

**Independent Performance and Financial Audit
of
Four Technical Assistance Projects in Afghanistan**

Audit Report No. 2

By

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For

The Integrity Division of the Office of the Auditor General
of the Asian Development Bank

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ABBREVIATIONS

ADB	-	Asian Development Bank
ATO	-	Afghan Tourist Organization
DFID	-	Department of International Development
DRED	-	Department of Renewable Energy Development
COSO	-	Central Operation Services Office
CWRD	-	ADB Central and West Asia Department
DFRM	-	Department of Forest and Range Management
GEF	-	Global Environment Facility
IRA	-	Islamic Republic of Afghanistan
KAQM	-	Kabul Air Quality Management
LCB	-	local competitive bidding
MOF	-	Ministry of Finance
MOWP	-	Ministry of Water and Power
NGO	-	Non-government organization
OAGI	-	ADB Integrity Division, Office of the Auditor General
PAI	-	Project Administration Instructions
TASU	-	Technical Assistance Supervising Unit
MISFA	-	Micro Finance Investment and Support Facility for Afghanistan
MIWRE	-	Ministry of Water Resources, Irrigation and Environment
MRRD	-	Ministry of Rural Rehabilitation and Development
TA	-	Technical Assistance
UNEP	-	United Nations Environment Programme

NOTE

In this report, \$ refers to US dollars.

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EXECUTIVE SUMMARY

**Independent Performance and Financial Audit of
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Executive Summary

- I. The Audit Team comprising four persons visited ADB Afghanistan Resident Mission, Kabul from August 8, 2007 to September 25, 2007 to conduct the Performance and Financial Audit of Four Technical Assistance Projects in Afghanistan as per the Terms of Reference communicated through contract No. ADM/70-051 on July 17, 2007, and Terms of Reference of follow up review communicated through contract No. ADM/80-002 on February 5, 2008 by the Central Operations Services Division 2 of the Asian Development Bank, Manila. This report focuses only on exceptions and procedures and guidelines that have not been complied with.
- II. Considering the business environment and availability of limited banking facilities in Afghanistan, disbursements related to said four TAs were made either from ADB Manila directly to suppliers and service providers or through advances paid to TA consultants or ADB representatives who were involved in execution of these TAs. All payments made by consultants or ADB representatives were in cash which were subsequently approved by ADB's Controller's Department as settlement against their advances.
- III. The overall budget of the TAs has not been exceeded, however, in certain cases financial commitments were made for consulting services, procurement of goods or for the conduct of trainings and workshop in excess of approved budgetary allocations as a result of changes in scope. (refer section 3.1.2)
- IV. In several instances procurement related supporting documents such as purchase orders, quotations and receipt acknowledgements, and related approvals were not available for our review. (refer section 3.1.3)
- V. Proper documentation related to certain trainings and seminars such as training schedules, list of participants, copies of certificates, and particulars of participants and facilitators were not available for our review. Consequently, occurrence of such activities could not be substantiated. (refer section 3.1.4)
- VI. In a number of cases procedural requirements of ADB's Guidelines such as, Project Administration Instructions, Consulting Contracts, and Operational Manual for TA and Technical Assistance papers were not complied with. (refer section 3.2)
- VII. The allegations raised in the article published in Financial Times are generally correct, however, no consideration was given in the article to changes in the implementation plans of pilot projects and inherent limitations associated with such pilot projects due to the critical role of related community members envisaged for the success of such pilot projects. (refer section 3.3)
- VIII. As per assessment of allegations raised by a complainant as if these were raised in December 2005 out of 27 allegations we found 22 as true and with respect to 5 we remained uncertain due to lack of information. (refer section 3.3)

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- IX. Based on our review of documentary evidence and site inspections, on an overall basis, a number of activities were performed and many objectives were achieved or partially achieved, however following critical targets were not accomplished:
- i. Eight, out of ten wind monitoring towers procured, were not installed and water availability was not appropriately assessed at the feasibility stage for drip irrigation system at Wazir Akbar Khan Hills project, leading to failure of said Project as part of TA 3874;
 - ii. Showcase solar powered fountains at 3 roundabouts were not installed as part of TA 4415;
 - iii. Feasibility studies for 3 micro hydro power units were conducted out of which two are still in the process of completion whereas work on the third unit was never initiated and microfinance component was not implemented as part of TA 4461; and
 - iv. Planned infrastructure including entry gates, guest house, health clinics and camp sites were not developed at Band-de-Amir National Park and microfinance component was not implemented as part of TA 4541.
- X. Many of the TAs were advisory and experimental in nature. The performance focused only on the achievements of the specific TA objectives or its sub-components (TA 3874) and was assessed in terms of relevance, effectiveness, efficiency and sustainability of the TAs. Resources related to inputs of consultants were utilized substantially, but budgetary allocations related to program activities remained unutilized hence it could be concluded that inputs of consultants were either not of the envisaged quality or that program activities could not proceed due to geopolitical and other operational hurdles. Projects were not able to benefit from the inputs of consultants to the extent envisaged. On an overall basis the objectives and tasks defined for all four TAs were relevant to Afghanistan's development priorities and project design and could also be considered as effective and efficient but there are concerns with regards to the long term sustainability of the envisaged tasks for the attainment of long term goals of said TAs to replicate the experience learned from pilot projects and strategic work performed as part of these TAs. (refer section 3.4)

1. BACKGROUND OF FOUR TAs

1.1 TA – AFG 3874 Capacity Building for Reconstruction and Development (Environment Component)

1.1.1 The **objective** of the environmental component of this TA was to develop and support an effective environmental management capacity, particularly as it pertains to the collection of baseline data, and monitoring and promoting sustainable development.

1.1.2 The **outputs** of the TA were (i) trained officers in environmental impact assessment and monitoring; (ii) provision of equipment for water chemistry laboratory, and officers trained in basic drinking water analysis and microbiology; (iii) 12 wind-monitoring towers to gather resources data have been tendered and purchased; (iv) provision of overseas training for renewable energy engineers; (v) feasibility studies for installation of three micro- hydro units, including community social mobilization; (vi) provision of micro hydro equipment; and, (vii) demonstration of hybrid wind-solar systems for power generation.

1.1.3 **Activities** included provision for (i) training of local staff in environmental management; (ii) development of a plan for implementing an environmental management institution; (iii) assembly, organization, and analysis of data on the status of the environment and natural resources; (iv) assistance in project planning, environmental guidelines, and workshops and seminars in environmental management issues; (v) stemming of deforestation by developing and demonstrating alternative sources of energy; (vi) help in the process of establishing protected parks by developing a system of parks, reserves, and sanctuaries in representative ecological areas; (vii) a plan for the storage and disposal of toxic pesticides; and (viii) an environmental profile.

1.1.4 The total cost of the TA cluster was \$14.50 million financed by ADB including \$ 0.30 million for environmental component. The TA effective date was July 2002 and completion date was June 30, 2004. The TA is now closed.

1.2 TA-AFG 4415 Kabul Air Quality Management

1.2.1 The **objectives** of this TA were to (i) develop air quality management (AQM) strategies and implementation framework, and (ii) strengthen human resources and institutional capacity of AQM.

1.2.2 The **outputs** of the TA were (i) baseline air quality monitoring data, and a sustainable AQM system for sampling and reporting of ambient pollutants in Kabul; (ii) baseline emissions inventory and a sustainable emissions inventory system; (iii) delivery of software tools and training to support AQM in Kabul; (iv) public information documents, workshops, and seminars for informing the public and educating decision makers on the impacts of air quality in Kabul; and (v) development of a draft AQM system for Kabul, and Urban Air Quality strategy report, with specific policy recommendations.

