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FINAL EVALUATION REPORT

PERFORMANCE-BASED GOVERNANCE FUND PROJECT (PBGF)

SEPTEMBER 2013

This report was produced for review by the United States Agency for International Development (USAID). It was prepared under contract with Checchi and Company Consulting, Inc. for USAID's Afghanistan "Services under Program and Project Offices for Results Tracking Phase II" (SUPPORT II) project.

Activity Signature Page

This report was contracted under USAID Contract Number: AID-306-C-12-00012. Afghanistan Services under Program and Project Offices for Results Tracking Phase II (SUPPORT II).

This Activity was initiated by the Office of Project and Program Development through Sayed Aqa, COR/SUPPORT II, and the Office of Democracy and Governance.

Assignment Title: Performance Evaluation of the Performance-Based Governance Fund

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Activity Start Date: February 2013

Completion Date: September 2013

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ACRONYMS

ACCI	Afghanistan Chamber of Commerce and Industries
ACTED	Agency for Technical Cooperation and Development
ADS	Automated Directives System
AFMIS	Afghanistan Financial Management Information System
CDC	Community Development Councils
CSOs	Civil Society Organizations
DDA	District Development Assembly
DEC	Development Experience Clearinghouse
DFID	Department for International Development, UK Government
DoWA	Directorate of Women's Affairs
DSS	Director of Sectorial Services (PGO)
FY	Fiscal Year
GIRoA	Government of the Islamic Republic of Afghanistan
HCSIN	Herat Civil Society Institutions Network
ICACSR	Independent Commission for Administrative and Civil Service Reform
IDLG	Independent Directorate for Local Governance
MoF	Ministry of Finance
MoWA	Ministry of Women's Affairs
MRRD	Ministry of Rural Rehabilitation and Development
ODG	Office of Democracy and Governance
PBGF	Performance Based Governance Fund
PC	Provincial Council
PG(s)	Provincial Governor(s)
PGO(s)	Provincial Governor's Office(s)
PMP	Performance Monitoring Plan
PRT	Provincial Reconstruction Teams
SOW	Statement of Work
TAF	The Asia Foundation

I. EXECUTIVE SUMMARY

1. PROJECT BACKGROUND

In 2009, recognizing the need to strengthen sub-national governance and its institutions, primarily the Provincial Governors (PGs) and the Provincial Governors' Offices (PGOs), USAID/Afghanistan's Office of Democracy and Governance (ODG) designed the Performance Based Governance Fund (PBGF) project. The purpose of PBGF is to deliver capacity building and financial support to PGs and their offices to enable them to fulfill their key functions as the provincial representatives of the national government and to provide essential services to their respective constituents. The implementing partner for PBGF is The Asia Foundation (TAF).

The PBGF project has been implemented in two phases. Phase I (PBGF-I) was co-funded from 2009 - 2011 by USAID, the United Kingdom's Department of International Development (DFID), and the Government of Belgium. Phase II (PBGF-II) was funded solely by USAID and is scheduled to end in 2013.

The purpose of this evaluation is to assess the performance of PBGF and TAF in building the capacity of the PGOs to plan, budget, and procure goods and services to respond to the needs of citizens. The evaluation is also called upon to assess the project's capacity to improve the legitimacy and popular perception of the PGOs by examining the quality of interventions and support to different actors in the provincial governance framework. As a final evaluation, the purpose is also to identify lessons that can inform future USAID support to PGOs through similar programs.

2. FINDINGS

Despite functioning in areas of the country that are increasingly difficult to monitor and manage, TAF implemented a well-managed and responsive program that made progress toward its stated goals. The majority of responses received from PGs, PGO staff, line ministries, and beneficiaries regarding PBGF were positive with respect to program management and the financial assistance provided, and the program provided an important benefit to communities by funding grants to community groups identified by PGOs.

There was no institutional capacity baseline established during the first year of PBGF-I, and there has been no monitoring and evaluation (M&E) framework to establish and measure indicators for the activities funded within the PGOs. For example, an M&E framework would have made it possible to analyze ledger book entries of program activities to gain a better understanding of the spending patterns of the PGOs. This analysis would also have supported the TAF incentive system and addressed the appropriateness of the activity classifications as they relate to PBGF results delivery.

TAF reported that PGOs were unable to plan and budget appropriately because of their lack of capacity. After the review of the pilot phase, TAF modified its regulations to limit spending on items such as vehicle purchases and placed a greater emphasis on community out-

reach, forcing the PGOs to change their spending to comply with the new guidelines. Once the PGOs comprehended the regulations controlling their usage of PBGF funds, they began to focus spending on projects with direct benefits to their citizens. While the initial capacity levels of the various PGO staff were not assessed, all PGOs interviewed stated that PBGF has improved their capacity to plan, budget, and procure goods and services.

The innovative evaluation system that scored PGOs on a scale of one to five for 19 criteria was highly motivational and contributed to accountability and transparency within the PGOs. PGOs interviewed knew their scores and rankings relative to other PGOs. The PGOs were aware that these quarterly rankings demonstrated to the Independent Directorate for Local Governance (IDLG) each PGO's capacity to manage its funding. However, the rankings were insufficient to convince IDLG that the PGOs were capable of managing an on-budget program.

TAF did not integrate PBGF's financial management practices with those of the MoF, and instead developed a chart of accounts that mirrored that used by MoF. TAF could not provide any documentation that they had aligned the PBGF financial management system with the PGO financial management and capacity building required by MoF. This prevented the PGOs from demonstrating that they could manage their own PBGF resources through such practices as coding of spending items in a budget or complying with MoF procurement guidelines. Instead, TAF Provincial Officers assumed this management responsibility, resulting in limited learning and transfer of skills to PGO staff in the planning, budgeting and procurement departments.

Perspectives on outreach varied amongst stakeholders. PGOs felt that they had increased outreach, while Provincial Councils (PCs) and Community Development Councils (CDCs) did not report much PGO outreach. Some PCs, CDCs, civil society and youth representatives also questioned the effectiveness of PGs who did not visit the districts, although interviewees in Badghis and Laghman provinces said the present governors were better at reaching out to their communities than their predecessors had been. The governors of Ghazni and Paktika also received praise from their constituents for their outreach efforts. All respondents drew a distinction between the central government and provincial government authorities.

Women and youth expressed mixed appreciation for the support from PBGF. The Directorate of Women's Affairs (DoWA) cited opportunities that were provided but stated that the support was limited. Youth groups receiving support reported increased outreach. Interview respondents were mostly positive about the PGOs' enhanced relationship with their citizens. However, some interviewees shared the opinion that programs and activities are designed to address only the needs of the urban centers.

The complex issue of citizen perceptions was addressed under a separate Citizens' Perception Survey (CPS). Less than 10% of all survey respondents said they had participated in PGO funded projects; of those respondents that did not participate in PGO programs, over 70% of

peri-urban respondents said they had no information about such programs, and almost 90% of rural respondents said the PGO paid no attention to their needs or their desire to participate.

3. CONCLUSIONS

Overall, PBGF demonstrated that it is possible to support and build the institutional capacity of PGOs by providing resources, training and mentoring to help them improve and fulfill their outreach and responsiveness to citizens' needs. However, PBGF and PGOs need to focus more resources on public outreach through their district offices, particularly in rural areas.

Changes that PBGF introduced in the allocation of spending did appear to have led to improved outreach to outlying districts. However, outreach indicators were not reported until the fourth quarter of 2012, and the evaluation was hampered by the absence of a comprehensive monitoring and evaluation framework that would have defined the categories of community outreach and the expected impact of outreach actions in each category on the perceptions and satisfaction of the citizens. The results of the CPS indicate citizens have varied perceptions regarding their PGO.

A key strength of the program was the reliability with which funds were delivered to PGOs each month, coupled with the incentives PBGF introduced. Additionally, the financial monitoring conducted by the TAF Provincial Officers increased overall accountability and transparency.

The incentive system could have been improved by inviting PGOs to participate in its design and provide input on: how outreach is defined by the PGOs, what capacity exists within the PGOs for budgeting, planning, and procurement, and which categories of performance criteria would be appropriate for ranking the PGOs.

Capacity building in financial management was an area of the project with little success. TAF did not integrate PBGF's financial management practices with those of the MoF, and instead developed a chart of accounts that mirrored that used by MoF. In addition, this system was managed by TAF Provincial Officers, and limited training in financial management was provided to PGO staff. The lack of integration and training means there is little chance of sustaining financial practices and that staff are unfamiliar with the MoF system of accounts.

4. RECOMMENDATIONS

Greater attention must be given to developing a Provincial Development Plan that is within the budget capacities of GIRoA. This plan can provide linkages between PGOs and line ministries, encouraging coordination, cooperation, and an understanding of the functions of the different levels of government. This plan should be developed with the support of Kabul-based ministries.

PGOs should be more aware of the various central line ministry funding ceilings before planning development activities. PGOs should also adhere to these ceilings in their planning and be capable of properly coding their spending in accordance with the Afghanistan Financial Management Information System (AFMIS). This would allow the MoF's Director of the Treasury to accurately monitor PGO spending against the expenditure ceiling for each account and would help build the MoF's confidence that PGOs are capable of managing their allocations. Efforts should also be made towards integration, with the MoF taking the lead.

Given the importance of having a visible presence in outlying districts to citizens' perceptions of the PGO and GIRoA, it is recommended that PBGF and PGOs establish a dedicated fund to provide development assistance and services to outlying districts. This fund can also provide for emergency response to outlying communities threatened by natural disasters such as flooding, landslides and road washouts.

The design of future projects would also benefit from measuring how much outreach is occurring within each outreach category, who the beneficiaries are, how often outreach is occurring, the costs of outreach activities, the number of districts receiving outreach, and the number of people benefiting on a monthly basis.

The results of CPS also indicated that 85% of rural women and men agreed with the statement that GIRoA should support programs designed for and focused on women and youth. Building on the positive experiences reported by DoWA representatives and the importance of PBGF funding to DoWA programs, it is recommended that a District Women's Initiative Support program be promoted through the PGOs. Program activities should include conferences for women to discuss prior activities through PBGF and identify appropriate activities for future funding.

II. INTRODUCTION

1. PROJECT BACKGROUND

In early 2009, recognizing the need to strengthen sub-national governance and its institutions, primarily the Provincial Governor's Offices (PGOs), USAID/Afghanistan's Office of Democracy and Governance designed the Performance Based Governance Fund (PBGF) project. The purpose of PBGF was to deliver capacity building and financial support to Provincial Governors (PGs) and their offices to enable them to fulfill their key functions as the provincial representatives of the national government and ensure public service delivery. The underlying premise of PBGF was that increasing the PGs' ability to operate would increase their outreach and the collective legitimacy of government.

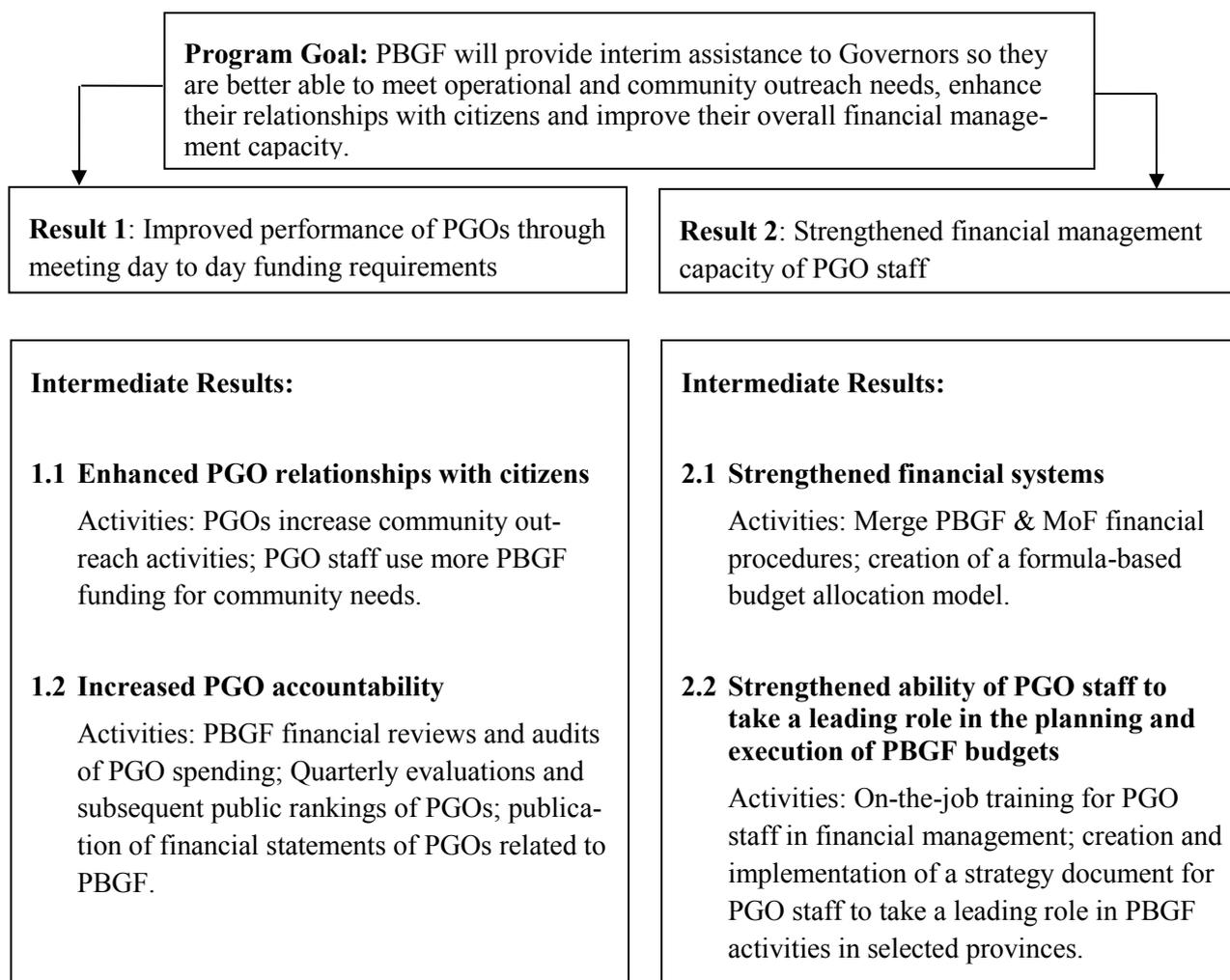
The first phase of the project (PBGF-I), totaling \$13.4 million, was implemented through a Cooperative Agreement with The Asia Foundation (TAF) from 2009 to 2011 and was co-funded by USAID, the United Kingdom's Department for International Development (DFID), and the Government of Belgium. PBGF-I was designed to improve sub-national governance by providing consistent operational funding, improving financial management, and encouraging a culture of community outreach.¹ The stated goal of the program in this first phase was "for the Government of Afghanistan to have a more visible, positive presence throughout the nation through improved service delivery and reduced corruption."

PBGF-II was intended to be a broader program co-funded by USAID and DFID that would cover Provincial Councils (PCs) and improve financial management of the Independent Directorate for Local Governance (IDLG). However, DFID funding did not materialize and PBGF-II was scaled back to the original PBGF-I activities, with minor modifications (such as disallowing spending on vehicles, consolidating the evaluation categories of the performance-based incentive mechanism, and emphasizing capacity building and community outreach). USAID defined the goal of PBGF-II as providing "interim assistance to Governors so that they are better able to meet operational and community outreach needs, enhance their relationships with citizens, and improve their overall financial management capacity."

PBGF-II was also implemented by TAF through a modification of its Cooperative Agreement, which extended the performance period through July 31, 2013 and increased total funding to \$48.9 million. The following chart outlines the goal, expected results and activities of PBGF-II. The PBGF hypothesis is that increasing the PGs' ability to operate will increase the legitimacy of the Afghan government.

¹ i) Vehicles and equipment; (ii) transportation; (iii) repairs and maintenance; (iv) information and communication technology; (v) capacity building; and (vi) community outreach, with emphasis on the last.

2. EVALUATION PURPOSE AND QUESTIONS



The purpose of this final performance evaluation is to advance USAID’s technical leadership and learning with respect to interventions in Afghanistan for sub-national governance. The scope of work (SOW) for this evaluation is provided in Annex I. The evaluation team was engaged to review PBGF, to identify if and how the project has improved the legitimacy of PGs and their offices, and to recommend technical interventions that should be continued or improved. The evaluation takes into account a set of strategic questions that would enable USAID/Afghanistan to determine appropriate future interventions with PGs. Results of the evaluation can be used by USAID/Afghanistan to inform political, technical and funding decisions for future initiatives to improve sub-national governance. Specific objectives of the evaluation are:

- Evaluate the effectiveness of PBGF in achieving its stated goal and results as included in the chart above. The evaluation will identify the strengths and weaknesses of the project. It will also specifically examine if increased spending on equipment and transportation led to increased community outreach activities; and if increased training and coaching led to improved financial management and community outreach skills of PGO staff.

- Assess PBGF’s hypothesis that increasing the ability of PGs to operate will increase the reach and legitimacy of the government. The evaluation will indicate if PGs responded to specific requests from the community and if their responses improved citizens’ perception of the government. The analysis will also consider the expansiveness and variety of communities and districts that the PGs visited and if this had an effect in improving the government’s legitimacy.
- Identify lessons learned and recommend options for how USAID should support PGs.

This evaluation focuses on and addresses the following questions as identified in the SOW:

1. Did the provision of resources, training and coaching of PGO staff lead to enhanced relationships with citizens and better financial management of budgets?
2. How did PGOs improve their financial management and become more responsive to communities through actions that met requests during PBGF’s implementation? How were PGO improvements connected to the performance-based incentive mechanism?
3. What have PGOs done to improve the perception of citizens that the PGOs respond to their needs? Should USAID support these efforts and if so, how?
4. Do citizens link the community outreach efforts of PGOs with the efforts of GIRoA as a whole? Do citizens shape their perceptions of GIRoA through perceptions of PGOs?
5. What are the gaps and challenges in how PGOs, Provincial Councils, Parliamentarians, and provincial line directorates work together?

3. METHODOLOGY

Data collection methods included qualitative analysis of various PBGF reporting documents. Primary documentation included the original Request for Application by TAF, versions of TAF’s Program Handbooks for PBGF-I and PBGF-II, the Cooperative Agreement, the Performance Monitoring Plans (PMPs) for both phases, TAF’s quarterly reports, the extracted evaluation sheets and DFID’s evaluation report, and the Memorandum of the Office of the Inspector General, dated October 12, 2012. The analysis of these documents allowed the team to assess the delivery of the implementing partner against the USAID Intermediate Results and Activity levels as well as the underlying program development logic that are addressed in the evaluation SOW and the evaluation questions. Secondary documentation is listed in the bibliography in Annex II.

The SOW identified ten provinces to be visited by the evaluation team: Badghis, Baghlan, Ghazni, Ghor, Helmand, Herat, Kandahar, Laghman, Panjshir, and Paktika. Field visits were made to six of the ten provinces: Baghlan, Herat, Ghor, Kandahar, Laghman, and Panjshir. Although security-related issues prevented the team from traveling to Badghis, Helmand, Ghazni and Paktika, telephone interviews were conducted with stakeholders in those provinces. In addition, the evaluation team met with the governor of Badghis while he was in Kabul. Key informant interviews were conducted following standardized structured questionnaires, although the initial group interview with TAF staff was unstructured. For the structured interviews conducted with PGO staff and others, flexibility and adaptability in the implementation

management and outreach; evaluation of the efforts of the PGO to respond to community needs, women's activities, and youth inclusion; and assessment of the relationship between PGO efforts and general appreciation of the central government.

This evaluation also takes into account the results of the Citizen Perception Survey (CPS) that was conducted concurrently with the PBGF evaluation between February and May 2013. The purpose of one part of the CPS was to provide USAID with the perspective of Afghan citizens of the interviews was allowed to identify and pursue follow-on questions when areas of particular relevance and interest emerged. Narrative transcripts from the interviews were analyzed for content, with key themes identified and compared back against the organizing research questions. As required in USAID's Evaluation Policy, detailed interview transcripts have been archived with the SUPPORT II project.

The evaluation team held interviews with PBGF staff, including the Chief of Party, the M&E Director, Regional Managers and Provincial Field Officers. Interviews were also held with PGs (Badghis and Paktika), Deputy Governors (Badghis and Helmand), the Director of Sector Services (Ghazni), Provincial Councils (all ten provinces), and Peace Council representatives (Paktika). Ministerial officials interviewed include the Ministry of Women's Affairs (MoWA), the Ministry of Education (MoE) and the Ministry of Public Health (MoPH). Interviews with civil society organizations include the Agency for Technical Cooperation and Development (ACTED), AfghanAid, UN-HABITAT, the Herat Civil Society Network, the Afghanistan Chamber of Commerce and Industries (ACCI), and various youth associations. A complete list of key persons interviewed is included in Annex III.

These in-depth interviews were focused on the questions presented in Annex IV. The questions sought to assess the respondents' connections with and understanding of PBGF, particularly the role of the PGO in delivering PBGF services; perception of improvements in PGO financial regarding the performance and legitimacy of PGs and their offices. The results of the CPS are provided in a separate document accompanying this report.

Social Development and Legal Rights (SDLR), an Afghan organization, conducted the survey under a subcontract with USAID's SUPPORT II project. Twelve provinces were surveyed, of which eight were provinces visited for the PBGF evaluation: Badghis, Baghlan, Ghor, Ghazni, Helmand, Kandahar, Laghman, and Paktika.² The survey respondents were chosen from three sample categories, urban, peri-urban, and rural, in order to analyze how perceptions of service delivery and governance tends to vary based on geographic location, and to identify those areas on which the PGO should focus.

² At the outset, this evaluation and the CPS were to be conducted in the same provinces. Unfortunately, logistical problems required that one of the original target provinces (Panjshir) be dropped from the survey while four provinces (Balkh, Kabul, Kunduz, Zabul) were not covered by the PBGF SOW or evaluation visits.

The CPS surveyors conducted a total of 6,186 interviews in 12 targeted provinces, of which 3,212 were classified as urban respondents, 1,587 as peri-urban respondents, and 1,387 as rural respondents. The PBGF portion of the survey consisted of 45 questions. Respondents were asked to rate their trust and confidence in the provincial government and the extent to which the performance of the government had improved.

4. LIMITATIONS

The evaluation team was unable to travel to four provincial centers due to security and/or logistics issues. For example, flights were not available to Qala-e-Now, Badghis, and two scheduled attempts to travel there from Herat had to be cancelled due to security events along the road. Similarly, due to the demobilization of the Provincial Reconstruction Teams, access to PRT accommodations in some areas was not possible. To mitigate these limitations, the evaluation team conducted phone interviews with stakeholders in these provinces. In addition, the evaluation team met with the Governor of Badghis while he was visiting Kabul.

III. FINDINGS

Findings are organized according to the evaluation questions.

1. Did the provision of resources, training and coaching of PGO staff lead to enhanced relationships with citizens and better financial management of budgets?

The project successfully established programs in 33 of 34 provinces, and key achievements were TAF's standardized financial reporting procedures, oversight provided by the TAF provincial offices, and training and workshops for PGO staff.

In PBGF-I, TAF developed and instituted a financial management system and process built on its database of accounting codes. TAF also established committees (budget, planning, and procurement) that during Phase I worked alongside the TAF Provincial Officers in implementing PBGF activities. This built staff capacity within the three committees, but not in the general PGO departments responsible for planning, budgeting, and procurement functions. In Phase II, in an effort to build this capacity in the PGOs, TAF revised the roles of its Provincial Officers to make them more representative and advisory, with the actual work being carried out by the PGO departments. However, based on statements made by the PGOs and the TAF Provincial Officers, this capacity was never developed and the TAF Provincial Officers continued to perform the same operational duties in Phase II.

