

INCEPTION REPORT

MARCH 2020



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Katie Blanchette
Contract Manager
World Bank
15th Street
Wazir Akbar Khan
Kabul
Afghanistan

7 April 2020

Dear Katie

THIRD PARTY MONITORING AGENT INCEPTION REPORT

This Inception Report covers progress made the period from January to February 2020 and prefigures work to be undertaken over the course of this year.

We believe we have made positive progress in establishing the programme and in understanding the scale of requirements from different projects and project personnel: this work will continue so that by the end of Q2, if not earlier, we have a complete picture of project monitoring needs, whether funded through ARTF or IDA.

This document includes 2020 work plans for the Recurrent Cost Window and Investment Window monitoring. Our ability to realise these will be dependent on the impact of COVID-19 as it develops in Afghanistan. Site visits are necessary for both Windows, whether to engage with Government entities or urban and rural communities and we will keep the Bank informed as circumstances change.

For the moment, we expect our Recurrent Cost Window reporting on FY 1338 (2019) to be completed on time, with possible constraints arising from next month onwards as we begin to seek documentary evidence for Q1 1399 (2020), as well as embarking on the second round of Investment Window site visits. We will track the movement of COVID-19 across the country to assess how it might affect the ability of our Financial and Physical Monitoring teams to function and seek to be proactive and creative in identifying ways in which we can continue our work during the year. Our priority will, of course, remain the safety and security of all our staff engaged on this task and to avoid any negative consequences both for our task partners and the Afghan people.



Iain Nettleton
Partner
For and on behalf of BDO LLP

Tel 020 7893 2403 | Mobile 07725 208 903
Fax 0207 065 0650 | Email iain.nettleton@bdo.co.uk |
BDO LLP | 55 Baker Street | London | W1 7EU

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ABBREVIATIONS AND ACRONYMS

AAIP	Afghanistan Agricultural Input Project
AFMIS	Afghanistan Management Information System
AFN	Afghanis (currency)
ARAP	Afghanistan Rural Access Project
ARTF	Afghanistan Reconstruction Trust Fund
CCAP	Citizens' Charter Afghanistan Project
CDC(s)	Community Development Council(s)
DA	Designated Account
DKM	Digital Knowledge Management
EQRA	Education Quality Reform in Afghanistan
ESMF	Environment and Social Management Framework
ESMP(s)	Environmental and Social Management Plan(s)
EZ-Kar	Eshtehal Zaiee-Karmondena
FGD(s)	Focus Group Discussion(s)
FY	Fiscal Year (21 December to 20 December of the following year)
GRM(s)	Grievance Redress Mechanism(s)
HEDP	Higher Education Development Project
IDA	International Development Association
IDLG	Independent Directorate of Local Governance
IPDPG	Incentive Program Development Policy Grant
IRDP	Irrigation Restoration and Development Project
IW	Investment Window
KII(s)	Key Informant Interview(s)
M&E	Monitoring and Evaluation
MA	Monitoring Agent
MIS	Management Information System(s)
MoE	Ministry of Education
MoF	Ministry of Finance
MRRD	Ministry of Rural Rehabilitation and Development
MSI	Management Systems International
NHLP	National Horticulture and Livestock Project
NPBSE	Non-Payroll-Based Salary Expenditure

O&M	Operations and Maintenance
OFWMP	On-Farm Water Management Project
PBSE	Payroll-Based Salary Expenditure
PIM	Project Implementation and Management
PIU(s)	Project Implementation Unit(s)
PMU(s)	Provincial Management Unit(s)
PoC(s)	Point(s) of Contact
RAP(s)	Resettlement Action Plan(s)
RCW	Recurrent Cost Window
RfQ(s)	Request(s) for Quotation
SA	Supervisory Agent
SAO	Supreme Audit Office
SoE(s)	Statement(s) of Expenditure
THRCP	Trans-Hindu Kush Road Connectivity Project
ToR	Terms of Reference
TPM	Third Party Monitoring
TPMA	Third Party Monitoring Agent
TTL(s)	Task Team Lead(s)
USD	United States Dollar (currency)
WEE-RDP	Women's Economic Empowerment Rural Development Project

EXECUTIVE SUMMARY

This Inception Report identifies how we, as Third Party Monitoring Agent for World Bank-funded projects in Afghanistan have responded during the first two months of 2020 to the Scope of Work as set out in the Consulting Services Agreement signed in December 2019 and associated Terms of Reference (Annex A) and have amended our methodology in response.

This report also identifies how we have engaged with World Bank staff and with Government counterparts, and where our response to the Scope of Work has evolved during the Inception Period. It also sets out our broad work plans for 2020 in so far as they can be determined in the face of the current and potential impact of COVID-19 in Afghanistan.

In addition to undertaking tasks now brought together from the previous separate Monitoring Agent and Supervisory Agent contracts, the Third Party Monitoring contract aims at a number of new tasks, including those shown in the table below.

TABLE 1: SELECTED NEW TPM TASKS

<p>Initiating the new Statement of Expenditure approach to replace Interim Un-audited Financial Reports.</p>	<p>Bringing together Financial and Physical Monitoring tasks for analytical and reporting purposes through a new data sharing platform and knowledge management system.</p>	<p>Expanding Physical Monitoring tasking to address wider concerns around social and environmental safeguards and community mobilization and engagement (often described as 'soft components').</p>	<p>Providing training, supervision and guidance for Government staff over complex financial transactions and on the requirements of the World Bank's Financial Management Manual, including developing a Financial Management App.</p>
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The new contract requires expanding the number of site visits to at least 4,000 site visits a year for projects funded by the Afghanistan Reconstruction Trust Fund through the Investment Window and those funded by the International Development Association. It also involves addressing held-over tasks from 2019 in the form of infrastructure deviations recorded at the end of the year as Open or Pending, including those assessed as Critical (or Life-Threatening) and conducting site visits for personnel verification (under the Recurrent Cost Window) in districts not previously reachable by Financial Monitoring staff for reasons of security or physical access.

During the Inception Period we began to undertake Investment Window-related site visits with the aim of completing 385 site visits by 25 March and to commence Recurrent Cost Window-related personnel verification for 530 staff. At the World Bank's request, we have done so using the survey tools and data collection and sharing platforms employed by the previous Supervisory Agent on Investment Window infrastructure site visits, with some minor amendments to and expansions of the tools agreed in discussion with World Bank Task Team Leads. Some reports have been submitted already. Others, including Financial Monitoring reports covering the Afghan Government's Financial Year 1398 (2019), will be submitted in Q2 2020.

This report addresses Third Party Monitoring staff recruitment and deployment, including plans for expanding Financial Monitoring resources through 2020 and the initiation of an internship programme for

female personnel. It sets out how we have begun the task of developing a new and improved digital platform and knowledge management system to replace Fulcrum and Ardea, the data collection and sharing platforms previously used. It goes into some detail about how financial and physical monitoring data will be fed into the new platform, quality assured and then made available to the World Bank.

Finally, it sets out our Duty of Care arrangements and project risk assessment, including in response to the COVID-19 pandemic.

BACKGROUND

Since the commencement of the Afghanistan Reconstruction Trust Fund (ARTF), the World Bank has contracted an independent Monitoring Agent (MA) to provide monitoring, financial management, and accountability support for disbursements through the recurrent cost element of the ARTF (currently the Recurrent Cost Window, RCW).

In 2011, the World Bank expanded third party monitoring (TPM) of ARTF-financed initiatives and contracted an independent Supervisory Agent (SA) to support World Bank Task Teams in monitoring the implementation of Investment Window (IW)-financed projects. The SA worked with Task Teams to develop monitoring protocols specific to individual projects and applicable environmental and social safeguarding considerations. It deployed monitoring teams to conduct site visits, using mobile technology and software to compile and share data with Task Teams and Afghan Government entities. The SA also engaged in structured follow-up with both on reported deficiencies ('deviations') to track and verify remedial measures.

As MA since 2013, we have been responsible for monitoring the eligibility of Afghan Government expenditure for reimbursement through the RCW (and its predecessors) and reporting on the RCW, including reviewing disbursements, payments, accounting, and reporting on activities financed through the ARTF. In 2018 the World Bank increased our scope of work to monitor financial aspects of selected IW-funded projects. As well as monitoring and reporting on ARTF-supported operations and related Government expenditure, we have supported Government capacity building in financial management and accounting practices linked to the RCW, reporting monthly, quarterly, and annually on our findings, and providing periodic briefings to ARTF stakeholders at the request of the World Bank.

Since January 2020, we have combined the roles of MA and SA as Third Party Monitoring Agent (TPMA) for World Bank-funded projects in Afghanistan. Our team comprises a nationwide team of Physical Monitoring staff, Financial Monitoring staff based in Kabul and in a number of regional offices, and a Data Knowledge Management and Monitoring and Evaluation (M&E) team located in Kabul, London and Washington DC.

GOAL

As TPMA, our overall goal¹ is to maximize the value for money of World Bank programmes and projects in Afghanistan funded by the ARTF and IDA. We are also required to provide fiduciary assurance on the Afghan Government's use of grant proceeds and their likely development impact to World Bank management, the Government, ARTF partners and the public. In doing so, this task is intended to provide the World Bank with "additional means to provide project scrutiny beyond what is typically possible under direct supervision by World Bank Task Teams".

OBJECTIVES

The specific objectives of the task are:

- To verify the eligibility of recurrent expenditure for financing under the RCW based on agreed sample-based reviews of relevant financial records;

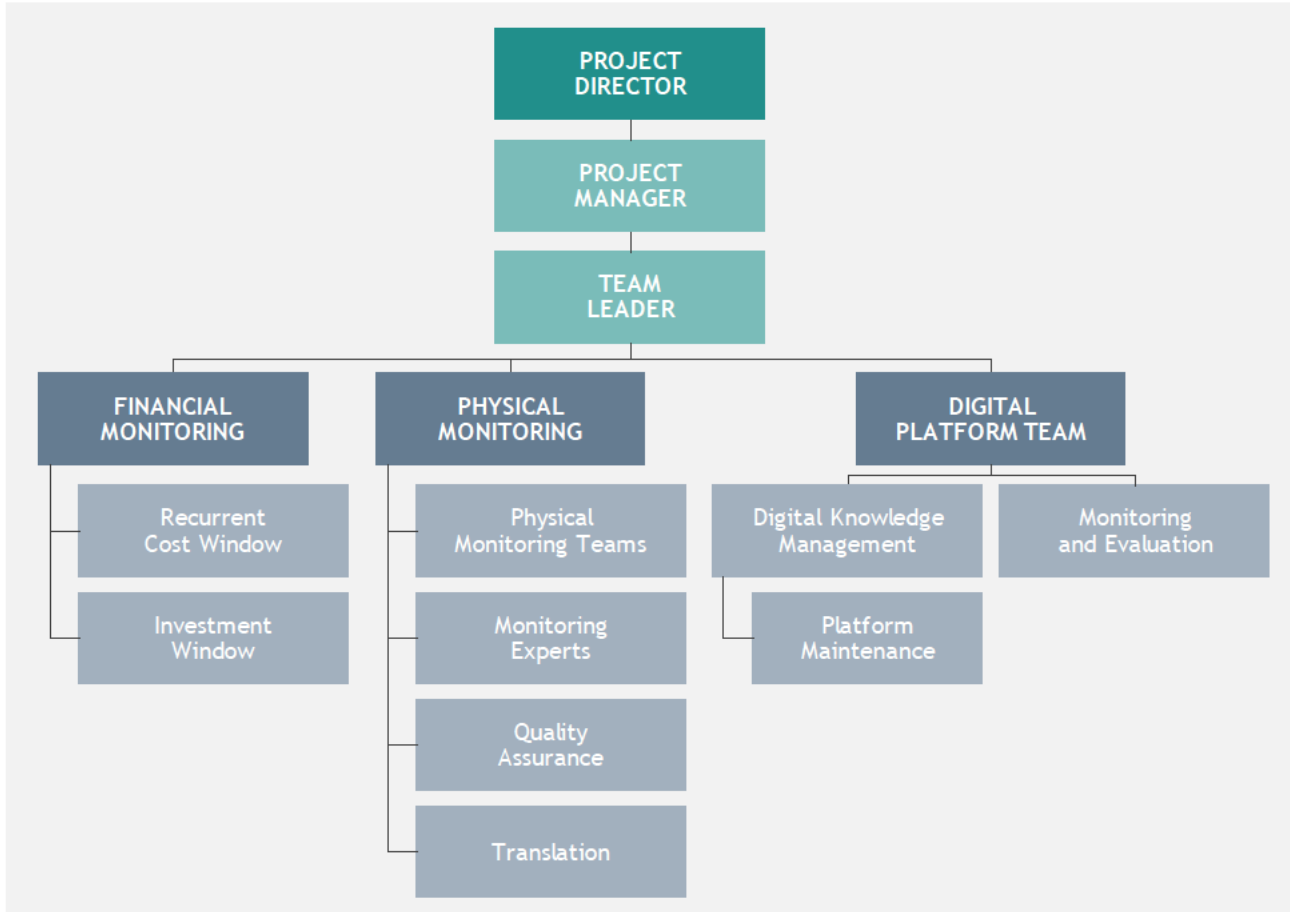
¹ Set out in Annex A of the Consulting Services Agreement.

- To assist in minimizing weaknesses in payroll management including possible inaccuracies in the Government payroll records, such as ‘ghost’ employees, through physical verifications of Government employees based on agreed sampling procedures;
- To assure value for money of ARTF/IDA investment projects through integrated oversight of project implementation performance and compliance with fiduciary standards and requirements and with the applicable environmental and social safeguard policies or framework. Doing so requires establishing and implementing monitoring protocols for measuring implementation progress, undertaken through site visits, validating project data, and assessing physical progress, construction quality, deviations and the use of infrastructure;
- To provide additional assurances through *ad hoc* ‘special’ assignments as requested by the Bank, in the form of in-depth reviews of project performance and compliance with fiduciary and safeguarding requirements; and
- To contribute to improvements in project-level performance monitoring, fiduciary oversight (controls, reporting, etc.), environmental and social safeguards, and data management by project implementing agencies through knowledge sharing, as requested.

In addition, the World Bank may occasionally request us to share know-how relevant to this task, such as around project monitoring, financial audit and data management, in fulfilment of the above objectives.

STAFFING AND ORGANIZATION

FIGURE 1: SIMPLIFIED ORGANIZATION CHART



The Organization Charts in the Technical Proposal remain broadly in place, with some changes to individual non-Key Personnel, and with renaming of certain positions within the Financial Monitoring team. A list of principal staff members is shown at Annex E².

INTERNATIONAL STAFF

Of the international Financial Monitoring staff identified in the Technical Proposal, all were contracted during the Inception Period. A Procurement Specialist has been contracted and is awaiting deployment to Afghanistan. Two international Fiduciary Specialists have been contracted, with a planned start date of July 2020.

For the Physical Monitoring team, additional international subject specialists remain available for deployment as and when required.

All members of the Digital Platform and Digital Knowledge Management Team identified in the Technical Proposal have been contracted, together with a Digital Knowledge Management (DKM) Manager and M&E Lead. These are included in Annex E.

² Correct as of May 2020.

With the World Bank's approval, a DKM technical partner, Oval Business Solutions, is working with the DKM Lead and DKM Manager to design and develop the next phase of the digital monitoring and data sharing platform. Oval will also support the maintenance of the platform throughout the TPM contract.

NATIONAL STAFF

Financial Monitoring

A resource plan covering the expansion of national staff working on Financial Monitoring has been developed and agreed, envisaging an expansion to bring the total Financial Monitoring complement to 36 national staff for both RCW and IW.

Two planned areas of staff expansion were:

- The recruitment for a first tranche of 5 new personnel which began at the end of the Inception Period and has led to the development of a shortlist of candidates; and
- The recruitment of two female interns, for which we approached the American University of Afghanistan, with the intention of supporting suitable individuals through a professional qualification, leading to two further internships in 2021.

The impact of COVID-19, including lockdown and the closure of educational establishments in Kabul, has delayed completion of these tasks.

Digital Platform and Data & Knowledge Management

Four national staff have been contracted as M&E Managers and Analysts.

Physical Monitoring

The Scope of Work requires that site visits be conducted by a 'standard' team of monitors capable of conducting regular supervision of physical progress in project implementation and compliance with the World Bank's and Afghan Government's fiduciary and environmental and social safeguards. Although Physical Monitoring teams will vary in size according to the requirements of the monitoring task, we currently engage male and female personnel as a minimum (including a *mahram* where required), with specialist skillsets, such as engineering, energy or transport specialists, drawn on as required for project purposes. Currently, we engage a maximum team of five personnel to conduct physical monitoring.

To provide continuity of knowledge and to maintain relationships with Government counterparts, a number of national staff from the former SA were taken on as Quality Assurance Engineers and as Monitoring Experts to act as Points of Contact (PoCs) for Government entities.

By drawing on contracted Physical Monitoring staff able to work across the country, with re-training as needed for each round of physical monitoring, we have not initially needed to make use of the SA's previous 'citizen monitors'. However, the potential remains for community-based progress reporting to supplement the work of the Physical Monitoring staff, especially in more remote locations, during the winter months, and given the impact of COVID-19 on access in different parts of the country. We have begun to explore how to provide remote training in mobile-based reporting for community members and how that resource might be applied to different World Bank-funded projects.

TEAM COMPOSITION









TABLE 2: TEAM COMPOSITION

TEAM	MALE	FEMALE
Project Management	3	0
Financial Monitoring	31	0
DKM and Digital Platform	6	2
Physical Monitoring	135	40
Total	175	42

The team leads for Physical Monitoring and M&E (within the DKM and Digital Platform team) are female. As noted above, we have approached the American University of Afghanistan to identify two female potential interns in 2020 and drawn up a shortlist of additional Financial Monitoring staff to be recruited as the COVID-19 pandemic allows.

QUALITY ASSURANCE FOR STAFF

Under the Scope of Work, we are required to:

	Vet staff based on appropriate background checks.
	Provide information to all staff regarding a Worker Code of Conduct, including in local language(s).
	Include a Worker Code of Conduct as part of the staff employment contract and including sanctions for non-compliance (for example, termination).
	Provision of regular cultural sensitization training for workers regarding engagement with local communities.
	Conduct mandatory and repeated training and awareness raising for the staff about refraining from unacceptable conduct toward local community members, specifically children and females.
	Conduct mandatory and repeated training for workers on required lawful conduct in host communities and legal consequences for failure to comply with laws.
	Inform workers about national laws that make sexual harassment and gender-based violence a punishable offence which is prosecuted.
	Adopt a policy to cooperate with law enforcement agencies in investigating complaints about gender-based violence, or other forms of worker misconduct.
	Regularly furnish the World Bank Contract Manager with reports on compliance with the above, and immediately inform the Contract Manager of any complaint/case of misconduct.

INITIATING THE THIRD PARTY MONITORING TASK

During the Inception Period, commencing in mid-December 2019 with the contract award, we have successfully achieved the following:

- Mobilised six international staff for the Financial Monitoring team and four international staff to initiate the new Physical Monitoring and digital platform development, together with an international in-country team leader;
- Identified and contracted international personnel for all proposed positions;
- Held in-country meetings between the Team Leader for Management Systems International (MSI, as Supervisory Agent) and its staff in Kabul and our in-country Team Leader and Physical Monitoring management team for a presentation on how MSI had undertaken its task, to clarify functional data collection and reporting processes, to confirm the timetable for the handover of assets, and arrangements for the handover of Fulcrum as the data collection tool for physical monitoring, and Ardea as the digital platform for collating and sharing information with the World Bank and Government entities;
- Worked with MSI to organize meetings with five key Government entities³ to introduce the new TPM arrangements and gain insights on how to improve TPM based on their past experience and engagement with Ardea;
- Met with MSI's national engineers and Government PoCs, recruiting a number of them to promote continuity of service provision;
- Completed the handover of assets used by MSI staff in different Government entities (principally office furniture and IT equipment);
- Held face-to-face and online meetings with World Bank Task Team Leads and project staff, including reviewing, revising and developing new tools for infrastructure and social mobilisation monitoring;
- Trained and deployed more than 100 male and female Physical Monitoring staff in Kabul and the provinces, with training provided on:
 - The data collection survey tools inherited from MSI for each project being monitored;
 - Fulcrum, the mobile-based application software used by MSI to upload data;
 - Revisions to project data collection tools as developed and agreed with World Bank project staff, with follow-up training in each data collection round for Physical Monitoring staff where tools have changed;
 - SurveyCTO, a new data collection app available in Dari and Pashto, initially for 'soft component' data collection, and ultimately for infrastructure data collection as well; and
 - New quality assurance protocols.

³ The Ministries of Rural Rehabilitation and Development, Education, Transport, of Agriculture, Irrigation and Livestock, and the Independent Directorate of Local Governance.

- Initiated the first round of 4,000 planned site visits in 2020, with six projects covered in February and March, including the Citizens' Charter Afghanistan Project (CCAP) CCAP and Education Quality Reform in Afghanistan (EQRA);
- Reviewed MSI's technical and supporting documentation for Fulcrum and Ardea and engaged online and by email with MSI staff in the USA for a more comprehensive understanding of both platforms, in which MSI proved responsive and helpful;
- Initiated the design of the new data sharing platform, while maintaining the existing data sharing platforms;
- Staged a two-day platform development workshop in Dubai with extensive World Bank and Government participation, gathering vital information on stakeholder user requirements for the development of the digital platform, whilst also relaying the realistic capabilities of such a platform⁴; and
- Responded to critical and urgent requests from the World Bank in relation to project delivery and the impact of COVID-19.

⁴ An additional day was spent discussing financial monitoring issues.

RESPONDING TO THE SCOPE OF WORK: RECURRENT COST WINDOW

EXPENDITURE MONITORING FOR COMPLIANCE AND ELIGIBILITY

Objectives

The primary objectives of this part of the assignment are:

- To conduct a thorough review of civilian recurrent expenditure on a sample basis and offer assurance of their value for money and fiduciary compliance with applicable Afghan Government and World Bank rules, including through the physical verification of Government employees; and
- To determine the eligibility ceiling for ARTF financing following the eligibility criteria established in the Incentive Program Development Policy Grant (IPDPG) ARTF Grant Agreement and/or the ARTF RCW Operational Manual on Eligibility (1389 Version). Regular, sample-based reviews may be supplemented by *ad hoc* tasks for more in-depth scrutiny of selected aspects of RCW financial management.

Secondary objectives during 2020 include updating the RCW Operational Manual on Eligibility and, once approved for use, providing training and capacity building for relevant Government staff.

Eligibility Criteria

In determining the eligibility ceiling - that is, the total amount of expenditure calculated to be eligible based on the sample - we assess the extent to which expenditure initially calculated as ineligible is avoidable or unavoidable. Avoidable ineligibility relates to expenditure that would have been eligible save that the process followed was non-compliant. Unavoidable ineligibility relates to expenditure that is ineligible by nature, such as police and military expenses.

Avoidable ineligibilities are assessed against the principal Afghan laws and regulations shown in the table below.

TABLE 3: BASIS OF ELIGIBILITY

BASIS OF ELIGIBILITY	REQUIREMENT FOR ELIGIBILITY
Budget Law	Expenditure is only eligible if it is designated in line with the Budget Law.
Annual Budget Decree	Expenditure is only eligible if it is included in the yearly Budget.
Public Finance and Expenditure Management (PFEM) Law	Expenditure should comply with the Rules and Regulations of the Law.
Procurement Laws and Related Regulations	Procurement of goods and services must comply with Afghan Procurement Law, Related Regulations and Circulars issued by the National Procurement Authority.
Civil Service/Servants Law and Regulations	Payroll administration and employee hiring processes for new recruitments into the civil service must comply with Afghan Civil Service legislation and relevant regulations.

Circulars issued by the Ministry of Finance (MoF)	MoF circulars are official updates to policies and procedures. They are to be complied with and can cover various issues from cash management to disbarment of advances.
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In addition to these laws and regulations, the ARTF has developed additional requirements to determine the eligibility of expenditure, set out in the table below.

TABLE 4: ARTF ELIGIBILITY REQUIREMENTS

BASIS OF ELIGIBILITY	REQUIREMENT FOR ELIGIBILITY
ARTF RCW Grant Agreement, IPDPG Agreement and ARTF RCW Operational Manual on Eligibility	The ARTF RCW Grant Agreement and Operational Manual on Eligibility have specific criteria on eligibility. There are additional procurement requirements for expenditure of capitalised goods and works from the recurrent civilian budget. As per the IPDPG Agreement, some expenditure, such as for military or paramilitary purposes, for luxurious consumption, environmentally hazardous goods, etc, is excluded and not considered as eligible for financing.
Fiduciary Standards	Fiduciary Standards have been agreed between the MoF and World Bank. These are periodically updated.

MONITORING PRINCIPLES

Expenditure funded under the ARTF RCW Grant Agreement is divided into four main categories:

- Payroll-Based Salary Expenditure (PBSE)
- Non-Payroll-Based Salary Expenditure (NPBSE)
- Operations and Maintenance (O&M), excluding Pension payments
- O&M Pension payments

Together, these categories encompass all the expenditure codes in the Government's Chart of Accounts funded under the Recurrent Cost Component.

A RISK-BASED APPROACH

In relation to RCW financial testing, our approach to sampling is risk-based. In this contract, we will focus more closely on procurement processes and controls by Government entities involving larger transactions and ineligibilities than in previous years. This is intended to provide more in-depth explanations of how risks can be mitigated, and ineligibilities reduced.

We will strengthen the Government's risk-based approach to sampling in relation to payroll process controls implemented by those Government entities responsible for larger transactions and where a higher level of ineligibilities has been evidenced in previous years.

To do this, we have developed an action plan, working with the MoF on ineligibility findings, with the results to be included in the revised ARTF RCW Operational Manual for Eligibility. We will continue to follow up on our results and findings through regular communication with the MoF and spending entities.

SEEKING EVIDENCE

In monitoring expenditure in the four categories described above, we seek evidence in the different areas⁵ set out in the table below.

TABLE 5: ASSESSING ELIGIBILITY

ASSERTION	SUMMARY
Existence	<ul style="list-style-type: none"> That payroll remuneration is for employee delivery of Government services and activities; That procured goods and materials have been received and are in use for their intended purpose; That general administrative expenses have been incurred for official purposes.
Proper Authorisation	<ul style="list-style-type: none"> That transactions are justified, supported, authorised and approved in accordance with established rules and regulations.
Completeness and Timeliness	<ul style="list-style-type: none"> That transactions have been fully recorded (for example, complete rather than partial payroll expenditure) and within three months of the expenditure being incurred.
Presentation and Disclosure	<ul style="list-style-type: none"> That transactions have been accurately coded using the relevant general ledger and budget activity codes.

In actual monitoring practice, for all types of expenditure we then undertake a series of actions designed to provide evidence for reporting purposes, drawn from the central as well as provincial sources. Thus, during 2020 we will undertake documentary reviews involving site visits to Government offices in Kabul and the provinces.

We will review existing internal control mechanisms applicable to MoF representatives and Government entities in carrying out their payroll and procurement functions and incurring operational expenditure. In reviewing internal control systems, we will assess the design and operational effectiveness of the following:

- **Authorisation Controls:** Assessing authorisation controls relating to payroll records at the time of hiring, promotion and termination. We will assess whether controls relating to payroll and O&M expenditure transactions have been executed in accordance with approved rules and within prescribed limits;
- **Transaction Processing Controls:** We will test controls relating to the timely and appropriate recording of payroll and O&M transactions;
- **Physical Safeguard Controls:** We will test whether assets are safeguarded from unauthorised access, use or disposal, compare the recorded quantity of items with the physical quantity of goods at reasonable intervals to ensure their existence and condition; and
- **Substantiation and Evaluation Controls:** We will check whether transactions relating to payroll and O&M are supported by adequate evidence, and whether operational and accounting procedures have been followed to ensure the accuracy and reliability of accounting data.

These tests will involve detailed checking of the processing, recording, and payment for payroll and O&M expenses to ensure that:

⁵ Called 'assertions' in financial management terms

- Appropriate internal controls and record keeping systems are being maintained for payroll and O&M expenditure; and
- Procurement of goods is in accordance with current legislative and regulatory procedures and World Bank international bidding procedures where applicable.