1.2.3 **Activities** included (i) establishment of an air quality monitoring system in Kabul; (ii) establishment of an air pollutant emissions baseline; (iii) development of an AQM strategy for Kabul; (iv) estimating and communicating the importance of economic and social implication of air pollution in Kabul; (v) carrying out study tours, training, professional development, conferences, public information efforts, and workshops; (vi) promoting a national dialogue on AQM; (vii) producing an Urban Air Quality Management Strategy Report; and (viii) producing public information documents, conduct workshops, and seminars for informing the public and educating decision makers on the impacts of air quality in Kabul.

1.2.4 The TA was approved on October 2004 by ADB. The total cost of the TA was estimated at \$518,000 for which ADB provided \$450,000. The TA was financed on a grant basis by the Government of Denmark, and was administered by ADB. The TA effective date was November 10, 2004. The original TA completion date was September 30, 2005 which was extended up to December 31, 2006. The TA is now in the process of being closed.

1.3 TA-AFG 4461 Poverty Reduction and Rural Renewable Energy Development

1.3.1 The **objectives** of this TA were to accelerate the development of power generation based on renewable energy in off-grid remote, rural areas, building capacity for solar energy systems and supporting sustainable livelihood opportunities at the community level.

1.3.2 The **outputs** of this TA were (i) review of the potential for renewable energy options and assess needs in selected, off-grid, remote areas; (ii) development of pilot renewable energy and demand management projects in off-grid, rural areas; (iii) design and establishment of pilot projects for solar energy systems, including photovoltaic systems; (iv) identification of alternative income generation opportunities; (v) building capacity at the community level to install, maintain, and service rural solar energy systems; and (vi) creation and support of sustainable livelihood opportunities for communities.

1.3.3 **Activities** included (i) undertaking a need assessment of the needs of 10 villages in relation to solar photovoltaic systems; (ii) providing solar photovoltaic systems to the poor in 10 remote villages; (iii) investigating the feasibility of setting up solar photovoltaic-powered common facilities for income generating activities; (iv) training 10 people from different ethnic groups and including the disabled as solar technicians; (v) establishing a microfinance facility to enable communities to borrow to set up solar energy systems; (vi) carrying out project management and impact assessment activities; and (vii) disseminating information about the benefits of the solar energy systems.

1.4.4 The TA was approved on December 2004 by ADB. The total cost of the TA was estimated at \$ 900,000 for which ADB financed \$ 750,000. The balance amount of TA was financed by the UK government and administered by ADB. The TA effective date was January 11, 2005. The original TA completion date was December 31, 2005 which was extended up to May 31, 2006. A new extension of the completion date up to August 31, 2007 is in process.

1.4 TA-AFG 4541 NATURAL RESOURCES MANAGEMENT AND POVERTY REDUCTION

1.4.1 The **objectives** of this TA were to address the socio-economic needs of communities in buffer zones of protected areas by implementing activities to reduce poverty as well as promote conservation of natural resources and wildlife in protected areas.

1.4.2 The **outputs** of this TA are to (i) advance the conservation of natural ecosystems and wildlife resources in selected key protected areas by developing management plans and undertaking rapid biodiversity assessment to update available data at each site; (ii) promote capacity building and institutional strengthening for natural resources and protected areas management; (iii) use participatory methods to assess the needs of the communities, followed by provision of pilot activities to address those needs; (iv) develop and implement an integrated package of assistance, including skills training coupled with opportunities for income generation; (v) pilot-test assistance that improves food security and access to health and education; (vi) implement pilot activities envisaged, which include greenhouses for food security, aquaculture, community center that is solar heated and enables livelihood activities, health and veterinary clinics, horticulture, beekeeping, propagation of medicinal plants; and (vii) enter into a contract with a non-government organization (NGO) specializing in microfinance services.

1.4.3 **Activities** by project component included the following:

a. **Buffer Zone Development Component** (funded by the Poverty Reduction Cooperation Fund)

Carry out participatory assessments of target communities; (ii) provide skills training to natural reserve guides, agriculture and community foresters, beekeepers, aquatic farmers, and medicinal plant users; (iii) provide inputs to help communities increase the range of foods they grow to increase food security and improve nutrition levels; (iv) provide effective social protection measures; and, (v) develop guidelines for the use of microfinance funds.

b. **Park Management Component** (funded by the Global Environmental Fund)

Carry out scientific assessments of biodiversity resources in protected areas and establish a sustainable monitoring program for biophysical resources; (ii) provide a program for capacity strengthening that will include specific training programs for staff members of the Afghan Tourist Organization and the Department of Forest and Range Management; (iii) provide basic park infrastructure comprising ranger stations and substations; (iv) develop a public awareness and education program to build local support for biodiversity conservation; (v) develop ecotourism guidelines that emphasize links between conservation and benefits for local stakeholders, including an ecotourism guide; and (vi) support key policy and institutional reforms.

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1.4.4 The TA was approved on December 2004 by ADB. The total cost of the TA was estimated at \$1,907,000. The Government requested that ADB finance \$1,785,000. The TA is administered by ADB and financed on a grant basis by the Global Environmental Fund (\$ 975,000) and the poverty Reduction Cooperation Fund (\$ 810,000). The TA effective date was January 11, 2005. The original TA completion date was November 30, 2006 which was extended up to November 30, 2007.

2. AUDIT OBJECTIVES, SCOPE AND METHODOLOGY

2. Audit Objectives, Scope and Methodology

2.1 The overall audit objective was to conduct a detailed operations and management audit and financial assessment of the four TAs including **for the performance assessment** to (i) assess whether ADB policies, procedures and guidelines in the TA paper and Agreement were complied with; (ii) assess whether TA outputs, activities, and inputs were delivered efficiently and effectively, as planned in the TA frameworks, and on time; paying particular attention to assessment of the subcomponents of the TA mentioned in the Financial Times article; (iv) assess whether the procurement and recruitment process for awarded contracts followed ADB's procurement guidelines, the Guidelines on The Use of Consultants, and governing TA documents; and **for the financial audit** to (i) assess whether funds were properly segregated and ring-fenced at all times from other operational activities and in accordance with funding provisions of the TA papers; (ii) assess whether the ADB funds were appropriately accounted for, confirm relevant information with selected third party suppliers/vendors on a sample basis, and check for related parties on selected bidders and suppliers; (iii) assess the effectiveness and reliability of TA financial and administrative management, including internal control systems, reporting, and financial management systems for TA disbursements, and determine whether the accounting and internal control systems were adequate to capture transactions; (iv) determine if equipment purchases for government counterparts were used to obtain their acquiescence to changes and shortcomings in implementation arrangements; and discuss with development partners and the Government and assess the adequacy of aspects covering but not limited to internal control systems, reporting, and management systems, integrity and capability of the TA officer.

2.2 To achieve the audit objectives, the Audit Team evaluated the Operational Manual for Technical Assistance, Project Administration Instructions (PAI), reviewed procurement processes and financial management practices and assessed whether ADB's Guidelines on Procurement and Use of Consultants have been followed and whether there was any indication of fraudulent or corrupt practices as defined under ADB's Anticorruption Policy, checked Project's procurement and disbursement documents, inspected the Project's goods procured and works completed at various project sites, and assessed the reasonableness of the contract prices.

2.3 The audit team reviewed 47 contracts (Annexure I) awarded under the four projects and dispatched confirmations to 43 contractors/suppliers (vendors) or consultants (Annexure II) and assessed whether there are potential conflicts of interest and whether ADB funds were appropriately accounted for.

2.4 The audit team conducted a number of meetings with government representatives in various ministries, consultants and beneficiaries (Annexure III) to get a better understanding of the projects, its management, and the allegations made regarding the management and implementation of the projects.

2.5 The audit team visited Band-e-Amir, Panjsher, and other project sites in Kabul (Annexures VII to X) to get an on-the-ground perspective of the project sites cited in the Financial Times article, and verify the progress and allegations on these projects and assessed that as of now, as reported by ADB's Afghanistan Resident Mission, *even though with considerable delays*, most projects under the TAs have been implemented to a large extent and are operational.

2.6 The audit team reviewed the procurement documents such as vouchers, invoices, approvals and other relevant supporting documents to assess and determine whether the accounting and internal control systems were adequate to capture transactions.