In addition to financial management, the trainings covered policy and strategy, human resource management, reporting, planning, English, and computer literacy. The PGOs interviewed reported that their performance and skills in these areas improved due to these trainings. However, the evaluation team was unable to measure these reported improvements as there was no initial institutional baseline assessment conducted of the PGOs' financial and budgeting departments.

The provision of resources through the disbursement of consistent funding each month contributed to the success of the program, as it allowed the PGOs to mitigate delays and reductions to their core budget allocations from the MoF. For example, the Kandahar Governor stated that he had received his MoF allocation six months late over the last three years. The Laghman Governor stated that he was still waiting for his allocation. Thanks to TAF, the PGOs were able to count on a consistent revenue source and allocate funds for planned expenditures for their communities.

2.1. How did PGOs improve their financial management and become more responsive to communities through actions that met requests during PBGF's implementation?

The program did not establish a baseline of the PGOs' financial management capacity or public outreach activities. The USAID policy on evaluation states that "Significant attention is required to ensure the baseline data are collected early in the project lifespan ... data collection should be designed on a plan for analysis of the data." In May 2010, TAF prepared a

Baseline Assessment Report; however, TAF stated that it was a pre-performance measurement for the TAF evaluation system rather than an institutional assessment of the PGOs.³

Although PBGF provided a structure for building financial management capacity, PBGF has apparently not met the MoF and IDLG expectation that PBGF would provide the PGOs with a constructive way to manage their budgeted resources that would allow the program to be brought on-budget. This included building PGOS' capacity to utilize the Afghanistan Financial Management Information System (AFMIS) in order to properly code expenditures. TAF could not provide any documentation that they had aligned the PBGF financial management system with the PGO financial management or that PBGF had provided training to PGOs in how to utilize AFMIS and the MoF's system to continue good financial management after the life of the project. Instead, TAF developed a chart of accounts that mirrored that used by MoF. Critical coordination, communication and interfacing of MoF/IDLG and PGO processes and a continued work effort to ensure system vitality were not present. This prevented the PGOs from demonstrating that they could manage their own PBGF resources through such practices as coding of spending items in a budget or complying with MoF procurement guidelines. Furthermore, TAF Provincial Officers assumed responsibility of the financial management system, resulting in limited learning and transfer of skills to PGO staff in the planning, budgeting and procurement departments.

While there was little to no capacity building in the area financial management, PGO funding was well managed since it was managed by TAF Provincial Officers. Six of the PCs interviewed (Badghis, Helmand, Herat, Laghman, Paktika, and Panjshir) were generally satisfied with the PGOs and reported that the PGOs were responsive to their requests for community assistance and that PGO relations with their communities had improved over the course of the program.⁴ When asked if the PGOs could improve their relations with the citizens, eight out of ten PCs said that this would occur with the expansion of programs and activities.

The Director of Finance for Tax and Economies stated that the PGOs were not reporting all of the spending of their government allocations, which creates large imbalances between their expenditure reports and their budget allocations. He further indicated that the MoF wants to resolve these issues before they have the confidence to commit additional resources to programs and activities similar to PBGF.

³ "... it should be clear that the relevance of such exercise [baseline assessment] is – to a large extent – limited to illustrating how the scoring mechanism works because most of the measurements ... are linked to the use of PBGF funds by the Governor and, hence, such measurements cannot be made before the funds have actually been used... the actual measurements which have led to the scores... have been fairly limited and so one should not attach too much weight to the initial ranking of provinces at this stage of the program." The Asia Foundation Baseline Assessment Report *May 5, 2010*. p 11.

⁴ Interviews were conducted with PCs in Kandahar (one PC member), Laghman (chairman, one member and chairman's special advisor), Herat (one PC member), Baghlan (Chairman and four PC members), Panjshir (Chairman and two members), Ghor (Deputy Chairman and five members). Phone interviews were conducted with PC members in Helmand, Paktika and Ghazni, and with the PC Chairman in Badghis.

Other PCs were more critical of the PGO's responses to their needs, the most often cited complaint being that PGO's did very little for communities beyond the district center. One key finding was the PC in Ghazni felt that it was the TAF Provincial Officer, and not the PGO, that had rejected their requests. The PCs in Ghor and Baghlan felt that their PGOs do not listen to their requests for assistance and they had received no support from the PGOs. The PC in Ghor further pointed out that the PGO is not visible in the districts and the governor makes his own decisions on outreach without consultation. In Baghlan, the PC conceded that the PGO had organized meetings in the outlying districts, but complained that in general the PGO did not recognize the role of the PC as a bridge to the people. Kandahar's PC chairman expressed disappointment with the PGO, claiming that its actions were inconsistent and had a negative impact on the relations between the PC and communities.

A review of PGO's community outreach records showed that most governors do not travel beyond the provincial center (the exception being the Governor of Paktika province, who took pride in attending meetings in outlying districts). Recorded PGO visits to more remote districts can refer to visits by the deputy governor or other staff. Outreach efforts did include meetings of elders invited to the provincial center to present issues of interest to the governor (such as anti-narcotics awareness, disaster management, and security), to discuss issues of conflict resolution, or to discuss citizens' needs during the annual provincial planning exercise.

The IDLG Advisor working with PBGF agreed that there is still no clear definition of the governors' roles and functions. However, he said that developing such a definition would not be difficult and would require joint working sessions between IDLG and the Independent Commission for Administrative and Civil Service Reform (ICACSR).⁵

2.2. How were PGO improvements connected to the performance based incentive mechanism?

The incentive system is based on two elements: 1) the score of each PGO and 2) the ranking of each PGO as that score is compared to the scores of other PGOs. TAF conducted periodic evaluations of financial data and activities to determine whether or not PGOs were spending within the PBGF guidelines and assign a score. Under PBGF, the TAF Provincial Officer was responsible for the PGO's planning and budgeting activities and counseling PGOs on how they should spend resources within the 19 approved performance criteria indicators to improve their score in the evaluation system. Provinces that did not spend in accordance with PBGF guidelines saw their funds either reduced or placed on hold until spending was correct-

⁵ The outreach of the governors' offices is assumed to be a key function of the PGO; however, since there is no clear definition of the roles of the PGO, this activity is not clearly defined as part of the PGO mandate. While the IDLG advisor stated that it would be relatively easy to define and document the roles of the PGO, the fact that neither TAF nor the DfID support programs to IDLG were able to clarify the PGO mandate suggests that there is a desire to keep the definitions vague.

ed. Ensuring that expenditures remained within the guidelines required considerable diplomacy, as it was reported that PGOs would often push back against the TAF Provincial Officers. For example, PGOs representing Grade 1 provinces, such as Kandahar and Herat, reportedly tried to bend the rules, and the current governors in Laghman and Badghis stated that their former governors had ignored the PBGF guidelines, resulting in reduced funding for their provinces.⁶

Most of the PGOs stated that the system was a good one and that it was useful for motivating PGO staff to seek improvement. PGOs were interested in their rankings (i.e. top and receiving extra funds, middle and having stable funds, or bottom and losing funds) and extra funds proved to be a good incentive, particularly for poorer provinces. In Ghor, the Deputy Governor said that he used the system to motivate his staff and he felt there had been a positive change over the past six months. However, the Ghazni and Herat PGOs expressed their frustration over the poor scores they had received when they felt their performance had been adequate. Many PGOs were frustrated that while their individual scores might improve, this may not have an effect on their standing relative to other provinces.

The M&E Director of IDLG was critical of the performance incentive system, stating that it did not provide information about the actual work performed by the PGOs. Furthermore, since PBGF has not been brought on-budget, a suitable M&E process has not been put in place. IDLG has reportedly been monitoring PBGF/PGO activities, but there are still no clear measures of program activity. The evaluation team believes that the proposed system has not been able to define categories of outreach and measure how these are progressing in each province and district.

3. What have PGOs done to improve the perception of citizens that the PGOs respond to their needs? Should USAID support these efforts and if so, how?

Through community outreach and funding for community organizations, PGOs have demonstrated that they have the resources to respond to citizens' need and requests. However, interviews with PCs and other community councils demonstrated that these efforts are largely perceived as insufficient. When PCs were asked how the PGOs were addressing citizen perceptions, results varied widely; the PCs from Herat, Helmand, Kandahar and Laghman recognized the need to address people's perceptions and said that this should be done by increasing the number of meetings with communities. In Baghlan, Ghazni and Ghor, the PCs said that addressing people's perceptions is appropriate because in their provinces the citizens did not know what the PGOs were doing for them. In Badghis, the PC stated that perceptions can vary depending on the location and that people without jobs were unhappy with the PGO. In

⁶ "The grade is determined largely by population, but there are additional political factors that play into the assignment. Grade 1 is the largest and Grade 3 is the smallest." AREU and World Bank. *A guide to government in Afghanistan*. P. 95. March 2004.

Paktika, the PC said that the actual presence of programs in the districts was more important than promotional activities.

The evaluation team was unable to contact the District Development Assembly (DDA) and Community Development Council (CDC) representatives in Helmand, Herat, Kandahar and Paktika provinces. In general, the CDCs and the DDA chairmen who were interviewed in Badghis, Baghlan, Ghazni, Ghor, Laghman, and Panjshir were unimpressed by the amount of contact between PGOs and outlying districts, reporting that there had been little, if any, contact with them. Laghman representatives expressed satisfaction with PGO efforts to reach out into the districts, while respondents in Badghis and Panjshir stated that relations with communities had improved. In Ghazni, the improved relations may have resulted from activities in the province due to its selection as the Islamic Capital of the world. One district in Panjshir, Anaba, reported support from the PGO. The CDCs from Baghlan were offended by the lack of outreach to CDCs, in particular since they felt they were the “bridge to the people.” In Ghor, the CDCs were convinced that whatever monies the PGO received went to the PGO staff and were not disbursed to the communities. Among the activities reported by DDA and CDC representatives in Laghman and Panjshir were training workshops on computer skills, English, and security. Panjshir representatives reported that the PGOs have also recently purchased computers for community use.

Eight of the ten provincial offices of the Ministry of Women’s Affairs, the Directorate of Women’s Affairs (DoWA), contacted were extremely positive about the contributions that the PGOs had made to their activities, stating that it is programs like PBGF and other foreign assistance that have been the sole sources of funding for their ministry. Respondents provided a number of examples of activities supported by PGOs with PBGF funding.⁷ While appreciative of funding for their activities, other provincial offices were critical of PGOs’ outreach efforts. In Herat, the evaluation team met with eight chairwomen of Women’s District Councils who were critical of the governor’s outreach to women in their districts, saying that he did nothing for women in outlying districts. The Ghor director echoed similar sentiments, stating that “the President wants our votes but does nothing for women!” The MoWA’s provincial directors also expressed support for the system of evaluating the allocation of PBGF resources because they believe this is the only way to encourage line ministries to allocate funds for their issues and activities. Five out of nine DoWA provincial directors interviewed expressed the need for more funds for women to improve their outreach, and a majority of DoWA staff wished for their central ministry to make women’s issues and activities a priority at the national level.

⁷ National and International Women’s days; Constitution day; awareness of violence against women; wood and charcoal for winter for poor families; workshops on women’s rights; English classes; computer training; financial management training; leadership and management for 50 teachers; carpet weaving for 12 students; women’s greenhouse and women’s park; travel to the districts 3-4 times a month; invitation to mullahs to discuss problems (Panjshir), and various cultural events.

The evaluation team was able to contact youth representatives in seven provinces but did not meet with representatives in Baghlan, Laghman and Panjshir. All ten youth representatives interviewed had received support from the PBGF and were very positive about the program. Five of the youth representatives interviewed said they thought the PGO in their province had increased its capacity to respond to small requests for support. In Badghis, Helmand and Paktika, the youth representatives spoke favorably about the governor and his relations with them and their communities, while in Ghazni the representative remarked that the governor was trying his best but was prevented by security conditions from travelling to dangerous districts. Students interviewed in Kandahar were skeptical about relations between the provincial government and the communities because the governor did not leave his compound. Other students commented that the governor promises to solve problems but does not deliver, that the central government and line ministries do a better job than the PGO, and that relations vary according to whether the communities had observed the governor delivering development assistance.

Civil Society Organizations (CSOs) were interviewed in Herat, Baghlan, Ghor, and Panjshir provinces, of which only one, the Afghanistan Chamber of Commerce and Industries (ACCI), had received support from PBGF.⁸ The Herat Civil Society Institutions Network (HCSIN) stated that they had only recently started working with the PGO and were hoping for funds in 1392 (2014). The Director of HCSIN spoke critically about the transparency of funding choices in the past, believing that the PGO or TAF Provincial Officer had directed funds to friends or at best to those already known to the PGO. The TAF Provincial Officer also cited the lack of results in the communities, principally because the governor does not go out into the districts and the PGO only brings people into Herat center.

A UN-HABITAT respondent in Panjshir remarked that the “Deputy Governor is a good man (less connected than others to the Kabul powerful) but lacks resources to get out to the outlying districts.” This respondent was not aware of PBGF. The UN-HABITAT provincial manager agreed with the Ghor District Development Assembly representative, who stated that foreigners, NGOs and government all “look for the most powerful people to deliver any programs... there is not much care about the ordinary people.” The Agency for Technical Cooperation and Development (ACTED) representative in Baghlan seemed to be in close contact with the PG, saying he thought the PG was happy with the program.

The responses from the CPS provide some understanding of how citizens view the roles, functions, and performance of their PGs and PGOs. However, the correlation between citizens’ perceptions and PBGF activities remains unclear, as only about ten percent of the survey respondents had any knowledge of PBGF funding. It is also worth noting that citizens’ perceptions of their provincial government can only be partially attributed to PBGF activities.

⁸ These organizations were identified by the PGO as recipients or organizations that had worked with the PGO.

Other donors activities, particularly those of the Afghanistan Sub-national Governance Program (ASGP), presumably are also contributing to achievement of such goals.

Highlights from the PBGF's CPS results include the following:

- 49% of respondents agreed that their PGO manages government funds well and improves the well-being of its residents, while 52% disagreed.
- Only 33% of all respondents were satisfied with their PGO's responsiveness to issues, with 28% expressing dissatisfaction with their PGO's responsiveness and a further 38% not expressing an opinion or refusing to answer.
- The most frequently stated expected roles of the PGO were serving the citizens and solving their problems (29% of rural respondents) and protecting citizens' rights (29% of urban respondents). The peri-urban respondents did not mention either of these roles.
- The second most frequently mentioned perceived role of the PGO was that of ensuring citizen safety and security, with 48% of peri-urban respondents, 18% of rural respondents, and 16% of urban respondents seeing this as a key role of their PGO/PG.
- About 12% of all respondents agreed that the PG controls and manages every aspect of provincial life including the settlement of disputes. This included 15% of urban respondents, 12% of peri-urban respondents, and 9% of rural respondents, reflecting the greater independence of populations in outlying districts
- Concerning the PGOs' role in providing services, 48% of all respondents thought this an important role. However, when asked if *more* attention should be devoted to such activities, 85% of all respondents responded positively.
- Roughly 55% of respondents felt that the PGO was addressing issues of security, while 83% felt that more should be done with respect to PGO coordination with the Afghan army and police.
- With respect to coordination of the provincial government's annual development planning and budgeting activities, approximately 90% of respondents thought that this was very important or important; however, only 50% said that the PGO was paying enough attention to this issue, with 23% saying they did not know.
- A very small proportion (5%) of the survey respondents stated they have participated in the development planning process.
- Slightly less than 10% of respondents said they had participated in any PGO funded projects. In urban centers, this participation was mostly in workshops and training activities, while among peri-urban and rural respondents it typically involved youth and development programs, and some National Council meetings. Of those respondents who had not participated in PGO programs, over 80% of the urban respondents said they were not interested, more than 70% of the peri-urban respondents said they had no information about PGO programs, and almost 90% of respondents from rural areas said they believed that the PGO paid no attention to their needs or their desire to participate.

- Nearly all (94%) of the respondents were in favor of supporting programs for youth, but only 51 % of respondents felt the provincial governor was seeking to ensure equitable access to programs for women, youth and disadvantaged citizens.
- When asked whether the PGO responds to the needs of the people, 33% responded affirmatively, 28% responded negatively, and 39% preferred not to give an opinion. However, 53% of the respondents stated they were satisfied with the PGO's responses to their own needs, with the remaining 47 % percent expressing dissatisfaction.
- With respect to women's programs, 86% of the respondents agreed that GIRoA should support programs focused on women, while 66% percent the respondents felt that the women were allowed to express their needs and that the government addressed their issues adequately.

4. *Do citizens link the community outreach efforts of PGOs with the efforts of GIRoA as a whole? Do citizens shape their perceptions of GIRoA through perceptions of PGOs?*

Seven PCs were of the opinion that citizens do not distinguish between the PGO and the central government. If they see that the PGO is reaching out to the people and responding to their needs, then they are positive about the central government. The Baghlan PC stated that the governor and the President have a special relationship and that, while there is corruption, if everyone works together then things go better.⁹ In Kandahar, the entire PC bypassed the governor to meet with the President in Kabul, demonstrating their frustration with the PG and their confidence or hope in the President. In Herat, the PC stated that if people see their needs being met, they will appreciate both the governor and the central government; if they do not see the governor working, then they will have a poor view of GIRoA.

Of the interviewees who responded to questions about the relationship between citizens' perceptions of PGOs and the central government, the CDCs of Badghis expressed positive opinions of the central government because they have had good program results from the Ministry of Rural Rehabilitation and Development (MRRD). Ghazni and Laghman also had positive views of the central government because of the visible spending on projects by the PGO. In Panjshir, local government representatives (district governor, DDA and CDCs) stated that good programs would improve people's perceptions of the government, but that the central government does not send the funds planned for in the provincial plans. In Ghor, the CDCs were convinced that there are barriers between the governor and the people and between the province and the central government.

Respondents were clear that, if a PGO supports projects that work, then the central government will be well perceived; conversely, if a PGO ignores the people, they will blame the

⁹ The literature has proposed that distributed corruption is easier to swallow than corruption limited to a privileged few. This statement by the Baghlan PC chairman would appear to support this view, as he is complaining that the corruption is not well distributed.

central government for appointing a poor governor. If the PGO has good relations with local citizens but receives no resources from the central government, the local people are able to differentiate between the PGO and the central government. The Ghor Director of Women's Affairs echoed similar sentiments, stating that "the President wants our votes but does nothing for women!"

The youth representatives from Ghazni, Ghor, Kandahar and Paktika stated that perceptions of the PG and the central government are intertwined, while the Helmand youth observed that no matter how hard the PGO works to address questions such as girls' education, security and drug trafficking, the people will still have a poorer perception of the central government if they get no resources to encourage them to reject insurgents. Other students commented that the governor promises to solve problems but does not deliver, that the central government and line ministries do a better job than the PGO, and that relations vary according to whether the communities had observed the governor delivering development assistance.

A representative of AfghanAid in Ghor province said that people are moderately positive about the PGO and the central government and want to support the government, but that the government cannot support the people; consequently, when there are problems in the districts and they are not resolved by the government, the people will go to the local commander or the insurgents.

Findings from the CPS survey show that when questioned about the linkage between GIRoA and PGOs, respondents showed some ambivalence; 57% of all respondents felt GIRoA has demonstrated concern for its citizens, while 52% of respondents stated that their PGO does not manage funds well or improve citizen well-being. When asked if the PGO and the national government worked together for the citizens' benefit, a remarkable 49% said they did not know or refused to answer. In addition, only 37% of all respondents believe that their PGO and GIRoA work together for their benefit, 14% of all respondents don't think that their PGO and GIRoA work together for their benefit, and 49% didn't know or refused to answer. 56% of respondents believe that GIRoA has demonstrated a concern for its citizens, while 44% disagreed.

5. What are the gaps and challenges in how PGOs, Provincial Councils, Parliamentarians, and provincial line directorates work together?

Sixty percent of the PGOs interviewed said there is excellent coordination among the PGO, line ministries, and Kabul-based officials. The Governor of Kandahar was critical of the central government and the Governor of Ghor felt that there was a disconnect between the province and the central government. Some provinces talked of five year development plans, but none spoke of a provincial-level strategic plan.

Eight directorates of line ministries from the ten provinces included in the evaluation were very positive about PBGF and the support they had received from the PGO. The ministries of

Education and Public Health in Panjshir had had no contact with the PGO, while in Kandahar the team was unable to contact directors of line ministries.¹⁰ Interviewed directors identified the following types of support received from PBGF: computers, medical equipment, furniture, toolboxes for midwives, HIV awareness training, English language training, computer courses, capacity building, financial management, administration, proposal writing, and human resources. Six of the provincial line ministry representatives agreed that their PGOs had improved their relations with the communities. For example, the representative of Panjshir's Line Directorate of Public Health felt that people were pleased with the efforts of the governor. The Education and Health Directorates in Ghor stated that the improvement in relations had not met their expectations but conceded that this was probably due to increasing levels of insecurity.¹¹

In seven of ten provinces, line ministry representatives stated that it is a joint responsibility of the PGOs and line ministries to respond to community needs. They also remarked that while the PG has the authority of the President behind him, everyone knows that the budgets for line ministry services are determined by the central government. With the exception of the Director of Education in Panjshir, all provincial directorate representatives stated that they have excellent relations with the PGO with respect to the coordination of annual planning and budgeting efforts for their province. It is clear that the line ministries accept the oversight of the PGO at this crucial time of the budget year.¹²

¹⁰ The Director of Education appeared to be engaged in a political dispute with the PGO and refused to acknowledge it. The Director of Public Health was working on a major program with the World Bank and did not feel any need for collaboration with the PGO.

¹¹ The Director of Public Health did not describe these efforts, but training and some painting had occurred at two clinics.

¹² The PG is required to coordinate with the line ministries to prepare the annual development plan. The representatives stated that they collaborate and work together to produce these plans. However, there are gaps between this behavior and the effective response of the central line ministries that fail to fund the proposed activities. The PGO coordinates meetings with the line ministries on a monthly basis, but these were not mentioned by the interviewees.

IV. CONCLUSIONS

1. EVALUATION QUESTIONS

The following conclusions are presented in accordance with the five questions identified in the SOW for the evaluation.

1. *Did the provision of resources, training and coaching of PGO staff lead to enhanced relationships with citizens and better financial management of budgets?*

Conclusion: In the absence of baseline data, it is not possible to answer the question of whether relationships or budget management were *enhanced* as a result of the intervention. Responses from the CPS and interviews with PBGF stakeholders can only offer a *snapshot* of the current situation. Currently, 49% of CPS respondents agree with the statement that their PGO manages government funds well and improves the well-being of citizens, while 51% disagree with that statement. Currently, 33% of respondents report satisfaction with the PGO's responsiveness to their needs while 28% are not satisfied and an additional 28% do not know if they are satisfied (11% refused to answer). Without a measure of comparison to citizen perceptions of relationships and budget management prior to PBGF, it is not possible to determine whether the situation has changed, whether it has changed positively or negatively, and to what factors the change may be attributed.

Currently, 47% of citizens surveyed express dissatisfaction with their PGO's responsiveness. While representatives of seven PCs interviewed (Badghis, Ghor, Helmand, Herat, Laghman, Paktika and Panjshir) believe that PGO outreach and relationships have improved, it is impossible to measure the level of improvement without baseline data.

- 2.1 *How did PGOs improve their financial management and become more responsive to communities through actions that met requests during PBGF's implementation?*

Conclusion: Discipline to budgetary procedures imposed by TAF Provincial Officers resulted in PBGF budgets that were managed effectively within PBGF spending guidelines. However, it appears that the system was managed by the TAF Provincial Officers and so this success cannot be attributed directly to the PGOs. In addition, TAF did not utilize MoF's financial management system and did not provide training to PGOs on how to use AFMIS. This may limit PGOs' abilities to properly manage MoF funds in the future and respond effectively to community needs. The policies developed by TAF have not been fully integrated by all PGOs and do not align entirely with MOF policies, so it seems unlikely that these policies will continue to be followed after PBGF.