Our reviews of O&M expenditure will include reviewing reimbursements for employees, travel and general administration expenses and procurement. These will aim to ensure that:

- Expenses are for the stated purposes and have been appropriately approved and authorised;
- Payment is evidenced by adequate supporting documentation, which has been authorised and acknowledged;
- Payments are booked in time and allocated to the correct account code; and
- An effective audit trail is maintained to substantiate all payments.

Similarly, our reviews of the procurement cycle include reviewing methods of procurement, calls for tenders, the receipt and evaluation of bids, supplier assessments and awards, contract management, purchase order management, and the delivery and receipt of goods. These aim at ensuring that:

- Procurement processes have been properly authorised, and the correct method of procurement has been used;
- Procurement processes regarding calls for tender, bid processes and evaluation, and awards of contract have been complied with and are consistent with the method of procurement applied;
- Suppliers have been paid according to the conditions of contract and at the approved rates;
- Goods have been received within the given time in appropriate quantities and quality as specified in the conditions of contract;
- Procurement and receipt of goods are accurate and completely recorded; and
- An effective audit trail is maintained to substantiate all payments.

During the Inception Period, 162 samples of expenditure on O&M and Payroll from Q4 1398 were drawn, of which site visits were conducted for 145 samples. Where site visits were or are not able to be conducted by RCW Financial Monitoring staff, these were or will be passed over to the Physical Monitoring team.

DEVELOPING A SAMPLING STRATEGY

The Scope of Work requires us to develop a robust sampling strategy to capture a statistically representative sample so that review findings can be extrapolated to cover all expenditure. An outline sampling strategy was included in our September 2019 Technical Proposal; a more developed sampling strategy is currently being finalised for submission during Q2 2020⁶.

TRANSACTION REVIEWS

The Scope of Work requires us to conduct detailed reviews of sampled transactions and identify any possible expenditure deemed ineligible based on the criteria established in the IPDPG ARTF Grant Agreement and the ARTF RCW Operational Manual on Eligibility. Further, we are tasked with making recommendations on time-bound measures to remedy identified key areas of fiduciary non-compliance.

During the Inception Period the RCW Financial Monitoring team reviewed 302 out of 342 transactions from Fiscal Year (FY) 1398 (2019) as part of the new TPMA contract. This included site visits to Government offices in Kabul and various provinces for documentary verification. During this period, a total of 323

⁶ This Sampling Strategy is also intended to address sampling for Investment Window purposes, including of projects and sub-projects.

transactions were subsequently verified for inclusion in the RCW Annual Report for FY 1398. The balance (1 in Bamiyan, 8 in Daikundi and 10 in Faryab) could not be visited owing to accessibility and insecurity. 47 out of 72 sampled transactions due for follow-up were concluded during the Inception Period, and the balance subsequently followed-up with the results included in the RCW Annual Report for FY 1398

The results of transaction reviews undertaken for Q1 1399 (2020), which will commence at the beginning of Q2 2020, will be reported at the end of July 2020.

UPDATING THE ARTF RCW OPERATIONAL MANUAL ON ELIGIBILITY










The current version of the ARTF RCW Operational Manual on Eligibility dates from FY 1389 (2010). We have been requested by the World Bank to update the Manual to address risk-based approaches to identifying ineligibilities under the RCW, in particular for procurement transactions. In tandem with this, the Fiduciary Standards annexed to the Manual, and agreed between the MoF and the World Bank, will also be updated, with work starting in Q2 2020.

REVIEW OF RECRUITMENT AND APPOINTMENT PROCESSES FOR CIVIL SERVANTS

The Scope of Work requires us to review hiring processes for new civil service recruits. The review is intended to verify whether hiring processes have followed applicable Government laws and regulations and are properly documented. The review may involve interviewing applicants and selected candidates on a sample basis, if deemed critical from the risk-based perspective, and proposing a specific approach and methodology to the World Bank for the hiring process review.

A comprehensive checklist is currently being developed in order to capture all the procedures set out by the Independent Administrative Reform and Civil Service Commission, in compliance with the Civil Servants Law. The process includes reviewing the steps set out in the diagram below.

FIGURE 2: STEPS IN REVIEWING CIVIL SERVICE APPOINTMENTS

	How personnel needs have been identified by a Government entity and whether Terms of Reference (ToR) have been created in accordance with the Civil Servants Law.
	Whether the position is included in the entity's approved <i>tashkeel</i> .
	Whether advertisements for vacant positions were placed in line with approved procedures.
	Whether recruitment committees were constructed and led in line with approved procedures.
	Scrutinising the processes for preparing long lists and short lists and their evaluation.
	Assessing whether the evaluation of candidates (whether based on a written, electronic or practical test) how interviews were conducted, and whether the identification and selection of successful applicants were in line with approved procedures.
	Assessing whether the publication of the list of selected and reserve candidates matched the evaluation results, and whether any complaints or grievances were properly responded to.
	Assessing whether any introduction or orientation sessions for successful candidates were carried out.
	Checking whether the personnel file for each employee contains the appropriate P2 Employment Letter and other relevant documents.

We will review a sample of new Government employees on a quarterly basis, with stratification achieved by sampling based on different appointment Grades. By linking reporting on these findings to payroll expenditure monitoring and analysis, and to physical verification of personnel (see below), we will provide a more complete picture of the Government’s human resources management.

PAYROLL EXPENDITURE MONITORING AND ANALYSIS

The Scope of Work requires us to monitor compliance with fiduciary benchmarks agreed between the MoF and the World Bank for payroll processing and payments, including the adequacy of a number of aspects of payroll administration. It also requires us to monitor and provide assurance on the validity and eligibility of the reconciled changes in payroll data from one month to the next and identify payroll gaps and areas that require specific policy guidance. Where variances are found in payroll data between months, we are required to determine the extent of those variances and to report on the specific reasons why they have occurred. This is achieved by a review of the MoF’s headcount data, drawing on the relevant *tashkeel* as the approved employment cap.

The MoF currently maintains a headcount database to provide information on the number of Government civilian employees. This information is provided to the Financial Monitoring team for trend analysis of the payroll in relation to both employment caps and monthly salaries paid. From this information the Financial Monitoring team has previously been able to conduct a number of special tasks to identify cases of payroll ‘skimming’ among Government entities. For this contract, analysis of the payment status of Government staff salaries will be carried out twice-yearly, commencing during Q2 2020. This work will review the payroll and payment technologies in place, including data and systems integration platforms, updates and payroll payment system security.

TABLE 6: PAYROLL EXPENDITURE MONITORING AND ANALYSIS

THE HEADCOUNT REVIEW WILL ASSESS WHETHER:
<ul style="list-style-type: none"> • Payroll payments match the allotments and <i>tashkeel</i> for each Government entity • Data entered onto the database has been completed on time, is performed consistently and reconciled with the <i>tashkeel</i> for each entity • The extent to which the information meets agreed fiduciary standards.
OUR REVIEW OF THE PAYROLL CYCLE WILL COVER:
<ul style="list-style-type: none"> • The hiring and termination of civilian personnel; • The recording of time worked in the form of attendance registries; • Payroll calculations, whether undertaken manually, through the Verified Payroll Program or Centralized Payroll System; • Payroll disbursement through Electronic Fund Transfer or cash payments by a bonded trustee; • Whether payroll master files are maintained at relevant departments.
OUR REVIEW PROCESS AIMS AT ENSURING THAT:
<ul style="list-style-type: none"> • The hiring and termination of Government employees is in line with legal provisions and properly authorized; • Government employees are being paid according to approved pay rates and contract conditions; • Payroll calculations are supported by authorized pay rates, attendance records are maintained to support days worked and applicable leave periods are properly recorded; • Payments are disbursed only to <i>bona fide</i> personnel;

- Police personnel records are updated with accurate and complete information;
- An effective testing trail is maintained that substantiates all payments.

PHYSICAL VERIFICATION OF GOVERNMENT EMPLOYEES

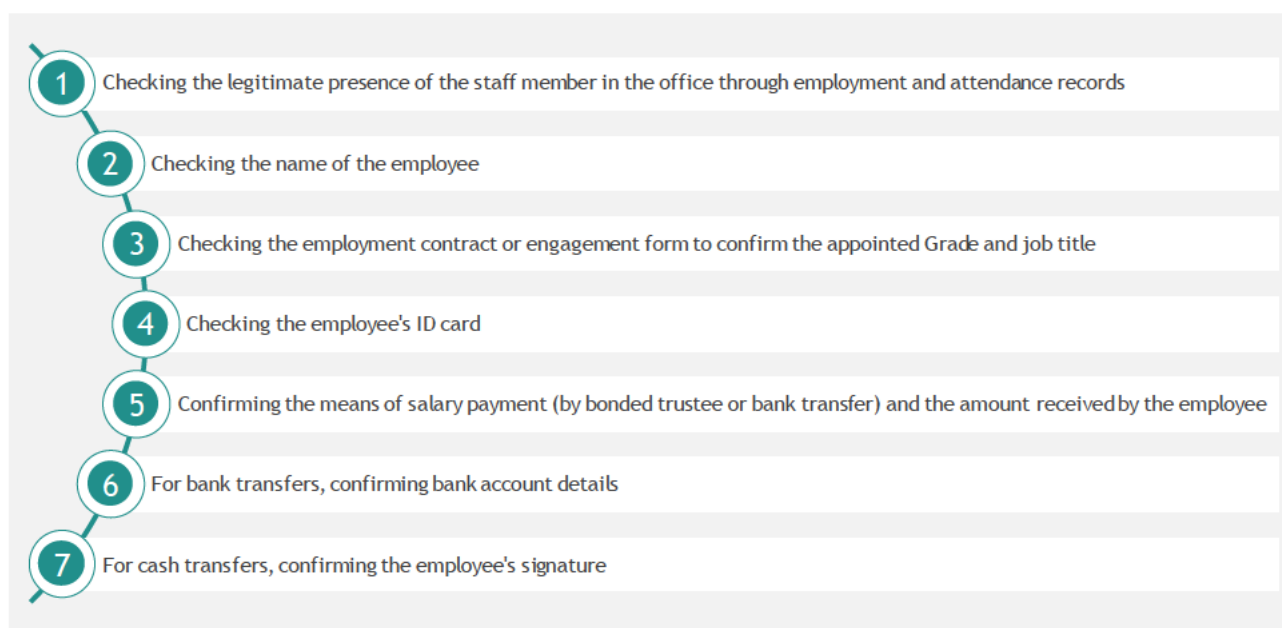
To supplement the documentary reviews of personnel expenditure, the Scope of Work requires us to carry out physical verification of Government employees. This is based on an agreed sampling method that ensures reliable estimations of the extent of ineligible payroll expenditure, including possible inaccuracies in the payroll data. In verifying and reporting on the physical presence of the sampled employees, we are required to ascertain specific reasons why certain employees proved unreachable as well as specific reasons for their absence, following an agreed classification of possible reasons for inability to reach specific individuals and for absences. Further, we are required to re-verify correspondence between presence/absence of individual Government employees and payment records associated with them to make sure no payment had been processed to any individual Government employee without justifiable reason. The results of the physical verifications are to be included in the calculation of the eligibility ceiling.

The following methodology is used for physical verification of employees:

- Authorization for the employee's verification is received from the MoF and provided to the selected departments in the centre or provinces;
- Once approval for observation is obtained, Financial Monitoring staff meet with the employee either at the central entity, provincial or district office;
- Payroll and physical verification of the selected employee is undertaken (see the process chart below); and
- Other evidence is obtained for cross-checking where any of the above evidence is not available or the employee is not present during the visit (for example, leave or mission forms).

When the selected employee is present, the process set out below will be followed.

FIGURE 3: PROCESS FOR PHYSICAL VERIFICATION OF EMPLOYEES



Past experience has provided evidence that certain categories of civil servant identified through random sampling have proven to be consistently unverifiable. These principally consist of members of the National Assembly and senior officials (from Deputy Minister to Director level). In addition, permission to verify

higher-level officials in the Justice sector tends to be denied: between March and December 2019, of 224 judicial officials randomly selected, 51 were unverifiable for security reasons, 98 were verified and 75 were unverifiable, 15 on the basis of rank, 59 on the basis of authority not being granted, with one civil servant having been transferred.

In order to maintain the numbers of staff for verification, we will in future remove National Assembly and Grade 1-3 officials whenever selected and replace them through further random selection.

In FY 1398 (2019) we sampled a total of 9,931 employees, with 8,706 employees physically verified (87.67 percent) and 581 employees not verified at their place of work owing to their absence on scholarships outside the country or being on leave, or as a result of having retired or having been transferred. We undertook verification of the balance of 644 employees during the Inception Period and of these 353 were verified, with the majority of the remainder relating to teachers in schools that were closed for winter holidays during the Inception Period and remain closed as a result of COVID-19. We plan to verify these and other individuals as Government offices and schools reopen.

For Government employees in insecure areas, we plan to expand our coverage during 2020 by drawing on our Physical Monitoring staff based in all 34 provinces. As verification takes place, the results will be used to inform calculations of the overall eligibility rate, as required by our Terms of Reference (see Annex A).

PENSION TRANSACTIONS

Pension payments are made to Government employees on retirement at a specified age or after having completed a prescribed number of years of service. The pension paid is based on the provisions of the Civil Servants Law and recorded in AFMIS as a Government contribution to the Pensions Department, from which samples are drawn for verification.

The process followed by the Government is that the MoF transfers a single amount to the bank account of the Pensions Department for various categories of pensions based on quarterly requests (M16s). Payments are made to the pensioners through their personal bank accounts based on a standard scale of pension payments. Any excess amount provided is held in the bank account of the Pensions Department and settled with MoF on a quarterly and annual basis.

All pensioners' data is kept in a database in the Pensions Department, with sampling taken from the list attached to the M16s and details requested from the Department in order to proceed with verification. We have not to date physically verified sampled pensioners.

In 2020, our verification will cover payments to a sample of beneficiaries made by the Pensions Department, to ensure that:

- Pensions are only being paid to those employees who have reached a specified age and completed a specified number of years of service in line with the Civil Servants Law;
- Documentation for each pension is complete and the amount of pension has been calculated correctly;
- Payment is made only to the pensioner or the pensioner's authorised beneficiary; and
- Payments are supported by adequate documents that are authorised and acknowledged.

PHYSICAL VERIFICATION OF INVENTORIES AND ASSETS

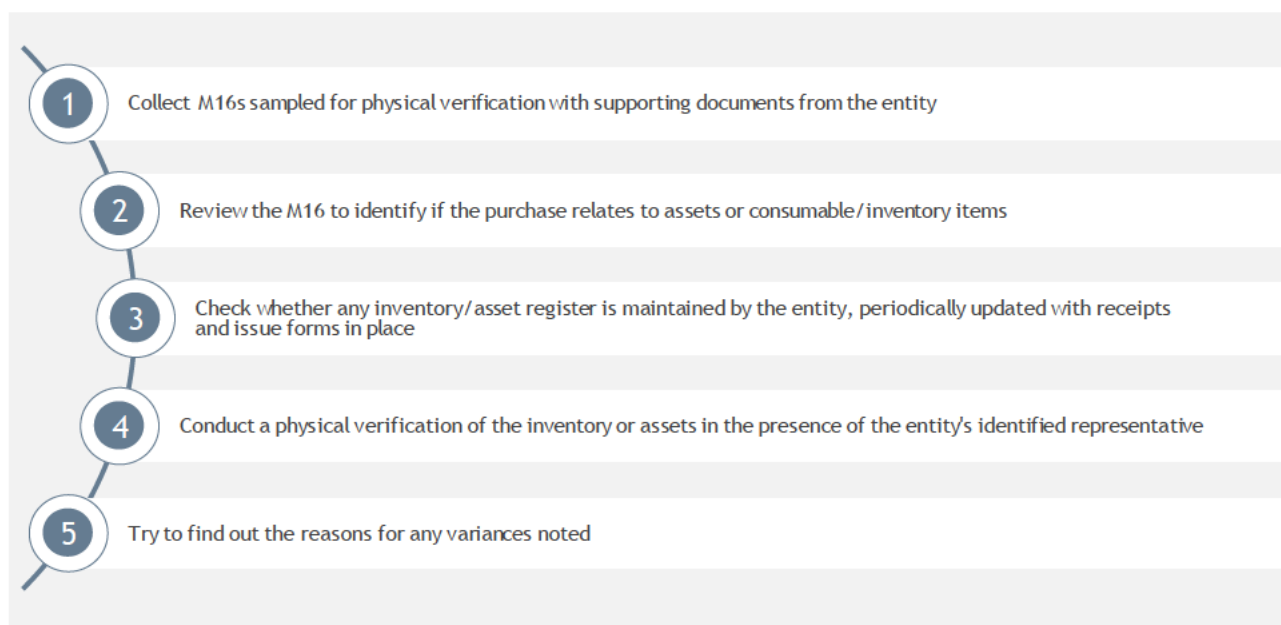
The Scope of Work requires us to draw a quarterly sample of inventories and assets from O&M expenditure. This is intended to identify any inaccuracies in Government inventories and records of assets purchased and carried out by physical verification.

The Government does not have a standard procedure or database for recording assets. Instead, different manual or Excel-based methods are in place across different Government entities. There would appear to be a clear requirement to address deficiencies and variations in current Government inventory and asset

management systems, to replace the different kinds of control systems in place, and to address areas where such management systems do not exist.

During the Inception Period we undertook sample testing of inventories and assets. The process chart depicts the steps followed.

FIGURE 4: STEPS IN VERIFYING INVENTORIES AND ASSETS



We will make arrangements with the Physical Monitoring team for verification of assets located in the sites that Financial Monitoring staff are unable to visit. This activity is intended to start from Q2 2020⁷.

STATEMENTS OF EXPENDITURE AND WITHDRAWAL APPLICATIONS

The Scope of Work requires us to review Government Withdrawal Applications and related documentation to ensure expenditure submitted for reimbursement under the ARTF RCW is consistent with the IPDPG ARTF Grant Agreement and eligibility criteria. To determine the eligibility of the reported expenditures we undertake different kinds of assessment.

For Statements of Expenditure (SoEs) we:

- Assess the reconciliation of claimed eligible expenditure in the SoE by Government entity and by expenditure code with the Afghanistan Management Information System (AFMIS);
- Assess the completion of the SoE in accordance with the disbursement procedures of the World Bank's Loan Department;
- Assess the eligibility of expenditure in the SoE for financing under the ARTF agreement, including its compliance with fiduciary standards; and
- Assess the mathematical accuracy of the SoE and match the disbursement amount with the Withdrawal Application.

Expenditure that has been determined as eligible and in accordance with procedures agreed between the Government and the World Bank are included in the Withdrawal Application and used as the population from which the samples for testing will be drawn for the fiscal year under review to determine avoidable ineligibilities.

⁷ This work has not yet been quantified for the purposes of the Physical Monitoring Work Plan.

In reviewing Withdrawal Applications, documentation is required for Special Account reconciliations. Here, the Financial Monitoring team reviews transactions in the ARTF-designated bank account to ensure they have been carried out in compliance with disbursement procedures of the World Bank's Loan Department.

This process also:

- Reviews completion of the reconciliation statement;
- Reviews its mathematical accuracy; and
- Reconciles the statement with actual bank statements.

In respect of the Special Account reconciliation statement we:

- Assess whether the Special Account reconciliation statement has been completed in compliance with the disbursement procedures of the World Bank's Loan Department;
- Assess its mathematical accuracy;
- Reconcile the statement with actual bank statements; and
- Assess whether the United States Dollar (USD) to Afghani (AFN) exchange rate applied is correct.

During the Inception Period we processed two Withdrawal Applications.

SUPPORT TO MINISTRY OF FINANCE ON ARTF FINANCIAL STATEMENTS

To reconcile funds received through the RCW against the SoEs, and to support the MoF in preparing ARTF financial statements, we will compile an annual statement of fund flows for the ARTF Recurrent Cost Component. This will be submitted within three months of the closing of the Government's fiscal year for review and submission by MoF to the auditors. This statement will be submitted during May 2020.

SPECIAL TASKS

The Scope of Work allows for separate requests or instructions from the World Bank to implement additional financial audits or scrutiny as special tasks. It also allows us to propose, for the World Bank's consideration, a special task as a natural follow-up to our regular monitoring work.

During the Inception Period, we provided a Briefing Note on the legislative background to the use of the Government's contingency funds, which has led to a request from the World Bank for the Financial Monitoring team to undertake a regular review of contingency fund use and movements. We will continue to engage with the World Bank to be able to access relevant documents for the purposes of periodic review.

TECHNICAL ASSISTANCE FOR THE MINISTRY OF FINANCE

During 2020, we plan to increase our engagement with the MoF to establish a mechanism to address our monthly ineligibility findings, with the aim of increasing the eligibility ceiling as the total amount calculated to be eligible based on the sample. This will be achieved through a specific focus on procurement transactions and strengthening our follow-up actions to rectify ineligibilities with support from the MoF and spending entities. We plan to conduct a number of training workshops for Government staff around finance, procurement, internal audit and financial controls.

In support of this task, from Q2 2020 we will support the MoF in updating the ToR of the Ineligibility Working Group and in establishing a regular cycle of meetings with follow-up actions.

A Work Plan for Recurrent Cost Window tasking for 2020 is shown at Annex B.

RESPONDING TO THE SCOPE OF WORK: INVESTMENT WINDOW MONITORING

PROJECT MONITORING FOR VALUE FOR MONEY

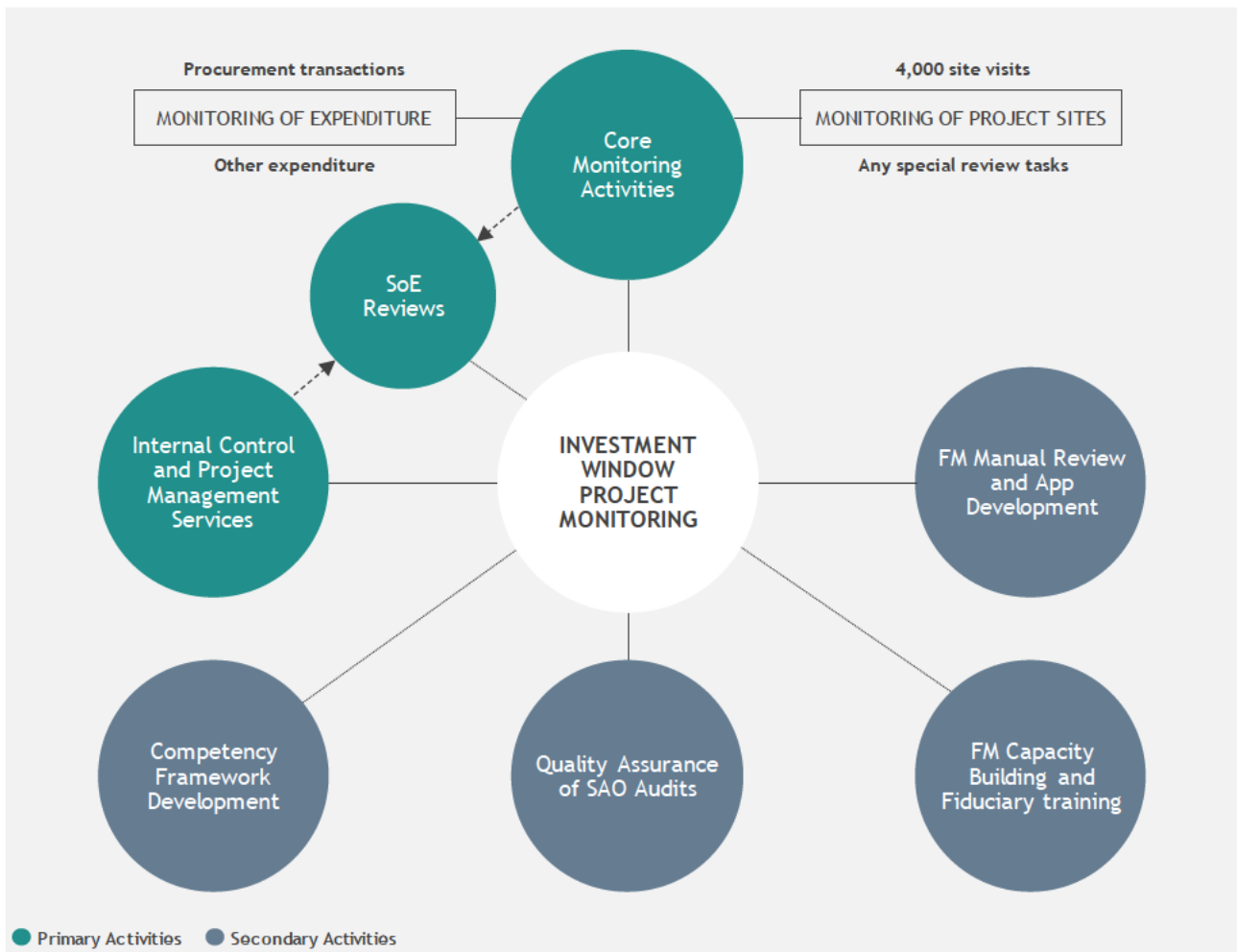
Objectives

The primary objective of IW monitoring is to assure value for money of ARTF and IDA investment projects through the integrated oversight of project implementation and performance, fiduciary performance and compliance and compliance with environmental and social safeguards. Additional *ad hoc* tasks to review specific aspects of project management, implementation and impacts also contribute to this objective.

The secondary objective is to contribute to improved project performance monitoring and reporting by Government entities through sharing expertise and experience.

The diagram below shows the range of primary and secondary IW-related activities to be undertaken during 2020.

FIGURE 5: PRIMARY AND SECONDARY INVESTMENT WINDOW ACTIVITIES IN 2020



The activities we will undertake in order to meet these objectives are as follows:

- ✓ Monitoring of project sites in relation to infrastructure, social mobilization and community engagement, and the implementation of environmental and social safeguards.
- ✓ Undertaking *ad hoc* assignments to address concerns raised by Task Team Leads (TTLs) in relation to project implementation
- ✓ Reviewing procurement transactions and other expenditure.
- ✓ Reviewing project SoEs and Withdrawal Applications.
- ✓ Carrying out Internal Control and Project Management Assessments.

In order to achieve our secondary objective, we will undertake the following activities:

- ✓ Revising the Financial Management Manual and development of a Financial Management app.
- ✓ Financial Management capacity building and fiduciary training.
- ✓ Undertaking a Quality Assurance review of a sample of audits carried out by the Supreme Audit Office (SAO).
- ✓ Developing a Competency Framework for project finance staff and directors.



PROJECTS SUBJECT TO THIRD PARTY MONITORING

Thirty-two projects have been identified as subject to TPM in some form in 2020. These are shown in the tables below. For Pipeline projects, TPM starting dates will depend on the date of project start-up and implementation.