2.7 After completion of tasks noted above an audit report was submitted to ADB in October 2007, subsequent to which we were required by OAGI to perform certain additional procedures including conduct of a formal interview of the complainant, review any evidence the complainant will provide to substantiate the allegations and accordingly assess the impact of information provided by the complainant on the contents of the audit report.

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2.8 After the conduct of additional procedures noted in paragraph 2.7 above we have identified matters which need to be reflected in the audit report. Hence, in accordance with this modified audit scope we have compiled this Audit Report No 2 which includes effective of documents provided by the complainant.

3. AUDIT FINDINGS AND RECOMMENDATIONS

3.1 FINANCIAL AUDIT

3.1.1 Disbursement process adopted

Considering the business environment and availability of limited banking facilities in Afghanistan, disbursements related to said four TAs were made either from ADB Manila directly to suppliers and service providers or through advances paid to TA consultants or ADB representatives who were involved in execution of these TAs. All payments made by consultants or ADB representatives were in cash which were subsequently approved by ADB's Controller's Department as settlement against their advances.

3.1.2 Budgetary deviations and misallocations

Condition

Following instances were noted in which financial commitments and actual disbursements for certain budget line items were in excess of related approved budgetary allocations. However, the overall commitments and disbursements were within budgeted provision for respective TAs:

	Use of Consultants		Procurements	Trainings and Workshops
	TA – 4461	TA – 3874	TA – 4415	TA – 3874
Budget – US \$	186,000	87,000	160,000	27,000
Contracted – US \$	454,600	441,400	176,200	50,900
Disbursed – US \$	354,700	428,000	170,700	50,900
% deviation	144%	407%	10%	89%

Criteria

All financial commitments need to be made within defined budgetary allocations. In case any financial commitment is required to be made in excess of the budgetary allocations due to change in defined scope of work, prior written approval should be obtained from relevant authorities as budget variations.

Cause

Use of Consultants

In TA - 4461 budgetary deviation seems to have occurred as the total cost incurred by Norwegian Church Aid (NCA) amounting to US \$ 237,203 was charged to the budget head Use of Consultants instead of charging it to Equipment to the extent of US \$ 132,000, Training to the extent of US \$ 102,603 and Study Tours to the extent of US \$ 2,600.

With respect to TA – 3874 we were informed by AFRM staff that the related scope of work was enhanced due to which additional inputs from consultants were obtained, but we were not able to review any document related to change in scope of work and budgetary variation. As there was no increase in the overall TA budget, the variation may have been financed through budgetary allocations in budget head Pilot Project or Contingencies.

Procurements

We were unable to determine the appropriate reason for this deviation. Since there is no increase in the overall TA budget, this variation may have been utilized from the budget available in the heads for Pilot Projects or Contingencies.

Trainings and workshops

No specific reason is known for this variation. Since there is no increase in the overall TA budget, the variation may have been financed through budgetary allocations in budget head Pilot Project or Contingencies.

Approvals

No documents were available to substantiate whether approvals for the above deviations were sought and obtained.

Effects

- Non-compliance with TA requirements
- Improper record keeping
- Lack of adherence to ADB's policies and procedures
- Non-compliance with ADB's PAIs
- Proper control over financial commitments and disbursements cannot be ensured

Recommendations

Ensure that:

- In case of identified misallocations appropriate re-allocations adjustments are incorporated in the books of account
- In case where variations have occurred due to change in scope of work all such changes are approved along budgetary variations
- Comparison between budgetary allocations and actual cost incurred is performed on periodic basis and noted variations, if any, are appropriately accounted for on timely basis.

3.1.3 Supporting documents related to procurements not available

Condition

Based on 165 vouchers reviewed, covering 60% of the total expenses in equipment and having an aggregate value of US \$ 455,400, the following instances were noted in which required supporting documents along with procurement records were not available:

- In all cases original invoices were not available
- Request for quotations (RFQ) were missing from records
- Paid stamps were not affixed
- 27 instances having an aggregate value of US \$ 128,160 in which quotations and comparative statements were not available (Annexure IV)
- 12 instances having an aggregate value of US \$ 96,839 in which purchase orders were not available (Annexure V)
- 28 instances having an aggregate value of US \$ 27,426 in which receipt acknowledgements were not available (Annexure VI)
- Proper inventory management records including inventory listings and related movement records were not maintained

Criteria

All procurement related documents and procedures are complied with in accordance with ADB Procurement Guidelines and proper inventory record is maintained for all non-expendable items procured.

Cause

- Lack of procedural awareness on part of Project Management Team

Effects

- Non compliance with ADB Procurement Guidelines
- Competitiveness of prices cannot be ensured
- Occurrence of payments cannot be ensured especially in case where payments were made cash
- Existence of inventory items cannot be ensured

Recommendation

Ensure that all procurements are made in accordance with the requirements of ADB procurement guidelines and in case certain procedures cannot be complied with due to inherent limitations, such facts are appropriately documented and approved. Further, an appropriate inventory management system should be put in place to ensure effective control on all project related inventory items.

3.1.4 Conduct of certain trainings and workshops can not be substantiated

Condition

Conduct of some training and their objectives could not be substantiated due to non-availability of the following records.

- Attendance lists
- Minutes of the meetings if any
- Training Certificates or copy of certificates issued to trainees
- Particulars of the persons conducted the training
- Course materials etc.

Criteria

Certain trainings, conferences, seminars and workshops were required to be conducted under respective TAs

Under TA – 3874

- Capacity-building training in the environment and renewable energy component
- Water quality analysis trainings in United States for staff members of Ministry of Water Resource, Irrigation and Environment (MIWRE)
- Environmental impact assessment training and monitoring for organizational development

Under TA – 4415

- Study tours, training, professional development, conferences, public information efforts, and workshops
- Workshops on impacts of air quality in Kabul for informing the public

Under TA - 4461

- Solar Technicians Training of 10 people from different ethnic groups, including the disabled

Under TA - 4541

- Skills training to nature reserve guides, agriculture and community foresters, beekeepers, aquatic farmers, and medicinal plant users
- Training to women related to alternative livelihoods

All financial commitments need to be made within defined budgetary allocations.

3.1.4 Conduct of certain trainings and workshops can not be substantiated

Cause

- Improper record keeping
- Lack of monitoring by TASU

Effects

- Expenses related to such trainings may not be justified
- Required project targets may not have been achieved

Recommendation

Supporting documents substantiating the conduct of workshops or trainings should be kept for record purposes.

3.2 COMPLIANCE WITH ADB GUIDELINES AND PAIs

3.2.1 Compliance with Project Administration Instructions

Majority of the consultants were selected using direct selection method complying with the requirements of guidelines on The Use of Consultants however; Project Administration Instructions with respect to the direct selection of individual consultants were not complied with i.e.

(i) Shortlist of candidates was not available

Condition

In case of five short listed consultants the list of short listed candidates were not available.

Criteria

In terms of Clause (E) Para (14) Part (C) of PAI 2.03 (issued in April 2006) the user division selects a short list of 3 candidates if the assignment will last longer than 3 months.

Cause

- Lack of familiarity of Project Implementation Team with PAIs
- Lack of monitoring by TASU

Effect

- Selected consultants may not be competent but selected
- Non-compliance with Project Administration Instructions

Recommendation

All the PAIs must be properly adhered to and appropriate procedures are followed for the recruitment of consultants.

3.2.1 Compliance with Project Administration Instructions

(ii) Clearance from COSO not available

Condition

Clearance from COSO for four consultants who were appointed multiple times by ADB under separate TAs was not available for our review.

Criteria

In terms of Clause (G) Para (18) Part (C) of PAI 2.03 (issued in April 2006) the user division must obtain clearance from COSO of any candidates who previously worked on consulting assignments for ADB. Under the Individual Consultant Selection system, it is incumbent upon the end user to have diligently complied with the requisite documents, of which a checklist is provided online. After each requirement is met, an online request is submitted for processing. It is the responsibility of the end user to ensure that all requirements are complete and documents have to be kept on file for future auditing.