With respect to improvements in the responsiveness of PGOs to their communities, PBGF provided PGOs with financial resources to communicate with district and community elders and community-based groups, host provincial or district-level meetings, and provide support to women's organizations and youth groups. Nonetheless, only 33 percent of CPS respondents express satisfaction with their PGO's responsiveness while the rest are dissatisfied or do

not know. In the absence of baseline data and the absence of data from a monitoring system, both of which could have provided insight into PGOs' status prior to intervention, it is not possible to measure improvements to financial management or responsiveness to communities.

2.2 How were PGO improvements connected to the performance-based incentive mechanism?

Conclusion: The incentive system introduced by PBGF, coupled with TAF's budget discipline, motivated PGOs to adhere to PBGF's budgeting guidelines for the 19 performance criteria. When PGOs received low rankings, funding was cut. PGOs who were interviewed report that this was sufficient motivation to obtain a high score. Similarly, as discussed in the findings section, PGO staff reported that because scores were published for all to see, they were motivated to improve. The modifications in PGO behavior subsequent to the incentive system point to the effectiveness of the incentive system. For example, some PGOs reduced their budgets for buying and repairing vehicles and reallocated funds to outreach in order to maintain their ranking.¹³ The increased attention to the expense categories and interest in budget line flexibility in order to respond to citizen needs (and thus maintain high scores) was also exhibited by the PGO in Herat and the PGO in Panjshir, who wanted flexibility to respond to floods, landslides and washed out roads and bridges.

3.1 What have PGOs done to improve the perception of citizens that the PGOs respond to their needs?

Conclusion: In the absence of baseline data on citizen perception, it is not possible to verify that perception has indeed improved. It does appear that prior to PBGF, PGOs had limited financial resources for responding to citizen needs.

Constituents interviewed by the evaluation team acknowledge that PGOs have limited resources that constrain their ability to respond to all the needs of their communities, yet constituents view PGOs as making a good attempt to address community needs with limited resources. For example, PBGF's financial resources coupled with the TAF Provincial Officers' assistance enabled the PGOs to organize district and community-based visits to settle land disputes, host community leaders, and work with women and youth groups to assess and address their needs.

Youth and women's organizations that were interviewed believe that PGOs respond to community needs by providing support for painting schools and clinics, responding to the needs of poorer members of the communities with firewood and food in "winterization" programs, supporting home crafts (sewing, weaving, jam making), and supporting literacy programs. In fact, the overwhelming majority of participa-

¹³ The PGOs changed from using over 50% percent of their allocations for vehicles and repairs in Phase I to 20% in Phase II. The proportion of the PBGF allocation spent on outreach rose to 50% in Phase II.

tion in PGO programs was through activities that offer personal enrichment (as described above) rather than civic involvement. In rural areas, these activities constitute 99% of citizen participation, in peri-urban areas 83%, and in rural areas 62%.

Perception of responsiveness is heavily dependent upon citizens' expectations. Almost 70% of citizens surveyed believe that structures are not in place that reflect needs of people, and only 28% of citizens report satisfaction with PGO responsiveness. It is impossible to determine whether the perception of responsiveness has changed as a result of PBGF.

3.2 Should USAID support these efforts and if so, how?

As this question pertains to recommendations, please refer to the team's comments that are provided in Section VI below.

4.1 Do citizens link the community outreach efforts of PGOs with the efforts of GIROA as a whole?

Conclusion: Citizens' perception of the link is mixed. While the majority of respondents to the CPS survey view the PGO roles of coordinating with ANA/ANP (66%) and line ministries (55%) as "very important," 81% say they would like more attention to be paid to these roles. Half of the citizens interviewed through CPS either did not know or refused to answer when asked whether their PGO and GIROA work together for their benefit. Slightly more than half of the citizens surveyed believe that GIROA has demonstrated concern for citizens in their province, while 44% disagree.

There was widespread agreement among interview respondents that citizens' positive perceptions of PGO outreach efforts redounded to the benefit of GIROA and, conversely, that the failures of PGOs to respond to the needs of the community would adversely affect citizens' views of both the provincial governor and the central government as a whole. Another important factor influencing citizens' perceptions is the quality of the relationship between the PGO and the community; several respondents observed that if the PG enjoys the respect of the local community and is seen as being accessible, citizens are more likely to differentiate between the roles of the PGO and the central government and to blame GIROA when promised resources are not forthcoming.

4.2 Do citizens shape their perceptions of GIROA through perceptions of PGOs?

Conclusion: The results of the CPS are inconclusive with respect to this question. Nevertheless, analysis of the pattern of responses may offer some insight into citizens' blurred distinction (or perhaps disinterest in distinguishing) between the roles of the various levels of government. Respondents were queried on 12 different roles of the PGO, ranging from direct service delivery to budgeting and planning, coordinating with line ministries, district offices and donors, and dispute resolution. Across all questions, on average more than four-fifths of respondents ranked each role as very important or important, and a comparable percentage (81%) stated that they would like the PGO to pay more attention to those roles. Given the va-

riety of roles described, it is curious that citizens feel that all roles had the same level of importance *for the PGO*. A possible explanation for this is that citizens are focused on the importance of the issue itself, and in the face of need for the issues to be addressed, do not make a distinction about whose role it is to address the issue.

5. *What are the gaps and challenges in how PGOs, Provincial Councils, Parliamentarians, and provincial line directorates work together?*

Conclusion: The principal gap in the cooperation between provincial institutions lies in the lack of attention to the provincial development plans by the line ministries. This attention deficit leads to PGOs and other provincial stakeholders conducting planning in a vacuum of information relative to funding from the central government (as distinct from CSOs, the PRTs, and international donors). Most provincial line ministries' representatives report that they have good relations with the PGOs through weekly and monthly meetings and annual planning activities, yet decisions regarding budget allocation to provinces are made only in Kabul.

With such small hope of funding, provincial development plans are often little more than wish lists that are subsequently rejected by the central government/line ministries. The challenge for the PGOs and provincial officials in their planning process is to have the central line ministries identify provincial budget allocations prior to the planning period in October and November.

While PGOs officials interviewed report excellent communications with their Parliamentarians, they are unable to identify the subject of discussions with Parliamentarians beyond security. These claims could not be verified with members of Parliament. While a majority of Provincial Councils are positive about their relations with their PGO, some, Herat and Kandahar in particular, have tense relationships, the source of which may be personal or political. The PCs are aware of their function as a bridge between the people and the government; however, in provinces with problematic relationships, the PCs feel they are ignored.

2. INTERMEDIATE RESULTS

Intermediate Result 1: Enhanced PGO Relationship with Citizens

- Changes in the rules for spending allocations introduced in Phase II seem to have led to improved outreach, but there is no hard evidence for this because outreach indicators were not reported until the monthly report for Oct-Dec 2012 (Q13).
- Outreach was not equally distributed across PGOs; some PGOs made extra efforts to respond to citizens needs while others complained that there were insufficient resources to address all their needs.
- PGOs received funds to respond to community requests, but absent an M&E framework, there is no method to demonstrate greater responsiveness to community needs apart from the results of interviews and opinion surveys. The CPS results were not

very helpful in this respect, although a majority of respondents appeared to have a favorable view of their local government.

- Most interviewees draw a distinction between GIROA and provincial government institutions. Stakeholders are able to appreciate PGO efforts while attributing the lack of resources to the central government.

Intermediate Result 2: Increased PGO Accountability

- PGOs have not been integrated into the evaluation process carried out jointly between TAF and IDLG, as foreseen in the PMP logical framework.¹⁴
- The PGOs evaluated by the team sought to have the highest score/ranking possible according to the PBGF incentive system.
- Although PGOs in general approved of the PBGF incentive system, some PGOs wanted more assistance from TAF to improve their scores.

Intermediate Result 3: Strengthened Sub-National Financial Systems

- Two of the four indicators for Intermediate Result 3 have not been achieved: (1) number of PGOs presenting unified budgets (on an annual basis for both PBGF and MOF), and (2) number of funding reviews carried out at PGO level which identify PGO O&M budget requirements and level of funding available.¹⁵
- TAF has provided effective financial management of the PBGF budget and there has been improvement in the knowledge and performance of PGO staff involved in PBGF.
- From Phase I to Phase II, the PGOs demonstrated improvement in their ability to work with PBGF's financial management structure in the areas of planning, budgeting and procurement, due to increased training. Improvement was particularly noted in the PGO's ability to prioritize expenditures, for example in reallocating funds from transportation to outreach and roads improvement.

Intermediate Result 4: Strengthened Ability of PGO Staff to Take a Leading Role in Planning and Execution of Budgets

- While the PGOs have been able to manage PBGF resources through their staff with TAF assistance, they do not have the capacity to lead the planning and execution of

¹⁴ See Annex VII on Incentive System

¹⁵ With respect to (1), the evaluation team was informed by the IDLG Director for PBGF, the MoF Director of Tax and Economies and the IDLG M&E Director that the budgets have not been unified since TAF presents the PBGF budget through IDLG to the MoF while the PGOs send their annual budgets (non-PBGF) to MoF in a separate submission. Further, the BC1 (Budget Circular Guidance) gives specific guidance to PGOs (B 27). Ordinarily this would include PBGF type funding if it were online and a part of the normal budget development/expenditure process. Because it is not, TAF attempted to establish a system that mirrored the AFMIS on which unified budgets are consolidated and submitted. However, the system's chart of accounts is a stand-alone document that can't be interfaced with the MoF. With respect to (2), based on the team's review of the TAF quarterly reports, there is no reference to undertaking funding reviews in the PGOs need to identify PGO O&M requirements and funding.

budgets without TAF oversight. For this to happen, the structured controls, procedures and processes that are presently provided through TAF need to be embedded in the PGOs and enforced by PGO staff. Moreover, the PGOs' financial departments have not demonstrated their authority to monitor and reject potential spending irregularities by PG and other senior management. In addition, there is no system in place to motivate all departments and leaders to work together for the common good and ultimately for the good of the communities.

- The PGOs were able to present their five year development plans to the central government, but reported that GIRoA had reduced the number of proposed projects to around five projects per province, as GIRoA reportedly intended to present the PGO development plans for funding through the donor community. There is no evidence that any of the projects in the development plans were actually approved for implementation with GIRoA funds.

V. RECOMMENDATIONS

1. GENERAL RECOMMENDATIONS

- It is recommended that USAID require that future programs of this nature perform an institutional baseline assessment at the beginning of the program that includes an assessment of the capabilities of each PGO and, where appropriate, the government agency involved in the program. This assessment should be accompanied by a baseline survey of citizens' perceptions and by a robust M&E plan and program for tracking activity expenditures against results. The M&E plan should include a follow-on study within two or three years after baselines have been established to measure results. USAID/Afghanistan's road projects, for example, conducted socio-economic baseline studies and subsequent follow-on studies to measure results that provided verifiable information to inform USAID for future programming.
- While PGOs should continue to utilize TAF's budgeting practices in their planning departments, any future project should focus on aligning PGO financial management practices with those of the MoF and providing PGOs with AFMIS training. This would allow the MoF's Director of the Treasury to accurately monitor PGO spending against the expenditure ceiling for each account and would help build the MoF's confidence that PGOs are capable of managing their allocations.
- A clear definition of PGO community outreach must be provided in the PMP of future projects of this nature.
- USAID should consult with GIRoA to develop a clear and common definition of PGO financial capacity, to be included in the PMP of future projects of this nature, so that analysis of improvement can be done over time.
- The M&E framework for future projects of this nature should include indicators to demonstrate the linkage between financial management and PGO actions requested by the communities.

2. PROGRAM RECOMMENDATIONS

The evaluation team also provides the following program recommendations to USAID.

Governor's Office for Outlying District Outreach

Given the importance of creating positive citizen perceptions of the PGO and GIRoA, particularly in the outlying districts, it is recommended that any follow-on project establish a dedicated district-community outreach fund for each PGO focused on increasing outreach in outlying districts. This fund could also be used to respond to emergencies in outlying communities such as road washouts, landslides and flooding. The process would include establishing indicators and methods of monitoring the outreach and emergency actions funded by the program that would track the proportion of program funding actually disbursed to outlying districts on a quarterly basis.

Support for Women's Initiatives

Building on the positive experiences reported by the DoWAs and the importance of PBGF funding to DoWA programs, it is recommended that a District Women's Initiative Support program be promoted through the PGOs. The program should be managed by the DoWA with a committee comprised of DoWA representatives, the PGO Women's Advisor, and at

least three representatives from Women's District Councils. The program would organize conferences for women to discuss prior activities undertaken through PBGF and identify appropriate actions for funding new activities. The committee should make efforts to ensure that conferences and activities are targeted to women's concerns and open to women from all geographic areas. The emphasis should be on activities that are strategic and have potential for replication.

Using PBGF or a similar model to fund these activities would encourage PGOs to play a more active role in women's initiatives and increase PGOs' engagement with their communities. Short-term staff could be hired to help design activities and outreach strategies to increase participation, as well as to work with the committee to establish indicators and define methods of monitoring program activities.

Support for Youth Initiatives

The results of the CPS indicated that 85% of rural women and men agree with the statement that GIRoA should support programs designed for and focused on women and youth. In addition to the women's initiative discussed above, consideration should be given to establishing a program targeted specifically at supporting rural youth. The program should hold promotional conferences at which the nature and scope of appropriate youth projects would be discussed. Projects should focus on such areas as vocational training and computer or language classes to strengthen participants' employment and economic prospects.

The program could be managed through each PGO with a committee of five youth representatives (18-34), including at least two elected from outlying districts and at least two women. Programs of this nature would increase positive visibility of PGOs within their communities, which would in turn reflect positively on GIRoA.

ANNEX I: SCOPE OF WORK

OFFICE DEMOCRACY AND GOVERNANCE (ODG)

OFFICE OF PROGRAM AND PROJECT DEVELOPMENT (OPPD)

STATEMENT OF WORK: PERFORMANCE EVALUATION

Performance Based Governance Fund (PBGF),

Cooperative Agreement No. 306-A-00-09-00531-00

I. PURPOSE

USAID/Afghanistan's Office of Democracy and Governance (ODG) intends to conduct a final performance evaluation (as defined by USAID's Evaluation Policy) of the Performance Based Governance Fund (PBGF) project implemented by The Asia Foundation (TAF), with a total budget of \$48,887,068. The project started in November 2009, and is scheduled to end in July 2013. The purpose of this final performance evaluation is to advance USAID's technical leadership and learning with respect to interventions in Afghanistan for sub-national governance (SNG) through the evaluation of PBGF. The contractor will review PBGF to identify if and how the project has improved the legitimacy of Provincial Governors (PGs) and their offices, and to recommend technical interventions that should be continued or improved. The evaluation will take into account a set of strategic questions that will enable USAID/Afghanistan to determine appropriate interventions with PGs. Results of the evaluation will also be used by USAID/Afghanistan to inform political, technical and funding decisions for future initiatives to improve sub-national governance.

Specific objectives of the evaluation are to:

- Evaluate the effectiveness of PBGF in achieving its stated goal and expected results.
- Assess the hypothesis that increasing the ability of PGs to operate will increase the reach and legitimacy of the government.
- Identify lessons learned and recommend options for future USAID support to PGs.

The evaluation team will reference USAID's definition of "Performance Evaluation" contained in the Evaluation Policy (<http://www.usaid.gov/evaluation>) to ensure a common understanding of USAID's expectations. The evaluation team will be familiar with and follow the Evaluation Policy to conduct this performance evaluation.

II. BACKGROUND

Sub-national governance in Afghanistan has evolved over the last ten years under a unitary government structure, gaining more prominence as the vital role of local government has become increasingly recognized. In the centralized political and administrative structure of Afghanistan, provinces are the first level of administration and political authority below the cen-

tral government. Provincial Governors (*walis*) are tasked with coordinating provincial administration, development planning, and security. The PG, appointed by the President, is the chief executive of a province and a powerful figure in Afghanistan's unitary government. In most cases, PGs operate both through the formal government system as well as through a network of informal actors.

Most efforts at improving governance and strengthening government institutions have focused at the central level in Kabul, while efforts for stabilization at the local level have concentrated on military and NGO activities rather than through government structures. However, as the need for increased local governance became evident, interventions to build SNG institutions and expand the reach of GIRoA gained more attention as a tool for increasing stability. As a result of these circumstances, the PBGF project was designed using a counter-insurgency and stabilization premise aimed at preserving security gains made in Afghanistan. The underlying hypothesis of PBGF is that increasing the PGs' ability to operate will increase the reach and legitimacy of the government. For this evaluation, *ability to operate* means the PGs have sufficient resources and skills to carry out day-to-day administrative processes, training exercises for provincial government staff (including staff of PGOs) and community outreach activities. *Legitimacy* is determined by positive perception of citizens that the government responds to their needs. This would directly support other stabilization efforts at the sub-national level.

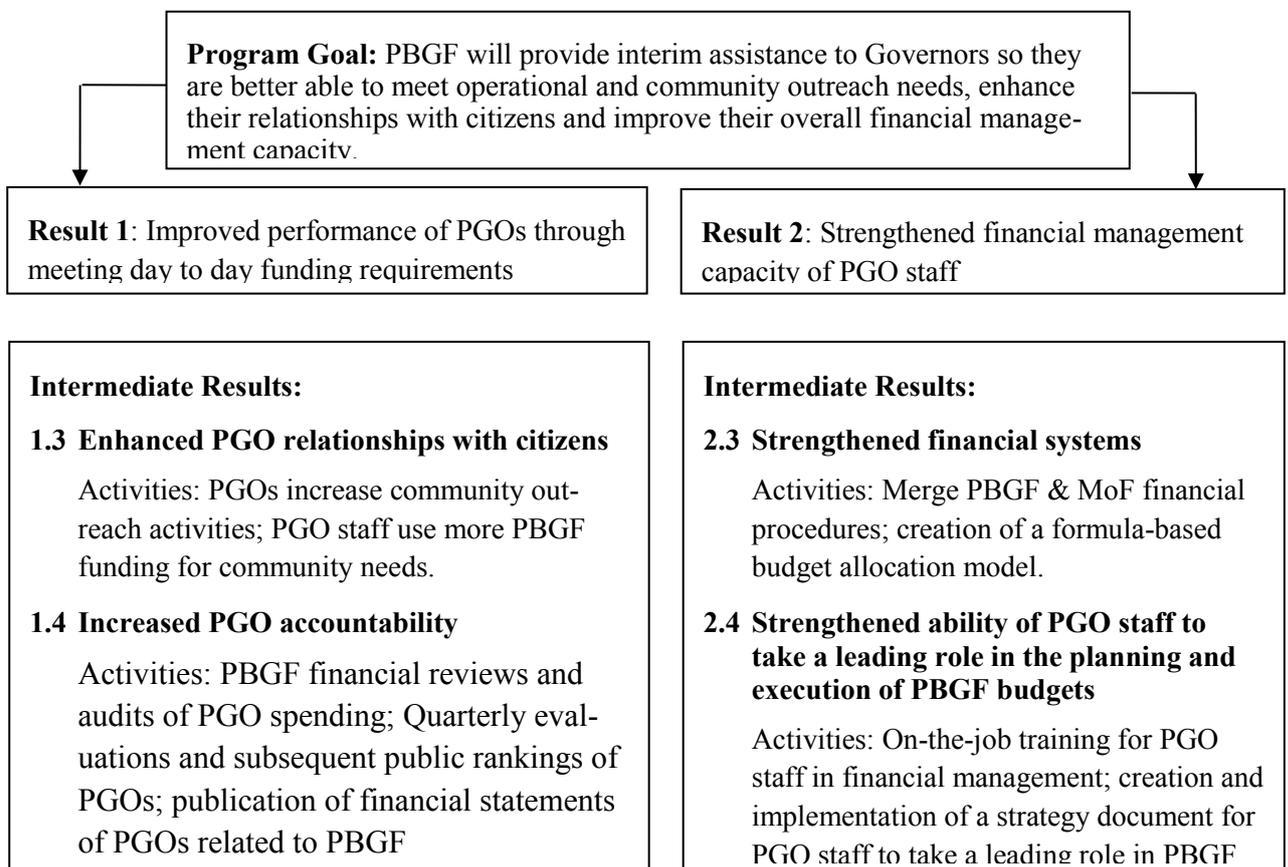
PGs were seen as unable to carry out their mandates and meet with citizens in their provinces mainly due to resource constraints and weak capacity. The operating budget of Provincial Governors' offices (PGOs) sufficiently covered salaries of government civil servants (*tash-keel* staff) but left little for other operating costs and discretionary spending. A widely cited reason for inadequate provincial budgets was concern at the Center that sub-national governments did not have the financial management capacity to responsibly expend larger budgets. Concerns also included the lack of minimum internal controls on budgets at the provincial level to prevent widespread corruption.

To address these concerns and enable PGs to expand the reach of the government, PBGF provides funding to help cover operational costs, such as basic office equipment, supplies and transportation, and community outreach activities, while building the financial management capacity of PGOs. In addition to these objectives, PBGF includes a performance based incentive mechanism. This innovative mechanism evaluates the performance of PGOs on a quarterly basis and ranks each PGO accordingly. PBGF rewards the top six performers with a 25% increase in their budgets, while budgets decrease by 25% for the bottom six performers. The remaining 22 PGOs experience no change to their budget.

PBGF is divided into 2 phases: PBGF I, the pilot phase, and PBGF II, the current phase. PBGF I was a multi-donor funded pilot program to achieve improved SNG through providing consistent operational funding to be spent in six categories¹⁶, improving financial management, and encouraging a culture of community outreach. PBGF II was intended to be co-funded by DFID and be a broader program to cover Provincial Councils and increased financial management of the Independent Directorate of Local Governance. Since DFID funding did not materialize, PBGF II was de-scoped to the original PBGF I activities with some minor changes to implementation (such as disallowing spending on vehicles, consolidating the evaluation categories of the performance based incentive mechanism, and emphasizing capacity building and community outreach). This evaluation will look at both phases of PBGF.

III. PBGF PROGRAM GOALS AND OBJECTIVES

Throughout the past three years, USAID has provided assistance to PGs in every region of



¹⁶i) vehicles and equipment; (ii) transportation; (iii) repairs and maintenance; (iv) information and communication technology; (v) capacity building; and (vi) community outreach, with emphasis on the last

the country, including the volatile South and South-east regions for a total of 34 PGs¹⁷. The following chart outlines the goal, expected results, and activities of the project.

The PBGF's hypothesis is that increasing the PGs' ability to operate will increase the reach and legitimacy of the government.

IV. Scope of Work

The purpose of this evaluation is to examine the results of PBGF in order to advance USAID's technical leadership and learning with respect to interventions to improve SNG in Afghanistan. The evaluation team will review the effectiveness of PBGF in terms of achieving results; will analyze if and how the project has improved the legitimacy of PGs and GIRoA; and will recommend technical interventions with PGs.

This evaluation should:

- Evaluate the effectiveness of PBGF in achieving its stated goal and results as included in the chart above. The evaluation will identify the strengths and weaknesses of the project. It will also specifically examine if increased spending on equipment and transportation led to increased community outreach activities; and if increased training and coaching led to improved financial management and community outreach skills of PGO staff.
- Assess PBGF's hypothesis that increasing the ability of PGs to operate will increase the reach and legitimacy of the government. The evaluation will indicate if PGs responded to specific requests from the community and if their responses improved citizens' perception of the government. The analysis will also consider the expansiveness and variety of communities and districts that the PGs visited and if this had an effect in improving the government's legitimacy.
- Identify lessons learned and recommend options for how USAID should support PGs.

V. EVALUATION QUESTIONS

6. Did the provision of resources, training and coaching of PGO staff lead to enhanced relationships with citizens and better financial management of budgets?
7. How did PGOs improve their financial management and become more responsive to communities through actions that met requests during PBGF's implementation? How were PGO improvements connected to the performance based incentive mechanism?
8. What have PGOs done to improve the perception of citizens that the PGOs respond to their needs? Should USAID support these efforts and if so, how?