Current Projects

TABLE 7: CURRENT PROJECTS FOR THIRD PARTY MONITORING

NO.	PROJECT ID	PROJECT NAME	START DATE	END DATE
1	P128048	Afghanistan Access to Finance	Nov 2013	Jun 2021
2	P156894	Afghanistan Digital CASA Project	Mar 2018	Mar 2023
3	P164762	Afghanistan Land Administration System Project (ALASP)	Apr 2019	Sep 2024
4	P125961	Afghanistan Rural Access Project (ARAP)	Jun 2012	Mar 2020
5	P146184	Afghanistan Second Skills Development Project (ASDP II)	Mar 2013	Jun 2021
6	P160615	Afghanistan Sehatmandi Project	Mar 2018	Jun 2021
7	P160606	Afghanistan Strategic Grain Reserve (SGR)	Jun 2017	Jul 2022
8	P159291	Afghanistan Women's Economic Empowerment NPP	Mar 2017	Apr 2020
9	P149410	CASA 1000 Community Support Program (CASA CSP)	Mar 2014	Jun 2022
10	P145054	Central Asia-South Asia Electricity and Trade (CASA 1000)	Mar 2014	Mar 2023
11	P160619	Cities Investment Program	Dec 2018	Jun 2024
12	P160567	Citizens' Charter Afghanistan Project (CCAP)	Oct 2016	Oct 2021
13	P131228	DABS Planning and Capacity Support	Feb 2016	Jul 2020
14	P159378	Education Quality Reform in Afghanistan (EQRA)	Sep 2018	Dec 2023
15	P166127	Eshtehal Zaiee-Karmondena (EZ-Kar)	Dec 2018	Dec 2023
16	P170179	Extractives Sector Development Project (AESD)	Apr 2017	Mar 2020
17	P159402	Extractives Sector Development Project PPG	Apr 2017	Mar 2020
18	P159655	Fiscal Performance Improvement Plan Support Project (FSP)	Dec 2017	Dec 2022
19	P162022	Herat Electrification Project (HEP)	Jun 2017	Jan 2022
20	P132742	Higher Education Development Project (HEDP)	Jul 2015	Dec 2022
21	P122235	Irrigation Restoration and Development Project (IRDP)	Apr 2011	Dec 2020
22	P125597	Kabul Municipal Development Program (KMDP)	Apr 2014	Jun 2021
23	P161348	Modernizing Afghan State-Owned Banks	Mar 2018	Mar 2023
24	P132944	Naghlu Hydropower Rehabilitation Project (NHRP)	Dec 2015	Sep 2022
25	P143841	National Horticulture & Livestock Project (NHLP)	Apr 2013	Dec 2020

NO.	PROJECT ID	PROJECT NAME	START DATE	END DATE
26	P168266	Payments Automation and Integration of Salaries in Afghanistan (PAISA)	Apr 2019	Oct 2024
27	P158768	Public-Private Partnerships and Public Investment Advisory Project (PPIAP)	Jun 2018	Jun 2023
28	P166978	Tackling Afghanistan's Government HRM and Institutional Reforms (TAGHIR)	Dec 2018	Dec 2021
29	P145347	Trans-Hindu Kush Road Connectivity Project (THRCP)	Oct 2015	Dec 2022
30	P147147	Urban Development Support Project (UDSP)	Jun 2017	Jun 2020
31	P163267	Women's Economic Empowerment NPP Support	Aug 2017	Jul 2020
32	P164443	Women's Economic Empowerment Rural Development Project (WEE-RDP)	Sep 2018	Jun 2023

Pipeline Projects

During 2020, the World Bank is conducting portfolio review exercises to consider adjustments that may be necessary to re-orient resources and/or current and pipeline programmes in response to the COVID-19 pandemic. As a result, both the list of Pipeline projects and the Planned Start and End Dates shown below are subject to change.

TABLE 8: PIPELINE PROJECTS FOR THIRD PARTY MONITORING

NO.	PROJECT ID	PROJECT NAME	PLANNED START DATE	PLANNED END DATE
1	P173775	Afghanistan COVID-19 Emergency Response and Health Systems Preparedness Project	Apr 2020	Mar 2024
2	P169970	Afghanistan Water Supply and Sanitation Services and Institutional Support Program	May 2020	Mar 2026
3	P170906	Agro-Water and Climate Resilience PPG	Aug 2020	Dec 2025
4	P171657	ARTF Recurrent and Capital Costs (Justice Project, etc)	TBC	TBC
5	P174119	COVID Relief Effort for Afghan Communities and Households (REACH)	May 2020	TBC
6	P173387	Drought Early Warning, Finance and Action Project	Aug 2020	TBC
7	P168179	Opportunity for Mobilizing Agribusiness Investments and Development (OMAID)	Jun 2020	May 2025
8	P161728	Placing Labor Abroad and Connecting to Employment Domestically PPG (PLACED)	TBC	TBC
9	P171886	Strengthening Afghanistan's Financial Intermediation (SAFI)	Jul 2020	Oct 2024

INTERNAL CONTROL ASSESSMENTS

Under the Scope of Work, we are required to assess implementing agencies' internal control and project management arrangements at central, provincial, district, community level as relevant, and identify areas for improvements. These assessments are to be conducted around 6 months from when the project has started implementing activities, updated annually to identify progress in addressing previously identified specific issues or weaknesses, and revisited prior to the project's Mid-Term Review. In each case, the aim of our review is to assess the existence, adequacy and operating effectiveness of financial, operating and compliance controls in the following areas for each project:

- Financial Management, accounting and control environment;
- Procurement processes and contract management;
- Advances and petty cash management;
- Asset and inventory management;
- Grievance Redress Mechanism (GRM) and fraud investigation/resolution mechanisms;
- Human Resources recruitment processes and record management; and
- Compliance with internal and external audit recommendations.

Since Internal Control Assessments focus on identified shortcomings (if any) rather than on areas of good or best practice, they should be read in conjunction with related Statement of Expenditure Cover Letters and, in the case of GRM, in conjunction with relevant monthly or quarterly project reports, and not as stand-alone documents.

To accomplish these objectives, for each selected project we will undertake the activities shown in the table below.

TABLE 9: INTERNAL CONTROL ASSESSMENT ACTIVITIES

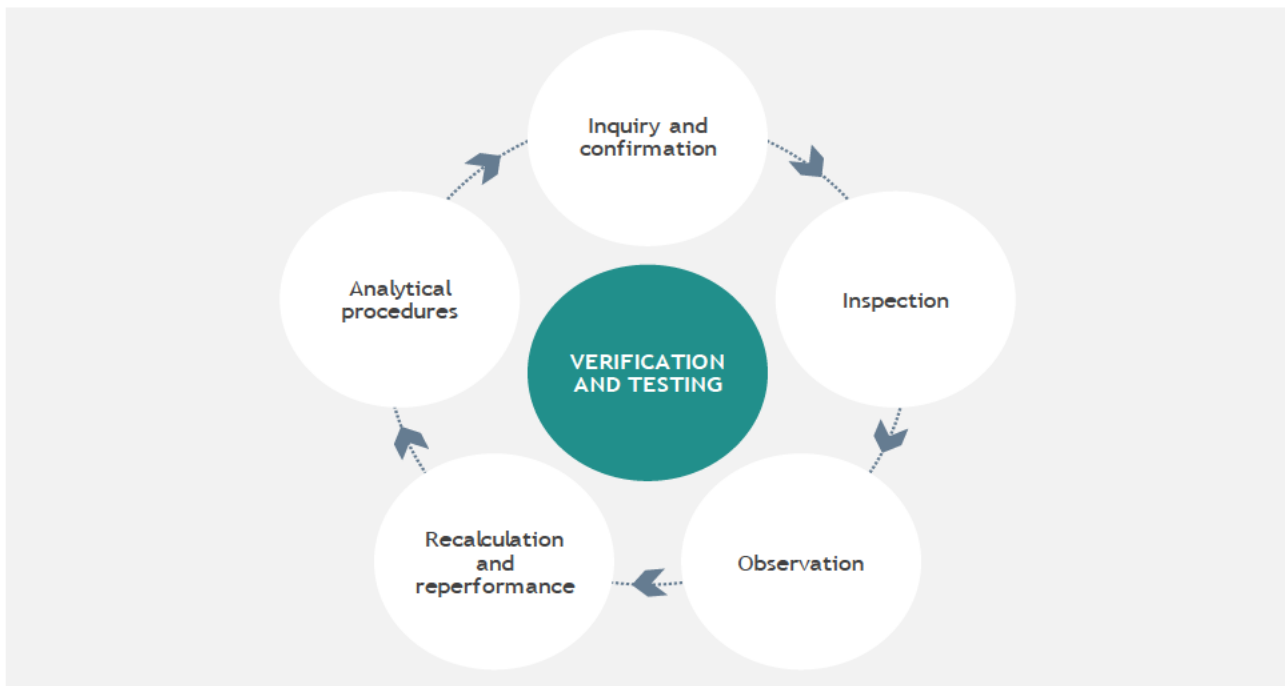
1	PLANNING	<ul style="list-style-type: none"> • Determine scope and objective with the TTL; • Opening meeting with project staff; • Obtain understanding of control environment; • Review Grant Agreement, perform analytical review of Financial Reports to identify any potential issues; • Carry out risk assessment; • Resourcing and mobilisation.
2	DETERMINE DESIGN EFFECTIVENESS	<ul style="list-style-type: none"> • Review Financial Manual and procurement documentation, interview project staff; • Identify and document key processes, systems and controls; • Assess adequacy of controls to meet/address defined objectives and risks, identify and document gaps; and • Determine design effectiveness of key controls.
3	TEST OPERATING EFFECTIVENESS	<ul style="list-style-type: none"> • Design procedures to test effectiveness of key controls; and • Select and test samples using judgemental/statistical sampling methodology.
4	EVALUATE TEST RESULTS	<ul style="list-style-type: none"> • Conclude whether controls are effective or ineffective;

		<ul style="list-style-type: none"> • Determine weakness level for ineffective controls as ‘Deficiency’, ‘Significant Deficiency’, or ‘Material Weakness’; • Discuss and agree test results and remediation plan with the TTL; and • Share agreed findings with project management.
5	REPORT	<ul style="list-style-type: none"> • Prepare and submit a quarterly report following quality assurance review by TPMA senior management.

Review Processes

Our review processes will adopt the approaches shown in the diagram below.

FIGURE 6: INTERNAL CONTROL ASSESSMENT REVIEW APPROACHES



We perform a review of the financial and internal control structure to determine the existence, adequacy and operation of controls related to the management of all funds received by the project. We aim to obtain sufficient understanding of the entity’s financial management system and provide an evaluation of the management control environment, the accounting system and the control procedures. This enables us to determine the adequacy of the system to control and account for funds transferred to it by the World Bank.

We review project procurement and contract management processes and test to see whether they are effectively designed in accordance with the World Bank’s procurement guidelines and are operating efficiently. This involves a review of project contracting and procurement, procedures for procurement planning, avoidance of improper business practices and conflicts of interest, competitive procurement, ordering procedures, invoice examination policies and procedures to ensure payments are made only for goods and services received. We carry out a detailed review of contract administration functions such as inspection and acceptance, agreement modifications, disputes and termination of contract.

We review the management of operational advances and petty cash at each project including the limit and volume of transactions, safe custody of cash and records, approval authorities for cash transactions, adjustment/liquidation of advances, proper maintenance of record, and instances of advances to other projects.

We assess the adequacy and completeness of project inventory and fixed asset management systems and records, and physically verify a sample of project assets and assess the capacity of related staff members.

We assess whether the project's GRM is adequately designed and functioning properly, and review the process of capturing, recording and resolving complaints of affected communities. We select a sample of complaints and assess whether those were properly resolved. We assess effectiveness of the management information systems in place for recording and reporting grievances.

We assess whether a fair and transparent recruitment process is in place and review the recruitment process for a sample of recent recruits. We further assess the project's record management and file retention policy, checking whether it is adequate and consistent with requirements in the World Bank grant/financing agreements.

We review whether and how the project is implementing any internal and external audit recommendations, whether it has done so on a timely basis and assess how implementation is being monitored.

We then document our assessment of project internal controls using a series of agreed templates.

Evaluation of Test Results and Reporting

Following completion of our assessment and sample testing, we interpret and evaluate our test results. Where issues are identified, these are normally classified as:

- Gaps and weaknesses from our assessment on the adequacy of relevant systems, policies and procedures; and
- Exceptions identified during our test of the effectiveness of the project's policies, systems and procedures.

For each issue, we will provide evidence and confirm its factual accuracy with the process owner, before being recorded in an Issues Log/Action Plan, an extracted example of which is shown in the table below.

TABLE 10: EXAMPLE OF AN ISSUES LOG / ACTION PLAN

ISSUE NO	REF	ISSUE DESCRIPTION	AGREED ACTION	RISK RATING	AGREED ACTION DUE DATE	PROCESS OWNER/ RESPONSIBLE PERSON
1	1.2	Procurement policy not consistent with the Bank's applicable procurement regulations	Identify and address gaps between the procurement policy and the Bank's procurement regulations	Major	30 June 2020	Procurement Manager - Ahmed
2	4.5	Bank reconciliations not prepared	Prepare monthly bank reconciliations	Minor	30 June 2020	Finance Controller - Mirwais

The risk ratings referenced above are based on assessments of Probability and Impact, as shown in the diagram below.

FIGURE 7: RISK TABLE

		IMPACT			
		Low	Moderate	Substantial	High
PROBABILITY	High				
	Substantial				
	Moderate				
	Low				

In this table, Probability is rated as follows:

- Low: <25 percent;
- Moderate: 25-50 percent;
- Substantial: 51-75 percent;
- High: >75 percent.

Impact is rated as follows:

- Low: Limited impact on outcomes;
- Moderate: Some limited negative impact on outcomes;
- Substantial: Outcomes reduced but with some important outcomes still likely;
- High: Very significant negative impact.

In conducting these assessments, we aim to work collaboratively with the World Bank and project staff to ensure that recommendations and solutions provided are reasonable, practical and take into consideration the project context. An agreed Action Plan will then be annexed to the Report, with a draft submitted to the World Bank and Project Implementation Unit (PIU) for review and feedback and a final report issued after approval by the TTL or appointed responsible person.

PROJECTS FOR REVIEW

Current Projects

Internal Control Assessments of projects carried out in 2019 are shown in the table below. In all cases assessments were finalised.

TABLE 11: INTERNAL CONTROL ASSESSMENTS CARRIED OUT IN 2019

NO.	PROJECT NAME	FIELDWORK COMPLETED
1	Afghanistan Agriculture Input Project	Q1 2019
2a	Citizen Charter Afghanistan Project - Independent Directorate of Local Governance (IDLG)	Q1 2019
2b	Citizen Charter Afghanistan Project - Ministry of Rural Rehabilitation and Development (MRRD)	Q1 2019
3	National Horticulture and Livestock Productivity Project	Q1 2019
4	On-Farm Water Management Project	Q1 2019
5	Higher Education Development Project	Q1 2019
6	Sehatmandi	Q2 2019
7a	Afghanistan Rural Access Project - MRRD	Q2 2019
7b	Afghanistan Rural Access Project - Ministry of Public Works	Q2 2019
8	Naghlu Hydropower Rehabilitation Project	Q2 2019
9	Irrigation Restoration and Development Project	Q4 2019
10	Afghanistan Second Skills Development Project	Q4 2019
11	Herat Electrification Project	Q4 2019
12a	EQRA - MoE	Q4 2019
12b	EQRA - MRRD	Q4 2019
13a	Fiscal Performance Improvement Support Project - MoF	Q4 2019
13b	Fiscal Performance Improvement Support Project - SAO	Q4 2019

13c	Fiscal Performance Improvement Support Project - National Procurement Authority	Q4 2019
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We plan to carry out Internal Control Assessments of the current projects shown in the table below during 2020.

TABLE 12: CURRENT PROJECTS FOR INTERNAL CONTROL ASSESSMENTS

NO.	PROJECT ID	PROJECT NAME	START DATE	END DATE
1	P128048	Afghanistan Access to Finance	Nov 2013	Jun 2021
2	P156894	Afghanistan Digital CASA Project	Mar 2018	Mar 2023
3	P170179	Afghanistan Extractives Sector Development Project (AESD)	Apr 2017	Mar 2020
4	P160606	Afghanistan Strategic Grain Reserve (SGR)	Jun 2017	Jul 2022
5	P159291	Afghanistan Women's Economic Empowerment NPP	Mar 2017	Apr 2020
6	P149410	CASA 1000 Community Support Program (CASA CSP)	Mar 2014	Jun 2022
7	P145054	Central Asia-South Asia Electricity and Trade (CASA 1000)	Mar 2014	Mar 2023
8	P160619	Cities Investment Program	Dec 2018	Jun 2024
9	P166127	Eshtehal Zaiee-Karmondena (EZ-KAR)	Dec 2018	Dec 2023
10	P159402	Extractives Sector Development Project PPG	Apr 2017	Mar 2020
11	P131864	Kabul Urban Transport Efficiency Improvement (KUTEI)	Apr 2014	Dec 2020
12	P161348	Modernizing Afghan State-Owned Banks	Mar 2018	Mar 2023
13	P158768	Public-Private Partnerships and Public Investment Advisory Project (PPIAP)	Jun 2018	Jun 2023
14	P166978	Tackling Afghanistan's Government HRM and Institutional Reforms (TAGHIR)	Dec 2018	Dec 2021
15	P145347	Trans-Hindu Kush Road Connectivity Project (THRCP)	Oct 2015	Dec 2022
16	P147147	Urban Development Support Project (UDSP)	Jun 2017	Jun 2020
17	P163267	Women's Economic Empowerment NPP Support	Aug 2017	Jul 2020
18	P164443	Women's Economic Empowerment Rural Development Project (WEE-RDP)	Sep 2018	Jun 2023

Potential Projects

The active projects in the table below will be subject to Internal Control Assessments during 2020 should implementation arrangements have been completed.

TABLE 13: POTENTIAL PROJECTS FOR INTERNAL CONTROL ASSESSMENTS

NO.	PROJECT ID	PROJECT	START DATE	END DATE
1	P172109	Afghanistan Gas Project (AGASP)	Jan 2020	Oct 2024
2	P166405	Sheberghan IPP	Oct 2019	Mar 2025

In addition, Internal Control Assessments of Active Projects will be undertaken in advance of the Mid-Term Review as dates for these are confirmed.

FOLLOW-UP ON PREVIOUS INTERNAL CONTROL ASSESSMENTS

During 2020, we will conduct follow-up Internal Control Assessments of the following projects, whose initial assessments were completed under a different contract:

- Afghanistan Agricultural Input Project (AAIP)
- Afghanistan Rural Access Project (ARAP)
- Afghanistan Second Skills Development Project (ASDP II)
- Afghanistan Sehatmandi Project
- Citizens' Charter Afghanistan Project (CCAP)
- Herat Electrification Project (HEP)
- Higher Education Development Project (HEDP)
- Irrigation Restoration and Development Project (IRDP)
- Naghlu Hydropower Rehabilitation Project (NHRP)
- National Horticulture and Livestock Project (NHLP)
- On-Farm Water Management Project (OFWMP).

We will verify whether agreed actions to rectify key findings have taken place according to the agreed timeline and whether those actions have fully resolved the weaknesses identified from the assessments.

Our first follow-up of project management assessments will be conducted in 2021.

ASSESSING PROJECT MANAGEMENT ARRANGEMENTS

In addition to the projects listed above that will be subject to internal control assessments in 2020, we are currently also conducting a project management assessment of the NHLP. Subject to requirements and agreement with the World Bank, we may conduct up to eight further project assessments over the course of the year.

A project management structure is defined as the entire structure supporting the project, including relevant parts of Government entities (including at the sub-national level), the Provincial Management Unit (PMU) and Facilitating or Implementing Partners, and assessing project management arrangements will require reviewing the organizational and institutional context of the project.

FIGURE 8: ORGANIZATIONAL AND INSTITUTIONAL ASSESSMENT TASKS

01 AN ORGANIZATIONAL ASSESSMENT, INCLUDING:	02 AN INSTITUTIONAL ASSESSMENT, INCLUDING:
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- Reviewing the mandate/ToR) of each entity in the project management structure;
- A gap analysis, assessing how the terms of reference of the various entities in the project management structure adequately cover the mandate of the project as a whole;
- For the PIU only, assessing the adequacy of resources and structure of each entity in the PIU (department/unit...) to fulfil its ToR;
- Reviewing the clarity of roles within the overall project management structure (at the sub-organizational level) and within the PIU (at the individual level);
- Mapping the reporting lines within the PIU;
- Analysis of the effectiveness of the reporting lines within the PIU.
- Mapping the main systems for project planning, supervision, monitoring, reporting, standard setting, compliance, learning, grievance management and Management Information Systems (MIS);
- Scoring of the performance for each function performed by the PIU using the Organizational Capacity Assessment Tool (OCAT) described below.

These steps are intended to lead to actionable recommendations to increase the efficiency of project management arrangements, as well as its transparency.

Process: Data Collection

A dedicated specialist will conduct a desk review of documents pertaining to the project management set-up, then develop various tools to collect data and analyse data. The first part of the data collection process will comprise Key Informant Interviews (KIIs) to understand how project management is structured and how it operates on a day-to-day basis, in order to understand whether changes have occurred between the way the structure was designed and the way it actually operates. KIIs will be held with principal stakeholders: the TTL, PIU Director, heads of divisions or departments, head of the project for Facilitating Partners, Government counterparts, etc.

After this, the specialist will organize Focus Group Discussions (FGDs) with staff within the PIU, in different departments and different provinces (including at the field level, with frontline workers), to understand more specifically group and individual responsibilities, resources, competencies, and reporting lines in each department. Tools to facilitate this discussion might include a Strengths, Weaknesses, Opportunities, Threats (SWOT) Analysis, the 7-S method (discussing Strategy, Shared values, Structure, Staffing, Systems, Style and Skills) or mapping of decision-making processes. Additional group discussions will focus on mapping systems in place and assessing their efficiency. Here, a principal tool to facilitate discussion will consist in developing flow charts of major processes.

Process: Analysis





Analysis of data will be organized along the main aspects of the assessment, providing specific recommendations for each aspect (structure, resources, clarity of roles, skills and competencies, reporting lines, systems). In addition, and in order to compare progress over time, the performance of the main functions of the project will be scored using OCAT to be able to define a list of organisational targets (systems, institutional competencies) for each function. For each target, three to four levels will be developed (with the highest level indicating full achievement of the target). This analytical tool is intended to provide a comprehensive picture of the organisational capacity for each project and allow comparison over time regarding progress made and to identify priority areas where capacity should be strengthened.

TABLE 14: ORGANIZATIONAL CAPACITY ASSESSMENT TOOL SCORING GUIDE



EXTRACT FROM OCAT SCORING GUIDE					
Scoring Scale	1 Very basic level of capacity in place	2 Moderate level of capacity in place	3 Acceptable level of capacity	4 Excellent level of capacity	Data source for scoring
A.3.Capacity to record complaints	Complaints are not recorded formally.	Complaints are recorded but weak system (difficult to access for complainant, information not systematically and comprehensively recorded).	Complaints are recorded properly, with some weaknesses. The system does not allow a follow up on status.	Complaints are consistently recorded, online and are systems are in place to follow up and record their status.	Identified KII and FGD questions.
A.3. Capacity to address complaints	Complaints are addressed in an <i>ad hoc</i> manner, based on connections.	Complaints are addressed, but resolution process is lengthy and lacks transparency.	Complaints are addressed, but some weaknesses remain (lengthy process, or complex complaints not resolved).	Complaints are addressed in a reasonable timeframe. Complainant receives updates.	Identified KII and FGD questions.

FINANCIAL MANAGEMENT MANUAL, FIDUCIARY TRAINING AND CAPACITY BUILDING PLAN

In 2019, the World Bank introduced a three-volume, 760-page, Financial Management Manual applicable to ARTF-IDA funded projects in Afghanistan. In accordance with our ToR, we will:

-  Review and recommend improvements to the Manual.
-  Prepare a concise/summarized version (40–50 pages) of the revised Manual.
-  Develop a web-based application (app), based on the full version of the Manual, for use by Government staff.
-  Develop workshop training materials on the Manual requirements and deliver quarterly workshops to project finance staff on those requirements.

In addition, for projects' finance and procurement staff, we will develop a Capacity Building Plan based on:

-  Capacity gaps identified from our internal control and project management assessments, TPM activities, SoE reviews and testing of procurement transactions and expenditure.
-  Self-assessed responses received from project finance and procurement staff to a Capacity Building Assessment Checklist we intend to develop and circulate in Q2 2020. Staff members will

be requested to assess their knowledge, on a scale of 1-5, on certain requirements of World Bank procurement regulations and the Financial Management Manual.





Workshops and training will be organised in accordance with the Capacity Building Plan once developed and agreed with World Bank staff.

REVIEW OF PROCUREMENT TRANSACTIONS

We will conduct a review of procurement transactions and other expenditure for the projects listed in the following section, as we are required to review the projects' SoE submissions in support of their withdrawal applications.

We will carry out sample-based substantive testing of the projects' procurement transactions and other expenditure, which primarily comprise Project Implementation and Management (PIM) costs. The overall objective of our testing is to check that project expenditure is eligible under the grant and financing agreements. We achieve this by testing the assertions set out in the table below.

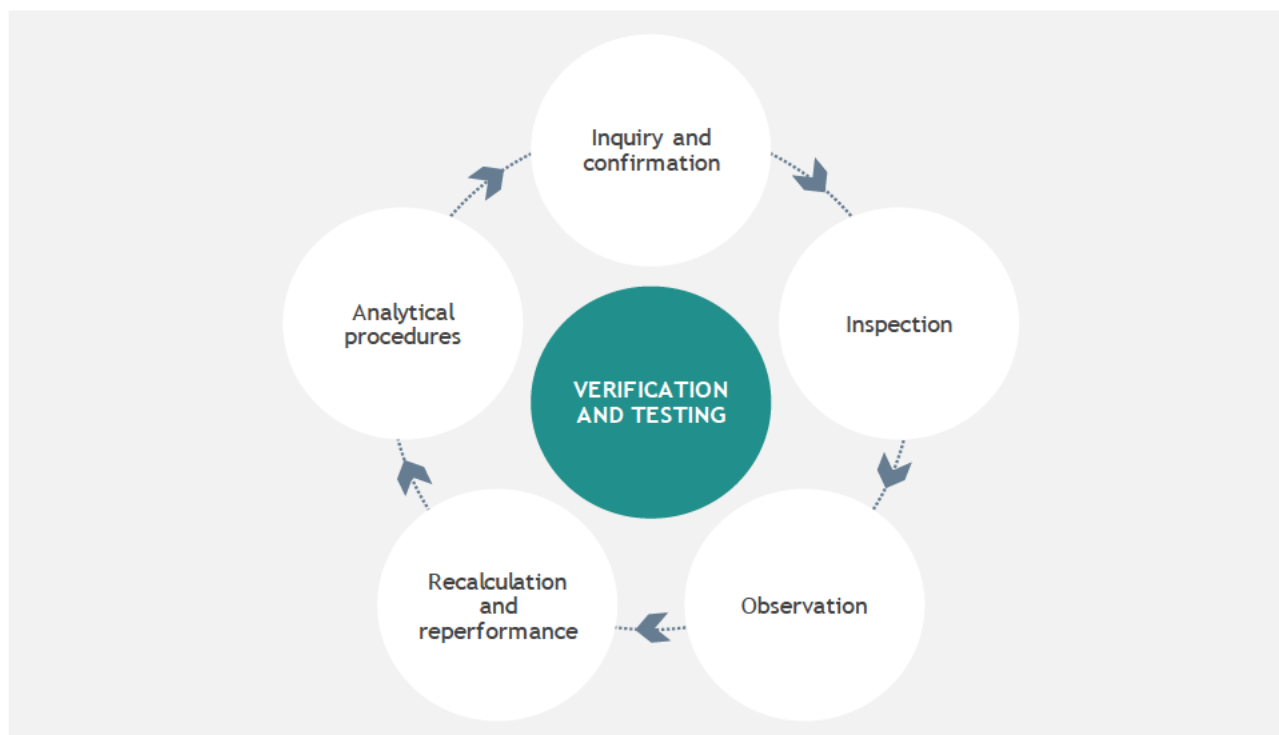
TABLE 15: TESTING PROCUREMENT TRANSACTIONS

 COMPLIANCE	 EXISTENCE/VALIDITY	 ACCURACY/VALUATION	 CUT-OFF
<p>For procurement transactions, were the procurements undertaken in accordance with applicable World Bank procurement regulations and guidelines, and consistent with the Procurement Plan approved by the World Bank?</p> <p>Are approved financial policies and procedures followed in the processing of expenditure?</p>	<p>Did the transactions that were reported in the SoE actually occur and are they in respect of valid and eligible project activities?</p> <p>Are the transactions supported by valid documents?</p>	<p>Are all the expenditures included in the SoE accurately recorded?</p> <p>Are contractors' invoices and request for payments based on agreed prices/ quantities, and are they mathematically correct?</p>	<p>Is expenditure being claimed in the correct quarter/period?</p>

Project transactions will be reviewed using the sampling methodology to be finalised in April 2020. The sample will be drawn for each project from the transaction listing in the SoEs obtained from the PIUs.

The testing of transactions will include the processes shown in the diagram below.

