



PROJECT LESSONS-LEARNED REPORT

Project Title:	Support to Payroll Management (SPM) Project
Country:	Afghanistan
Related CPAP Outcome	Outcome 2: Trust in and access to fair, effective, and accountable rule of law services is increased in accordance with applicable international human rights standards and the government’s legal obligations.
Project Description and Key Lessons-Learned	
Brief description of context	<p>In April 2015, the Government of the Islamic Republic of Afghanistan (GIROA), UNDP and the donors supporting the Law and Order Trust Fund for Afghanistan (LOTFA) received H.E. President Ghani’s approval to proceed with the restructuring of LOTFA and the development of a new programme document that included the design of a LOTFA Transition Plan to succeed the LOTFA <i>Akheri</i> beginning 1 July 2015. The LOTFA transition would ensure the full handover of the payroll functions to the GIROA and to develop national capacity for its effective, efficient, and accountable management. They agreed on a three-phased, conditions-based transition period from July 2015 to December 2016, with clear targets and deliverables for each phase. Some twenty-three conditions were agreed in a Donor Conditions document – for all the four parties¹—which set out the conditions for the transition of payroll management to GIROA (MOIA).</p> <p>Since the end of the three phases—i.e., December 2016, the SPM project had been subjected to series of extensions, as a result of mostly MOIA not meeting most of its twelve donor conditions. The statuses of those conditions were subjected to two separate independent assessments both of which identified the same facts about MOIA’s conditions.</p> <p>As part of the US-Taliban peace deal, the US and NATO forces began their withdrawal from Afghanistan from May 2021 which saw a deterioration in the security situation in Afghanistan as a consequence. As the Taliban’s offensive continued, many districts and provincial capitals started to fall to the Taliban further worsening the security in most parts of the country. On the 15th of August 2021 there came the invasion of Kabul and consequently the overthrow of the Ghani-led government and consequent taking over of the government by the <i>De facto</i> Authority. As the consequence of this, UNDP immediately suspended all LOTFA related projects which was subsequently unanimously approved by LOTFA donors. At the time of this suspension, there was no LOTFA fund in the hands of the former government (Ministry of Finance) since the latest advance request made by the MoF had not been processed. Based on this suspension of project activities, both APPS and WEPS systems were shut down and taken out of service. So far, for 2021, police payrolls were processed for only January to July 2021. At its meeting of 4th November 2021, the LOTFA MPTF Steering Committee decided to close the project effective on 4th December 2021.</p>
Brief description of project	The LOTFA-SPM Project was a dedicated payroll management project with approximately 40, mostly national staff and 3 international staff, working closely together with MOIA staff from the Budget & Finance, HR and ICT departments to ensure timely payment of salaries and incentives to the ANP and GDPDC officers. The expected outcome of the SPM project was to build the Government of

¹ The donor conditions document was meant for the full transition of all payroll management functions to the Ministry of Interior Affairs (MOIA) of the Government of the Islamic Republic of Afghanistan (GIROA). It outlined the consensus reached by the MOIA, Ministry of Finance (MOF), Combined Security Transition Command – Afghanistan (CSTC-A) and United Nations Development Programme (UNDP) responsibilities, and donors’ expectations to deliver an integrated human resources and payroll system.