¹⁷ However, due to security constraints, the program has not operated in Nuristan Province for the last six months and currently assists 33 instead of 34 PGOs. Efforts are underway to renew operations in Nuristan but a future re-commencement date is uncertain.

9. Do citizens link the community outreach efforts of PGOs with the efforts of GIRoA as a whole? Do citizens shape their perceptions of GIRoA through perceptions of PGOs?
10. What are the gaps and challenges in how PGOs, Provincial Councils, Parliamentarians, and provincial line directorates work together?

VI. TEAM COMPOSITION

The evaluation team shall consist of two international experts and two high-level Afghan experts, one of whom can also serve as an interpreter. The international experts should be senior-level evaluation analysts that are external to USAID specialized in areas such as public administration or governance with expertise and knowledge of Afghanistan’s local governance and political situation. The Afghan experts should have experience with governance programming in Afghanistan as well as with monitoring and evaluation. They should also be fluent in English.

USAID requires all team members to provide a written disclosure of any possible conflict of interests.

VII. EVALUATION SCHEDULE

This evaluation should begin o/a February 2013 and be completed by the end of April 2013. The estimated Level of Effort (LOE) is 60 days for the entire evaluation, of which at least 45 days LOE should be spent in Afghanistan.¹⁸ The evaluation team is authorized to work six days per week while in Afghanistan. The team is required to travel to at least 10 provinces in different parts of the country where program activities are being implemented. The provinces to be visited are: Kandahar, Herat, Baghlan, Ghazni, Helmand, Laghman, Badghis, Paktika, Ghor, and Panjshir. At least 50% of the consultants’ time will be spent outside Kabul to conduct interviews with PGs, government officials and the public. A presentation of the findings will be delivered to USAID staff before the consultants depart Afghanistan; and a draft report will be submitted to USAID the day of the presentation. USAID shall have ten days to provide comments to the consultants, who will incorporate responses into the final report.

Example of Level of Effort (LOE) in Days:

Activity	LOE for Expat Team Leader	LOE for Expat Evaluation Specialist	LOE for Afghan Evaluation Specialist	LOE for Afghan Evaluation Specialist	Total LOE in Days

¹⁸ Due to potential weather complications during this timeframe, LOE may be altered during the evaluation period based on approval from the COR and Office of Acquisitions and Assistance.

Document review, work plan, draft questions, data analysis plan, suggested list of interviewees, finalized questions for the survey	11	5	5	5	26
Travel to/from Afghanistan	4	4			8
Meetings with USAID and Kabul based interviews	5	5	5	5	20
Interviews in provinces; de-brief with USAID	28	28	28	28	112
Data analysis, preliminary report and presentation to USAID, TAF, IDLG	9	9	9	9	36
Draft final report	10	10			20
Final report	3				3
Totals	70	61	47	47	225

The justification for the LOE is due to the extensive in-country travel requirements. For example, each provincial trip will require 2 days roundtrip travel to provincial hubs and while multiple locations can be visited from a provincial hub this equates to 20 days of travel for the ten provinces.

VIII. MANAGEMENT

The evaluation team will officially report to the Office of Program and Project Development (OPPD). From a technical management perspective, the evaluation team will also work closely with Monica Wisner, the Agreement Officer Representative (AOR) for the PBGF project, Karolyn Kuo the Alternate AOR for the PBGF project, and Leslie Schafer, the Governance Team Leader.

IX. METHODOLOGY, DATA COLLECTION/ANALYSIS ACTIVITIES

The evaluation team will be responsible for developing an evaluation methodology that includes a mix of qualitative and quantitative data collection and analysis approaches. The methodology should comply with the USAID Evaluation Policy and its strengths and limitations should be described. The data needs to be disaggregated by gender, youth and geographic locations. Data collection should be systematic and findings and conclusions should be evidence-based. Within data limitations, the evaluation team will be expected to present strong quantitative analysis in response to the research questions. The methodology will be presented as part of the draft work plan as outlined in the deliverables below.

Data collection and evaluation methodology should include, at a minimum:

1. Review of secondary data:

- Basic program documents such as the Cooperative Agreement, the revised program description, Performance Monitoring Plan (PMP), annual work plans, quarterly reports, list of deliverables, and training materials
- The UK DFID evaluation of PBGF
- Material related to sub-national governance in Afghanistan such as the Sub-National Governance Policy, National Priority Plan, and Afghanistan National Development Strategy
- Material related to counter-insurgency and stabilization theories

2. Focus group and individual interviews with:

- The PBGF team in Kabul and the provinces
- USAID/Afghanistan Democracy and Governance Office staff in Kabul and USAID staff at Regional Platforms and Provincial Reconstruction Teams
- Key IDLG staff
- Provincial Governors and PGO staff
- Key District Governors and mayors
- Citizens who have been active in community organizing and local governance issues
- Civil society organizations
- Key members of Provincial Councils and Line Directorates
- Donors

The provinces that PBGF has asked to be part of the performance evaluation survey are Kandahar, Herat, Baghlan, Ghazni, Helmand, Laghman, Badghis, Paktika, Ghor, and Panjshir. The evaluation team is required to visit, interview and conduct focus group discussions in all of these provinces for the focus groups and individuals listed.

A questionnaire or guide of key questions for the interviews (individual or in groups) should be used to ensure consistency in data collection. Rigorous data analysis methods should be used to ensure the main questions are addressed and analyzed. The team should also use sampling methods that appropriately reflect the ethnic composition of Afghanistan.

X. REPORTING REQUIREMENTS AND DELIVERABLES

1. **In-briefing:** Within 48 hours arrival to Afghanistan, the Evaluation Team shall meet the USAID/Afghanistan Office of Democracy and Governance (ODG) Team for introductions; presentation of the Team's understanding of the assignments, initial assumptions, evaluation questions, and provinces to be visited, discussion of initial work plan; and revisions to the SOW if necessary.
2. **Evaluation Work Plan:** Prior to their arrival in country, the international consultants shall provide ODG an initial work plan, a list of potential interviewees and draft questions. A revised work plan will be submitted within three days after their in-

briefing. The work plan will include the overall design strategy for the evaluation; the methodology and data collection and analysis plan; a list of the team members indicating primary contact (an e-mail and phone contact for the team leader should be provided); and the team's schedule for the evaluation. The revised work plan shall include the list of sites to be visited.

3. **Mid-term Briefing and Interim Meetings:** The Team Leader will schedule a mid-term briefing with USAID on the status of the evaluation, including potential challenges and emerging opportunities. The team will also provide the AOR with periodic briefings and feedback on the team's findings, perhaps through a weekly phone call. The Team Leader, in consultation with the AOR will identify and schedule these briefings in the revised work plan. If USAID deems it relevant and necessary, the evaluation team may be required to provide a briefing to Afghan stakeholders prior to departure.
4. **Draft Evaluation Report: The preliminary** report will be submitted 24 hours in advance of the exit briefing mentioned above, and USAID will have five business days to provide comments to the team. The evaluation team will then have 10 days to submit the draft final report, which will be structured according to the guidance provided in Section XI below. The length of the report is not to exceed 35 pages in English, excluding annexes. in Times New Roman 12 point, single space, consistent with USAID branding policy. The report will address each of the issues identified in the SOW and questions, and any other factors the team considers to have a bearing on the objectives of the evaluation. Any such factors can be included in the report only after consultation with USAID. After submission of the draft final report, USAID will have 10 business days to provide comments.
5. **Final Evaluation Report: Final comments** from the AOR and other relevant ODG team members will be incorporated into the final report by the team within three days of receiving them and the final report will be submitted to the ODG and Program Office-OPPD within this timeframe. All data from the evaluation are to be provided to the AOR (i.e. survey response and interview transcripts).

IX. FINAL REPORT FORMAT

The evaluation report will be structured as follows:

1. Title Page
2. Table of Contents
3. List of any acronyms, tables, or charts (if needed)
4. Acknowledgements or Preface (optional)
5. **Executive Summary** (3-5 pages)
6. Introduction
 - a. A description of the project evaluated, including goal and expected results.
 - b. Brief statement on purpose of the evaluation, including a list of the main evaluation questions.
 - c. Brief statement on the methods used in the evaluation such as desk/document review, interviews, site visits, surveys, etc.
7. Findings: This section should describe findings, focusing on each of the evaluation questions.
8. Conclusions: This section should include value statements drawn from the data gathered during the evaluation process.

9. Recommendations: This section should include actionable statements for existing programming and recommendations for the design and performance of future programming. It should also include recommended future objectives and types of activities based on lessons learned.
10. Annex
 - a. Scope of Work
 - b. Places visited; (list of organizations and people interviewed)
 - c. Methodology description
 - d. Copies of all survey instruments and questionnaires
 - e. List of critical and key documents reviewed
 - f. Meeting notes of all key interviews
 - g. Statement of differences

REPORTING GUIDELINES

- The evaluation report should represent a thoughtful, well-researched and well-organized effort to objectively evaluate the validity of the project's hypothesis and the effectiveness of the project.
- Evaluation reports shall address all evaluation questions included in the scope of work.
- The evaluation report should include the scope of work as an annex. All modifications to the scope of work, whether in technical requirements, evaluation questions, evaluation team composition, methodology, or timeline need to be agreed upon in writing by the AOR.
- Evaluation methodology shall be explained in detail and all tools used in conducting the evaluation such as questionnaires, checklists and discussion guides will be included in an Annex in the final report.
- Evaluation findings will assess how results affected men and women.
- Limitations to the evaluation shall be disclosed in the report, with particular attention to the limitations associated with the evaluation methodology (selection bias, recall bias, unobservable differences between comparator groups, etc.).
- Evaluation findings should be presented as analyzed facts, evidence, and data and not based on anecdotes, hearsay or the compilation of people's opinions. Findings should be specific, concise and supported by strong quantitative or qualitative evidence.
- Sources of information need to be properly identified and listed in an annex.
- Recommendations need to be supported by a specific set of findings.
- Recommendations should be action-oriented, practical, and specific, with defined responsibility for the action.

ANNEX II: SCHEDULE OF MEETINGS

#	Name	Title	Affiliation	Province	District	Date	Method
1	Sabarai, Mohammad Tahir	Governor	Provincial Governor's Office	Badghis		March 4th, 2013	In person
2	Rehan, Rehanduddin	Temporary PO	The Asia Foundation	Badghis		March 30th 2013	Phone
3	Maiuddin, Haji	Chairman	District Development Assembly	Badghis	Muqoor	April 1st 2013	Phone
4	Shakib, Qamarudin	Deputy governor	Provincial Governor's Office	Badghis		April 1st 2013	Phone
5	Ziauddin, Sayed	Director	Directorate of Education	Badghis		April 1st 2013	Phone
6	Mohabbat, Aminullah	Director	Youth Social and Cultural Society	Badghis		March 30th 2013	Phone
7	Shakib, Haji Abdul Majid	Chairman	Provincial Council	Badghis		March 31st 2013	Phone
8	Tariq, Dr. Abdul Aziz	Director	Directorate of Public Health	Badghis		March 31st 2013	Phone
9	Munisa	Director	Directorate of Women's Affairs	Badghis		March 31st 2013	Phone
10	Adela	Assistant director	Directorate of Women's Affairs	Baghlan		March 6th 2013	In person
11	Rahman, Azzizul	Chief of Staff	Provincial Governor's Office	Baghlan		March 6th 2013	In person
12	Shahbaz, Asadullah	Deputy chairman	Provincial Council	Baghlan		March 6th 2013	In person
13	Razuli, Aminullah	Provincial Officer	The Asia Foundation	Baghlan		March 6th 2013	In person
13	Razuli, Aminullah	Provincial Officer	The Asia Foundation	Baghlan		April 2nd 2013	Phone
14	Taleb, Ahmed	Director	ACTED	Baghlan		March 7th 2013	In person
15		Chairman/ members	Community Development Councils	Baghlan	Central	March 7th 2013	In person
16	Tari, Abdul	Director, Environment	Pul-e-Khumri Municipality	Baghlan		March 7th 2013	In person
17	Ebadi, Sultan Mohammad	Governor	Provincial Governor's Office	Baghlan		March 7th 2013	In person
18	Engineer Karim	Director Sector Services	Provincial Governor's Office	Ghazni		March 25th 2013	Phone
19	Wali, Shukria	Director	Directorate of Women's Affairs	Ghazni		March 24th 2013	Phone
20	Khanzada, Abdul	Member	Provincial Council	Ghazni		March 26th	Phone

	Wali					2013	
21	Asfandi, Zia Gul	Director	Directorate of Public Health	Ghazni		March 27th 2013	Phone
22	Bismillah, Haji	Director	District Development Assembly	Ghazni	Markaz	March 24th 2013	Phone
23	Sidiqiu, Adela	Director	Ghazni Women's Social and Vocational Weaving Association	Ghazni		March 25th 2013	Phone
24	Sadiqiu, Masoom	Director	Afghanistan National Youth and Social Organization	Ghazni		March 26th 2013	Phone
25	Nasrat, Ghulam Sanayee	Provincial Officer	The Asia Foundation	Ghazni		March 27th 2013	Phone
26	Tukhy, Mohammad Amin	Deputy Governor	Provincial Governor's Office	Ghor		March 9th 2013	In person
27	Ehsan, Haji Fuzl Haq	Chairman	Provincial council	Ghor		March 9th 2013	In person
28	Azizi, Haji Najibullah	PC member	Provincial Council	Ghor		March 9th 2013	In person
29	Shirzai, Niaz Mohammad	PC member	Provincial Council	Ghor		March 9th 2013	In person
30	Ghafouri, Gul Feroz	PC member	Provincial Council	Ghor		March 9th 2013	In person
31	Ghulam, Haji	PC member	Provincial Council	Ghor		9th March 2013	In person
32	Anwari, Masouma	Director	Directorate of Women's Affairs	Ghor		10th March 2013	In person
33	Hamraz, Muhammad es-haq	Mayor	Municipality of Cheghcheran	Ghor		10th March 2013	In person
34	Amini, Sarwinaz	Deputy Chairperson	Youth Council	Ghor		10th March 2013	In person
35	Hassanzada, Latifa	Secretary	Youth Council	Ghor		10th March 2013	In person
36	Turabi, Muhammad Ghaws	Information Officer	Information and Culture Directorate	Ghor		10th March 2013	In person
37	Shirzai, Saleh Muhammad	Regional Admin. Officer	Information and Culture Directorate	Ghor		10th March 2013	In person
38	Dr. Samad, Abdul	Afghan Aid Focal Point	Afghan Aid	Ghor		11th March 2013	In person
39	Lalзад, Najibullah	M&E Officer	Afghan Aid	Ghor		11th March 2013	In person
40	Ghafor, Abdul	Program Officer	Afghan Aid	Ghor		11th March 2013	In person
41	Noori, Bismillah	Chairman	District Development Assembly	Ghor	Markaz	11th March 2013	In person

42	Saleh, Mohammad	Chairman	Community Development Council	Ghor		11th March 2013	In person
43	Mohammad Sultan	Chairman	Community Development Council	Ghor		11th March 2013	In person
44	Mohammad Din	Chairman	Community Development Council	Ghor		11th March 2013	In person
45	Dr. Rasooly, Ali	Deputy Director	Public Health Directorate	Ghor		2nd April 2013	Phone
46	Akbari, Sebghatullah	Director	Education Directorate	Ghor		2nd April 2013	Phone
47	Stanikzai, Mohammed Akbar	Temporary Provincial Officer	The Asia Foundation	Ghor		March 11th 2013	In person
48	Khan, Tahir	Deputy Governor	Provincial Governor's Office	Helmand		25th March 2013	Phone
49	Sultani Khan Agha	Director, Admin/ Finance	Provincial Governor's Office	Helmand		26th March 2013	Phone
50	Dawari Ghaws	Director	Youth Associations	Helmand		26th March 2013	Phone
51	Barikzai, Abdulbari	Chairman	Provincial Council	Helmand		25th March 2013	Phone
52	Niazi, Jamila	Chairperson	Women's Council	Helmand		25th March 2013	Phone
53	Bahauddin, Haji	Director	Health Directorate	Helmand		25th March 2013	Phone
54	Habib, Noor	Provincial Officer	The Asia Foundation	Helmand		24th March 2013	Phone
55	Kabiri, Maroof	Chief of Staff	Provincial Governor's Office	Herat		February 25th 2013	In person
56	Parsa, Khalil	Director	Herat Civil Society Network	Herat		February 26th 2013	In person
57	Noorzai, Merwarid	Director	Afghanistan Chamber of Commerce and Industries Arman-e-Saba (Hope for Tomorrow)	Herat		February 26th 2013	In person
58	Ahmad, Bashir	Professor	Department of Journalism	Herat		February 27th 2013	In person
59	Taraki, Hajji Mohammad Salim	Mayor	Municipality of Herat	Herat		February 27th 2013	In person
60		Chair persons	Eight Women's District Councils	Herat		February 27th 2013	In person
61	Anwari, Haji Askar	Ex-Deputy Chairperson	Provincial Council	Herat		February 28th 2013	In person
62	Akrimi, Abdul Nasir	Provincial Officer	The Asia Foundation	Herat		February 26th 2013	In person

63	Wesa, Tooryalai	Governor	Provincial Governor's Office	Kandahar		March 5th 2013	In person
64		Member	Provincial Council	Kandahar		March 6th 2013	In person
65	Nazir, Ahmed	Vice Chancellor	Kandahar University	Kandahar		March 5th 2013	In person
66	Focus group of five students		Kandahar University	Kandahar		March 7th 2013	In person
67	Habib, Sayed	Regional Officer	The Asia Foundation	Kandahar			
69	Irfan, Tougol	Chief of Staff	Provincial Governor's Office	Laghman		March 13th 2013	In person
70	Shirinnarat, Mohammad	Manager	Admin and Finance	Laghman		March 13th 2013	In person
71	Bedar, Ahmad Gul	Finance and admin	Directorate of Women's Affairs	Laghman		April 2nd 2013	Phone
72	Khan, Marsil	Chairperson	District Development Assembly	Laghman	Mehterlam	April 2nd 2013	Phone
73	Assadullah	Chairperson	District Development Assembly	Laghman	Alishang	April 2nd 2013	Phone
74	Sharifi, Irshadulh	Provincial Officer	The Asia Foundation	Laghman		March 12th 2013	In person
76	Khan, Samiullah	Director	Youth Association	Paktika		March 24th 2013	Phone
77	Samim, Muhebullah	Governor	Provincial Governor's Office	Paktika		March 25th 2013	Phone
78	Faqirzada, Abdul-Mobin	Chairperson	Provincial Council	Paktika		March 25th 2013	Phone
79	Afzali, Muhammed Rahim	Chairperson	Peace Council	Paktika		March 25th 2013	Phone
80	Satar, Abdul	Director	Directorate of Women's Affairs	Paktika		March 26th 2013	Phone
81	Dr. Wali, Gul	Director	Health Directorate	Paktika		March 25th 2013	Phone
82	Yousufzai, Mohammed Shafiq	Provincial Officer	The Asia Foundation	Paktika		March 24th 2013	Phone
83		Deputy Governor	Provincial Governor's Office	Panjshir		March 17th 2013	In person
84	Panjshiri, Mariam	Director	Directorate of Women's Affairs	Panjshir		March 19th 2013	In person
85		District Governor	District Governor's Office	Panjshir	Henj	March 18th 2013	In person
86		Chairperson	District Development Assembly	Panjshir	Henj	March 18th 2013	In person
87	Approximately thirty people	Chairpersons and	Community Development Councils	Panjshir	Henj	March 18th 2013	In person

		members					
88		District Governor	District Governor's Office	Panjshir	Anaba	March 18th 2013	In person
89		Chairperson	District Development Assembly	Panjshir	Anaba	March 18th 2013	In person
90		Two chairpersons	Community Development Councils	Panjshir	Anaba	March 18th 2013	In person
91	Khurami, Dost	Provincial manager	UN-HABITAT	Panjshir		March 17th 2013	In person
92		Chairperson	Provincial Council	Panjshir		March 19th 2013	In person
93		Two members	Provincial Council	Panjshir		March 19th 2013	In person
94	Dr. Karim, Abdul Samad	Director	Public Health Directorate	Panjshir		March 19th 2013	In person
95		Director	Education Directorate	Panjshir		March 19th 2013	In person
96	Rustaivi, Zabi	Provincial Officer	The Asia Foundation.	Panjshir		March 19th 2013	In person
98	Dr. Sibghat Khan	Director for PBGF	Independent Directorate for Local Governance	Kabul		March 31st 2013	In person
99	Seddiqui, Shaffiq		Ministry of Finance	Kabul		March 31st 2013	In person
100	Sarwary, Hamid	Director, M&E	Independent Directorate for Local Governance	Kabul		April 1st 2013	In person
101	Clancy, Seamus	PBGF Chief of Party	The Asia Foundation	Kabul		February 23 rd and 24 th , 2013 March 26th 2013	In person
102		PBGF Deputy Chief of Party	The Asia Foundation	Kabul		February 24th 2013 March 26th 2013	In person
103		Senior Monitoring and Evaluation Manager	The Asia Foundation	Kabul		February 24th 2013 March 26th 2013	In person
104		M&E Manager	The Asia Foundation	Kabul		March 26th 2013	In person

ANNEX III: DATA COLLECTION INSTRUMENTS

This Annex contains a sample of transcribed meeting notes to demonstrate the interview template and provide a sample of a typical interview. The team's transcribed notes took more than 80 pages, which would be impractical to include in this report. Transcribed interview notes are on file with Checchi/SUPPORT II and are available for review.

Telephone interview with Qamarudin Shakib Badghis Deputy Governor.

Date: April 1, 2013

Time: 5:20 pm

Attendees: Liaqat Ali Walizada (consultant PBGF) and Qamarudin Shakib Badghis Deputy Governor.

1-Question: what is your experience with the PBGF? What difficulties have you experienced?

How have you responded to these difficulties? What training did you receive? What is your evaluation of the program? How would you improve it? Deputy Governor indicated that I have been hired as Badghis Deputy Governor since 3 months ago, and we had programs according to those 6 categories mentioned by TAF/UASID, like community outreach, training workshop for improving capacity building, financial management, accounting, English and computer courses, Jam training workshop, workshops for farmers travels to the districts, programs with Women Affairs, Public Health, education directorates, with Municipality, with civil society, with PC, and etc.

We did not have any particular difficulties with PBGF, but I have a suggestion that if possible to make a specific and more share (more fund) for districts and districts Governors, because their needs are more than we expect and their activities will have better effects on the community outreach because they have close relations with the districts community and local council than the PGO, but I think right now we are not allowed to spend more funds on the districts.

PBGF is very good program had very good effects to help PGO having better services for the community.

2-Question: can you give three examples of improved community outreach resulting from PBGF? What were your 3 least successful attempts with community outreach? Deputy Governor said, we had some good and successful programs with community outreach like:

1-Jam training workshop, it was a very useful and successful workshop.

2- English and computer courses for the youths which was very welcomed by youths.

3-we have established Mullah Council funded by PBGF and purchased furniture and everything for the Mullah council which was very effective for the community outreach.

3-Question: Do the PGs and PGO staff feel their capacity to respond to district/community requests increased because of the program? Deputy Governor said, the program had its impact on improving of PGO capacity but not as much as we expected because they were not trained well and they did not have much trainings, and they did learn any specific methods/lessons increased their capacity to respond to community requests.

4-what is your opinion of the evaluation/scoring system? Did the PGO seek to improve its scores and ranking and what measures did you take to improve them? Deputy Governor indicated that scoring system is a good evaluation system I am agree with it, this system makes PGOs more and more active to have better services and performance for the community.

We were trying to work according to 6 categories and TAF/USAID rolls and regulations to get better score.

5-what are the gaps and challenges in how PGOs, provincial council, parliamentarians, provincial line directorates work together? Deputy Governor said, communication and corporation between line ministries, PC , parliamentarians, and other departments, and civil society organizations, is very good and friendly, we have monthly meeting and all directorates and departments participate to the meetings and share all the plans, suggestions, objections, and problems with each other.