FIGURE 9: PROCESSES FOR TESTING TRANSACTIONS



- **Inquiry and Confirmation:** Inquiry with parties related (directly or indirectly) to the entity/project and Obtain confirmation of balances from bank and other parties where relevant
- **Inspection:** Inspection of relevant documents such as vouchers, invoices, purchase orders, ledgers and other supporting documents
- **Observation:** Observe physical existence of assets and equipment
- **Re-calculation and Re-Performance:** Recalculate and Re-perform the financial information presented in the financial reports, where applicable
- **Analytical Procedures:** Review and reconcile the physical progress to financial payments made to date.

Questionable Transactions identified from our reviews will be reported as exceptions in project SoE cover letters (see the next section of this report) as well as in quarterly IW monitoring reports.

STATEMENTS OF EXPENDITURE

To strengthen oversight, the World Bank has introduced Statements of Expenditure (SoEs) as a new requirement. During 2020, we will review expenditure claimed for reimbursements on Statements of Expenditure by the projects listed below.

TABLE 16: PROJECTS FOR SoE REVIEW

NO.	PROJECT ID	PROJECT NAME
1	P147147	Urban Development Support Project
2	P164762	Afghanistan Land Administration System Project
3	P168266	Payments Automation and Integration of Salaries in Afghanistan (PAISA)
4	P156894	Afghanistan Digital CASA Project

NO.	PROJECT ID	PROJECT NAME
5	P158768	Public-Private Partnerships and Public Investment Advisory Project (PPIAP)
6	P166978	Tackling Afghanistan's Government HRM and Institutional Reforms (TAGHIR)
7	P160615	Afghanistan Sehatmandi Project
8	P143841	National Horticulture and Livestock Program (NHLP)
9	P146184	Higher Education Development Project (HEDP)
10	P160606	Afghanistan Strategic Grain Reserve (SGR)
11	P149410	CASA-1000 Community Support Program (CASA CSP)
12	P132742	Afghanistan Second Skills Development Project (ASDP II)
13	P162022	Herat Electrification Project (HEP)
14	P132944	Naghlu Hydropower Rehabilitation Project (NHRP)
15	P164443	Women's Economic Empowerment Rural Development Program (WEE-RDP)
16	P125597	Kabul Municipal Development Program
17	P166127	Eshteghal Zaiee-Karmondena (EZ-Kar)
18	P122235	Irrigation Restoration & Development Project (IRDP)
19	P145347	Trans-Hindukush Road Connectivity Project (THRCP)
20	P159378	Education Quality Reform in Afghanistan (EQRA)
21	P145054	Central Asia-South Asia Electricity Transmission and Trade Project (CASA 1000)
22	P125961	Afghanistan Rural Access Project (ARAP)
23	P160567	Citizens Charter Afghanistan Project (CCAP)
24	P161348	Modernizing Afghan State-Owned Banks (MASOB)
25	P161728	New Afghanistan Gas Project (AGASP)
26	P131864	Kabul Urban Transport Efficiency Improvement (KUTEI)
27	P128048	Afghanistan Access to Finance
28	P160619	Cities Investment Program
29	P131228	DABS Planning and Capacity Support
30	P159655	Fiscal Performance Improvement Support Project (FSP)

Methodology and Test Procedures

The Methodology and Test Procedures applied in reviewing SoEs are set out below. While the principal procedures relate to reviewing financial documentation provided by projects, they are also evidenced from site visits conducted in parallel.

TABLE 17: SoE METHODOLOGY AND TEST PROCEDURES

	PROCESS	TEST PROCEDURES
PLANNING	Preliminary Review of draft SoE	Obtain draft SoE from the project.
		Complete the Initial Disclosure Checklist.
		Reconcile the transactions listed to those recorded in AFMIS for the period under review.
		For each Designated Account (DA) bank account:
		<ul style="list-style-type: none"> Reconcile the opening balance of the SoE to the DA bank statement.
		<ul style="list-style-type: none"> Reconcile expenditure reported on the DA Reconciliation to the total of the SoE.
		<ul style="list-style-type: none"> Reconcile any closing petty cash and operational advances disclosed in the DA Reconciliation to the petty cash and advance registers.
	<ul style="list-style-type: none"> Reconcile the closing balance of the SoE to DA Bank Statement 	
	Preparation of the Summary Disclosure Sheet and Sample Selection	<ul style="list-style-type: none"> Reconcile the following entries on the DA Reconciliation to client connection: <ul style="list-style-type: none"> Cumulative advances to end of last reporting period Cumulative expenditures to end of last reporting period Outstanding Advance to be accounted
		<ul style="list-style-type: none"> On the basis of the draft SoE, prepare summary draft disclosures of Procurement, Payroll, and Project Implementation and Management Costs (PIM, excluding Payroll).
<ul style="list-style-type: none"> Determine the sample size and indicate M16 sample selections. 		
<ul style="list-style-type: none"> Update the Samples Tested section of the Summary Disclosure Working Paper. 		
TESTING	M16 Verification	<ul style="list-style-type: none"> Communicate sample selection to project management using the standard template.
		<ul style="list-style-type: none"> Mobilise staff and update the testing section with relevant staff details.
		<ul style="list-style-type: none"> Review full supporting documentation for sampled M16s, ensuring: <ul style="list-style-type: none"> Completeness of documentation in accordance with contractual terms and conditions; Proper approval of M16 in accordance with delegation of authority; and Confirm accuracy of M16 payments by recalculating the amount paid and reconciling to M16 value.
	Testing of Payroll	<ul style="list-style-type: none"> For sample of employees, recalculate the employee's salary for the period based on approved salary and allowances in the contracts of employment, reconciled to National Technical Assistance Grades, M41 (Payroll listing reports) and bank report. Compare TPMA's calculations with the reported salary amount and report any discrepancies.
		<ul style="list-style-type: none"> For a sample of 12 employees (6 selected from the M41 salary report, and 6 from the Net Pay Bank Report), reconcile the net pay on the M41 to that on the bank report. Investigate and assess the impact of discrepancies.
Testing of Procurement	<ul style="list-style-type: none"> Perform substantive procurement procedures to confirm that procurement was conducted in accordance with applicable WB Guidelines and Regulations. 	

	PROCESS	TEST PROCEDURES
COMPLETION & REPORTING		<ul style="list-style-type: none"> For Community Development Council (CDC) procurements, perform additional CDC procurement/payment reviews For works contract, perform physical verification of assets constructed to assess whether physical progress is in line with financial progress.
	Testing of Advances and Petty Cash	<ul style="list-style-type: none"> Reconcile the Carry Forward balances to the closing balances in the Petty Cash and Advances registers by location. Reconcile the Carry Forward Petty Cash/Advances balance per the SoE to TPMA's calculations. Reconcile Petty Cash replenishments per the SoE to M16s (in AFN). Select sample 3 Petty Cash and 3 acquitted Advance transactions and check: <ul style="list-style-type: none"> Validity and existence of supporting documentation (advances, receipt and valid per diem claims); and Proper approval in accordance with delegated authority. Review the Advance and Petty Cash ledgers for transactions that remain unacquitted/ unredeemed for over 6 months. Obtain explanations from management for the long overdue nature of these balances and document as Questionable Transactions if appropriate. Perform cash counts and reconcile to the balance stated in the SoE.
	Evaluation of Test Results	<ul style="list-style-type: none"> Evaluation the impact of errors, Questionable Transactions and internal control deficiencies identified during the review. Update the Summary Disclosure worksheet, disclosing analysis of expenditure, sampling and test results in the categories of Procurement, Payroll and Project Implementation and Management Costs, excluding Payroll (PIM). Based on the templates, prepare: <ul style="list-style-type: none"> Adjusted/Unadjusted Error Log; Issue Log; and Outstanding Documentation Log. Communicate errors, issues and outstanding documentation using standard email template.
	Final SoE Review	<ul style="list-style-type: none"> Obtain final SoE from the project, where this has changed from the draft SoE, following Questionable Transactions and errors identified by TPMA. Complete the Final Disclosure Checklist, if the draft SoE reviewed during planning has changed. Update the AFMIS to SoE reconciliation if necessary
	Performance of final agreed procedures in the SoE Cover Letter and prepare SoE Cover Letter	<ul style="list-style-type: none"> Perform the following agreed procedures in the SoE Cover Letter, or reference to where the procedures have been performed: <ul style="list-style-type: none"> Assess the reconciliation of the totals of the Withdrawal Application with the attached SoE; Assess the reconciliation of the expenditures on the SoE with AFMIS; Verify the mathematical accuracy of the SoE; Establish that the correct SoE format has been used; Establish, from our review of the project's transactions and site visits conducted in the period, that expenditures on the SoE are being claimed

PROCESS	TEST PROCEDURES
	in accordance with the Grant/Financing Agreement and stated on a cash basis; and
	– Establish that the correct USD to AFN exchange rate has been applied in the SoE.
	• Prepare SOE Cover Letter

On-Site Fiduciary Reviews

For each site or sub-project subject to on-site monitoring, we review financial transactions relating to the specific site or sub-project to assess whether the financial execution is in line with physical progress and identify possible ‘red flags’.

During the Inception Period, site visits included visits to review records maintained by communities at project sites, including for comparison with records held at district or provincial level, or in the centre, including as part of the SoE Review process. For example, in relation to CCAP, we monitored the financial records of 105 CDCs implementing 119 sub-projects, assessing the overall financial progress percentage and the value of contracts monitored.

In determining whether excess payments have been made to any CDCs under review we conduct the procedures set out in the table below.

TABLE 18: SUMMARY OF FINANCIAL REVIEW METHODOLOGY

PROCESS	METHODOLOGY
Calculate financial progress percentage	The financial progress percentage is the sum of payments made to the date of the physical monitoring site visit divided by the contract value.
Calculate any excess payment	<ol style="list-style-type: none"> 1. Compare the financial progress percent with the physical progress percentage as determined by the Physical Monitoring team following its site visits. 2. Where the financial progress percentage (for example, 60 percent) is greater than the physical progress percent (for example, 50 percent), we multiply the difference (for example, 60 percent minus 50 percent = 10 percent) by the contract value (that is, 10 percent x AFN 1,000,000 = AFN 100,000). 3. Raise any significant excess payment as a red flag with the World Bank.

We perform analytical review procedures on rectification costs estimated by the Physical Monitoring team in relation to identified deviations.

We check the validity of CDC expenditure and apply the following approach to confirming that procurement was consistent with the Shopping Method criteria, as stipulated in Para. 3.5 of the World Bank’s Procurement Guidelines:

- Confirm that at least three quotations were received;
- Confirm that Requests for Quotation (RfQs) indicated the description and quantity of the goods or specifications of works, as well as desired delivery (or completion) time and place;
- Confirm that quotations were obtained in writing and in sealed envelopes;
- Confirm that the bid opening was properly documented by reviewing the bid opening minutes recording names of the bidders and total amount of each bid; and
- Confirm that the contract was awarded to the bidder who offered the lowest price and was substantially responsive, that is, met the technical specification and other terms and conditions stipulated in the RfQ.

We confirm that contract awards were approved and signed in accordance with delegated authority and further verify CDC cash and bank balances through cash counts and reviews of bank statements. Any transaction that is considered questionable is reported to the World Bank as a 'Questionable Transaction' (These primarily arise because of non-compliance with the World Bank's applicable procurement regulations and guidelines, and where we are not able to confirm validity of financial documentation).

SoE Cover Letters

Upon completing our review, we will issue the Cover Letter shown in Annex C. Cover Letters will be issued at the beginning of the quarters following the quarters/periods to which they apply.

The Cover Letters confirm that:

- Procedures performed have been conducted “solely to assist the World Bank in evaluating whether the amount claimed by the Project in the Withdrawal Application has been claimed in accordance with the Grant/Financing Agreement”;
- Our findings are based on information provided by the management of the project in response to specific questions or obtained and extracted by us from project records and accounts; and
- Our reviews of project transactions, and the selection of sites to verify the physical progress of project activities (if any), are conducted on a sample basis and that any factual findings relate only to the sample of transactions reviewed and the sites visited in the period.

AD HOC SPECIAL ASSIGNMENTS AND ADDITIONAL TASKS

During the Inception Period, we were requested by the World Bank to perform the *ad hoc* special assignments shown below.

Quality Assurance of Supreme Audit Office Audits

A quality assurance review of the financial audits performed by the Supreme Audit Office (SAO) for the 1397 Financial Year end on the following projects: CCAP, EQRA, NHLP and ARAP.

The overall objective of our review will be to assess whether the audit opinion expressed by the SAO is supported by the work performed, and whether the audit was conducted in an effective and efficient manner. To achieve our objectives, we will:

- Assess whether the audits were conducted in accordance with International Standards of Supreme Audit Institutions;
- Review and assess the quality of the Management Letters issued by the SAO;
- Determine whether adequate resources were allocated, and whether the audit was completed within budget and by the stipulated deadline; and
- Re-perform sample of audit tests and procedures to determine whether we will come to the same conclusions.

This report is due for delivery in Q2 2020.

Review of Sehatmandi Service Providers

We have been requested to review the financial transactions of Sehatmandi Service Providers to assess whether payments to Anti-Government Elements may have been made. We are required to review 20 percent of transactions from November 2019 to March 2020 for ten contracts, and 100 percent of transactions defined as high risk by the World Bank.

Development of a Competency Framework

We have been requested to develop:

- Standardised job titles and ToR for project finance staff. As part of the process, we will review existing finance departments' organograms, job titles and ToR in order to identify best practices that can be applied. We will also apply international best practices applicable to the project and country context
- A competency framework for project finance staff and project directors which includes an accountability, performance appraisal and feedback mechanisms.

This work will commence in Q2 2020 for delivery in Q3 2020.

In addition, we remain ready to undertake special tasks such as in-depth fiduciary reviews, risk-based assessments of physical and/or financial performance of individual projects or implementing agencies, following requests or instructions from the World Bank or based on specific proposals that we may submit to the World Bank for their agreement.

Examples of 'risks' that could be examined in-depth include performance outliers in monitorable project units (for example, communities, service facilities, etc.) or excessive delays in implementation progress compared to the expected timeline or other project sites. Special tasks might also entail thematic deep-dives and learning reviews of particularly successful project performance in specific sites.



RESPONDING TO THE SCOPE OF WORK: PHYSICAL MONITORING

SITE VISITS

Physical Monitoring essentially comprises undertaking site visits to projects, sub-projects and Government and other offices and locations, principally in relation to IW-funded activities but also, as in the case of personnel verification, in relation to the RCW.

We plan to conduct 4,000 site visits across all projects in both 2020 and 2021, with allowance for repeat visits to a proportion of individual project sites where required and agreed. Following discussions with a number of TTLs, the Site Visit Plan shown in Annex D was drafted for 2020⁸.

Each round of visits is to be based on an agreed site selection/sampling method, with monitoring content tailored to project-specific requirements, based on consultations with project teams, Safeguards Team members and the World Bank's TPM Contract Manager.

The Site Visit Plan to date reflects engagement with and feedback from TTLs and project teams. Where no current requirement for site visits is known, the table currently shows these as N/R (Not Required), although this status is liable to change, including where the implementation of new projects or current Pipeline projects begins during 2020. Where we have yet to receive a response from TTLs in relation to site visits, the Plan shows these as TBC (To Be Confirmed).

The selection of sites is generated by:

- Targeted samples proposed by World Bank TTLs and Safeguards Team members;
- Random and targeted samples selected by the Physical Monitoring team; and
- Random and targeted samples selected by the Financial Monitoring team from the transaction list in SoEs obtained from PIUs.

Site visit planning discussions with TTLs, project and Safeguards teams currently include a review of the quality and implementation of applicable environmental and social safeguard measures, compliance with applicable financial management and procurement rules, as well as monitoring of physical progress and performance in project implementation.

The sample selection is then coordinated between the Financial and Physical Monitoring teams and endorsed by World Bank staff prior to mobilization.

The Scope of Work requires that “consideration should be given to the concerns that site selection could be manipulated to skew the observations to relatively well-performing sites (‘cherry picking’) or that the observed sites are not representative of the project’s overall performance”. In identifying sites for visiting in Q1 2020, our selection was largely pre-determined by the requirements of individual Task Teams, adjusted after consideration by Physical Monitoring staff to reflect accessibility, local security conditions, and to merge visits where practicable, for example, to cover separate sub-projects at the same location or in adjacent locations.

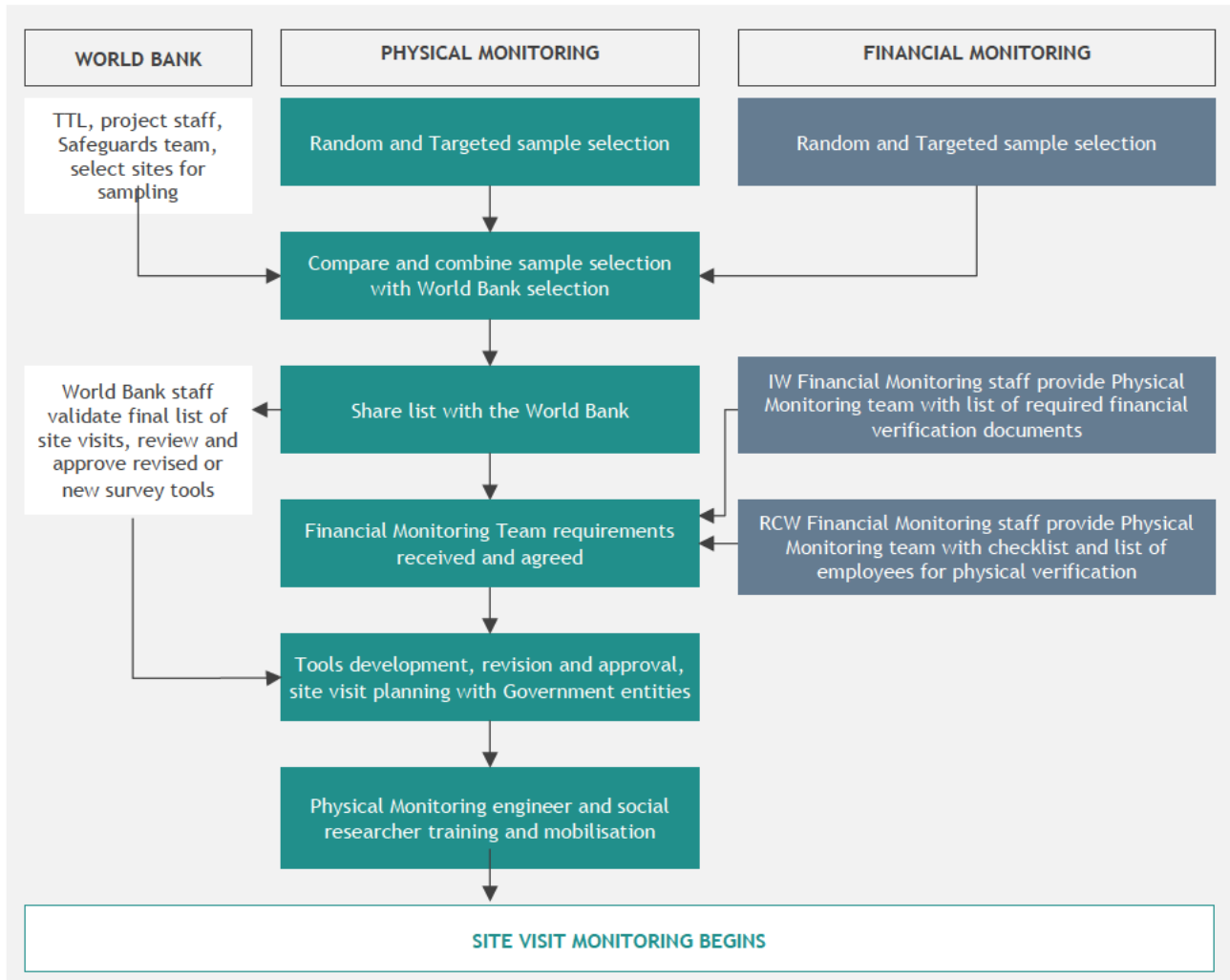
Site visits require a coordinated approach to integrate tasks deriving from World Bank TTLs, project staff and Safeguards team, from the Financial Monitoring team (for RCW and IW), as well as in response to *ad*

⁸ This Table is subject to change over time, especially to reflect the impact of COVID-19.

hoc requests from the World Bank. A working model of how this is addressed is shown in the diagram below.

During the Inception Period, we began the process of identifying an initial proportion of the sites to be visited during 2020. This process was initiated by engaging with TTLs and project staff, leading to an estimation of the number of sites to be visited and identification of the type of projects and sub-projects selected. It also involved defining the task to be undertaken, whether in the form of physical verification of community-implemented construction projects, or verification of beneficiaries receiving in-kind community grants and assets, and so on.

FIGURE 10: DEVELOPING SITE VISITS



Site visits are undertaken by teams of between two and five members, with staff numbers and skillsets determined by the range of issues to be addressed during a site visit, since one site visit may involve more than one project or sub-project. This level of human resources allows for gathering more data, collecting different views on the project from different community members, including women and marginalized groups. It also allows for collecting in-depth qualitative data, including through FGDs and KIIs⁹.

Where a site visit encompasses more than one project or sub-project (such as where a single CDC is implementing two sub-projects, or where two ARTF-funded projects are co-located or adjacent), these are counted as one site visit for the purposes of achieving the target of 4,000 site visits annually, although they will therefore generate more than one site visit report.

⁹ These have been suspended during the COVID-19 pandemic.

Typically, infrastructure site visits will gather detailed information about the location and community in which the project or sub-project is taking place, the implementing partner, project status and documentation, and findings relating to the project or sub-project design of individual infrastructure elements (such as foundations, road surfaces or retaining walls), use of materials, workmanship and O&M, including environmental impacts and work-site conditions. Where shortcomings are identified, these are recorded as 'deviations', and normally classified as 'Critical' (that is, life-threatening to current or future users), 'Major' or 'Minor'. 'Soft component' site visits may include addressing community mobilization and CDC formation and operations, community engagement in planning and execution, land appropriation, environmental and social safeguards and grievance redress mechanisms.

DATA COLLECTION

Data collection will be conducted by a team of field staff (a maximum of five) with various skillsets and technical expertise so that all aspects of data collection can be completed in an optimal manner.

Engineers will be tasked to collect data on infrastructure only but will also verify safeguards directly linked to the infrastructure. Data on safeguards will be collected by field researchers (see below), for triangulation. Most of the data collected will be recorded through checklists and will include multi-choice questions, short text inputs and photos. In addition, engineers' analysis of deviations will require audio recording of oral inputs in Dari and/or Pashto to be translated verbatim. They may also be required to record short videos and interviews with relevant technical stakeholders, such as contractors, suppliers and construction workers.

Male field researchers will cover all social issues, including safeguards, through interviews with male respondents, collecting quantitative and qualitative data through a variety of methods. Male field researchers will be the primary interviewers of Government and PMU officials at provincial and district level.

Female field researchers will collect similar data as that collected by male field researchers, through interviews with female respondents. Except in larger municipal areas, they will be accompanied by a *mahram*.

Quality Assurance officers will conduct surprise field visits or call-back visits to verify the process followed during data collection and the thoroughness of data collected.

Data collection by male and female researchers will take place at the same time, although engineers will be able to plan visits independently of the field researchers.

Following-up data collection will be undertaken through Podio, our online information and project management platform, which directly links to SurveyCTO on a real-time basis. Thus, each time a data collection tool is administered and uploaded, the list of sampled site visits is automatically updated on Podio as and identified as Ongoing, Completed or Cancelled.

Data Collection Protocols

Field researchers and engineers will be trained in how to collect data and each tool will provide detailed guidelines on the specific steps to be followed to collect the data. Overall, though, the field staff will have to abide to the principles set out in the table below.

TABLE 19: DATA COLLECTION PRINCIPLES

CONFIDENTIALITY OF DATA COLLECTED	TRANSPARENCY	VOLUNTARY PARTICIPATION	STRICT SEPARATION OF GENDER
Field staff will have to ensure that respondents are interviewed separately, with a focus on avoiding the presence of project staff while recording data from beneficiaries. In data recording and reporting, we will pay attention to restricting access to certain data, such as the names of respondents and phone numbers.	Respondents will be informed in advance why the data is being collected and that their voice will be recorded for quality assurance purposes.	Except in the case of PMU staff, respondents will be informed that they are not obliged to participate in the interview and that they can withdraw from the interview at any time.	To respect cultural sensitivities, women will only be interviewed by women and men by male field staff members.

Data Collection Tools

For the first round of data collection in February/March 2020, we used the same data collection tools as those used by MSI under the previous contract. In reviewing these tools, we identified that they can be strengthened by:

- Better distinguishing qualitative and quantitative data: For the moment, the tools offer a mix of open-ended questions which require prompting if they are to be useful for analysis, and close-ended questions. Multi-choice questions are limited. However, collecting and processing data approaches for qualitative and quantitative data need to be separated if we are to obtain greater in-depth qualitative data and more rigorous quantitative data
- Increasing the amount of qualitative data by developing new tools will generate greater (and a greater range of) insights from various stakeholders, including from marginalised communities and to enable data triangulation. Qualitative data will be particularly useful for enhancing monitoring around safeguards and the social components of projects
- Re-formulating leading questions or questions vulnerable to a social desirability bias, especially for quantitative data
- Developing common questions across projects to produce sector-level or ARTF-level analysis.

This work has already begun through engagement with TTLs and will continue through the course of the contract.

Financial Monitoring on Site Visits

Where a specific requirement exists for Financial Monitoring during a site visit, this aims to provide evidence of the following:



The extent to which financial progress, in terms of any expenditure incurred, is in line with assessed physical progress.



Significant discrepancies for immediate reporting as 'red flags' to the World Bank.



Whether procurement of goods has been in accordance with the World Bank's procurement guidelines and regulations.



Whether internal control mechanisms are in place and operating effectively.

Since this approach has been introduced only since the start of 2020, the methodology for this work is likely to develop over time, including as we gain deeper insight into the kind of information that should be available and its anticipated quality, tested and amended through findings made during site visits.

While physical monitoring of a project or sub-project through site visits will reflect conditions on the day of the site visit, financial information for that project or sub-project drawn from AFMIS or elsewhere is likely to report older data. Thus, our reporting will allow for a reasonable variance between financial progress and physical progress. This variance will normally be of the order of 15 percent.

The table below describes the kinds of activities undertaken by site visit teams, which will vary from project to project. The list is not exclusive and will change according to the requirements of TTLs and project staff.

TABLE 20: EXAMPLE ACTIVITIES UNDERTAKEN BY SITE VISIT TEAMS

PROJECT	MAIN UNIT	ADDITIONAL LOCATIONS	CATEGORIES OF TARGETED RESPONDENTS
ARAP	4 km road section	<ul style="list-style-type: none"> Two communities along this road section (or, if none, close to the road section) Provincial level staff. 	<ul style="list-style-type: none"> CDC members/community leaders Residents (men and women) Contractor Local labour Suppliers (where relevant) Former landowner(s) if relevant PMU staff.
Afghanistan Sehatmandi	Health facility	<ul style="list-style-type: none"> Community where the health facility is located One community benefiting from the health facility District level staff Provincial level staff. 	<ul style="list-style-type: none"> CDC members Community leaders Health sub-committee Residents (men and women) Health personnel Implementing Partner management PMU staff.
CCAP	CDC	<ul style="list-style-type: none"> All sub-projects District level staff Provincial level staff. 	<ul style="list-style-type: none"> CDC members Sub-committee members Other community leaders Residents (men and women) Social organisers Suppliers or contractors of sub-projects Former landowner if relevant PMU staff.