Cause

- Unfamiliarity and non-compliance with PAIs
- Insufficient record keeping

Effect

- Inefficient consultant may be selected repeatedly
- Non-compliance with Project Administration Instructions

Recommendation

All the PAIs must be properly adhered and appropriate procedure to be followed for the recruitment of consultants.

3.2.1 Compliance with Project Administration Instructions

- (iii) Documents such as medical certificates and affidavits in response to inquiry letters sent to the consultants through e-mails, were not received**

Condition

The audit team noted in following number of instances for each TA, that inquiry letters were forwarded to consultants via e-mails instead of formal letter from an authorized official however, documents such as medical certificates, confirmation of addresses and affidavit for the good health were not received:

TA – 3874	1
TA – 4415	2
TA – 4461	6
TA – 4541	13

Criteria

In terms of Clause (G) Para (18) Part (C) of PAI 2.03 (issued in April 2006) the user division sends a non-committal inquiry letter along with an affidavit for good health, to the selected or first-ranked candidate to confirm that he or she is available and does not have any close relatives currently employed by ADB and attaches to the inquiry letter either an affidavit of good health for the candidate to complete and return or a medical certificate for the candidate's doctor to complete. The division asks candidates aged 70 or more for certificates and may ask younger candidates when it has doubts about their health or the assignment is physically demanding. If a candidate is not cleared, is unavailable, has close relatives in ADB, or does not submit a satisfactory affidavit or medical certificate, the user division re-evaluates the selection or shortlist

Cause

- Unfamiliarity with PAIs
- Insufficient record keeping

Effect

- Consultant may be available but may have a conflict of interest
- Non-compliance with the Project Administration Instructions

Recommendation

All the PAIs must be properly adhered and appropriate procedure to be followed for the use of consultant.

3.2.1 Compliance with Project Administration Instructions

- (iv) Performance Evaluation Reports for certain consultants were not available and performance of some consultants were not appropriately assessed.**

Condition

- a) For two consultants Performance Evaluation Reports were not available.
- b) Performance of the following number of consultants for each TA was assessed but “quality of work completed” ratings did not reflect various tasks that were not performed:

TA – 3874	1
TA – 4461	2
TA – 4541	1

Criteria

In terms of Clause (W) Para (82) of PAI 5.11 performance evaluation reports for the consultant to be prepared for proper monitoring of the outputs of consultants.

Cause

- Lack of monitoring by TASU
- Lack of familiarity with PAIs

Effect

- Performance of the consultants may not be up to the mark and designated targets may not be achieved
- Non-compliance with the Project Administration Instructions

Recommendation

Performance evaluation reports should be prepared on regular basis for all consultants.

3.2.1 Compliance with Project Administration Instructions

(v) Non – Compliance with other Project Administration Instructions

The PAIs provides guidelines for administrating grant financed technical assistance projects. There are certain requirements which relate to supervising consultants providing services under respective TAs.

Condition

The audit team noted the following observations in respect of *each criterion* stated below.

1. Evidence of TASU's monitoring the consultant's outputs against its targets were not available for our review and the consultants had no knowledge about any evaluation carried out by TASU.
2. Comments/reviewed reports were not available for our review and no documents were found to support its circulation.
3. Minutes for the tripartite meetings were not available for our review to substantiate its occurrence.
4. TPR for recording the progress of the project was not available for our review.
5. As no reviewed reports were available for our review, we concluded that no such reviews were conducted by the TASU.

Criteria

1. In terms of Clause (F) Para (14) of PAI 5.11 the TASU is responsible for monitoring the consultant's outputs against its targets.
2. In terms of Clause (F) Para (15) of PAI 5.11 the TASU should review and comment on each report submitted by consultant and should circulate it to the concerned divisions and missions. The TASU retains copies of the consultant's reports and other important documents it produces.
3. In terms of Clause (G) Para (16) of PAI 5.11 the tripartite meetings are to be held after a major report was submitted, to have a common understanding of the progress.
4. In terms of Clause H Para (17 & 18) of PAI 5.11 the review mission are to be fielded by TASU at the inception or during the progress of the projects.
5. In terms of Clause (J) Para (20) of PAI 5.11 the TASU should update the TA performance report (TPR) to record the progress of implementation at least once in each quarter.
6. In terms of Clause (K) Para (22) of PAI 5.11 the TASU reviews the consultant's monthly reports and claims to:
 - certify that the consultant performed the services,
 - confirm that the consultant purchased the equipment and submitted the reports it claimed,

- confirm that the consultant attained the milestones it claimed; and
- approve any expenses that were not included in the contract, before processing or asking COSO to process a contract variation, if necessary.

Cause

- Lack of monitoring by TASU
- Lack of familiarity with PAIs
- Required project targets may not have been achieved

Effect

- Corroborative evidence may not be available in case of missing records
- Non- compliance with PAIs

Recommendation

All the procedures in guidelines and PAIs have to be followed with due care and internal training should be conducted to make the staff and consultants aware of related ADB procedures and guidelines.

3.2.2 Compliance with Consulting Contracts

Incomplete designated tasks

Based on our sample verification we noted instances in which required tasks were not performed by the consultants:

A Drip Irrigation and Replanting Expert was hired by ADB twice in TA 3874 under contract number S07034 and S04906 and once in TA 4415 under contract number S09642. However it was noted that for all the contracts the objectives and tasks were same. Further, we could not find any evidence substantiating the achievement of following tasks:

- Workshop on the use of drip irrigation system.
- Preparation of detailed map for installation of drip irrigation system in Wazir Akbar Khan hill;
- Technical drawings for 5 roundabouts in Kabul for installation of solar pumps and irrigation system.

Consultants who were hired under TA – 4461

The terms of reference of one Consultant were as follows:

- Assess the potential market demand for and envisaged phased development of selected renewable energy sources consistent with the country's energy development program.
- Prepare the progress report of activities undertaken to date
- Help the renewable energy specialist assess the least-cost nature of the renewable energy development program for off grid rural and small towns taking various alternatives into account.

However based on the documentation available it seems that said tasks were not carried out by the said consultant.

A consultant had to submit an inception report 1 month after TA commencement, an interim report 6 months after TA commencement, and a draft final report 22 months later. However, the audit team did not find any reports submitted by him.

A consultant had to prepare the progress report of activities undertaken to date but we didn't find any reports submitted by him.

Consultant hired under TA – 4541

As per the terms of reference the following tasks were required to be performed by a consultant. However, based on the documentation available it's not evident whether these tasks have been carried out .

- Establish a project steering committee, which includes, among others, representatives of sector ministries, NGOs and ADB.

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- Develop guidelines for the use of microfinance facility funds and select NGOs contracted to provide services in the project area.
- Undertake monitoring and evaluation and assessment for scaling up the activities completed.
- Progress reports every 6 months.

3.2.3 Compliance with Operational Manual for Technical Assistance

(i) Pilot testing project costs are not determinable

Condition

The audit team noted that pilot tests have been performed but the costs incurred for those pilot projects were not separately determinable resulting in our inability to assess whether it exceeds 30% of ADB financing for the TA. The foregoing is because while part of the TA was allocated to conducting the pilots, no separate budget allocations were made.

Criteria

In terms of Clause (iv) Para (46) (Section D12/BP) of Operational Manual issued on 4th June 2007 a portion of a TA amount may be used for pilot testing of projects with innovative approaches before large-scale implementation. The amount allocated to pilot testing should not exceed 30% of ADB financing for the TA.

Cause

Proper allocation of cost to specific pilot projects was not maintained.

Effect

- Cost allocation to independent pilot projects may have exceeded the budget, resulting in cost overruns.
- Components of pilot projects may not be readily identifiable.

Recommendation

Complete cost breakup of independent pilot projects and its comparison with the budget should be prepared.