	<p>Islamic Republic of Afghanistan (GIROA)’s capacity to independently manage all <i>non-fiduciary</i> aspects of payroll for the ANP and GDPDC, including producing relevant reports for donors in their specified formats. MOIA should also be able to manage the full range of functions related to payroll, i.e., human resources, accounting, and information and communication technology in a seamless manner.</p> <p>The LOTFA-SPM project was divided into 6 outputs as follows:</p> <ul style="list-style-type: none"> ○ <u>Output 1</u> entails having in place updated legislative, policy and regulatory framework and business processes, implemented and functional in support of independent MOIA payroll management. ○ <u>Output 2</u> entails MOIA personnel (in Payroll, Human Resources (HR), Finance and Budget as appropriate) being able to independently undertake all payroll inputs, processing and validation tasks to agreed and measurable standards, using the reliability, accuracy and timeliness of personnel data and payroll to support improved evidence-based planning, prioritization and decisions. ○ <u>Output 3</u> covers MOIA’s payroll systems which should electronically be linked with HR systems, implemented and operational nationwide, and covers all pertinent and validated personnel. Three interconnected activity results are to be achieved for the overall achievement of this Output. ○ <u>Output 4</u> covers the provisions of the necessary infrastructures to support the full functionality of MOIA payroll systems during and after the SPM project. ○ <u>Output 5</u> is the core function of the SPM project as it entails the transfer of funds, on a timely and regular basis, to MOF for Police Pay. ○ <u>Output 6</u> is the SPM Project management component which is to ensure that the rest of the outputs get implemented in accordance with the project document and in a timely, efficient, accountable and effective manner.
<p>Key project successes</p>	<ul style="list-style-type: none"> ○ From the beginning of the project, SPM led and supervised improvements in systems architectures, oversight mechanisms and adjustments to the police payroll system—WEPS—which greatly, improved misappropriations, errors, revolutionized reporting, hence improving the integrity of the whole LOTFA payroll funding. ○ High level of effectiveness and efficiency across almost all outputs of the SPM Project’s log-frame, which was confirmed in the successive annual audit reports; two independent mid-term evaluations; and various other independent reports, such as the risk assessment report, etc. For example, the 2017 mid-term evaluation report reflected this as follows: <ul style="list-style-type: none"> “Overall, we find the SPM Project achieving or exceeding its benchmarks for the development of MOIA policies and procedures related to the payroll process; strengthening LOTFA governance and oversight mechanisms (such as the Monitoring Agent and Thematic Working Groups); building WEPS systems architecture, data entry, reconciliation and verification via innovations such as the “Digital M16” form and bar code; supporting the expansion of pay distribution modalities such as Electronic Funds Transfer and Mobile Money; and supporting CSTC-A in data for the Afghanistan Personnel and Pay System (APPS).” ○ As a result of SPM project’s interventions and oversight mechanisms, the MOIA payroll for ANP and GDPDC became more efficient, transparent, timely and accurate. By the end of the project, the percentage of ANP and GDPDC personnel paid by EFT had reached a 95% and 100%, respectively, thanks to the efforts of the SPM project in leveraging mobile banking. The project had also achieved 100% connectivity of all ANP payroll stations via a direct link to MOIA’s intranet, and protected VPN connectivity (via public Internet) to the MOIA servers for all GDPDC payroll stations. ○ By the end of the project, the windows of opportunity for “ghost police” and other forms of corruption surrounding the ANP payroll process had closed, as a result of LOTFA-SPM project’s strengthening of internal controls, introduction of the Monitoring Agent and its physical verifications, etc. ○ Over the duration of the project, SPM provided trainings to over 2,000 staff of the MOIA, across its various departments—Finance and Budget, Personnel

	<p>directorate, provincial finance and HR officers, civilian deputy commanders, etc., all with the objective to ensure that MOIA built capacity to undertake all non-fiduciary aspects of payroll management.</p>
Project shortcomings and solutions	<ul style="list-style-type: none"> ○ Limitation of Project scope: From its inception in July 2015, SPM project was limited to a narrow scope—limited to supporting MOIA in payroll management—while leaving out other complementary scope, such as human rights and gender. Following the completion of the Human Rights Due Diligence Policy (HRDDP) risk assessment, Donors and UNDP recommended for SPM project to include Human Rights and Gender activities in its 2021 Annual Work Plan. These two activities could have been integrated/mainstreamed in the project’s AWP and tied to payroll, which could help to encourage the implementing partner, MOIA, to adhere to the international standards and principles to promote human rights, gender equality and the full realization of women’s rights and freedoms. ○ Funding challenge of sustaining police payroll: While the project enjoyed stable funding throughout its nascent years—2015 to 2019, it started facing financial difficulty in meeting cash disbursements on a timely manner towards the end of its life—from 2020. For example, from 2018, the number of contributing donors reduced, with some leaving the Fund altogether and others earmarking funds away from payroll (SPM project) towards the non-payroll Thematic Windows. In 2021, projected cash shortfall for police payroll was estimated at US\$95m. Through the joint efforts of TFMU, donors, MOIA, and UNDP, the matter was well managed, and becoming moot following the change of government and the subsequent suspension of project activities.
Lessons learned	<ul style="list-style-type: none"> ○ While not a typical development project for UNDP—as a development organization—the LOTFA-SPM Project proves that UNDP as an organization is able to operate effectively (rendering both fiduciary services and development implementation) within a conflict-country context such as Afghanistan—in partnership with a national implementing partner, the MOIA— and alongside a U.N. political mission and international partners. ○ Coordination: For a project the size of SPM project, effective coordination requires investments of time, funding and commitment and transactions costs, particularly in the establishment of oversight and enforcing systems of controls and protecting the reputation of UNDP and its partners. ○ Sustainability: It is critical to ensure that exit and sustainability strategies are built into projects from the design stage, to guarantee the sustainability of interventions after donor funding ceases and project closure. The SPM project became some sort of a ‘perpetual’ undertaking in the hands of UNDP and for the donors, the funding reached an unsustainable level, one which GIROA could not sustain.
Follow-up Actions	<p>Based on the nature of the SPM project and its abrupt closure, resulting from the take-over of government by Taliban, the only recommended follow up necessary here is to take the above-mentioned lessons into future planning for other similar projects.</p>

Project Information	
Award ID:	SPM (95495, 95840, 95844, 95849, 95846, 95848)
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Partners:	MOIA, LOTFA Donors
Project resources:	<i>SPM Project Final Review Report</i>
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