PROJECT	MAIN UNIT	ADDITIONAL LOCATIONS	CATEGORIES OF TARGETED RESPONDENTS
	Gozar Assembly or CCDC	<ul style="list-style-type: none"> • Two CDCs • All sub-projects • District level staff • Provincial level staff. 	<ul style="list-style-type: none"> • CDC members • Other community leaders • Residents (men and women) • Social organisers • Suppliers or contractors of sub-projects • Former landowner if relevant • Facilitating Partner engineer • PMU staff.
EQRA	School	<ul style="list-style-type: none"> • Community where the school is located • If relevant, one community benefiting from the school • District level staff • Provincial level staff. 	<ul style="list-style-type: none"> • CDC members/community leaders • Education sub-committee • Residents (men and women) • School personnel • Contractor (and/or suppliers if relevant) • Former landowner if relevant • PMU staff (also at district level).
EZ-Kar	Gozar Assembly or Business Gozar Assembly or Community Implemented Project	<ul style="list-style-type: none"> • Two CDCs • Infrastructure • Municipal level staff • Provincial level staff. 	<ul style="list-style-type: none"> • CDC members • Business leaders when relevant • Residents (men and women) • Labours • Suppliers or contractors of sub-projects • Former landowner if relevant • Implementing Partner staff • PIU staff.
HEDP	University	<ul style="list-style-type: none"> • Provincial-level staff. 	<ul style="list-style-type: none"> • University management • Contractor • Students and/or university staff • PMU staff • Former landowner if relevant.
IRDP	A major infrastructure and/or 4 km section of irrigation canal	<ul style="list-style-type: none"> • Two communities benefiting from irrigation • Provincial-level staff. 	<ul style="list-style-type: none"> • CDCs members • Other community leaders • Farmers • Contractors and/or suppliers • Former landowner if relevant • PMU staff.

PROJECT	MAIN UNIT	ADDITIONAL LOCATIONS	CATEGORIES OF TARGETED RESPONDENTS
NHLP	Community, or Warehouse or one macro project	<ul style="list-style-type: none"> • District-level staff • Provincial-level staff • Two communities for irrigations. 	<ul style="list-style-type: none"> • Beneficiaries • Local residents not selected as beneficiaries. • CDC members (except for warehouse visits) • Implementing Partner or contractor • Warehouse staff where relevant • PMU staff.
THRCP	4 km road section	<ul style="list-style-type: none"> • Two communities along this road section (or, if none, close to the road section) • Provincial level staff. 	<ul style="list-style-type: none"> • CDC members/community leaders • Residents (men and women) • Contractor • Local labour • Suppliers (where relevant) • Former landowner(s) if relevant • PMU staff.
WEE-RDP	CDC (in CCAP communities) or Village/ community	<ul style="list-style-type: none"> • District level staff • Provincial level staff. 	<ul style="list-style-type: none"> • Beneficiaries • CDC members • Sub-committee • Women who do not participate in the program • PMU staff • Where applicable, Implementing Partner staff.

SAMPLING OF SITE VISITS

One approach to sampling site visits was shown earlier. However, since different projects have different requirements, we recognise the need to adopt a flexible approach to sampling. Examples of potential sampling methods are shown below.

As a norm, random sampling is driven by TTL, project and Safeguards team requirements, but the selection may be made by the Physical Monitoring team if and when required by World Bank staff.

TABLE 21: EXAMPLES OF POTENTIAL SAMPLING METHODS FOR SITE VISITS

PROJECT	SAMPLING METHOD	OBJECTIVE
EQRA	Purposive sampling of schools by the TTL, with a prioritization on schools reported as completed.	To verify that schools have been completed satisfactorily in advance of the last payment instalment being released.
CCAP	Purposive sampling of CDCs where financial monitoring had indicated gaps or issues.	To triangulate financial data, documents and procedures and physical data and reports.

NHLP	Random sampling within a set of criteria defined by the TTL.	To test specific risks (contractors with large contracts, contractors with multiple contracts) with a representative sample to provide evidence of proper delivery.
WEE-RDP	Random sampling in 'new provinces' not yet monitored.	To assess implementation capacity in relation to project extension to other provinces.

In sampling site visits, we will normally apply the criteria set out in the table below.

TABLE 22: CRITERIA FOR SAMPLING SITE VISITS

- 01** Insecurity will not be a criterion for sampling sites. If, during the data collection, one or more sites cannot be accessed as a result of security issues, these sites will be replaced but normally recorded as held over for sampling until access is possible.
- 02** Physical Monitoring teams will aim to collect data on all activities being implemented in one community or at one (or a closely adjacent) site by a project (for example, to cover poultry and tractors provided under NHLP to different beneficiaries in the same community, or to assess financial controls). This will be subject to the availability of relevant MIS project data or Financial Monitoring information at the time of the site visit. Again, where information of this kind is not available, reporting on the site visit will normally be held over until data is available.
- 03** As far as possible, the site sampling process will limit engagement with PIUs or PMUs in order to protect the independence and quality of Physical Monitoring activities. Thus, PIUs/PMUs will be consulted on issues that might ease the sampling process (requests for clarification, beneficiary lists, etc.), but we will try to avoid creating an incentive for 'preparing' site visits. However, overall, our findings, as shared through the digital platform, will aim at providing objective and valuable data that leads to learning and improved capacity within PIUs and PMUs.
- 04** The criteria for sampling will normally be provided by TTLs, project staff or the Safeguards team including to reflect their interests or concerns about particular project components or activities, or the work of certain implementing partners or contractors. Once these criteria have been defined, sampling may be undertaken through purposive sampling, threshold sampling, or through randomization to ensure that all sites have the same chance of being selected and to improve the representative nature of the resulting samples.

DEVIATIONS

In assessing infrastructure, engineers assess individual infrastructure elements (such as foundations, road surfaces, retaining walls, or individual structures such as latrines or wells), as well as the design, use of materials, workmanship and O&M, environmental impacts and work-site conditions.

Where significant deviations from the agreed plan are identified, we estimate the cost of rectification, ultimately allowing the Afghan Government to recover funds from developers (or other suppliers). Doing so is intended to ensure better value for money for the Government, as well as the World Bank and its partners.

Addressing New Critical Deviations

We are establishing a protocol for immediate reporting of Critical deviations identified during physical monitoring, involving read-response emails to TTLs and nominated World Bank project staff and to nominated Government PoCs. This will be followed up by same-day SMS and phone calls from the Physical Monitoring team to Government PoCs and counterparts to confirm awareness of the issue. This protocol has been completed and will be implemented during Q2 2020.

As they arise, Critical deviations will be entered onto the new digital platform to provide detailed information to TTLs and project teams, as well as to relevant Government personnel.

Addressing Legacy Open and Pending Deviations

Commencing in Q2 2020, the Physical Monitoring team will conduct site visits for all Open and Pending Critical (life-threatening), Major and Unclassified deviations reported in 2019 ('Pending' being deviations reported as having been corrected). Subject to time availability, we are planning to undertake site visits to a proportion of Open and Pending Minor Deviations.

TABLE 23: LEGACY OPEN DEVIATIONS FROM 2019

OPEN	CRITICAL	MAJOR	MINOR	UNCLASSIFIED	TOTAL
AAIP	3	102	148	0	253
ARAP	0	51	21	1	73
CCAP	6	157	197	1	361
EQRA	0	12	35	0	47
HEDP	0	15	14	0	29
IRDPA	0	34	11	0	45
OFWMP	0	47	29	0	76
THRCPP	3	40	11	0	54
Total	12	458	466	2	938

TABLE 24: LEGACY PENDING DEVIATIONS FROM 2019

PENDING	CRITICAL	MAJOR CASES	MINOR CASES	UNCLASSIFIED	TOTAL
AAIP	1	2	1	0	4
ARAP	0	49	19	0	68
CCAP	5	113	235	1	354
EQRA	0	6	7	0	13
HEDP	0	0	0	0	0
IRDPA	1	13	2	0	16
OFWMP	0	14	4	0	18
THRCPP	0	5	3	0	8
Total	7	202	271	1	481

FORWARD PLANNING

The programme of site visits for Q2 to Q4 2020 will be finalised as Task Team discussions take place, but the overall number of site visits in 2020 is currently anticipated to at least meet, if not exceed, the contractual target. However, the impact of COVID-19 on the ability for Physical Monitoring to obtain documents from Government counterparts and to conduct site visits cannot be estimated at this stage.

The Scope of Work states that the portfolio of investment projects to receive monitoring visits in 2021 will be determined in Q3 of 2020 in discussion with the World Bank and followed up by work with the Task Teams and the corresponding implementing agencies to establish monitoring protocols for each project. To ensure greater flexibility and responsiveness to World Bank and TTL needs, including for unanticipated tasks, we intend to undertake planning for the second half of 2020 and into 2021 on a rolling basis through engagement with TTLs and World Bank staff.

ADOPTING NEW METHODS

In response to the COVID-19 pandemic the Physical Monitoring team is also exploring, and in some cases, using new tools to undertake monitoring where social distancing cannot be practised or where quarantines are in effect. These tools include using phone-based monitoring and survey techniques (used for NHLP monitoring in the Inception Period) and developing a model for rolling phone-based reporting.

This model may build or draw on MSI's use of 'citizen monitors' as part of community-based progress reporting to supplement the work of the Physical Monitoring staff, especially in more remote locations, during the winter months, and given the impact of COVID-19 on access in different parts of the country. We have begun to explore how to provide remote training in mobile-based reporting for community members and how that resource might be applied to different World Bank-funded projects being developed as a programmatic response to COVID-19. This is currently a work in progress.

ENVIRONMENTAL AND SOCIAL SAFEGUARDS

The Scope of Work requires us to collect a range of data around environmental and social safeguards. These are summarised in the table below.

TABLE 25: ENVIRONMENTAL AND SOCIAL SAFEGUARDS

<p>Environment and Social Management Plans</p> <ul style="list-style-type: none"> • Obtaining a copy of all Environment and Social Management Plans (ESMPs) in advance of field visits; • Completing the site screening checklist from the Environment and Social Management Framework (ESMF) for all projects with a construction component; and • For site visits where construction is ongoing, checking that site-specific ESMPs are on site and being complied with.
<p>Cultural Heritage Impacts</p> <ul style="list-style-type: none"> • Verifying that a Cultural Heritage Management Plan has properly been implemented and to check whether the requirements for ‘chance find’ procedures set out in the ESMP are being implemented.
<p>Land Acquisition and Resettlement Impacts</p> <ul style="list-style-type: none"> • Verifying that any Resettlement Action Plans (RAPs) and/or Abbreviated RAPs have been executed in accordance with the approved Resettlement Policy Framework.
<p>Grievance Redress Mechanisms</p> <ul style="list-style-type: none"> • Confirming that all grievances and complaints related to project activities are heard and addressed in a timely, effective and transparent manner through an agreed GRM.

Different projects have different Safeguarding requirements, with CCAP being especially prominent in terms of the range and number of issues addressed and questions raised. Thus, during the Inception Period, CCAP Physical Monitoring generated almost 180 pages of data. At the same time, NHLP and other infrastructure projects applied varying questions to address safeguarding issues.

For subsequent rounds of site visits, we propose to review the tools applied to different types of projects in order to provide greater consistency where possible for analytical and reporting purposes.

USE OF INFORMATION TECHNOLOGY

The use of Information Technology cuts across several aspects of our work and is critical to our ability to build on previous work and to align the elements of Financial Monitoring and Physical Monitoring under this contract. It allows us to identify our monitoring samples and systematically track the status of data collection. Information Technology is necessary to systematise the way we collect information, enhancing our ability to assure data quality and reliability. Thus, in bringing together different monitoring activities, our proposed web-based digital monitoring and data sharing platform is a cornerstone of our project and is intended shorten the distance between community-level data collection and data sharing, making comprehensive findings available more quickly to World Bank and Government staff.

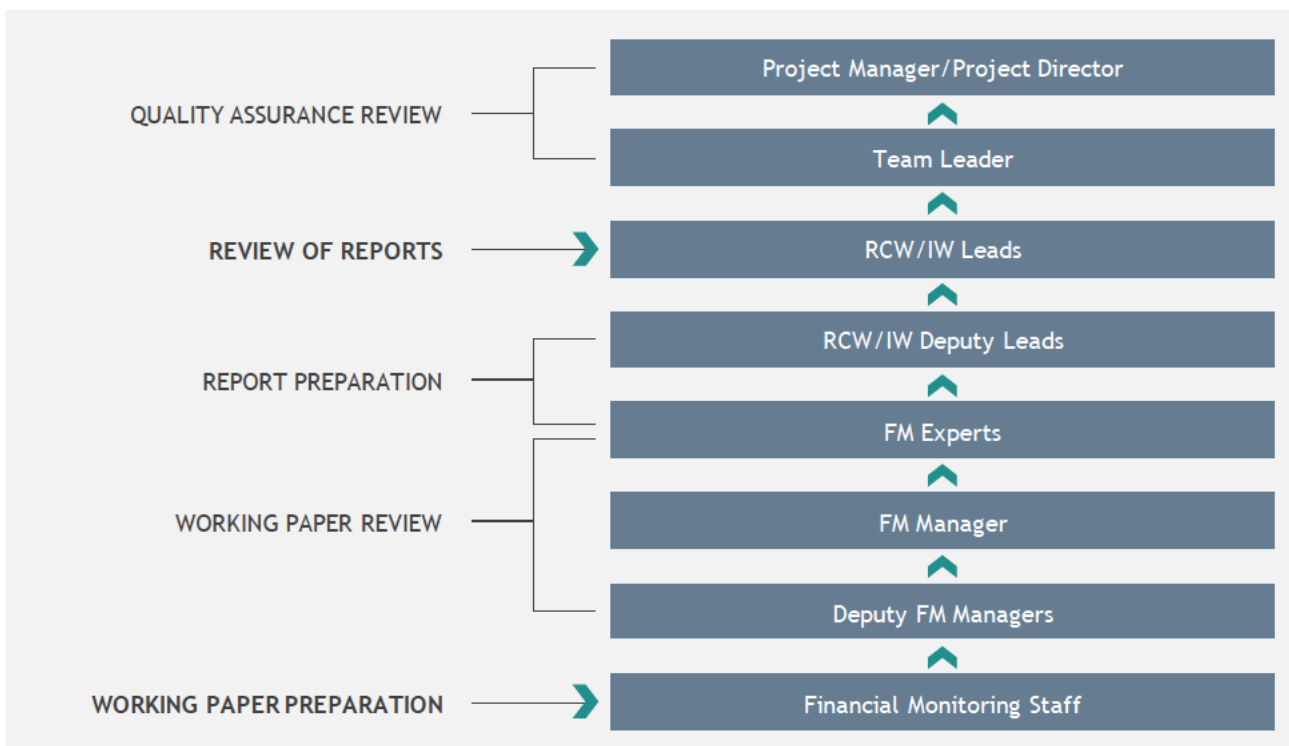
ANALYSIS OF MONITORING DATA

As identified earlier, the Physical Monitoring team collect IW project and sub-project data covering infrastructure, social mobilization and community engagement, environmental and social safeguards, financial information, as well as conducting RCW physical verification of employees and assets, based on agreed sampling criteria and using agreed sampling tools.

For information for both IW and RCW, once data has been uploaded a review process will come into play; for financial information, the Financial Monitoring team conduct the various test procedures previously described.

During the Inception Period, a review process was put in place to ensure all outputs are subject to rigorous review and quality assurance before being submitted to the World Bank. For the Financial Monitoring and Physical Monitoring teams, these are shown below.

FIGURE 11: QUALITY ASSURANCE FOR FINANCIAL MONITORING



Quality assurance

For the Physical Monitoring team, quality assurance (QA) procedures apply at all levels of the data collection, cleansing and monitoring cycle, including through:

- A review by multiple staff of data collection tools and of question coding on SurveyCTO;
- Back-translation of surveys and checklists;
- Solid and repeated training of Physical Monitoring staff, including performance reviews after each round of data collection; and
- Reviews of sampling plans.

Quality assurance procedures are concentrated on the data collection process, where the risks of errors or fraud are greater. Here, quality checks are performed in a variety of ways, including:

- Reviewing the length of time to administer each survey, checklist, KII or FGD;
- Collecting GPS points, with quality assurance staff monitoring data collection points through the use of GPS mapping via ArcGIS Online to see if the sampling plans have been properly followed;
- Call-backs for a minimum of ten per cent and up to 20 per cent of randomly selected respondents to verify their identity, confirm their participation in the study and ensure that data collection protocols were respected;
- Surprise visits conducted by quality assurance managers on a regular basis to ensure that the person entering the data was the trained field researcher;
- Reviewing the length and depth of qualitative data, with at least 20 per cent of full audio recordings reviewed by quality assurance staff; and
- Reviewing raw data in the database to identify information that is unclear, identifies outliers or is incomplete.

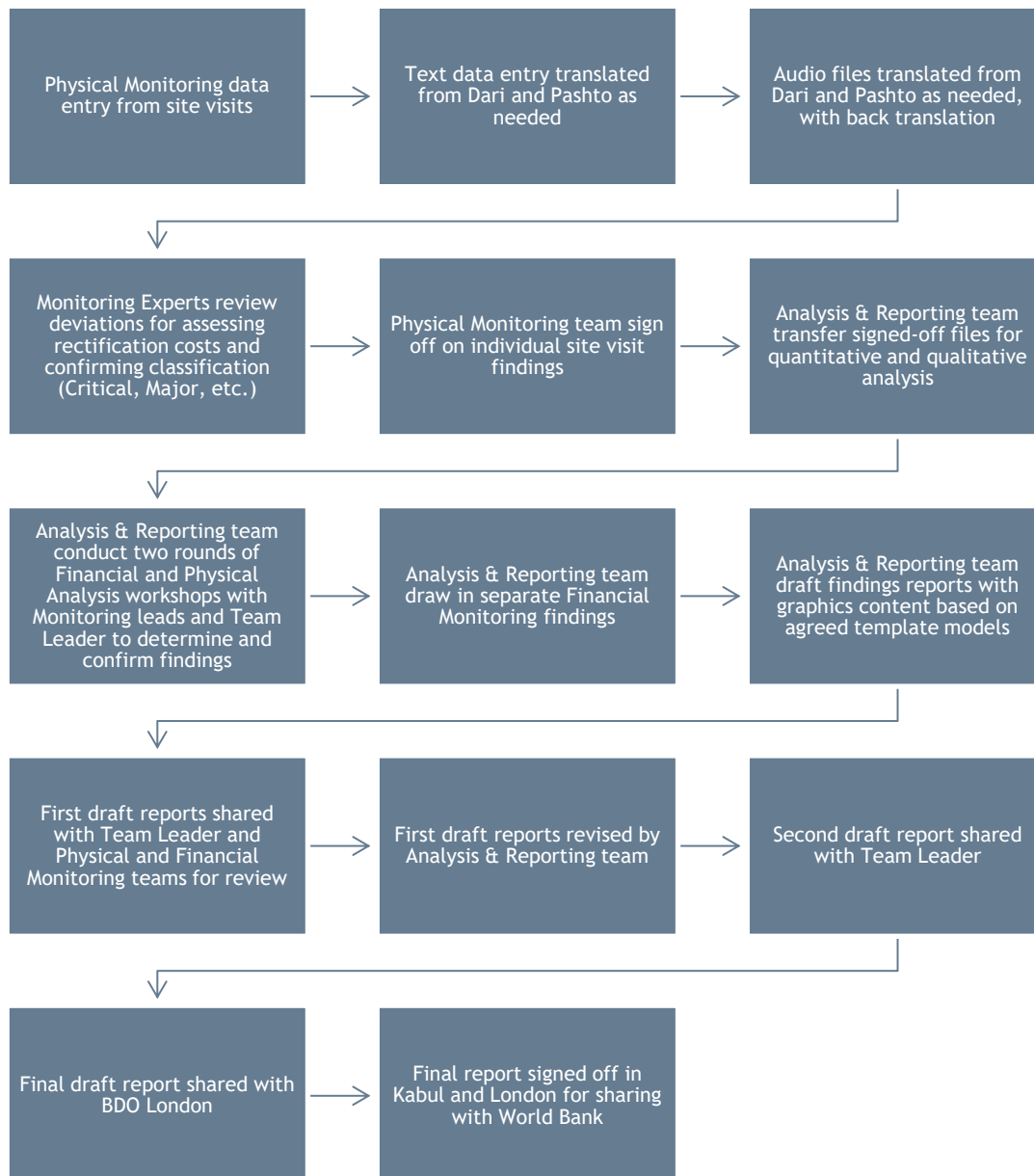
Any data that does not pass these different controls will be rejected, with field staff required to return to the community to address any shortcomings.

For infrastructure monitoring, two layers of quality control are applied. Firstly, field engineer reports are reviewed by Monitoring Experts based in the relevant Government entity. Then reports are reviewed by a senior engineer with a wide range of experience in designing and implementing complex and large infrastructure projects. At any point in this process, the reviewer might require the engineer (or a replacement) return to the site to verify specific issues.

Finally, particular emphasis is laid on conducting quality assurance of translations of raw data, with at least ten percent of translations being cross-checked to ensure accuracy and that interviews have been translated verbatim.

Complementing these processes, Dari- and Pashto-speaking members of the M&E team provide an additional layer of data quality assurance. Thus, for the first round of data collection during the Inception Period, they reviewed raw infrastructure data in Fulcrum of ten percent of site visits for each project being sampled. They compared audio files and their transcriptions with the English translations provided for accuracy, clarifying any unclear translations with the Physical Monitoring team. This approach will continue during 2020.

FIGURE 12: SUMMARY OF QUALITY ASSURANCE FOR PHYSICAL MONITORING



Data Reporting and Analysis Systems

To ensure service continuity during the Inception Period while we develop the digital monitoring and data sharing platform, we have continued to rely on Fulcrum, the mobile data collection software used by MSI for infrastructure data collection. For ‘soft component’ data (for example, social mobilisation, Environmental & Social Safeguards, and Gender), we have started using SurveyCTO as a data collection tool, offering greater functionality and more data quality controls, including the ability for monitoring staff to input data in Dari and Pashto.

SURVEYCTO

In addition, SurveyCTO offers automated quality checks to reduce data entry errors, for example, by highlighting values that are too high or too low, identifying clear outliers, or where a value is too frequent or too infrequent. It is also able to record both quantitative data (numeric, single choice, multiple choice, classifications, GPS points, etc.) as well as qualitative data, including audio and video records, photos and record links). Since qualitative data will be audio recorded to the greatest possible extent, SurveyCTO is able to gather all data, both qualitative and quantitative, on the same application.

SurveyCTO also acts as a stand-alone platform for managing translations, with audio records linked to specific questions, enabling all translations will be completed question by question with the verbatim transcript entered directly in the qualitative questionnaire on SurveyCTO.

Practical benefits of using SurveyCTO include the following:

- The survey duration is automatically calculated. The Physical Monitoring team will pre-determine the minimum time each questionnaire needs to be properly administered and any questionnaire collected below the minimum timeframe will be rejected;
- SurveyCTO ensures that surveyors ask all the survey questions required by automatically calculating the time of each question answered;
- GPS points are recorded without user inputs, allowing Physical Monitoring quality assurance staff in Kabul to verify if the questionnaire or audio data was recorded at the same place throughout. Under Fulcrum during the Inception Period, surveyors will be required to enter the GPS location for each site visited;
- SurveyCTO's audio audit fields can invisibly record audio in different location of the survey form. This is crucial to make sure that respondents are actually interviewed, following the questionnaire, rather than engaging in another discussion, with the risk of the surveyor randomly completing the questionnaire; and
- Finally, the system uses sensor metadata, for example, to capture light conditions around the device, how much the device moved during the survey, the volume of sound around the device (to check, for example, whether the survey took place in a public place instead of inside a house), the pitch of the sounds around the device, and an estimate of whether a conversation was taking place around the device.

GPS points will be cross-checked directly on SurveyCTO during the quality assurance process, while maps with data collection points will be produced for reporting purposes through ArcMap. World Bank staff will also be able to access all data collection points in an interactive manner using ArcGIS, an online tool.

ANALYSIS AND REPORTING PROCESS

For the Digital Platform team, starting with the Inception Period, at the beginning of each monitoring period the M&E Lead has assigned each project in the Physical Monitoring sample for that period to a member of the M&E team, according to their sectoral expertise. Individual team members are then responsible for conducting reviews of raw data for their assigned projects as it has been uploaded to Fulcrum during the Inception Period for infrastructure projects and to SurveyCTO for soft components. The objective of this initial review is to provide a preliminary understanding of the quality of the data, as well as emerging findings and trends. It will also enable them to engage with the Data Collection team to clarify questions or address gaps.

The Physical Monitoring team will contribute to data analysis by:

<p>01</p> <p>Supporting the interpretation of data when necessary, especially when it comes to infrastructure.</p>	<p>02</p> <p>Providing contextual information.</p>	<p>03</p> <p>Investigating specific findings (through call-backs or return visits) to provide more depth or clarity.</p>	<p>04</p> <p>To cross-check analysis to ensure that no data lacked clarity or was misunderstood by the analyst.</p>	<p>05</p> <p>To propose recommendations for programming or approaches, as appropriate.</p>
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Once the Data Collection team has cleaned and translated the data, the M&E team will export the data relating to their assigned projects from Fulcrum and SurveyCTO in a CSV file. Data is then segregated between quantitative and qualitative data. We are using MS Power BI to identify trends from quantitative data and to prepare graphics for the written report, and NVivo for the qualitative data analysis. With NVivo, we will develop codes that we will use across components and projects, systematizing the qualitative analysis process and providing consistency in analysis and findings. For example, where an open-ended question probes the reasons why women do not actively participate in the activities of a CDC, women's responses could range from 'the activities were held during hours where it was difficult for me to attend' or 'women's activities outside the home are limited in my community'. We will then categorize similar responses under one code, which would then allow us to identify the top five most frequently cited reason, or to analyse the most frequent reasons by geographic region.

Starting in Q2 2020, analysis of the infrastructure monitoring data will shift to the new digital monitoring and data sharing platform. This will provide the M&E team with a dashboard that allows them to engage directly with the quantitative data once it has been cleaned and quality assured. Using integration with MS PowerBI software, the team will analyse data and create graphics to be presented in online project pages, as well as for written monthly and quarterly reports. For qualitative data analysis, we will use NVivo software, and the new platform is intended to draw on data in SurveyCTO and NVivo in presenting project-level findings.

We combine these Information Technology tools with human-driven analysis. The M&E Lead will review the results of the coding and quantitative analysis for each sampled project daily to provide quality assurance and to identify wider trends and risks to include in the monthly summary and quarterly reports. At the end of the analysis period, the M&E team will conduct one or more internal analysis workshops per project, each of about 90 minutes in length to discuss findings. Through this process, participants will be able to discuss and agree key findings, including best practices and risks from both monitoring streams to develop a high-quality report that presents a comprehensive yet concise narrative for each project.

The M&E team are also responsible for conducting similar checks of soft component data collected via SurveyCTO. In subsequent periods, once all data is collected via SurveyCTO, they will continue providing additional quality assurance for data from 10 per cent of total site visits per month.

REPORTING

The Scope of Work requires that we report directly to the World Bank and provide quarterly and annual reports on the main monitoring findings. We are also contracted to provide a monthly summary progress update on the monitoring activities undertaken, as well as any issues for the World Bank's attention. Additionally, we will prepare reports on special assignments upon the World Bank's request. Here, our aim is to integrate strong client engagement with Information Technology to understand and respond to the range of information needs across the World Bank's portfolio from the contract managers and Task Teams, to Global Practices staff and Government stakeholders.

Our approach to reporting is guided by an underlying principle that information provided across our range of reporting products must be reliable, engaging, and useful. Readers must be able to trust that our findings are based on accurate data and reflect as current financial and physical progress as is available.

Our aim is also to present information in a way that allows readers to quickly identify information that is of importance to them and to absorb its meaning and relevance. Since our definition of 'engagement' goes beyond words and graphics on a page, we will also aim to meet key stakeholders from the World Bank and Afghan Government both in-person and remotely to share and discuss findings to support knowledge gains. These interactions will enhance our ability to provide information that they can use in decision-making and programme implementation and will also inform us as to which kind of information is of most importance to meet their needs.

Reporting Deviations

A crucial element of the Physical Monitoring component is reporting of deviations for in-progress infrastructure projects across the portfolio. These deviations are currently classified in terms of degree of severity: Unclassified, Minor, Major, and Critical (or Life-threatening) and tracked according to their status: Open, Pending, Rectified, and Non-Rectified. Previously, information about and evidence of deviations and Government-led rectification processes were shared with World Bank and Government project teams on Ardea. Information about deviations identified by SA field engineers during site visits was uploaded from Fulcrum and assigned to the designated Ministry engineer to address. That engineer was then responsible for reviewing the deviation and overseeing the rectification process. Once the Government entity engineer had deemed the deviation rectified - typically through the review of photos of the rectification - he would then assign it back to the SA engineer for review and final approval.