Interview Report	Office name: Governor's Office	
Date: 06MAR2013	People Met: Azzizul Rahman	Province: Baghlan
<p>Salient elements from interview:</p> <ul style="list-style-type: none"> • Program was very important and effective; funds from the government are not enough to manage all activities of PGO, PBGF is useful for financial management and travelling to communities to collect their needs; • 14 districts in Baghlan, in the past there were many land issues and disputes that led to conflict, the PBGF was useful for the Governor to travel to the districts and carry out conflict resolution; • We could buy equipment for district offices, the PC and for the department of Women Affairs; • Programs with Women's Affairs included workshops, trainings with Min Ed for literacy, women's rights; • Training was also given for capacity building within the whole PGO; financial management budgeting, proposal preparation and M&E in general... this was not simply for PBGF; • We are trying to rid ourselves of corruption; • We have had workshops that gave us the awareness of how to use PBGF to best effect – we learned all about the fund; • We are holding an International Women's Day celebration; we are also trying to stop the practice of promising under age daughters; • At first we had a TAF representative who did not work well, however the one we have now is very good and has been with us for two years; • We have found some limitations with the PBGF: at first vehicles were allowed, but that was changed; we would have liked to carry out small infrastructure projects but that was not allowed; we believe we have very good relations with the line ministry directors • Our view of the evaluation/indicator system is that it was very good the process is important if you want to have a clean program – we used the system to call for communities to express their needs, giving us a better score: it pushed us to try to improve our standing; • There is no conflict between PBGF funding and the ordinary core funding of the PGO, we organize it so that if there are gaps in government funding the PBGF is used to fill the gaps; • We had a workshop on community outreach and improving the citizen's perception of our PGO, this was a skills development program; We also had a workshop two months ago that helped our coordination of the provincial planning activities; perception is very good; • We had bad conditions under the Taliban while the Governor tried to improve the health, education, public works (roads and bridges) and PBGF helped; • The Governor was changed six months ago; • UNDP advisors are in place but are too young to actually be useful, they spend a lot of time in front of their computers, we are all young and we need more experienced advisors; PBGF has been more important than the contributions of the UNDP SNGP 		
<p>Analysis:</p> <ul style="list-style-type: none"> • The Chief of Staff is very young (at most 30 years old) but extremely dynamic and energetic. We observed his office work where he appeared to fulfill the role of effective Governor, signing and approving petitions from the citizens for subsequent signature by the Governor; • The relation with the TAF representative seemed excellent and communication seemed real and helpful for the program; • The overall provincial team seemed young which may not be a positive thing in traditional areas in Baghlan; • The responses of the Chief of Staff were very close to what one might wish for the program; so close that they should be viewed with some skepticism 		
Documentation		

ANNEX IV: A DISCUSSION OF THE PBGF MONITORING & EVALUATION FRAMEWORK

Without a coherent monitoring and evaluation framework and structure, it is not possible to say what actions have been done in each of 636 districts, how many times these actions have been repeated, with how many men, women and youth they have been implemented and hence what the impact of these actions could be.

The link between resources and community outreach can only be established by mining the data contained in the monthly ledger books to:

- Establish classes and sub-classes of goods and services that were classified as outreach and then funded;
- The linkage between classes and outreach needs to be discussed and agreed by PGO;
- The funds spent on each class/sub-class should then be totaled for each province to show biases, if any, in provincial spending (biases will be natural as PGOs will favor certain actions over others) and to show how much funds have been spent in provincial centers, close lying and outlying districts (to be determined with the PGO). This will start to identify how much “outreach” was done and where.
- The expenditures should also be plotted over time to show how funding changes or not with time or season;
- If the data is available in the ledger books, the expenditures should be disaggregated for gender and age.

Subsequently, the PGOs can assess where their outreach activities have been concentrated and which have given them the best return in terms of community appreciation or how these actions have satisfied demands from the citizens. With these reports, the PGOs can make the link between spending and outreach and thus justify requests for more funding from the MoF.

The discussion around what constitutes appropriate outreach should clarify the coding and classification of expenditures in the ledger books. An M&E framework can then be drawn up that will allow precise answers to the SOW questions.

ANNEX V: PBGF CITIZEN PERCEPTION SURVEY FINDINGS

Overview

A Citizen Perception Survey (CPS) was undertaken in support of the PBGF performance evaluation from March to June 2013. The purpose of the survey was to solicit and present citizens' experiences and perceptions relating to the roles and responsibilities of their provincial governments for service delivery, partnership relations with development agencies, conflict and corruption, and public participation in provincial governance. This annex provides an overview of the findings of CPS that pertain to PBGF.

In conducting the Citizen Perception Survey, 3,212 urban, 1,587 peri-urban and 1,387 rural residents in 13 provinces were interviewed. Of those interviewed, 66% of respondents are between 18 and 34 years old, 38% are women, 66% are married, and 32% have never attended school.

Responsibilities and Services

Roles and Responsibilities of Provincial Government

Provincial Governors, appointed by the President, are powerful figures in Afghanistan's unitary system of government. Tasked with coordinating provincial administration, planning, and security, Provincial Governors (*walis*) operate through both the formal government system as well as through a network of informal actors.

Peri-urban citizens appear to have little relationship or expectation of relationship with Provincial Governors as 48% view the role as maintaining security, perhaps indicating a higher need for security in those areas. In contrast, maintaining security is mentioned by only 16% of urban and 18% of rural citizens. In both urban and rural surveys, 29% of respondents believe that the Provincial Governor solves citizens' problems and fights for their rights. However, 20% of urban and 18% of rural citizens believe that the Provincial Governor pays no attention to citizens and works only for self-interest, while only 11% of peri-urban residents express this.

In areas with less developed infrastructure, 12% of peri-urban and 15% of rural residents view the role of the Provincial Governor as managing road construction and other infrastructure, while only 3% of urban residents, who enjoy more developed infrastructure, cite this responsibility.

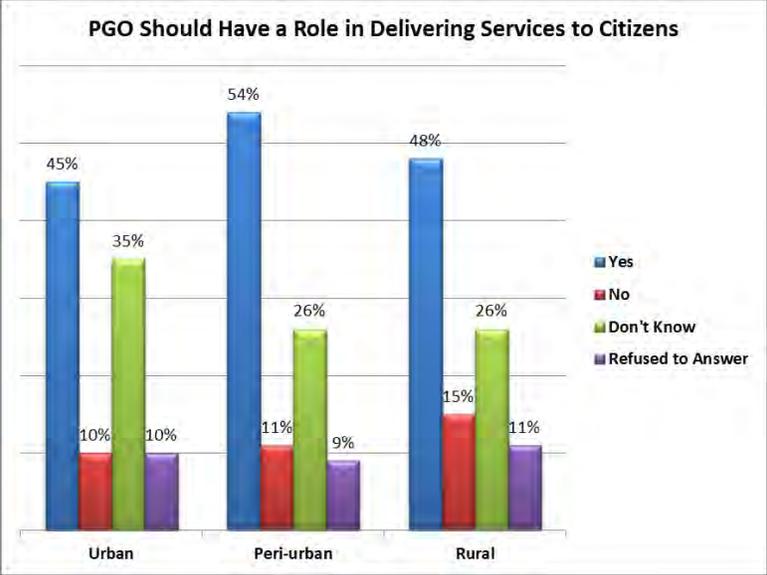
Service Delivery

Citizens have widely varying perceptions of the role of PGOs in delivering services to citizens. While 74% of Laghman and 73% of Herat respondents believe PGOs do have a role in service delivery, while only 17% of Paktika citizens believe they do. Fewer respondents were affirmative that PGOs do not have a role in service delivery to citizens, with responses ranging from a high of 27% in Zabul and 22% in Ghazni to a low of 3% in Kabul.

Affirmative answers were highest for peri-urban residents (54%) followed by rural (48%) and urban (45%). A possible explanation for the disparity could be that urban residents have more awareness and in-

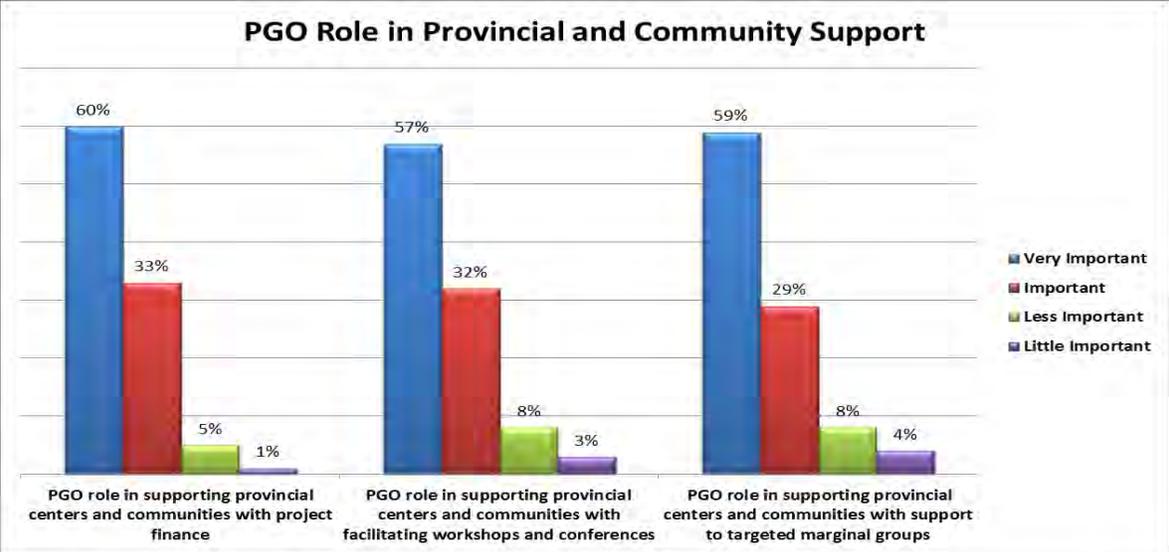
teraction with their municipalities, while rural residents may have lower expectations of service, and rely heavily on community structures and elders to facilitate service delivery.

Across regions, a rather high percentage of citizens do not know whether the PGO has a role in delivering services, with the highest percentage in rural Balkh at 60%.

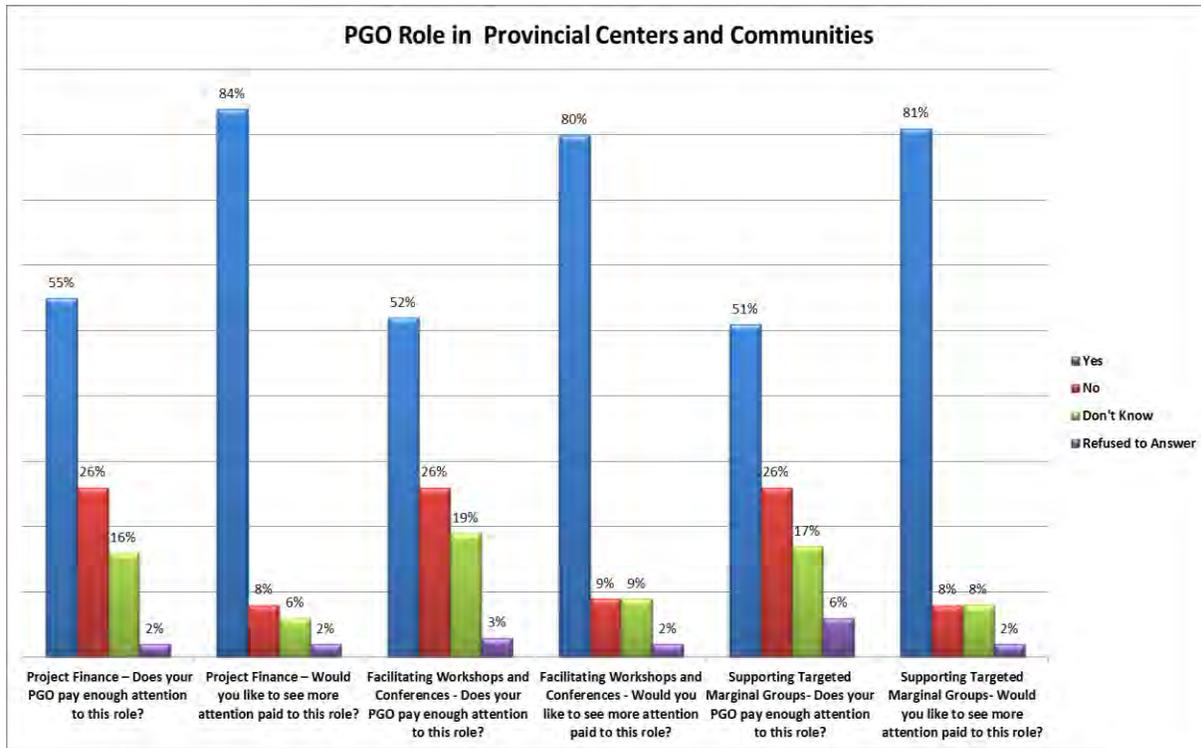


Supporting Provincial Centers, Villages and Outlying Communities

Respondents were asked their perceptions of the role that the PGO *should* play in supporting provincial centers, villages and outlying communities with finance, facilitating workshops and conferences, and supporting groups of marginalized people. All three of these roles are considered “very important” by 54%-60% of respondents.



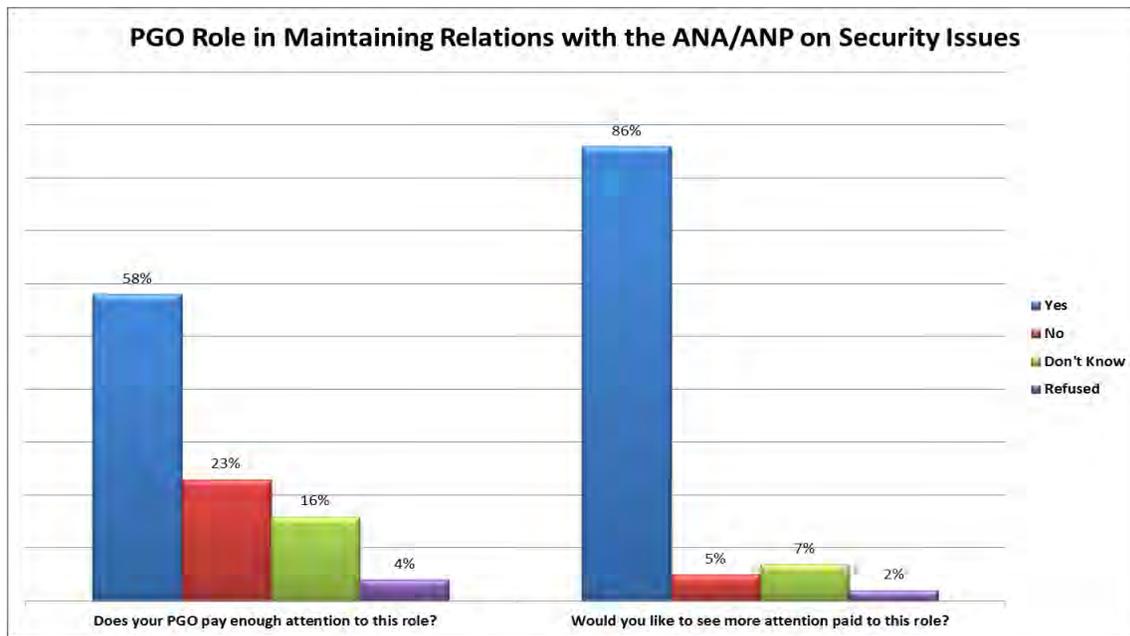
For all three categories, an average of 51%-55% of respondents think that the PGO pays enough attention to these responsibilities, while an average of 26% think they do not. Between 80% and 84% of respondents would like to see the PGO pay more attention to this role.



Security

Despite the wide variation among urban, peri-urban and rural respondents as to the role of the PGO in general (the first question in the PBGF survey), respondents across these areas are uniform in their views relative to the PGO’s relationship with the ANA and ANP on security issues. Sixty-six percent of respondents across these areas feel that the role of the PGO in maintaining relations with the ANA/ANP on security issues is “very important,” with negligible difference among urban, peri-urban and rural respondents. An average 25% of the respondents feel that this role is “important” while only 2% feel that it has “little importance.”

An average of 58% of respondents feel that their PGO pays enough attention to its role in security, yet 86% would like to see the PGO pay more attention to this role. Twenty-three percent feel that the PGO does not pay enough attention. Again, answers among urban, peri-urban and rural have negligible variance.



Development Planning and Budgeting

Similar to perspectives on security, citizen perspectives on the PGO’s role in development planning and budgeting are uniform across urban, peri-urban and rural areas. Fifty-seven percent of respondents feel that the PGO’s role in development planning and budgeting is “very important” and 33% feel that it is “important.” Despite half of the respondents feeling that the PGO gives sufficient attention to the role, 81% would like to see the PGO give this role more attention.

Relationship Between PGO and Line Ministries

Similar to security and budgeting, citizens of urban, peri-urban and rural areas are uniform in views of the relationship between PGOs and Kabul-based government structures to promote provincial concerns. Sixty-one percent of respondents view this role as “very important,” 54% are satisfied with the amount of attention the PGO gives to this role, and 86% of citizens surveyed would like to see the PGO pay more attention to this role. No significant differences among urban, peri-urban and rural.

Respondents were also asked about their perception of the role of the PGO in coordinating with provincial line ministries in the execution of their mandate. The importance of this role appears to have slightly less significance than security, development planning and relationships with Kabul-based government structures. Nonetheless, 54% of respondents view this role as “very important” while another 36% consider it “important.” As with other roles, an average of 50% feel that the PGO pays sufficient attention to this role, and 81% would like the PGO to give more attention to coordinating with provincial line ministries in accomplishing its mandate. Responses had negligible variance among urban, peri-urban and rural.

Partnership with NGOs and Development Agencies

Respondents’ views on the relative importance of the PGO’s role in partnership activities with NGOs and development agencies in much the same as reported for other areas. Fifty-five percent of respondents identify the role as “very important” and 34% identify it as “important.” Half of the respondents feel that the

PGO pays sufficient attention to this role while 44% either think they do not or do not know. As with other areas, 81% of respondents would like to see the PGO pay more attention to this role. Responses have negligible variation among peri-urban, urban and rural.

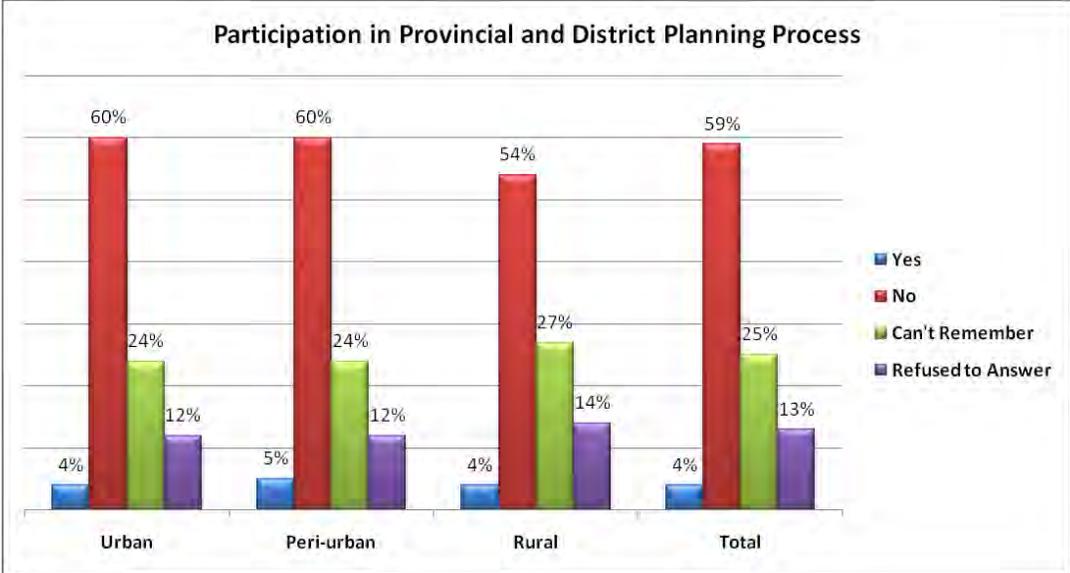
Resource Coordination for District Offices

Respondents’ perception of the importance of PGOs’ role in coordinating adequate resources for district offices is very much the same as for other roles. Fifty-nine percent of peri-urban and rural residents identify the role as “very important,” compared to 51% of urban residents. This is likely attributed to the more prominent role that District Offices play in these areas. Half of the respondents feel the PGO pays sufficient attention to this role while 46% either do not know or feel that attention is insufficient. Despite this, 81% of respondents would like to see the PGO pay more attention to this role.

Governance

Public Participation and Public Grievances and Complaints

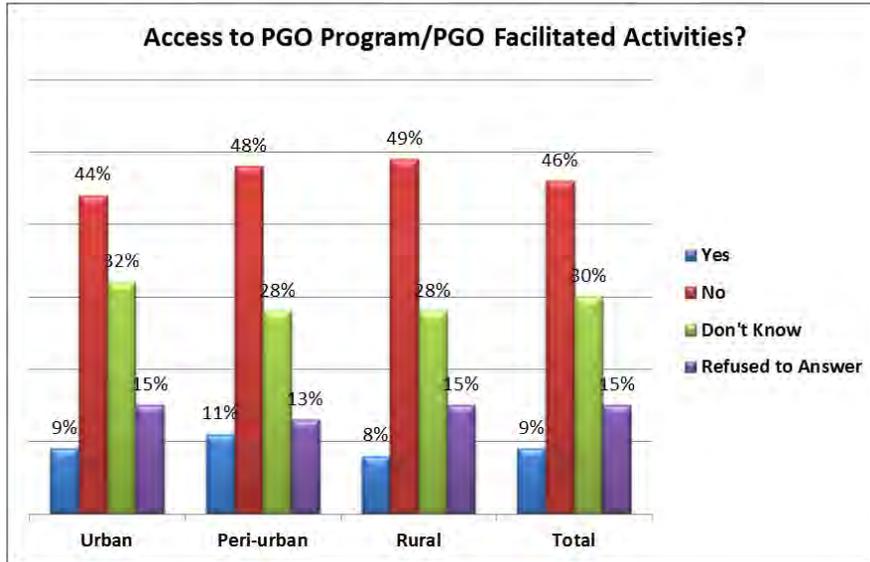
An average 4% of the respondents from all areas report that they have participated in a Provincial or District planning process. Most areas record less than 5% of respondents participating with outliers in peri-urban Zabul (25%), rural Herat (15%), peri-urban Baghlan (14%) and rural Baghlan (12%).



Regarding the role PGOs play in resolving grievances and complaints about government service, 56% of respondents view this role as “very important” and 32% view it as “important.” Almost half of respondents feel that the PGO pays sufficient attention to this role, yet 81% would like the PGO to increase attention to this role.