3.2.3 Compliance with Operational Manual for Technical Assistance

- (ii) **Printed TA has not been circulated to board within two days of its approval**

Condition

The audit team noted certain instances where TAs were approved but not circulated to Board within the prescribed time period for their consideration and information

S.No	TA reference	Date of approval	Date of Circulation to Board	TA Effective Date	Delays
1	TA 4415	Oct 15, 2004	Nov 3, 2004	Nov 10, 2004	18 days
2	TA 4461	Dec 3, 2004	April 4, 2005	Jan 11, 2005	122 days
3	TA 4541	Dec 23, 2004	April 4, 2005	Jan 11, 2005	102 days

Criteria

In term of Part (A) Clause (4) Para (12) (Section D12/OP) of Operational Manual issued on 4th June 2007 The printed TA report should be circulated to the Board for information or consideration within two working days after its approval,

Cause

- Unnecessary delays in document processing
- Unfamiliarity with the operational manual for TA

Effect

- Non-compliance with Operational Manual
- Board of directors may not be informed for timely consideration
- Lack of budgetary Control

Recommendation

- Internal training workshops and seminars are conducted to inform staff about ADB's policy
- Operational manual, strictly complied with.

3.2.3 Compliance with Operational Manual for Technical Assistance

(iii) Documents such as BTORs and fact finding mission reports are missing

Condition

The audit team was unable to determine, whether the fact finding mission reached an understanding with the government and whether the objectives, purpose, scope and implementation arrangements were properly discussed and dealt with, due to non-availability of the following documents

- Fact finding mission reports
- BTORs

Criteria

In term of Part (A) Clause (2) Para (5), (6), (7) (Section D12/OP) of Operational Manual issued on 4th June 2007 the fact finding mission should reach an understanding with the government on goals, purpose, scope implementation arrangements, costs, financing arrangements and terms of reference and a brief back-to-office report (BTOR), usually about 2-3 pages highlighting policy issues, technical, institutional, legal, regulatory, capacity and other aspects, as applicable, and consultation held with key stakeholders, including government, development partners, prospective beneficiaries and non-government organization, as appropriate, is prepared by the mission leader with in seven working days of the mission's return.

Cause

Improper management of reports, poor record keeping and weak controls on data retrieving.

Effect

- Inability to assess the feasibility and practicability of projects
- Effectiveness of implementation designs of projects may not be assessable
- Frequent changes in scope of TA
- Costs and other financing arrangements may not be effective.

Recommendation

Database of all reports related to TAs including fact finding mission reports, initial assessment of the TAs, MOUs, BTORs, changes in scope etc. is properly maintained and readily accessible.

3.2.4 Compliance with Technical Assistance Papers

(i) Specific objectives not achieved

Condition

Audit team noted that no guidelines for the use of micro finance funds have been established and no NGO contracted under TA 4541 and neither any micro finance facility has been extended under TA 4461.

Criteria

As per TA 4541 under the poverty reduction component, guidelines had to be developed for the use of microfinance funds for non-government organizations contracted with MISFA to enable communities to invest in productive activities (e.g., handicrafts, carpet weaving, horticulture, poultry raising, beekeeping, medicinal plants, and initiatives particularly focused at women).

As per TA 4461 a micro finance facility was to be established to enable communities to borrow funds to setup a solar energy systems.

Cause

- Mismanagement and inability to develop implementation plans.
- Lack of supervision by TASU

Effect

TA objectives not achieved

Recommendation

Ensure proper adherence to TA objectives and supervision by TASU.

3.2.4 Compliance with Technical Assistance Papers

(ii) Evidence for formation of Steering Committees not found

Condition

The audit team could not assess the objectives and formation of Steering Committees due to non availability of the following records.

- Names of members of steering committees
- Minutes of meetings of steering committees
- Summary reports or appraisals submitted to the steering committees for comment

Criteria

Under TA 3874 a project steering committee was to be organized, comprising the heads of

- Project support groups
- Representative of Ministry of Agriculture, Kabul University
- Representative of Afghan Assistance Coordination Authority (AACAA)

As per the TA 4415 a standing consultative committee comprising key decision makers from relevant ministries and institutions was to be formed

As per the TA 4541 a project steering committee was to be organized comprising representatives of

- Asian Development Bank
- Afghan Tourist Organization
- Ministry of Rural Rehabilitation and Development (MRRD)
- Ministry of Water Resources, Irrigation and Environment (MIWRE)
- Local Governments and NGOs.

Cause

- Lack of monitoring by TASU
- Inability to carry out project tasks effectively

Effect

- Corroborative evidence may not be available in case of missing records
- TA objectives not achieved

Recommendation

Ensure proper adherence to TA objectives and supervision by TASU.

3.2.4 Compliance with Technical Assistance Papers

(iii) Agreed deliverables not delivered

Condition

There were certain deliverables under TA 4415 which were not prepared and were not available for our review.

Criteria

According to the communications program in TA 4415 following deliverables were agreed:

- APR strategy and approach that would assure timely and supportive “Public Information” to build public awareness and support
- Standard procedures for press releases
- Standard procedures for external and internal communications
- Development of a project website

Cause

- Lack of monitoring by TASU
- Inability to carry project tasks effectively

Effect

- Corroborative evidence may not be available in case of missing records
- TA objectives not achieved

Recommendation

Ensure proper adherence to TA objectives and supervision by TASU.

3.2.4 Compliance with Technical Assistance Papers

(iv) As part of TA 4541 office space was hired, whereas, the office space was supposed to be provided by Executing Agency under the terms of the TA

Condition

An office space was hired for TA 4541 during 2005, whereas, as per Appendix 2 of the TA document office accommodation was to be provide by the Executing Agency.

Criteria

Office space was to be provided by the Executing Agency.

Cause

- Office space was not provided by the Executing Agency only timely basis

Effect

- Unbudgeted costs were charged to TA budget

Recommendation

Compliance with the terms and budgetary allocations of TA are ensured to the extent possible.

3.2.4 Compliance with Technical Assistance Papers

(v) Delays in approvals for modifications in TA

Condition

- TA 4541 was suppose to complete on November 30, 2006 but its completion date was extended till November 30, 2007, but the approval of said extension was given on November 27, 2007.
- As part of TA 3874, which was closed on June 30, 2004, micro hydro power plants which were suppose to be installed. The said micro hydro powers plants were in the process of installation during October 2007 as part of TA 4461 for which approval was granted in 2007.

Criteria

All required approvals related to extension in timeframe and changes in defined tasks are approved on timely basis.

Cause

- Weak management at Project Implementation Level.

Effect

- Execution of project activities and disbursement of funds without formal approval of project extension and changes in defined tasks.

Recommendation

All operational changes in TA's approved well in advance of execution of modified tasks and completion of defined period targets.