During the Inception Period, we continued to use Ardea and Fulcrum to capture, report, and track deviations and the process of rectifying them by Government entities. We are currently in the process of migrating this information to a new digital platform that will consolidate reporting and serve as a single repository of TPM data, analysis and reports. We will also transfer all Open and Pending deviations to the new platform, which will follow a similar process to that used on Ardea for reporting and addressing infrastructure deviations, enabling us to report and assign deviations to the relevant Government PoC for review and rectification. We will also review the rectification and either approve or reassign for further rectification.

The new platform will build on the processes developed in Ardea and incorporate new functionalities to add value, following discussions with Task Teams and key World Bank and Government staff, including at a two-day workshop in Dubai in February 2020. For example, deviations categorized as ‘Critical’, or ‘red flags’ arising from Financial or Physical Monitoring, will automatically trigger notifications to identified individuals/teams in Government entities and Task Teams with minimal time delay, with a back-up approach to ensure alerts have been received.

The new platform will also provide more meaningful synthesis of information about deviations. For example, it will clearly show the total number of deviations by status at a high-level, broken down by a range of criteria and available only to those users with relevant permissions. It will also track the time lag for Open and Pending deviations, showing deviations that have remained Open or Pending beyond a certain period (for example, 30, 60, 90 or 120 days) with automated reminders and configured to send time-lag alerts to agreed users. The platform will also make communication about deviations visible to Task Team members, enabling them to add comments and interact with other users about deviations, as explained in the ‘Refreshed Digital Platform’ Section.

Reporting on the Digital Platform

The new platform will also integrate with other monitoring datasets where Ardea did not, like financial progress data and deviation data from ‘soft’ components. Access will be customized per user role and users will be able to access data according to their information needs. The platform will provide different dashboards for different user needs, including the RCW and IW. One component of the platform will enable the TMPA users to interrogate information at the portfolio level, and trace findings through disaggregation to specific projects, site visits, geographies and suppliers via interactive visualisations. Visual reports will be based on both quantitative and coded qualitative data which will also feature in our written reports in addition to the digital platform. Each project will have a data summary page including up-to-date graphics of the latest key findings from both the financial and physical monitoring showing site visits, financial and physical progress, and infrastructure deviations (as relevant). Each project will also have a separate tab related to Environmental and Social Safeguards that consolidates findings relevant to that Global Practice Group. We are developing an interactive platform. Its design will allow individual users to adjust filters to create their own reports by project, geographic region, contractor, type of construction, deviation category and status, and other criteria. The platform will also have built-in

flexibility to adjust the information and charts presented in the project pages to meet the Task Teams' evolving needs.

Written Reports

We will continue to provide written reports in PDF via email to designated staff at the World Bank and relevant Government entities. These will also be available in a 'Reports' section on the digital platform. Details about the audience for reports and their content are in the Reporting Types and Formats section.

LESSON LEARNING

Alongside the digital platform and regular written reporting, we plan to engage relevant World Bank and Government staff after each round of data collection to discuss findings and implications for programming, both in person and remotely. Our engagement will range include informal discussions with Contract Managers and TTLs on issues they have pinpointed as critical for regular follow-up. From May 2020 we will separately convene quarterly meetings with Task Teams whose projects have appeared in that quarter's sample to present findings and plan for follow-up monitoring if needed.

In December 2020 and July 2021, we plan to undertake an internal two-day learning event to bring together World Bank staff to discuss our findings, highlight what is working and what could be adapted elsewhere, and brainstorm solutions to challenges. This event would aim to enhance knowledge sharing and lesson learning across project teams and Global Practices Groups. This event could include Ministry and/or donor representatives during the second day to share findings. By doing so, it could address some of the regular information requests made by partners to the World Bank, reducing the frequency of requests and demands on staff time.

REFRESHING THE DIGITAL PLATFORM

Managing and communicating data is an essential component of successful third-party monitoring, especially in conflict-affected environments. Our digital platform therefore needs to capture TPM information—such as infrastructure deviations—in a way that helps World Bank staff identify risks to its portfolio. The platform must synthesize evidence and provide insights that inform World Bank decision-making and must proactively adapt to evolving World Bank and project objectives. Ultimately, the platform needs to deliver trusted TPM data through a web-based application that enhances the speed, rigour and availability of monitoring evidence able to inform World Bank decision-making and provide relevant and current information to Government partners.

The following sections set out progress made during the Inception Period relating to each of the phases outlined below.

FIGURE 13: PROCESS FOR DEVELOPING THE DIGITAL PLATFORM



UNDERSTANDING THE USER BASE

During the Inception Period, we held initial consultations with World Bank Global Practices, sectoral and Task Teams and operational personnel as follows:

- World Bank Project Leads;
- TTLs and Task Team Members from CCAP, EQRA, NHLP, ARAP, Sehatmandi, Contract Management and Environment and Social Safeguarding Teams;
- Government entities: IDLG, Ministry of Education (MoE), MRRD, Ministry of Transport; and
- Project staff from ARAP, CCAP, EQRA.

Government representatives were engaged to ensure we captured a wide range of requirements for the platform, from initial data collection through to how monitoring information, including on deviations, would be stored, used and reported. The table below is a synthesis of high-level recommendations for the refreshed digital platform identified through user consultations.

TABLE 26: PLATFORM USERS AND RECOMMENDATIONS

USER GROUP	CATEGORY	RECOMMENDATION
Government / PIUs / PMUs	Deviations	Increase the consistency of how 'deviations' are defined, assigned and rectified, including systems for scoring/rating deviations. Ensure new platform works in tandem with Ministry/project MIS by using clear identifiers for deviations/monitoring data.
TTLs, Ministries	Notifications	Implement a clear process and workflow for who is notified about deviations based on the type/nature of the deviation (especially high-impact deviations).

USER GROUP	CATEGORY	RECOMMENDATION
TPM Contract Lead	Legacy data	Import Open and Pending deviations from Ardea into the new platform.
World Bank cross-cutting teams, TTLs	Dashboards	Ensure platform includes features for generating reports on social issues/indicators.
TTLs	Dashboards	Ensure comparability where possible between physical and financial monitoring to enable trend identification at project level.
Government	Import/export	Include simple deviation 'export' capability to enable sharing of specific deviation information with non-users (PDF, Excel).
Government /TTLs	Access	Design for the platform to operate in low bandwidth environments.

Discussions during a two-day workshop held in Dubai in February 2020 with World Bank and Government participation expanded on our understanding of user requirements and generated a number of proposed responses for us to address.

TABLE 27: DUBAI WORKSHOP DISCUSSION TOPICS AND ACTIONS

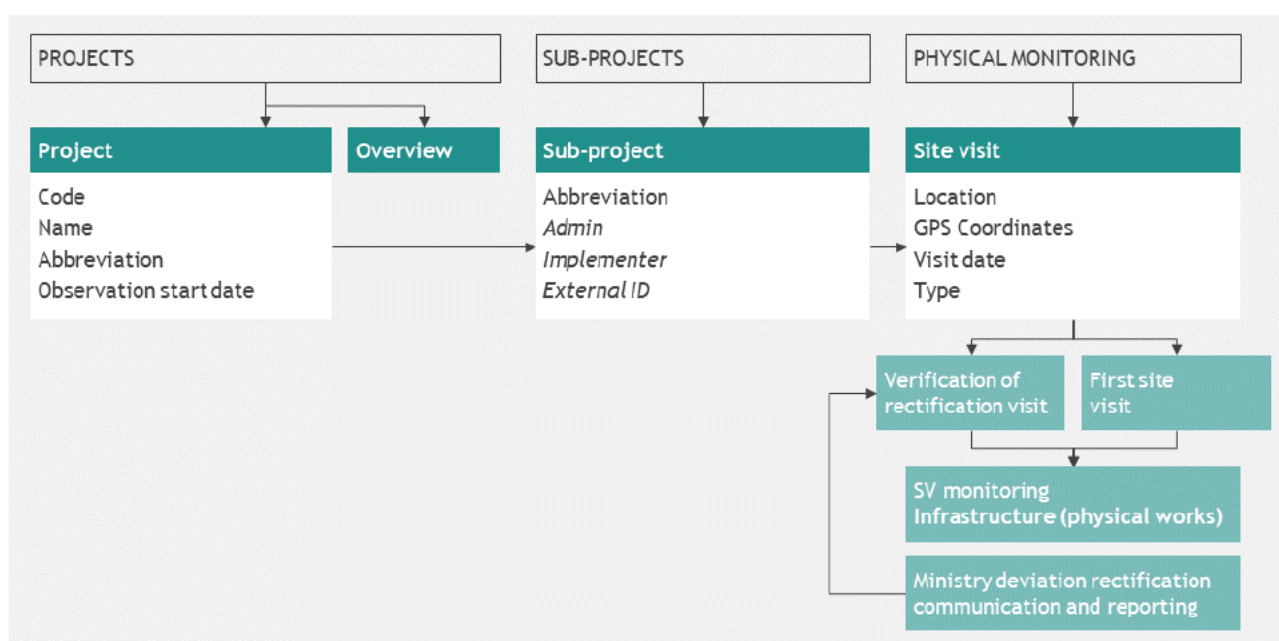
DISCUSSION TOPIC	AGREED ACTION(S)
Integrating Environmental, Social and Safeguarding aspects into data collection tools.	TPMA to coordinate with Safeguarding staff on research tools for feedback/input.
Engineering expertise in the field (for example, electrical, energy).	TPMA to utilize monitors from previous contract, while actively recruiting, including international experts. Further consultations to be held with other WB stakeholders (for example, the Energy team).
The digital platform as a facilitator of engagement between TTLs, Ministry personnel and TPMA.	Ensure platform allows 'self-selection' of highly tailored notifications from the platform via a 'flagging' process based on agreed criteria of importance. TPMA to propose process.
Deviation/rectification photography requires date/GPS-tagging, a number of photos per deviation, and integration with the rectification process and multiple Ministry ID systems.	TPMA to test suitable photography technologies (including 'Open Camera') and incorporate into the platform. User testing required during Beta development phase.
Ensuring 'good practices' are captured in the platform.	TPMA to develop criteria for identifying good practice, and to propose how to share in reporting and communications.
Agree terminology throughout the deviation process, for example, 'deviation' / 'observation', 'compliance' / 'non-compliance', and typologies <i>within</i> deviations (including 'hard'/'soft', 'Major', Minor' and 'Critical or Life-Threatening'.	TPMA to propose criteria, definitions and suggested typologies for World Bank approval, taking previous contract/data into consideration.
The digital platform to provide aggregate information across the portfolio, and	TPMA to ensure the platform features support reporting requirements.

disaggregation of information per geography and projects.	
The inclusion of financial monitoring information and linkage with site visits.	TPMA to ensure sampled site visits provide information on physical versus financial progress.

EVALUATING EXISTING SYSTEMS AND PROCESSES

For the Inception Period and until mid-2020, we were asked to take over responsibility for Fulcrum, the digital data collection platform used by the SA, together with Ardea, its digital platform, including to assess their viability for future use. We therefore developed an understanding of both to ensure they could be kept operational and secure during this period. We conducted a full technical assessment of Fulcrum and Ardea early in the Inception Period, with Ardea’s structure being defined as shown below.

FIGURE 14: ARDEA STRUCTURE



Based on our technical assessment, developing a refreshed digital platform was prioritized over maintaining Fulcrum and Ardea for the following reasons:

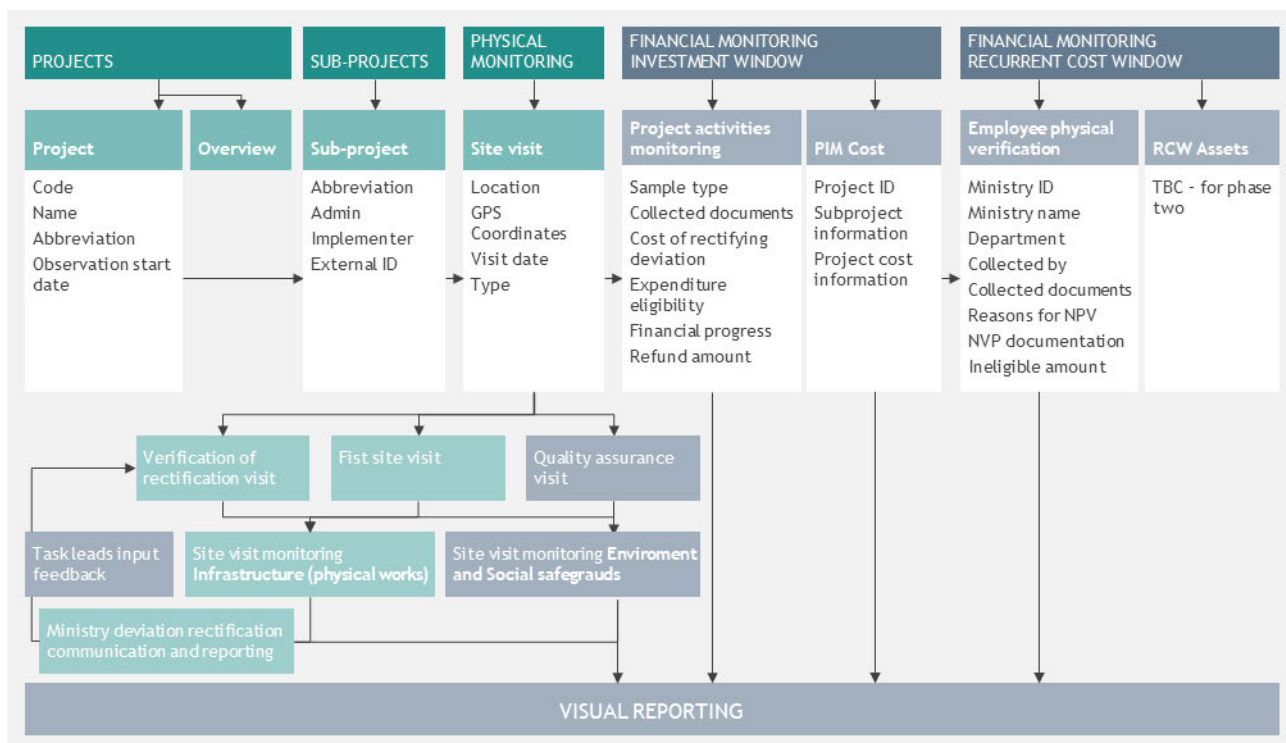
- Developing a new platform allows greater accountability of TPMA to the World Bank. The proposed development approach eliminates the risk of ‘unknown unknowns’ causing unforeseen issues that are not explained in the guidance available on the previous configuration. It also increases the sustainability of the digital platform through handover and our ability to provide comprehensive documentation and guidance for a known system.
- Developing a refreshed platform as a new product reduces the requirement to ‘reverse-engineer’ Ardea and improves the efficiency of development. Developing a new platform enables maintenance in line with a formal Service Level Agreement and reduces the risks associated the truncated handover period and the limited technical handover documentation and guidance made available.
- Because new features are to be developed for new components (for example, for Financial Monitoring and verification of ‘soft’ components), it is sensible to develop new features as part of a common architecture. Attempting to build new software elements onto a legacy system presents a risk to the speed, quality and inter-operability of development. It is sensible therefore to develop tools that are fit-for-purpose for the future rather than to be compatible

with the past: the software version used to build Ardea is no longer supported, increasing the platform's exposure to security vulnerabilities.

- **By developing as new we can enhance the stability and efficiency of the ARTF digital platform** using different application development and hosting technologies. We believe greater efficiency can be achieved through alternative development methods and hosting configuration.
- **Responding to reported technical issues.** Changes in TPM methodology under this contract requires that we evaluate the chosen data collection tools against new criteria, with greater flexibility in data collection technology required to support the revised methodology. SurveyCTO is the recommended data collection tool to replace Fulcrum, and using it enables us to retain legacy data. A new platform will enable a quicker identification and rectification of technical issues reported by users than is possible using Fulcrum and Ardea.

The proposed high-level architecture for the new platform, shown below, will evolve throughout the life of the project in response to process changes. All iterations to the platform's architecture will be captured in the Product Specification Document.

FIGURE 15: HIGH-LEVEL DIGITAL ARCHITECTURE



PRODUCING A PRODUCT SPECIFICATION DOCUMENT

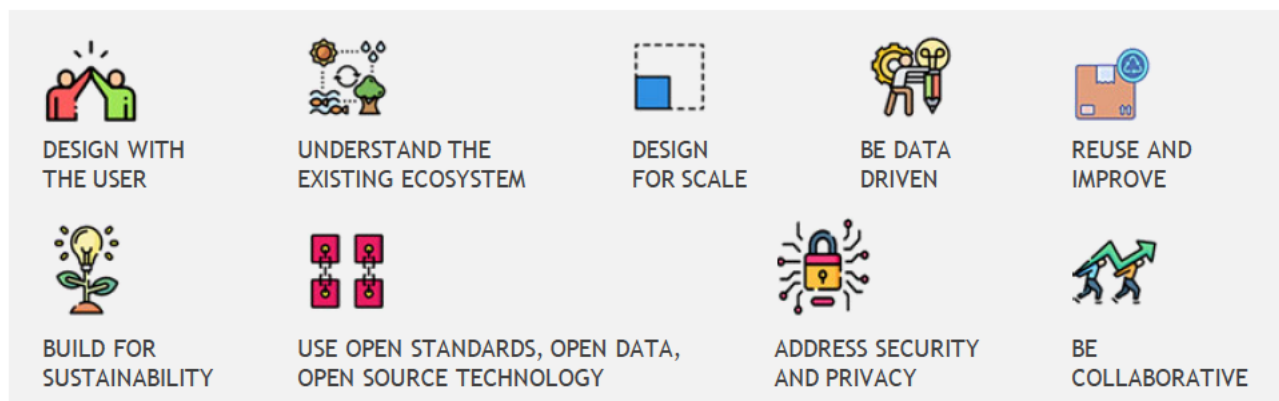
An 'agile' methodology (that is, practice that promotes continuous iteration of development and testing throughout the software development lifecycle) will be used to develop the digital platform. This will support greater efficiency and transparency, iterative planning and testing, as well as providing the flexibility to adapt to changing requirements.

A detailed Product Specification Document will include specific the specific 'features' and constituent parts of the digital platform to be developed, based on:

- A technical review of Fulcrum and Ardea;
- A review of data collection and reporting processes in place under the previous Supervisory Agent contract;

- Consultations with information producers/consumers from the World Bank and Government partners; and
- Following good digital development practices, as shown below.

FIGURE 16: GOOD DIGITAL DEVELOPMENT PRACTICES



In support of these good practices, the Dubai workshop discussions, facilitated group exercises and prior consultations with stakeholders, the following ‘wish-list’ of digital platform features was established to provide priorities for inclusion in the platform, in addition to the capabilities already represented in Ardea.

TABLE 28: PLATFORM DEVELOPMENT FEATURES

FEATURE	AREA	DETAILS
Deviation process enhancements	Deviations	<ul style="list-style-type: none"> • Address deviation ‘scoring’ and categorization system • Implement fit-for-purpose system for tracking ‘soft’ deviations and incorporate in reporting • Refresh logic to ensure TTLs/Government partners are notified when urgent issues arise and are kept ‘in-copy’ • Create unique ‘workflows’ to trigger actions based on type/severity of deviations.
Automated emails	Notifications	<ul style="list-style-type: none"> • Enable ‘self-selection’ of email communications • Embed time-based rules (for example, to prompt action on a deviation open for 30/60 days) • Sampling/verification forecasting.
‘Light’ version of application	Architecture	<ul style="list-style-type: none"> • Ensure the platform is optimized for low-bandwidth environments • Ensure ‘export/import to Excel’ functionality to enable offline data portability.
‘Flagging’ system	Architecture	<ul style="list-style-type: none"> • Confirm deviation typologies and produce tailored workflow of follow-up actions depending on the ‘flag’ assigned.
Appropriate indices and unique identifiers	Architecture	<ul style="list-style-type: none"> • Deviation IDs (aligned with Government partners) • Photograph IDs • Cross-indexing with Government entity information codes/IDs.
GRM process	Architecture	<ul style="list-style-type: none"> • Log, manage and track progress of GRM submissions.

Documents library	Architecture	<ul style="list-style-type: none"> Repository for methods documents Documentary evidence for deviations Tailored access (view/read/edit).
Country Director dashboard	Dashboards	<ul style="list-style-type: none"> Portfolio-level performance indicators.
Monitoring dashboard	Dashboards	<ul style="list-style-type: none"> Overview of TPMA activities (including forward-looking).
Financial monitoring dashboard	Dashboards	<ul style="list-style-type: none"> For example, physical versus financial progress, overpayment amounts, and eligibility of expenditures.
'Soft' deviation dashboard	Dashboards	<ul style="list-style-type: none"> Align with new ESMF indicators Checklists Corrective actions.

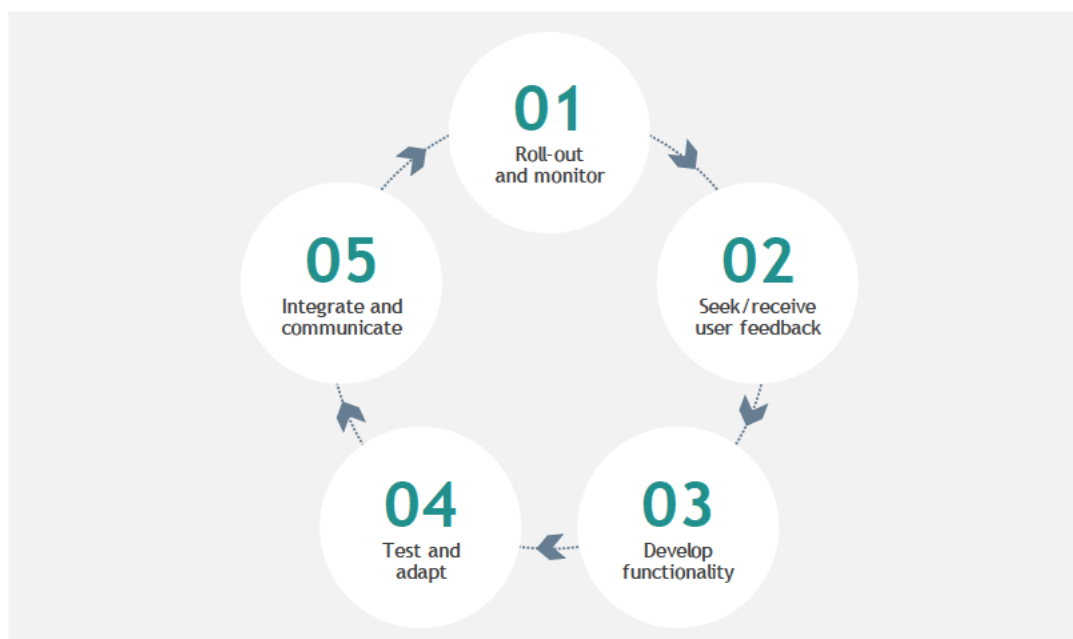
A selection of World Bank and stakeholder users will be invited to test all stages of digital platform development and will be asked to provide feedback on all features, amendments and enhancements at scheduled and *ad hoc* junctures throughout the TPM contract to ensure the platform evolves in accordance with processes and lessons learned, and so the World Bank and its partners can adequately influence its capabilities.

Digital platform development updates will be provided through regular reporting to the World Bank, with occasional updates where specific functional developments are introduced.

DIGITAL IMPLEMENTATION

The Fulcrum/Ardea system will remain active during a period of transition to a new, refreshed digital platform. The new platform will align with alterations to the TPM approach, incorporate the mature, well-understood processes and practices developed previously while also adding new efficiencies and functions in line with digital development best practices, following an 'agile' development cycle, shown below.

FIGURE 17: AGILE PLATFORM DEVELOPMENT CYCLE



Testing of the new platform will take place in late March, and from April 2020 the new platform will be available in a ‘Beta’ phase to actively record and track deviations. Ardea will be maintained for three further months while further testing, development and optimization takes place in the new platform.

All information will be transferred from Fulcrum and Ardea to the new platform by 30 June 2020 subject to World Bank acceptance of the new platform’s functionality and use of Fulcrum and Ardea will be discontinued. The anticipated timeline for this is shown below.

TABLE 29: PLATFORM TRANSFER WORKING TIMETABLE

PLATFORM	STAGE	JAN	FEB	MAR	APR	MAY	JUN	>
Ardea	Maintained for regular use by all users	✓	✓	✓				
	Maintained as a backup/contingency only			✓	✓	✓	✓	
	Closed down (all data retained)						✓	
New platform	Requirements gathering and design		✓					
	In development		✓	✓	✓			
	‘Beta’ testing with users			✓	✓			
	Operational (all users)				✓	✓	✓	✓

TABLE 30: PLATFORM GOVERNANCE

AREA	ARTF TPMA	WORLD BANK/MINISTRIES
Digital platform governance and oversight	Overall responsibility for digital platform development, including Product Specification Document.	World Bank to approve specification.
Risk management	Lead identification, mitigation, management of digital platform risks, including information security risks and access controls.	All users to understand and comply with agreed ‘terms of use’.
Timelines and quality control	Manage and quality-assure software development, including for subcontractors.	Oversee ARTF TPMA timelines, sign off milestones.
Ongoing feature development	Engage with platform users to gather feedback informing iterative enhancements (for example, v1.0, v1.1).	Provide feedback on platform feature development via Beta testing.
User training	Lead delivery of training and capacity-building to all platform users, including World Bank. Conduct ‘train-a-trainer’ sessions. Identify and train ‘Champions’ within each user group. Produce suite of user guidance materials.	Volunteer as ‘Champions’ (World Bank/Ministry users) to participate in/deliver scheduled training activities.
Platform administration and user management	User management, including account creation, suspension, auditing.	Request/delegate approval for new users for the platform.
Information security	Ensure users are aware of and trained on expectations of use re information security. Raise issues with software developers and provide ‘best practice’ guidance to users.	Engage in all relevant training opportunities and use digital platform in accordance with terms of use.
Reporting lines	Reports to the World Bank.	-

REPORTING TYPES AND FORMATS

INTRODUCTION

Our Technical Proposal set out a number of report template options, to be built on over time. The options are not repeated here, since the development of reporting formats is intended to be an iterative process, taking feedback from World Bank staff as to the kind of information of most use, and the most useful ways in which that information can be presented to provide a cumulative picture over time of project progress. The detail below is intended to demonstrate more specifically the kind of information to be presented in different reports, based on our experience during the Inception Period including refinements and expansions developed in consultation with World Bank and Government staff.

While quarterly reports will always tend to be more narrative in nature, it is intended that greater use will be made in monthly reporting of infographics, maps, tables and charts, wherever possible. The use of maps, tables and charts is also intended to be consistent in style with information from the digital platform.

The majority of RCW and some IW monitoring and reporting tasks will take place on a rolling basis. To align more closely with the Government's financial reporting periods, from mid-2020 the monthly monitoring and reporting period for IW project-focused physical and financial monitoring and for RCW personnel verification will begin on the 21st of each month. Data collection, entry, translation and quality assurance will be completed by the 20th of each month, for analysis and reporting at the end of the following month. Thus, typically:

- 21st of the month: Physical and Financial Monitoring commences for agreed IW project monitoring and for RCW personnel verification;
- 20th of the month: Monitoring and personnel verification tasks completed. Data collection, entry, translation and quality assurance completed.
- 30th of the following month: Analysis and reporting tasks completed, with reports submitted to the World Bank.

Ad hoc tasks might not necessarily align with this timetable.

