style="list-style-type: none"> The BIT members at the manager and officer level have limited knowledge of the ANDS, sector, and Upper House strategy. However, members at the director and higher level have a good working 	<ul style="list-style-type: none"> The project's embedded advisor to deliver a training program on the ANDS and the Upper House Strategy for the manager and office level staff to

			knowledge of the ANDS and Upper House strategy.	increase their knowledge of the ANDS and the Upper House strategy.
9	Program Budget Outputs, and Outcomes Knowledge	3	<ul style="list-style-type: none"> The BIT members have limited knowledge of program budget outcomes and outputs. The team cannot complete the output and outcome part of the BC2 submission without the technical assistance from the project. 	<ul style="list-style-type: none"> More frequent coaching sessions should be conducted on output/outcome concepts by the project embedded advisor. The MoF and the project should place more emphasis on the output and outcome training module during the annual program budgeting trainings. The module should be more detailed and with relevant examples for all line ministries and agencies.
10	Budget Formulation Current Capacity	3	<ul style="list-style-type: none"> The Upper House BIT members' knowledge and capacity to complete Budget Circular 1 (BC1) and Budget Circular 2 (BC2) submissions is limited. The BIT has implemented the program budget for one year and they need to practice this reform at least for one more budget cycle to understand the different concepts of program budgeting. Generally, a budgetary unit may need to experience three full cycles of program budget preparation before they develop capacity to prepare the program budget with minimal or no external assistance. 	<ul style="list-style-type: none"> The BIT requires one additional year of support to be able to complete budget submissions without external assistance. Therefore, it is recommended that the project's program budget team should continue supporting the BIT for at least one additional budget cycle and conduct more training programs/ coaching sessions on preparation of annual BC1 and BC2 submission.

11	Procurement and Financial Planning Current Capacity	3	<ul style="list-style-type: none"> The Upper House prepared the annual Procurement and Financial Plan (PFP) for the first time for 1390 and developed a basic understanding of how to prepare the annual PFP based on MoF guidelines. The BIT learned how to prepare estimations for payments of operating and development contracts and how to prepare the annual financial plan. The Director of Finance indicated that the BIT knowledge in this area is still limited and the team would require at least one more year of support from the project to fully understand the PFP and be able to complete it without external support. 	<ul style="list-style-type: none"> Given that budget reform area is new for the Upper House, it is recommended that the project continue support the UH in preparation of an annual PFP at least one more year.
12	Performance Monitoring Reporting Current Capacity	NA	<ul style="list-style-type: none"> The Upper House is currently not required by MoF to prepare quarterly Performance Monitoring Reports. 	
Final Rating		3.8		