3.3 ALLEGATIONS BY FINANCIAL TIMES AND A COMPLAINANT

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<p>By Mr. Stephen Fidler, Defense and Security Editor – FINANCIAL TIMES No drip irrigation system at Wazir Akber Khan Hills, Kabul the trees were watered by the water tankers.</p> <ul style="list-style-type: none"> ◆ Only an empty 12 meter square concrete reservoir with opening for drip irrigation ◆ All the trees directly below have been withered or been stolen and a third of the trees have been died ◆ No fencing or security arrangements ◆ Pumps strong enough to lift the water to the top of the hill from a near by village could not be obtained 	<p>TA-3874</p>	<ul style="list-style-type: none"> ◆ An empty 12 meter square concrete reservoir with opening for drip irrigation was built but no water could be arranged. ◆ There were a lot of trees on Wazir Akbar Khan hill but majority of them were withered or stolen ◆ There was neither fencing nor any other security arrangements ◆ No pumps were procured for lifting the water to the top of the hill <p>However, the drip irrigation system was installed on Bagh Bala Hills, another location in Kabul owned by the Ministry of Agriculture, Afghanistan and is working satisfactorily.</p>	<p>Annexure VII</p>	<p>True</p> <p>True</p> <p>True</p> <p>True</p>
<ul style="list-style-type: none"> ◆ Fountains are not in working condition. ◆ They are not powered by solar energy instead generators are used to run the fountains. ◆ Two of the jets for spraying water, lights and one of the fountain's pipes are broken. 	<p>TA-4415</p>	<p>Parawan – 2 Roundabout, Kabul</p> <ul style="list-style-type: none"> ◆ 2 Fountains were not in working condition during the site visit. ◆ The Fountain is powered by the Government Resident Electricity Line. No generators were found nearby. The solar panels were only intended to pump the water to the fountain. ◆ Fountains pipe was not broken instead leakages noted in the boundaries, jets for spraying water were fine <p>Parawan – 3 Round About, Kabul</p> <p>The construction of the roundabout is being carried out by the Municipal Corporation and is still in process. However, the solar water pump was not installed at the location.</p>	<p>Annexure VII</p>	<p>True</p> <p>False</p> <p>Partially True</p>

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Allegations	TA Reference	Findings	Assessment of Allegation as if it was made in December 2005 True / Partially True / False	Status of Allegations October 2007 True / Partially True / False
By a complainant				
1 ♦ The water quality laboratory is functional and equipped however due to lack of management capacity the lab is not being used. It is unclear if any staff actually attended training overseas.	TA-3874	♦ During our visit we were informed that three members of the laboratory had been sent for training to USA but now only one of them is working with the laboratory but we were not provided any documentary evidence of their trainings	True	True
2 ♦ One wind-monitoring tower was installed in Panshir and one in Bamiyan but no data was ever collected,	TA-3874	♦ Two wind monitoring towers were installed, one in Panjsher and one at the Ministry of Water and Power. On the basis of data collected from these towers, a hybrid wind solar system was installed to illuminate the tomb of Ahmad Shah Massoud <i>(We are unable to find whether data was collected in December 2005 or not due to lack of documentation)</i>	Uncertain	False
3 ♦ No community mobilization has taken place and no micro-hydro installations have been made	TA-3874	♦ Two micro hydro equipments were installed and the work of transmission lines is being carried out by NCA at Dev Khana village Band-e-Amir and Thawak village in Panjsher. <i>(Micro hydro installations have been made subsequent to December 2005 and the work of transmission lines was still under progress on our date of inspection hence the allegation was true in December 2005)</i>	True	False
4 ♦ No evidence could be found of a "hill" which was reforested in 2004 nor any installation in Kabul which has a "solar and wind hybrid" pump. (However, a hybrid wind and solar system was installed at the tomb of Massoud in the Panshir valley to provide -time visitors and nobody lives nearby).	TA-3874	♦ Approximately 3000 saplings were planted on Wazir Akber Khan Hills as reported in progress reports and physically inspect by us. Solar and wind hybrid system is not installed in Kabul but only one is installed at the tomb of Massoud in the Panshir valley and this decision was taken by the Ministry and ADB jointly. <i>(Exact date of the plantation and forestation on the hill is not known to us because of lack of documentation hence the status of allegation was uncertain in December 2005.)</i>	Uncertain	False

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Allegations	TA Reference	Findings	Assessment of Allegation as if it was made in December 2005 True / Partially True / False	Status of Allegations October 2007 True / Partially True / False
5 ♦ No drip irrigation has been installed and most of the 7,000 trees have since died. Drip irrigation equipment was purchased and is still in storage over a year later at the MWP.	TA-3874	♦ Drip irrigation system has not been installed on Wazir Akber Khan Hills instead was installed on Bagh Bala Hills <i>(No drip irrigation has been installed in December 2005 as communicated to us by the project consultant at AFRM)</i>	True	Partially True
6 ♦ Only one non operational Air Quality monitoring installation has been made at the ministry. There is no meaningful data or government Air Quality reporting	TA-4415	♦ 8 Air Quality Monitoring Stations were procured and handed over to NEPA. All the AQM stations are operational except one which has been damaged. Air pollutant samples as collected by filters for PM10 and passive diffusion wafers for SO2 and NO2, were being sent to the laboratories of Research Triangle Institute (RTI), International, Inc., in USA <i>(The status of allegation was uncertain in December 2005)</i>	Uncertain	False
7 ♦ No strategy, public awareness or regulations have been developed. Nor any government staff has been trained and there is no steering committee.	TA-4415	♦ As per the discussion with Mr. Malikyar (ADB's Consultant) and NEPA official (M. Dad Baheer), public awareness campaigns were held such as advertisement through various forms of media, We also saw a magazine in Dari Language that was published by NEPA. However, no evidence of a Steering Committee was provided to us. <i>(Public awareness magazine was shown to us in our meeting with M.Dad Baheer which was recently developed hence status of allegation was true in December 2005)</i>	True	Partially True
8 ♦ An inception report was completed by US based consultant in March 2005 but he has not returned to Kabul. No tripartite meetings were held to decide on next step.	TA-4415	♦ The US based consultant Mark Hodges did leave after submitting an inception and progress report, however he was replaced by Mr. Karim Masoud of EngConsult and the final completion report was submitted by EngConsult in <i>March 2007</i>	True	Partially True

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Allegations	TA Reference	Findings	Assessment of Allegation as if it was made in December 2005 True / Partially True / False	Status of Allegations October 2007 True / Partially True / False
9 ♦ No hardware or software has been procured for enforcement and no legislation has been developed beyond the EMA (<i>Environmental Management Accounting</i>). There has been no monitoring either.	TA-4415	♦ As per the inception report an Air Quality Information System was to be designed and established. During our meeting with Mr. Karim Masoud The Consultant, we were informed that no such information system was established. However regarding the legislation a draft AQM strategy report has been developed and submitted for approval in <i>May 2006</i>	True	Partially True
10 ♦ No "draft report" or strategy has been developed or approved.	TA-4415	♦ Draft Kabul Air Quality Strategy report has been prepared and submitted for further approval nearly in <i>August 2006</i> .	True	False
11 ♦ No power generation installations have been made. The Norwegian Church Association (NCA) has implemented a similar project with the "Barefoot College" and found that it far more economical to train technicians in the country.	TA-4461	♦ Micro hydro units in Dev Khana Village, Band-e-Amir and Thawak Village Panjshir has been installed and work related to transmission lines are under process by Norwegian Church Aid. Two individuals were also sent to Barefoot College in <i>September 2006</i> for training as solar technician	True	False
12 ♦ Consultants are available but no data has been gathered to review potential for renewable energy options	TA-4461	Following reports have been prepared and data have been collected:	True	False
13 ♦ No progress or consultant reports are available.		<ul style="list-style-type: none"> - Discussion paper on rural renewable energy and poverty reduction - <i>Nov 2006</i> - Policy for renewable energy rural electrification - <i>Dec 2006</i> - Provincial maps and district population statistics of Afghanistan have been compiled to serve as a platform for renewable energy rural electrification planning- <i>August 2006</i>. - Afghanistan Greenhouse Gas inventory report <i>June & July 2007</i> 		