MONTHLY SUMMARY REPORTS

Main Audience	Contract Managers
Due Date:	Within four weeks of the month's end
Reading time:	Up to 30 minutes
Typical Contents:	<ul style="list-style-type: none"> • An opening summary of key findings from all TPM activities; • A map showing all TPM activities, and a summary of activity completed in the reporting quarter; • Major findings from IW financial and physical monitoring and RCW personnel verification, including financial red flags and Critical deviations; • Update on RCW expenditure testing • Update on IW expenditure testing • Update on Withdrawal Applications

	<ul style="list-style-type: none"> • A summary of project funds disbursed to show expenditure over time; • For projects with infrastructure activities: <ul style="list-style-type: none"> – The number and type of deviations identified; – The number and type of deviations rectified in the previous month¹⁰; – The total of Open deviations, by type. • For each project monitored: <ul style="list-style-type: none"> – The overall contract value for the expenditure sampled; – A comparison of average financial progress with the assessed degree of physical progress and calculate any overpayments made. For non-infrastructure projects, a comparison of average financial progress with the assessed degree of project implementation – An estimated cost for rectifying deviations reported in the period; • Planned or indicative activity for the following month; • Risks in terms of conducting or planning monitoring activities; • Identified cross-project issues and lesson learning (including Good and Best Practice) arising from current monitoring.
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MONTHLY PROJECT REPORTS

Main Audience	Contract Managers, Task Teams, Government Project Teams
Due Date:	Within four weeks of the month's end
Reading time:	30 minutes
Typical Contents:	<ul style="list-style-type: none"> • A summary of major findings from financial and physical monitoring at project and component level, including financial red flags and Critical deviations; • A map showing all monitoring activities and one or more infographics on the number of site visits and respondents; • A table of Observations made, the number of Critical, Major and Minor deviations and an estimate of the cost of rectification; • For each project: <ul style="list-style-type: none"> • The overall contract value for the expenditure sampled; • A comparison of average financial progress with the assessed degree of physical progress and calculate any overpayments made. For non-infrastructure projects, a comparison of average financial progress with the assessed degree of project implementation; and • An estimated cost for rectifying deviations reported in the period; • Planned or indicative activity for the remainder of the reporting quarter; • Risks and challenges faced in terms of conducting or planning monitoring activities; • Identified project-level issues arising and lesson learning from current monitoring. <p>Following the overview page(s), for each project component, and based on the particular information sought by each TTL, adapted to emerging changing needs and priorities:</p>

¹⁰ We will aim to ensure a consistent reporting model, whether based on Gregorian or Solar Year reporting.

- For projects with infrastructure activities:
 - The number and type of deviations identified;
 - The nature of recorded deviations (Design, Workmanship, Materials, O&M), principal types of deviations (for example, retaining walls), and assessed sources of deviations by implementer (for example, CDC, Implementing Partner or contractor);
 - The number and type of deviations rectified in the previous month¹¹; and
 - The total of Open deviations, by type.
- For projects with ‘soft components’:
 - Findings in relation to social mobilization, community engagement and participation, for example, in relation to women, IDPs and returnees;
 - Findings in relation to the application of environmental and social safeguards;
 - Findings in relation to the performance of redress mechanisms, for example, over land appropriation and GRM; and
 - From Q2 2020, more qualitative data to provide a greater understanding of what is working and the root causes of challenges in project implementation;
 - Where available, comparisons of intended with actual beneficiaries, and evidence of elite capture or exclusionary practices.
- Examples of Good or Best Practice, where identified.

OTHER REPORTS

The proposed content of other reports referenced in the Technical Proposal are not repeated here. These are:

- IW Quarterly Report
- RCW Quarterly Report (the fourth Quarterly Report to include results for the full financial year and final extrapolation);
- Annual Summary Report, summarising key findings and cross cutting issues across the World Bank’s portfolio;
- Internal Controls and Project Management Reports; and
- *Ad hoc* Briefing Notes and Reports.

¹¹ We will aim to ensure a consistent reporting model, whether based on Gregorian or Solar Year reporting.

DUTY OF CARE AND SECURITY ARRANGEMENTS

DUTY OF CARE, SAFETY AND SECURITY

In delivering this contract, we have accepted responsibility for the safety and security of our personnel and sub-contractors, including all security arrangements.

We confirm that we have prepared and currently implement a security and safety plan for all employees in accordance with accepted standards for Afghanistan. This includes how we monitor threats in project sites, and plan site visit schedules to take account of emerging threats. Through Constellis, our security provider, international staff receive daily and weekly security updates. Both the Kabul Physical Security Plan (see below) and our Duty of Care document identify behaviours to adopt, procedures to follow in an emergency and contact details for our security provider.

Duty of Care and security arrangements for international and national staff working on this contract have been updated to reflect a move to a larger guesthouse in February 2020 providing secure accommodation and office space for all international team members and additional national staff. This will allow continued working on days when access to the Ministry of Finance, World Bank or other partners may be curtailed. As a result, BDO's Kabul Physical Security Plan has been updated by Constellis' resident international Security and Safety Manager.

The Security and Safety Manager's Scope of Work is being updated to reflect the additional personnel and changed security requirements of the new contract. ATR have also relocated to larger premises and have installed security for their premises, which has been reviewed by the Security and Safety Manager.

We have engaged an additional armoured vehicle and vetted driver for transport movements in Kabul to reflect the increased numbers of international staff and are engaging with Constellis over any requirement for additional personal security measures, such as the use of pocket buddies.

Within the Ministry of Finance, secure office accommodation is provided for international staff, while national staff are offered the same security protection as afforded to Ministry personnel and visitors.

Training, contingency plans and insurance arrangements are as per the Technical Proposal. Arrangements for expanding the numbers of field Financial Monitoring staff to reflect increased tasking, and associated safety and security information and provision, will be developed as needs arise.

Insurance arrangements, including third party insurance, is provided for international staff through BDO and for national staff through Alfalah Consulting Services Company, with whom national staff are contracted.

For international staff, we have established Casevac and Medivac systems able to draw on both national and international facilities as needed.

COVID-19

In early March we shared the World Bank's advice to contractors on COVID-19 in an amended form with all staff, and have provided materials in the form of masks, sanitising liquid, etc., to help reduce the risk of infection. These will be renewed as necessary.

We have taken steps to allow Financial Monitoring staff who believe they may have been exposed to the virus while on duty in northern Afghanistan to work from home for a 14-day period and will extend this to all staff should exposure to the virus increase. Should the coronavirus spread more widely across

Afghanistan, we will work with our Physical Monitoring teams to minimise the risk of infection, recognising the potential impact on our ability to conduct fieldwork, especially during the middle months of 2020.

The Physical Monitoring team has instituted a hygiene programme applicable to staff in Kabul and elsewhere, with sanctions for non-compliance.

Overall, the make-up of the TPM teams means that staff are at lower risk than other parts of the population, although their movements around the country, including in areas where the virus may be present but unrecognised, does provide an additional risk factor. Our response to COVID-19 in terms of potential impact on task delivery is addressed in our separate Contingency Plan.

ANNEX A: THIRD PARTY MONITORING TERMS OF REFERENCE

BACKGROUND

1. The Afghanistan Reconstruction Trust Fund (ARTF) was established in 2002 as a multi-donor trust fund (MDTF) to support immediate stabilization and reconstruction needs in Afghanistan, a country affected by fragility, conflict and violence (FCV), to fill the large financing gap in both the operating and development budgets of the Government of the Islamic Republic of Afghanistan (GoIRA), and to provide a platform for pooled on-budget financing and coordinated implementation support to the government. The World Bank acts as trustee and administrator of the ARTF.
2. Seventeen years after its establishment, the ARTF is Afghanistan's main multi-donor mechanism for on-budget financing of civilian expenditure. As of February 2019, 34 donors have contributed a cumulative US\$11.4bn to the ARTF to fund Afghanistan's development priorities. Two ARTF windows provide 'on-budget' funds to GoIRA:
 - a. The 'Recurrent Cost Window' (RCW) finances a large portion of GoIRA's civilian recurrent expenditure. Until recently, the RCW provided financing on a reimbursement basis but as of 2018, 100 percent of RCW financing is provided through policy-based budget support. Going forward, the RCW financing will follow the Bank's Development Policy Financing (DPF) which does not tie financing to specific government expenditure, except in cases where financing is processed through the Ad Hoc Payments (AHP) Facility. In GoIRA FY 1397 (2018), US\$695m was disbursed through the RCW including US\$210m through the 2018 Incentive Program Development Policy Grant (IPDPG), US\$100m under the Fiscal Stability Facility and US\$159m under the AHP Facility
 - b. The 'Investment Window' (IW) funds investment projects that are implemented by GoIRA line ministries and agencies. GoIRA is primarily responsible for project design and implementation, including monitoring and updating results frameworks, establishing adequate, monitoring and evaluation arrangements, and reporting progress towards agreed project development objectives and results targets, with support from World Bank task teams. For each project, GoIRA is also responsible for maintaining financial management and procurement arrangements acceptable to the Bank, as agreed during project appraisal and negotiations. As of March 2019, the ARTF IW portfolio consists of 20 projects with a total commitment of US\$1.92bn. By the end of CY2019, an additional 4 IW projects are expected to be approved by the Bank's Board of Directors and the ARTF Management Committee (MC), increasing the total commitment to US2.87bn.

AFGHANISTAN PORTFOLIO: ARTF AND INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA)

3. The World Bank Afghanistan country portfolio comprises both IDA- and ARTF-financed projects. The World Bank has typically managed the Afghanistan country portfolio as a unified program, with little operational distinction between the two sources of financing. Projects financed by IDA and ARTF are subject to the same internal review and assessment from the identification phase through concept design, appraisal, and negotiation, and receive the same post-approval monitoring and implementation support from World Bank technical teams. A considerable number of programs in the portfolio are co-financed by ARTF and IDA resources, which helps to prevent fragmentation by more strongly focusing IDA and ARTF resources in support of critical national priority programs (NPPs).

4. The integrated management of IDA- and ARTF-supported programs promotes strengthened links between advisory services and program planning and creates opportunities to employ new financing instruments designed to provide adaptive and programmatic financing that would help GoIRA to structure long, large, or complex engagements. This approach has also enabled World Bank teams to leverage IDA resources as an additional means of supporting GoIRA priorities linked to conflict and fragility.
5. The Afghanistan portfolio (ARTF and IDA) has 32 active projects⁴ as of February 2019 for a total net commitment of USD9,651m. This commitment amount is split in roughly equal parts between policy-based budget support and investment projects. The largest share of the investment projects (54 percent) supports the cluster of economic growth and jobs creation, followed by the cluster of poverty reduction, services delivery, citizens' engagement and social inclusion (41 percent), with the remaining projects (5 percent) in support of Governance and State Effectiveness.
6. The ARTF is governed by: (a) Administrative Agreements between the World Bank and donors; and (b) Grant Agreements between the Bank and GoIRA. The World Bank administers the ARTF in accordance with its guidelines and procedures including without limitation the World Bank's fiduciary policies and framework regarding governance and anti-corruption. The primary oversight body for ARTF activities is the Steering Committee, which is co-chaired by the Ministry of Finance and the World Bank, and which has a membership comprising Ambassadors of ARTF donor countries. The Steering Committee establishes the strategy for ARTF operations. The current ARTF strategy is set out in a three-year Partnership Framework and Financing Program (PFFP) for the 2018-20 period, endorsed by the ARTF Steering Committee on June 25, 2018. ARTF-financed initiatives must be approved by the ARTF Management Committee (MC)⁵. The ARTF Strategy Group (SG) provides advice and guidance on implementation of the ARTF strategy, and technical and operational issues related to ARTF financing. An Incentive Program Working Group and a Gender Working Group comprise remaining elements of the ARTF governance structure; each working group serves as a forum for information exchange and communications and offers technical advice to the ARTF Strategy Group and to ARTF project teams.
7. The World Bank as the Administrator of the ARTF is responsible for appraisal, implementation review, monitoring, and reporting on all performance aspects of fund-financed activities. As ARTF Administrator, the World Bank is also responsible for establishing and maintaining appropriate records and accounts to identify contributions, making commitments to be financed out of the contributions and documenting receipts and disbursements of funds.

THIRD PARTY MONITORING AND THE ARTF

8. When the ARTF began its operations, the World Bank contracted an independent Monitoring Agent (MA) to provide monitoring, financial management, and accountability support for disbursements through the recurrent cost element of the ARTF, currently the RCW. The MA has been responsible for monitoring the eligibility of GoIRA expenditure for reimbursement through the RCW (or its predecessors) and reporting on the RCW, including reviewing disbursements, payments, accounting, and reporting for the activities to be financed by the ARTF. Starting October 2018, the MA began to monitor financial aspects of select IW projects as well. Besides financial monitoring and reporting of ARTF-financed operations and related government expenditure, the MA has also supported GoIRA capacity building in financial management and accounting practices linked to the RCW under direction of the World Bank. The MA reports monthly, quarterly, and annually on its findings, and periodically provides briefings to ARTF stakeholders, at the request of the World Bank.
9. The 32 active projects are divided among 20 investment projects with ARTF financing (either solely or co-financed with IDA), 10 investment projects only with IDA financing, a project preparation grant, the RCW project, and the Incentive Program Development Policy Grant.
10. The membership of the MC comprises the Ministry of Finance, the Asian Development Bank, the Islamic Development Bank, UNDP, the World Bank as administrator and UNAMA as observers. The ARTF SG also attend as observers.

11. In 2011, the World Bank expanded third party monitoring (TPM) of ARTF-financed initiatives and contracted an independent Supervisory Agent (SA) to support World Bank task teams in monitoring implementation of IW-financed investment initiatives in widely dispersed locations around the country. The SA works with World Bank task teams to develop monitoring protocols specific to individual IW-financed projects and applicable environmental and social safeguards considerations, deploys monitoring teams comprising personnel suitable to conduct the requisite oversight, and uses mobile technology and software to compile and share detailed monitoring data with GoIRA implementing agencies and World Bank task teams. The SA reports monthly, quarterly, and annually on its findings, and periodically provides briefings to ARTF stakeholders, at the request of the World Bank. In addition, the SA engages in structured follow-up on reported deficiencies to track and verify remediation with GoIRA implementing agencies and World Bank task teams.

OBJECTIVES OF THE ASSIGNMENT

12. The overall goal of this assignment is to maximize ‘value for money’ of ARTF-IDA financed programs/projects and provide fiduciary assurance on the GoIRA’s use of grant proceeds and their likely development impact to the ARTF partners, the World Bank management, the Government, and the public. The value for money of the ARTF-IDA financing will be attained when ARTF-IDA financed projects achieve their intended development objectives while avoiding, minimizing, reducing fiduciary as well as environmental and social safeguards risks and impacts.⁶ Reliance on TPM is a necessity given the severe limitations placed on the World Bank task teams in carrying out regular project supervision activities due to security and other constraints in Afghanistan. It is also an opportunity as it affords the Bank additional means to provide project scrutiny beyond what is typically possible under direct supervision by World Bank task teams.
13. The specific objectives of the assignment are to:
- a. Verify the eligibility of recurrent expenditure for financing under the RCW based on agreed sample-based reviews of relevant financial records
 - b. Assist in minimizing weaknesses in payroll management including possible inaccuracies in the government payroll records, such as ‘ghost’ employees, through physical verifications of government employees based on agreed sampling procedures
 - c. Assure value for money of ARTF-IDA investment projects through integrated oversight of project implementation performance and compliance with fiduciary standards and requirements, and with the environmental and social safeguard policies and/or framework as applicable; including the establishment and implementation of monitoring protocols for measuring implementation progress through site visits, validation of project MIS data, and assessments of physical progress, construction quality, deviations and usage of infrastructure
 - d. Provide additional assurances through *ad hoc* ‘special’ assignments on deeper reviews of project performance and fiduciary and/or safeguards compliance, as requested by the World Bank
 - e. Contribute to improvements in project-level performance monitoring, fiduciary oversight (control, reporting, etc.), environmental and social safeguards, and data management by project implementing agencies through knowledge sharing, as requested.
14. For fiduciary assurance, the project funds need to be expended for the intended purposes in compliance with the applicable fiduciary framework and for safeguards assurance in compliance with the applicable World Bank safeguards policies or Environmental and Social Framework.
15. Building government agencies’ capacities to conduct project supervision and fiduciary oversight, including through internal audit, is an important requirement for GoIRA and has been part of the Terms of Reference of the previous TPM contracts. However, the primary objectives of this

consultancy are those enumerated above as (a-d). The World Bank will provide technical assistance for the related capacity building objectives through other parallel engagements. The Contractor may occasionally be requested to share its know-how relevant for this assignment, such as project monitoring, financial audit, data management, etc. in fulfilment of the above-listed objective (s).

SCOPE OF WORK

RCW: EXPENDITURE MONITORING FOR FIDUCIARY COMPLIANCE AND ELIGIBILITY DETERMINATION FOR ARTF FINANCING

16. The primary objectives of this part of the assignment are to: (i) conduct a thorough review of civilian recurrent expenditure on a sample basis and offer assurance of their value for money and fiduciary compliance with applicable GoIRA and World Bank rules⁷ and (ii) determine the eligibility rate for ARTF financing following the eligibility criteria established in the IPDPG ARTF grant agreement and/or the ARTF RCW Operational Manual on Eligibility (Version 1389). The regular, sample-based reviews may be supplemented with *ad hoc*, 'special' tasks for more in-depth scrutiny of selected aspects of RCW financial management.

Sampling

17. Separately, the Contractor may be asked to draw a sample of government employees that is representative of the entire civil service workforce for identifying any possible inaccuracies in personnel records through physical verifications of government employees. For the sampling of the payroll and, possibly, government employees, the Contractor will have access to the payroll data of each ministry/agency. The General Terms and Conditions of the contract will require the Contractor to adhere to standards on data privacy and security as set out in Annex 3 to this SOW. The Contractor will be invited to propose whether drawing of a sample of personnel separate from a sample of personnel expenditure, or any other sampling strategy different from the one used by the ARTF MA to-date, is likely to increase the degree of assurance that physical verifications of government employees can provide.

Reviews

18. The Contractor shall conduct detailed reviews of the sampled transactions and identify any possible expenditure item that is deemed ineligible based on the criteria established in the IPDPG ARTF grant agreement and/or ARTF Operational Manual on Eligibility (Version 1389). Further, the Contractor shall recommend time-bound measures to remedy key areas of fiduciary non-compliance identified. Documents or data to be reviewed include but are not limited to:
 - a. Procurement and financial management guidelines
 - b. Annual budget, releases and periodic financial monitoring reports
 - c. Internal and external audit reports
 - d. Annual procurement plans and quarterly procurement reports
 - e. National and provincial payroll reports, civil service establishment numbers
 - f. Civil service employment documentation
 - g. Vouchers, records and accounts relating to the payments made from Treasury Single Account and Special Accounts
 - h. Statements of Expenditure from the Special Account and any subsidiary accounts and related documentation
 - i. Periodic in-year budget reports of the government as well as annual Qatia accounts
 - j. inventory and fixed assets records including physical verification.
19. For all types of expenditure, the documentary reviews shall involve site visits to relevant government offices in both Kabul and provinces where certain documents may be kept.

Operations and Maintenance Expenditure

20. For O&M expenditure, the Contractor is to provide assurance that these expenditures incurred in the departments, line ministries and provinces are: (i) within the agreed expenditure classification types; (ii) approved in the GoIRA budget; and (iii) follow the agreed processes in the implementation manual.

Personnel Expenditure

21. For personnel expenditure, the Contractor shall monitor compliance with fiduciary benchmarks agreed between the Ministry of Finance and the World Bank for payroll (including pensions) processing and payments including the adequacy of the following aspects of payroll administration:
 - a. End-to-end payroll management including timely payroll preparation, payment verification, payment processing, check encashment, and distribution of payments
 - b. Payroll and payment technologies employed, including data and systems integration platforms, updates and payroll payments systems security
 - c. Payroll and payment reconciliations systems over paid and unpaid salaries and other payroll-related expenditure (including reasons for non-payment)
 - d. Payroll grievances, complaints and handling mechanisms.
22. Further, the Contractor shall monitor and provide assurance on the validity and eligibility of the reconciled changes in payroll data from one month to the next (basic salaries, allowances, taxes, grades, positions/designation, inter-ministry, departments, and agency transfers, exits, new entries etc.) and identify payroll gaps and areas that require specific policy guidance. When variance is found in payroll data between months, the Contractor shall determine and report on the specific reasons.
23. The Contractor shall also review hiring processes for new recruitments into the civil service that may occur during the period under review. The review should verify whether the hiring process followed the relevant GoIRA laws and regulation, proper record-keeping of the entire process, etc. The review may involve interviewing applicants and selected candidates on a sample basis, if deemed critical from the risk-based perspective. The Contractor shall propose the specific approach and methodology for the hiring process review.

Physical Verifications of Government Employees

24. To supplement the documentary reviews of personnel expenditure, the Contractor shall carry out physical verifications of government employees based on an agreed sampling method that ensures reliable estimations of the extent of ineligible payroll expenditure, including possible inaccuracies in the payroll data. In verifying and reporting on the physical presence of the sampled government employees, the Contractor shall ascertain specific reasons why certain government employees proved unreachable as well as specific reasons for their absence, following an agreed classification of possible reasons for inability to reach specific individuals and for absences. Further, the Contractor shall re-verify correspondence between presence/absence of individual government employees and payment records associated with them to make sure no payment had been processed to any individual government employee without justifiable reason. The results of the physical verifications should be included in the calculation of the eligibility rate.

Withdrawal Applications

25. The Contractor shall review government withdrawal applications and related documentation to ensure expenditure submitted for reimbursement under the ARTF RCW are consistent with the IPDPG ARTF Grant Agreement and related eligibility criteria. These reviews of withdrawal applications shall be completed within 10 working days between receipt of a complete set of applications as submitted by the Government and transmission to the World Bank Controllers Unit.

Special Tasks

26. The Contractor may be requested to implement additional financial audits or scrutiny as special tasks following separate requests/instructions from the World Bank. Alternatively, the Contractor may

propose, for the World Bank's consideration, a special task as natural follow-up to the regular monitoring work conducted. For example, such a special task may consist of additional in-depth physical verifications of O&M expenditure execution where deemed desirable in terms of risks involved and cost-benefit, or a more in-depth audit of an aspect of the payroll (eg, a specific ministry). The cost of these special tasks will be based on unit rates for fees and expenses and mutually agreed scope and efforts.

IW: PROJECT MONITORING FOR VALUE FOR MONEY

27. The primary objectives of this part of the assignment are to assure value for money of ARTF-IDA investment projects through integrated oversight of project implementation performance and fiduciary and safeguards compliance and if, requested/agreed, through 'special' tasks to review specific aspects of project management, implementation and impacts. Annex 2 provides more details on the environmental and social safeguards aspects. A secondary objective is to contribute to improved project performance monitoring and reporting by government ministries/agencies through sharing of the Contractor's expertise and experience.

Projects Subject to TPM

28. The current ARTF-IDA portfolio comprises 32 projects. Six of the projects are expected to close in the next 12 months, with up to 5 programs beginning implementation during the same period (Annex 3). The investment project monitoring will encompass all these projects in principle, except for those projects to which the World Bank explicitly decides it is unnecessary to apply TPM. Based on this it is expected that 23 of these projects will require TPM. In total, the Contractor should visit 4,000 sites across all the projects to be monitored in a given year. The target allows for repeat visits to individual project sites, when consistent with project needs and supervision protocols developed and agreed with World Bank teams.

Annual Work Plan

29. In the third quarter of each calendar year, the World Bank and the Contractor will agree on the portfolio of investment projects to receive monitoring visits in the following calendar year. (The exception will be in CY 2020, for which the portfolio to receive monitoring visits will be determined during the Inception Period of the project drawing from the project lists in Tables 1 and 2.) Thereafter, the Contractor will work with the World Bank task team and the corresponding implementing agency to establish monitoring protocols for each project. This will include review of the quality and implementation of applicable environmental and social safeguard measures, compliance with applicable financial management and procurement rules, as well as monitoring of physical progress and performance in project implementation.

Assessment of Internal Control and Project Management Setup

30. The Contractor shall Assess implementing agencies' internal control¹² and project management arrangements (ie central, provincial, district, community level as relevant) and identify areas for improvements - these are to be: (i) conducted around 6 months from project effectiveness once the project has its implementation arrangements fully set up and has started implementing some of the activities, (ii) updated annually regarding the implementing agencies' progress in addressing specific issues or weaknesses identified in the initial assessment, and (iii) revisited prior to the project's mid-term review.
31. As a minimum, the internal control assessment will include, but may be expanded beyond, reviews of the applicable sections of the project operation's manual as well as the actual practices on the following aspects:
- a. Management control environment, the accounting system and the control procedures to determine the adequacy of controls and accounting of funds transferred to it by the Bank

¹² The current MA has so far carried out internal control assessment of 11 investment projects.

- b. Each project's procurement processes for compliance with the applicable World Bank procurement guidelines (either Procurement and Consultant guidelines or the Procurement Regulations) and overall efficiency including project-specific procedures for procurement planning, for avoiding improper business practices and conflicts of interest, for promoting competitive procurement and for placing orders and for examining invoices against goods received. The applicable procurement guidelines are available at the World Bank website at the following link:
<http://www.worldbank.org/en/projects-operations/products-and-services/procurement-projects- programs>
 - c. Contract administration functions such as inspection and acceptance, agreement modifications, disputes, proper accounting and termination etc. for the contracts signed under IDA and ARTF financed projects
 - d. Management of operational advances and petty cash at each project, including the limit and volume of transactions, safe custody of cash and records, approval authorities for cash transactions, adjustment/liquidation of advances, proper maintenance of record, and instances of advances to other projects
 - e. Management of assets used or acquired for the project, including a comprehensive and up-to-date inventory, which may be supplemented with sample-based physical verifications of assets acquired through the project
 - f. Management of records including control of the creation, receipt, maintenance, use and disposition of records, to ensure that records are maintained are orderly maintained since project inception
 - g. The project's compliance with internal and external audit recommendations, and reasons for non- compliance
 - h. Adequacy and functionality of grievance redress mechanisms relevant to the project, as well as the process for investigating and resolving complaints related to fraud, corruption and other misuses of project funds.
32. The internal control assessment should be combined/supplemented with a review of project management arrangements. While the Contractor will be requested to propose specific methodology for project management assessment, as a minimum, the project management assessment will include an evaluation of:
- a. Adequacy and competence of project staff (number, qualification)
 - b. Clarity of roles and responsibilities among project staff (both *tashkeel* and contracted project staff)
 - c. Effectiveness of reporting lines
 - d. Adequacy of project supervision (e.g., reporting on physical progress, verification of performance compliance/delivery against payment invoices).

Effectiveness of Project Data Management (see below)

33. To facilitate compliance with the prescribed internal controls, the Contractor shall develop a summary version and a mobile application of FM Manual for IDA-ARTF funded projects. Moreover, the Contractor shall develop a competency framework for the financial management staff and deliver periodic fiduciary training to the staff working on IDA-ARTF financed projects.

Site Selection for Project Implementation Monitoring

34. The Contractor shall conduct regular monitoring of the investment projects, using an agreed site selection/sampling method with monitoring content tailored to project-specific requirements, based on consultations with the World Bank task teams and the World Bank TPM Contract Manager. While

the project-specific monitoring protocols mentioned above will guide the site selection planning, the specific sites to be visited as well as the distribution of the number of sites across projects, are subject to adjustments throughout the year.

35. In selecting sites for monitoring visits, the Contractor shall propose an approach that would maximize the number of sites that can be visited while minimizing cost and time involved. A consideration should be given to the concerns that site selection could be manipulated to skew the observations to relatively well-performing sites ('cherry picking') or that the observed sites are not representative of the project's overall performance. The Contractor is encouraged to combine the proposed site visit strategy with increased use of citizen monitors and technology (eg geographic information systems, mobile phones, satellite imagery, remote sensing techniques etc.), as well as other potentially cost-saving methods such as combining visits to multiple projects sites in proximate locations. Methods to minimize these concerns are likely to vary across projects. For some projects, random sampling of active project sites may be feasible and meaningful whereas it may not be for other projects.
36. The Contractor shall in the technical proposal propose and adapt/develop information technology-based tools that can be used for site monitoring with or without beneficiary participation. Such tools shall include, but not be limited to, web-based applications that capture geo-tagged images of physical assets and works being implemented and Interactive Voice Response (IVR)-based systems in Dari and Pashtun, allowing resident beneficiary communities to participate in the monitoring process.