Accessibility to PGO Programs

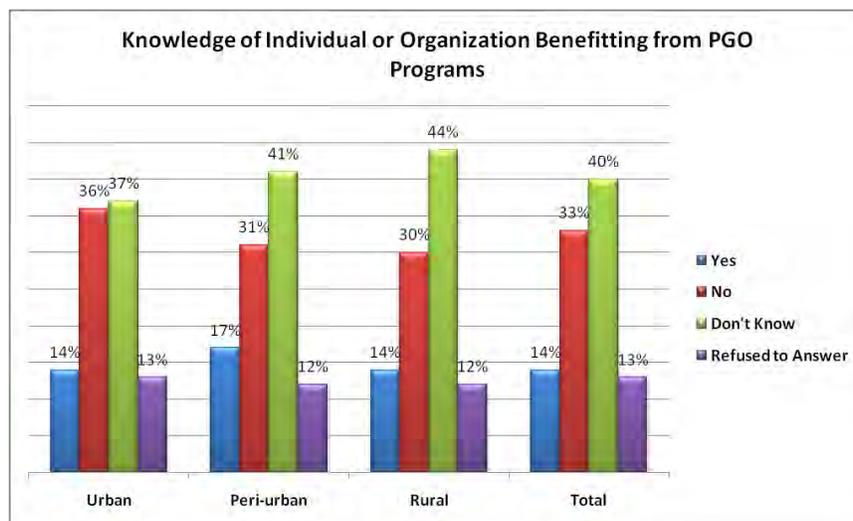
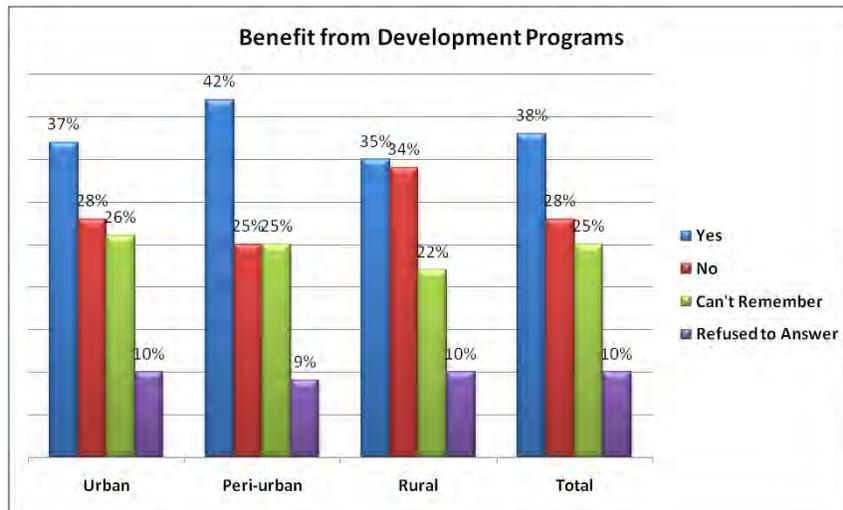
Accessibility to PGO programs and activities varies widely among districts. The highest accessibility is reported in peri-urban areas of Zabul (39%), Baghlan (36%), and Herat (34%), followed by urban and rural areas in those districts, as well as Laghman and rural Helmand, ranging from 12%-24%.



The most cited activities attended by respondents of PGO programs are workshops, training and youth programs, and other activities offering personal enrichment, as reported by 63% of urban, 82% of peri-urban, 99% of rural participants. Program topics include health, education, reconstruction, youth activities, and agriculture.

Among non-participants, 82% of urban respondents express disinterest in the programs, while 72% of peri-urban respondents claim that they are not aware of the programs. In rural areas, 87% feel that the PGO pays no attention to rural people.

Across regions, less than half of the population reports benefiting from a development program, and only 14% of respondents report knowing individuals or organizations that have benefitted. Among beneficiaries, 67% of urban, 63% of peri-urban and 63% of rural respondents benefitted from an NGO program, while 27-29% of respondents benefitted from a line ministry program.

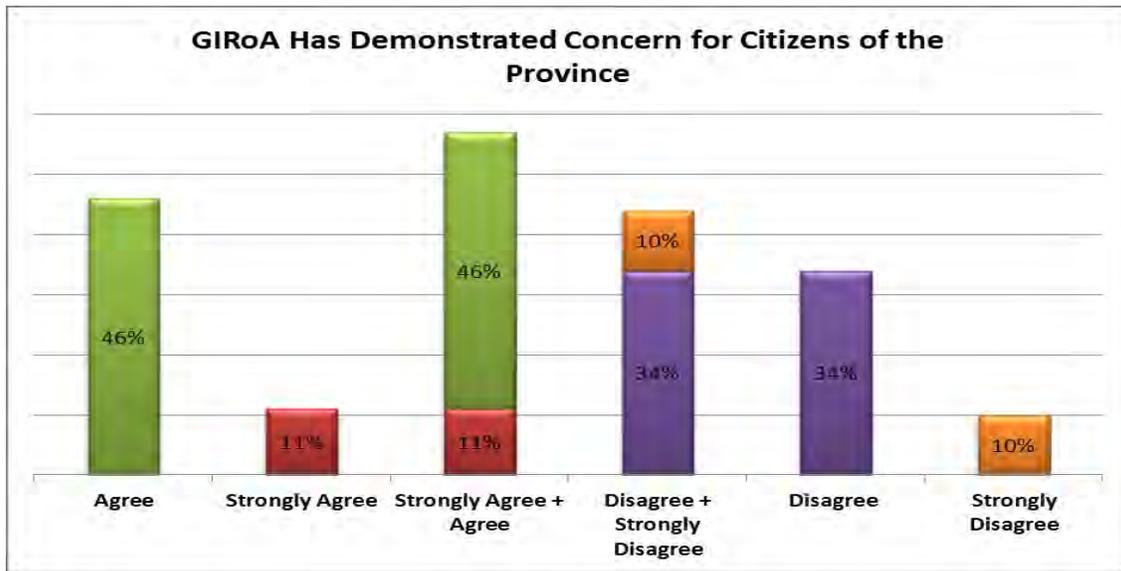


More than half the respondents (59%) “disagree” or “strongly disagree” that District Development Plans and Provincial Development Plans sufficiently reflect the needs and concerns of the people. However, 48% of respondents “agree” or “strongly agree” that these planning structures sufficiently reflect the needs and concerns of the people.

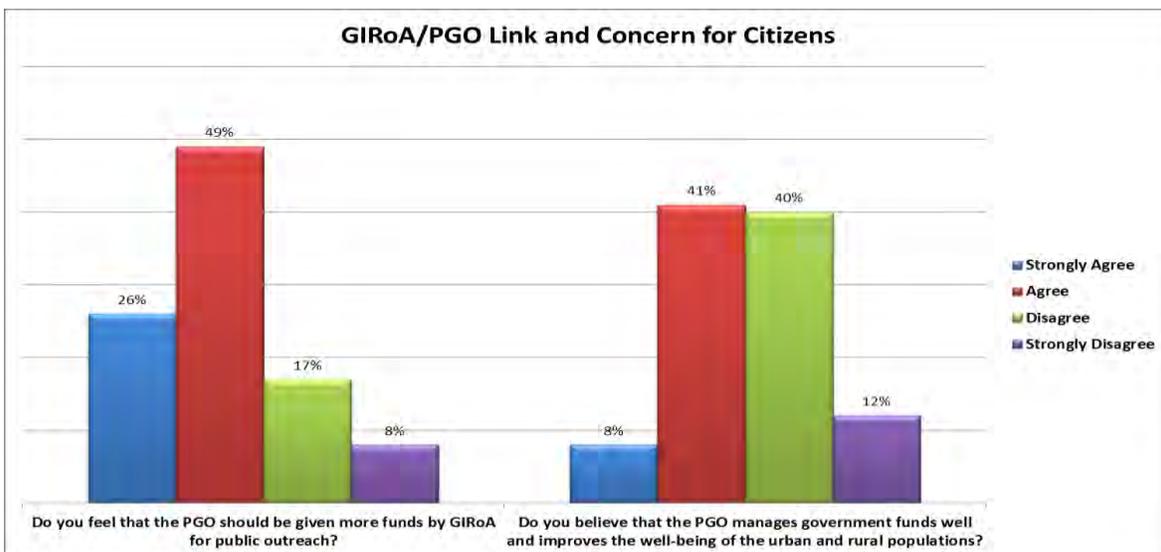
GIRoA/PGO Link and Public Concern

GIRoA, PGO and Citizens

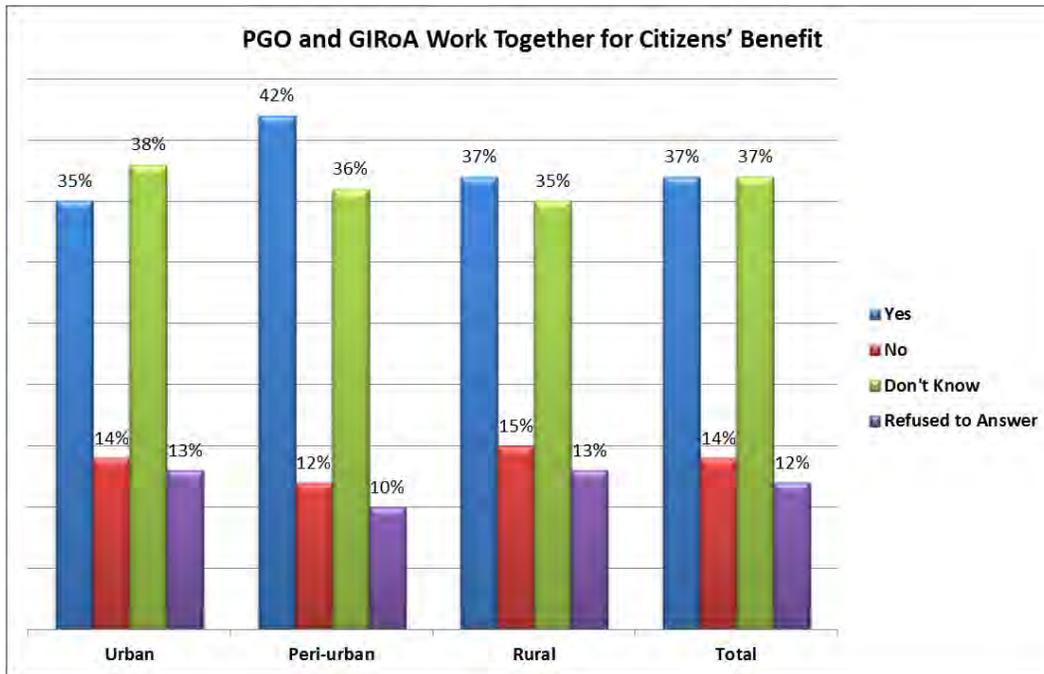
An average 57% of respondents believe that GIRoA has demonstrated concern for the citizens of their provinces, with responses in urban and rural Herat, Kandahar, and urban Laghman topping 75%. An average 44% do not believe that GIRoA has demonstrated concern for citizens of their province, with percentages in urban and peri-urban Badghis and Kunduz, urban and rural Baghlan topping 50%, and all areas in Paktika over 60%.



PGOs report that they need more funds for community program implementation, and citizens support that position, with 75% of respondents agreeing that the PGO should be given more funds by GIRoA for public outreach. Nonetheless, more than half the respondents (52%) do not believe that the PGO manages government funds well.

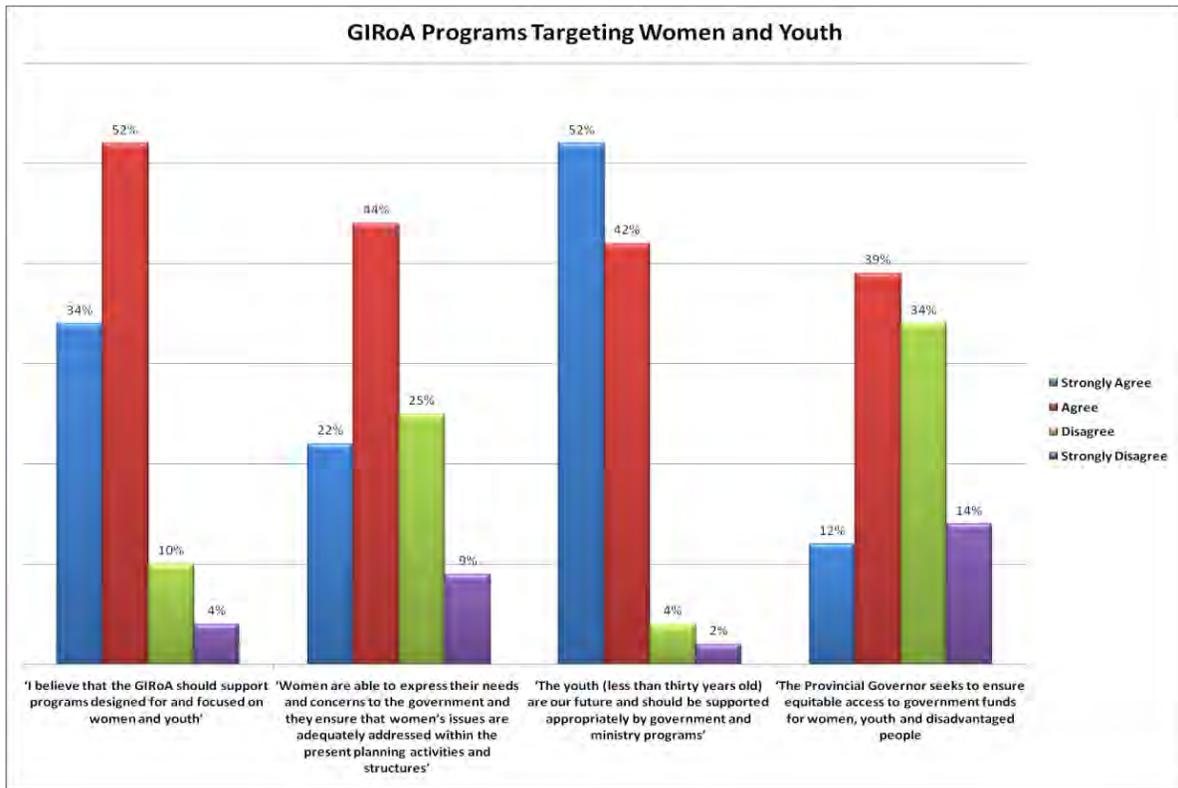


Relative to the PGO and GIRoA working together for the benefit of citizens, 37% of respondents believe that they do, while the same percentage of respondents don't know enough about the subject to answer. Fourteen percent of respondents believe that they do not work together for the benefit of citizens.



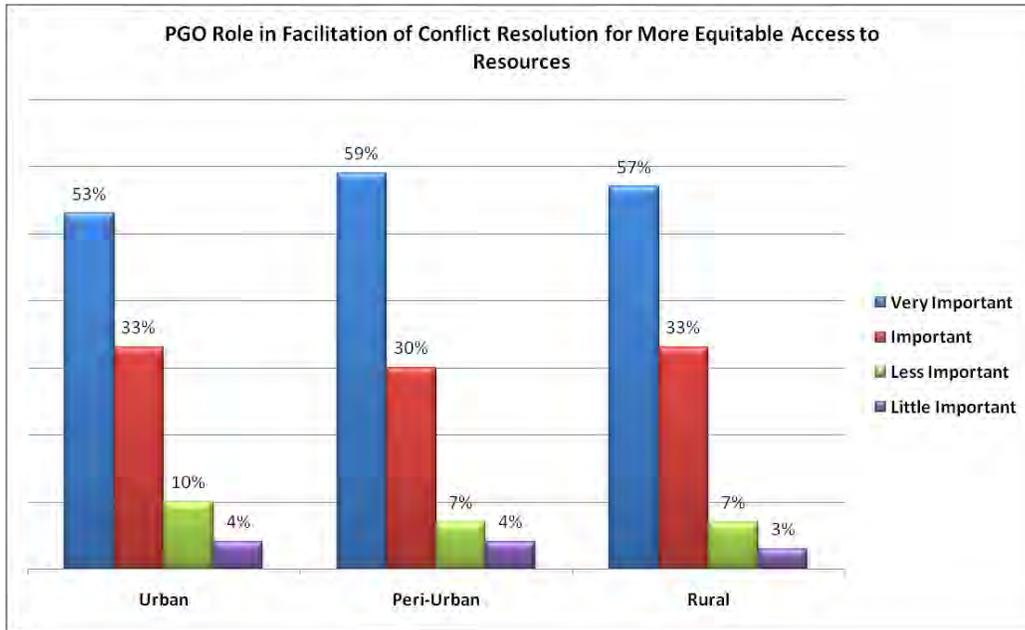
GIROA Programs Targeting Women and Youth

A significant majority of respondents (86%) agree that GIROA should support programs designed for women and youth. Interestingly, 66% of respondents believe that women are able to express their needs and concerns to the government, and that the government ensures women's issues are adequately addressed. A resounding 94% of respondents feel that youth (under 30 years) hold the future of the country, and should be supported through Ministry programs. Approximately half the respondents (51%) agree that the PGO seeks to ensure equitable access to government funds for women, youth and disadvantaged people. Responses to all these questions have little variance among urban, peri-urban and rural areas.

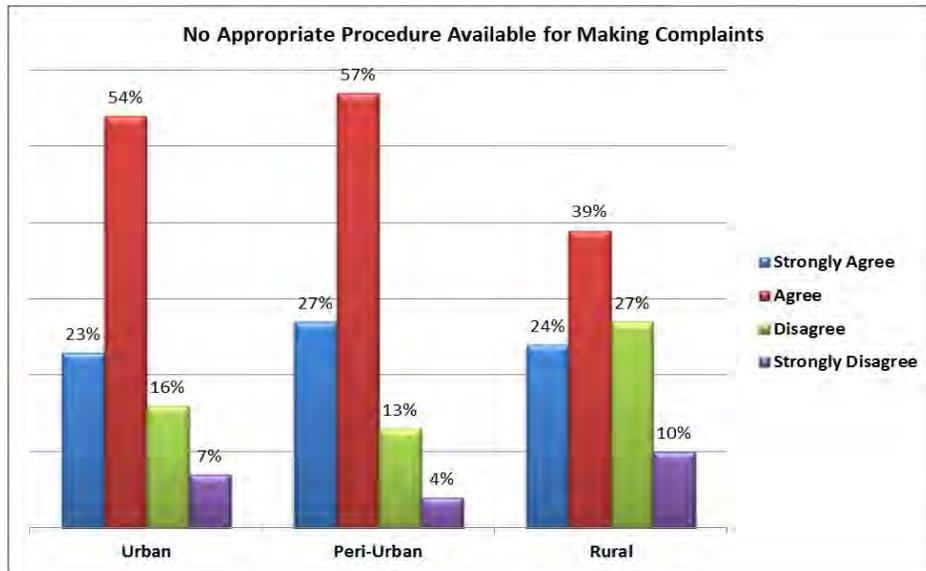


Conflict and Corruption

The PGO's role in dispute resolution and equitable access to resources is considered "very important" and "important" by an average 77% of respondents, yet only 50% of respondents believe that the PGO pays enough attention to this role. Eighty-one percent of respondents would like to see the PGO pay more attention to this role. Responses show insignificant variance among urban, peri-urban and rural respondents.

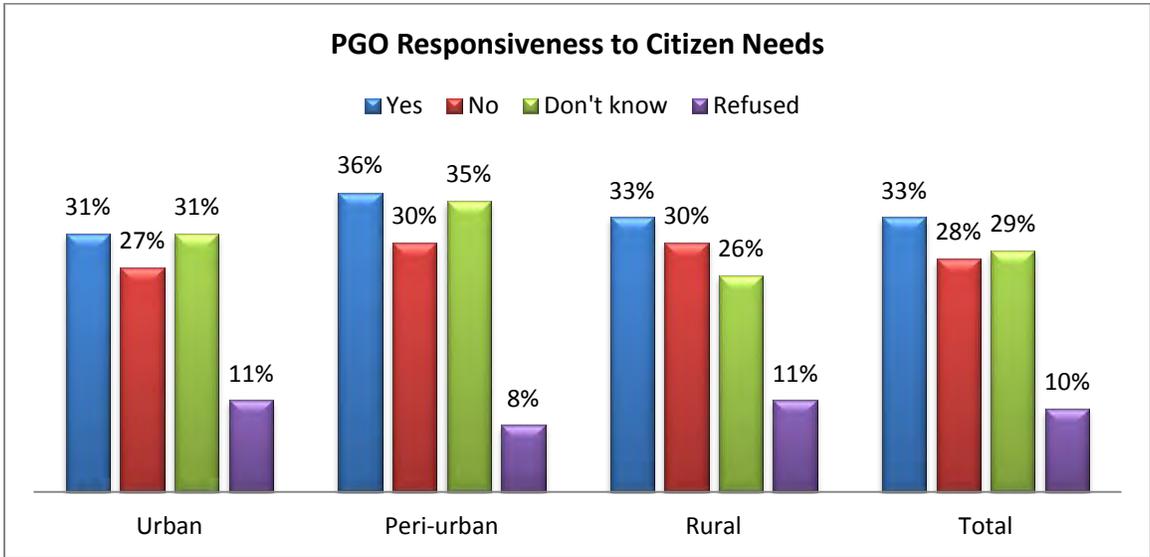


A majority of respondents feel as though there is no system in place to safely report and address abuses and corruption by government officials. Peri-urban respondents reflect the highest percentage (86%), while rural residents respond with the highest percentage (37%) of those who believe such systems are in place.



Citizen Satisfaction

On average, 33% percent of respondents agree that the PGO responds to the needs of the people, while 28% do not. Responses reveal little variation among urban, peri-urban and rural.



Public Priority

Respondents were asked to prioritize importance of the various roles of the Provincial Governor’s Office. The first priority role identified by the highest percentage of respondents (an average 39%) is that of supporting provincial centers, villages and outlying communities with project finance, facilitating workshops and conferences, and supporting targeted marginal groups. The next priority area is maintaining relations with the ANA/ANP on security issues, and coordinating provincial annual government development planning and budgeting activities is the third priority.

A significant majority (89%) of respondents believe the PGO’s role in collaborating with the Mayor and Provincial Council to prioritize responses to community needs is important, yet only 50% believe that the PGO pay sufficient attention to this role. Eighty-two percent of respondents would like the PGO to pay more attention paid to this role. Responses have negligible variance among urban, peri-urban and rural.

ANNEX VI: THE TAF PERFORMANCE INCENTIVE SYSTEM

The TAF performance incentive system was intended to clarify performance criteria so PGOs could improve their performance and ultimately strive to enter the top tier of the PGOs, receiving an additional \$8,000. The original incentive system for Phase I was based on five performance categories each with six performance indicators. For this system to work, it was essential that there would be someone in the PGO who understood the nature and purpose of the categories or indicators, and that that person would be able to give advice on the choice of program activity to optimize the overall performance score. This was not forthcoming, and TAF's Provincial Officers were expected to deliver this advice.

Furthermore, each indicator was scored on a scale of one to five on the basis of the assessment of the PGO performance carried out at roughly quarterly intervals by a rotating, itinerant evaluation team of two specialists from TAF Kabul and IDLG with support and assistance from the TAF Provincial Officer. In systems using such scoring systems it is important to have a clear definition of the expected results for each score: it is particularly important that the scores have no overlap i.e. are mutually exclusive, and that the parameters for transition from one score to the next are known by everyone (e.g. the McKinsey Organization Capacity Assessment Tool).¹⁹

In 2011, TAF incentive system was modified to consist of three performance categories, the first category of "Quality Programming" now rolled up thirteen indicators, each with a score of one to five, the second performance category was for "Accountability and Transparency" covering three indicators and the third category "Improved Budget Practice" (see table on following page). The impact of these changes was to reduce the relative contribution of any one of the thirteen indicators for programming quality, and to increase the relative contribution of the three indicators for the other two performance categories. To put this clearly, to improve a PGO's performance score it became necessary to improve across all thirteen indicators to avoid drowning individual improvements. Conversely, improvements in the accountability and transparency indicators could have a greater impact on the overall PGO performance score.

When the overall PGO performance scores for each PGO are assessed over time, it is clear that there has been considerable variation from one evaluation period to the next, even over the last four evaluations that were carried out under the Phase II performance categories (see Graphs 1, 2 and 3). This indicates that the PGOs find it difficult to maintain their scores as they seek to keep the many plates spinning to satisfy the performance criteria.

Though there has been some stabilization of the scores, four (Baghlan, Ghazni and Herat) of the chosen provinces are showing gradual improvement, three are staying the same (Helmand, Paktika and Panjshir) and four (Badghis, Ghor, Kandahar and Laghman) are seeing their scores degrade as indicated by the logarithmic trend curves of the performance scores. The mean score of all ten provinces was 6.9 in the seventh evaluation.