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Allegations	TA Reference	Findings	Assessment of Allegation as if it was made in December 2005 True / Partially True / False	Status of Allegations October 2007 True / Partially True / False
14 ♦ The main objective of the project "Create and support sustainable livelihood opportunities for communities" was not accomplished.	TA-4461	♦ No sustainable livelihood opportunities have been created during the project.	True	True
15 ♦ Although two people have been identified from a village in Bamiyan for training and building capacity but there is no agreement yet to support sending them to India.	TA-4461	♦ As per progress reports and during our interview we determined that the following two individuals were sent for training to the Barefoot College in India in September 2006 however no documentary evidence provided in this regard. - Fatima - Abdul Hamid	True	False
16 ♦ No plan or documentation exists and no steering committee has been created, yet clear opportunities for microfinance or solar technologies exist with GTZ and other working in this area.	TA-4461	♦ No documentary proof was available for any steering committee established and neither was any microfinance facility put in place.	True	True
17 ♦ No Steering Committee has been established.	TA-4541	♦ Evidence of the Steering Committee was not available for our review. However, by anecdotes it appears that a Steering Committee was established but related dates are not certain. [<i>Since we are not certain about the dates when Steering Committees were established, hence we are uncertain to determine the status of this allegation</i>]	Uncertain	Partially True
18 ♦ An inception report was prepared by a consultant but not circulated.	TA-4541	♦ Letter for the circulation is not attached with the inception report.	True	True
19 ♦ Consultants have also conducted limited field visits but no management plans have been developed. This is now a legal requirement for NEPA under the EMA and needs to be undertaken rapidly	TA-4541	♦ Land use plans have been established for Band-e-Amir National Park by Mr. Uday Sharma, Protected Area Specialist, the Consultant in August 2006 ♦ Afghanistan National Protected Areas System Regulation by Petty Moore the Consultant from IUCN in November 2006 .	True	False

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Allegations	TA Reference	Findings	Assessment of Allegation as if it was made in December 2005 True / Partially True / False	Status of Allegations October 2007 True / Partially True / False
20 ♦ No economic or sustainable development activities have been initiated so far.	TA-4541	♦ ADB is still in the process of exploring and discussing with MISFA/ WCS but no micro finance activities have yet been initiated	True	True
21 ♦ Several International Consultants have been recruited for period ranging from several weeks to a few months. There has been no review mission.	TA-4541	♦ Evidence of the review mission was not found	True	True
22 ♦ No baseline survey has been conducted for either communities or wildlife in the Protected Areas.	TA-4541	♦ Afghan National Ecotourism Development Strategy by Les Clark/Lisa Choeygyal and Bruce Jefferie from Tourism Resource Consultants have been prepared in November 2005 but this document does not include the baseline survey.	True	True
23 ♦ No baseline or progress reports available.	TA-4541	♦ Progress report by Uday Sharma September 2006	True	True
24 ♦ No livelihood activities yet started despite numerous NGOs available to pilot activities.	TA-4541	♦ Livelihood activities have not started despite numerous NGOs available to pilot activities	True	True
25 ♦ No crop experimentation expertise or greenhouses piloted	TA-4541	♦ Floristic and botanical studies in Band-e-Amir National Park are prepared by Mr. Haider Ali, Protected Area Specialist, the Consultant <i>[as we are not certain with respect to the time period in which above activities were performed hence we are uncertain about the status of this allegation]</i>	Uncertain	False

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Allegations	TA Reference	Findings	Assessment of Allegation as if it was made in December 2005 True / Partially True / False	Status of Allegations October 2007 True / Partially True / False
26 ♦ No community health worker training initiated or NGOs contacted	TA-4541	♦ No community health workers training initiated or NGOs contacted	True	True
27 ♦ No gender strategy or activities yet initiated	TA-4541	♦ Social Development and Gender Strategy for Protected Areas in Afghanistan by Sumitra Manadhar Gurung – Tourism Resource Consultants has been prepared in <i>June 2006</i> and is on record	True	False

3.4 PERFORMANCE ASSESSMENT

**3.4.1 TA –AFG 3874 Capacity Building for Reconstruction and Development
(Environmental Component)**

3.4.1 TA – AFG 3874 Capacity Building for Reconstruction and Development (Environmental Component)

A. Goals

To assist the Government to strengthen the capacity of key government and civil society institutions to support country's rehabilitation and reconstruction.

B. Purpose

Support basic steps towards laying foundation for a transparent, well-functioning public administration and in particular provide support to the government in the establishment, operation and strengthening of implementation cells in concerned ministries

C. Activities

- Training of staff in environmental management.
- Development of plan for implementing an environmental management institution.
- Assembly, organization and analysis of data on the status of the environment and natural resource.
- Assistance in project planning, environmental guidelines, workshops and seminars in environmental management issues and acting as the focal point for environmental issues in Afghanistan Assistance Coordination Authority (AACCA).
- Stemming of deforestation by developing and demonstrating alternate sources of energy.
- Help in the process of establishing protected parks by developing a system of parks, reserves and sanctuaries in representative ecological areas.
- A plan for the storage and disposal of toxic pesticides.
- An environmental profile.

D. Assessment

D.1 Overall

The project achieved its objectives partially as technology was transferred through procurement and installation of the following equipment:

- 10 wind monitoring towers procured and received in Kabul. Out of 10, two were installed; one tower in Panjshir and the other one is installed at the Department of Renewable Energy Development (DRED) in Kabul for monitoring. The remaining 8 are in storage at DRED. Out of 8, 5 are not in working condition due to missing parts. The missing parts were actually not included in the consignment shipped by the supplier from US. We have not seen any evidence related to any formal claim lodged with the supplier by ADB for missing parts.
- Equipment for water chemistry lab procured which are currently in the custody of MIWRE and is in operational condition.
- Two micro hydro units procured, but initial feasibility studies for three micro hydro units were conducted.
- A hot solar water system established at an orphanage in Kabul but it is not in working condition.

D.2 Relevance

This project was relevant to country reform strategy and provided a number of strategic inputs to assist the public institutions for carrying out capacity building and training programs.

Training of federal ministry and provincial staff members were conducted and the following key areas identified:

- Priority management and technical areas
- Institutional and organizational analysis
- Assessment and support to formulate reorganization plans for public institutions

Water resource policy and strategy was developed to protect surface and ground water which directly relates to improvement in health and economic condition of people.

D.3 Effectiveness

This project was effective in the current environment after the war, as reform was required in public sector institutions to initiate the capacity building process.

On the job training and advice was very effective to formulate water resources policies in line with the private sector-led and community-based principles of Government's National Development Framework. Substantial capacity-building activities were undertaken in environment and renewable energy components. In future, human and institutional development activities will play an effective role in reconstruction and development. Equipment for water chemistry laboratory and renewable energy technologies for pilot projects were identified and procured.

D.4 Efficiency

Based on the available budget and the planned activities that were supposed to be carried out under the environmental component of the TA, it can be said that the component was efficiently designed. However, evidence of the activities which were carried out are not available for our review it is difficult to assess the efficiency of this component of the project.

D.5 Sustainability

We reviewed only the environmental component of TA 3874. Since this component is embedded in the overall purpose and objective of the TA, it is difficult to assess its sustainability separately. At this stage, it can only be assessed that the budget of this component has efficiently been used to perform the activities and meet the objectives of the environmental component. However, there is no evidence or indication yet, that the achievements can or will be replicated, which is necessary to confirm the TAs sustainability.

3.4.2 TA –AFG 4415 Kabul Air Quality Management

3.4.2 TA – AFG 4415 Kabul Air Quality Management

A. Goals

Improve air quality in Kabul, formulate ambient air quality standards and formulate policy for reducing vehicular Emissions.

B. Purpose

Assist the Government to develop air quality management (AQM) strategies & implementation framework.

Strengthen human resources and institutional capacity of AQM.

C. Activities

- Establish Air Quality monitoring system for Kabul.
- Develop AQM strategy for Kabul.
- Develop and introduce an air quality management strategy.
- Provide hardware and software facilities for better enforcement of and compliance with air quality legislation.
- Strengthen government human resources and enforcement capacity.

D. Assessment

D.1 Overall

Most of the work on this project was completed including:

- Human resource development process put in place for continued availability of knowledge and skills to other concerned institutions.
- Monitoring system working for providing data and measurement of pollution level. There is need for establishment of a testing laboratory for analysis and reporting. Currently samples are sent to USA, which consumes a lot of time and cost.

The following tasks if performed may add value to the TA:

- Formulation of ambient air quality standard according to local situation.
- Propagation of similar programs in other urban areas of Afghanistan.

The following tasks were not achieved as part of this TA:

- Policy for reducing vehicular emissions
- Air cleaner devices on emission of brick kiln

Based on above noted facts it would be premature to say that air quality in Kabul has improved but process is ongoing and it will take time to reduce pollution.