Site-Specific Fiduciary Reviews

37. For each site/sub-project subject to on-site monitoring, the Contractor shall review financial transactions that relate to the specific site/sub-project to assess whether the financial execution is in line with physical progress (ie, excess payments vis-à-vis physical progress) and identify possible 'red flags' in terms of financial compliance (e.g. payments processed without proper supporting documents). Visits to review documentation, interview people at project sites may be conducted as needed. For the project implemented by communities, the Contractor would be required to review the records maintained by communities at project site.
38. The Contractor shall review procurement transactions, on a sample basis, for sites selected through a risk assessment process. The objective of the review will be to assess whether procurements carried out were consistent with the Procurement Plan approved by the World Bank and whether these were carried out in compliance with applicable procurement guidelines. This review will also be done for any contract amendments made during the project implementation period.
39. The Contractor shall review the Statement of Expenditure (SOE) for each project submitted to the Bank for replenishment. The review will entail assessing completeness of underlying expenditure supporting documents, compliance with applicable procurement regulations and control framework, completion of tasks and deliverables under contracts, and existence of assets procured or constructed. The Contractor shall advise the Bank on the amount of replenishment based on its review of the SOE.

Follow-up on Previous Observations

40. It is expected that several project deficiencies identified during previous site visits by the ARTF Supervisory Agent (current TPM Consultant) will remain outstanding. The Contractor shall develop and implement a procedure for structured follow-up on outstanding deficiencies with World Bank task teams and implementing agencies, and report on the resolution of these in regular monthly, quarterly and annual reports.

Monitoring Team Composition

41. Site visits shall be conducted by a 'standard' team of monitors capable of conducting regular supervision of physical progress in project implementation and compliance with the World Bank's and GoIRA's fiduciary and social and environmental safeguard requirements. The team should at a minimum include a social monitor, a female enumerator/citizen monitor, and where applicable a field engineer (ie for infrastructure monitoring activities). The suggested standard team composition

reflects expected priority needs across multiple projects. The World Bank recognizes that individual projects may have varying needs, and the site monitoring teams can be modified if needed during the development of project-specific monitoring plans. For example, 'standard' monitoring team composition may be adjusted when required to provide specialized inputs in the form of fiduciary specialists, engineers trained in specific fields, or other domain specialists; subject to prior agreement by the World Bank. When proposing alternative approaches, the Contractor should indicate the variance from the standard team composition set out in this paragraph and should explain how the proposed alternative satisfies the need to include social monitoring and to engage female project beneficiaries and stakeholders.

Citizen Monitoring

42. The Contractor will be expected to maintain a trained team of male and female enumerators who can conduct short quantitative personal interviews with individuals, as well as conduct Focus Group Discussions at a community level to understand project performance from beneficiaries' perspectives. The mandates for these exercises will be different across projects and may change over time for a given project. The Contractor will thus be expected to train and retain a cadre of in-house field staff who can quickly assimilate such different mandates and commence field work.

Special Tasks

43. The Contractor may implement special tasks such as in-depth fiduciary reviews, risk-based assessments of physical and/or financial performance of individual projects or implementing agencies, following separate requests/instructions from the World Bank or based on specific proposals that the Contractor may submit to the World Bank for the latter's concurrence. Examples of 'risks' that could be examined more in-depth include performance outliers in monitorable project units (eg, communities, service facilities, etc.) or excessive delays in implementation progress compared to expected timeline or other project sites. Special tasks might also entail thematic deep-dives and learning reviews of particularly successful project performance in specific sites for lesson-drawing. The cost of these special tasks will be based on unit rates for fees and expenses and mutually agreed scope and efforts.

DATA MANAGEMENT

44. The Contractor shall ensure continued functionality of the web-based monitoring and verification data-sharing platform developed under the previous TPM contract, or an alternative that offers equivalent or superior functionality (as determined by the World Bank). In consultation with the World Bank, the Contractor will consider options for expanding the platform to incorporate information on the financial/fiduciary monitoring as well as any potential ineligible expenditure identified during monitoring of investment projects and data on project staffing for ministries leading large-scale investment program implementation.

REPORTING

45. The Contractor will report directly to the World Bank and provide quarterly and annual report on the main monitoring findings on the RCW and investment projects (or more frequently, if conditions so require). The Contractor should every month provide a summary progress update on the monitoring activities undertaken and any issues for the World Bank's attention. The Contractor will also provide reports on any special assignment undertaken. The reports should present information in a concise, visually friendly manner, with the use of infographics to the extent possible. The Contractor should meet regularly with the World Bank technical teams and GoIRA entities to discuss the issues and findings as set out in its monthly and quarterly reports. These meetings will be face to face as required, in addition to communication by emails or other means.
46. Finally, the Contractor will be asked to prepare and deliver presentations to the ARTF donors on a regular basis on the overall program monitoring and key findings.

FACILITIES TO BE PROVIDED BY THE HOST COUNTRY

47. The GoIRA provides adequate office space and furniture in the Ministry of Finance for the Contractor team monitoring the RCW reimbursements. The GoIRA will facilitate the Contractor's system access to all relevant investment project technical and financial documentation, personnel, records and accounts including online automated records.

FACILITIES TO BE PROVIDED BY THE WORLD BANK

48. The World Bank will provide all necessary RCW and investment project related information upon request. Designated World Bank staff will be available to provide guidance to the Contractor for the duration of the assignment and during meetings to review the monitoring findings.

DUTY OF CARE AND SECURITY ARRANGEMENTS

49. The Contractor shall be responsible for the safety and security of the Contractor's personnel and any sub-contractors, including all security arrangements as appropriate during the contract implementation period. Afghanistan is acknowledged as a high-threat duty station. The Contractor shall prepare and implement a security and safety program for all its employees in accordance with accepted standards for Afghanistan. This will include monitoring threats in project sites, and planning site visit schedules to take account of emerging threats. The Contractor shall be self-sustainable, flexible, and autonomous with regard to carrying out its operations, management, administration, logistics, security, medical support, and training where required. The Contractor shall provide employees regular security briefings, suitable accommodation (for expatriate staff) and secure office space for its personnel. Insurance, including third party insurance, shall be provided for all staff and the Contractor will be responsible for establishing Casevac and Medivac systems utilizing national and international facilities. The Contractor must demonstrate an understanding of, and preparedness for, the potentially significant security and safety threats their staff, subcontractors, and assets may face in performing under the contract. These may include direct and indirect effects from acts of terrorism, armed conflict, crime and civil unrest, as well as natural and manmade hazards. Technical Proposals should therefore include:
50. A security risk assessment outlining the threats and potential risks that may affect the Contractor's staff, subcontractors, and assets while performing under the contract; and a brief statement of anticipated contingency plans and mitigation measures. Areas for consideration include updates to the security risk assessment, personnel security briefings, physical security measures, medical care arrangements and evacuation plans.
51. All associated costs should be factored into the financial proposal. The cost associated with the security arrangements must be made part of the Financial Proposal and shown as a separate line item. Future adjustments to such costs will not be allowed.

OTHER CONSULTANT OBLIGATIONS

52. As the nature of the assignment involves frequent interactions with communities and project beneficiaries, the Contractor will be required to:
- a. Vet their staff based on appropriate background checks
 - b. Provide information to all their staff regarding Worker Code of Conduct including in local language(s)
 - c. Include a Worker Code of Conduct as part of the staff employment contract, and including sanctions for non-compliance (eg, termination)
 - d. Provision of regular cultural sensitization training for workers regarding engagement with local communities

- e. Conduct mandatory and repeated training and awareness raising for the staff about refraining from unacceptable conduct toward local community members, specifically children and females
 - f. Conduct mandatory and repeated training for workers on required lawful conduct in host communities and legal consequences for failure to comply with laws
 - g. Inform workers about national laws that make sexual harassment and gender-based violence a punishable offence which is prosecuted
 - h. Adopt a policy to cooperate with law enforcement agencies in investigating complaints about gender-based violence, or other forms of worker misconduct
 - i. Regularly furnish the World Bank Contract Manager with reports on compliance with the above, and immediately inform the Contract Manager of any complaint/case of misconduct.
53. Database and mapping capabilities: The Contractor will receive all available historical data from MA sampling/SA site visits from the current agencies fulfilling that role. In consultation with the agencies and bank staff, the Contractor will standardize these data and port them into an interactive portal where these historical data will be housed and visualized. The Contractor will ensure that new rounds of expenditure sampling and site visits will maintain comparability (in capturing key data via the same process, computations, visualizations, etc.) on critical parameters with these historical data to ensure comparability and continuity.

ANNEX 1: SAFEGUARDS CHECKLIST FOR THIRD PARTY MONITORING SITE VISITS

This checklist is provided as guidance and does not replace or supersede requirements laid out in the World Bank environmental and social safeguards policies or framework, as applicable.

Environment

The Contractor should collect a copy of ESMPs related to projects being visited from the project counterpart (Ministry/PIU) office in advance of field visits.

For sub-projects involving site selection (such as schools and community centres), the Contractor should use the site screening checklist to confirm the suitability of the site location, its vulnerability to natural hazards, proximity to the community, and type of land selected. The site screening checklist are available in the Environment and Social Management Framework (ESMF) for all relevant projects with a construction component.

During construction the Contractor should check that site specific Environmental and Social Management Plans (ESMPs) are on site and are being complied with by the implementing agency in the field. For all anticipated impacts, the ESMP includes a list of preventive, mitigation and compensation measures, relevant monitoring indicators, and the responsible agency or person, to be applied during construction and operation. The Contractor should report on areas of the ESMP that are not complied with. This can include, but is not limited to:

- Checking the number of trees that have been cut compared to new plantations during or after implementation and whether this meets with planting requirements in the ESMP
- Checking that dust mitigation measures have been implemented, including through discussions with affected communities
- Confirming that the construction site is fenced where deep excavation is planned
- Reporting on overhead high voltage transmission lines where they cross public areas such as, schools, playground or residential complexes
- Checking that occupational health and safety requirements are implemented, including: availability and awareness of workers codes of conduct; the use of PPE by the workers; the availability of safety signs in construction areas; location of labour camps (eg, proximity to communities, consultation with communities), and safety and hygiene practices within labour camps; management of construction waste and waste from the labour camp
- Confirming that a daily logbook is maintained by the site engineer that reports any safety related incidents on site
- Checking the implementation of the Pest Management Plan and the Integrated Pest Management Approach, where relevant (eg the NHLP, AAIP and OFWP projects)
- Checking the implementation of the Health Centre Waste Management Plan, where relevant, including colour coding of waste streams, and the collection, transport and disposal of health centre waste such as sharps, human bloods and body tissues, heavy metals such as mercury.

As appropriate and agreed with the World Bank, the Contractor should conduct a final site visit at the completion of construction to verify that all the building components and the necessary facilities, ie latrines, water points, are in place as per the design.

Land Acquisition and Resettlement Impacts

The Contractor will be responsible to verify that the Resettlement Action Plan (RAP) and/or Abbreviated RAPs have been executed in accordance with the approved Resettlement Policy Framework (RPF).

The following list of indicators to monitor RAP implementation should be used.

- Number of households with significant land impacts that involve more than 20 percent of the area of any holding and require physical relocation

- Number of households who have received technical assistance and livelihood restoration support in addition to compensation
- No. of vulnerable persons (poor, women-headed households and widows, elderly and physically challenged) expressing their satisfaction with RAP measures taken
- Percentage of grievances relating to land acquisition and resettlement, including complaints related to land donation addressed within stipulated period
- Percentage of affected families who are satisfied with consultations held related to land acquisition and resettlement
- Project Affected People (PAPs) are satisfied with the amount of compensation they have received due to the loss of their lands, structures, and other community structures, such as irrigation structures
- Number of affected households that are headed by female
- Gender disaggregated data available
- Cut-off date declared and properly communicated
- The brochures on entitlement package/eligibility criteria for compensation circulated among the affected communities in the project area
- RAP and other related documents have been shared with communities and stakeholders and necessary information have been publicly disseminated.

The Contractor will check whether there were separate consultations held with women. The Contractor should provide a summary of all complaints, including complaints related to land acquisition and resettlement impacts, land donation, land transfer issues. (see detailed information on GRM monitoring below).

Cultural Heritage Impacts

The Contractor will be responsible to verify that the Cultural Heritage Management Plan (CHMP) has properly been implemented. They should also check whether the requirements for chance find procedures set out in the approved ESMP are implemented.

Grievance Redress Mechanism (GRM)

The Contractor monitoring agent should confirm that all grievances and complaints related to project activities are heard and addressed in a timely, effective and transparent manner.

The Contractor should ensure whether:

- A grievance redressal mechanism has been put in place and local communities and PAPs are informed about it (both male and female) and have access to it. Additionally, a public awareness program was conducted among affected communities within the area of project to use GRM services
- Grievance redressal committees at various levels, as defined in the approved ESMF and other safeguards instruments (RAP, ESMP); have been established and is working efficiently
- Grievance Redress Mechanism (GRM) is transparent, accessible to all, inclusive, participative and unbiased
- PAPs are aware of their rights and the procedures for raising a complaint
- Grievance information posters (with information on grievance uptake channels) distributed/displayed in the project sites
- Multiple grievance uptake channels for grievances registration (eg phone, complaint box, email, Facebook/other social media if appropriate) established

- All complaints related to project activities are registered in local grievance logbook and central excel-sheet
- Proper system for grievances analysis and categorization in place-, with a record of the number of complaints received and responded to, and that have been addressed and conveyed to complainants
- This includes checking the process for resolving complaints
- The availability of trained GRM focal points at each site
- That they are accessible and functioning for both men and women.

Safeguards Skill Set for Consultant Staff

With the enhanced number of projects to be monitored, it is important that the Contractor includes an Environment Safeguards Specialist and Social Safeguards Specialist(s) as part of the Contractor team and makes sure that they equip all Consultant field engineers and HQ staff with requisite skills related to experience in overall civil works construction planning and management. This includes attention to the implementation of environmental management plans and of social safeguards policies such as a planned process of land acquisition, compensation, resettlement and rehabilitation prior to initiating construction, community consultation, citizen engagement and grievance redress, and plans to address gender-based violence as applicable.

The Contractor Environment Safeguards and Social Safeguards specialist would be expected to provide regular orientation and refresher training to all their field staff.

Monthly Safeguards Coordination Meetings

Consultant should participate in monthly tripartite coordination meetings with the World Bank Task Team (including safeguards representatives) and the counterpart Ministry/PIU representatives to present findings and agree on how best to complement Ministry/PIU and World Bank Task Team efforts at ensuring effective management, monitoring and implementation support for project to achieve expected outcomes. This meeting should also address coordination on site visits to coincide with the implementation of key safeguards requirements.

The World Bank safeguards team can provide an overview of safeguards requirements, documentation and key safeguards milestones to help orient the Contractor team.

ANNEX B: RCW 2020 WORK PLAN

		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1.	Inception Period												
1.1	Mobilize team for site visits	✓			✓			✓			✓		
1.2	Hold kick-off/follow up meeting with Key Stakeholders-Treasury Team & Ministries with highest ineligibility		✓			✓			✓			✓	
1.3	Update Working Papers for testing		✓	✓									
1.4	Inception Report drafting		✓	✓									
1.5	Update ARTF Manual on Eligibility				✓	✓							
1.6	Internal Team Refresher Training			✓				✓					
1.7	Update sampling methodology		✓	✓									
1.8	Draft final Hiring Process Review Checklist			✓									
1.9	Team Appraisal and Recruitment			✓	✓								
2.	Expenditure Monitoring and Compliance Testing												
2.1	Sample Selections and dissemination to National Monitoring Team	1398			1399 Q1			1399 Q2			1399 Q3		
2.2	Initial Planning of monitoring activities and follow up of progress		1398						1399				
2.3	On site visits and review of documents for compliance		1398						1399				
2.4	Physical Verification Samples Selected and Tested Employees and PV Assets for FY 1399 (2020)		1398						1399				
2.5	Review Hiring Process of employees				✓	✓	✓	✓	✓	✓	✓	✓	✓
2.6	Follow up Visits for missing documentation		1398					✓	✓	✓	✓	✓	✓
2.7	Closure meetings following on site visits		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2.8	Review of Working Papers and Follow up Queries		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2.9	Preparation of monitoring results database and review of findings			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2.10	Preparation of Ineligibility Overview for release to MoF	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓
2.11	Extrapolation of Results for Report			✓			✓			✓			✓
2.12	Preparation of Monthly Report				✓	✓		✓	✓		✓	✓	
2.13	Preparation of attachments and Quarterly Report						✓			✓			✓
2.14	Preparation of Annual Report for FY 1398 (2019)				✓								
2.15	Payroll Trend Analysis-Fiduciary reviews				✓			✓			✓		
2.16	Preparation of special report as per request of WB-including Budget Process in January	✓											
3.	Withdrawal Application Review and Processing												
3.1	Review of Grant Agreement with allocations and ceilings												
3.2	Preparation of WA and SoE including checks on casting, FX rate and limits												
3.3	Comparison to AFMIS reports												
3.4	Check split of disbursement and replenishment on WA												
3.5	Signed letter from Monitoring Agent to MoF with supporting documents												
3.6	Reconciliation of ARTF Account												
4	Quality Assurance and Project Management												
4.1	Monthly meetings with WB and MoF	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
4.2	Update Monthly, Quarterly and Annual Reports			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
4.3	Share Ineligibility Report with MoF	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓
4.4	Attending IWG meetings		✓		✓			✓			✓		
4.5	New recruitments					✓		✓	✓				
4.6	Internal Project Quality Assurance/Team Performance Review/Internal Team Meetings	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

ANNEX C: EXAMPLE TEXT FROM SoE LETTER

[Date]¹³

World Bank
Attn: Disbursement Division
1818 H Street N.W.
Washington, D.C. 20433
U.S.A.

Our Ref: XXX

Dear Sirs,

REPORT OF FACTUAL FINDINGS ON THE AFGHANISTAN RECONSTRUCTION TRUST FUND / INTERNATIONAL DEVELOPMENT ASSOCIATION (ARTF/IDA) FOR STATEMENT OF EXPENDITURE NO. [X] FOR THE [NAME] PROJECT, IN RESPECT OF PROJECT COMPONENTS BEING IMPLEMENTED BY THE [GOVERNMENT ENTITY], UNDER ARTF AND IDA GRANT NOS. [XXX]

We have performed the procedures agreed with the World Bank in respect of the ARTF/IDA Statement of Expenditure (SoE) No. [X] dated [X], for the [X] Project (“the Project”), in respect of project components being implemented by the [X] under ARTF and IDA Grant Agreement Nos. [X] and [X] respectively, submitted by the [X] for the Solar Year period [X] to [X] (corresponding to the period [X] to [X]).

The procedures were performed solely to assist the World Bank in evaluating whether the amount claimed by the Project in the Withdrawal Application has been claimed in accordance with the Grant/Financing Agreement.

SCOPE OF WORK

Our engagement was undertaken in accordance with:

- Our Terms of Reference with the World Bank (For the terms of our engagement we refer to our contract with the Bank); and
- The International Standard on Related Services (ISRS) 4400, ‘Engagements to Perform Agreed-upon Procedures Regarding Financial Information’ as promulgated by International Federation of Accountants (IFAC).

PROCEDURES

As requested, we have only performed the procedures set out in the Terms of Reference for this engagement.

- To assess the reconciliation of the expenditures on the SoE with the Afghanistan Financial Management Information System (AFMIS);
- To verify the mathematical accuracy of the SoE;
- To establish that the correct SoE format has been used;

¹³ The content of this example letter is based on the format applied from May 2020 onwards.

- To establish, from our review of the project's transactions and site visits conducted in the period, that expenditures on the SoE are being claimed in accordance with the Grant/Financing Agreement and stated on a cash basis; and
- To establish that the correct USD to AFN exchange rate has been applied in the SoE.

SOURCES OF INFORMATION

This report is based on information provided to us by the management of the Project in response to specific questions or obtained and extracted by us from Project records and accounts.

FACTUAL FINDINGS

SoE No. [X] for the Solar Year period [X] to [X] represents a claim for USD [X] as follows:

D.A ID	FUNDING SOURCE	CATEGORY NO.	CATEGORY DESCRIPTION	M16 NO.	EXPENDITURE DESCRIPTION	GROSS AMOUNT (USD)
[X]	[X]	8[X]	[X]	[X]	[X]	[X]
Total						[X]

The full SoE on which our review was based is submitted as an attachment to this Cover Letter.

In respect of the Procedures set out above, we found [no exceptions or exceptions, with exceptions total where found]

We recommend that the Withdrawal Application be submitted for the amount of USD [X].

Our review of Project transactions, and the selection of sites to verify the physical progress of Project activities (if any), was conducted on a sample basis and our factual findings relate only to the sample of transactions reviewed and the sites visited in the period. Had we reviewed 100 per cent of transactions and visited all Project sites, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information.

For and on behalf of BDO LLP,

Iain Nettleton
Partner

cc: H.E. Mr [REDACTED], Minister of Finance
Mr [REDACTED], Deputy Minister of Finance (Administration)
Mr [REDACTED], Director General Treasury Department, Ministry of Finance
Ms [REDACTED], Director, Aid Management
World Bank, Loan Department, Financial and Management Disbursement Group II

ANNEX D: PROJECTED SITE VISITS IN 2020

IW-RELATED SITE VISITS	JAN-MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
IW Projects and sub-projects	384	466	615	502	447	440	427	404	395	395	4,475
Afghanistan Agricultural Inputs Project (AAIP)											
<i>2019 Open Critical Deviations Follow-Up</i>	-	3	-	-	-	-	-	-	-	-	3
<i>2019 Open Major Deviations Follow-Up</i>	-	10	15	25	25	27	-	-	-	-	102
<i>2019 Open Minor Deviations Follow-Up (10%)</i>	-	-	-	-	-	-	-	-	-	-	-
<i>2019 Pending Critical Deviations Follow-Up</i>	-	1	-	15	-	-	-	-	-	-	16
<i>2019 Pending Major Deviations Follow-Up</i>	-	-	2	-	-	-	-	-	-	-	2
<i>2019 Pending Minor Deviations Follow-Up (100%)</i>	-	-	-	1	-	-	-	-	-	-	1
On-Farm Water Management Project (OFWMP)											
<i>2019 Open Major Deviations Follow-Up</i>	-	12	11	12	12	-	-	-	-	-	47
<i>2019 Open Minor Deviations Follow-Up (10%)</i>	-	-	-	-	3	-	-	-	-	-	3
<i>2019 Pending Major Deviations Follow-Up</i>	-	7	7	-	-	-	-	-	-	-	14
<i>2019 Pending Minor Deviations Follow-Up (25%)</i>	-	-	1	-	-	-	-	-	-	-	1
Other IW Project/Sub-project follow-up visits (approx. 5%)	-	-	19	30	30	22	22	21	20	20	184
<i>Jalalabad Park</i>	1	-	-	-	-	-	-	-	-	-	1
<i>Jalalabad Personnel Verification</i>	3	-	-	-	-	-	-	-	-	-	3
Total	388	499	670	585	517	489	449	425	415	415	4,852
IW Projects and Sub-projects											
Afghanistan Rural Access Project (ARAP)	2	2	2	2	2	2	2	2	-	-	16
<i>2019 Open Major Deviations Follow-Up</i>	-	-	25	26	-	-	-	-	-	-	51
<i>2019 Open Minor Deviations Follow-Up (10%)</i>	-	-	2	-	-	-	-	-	-	-	2
<i>2019 Open Unclassified Deviations Follow-Up</i>	-	-	1	-	-	-	-	-	-	-	1
<i>2019 Pending Major Deviations Follow-Up</i>	-	-	20	29	-	-	-	-	-	-	49

IW-RELATED SITE VISITS	JAN-MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
<i>2019 Pending Minor Deviations Follow-Up (10%)</i>	-	-	2	-	-	-	-	-	-	-	2
Extractive Sector Development Project (AESD) PPG/AESD		-	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC	-
Urban Development Support Project (UDSP)		-	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC	-
DABS Planning and Capacity Support		-	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC	-
Irrigation, Restoration and Development Project (IRDP)		-	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC	-
<i>2019 Open Major Deviations Follow-Up</i>	-	-	34	-	-	-	-	-	-	-	34
<i>2019 Open Minor Deviations Follow-Up (10%)</i>	-	-	1	-	-	-	-	-	-	-	1
<i>2019 Pending Critical Deviations Follow-Up</i>	-	1	-	-	-	-	-	-	-	-	1
<i>2019 Pending Major Deviations Follow-Up</i>	-	-	13	-	-	-	-	-	-	-	13
<i>2019 Pending Minor Deviations Follow-Up (50%)</i>	-	-	1	-	-	-	-	-	-	-	1
National Horticulture & Livestock Project (NHLP)	40	50	50	50	50	50	50	50	50	50	490
Afghanistan Second Skills Development Project (ADP II)		-	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC	-
Afghanistan Access to Finance		-	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC	-
Kabul Municipal Development Program (KMMP)		-	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC	-
Afghanistan Sehatmandi Project		-	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC	-
Citizens' Charter Afghanistan Project (CCAP)	225	250	250	250	250	250	250	250	250	250	2,475
<i>2019 Open Critical Deviations Follow-Up</i>	-	6	-	-	-	-	-	-	-	-	6
<i>2019 Open Major Deviations Follow-Up</i>	-	-	30	30	30	30	30	7	-	-	157
<i>2019 Open Minor Deviations Follow-Up (10%)</i>	-	-	20	-	-	-	-	-	-	-	20
IW-Related Site Visits											
<i>2019 Open Unclassified Deviations Follow-Up</i>	-	1	-	-	-	-	-	-	-	-	1
<i>2019 Pending Critical Deviations Follow-Up</i>	-	5	-	-	-	-	-	-	-	-	5
<i>2019 Pending Major Deviations Follow-Up</i>	-	-	30	30	30	23	-	-	-	-	113
<i>2019 Pending Minor Deviations Follow-Up (10%)</i>	-	-	24	-	-	-	-	-	-	-	24
<i>2019 Pending Unclassified Deviations Follow-Up</i>	-	1	-	-	-	-	-	-	-	-	1
Tackling Afghanistan's Government HRM and Institutional Reforms (TAGHIR)		-	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC	-
Herat Electrification Project		-	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC	-

IW-RELATED SITE VISITS	JAN-MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
CASA 1000 Community Support Program		-	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC	-
Afghanistan Strategic Grain Reserve (SGR)		-	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC	-
Naghlu Hydropower Rehabilitation Project		-	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC	-
Higher Education Development Project		5	5	5	5	5	5	5	5	5	45
2019 Open Major Deviations Follow-Up	-	15	-	-	-	-	-	-	-	-	15
2019 Open Minor Deviations Follow-Up (10%)	-	1	-	-	-	-	-	-	-	-	1
Fiscal Performance Improvement Plan Support Project (FSP)		-	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC	-
Trans-Hindu Kush Road Connectivity Project (THRCP)	2	-	-	-	-	-	-	-	-	-	2
2019 Open Critical Deviations Follow-Up	-	3	-	-	-	-	-	-	-	-	3
2019 Open Major Deviations Follow-Up	-	40	-	-	-	-	-	-	-	-	40
2019 Open Minor Deviations Follow-Up (10%)	-	-	1	-	-	-	-	-	-	-	1
2019 Pending Major Deviations Follow-Up	-	5	-	-	-	-	-	-	-	-	5
2019 Open Minor Deviations Follow-Up (33%)	-	-	1	-	-	-	-	-	-	-	1
Afghanistan Digital CASA Project		-	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC	-
Public-Private Partnerships and Public Investment Advisory Project (PPIAP)		-	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC	-
Women's Economic Empowerment Rural Development Project (WEE-RDP)	40	50	50	50	50	50	50	50	50	50	490
EQRA	75	30	30	30	30	30	30	30	30	30	345
2019 Open Major Deviations Follow-Up	-	-	12	-	-	-	-	-	-	-	12
2019 Open Minor Deviations Follow-Up (10%)	-	-	4	-	-	-	-	-	-	-	4
2019 Open Unclassified Deviations Follow-Up	-	1	-	-	-	-	-	-	-	-	1
2019 Pending Major Deviations Follow-Up	-	-	6	-	-	-	-	-	-	-	6
2019 Pending Minor Deviations Follow-Up (10%)	-	-	1	-	-	-	-	-	-	-	1
Eshtehal Zaiee-Karmondena (EZ-KAR)	-	-	-	-	-	-	10	10	10	10	40
Cities Investment Program	-	-	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC	-
Afghanistan Land Administration System Project (ALASP)	-	-	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC	-
Total	384	466	615	502	447	440	427	404	395	395	4,475

ANNEX E: PRINCIPAL STAFF LIST

This data is available to ARTF donors on request.