¹⁹ [McKinsey Organization Capacity Assessment Tool](#) accessed May 22nd 2013

Several of the PGOs underlined that they were “in the second rank” of the scores and thus their PBGF allocation was remaining stable at \$25,000 a month. Others (Laghman, Badghis, Baghlan) were disappointed that the previous governor had not paid attention to the ranking of the scores and so reduced the PBGF allocation.

As the scores get closer, the chance of being in the top or bottom ranking tiers becomes less predictable and slight variations can have a greater impact.

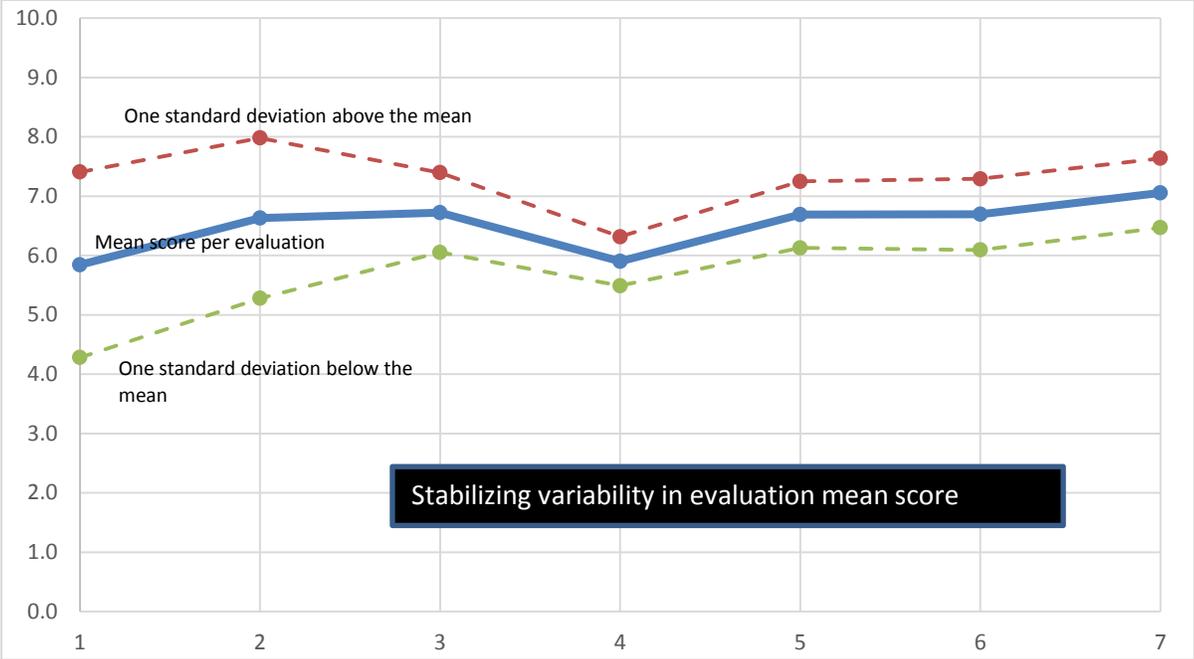


Figure 1: Overall mean score with standard deviations

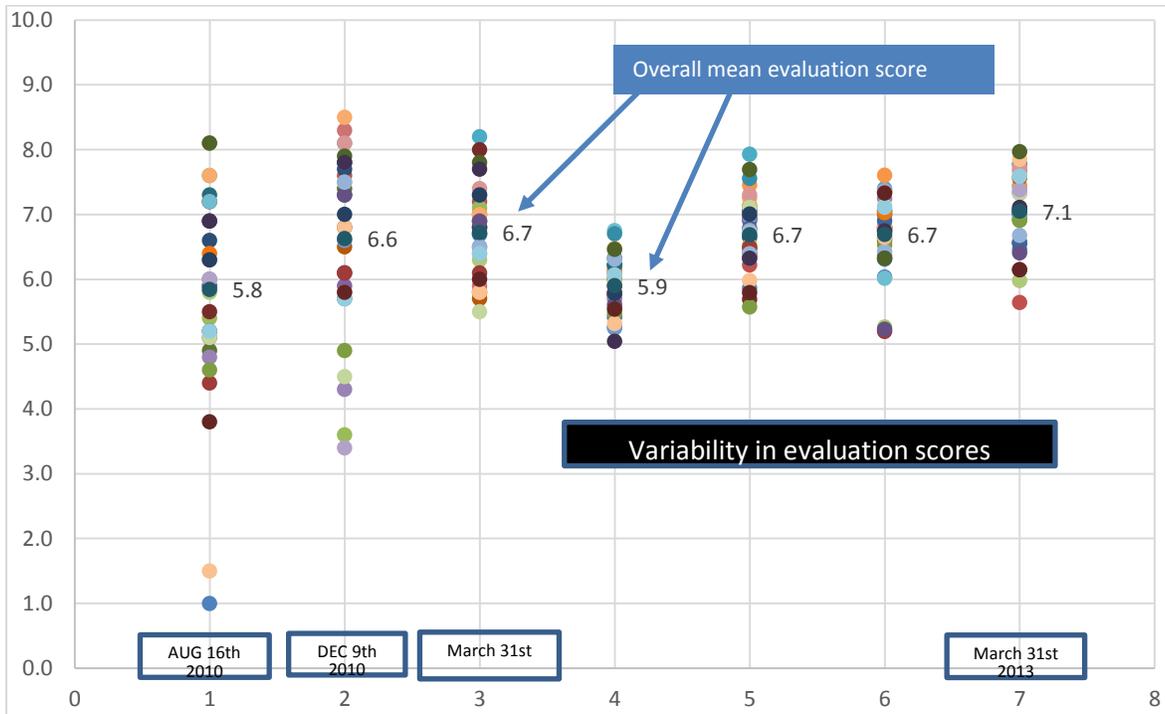


Figure 2: Variability of provincial scores by evaluation

Table 1: Evolution of evaluation scores for sample provinces

	1	2	3	4	5	6	7	Average	Standard deviation
Badghis	6.9	7.6	7.2	6.2	6.2	6.6	5.6	6.8	0.56
Baghlan	5.4	3.6	7.1	6.2	7.0	7.4	7.8	6.1	1.42
Ghazni	4.9	7.4	7.0	6.0	6.5	6.6	6.9	6.4	0.87
Ghor	5.2	6.1	6.8	6.3	7.1	6.8	6.6	6.4	0.68
Helmand	7.3	7.3	6.9	6.2	6.9	6.7	7.0	6.9	0.40
Herat	7.2	6.5	5.7	5.8	7.1	6.8	7.6	6.5	0.65
Kandahar	5.8	7.5	6.3	5.6	6.5	5.3	6.0	6.2	0.80
Laghman	4.4	6.1	6.1	5.9	6.5	5.2	6.2	5.7	0.77
Paktika	8.1	8.1	7.4	6.0	7.3	7.4	7.7	7.4	0.76
Panjsher	5.1	4.5	5.5	5.9	7.1	7.1	7.3	5.9	1.07
	6.0	6.5	6.6	6.0	6.8	6.6	6.9	6.4	Average
	1.2455	1.4507	0.6583	0.2254	0.3595	0.7643	0.7599	0.9121	Std dev sample

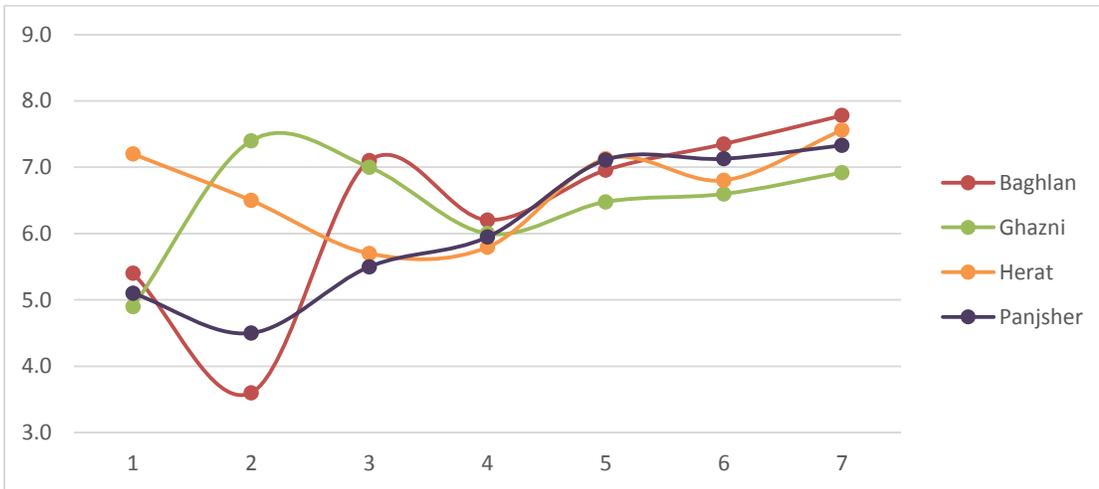


Figure 3: Improving evaluation scores

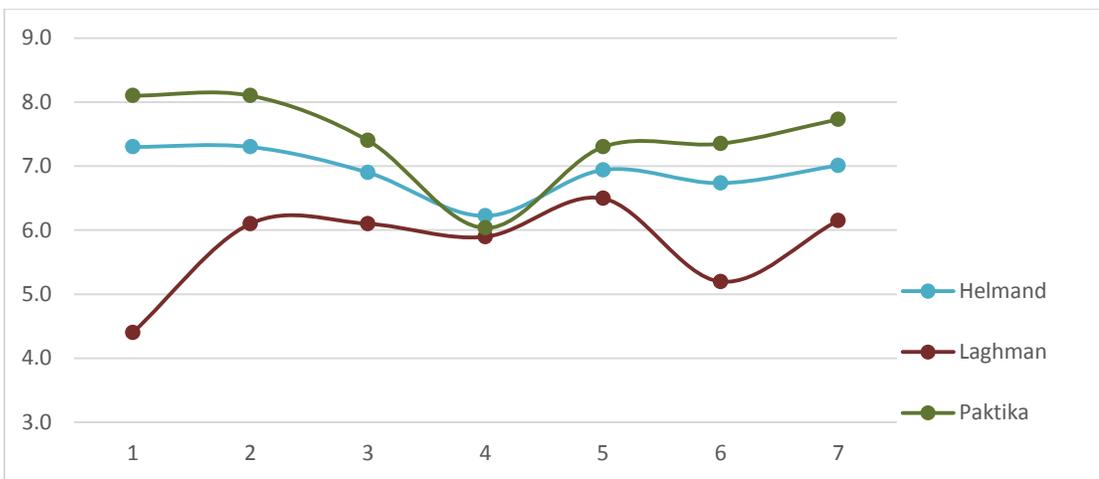


Figure 4: Stable evaluation scores

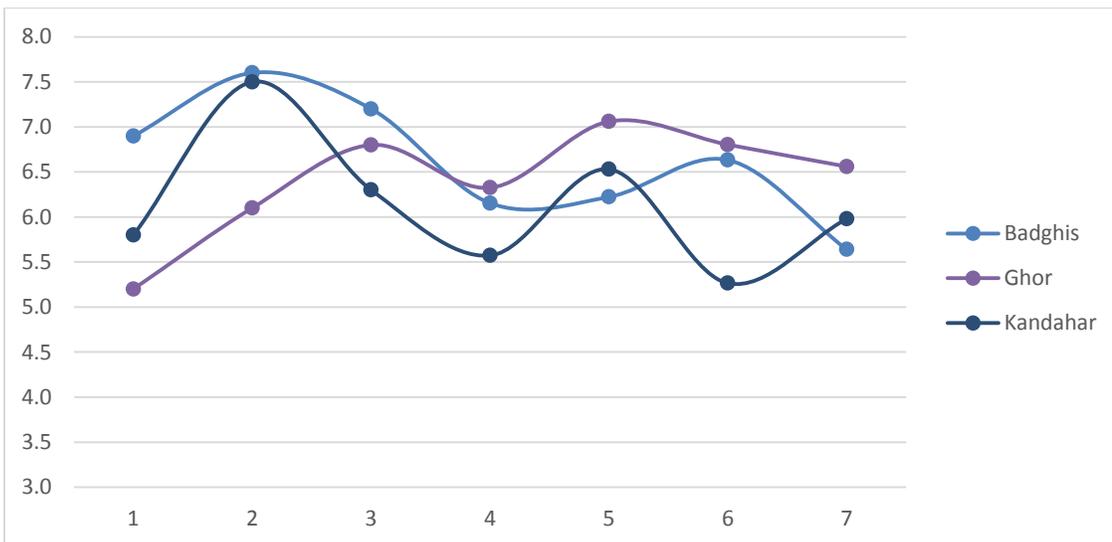


Figure 5: Degrading evaluation scores

ANNEX VII: INTEGRATION OF FINANCIAL MANAGEMENT

AIM to Achieve:

1. Intermediate Result 3: Strengthened Sub-National Financial Systems
2. Intermediate Result 3: Strengthened Ability of PGO Staff to Take a Leading Role in Planning and Execution of Budgets

In addressing the above aims which seeks to both strengthen sub-national financial systems and strengthen PGO staff ability to assume the leading role in planning and executing PGO Budgets, a culmination of points made by the interviewees:

- **Need for more cooperation of the Central Ministry to provide resources,**
- **Need for Central Government to address citizen need such as program/activities which strengthen communities**
- **To adequately fund PBGF while they are grateful for these resources are not enough to address all community needs**
- **Funding required of the PGO to hire staff with skills to perform these duties-Tashkeels)**

These points assisted in the development of financial models and diagrams developed within the summary analysis. These summary model and diagrams could lead to resolutions and recommendations confronting the instructional and preparation of the Afghanistan Budget developed at the PGO level; however inclusive of all actors (MoF, ILDG) and implementing partners (Phase I, II, and phase III).

It would further result in improved budget development process, as demonstrated by the current management of the PBGF, interfaces of processes of the PGO and the MoF/ILDG and the integration of financial systems where operational expenditure and budgetary allocation are both transparent and properly planned and developed. It is vital that all stakeholders of the GIRoA management levels cabinet, parliament, ministry and PGO officials will have participated to inform the process. This provides the legitimacy of the PGO and the authority to manage its resources in an accountable way which build confidence in the central ministry to adequately fund programs and activities in the future. Lastly, it would continue to shape the budgetary framework to reach a sound and manageable GIRoA/PGO Government encompassing these tools and more to ensure its sustainability, thus building its capacity over the long term.

The evaluation over the past 2 months further enhances our conclusion that a need for a comprehensive four to five year **Government of Afghanistan Strategic Management Plan**. This plan would be developed at the Cabinet level with agreement from Parliament and coordination with and among the Ministries with the aim of developing an overall budget plan blueprint and an identified budgetary management system. The Plan would incorporate the buy-in of the PGO as a first step in the interface of its budgetary processes with a goal to integrate its financial systems. Currently, the GIRoA budget process operates from the BC 1 (Budget Circular 1) guidance for operational, salary and procurement coding of expenditures for both the Line Ministries (BC 27) and PGO (BC20).

It would be beneficial for a proposed new **Budget Instruction & Preparation Process managed by MoF for the PGO** using a short-term automation spread-sheet solution with the aims of moving towards a program based budgeting approach in the medium term & phase in once financial automation is implemented.

The cooperation of different levels of government PGO/MoF/IDLG would have to be coordinated and consensus reached to develop sustainability and to begin the PGO capacity development.

The need for automation by way of an integrated financial management solution within the Ministry of Finance which interfaces with all Ministries, the Cabinet, parliament and interfaces with the PGO in its budgetary process and integrates its financial system chart of accounting is paramount. Because it allows for simplicity during the budget preparation process where there are many changes due to leaders' decision making as well as the interrelationships that are necessary regarding the interaction with the spending units during the annual budget cycle. Currently, the budget development process is manual the BC 27 (Line Ministries) and BC 20 (Provincial Government) are filled by individual staffs in the PGO and either hand carried or mail delivered to the MoF. I have offered this assessment, an examination of the current Afghanistan Budgetary **laws** as they relate to the budget instructional and preparation process at both the Ministerial Level with instructions to the PGO as well its sound management to determine the **laws** effectiveness governing the budget process at the central level impacting the PGO.

ANNEX VIII: IMPROVING FINANCIAL MANAGEMENT RECOMMENDATIONS:

Step by Step Approach to Improving Financial Management & Budget Development at the PGO level which could interface processes and /integrated system up to the Central Level

Conclusion	Recommendations

Management: Cabinet & Parliament Level

<p>A lack of a clear 4 to 5 Year Government of Islamic Republic of Afghanistan Strategic Plan/Budget Blueprint. While there is AFMIS, it is centrally managed and maintained the PGO use a manual process for interfacing/integrating its budget management and development.</p>	<p>Step 1: Assemble a group of officials from the Parliament, Cabinet, Ministry of Finance, Ministry expert staff representative of sectors to meet, review, study and support this effort with 5 basic pillars. 1) Develop Comprehensive Plan 2) Review/Change Laws as appropriate 3) Incorporate Technology Automation into the Management/Budgetary Process and 4) Examine current workforce roles and responsibilities and develop a staffing plan aligned with training 5) Include PGOs and show how they will Interface its Budget processes and integrate its systems. MoF Director of Finance Treasury needs assurance that PGO are knowable about how to manage and budget its resources.</p>
	<p>Step 2: Develop a 4-5 year government of Islamic Republic of Afghanistan strategic plan/budget blueprint. It would be constructed following some methods of the global standards which could fit into the framework of Afghanistan current situation. For example: The NDP, PDP & CDP provides this standard</p>
	<p>Step 3: This plan would be aligned to the Budget Development process encompassing lines of authority of the PGO in each year of the 4-5 year plan.</p>
	<p>Step 4: Cooperation with the Ministry of Finance at the Parliament and CoM level to ensure the MoF manages acceptable budget ceiling by the PGOs. Where expenditures are fixed over the 4-5 year period targeted to community needs with exceptions for emergencies to be address during the supplemental period.</p>

Conclusion	Recommendations
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Ministry of Finance Level (MOF)

<p>Although there are processes establish in law, circular instructions governing the budgetary process; it would be enhanced with an effective budgetary model approach with emphasis on and support of PGOs.</p>	<p>Step 1: Develop Program based budgeting approach within the Budgetary process with the goal of phasing in PGOs. This of course would be successful if it is carefully implemented taken into consideration the current Afghanistan Government Budget process. Step 2: The Budget would be program based and aligned to the Budget down to the task level. This would gain the appreciation of the MoF Director of Treasury regarding “coding” annual expenditures necessary to develop future PGO Budgets.</p>
<p>The budgetary instructional and preparation process needs a basis and foundation which the Line Ministries are inter-related to the spending units in the PGO. Currently PBGF, identified 6 spending categories in alignment with the Afghanistan Operational Budgets</p>	<p>Step 3: Emphasis should be placed on revising current policies and make workable enhancement beneficial to PGO. Step 4: Define Core service/product expenditure keeping in mind political priorities. Step 5 Be mindful of units financial situation at the end of the year as well as year-end public finances (75%) allocation spent and time in the year allocation approved and disbursed. For example: review how the PGO (B20) expenditure is coded during the planning/ceiling submission process.</p>
<p>There is budget ceiling limit which are set to begin budgetary process. PGOs do not operate within these ceilings because philosophy is on planning for donor funding. Off-Budget funding requires accountability in the projects to be implemented and cost associated with them.</p>	<p>Step 6: define why restrictions of the budget and expenditure limits are set in a multi-year setting (establish financial policy goals for the mid-term and ensure PGO buy-in and consensus. Step 7: Incorporate model suggestions for forecasting revenues to reach effective methods in its forecasting to determine appropriate levels of funding needs of the PGOs. Require PGO to properly code expenditures in the BC 27. Step 8, conduct balance of the budget analysis, its general rules and possibility of continuity. Step 9, having conducted the above an understanding of total expenditure is realized and it provide for a manageable contingency/emergency fund process when needed by PGOs.</p>
<p>Formulating the institutions budgets/programs, second sub-phase, bottom</p>	<p>Step 10: By adopting program based budgeting methods down to the PGO and Line Ministry tasking level; the</p>

Conclusion	Recommendations
<p>up, allocation within the sectors, enhance flexibility, midterm expenditures, future estimations and re-allocation and estimations is not be conducted by PGOs.</p>	<p>benefit will be realized to address totally the annual allocation levels . The performance indicators are built into a program based budgeting methodology for program evaluation to determine continued funding year over year. This is acts as back-up monitoring of actual funding based on program spending activity.</p>
<p>Provincial Government (PGO)</p>	
<p>Integrated Technology Financial Automation</p>	
<p>The GIRoA budgetary process is a labor intensive manually functioning effort which takes months to receive once the budget request and submission process begins. This is largely due to PGO going over the budgetary ceiling established by the MoF.</p>	<p>Step 11: Implement an integrated financial management system down to the PGO level and require PGOs to input its budget directly into the system with no ability to go over establish ceilings. Step 12: System must be large enough to hold large amount of financial data between the Parliament, Cabinet, Ministries, PGO. Step 13: The custodial of the financial management system will be the Ministry of Finance with passcode access to the PGOs. Step 14: The system must have all the manual requirements of the Budget Instructions process (Budget Circular 1) to be automated. Step 15 The system must integrate with firstly, all sections and unit within the Ministry of Finance and short-term PGOs. Step 16 The system must be in alignment with the Budget cycles (Annual and Supplemental). Step 17 The system must have a forecasting of revenue and expenditure tool. Step 18 The system must list all Ministry of Finance accounts and provide the ability of the Ministry to add accounts anticipating that the GIRoA is moving in a modern direction and additional accounts may be necessary as MoF make decision to bring current off-budget funding online. Step 19 A monitoring and evaluation of system phased implementations and it success is necessary to ensure a fully operational system down the PGO level. Step 20 There must be training during the phase implementations as well as training conduct for a period after the system is fully implemented to ensure PGO are familiar with it. Training can be provided</p>

Conclusion	Recommendations
	<p>in a workshop and manual format and more emphasis is placed on the workshop efforts since the enterprise automation is best practice and new. Step 21 system must provide for all laws, studies evidentiary information to be aligned in the system for financial analysis and approval process regarding public expenditures and budget development.</p>
Budget Laws	
<p>No Budget Laws placing emphasis on Interfacing the PGO budget process and integrating budget systems. The BC 1 instructions is not clear to PGOs.</p> <p>MoF has no strategic plan which looks long-term at what are the measures for developing budget all the way down to the PGO level.</p>	<p>Step 22: All of the laws affecting the Budget Instructions and Preparation process need to be examined to ensure they either can be followed by both the Line Ministries and PGO so that there is no duplication in resources while moving in a modern budgetary direction. Step 23 All laws should be tied to the Ministry of Finance Strategic Priorities in alignment with the NDP, PDP, CDP. Step 24 All laws should go hand and hand with what the GIRoA is trying to implement to develop a sound financial management framework at the PGO level and fiscal system in support to manage Afghanistan. Step 25 If there are any laws that does not support step twenty-four, be willing to work on developing studies and passing laws or amending existing law so that it is allowed.</p>
Workforce/Training Leading to Improved Financial Management	
<p>Staffing plan, training does not go in PGO which could leads to capacity building. Staff applying for positions in PGOs are not necessarily qualified, unfunded Tashkeels are an issue within the PGO.</p>	<p>Step 26: Develop a comprehensive Workforce staffing plan at the PGO level and Ministries level where monitoring and evaluation of programs and activities will occur. Step 27, Each PGO will align all spending that will be necessary to support current staff as well as new staff for example (The number of staff, their salary, conferences, workshops, Operations repairs, equipment purchases, travel/accommodation, gasoline, top-up cards.</p>
Communications, Coordination & Information Sharing	
<p>The Cabinet, Parliament, MoF and</p>	<p>Step 28: All entities should be willing to work together</p>

Conclusion	Recommendations
Spending Units and PGOs.	in a constructive manner during the budgetary process. The current process is labor intensive and manual. Absence any technology systems in place, it places an undue burden on the Ministry of Finance and its staff. Because of the lack of clear budget circular guidance staff input financial data incorrect on the both the B 27 and B 20.

The aforementioned conclusions and recommendation points the Ministry of Finance and the entire Government of Afghanistan in the direction of a sound financial and fiscal management posture which can be integrate with the PGO as they are requiring of the TAF. It underscores the depths and stakeholders involved to ensure that the Budget Development and Allocation process is effective, objective with clear guidelines for the Line Ministries and PGOs responsible for submitting its budget and doing so timely. It is recommended that all officials are committed to the aforementioned stated recommendations as a means for interfacing Budget processes and integrating financial systems all levels of the GIROA.

Government of Islamic Republic of Afghanistan, Parliament & Cabinet - Ministry Level

1. Strategic Plan – GIROA Interface & Integration

The government of Afghanistan is developing a comprehensive strategic plan which will interface and integrate with Line Ministries and PGOs. The strategic plan is program based and task specific with spending aligned over-all to the program with tasking level funding identified. This achieves the MoF (Director of Treasury) desires to have program and activities expenditure identified at interval reporting periods. Within the plan it has taken into consideration all of the priorities for the Government of Afghanistan over a four year period.

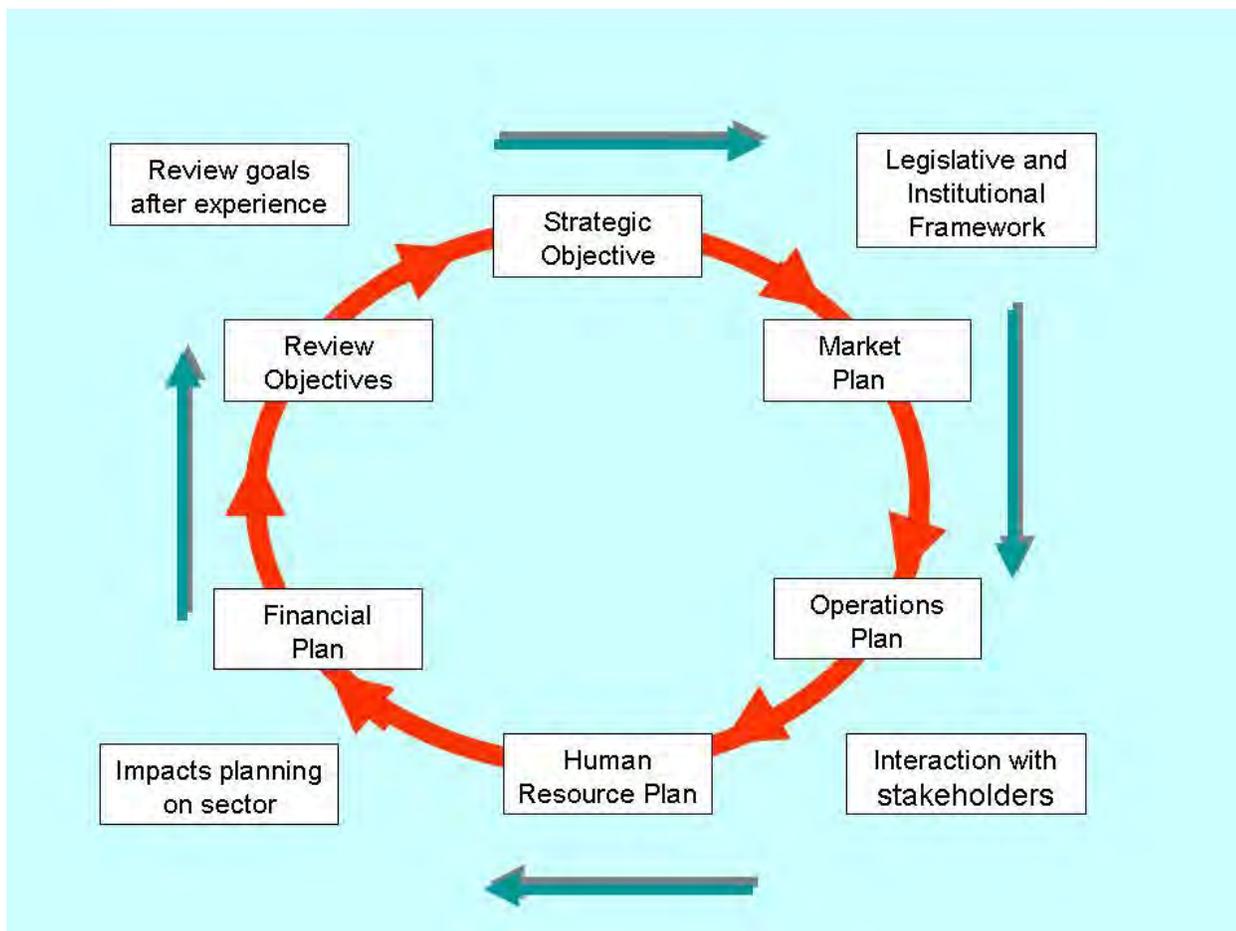
The entities responsible for putting in motion the 4 year Government Strategic Plan Initiative will be all PGO, Ministries lead by the President of Afghanistan and parliament. Currently there is a national policy for PGO to receive \$200 thousand Afghans for 18 gallon of gasoline for the entire year. Responses from the interviewees shared that because some of the Provinces are so big 18 gallon of gasoline is not sufficient. A greater emphasis should be placed on budget planning and expenditure coding tied to funding receipts in order for the Government of Iraq to know where to direct funding in the future. This method is also pursued as a means to control expenditure cost within the annual budget.

The plans from each ministry aligned by PGO will need to be combined in the consolidated national budget. The individual components of the budget will comprise the expenditure items in the individual plans. See below for example format:

Overall budget	70000000000	75000000000	80000000000	85000000000
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Year	2013	2014	2015	2016
Ministry				
Interior	300	400	385	375
Transport	250	375	380	360
Education	2000	1500	1600	1550

This process is described in the diagram below: A process below for continuing to manage the Government of Afghanistan strategic plan. Diagram allows for measurement to ensure national standards are being followed and where need be adjustments will be made to ensure sound management reflects our fundamental funding priorities.



ISO Strategic Plan 2011-2015 Solution to Global Challenges, www.iso.org/iso/iso_strategic_plan_2011-2015, Government Finance Association, www.gfoa.org

Government of Islamic Republic of Afghanistan Finance Ministry Level (MOF)

2. Budget Development - GIROA Interface & Integration

It is recommended that a Performance Based Budgeting Approach be adopted at the Central Level to manage the financial affairs of the PGOs. The GIROA requires as expressed by the MoF, Direct of Finance PGOs to accurately record its expenditure in the designated code structure (21 Salaries, 22, Operations, 25, Procurement this assist MoF with assessing needs and planning for future budgets. Performance-based budgeting is the practice of developing budgets based on the relationship between program funding levels and expected results from that program. The performance-based budgeting process is a tool that program administrators can use to manage more cost-efficient and effective budgeting outlays *“strategies, Information and insight on revolutionizing government transparency and accountability, www.strategisys.com.”*

The template below allows all Ministries and PGOs to fill in this budget not to exceed the amount which has been allocated; it is recommended in the future that this template be automated as part of the integrated financial management system to be interfaced with PGOs, Ministries and spending units as well as the Cabinet and Parliament. The budget limit has been set and the system will not allow for any overages based on the expenditure limits established. The expenditure limits will have been established from the Government Strategic Plan; and further solidified within the instructions template for all Ministries to fill in its annual expenditure budgets. Note: The below template will be duplicated for all Ministries, we use as this example the Ministry of Agriculture. The goal is to align program and expenditure down to the tasking levels.

Ministry of Interior	300	301	302	303
	Year 2013	Year 2014	Year 2015	Year 2016
<i>Number of Employees</i>	12	12	12	12
Total Allocated	299	299	301	300
Balance	1	2	1	3
Employee Compensation Program	39	39	39	37
Training - Task	13	15	14	14
University Training- Task	11	9	10	8
Health Benefits - Task	15	15	15	15
Projects - Program	55	40	32	55
Materials - Task	25	20	15	20
Labortory - Task	25	15	15	20
Conferences -Task	5	5	2	5
Goods and Services Program	173	173	173	173
agriculture equipment - Task	12	12	12	12
fertilizer- Task	45	45	45	45
Fuel-Task	60	60	60	60
Grain- Task	56	56	56	56
Furniture Program	22	18	12	20

Short-Term Spreadsheet approach- The above template is a brief example of a program base budget approach down to the tasking level which can be integrated with the PGO. This approach can be implemented immediately with spreadsheet technology within Afghanistan. This template can be duplicated to in-

clude all Ministries, Commissions and Agencies within the Government of Afghanistan. For this model example we used the Ministry of Interior. All financial data is a population for explaining the model, none of it is valid. This approach will allow the Ministry of Finance (MoF) to follow the GIRoA Strategic Plan to predict spending more accurately. It will thus allow for emergency spending to be better managed as the MoF will have a complete picture of the entire government budget spending process over a period of 4-5 years. This format is useful and allows for adjustments having a complete view of the GIRoA spending to forecast supplement funding and any and all spending because expenditure will be on the program level as a whole down the program task level.

Intermediate Term & Phase In Period: Below is a sample program base budgeting approach once automation is implemented within Afghanistan. This is a sample using a program within the Ministry of Interior. **Please Note:** All data in the model is untrue sample information in order for the reader to gain the full appreciation of what program based budgeting can provide to the Ministry of Finance, which will allow MoF to better manage the financial funding requirements of PGOs.

Program	Ministry of Interior: Toxic Chemicals Storage Safety Program
2013 Budget	\$34,010,000
2013 Goal	Achieve a reduction of 9% from the 2010 baseline in the number of accidents in toxic chemicals storage facilities and a reduction in the seriousness of the accidents so that no more than 28 hospitalizations are required

Performance Budget Program Goals	2013 Planned	2014 Actual	2015 Planned	2016 Planned
Percentage reduction in number of accidents from 2010 baseline	3	2	6	9
Number of hospitalizations required for more than one day due to accidents	32	31	30	28

Activity	Unit of Output	Number of Units	Unit Cost	Total Cost
1. Conduct inspections of toxic chemical storage facilities	An inspection conducted	4975	\$2233	\$11,110,000

2. Investigate incidents of spills and leaks	An investigation completed	1985	\$4544	9,020,000
3. Conduct training and licensing of toxics handlers	A license issued	4100	\$3385	13,880,000
Total				\$34,010,000

Program Budget by Line Item (Object Class)

11.1	Full-time permanent employee salaries	\$12,710,000
11.3	Other than full-time permanent employees	403,000
12.1	Civilian personnel benefits	4,602,000
21.0	Travel and transportation of persons	531,000
23.1	Rental payment to General Services Administration	1,747,000
23.3	Communications, utilities and miscellaneous charges	3,304,000
24.0	Printing and reproduction	363,000
25.4	Operation and maintenance of facilities	2,350,000
25.7	Operation and maintenance of equipment	819,000
26.0	Supplies and materials	2,550,000
31.0	Equipment	4,631,000
	Total Budget	\$34,010,000

This program Performance Budget and its Line-Item Budget are then cascaded down to the next sub-unit level, as illustrated in the following tables. Here, Activity 3 from the Performance Budget above is shown

as cascaded down to the sub-activity level. Note that the budget figure in red for Activity 3 above is identical to the figures in red in both the Performance Budget and its Line-Item Budget shown below. Also note that in both of these examples, only the program (or sub-program) goals and results are shown on a multi-year basis, in order to keep the examples simple. However, the Ministry of Finance might find value in also tracking the multi-year trends in unit costs of an output.

Sub-Program	Office of Licensing and Training
2013 Budget	\$13,880,000
2013 Goal Statement	Issue an anticipated 4100 licenses while achieving an average license trainee satisfaction rating of 3.5 on a 5-point scale

Performance Budget Sub-Program Goals	2013 Planned	2014 Actual	2015 Planned	2016 Planned
Number of licenses issued	3850	3872	3980	4100
Average license trainee satisfaction rating	3.3	3.2	3.4	3.5

Activity 3. Conduct training and licensing of toxics handlers	Unit of Output	Number of Units	Unit Cost	Total Cost
Sub-Activity 3.1. Conduct background checks on applicants	A background investigation completed	5260	\$783	\$4,120,000
Sub-Activity 3.2. Conduct licensee training classes	A training class conducted	550	\$13,609	7,485,000
Sub-Activity 3.3. Provide administration and support services	Work hour	28,715	\$77	2,225,000
Totals	A license issued	4100	\$3385	\$13,880,000

Program Budget by Line Item (Object Class)

11.1	Full-time permanent employee salaries	\$5,211,000
11.3	Other than full-time permanent employees	165,000
12.1	Civilian personnel benefits	1,887,000
21.0	Travel and transportation of persons	218,000
23.1	Rental payment to General Services Administration	698,000
23.3	Communications, utilities and miscellaneous charges	1,321,000
24.0	Printing and reproduction	145,000
25.4	Operation and maintenance of facilities	940,000
25.7	Operation and maintenance of equipment	327,000
26.0	Supplies and materials	1,020,000
31.0	Equipment	1,948,000
	Total Budget	\$13,880,000

Performance-Based Budget Systems, www.ipspr.sc.edu

3. Financial Management System

It is recommended that the entire Budget Development process be automated. The above information shows how Afghanistan can benefit from using the methodology in its current budget process. The piece-mill system for example the revenue collection system which shows the amount of taxes collected and percentages and the AFMIS is centrally located in the MoF and managed by the MoF with no interface to the PGOs. Therefore it is recommended that automation be made a priority and acted upon to implement within the government structure down the PGO to manage the inefficient manual budgetary process; and its interrelationships as it respond to both the budget circular and its development process.

	2013	2014	2015	2016
PGO Level	300	301	302	303
	Year 2013	Year 2014	Year 2015	Year 2016
<i>Number of Employees</i>	15	16	16	16
Total Allocated	200	225	250	275
Balance	100	76	52	28
Vehicle Repairs	39	39	39	37
Security Trucks	13	15	14	14
Trash Removal Trucks	11	9	10	8
Services Trucks	15	15	15	15
Travel	55	40	32	55
Travel to Central Government	25	20	15	20
Travel to Districts	25	15	15	20
Travel International	5	5	2	5
Programs/Activities	173	173	173	173
Women Day	12	12	12	12
Literacy Training	45	45	45	45
Fuel	60	60	60	60

Laws Government of Afghanistan

4. Fiscal Framework and Annual Budget Cycle

It is necessary to reflect on the laws and outline of the fiscal framework and annual budget cycle of Afghanistan. This is for the purpose to contrast what has been mentioned as identified as conclusions and recommendations in an effort to bridge a new direction with the current budget development and integrated process. It is recommended that the entire budgetary process and laws be examined with the aims of improving the Budget development process with the PGO playing a greater role as migration to a modern system become the new direction. It is important that the current Afghanistan situation establish the basis for moving in a more modern budgetary format as TAF has tried to implement as a part of PBGF. It is understood that a change process takes some time to bring all of the stakeholder and entities together to meet this one goal.

The MoF/IDLG and PGO entities tasked with the responsibility of implementing financial automation must have a good understanding of the how the different levels operate within Afghanistan and seek to bridge gaps in coordination, communication and funding needs based on expressed citizen requirement/needs. As the laws and cycle times will be a part of the automated system; which provide for real time updates of budget laws and circulars. There should be training for the PGOs to develop is capacity for long-term sustainability.

5. Conclusion and Summary

This report has examined the 3 pillars upon which the integrated Budget development process would be enhanced with great improvements from both a short-term and intermediate term perspective. It centered on the 3 pillars such as developing a Government of Afghanistan Strategic plan. This plan identifies all of the products and services that the government of Afghanistan provides its citizens. The benefit of such an effort reveals Ministries core products and services with the aims of Officials being able to make critical budgetary decisions concerning the upcoming budget cycle and to address Provincial Governments requested needs. This efforts further provides some stability in products and services because a fixed expenditure can began to be realized from this approach. The budget blueprint will align all of the critical product and service elements from a program and task funding perspective with the aims of Officials being able to understand the critical path for funding one program or task over another program or task when citizens needs far outpace available funding. The integrated Budget Development process will capture this new budgetary approach by ensuring clear budget circular guidance.

The next pillar is financial automation. A integrated financial management system is required and very necessary to manage soundly the fiscal and financial management affairs that the Budget process seeks to achieve. The report has provided some short-term solutions while giving way to intermediate & phased solutions because it is so important for the Government of Afghanistan to view automation as an approach that needs to be made a priority as PBGF has identified.

The final pillar is the GIRoA laws which guides the instructional and development of the budgetary process. The report reviews the current budget laws by relying on the GIRoA current budgetary process. The goals with regards to budget laws is to examine current laws and regulations and either amend the laws, reform programs or pass new laws altogether. Therefore the base laws that are on the books provide a good starting point as the GIRoA seeks to improve its budgetary process.

ANNEX IX: DISCLOSURE OF REAL OR POTENTIAL CONFLICT OF INTEREST

Disclosure of Real or Potential Conflict of Interest for USAID Evaluations

Instructions:

Evaluations of USAID projects will be undertaken so that they are not subject to the perception or reality of biased measurement or reporting due to conflict of interest.¹ For external evaluations, all evaluation team members will provide a signed statement attesting to a lack of conflict of interest or describing an existing conflict of interest relative to the project being evaluated.²

Evaluators of USAID projects have a responsibility to maintain independence so that opinions, conclusions, judgments, and recommendations will be impartial and will be viewed as impartial by third parties. Evaluators and evaluation team members are to disclose all relevant facts regarding real or potential conflicts of interest that could lead reasonable third parties with knowledge of the relevant facts and circumstances to conclude that the evaluator or evaluation team member is not able to maintain independence and, thus, is not capable of exercising objective and impartial judgment on all issues associated with conducting and reporting the work. Operating Unit leadership, in close consultation with the Contracting Officer, will determine whether the real or potential conflict of interest is one that should disqualify an individual from the evaluation team or require recusal by that individual from evaluating certain aspects of the project(s).

In addition, if evaluation team members gain access to proprietary information of other companies in the process of conducting the evaluation, then they must agree with the other companies to protect their information from unauthorized use or disclosure for as long as it remains proprietary and refrain from using the information for any purpose other than that for which it was furnished.³

Real or potential conflicts of interest may include, but are not limited to:

1. Immediate family or close family member who is an employee of the USAID operating unit managing the project(s) being evaluated or the implementing organization(s) whose project(s) are being evaluated.
2. Financial interest that is direct, or is significant/material though indirect, in the implementing organization(s) whose projects are being evaluated or in the outcome of the evaluation.
3. Current or previous direct or significant/material though indirect experience with the project(s) being evaluated, including involvement in the project design or previous iterations of the project.
4. Current or previous work experience or seeking employment with the USAID operating unit managing the evaluation or the implementing organization(s) whose project(s) are being evaluated.
5. Current or previous work experience with an organization that may be seen as an industry competitor with the implementing organization(s) whose project(s) are being evaluated.
6. Preconceived ideas toward individuals, groups, organizations, or objectives of the particular projects and organizations being evaluated that could bias the evaluation.

¹ USAID Evaluation Policy (p. 8); USAID Contract Information Bulletin 99-17; and Federal Acquisition Regulations (FAR) Part 9.5, Organizational Conflicts of Interest, and Subpart 3.10, Contractor Code of Business Ethics and Conduct.

² USAID Evaluation Policy (p. 11)

³ FAR 9.505-4(b)

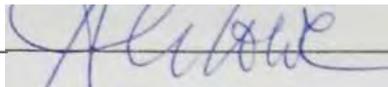
Disclosure of Conflict of Interest for USAID Evaluation Team Members

Name	Alfred Graham Lowe
Title	Consultant
Organization	Checchi and Company Consulting, Inc.
Evaluation Position?	<input checked="" type="checkbox"/> Team Leader <input type="checkbox"/> Team member
Evaluation Award Number (contract or other instrument)	Contract No. AID-306-C-12-0012
USAID Project(s) Evaluated (Include project name(s), implementer name(s) and award number(s), if applicable)	Performance Based Governor's Fund
I have real or potential conflicts of interest to disclose.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>If yes answered above, I disclose the following facts: <i>Real or potential conflicts of interest may include, but are not limited to:</i></p> <ol style="list-style-type: none"> 1. Close family member who is an employee of the USAID operating unit managing the project(s) being evaluated or the implementing organization(s) whose project(s) are being evaluated. 2. Financial interest that is direct, or is significant though indirect, in the implementing organization(s) whose projects are being evaluated or in the outcome of the evaluation. 3. Current or previous direct or significant though indirect experience with the project(s) being evaluated, including involvement in the project design or previous iterations of the project. 4. Current or previous work experience or seeking employment with the USAID operating unit managing the evaluation or the implementing organization(s) whose project(s) are being evaluated. 5. Current or previous work experience with an organization that may be seen as an industry competitor with the implementing organization(s) whose project(s) are being evaluated. 6. Preconceived ideas toward individuals, groups, organizations, or objectives of the particular projects 	<p>Section 5: <input type="checkbox"/></p> <p>a. M&E specialist for ASI International: June 2011: Developed a baseline for ASI capacity building Program to IDLG. Developed Institutional Assessment tool and perception survey of Provincial Governors and evaluated core programs;</p> <p>b. M&E specialist for ASI International: Nov-Dec 2012: Tasked to develop M&E framework through implementation of on-budget support to district and provincial level governors' offices, coordinating planning procedures between provincial councils, district assemblies and technical offices of deconcentrated line ministries;</p>

I certify (1) that I have completed this disclosure form fully and to the best of my ability and (2) that I will update this disclosure form promptly if relevant Circumstances change. If I gain access to proprietary information of other companies. then I agree to protect their information from unauthorized use or disclosure for as long as it remains proprietary and refrain from using the information for any purpose other than that for which it has been furnished.

Signature

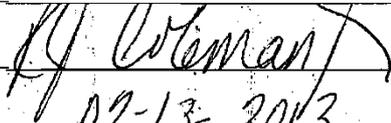
Date : 30 January 2013



Disclosure of Conflict of Interest for USAID Evaluation Team Members

Name	RJ Coleman Jr.
Title	Consultant
Organization	Checchi and Company Consulting, Inc.
Evaluation Position?	Team Leader <input type="checkbox"/> X Team member <input checked="" type="checkbox"/>
Evaluation Award Number (contract or other instrument)	Contract No; AID-306-C-12-0012
USAID Project to be Evaluated (Include project-name(s), implementer name(s) and award number(s), if applicable)	PBGF
I have real or potential conflicts of interest to disclose.	Yes <input type="checkbox"/> X No <input checked="" type="checkbox"/>
<p>If yes answered above, I disclose the following facts: <i>Real or potential conflicts of interest may include, but are not limited to:</i></p> <ol style="list-style-type: none"> 1. Close family member who is an employee of the USAID operating unit managing the project(s) being evaluated or the implementing organization(s) whose project(s) are being evaluated. 2. Financial interest that is direct, or is significant though indirect, in the implementing organization(s) whose projects are being evaluated or in the outcome of the evaluation. 3. Current or previous direct or significant though indirect experience with the project(s) being evaluated, including involvement in the project design or previous iterations of the project. 4. Current or previous work experience or seeking employment with the USAID operating unit managing the evaluation or the implementing organization(s) whose project(s) are being evaluated. 5. Current or previous work experience with an organization that may be seen as an industry competitor with the implementing organization(s) whose project(s) are being evaluated. 6. Preconceived ideas toward individuals, groups, organizations, or objectives of the particular projects 	

I certify (1) that I have completed this disclosure form fully and to the best of my ability and (2) that I will update this disclosure form promptly if relevant Circumstances change. If I gain access to proprietary information of other companies. then I agree to protect their information from unauthorized use or disclosure for as long as it remains proprietary and refrain from using the information for any purpose other than that for which it has been furnished.

Signature	
Date	02-13-2013

Checchi and Company Consulting, Inc.

USAID/SUPPORT II Project

Kabul, Afghanistan