D.2 Relevance

This project was consistent with country's strategy to improve the health of people by controlling ambient air pollution.

Job opportunities such as data collectors, mobilizers, analysts are there to reduce poverty.

Legislation and economic incentives exist after approval of Air Quality Management Strategy for Kabul. This will improve the ambient air quality of Kabul and help to propagate the same model in other urban areas of Afghanistan.

D.3 Effectiveness

This project was effective because:

- Study was conducted to assess impact of air pollution on human health which is a good sign for all stakeholders to take measures for controlling air pollution.
- Air pollution is being measured with the help of 8 monitoring stations.
- Project created awareness among general public to make them conscious about air pollution and its remedies.
- Staff trained for continuous availability of skills and knowledge for others.

The results of this TA were to serve as a model for propagation of similar programs in other urban areas of Afghanistan. No evidence for this action is available.

D.4 Efficiency

As part of this Project resources were appropriately used for following activities:

- Awareness building amongst general public and concerned institutions.
- International and local trainings organized for concerned institutions to continuously provide knowledge and skills to other institutions.
- Monitoring air pollutions regularly to know the level of ambient air pollution.
- Air Quality Management Strategy for Kabul prepared and submitted for approval and implementation. which will help in preparation of strategies for other urban areas.

D.5 Sustainability

Project can achieve sustainability because monitoring system is working regularly for providing data and measurement of pollution level. But there is need to establish a testing laboratory for analysis and reporting. Further, there is also need to develop ambient air quality standard for local level situation. This was one of the objectives to develop standards after assessing the environmental situation of the Kabul.

The results of this TA were to serve as a model for propagation of similar programs in other urban areas of Afghanistan which can be done with the help of AQMS (Air Quality Management Strategy). Policy can be prepared with the help of guidelines for reducing vehicular emissions through awareness building among general public. Installation of air cleaner devices on the emission of brick kiln will improve the air quality of the Kabul.

It would be premature to say that air quality in Kabul improved, but process is ongoing and it will take time to reduce pollution level.

3.4.3 TA –AFG 4461 Poverty Reduction and Renewable Energy Development

3.4.3 TA – AFG 4461 Poverty Reduction and Renewable Energy Development

A. Goals

Economic development and poverty reduction by expanding access to electricity in remote villages in Afghanistan.

B. Purpose

Accelerating the development of power generation based on renewable energy in off-grid, remote, rural areas; building capacity for solar energy systems; and supporting sustainable livelihood opportunities at the community level.

C. Activities

- Review potential for renewable energy options and assess needs in selected, off-grid, remote areas.
- Develop pilot renewable energy and demand management projects in off-grid, rural areas.
- Design and establish pilot projects for solar energy systems, including photovoltaic systems.
- Identify alternative income generation opportunities.
- Build capacity at the community level to install, maintain, and service rural solar energy systems.
- Create and support sustainable livelihood opportunities for communities.
- Establish microfinance facility for solar energy projects.

D Assessment

D.1 Overall

The goal of this TA was to develop renewable energy resources in remote areas of Afghanistan to create economic activities for poverty reduction. Most of the remote areas have no access to modern forms of energy such as electricity, gas and liquid fuels. Most of the rural population depends on traditional fuels (fuel wood, crop residues) for cooking and heating water and kerosene for lighting. Burning of such fuels increases indoor pollution which significantly affects the health of women and children.

At this stage the project is partially successful as:

- Data and maps collected to identify off-grid remote areas
- Potential for renewable energy options and willingness in community has shown positive results
- Only 2 persons were identified and trained for installation of SPV system for capacity building and technology transfer
- SPV system installed in 3 villages covering 110 households
- Households pay modest amount for repair and maintenance of SPV system to trained technicians

Short term objective was achieved through transfer of technology and installation and management technique, but long term objectives are linked with micro-finance system which was not established. Therefore purpose of this TA is achieved on sustainable basis.

D.2 Relevance

The outcomes of this project were consistent with country's development priorities such as:

- Good opportunity for off-grid remote areas to have renewable energy options for development of the area.
- Economic activities were in place.

But no financing facility was there to provide opportunity for other off grid remote areas on sustainable basis.

D.3 Effectiveness

This project was partially effective since:

- Data and maps were collected to identify off-grid remote areas.
- Potential for renewable energy options and willingness of community was assessed and found positive.
- Technology transferred.
- Seven persons trained for installation of SPV system, its operation and management.
- SPV system installed in 3 villages covered 110 household.
- Economic activities exist as household pays modest amount per repair of SPV system to technician.
- No micro-finance system yet established to replicate the project in other areas

D.4 Efficiency

Project resources were not adequately used because:

- Only 2 persons have been identified for technology transfer against the target of 10;
- Local trainings were not conducted to promote the technology.
- No institution established for promotion of livelihood opportunities.
- No financial system established to provide funds for economic activities.

D.5 Sustainability

This Project was not sustainable and could not achieve long term objectives because:

- Micro-finance system was not established to support related economic activities and promotion of technology.
- It is therefore concluded that micro-finance system will play an effective role to improve the economic and livelihood activities for off-grid area

3.4.4 TA –AFG 4541 Natural Resource Management and Poverty Reduction

3.4.4 TA – AFG 4541 Natural Resource Management and Poverty Reduction

A. Goals

Revitalize Afghanistan's protected areas, conserving global diversity and reducing poverty in the buffer zones

B. Purpose

Address the socio-economic needs of communities in buffer zones of protected areas by implementing activities to reduce poverty as well as promote conservation of natural resources and wildlife in protected areas

C. Activities

- Systems established for Sustainable participatory planning and management of biodiversity conservation at the protected areas.
- Mechanisms established for sustainable resource management in and around protected areas.
- Environmentally responsible tourism linked with conservation Management objective developed at protected areas.
- Established park infrastructure.
- Social protection measures provided.
- NGO identified to operate a micro-credit facility.
- Gender strategy prepared and participatory assessments to develop a strategy to reduce poverty and protect natural resources.
- Contract with NGO through MISFA.
- Prepare a gender strategy.

D. Assessment

D.1 Overall

As part of this TA some good work was performed such as:

- Identification of area for establishment of national park to protect natural resources, wildlife and promote ecotourism with the participation of community
- Construction of infrastructure, procurement of necessary equipment for effective functioning
- Hiring of related staff for management
- Execution of trainings for hired staff members to orient staff members about participatory mode of planning and management
- Awareness among local people for conservation education and park management
- Conduct of socio-economic survey in identified villages of the park to seek insight information regarding the need of the community and poverty level

More work needs to be done on:

- Promotion of agriculture and livestock activities
- Establishment of micro-finance system for improvement of livelihood activities.

D.2 Relevance

This project was very much related to the country's strategy and ADB's policy to protect natural ecosystem and biodiversity/wildlife resources with the participation of community in identified areas. Guidelines were developed to protect "Strict Protection Zones" of BANP from over use. The project identified areas to conserve cultural heritage and explored sites for historical and archaeological significance in BANP. In future, the project will help to change the behavior of people to protect their natural resources and promote ecotourism for earning their livelihood

D.3 Effectiveness

This project was effective because:

- It identified the area (BANP) for conservation of natural resources and promotion of ecotourism.
- Explored effective new tourism package inside the park for diversification of its use.
- Community members were trained to build traditional Afghan village guesthouses for tourists.
- Staff for management was hired.
- In future more work can be done with the assistance of guidelines prepared as part of this TA for promotion of the park and related livelihood opportunities for the community.

D.4 Efficiency

Project resources were not efficiently used because:

- Funds were not utilized for training and livelihood activities.
- Some proposed staff positions were never filled.

Therefore there is a need to:

- Introduce a process for community involvement
- Hire and retain full-time staff and procure remaining equipment for effective management and to promote tourism
- Promote renewable resources for protecting natural resources
- Establish a system for livelihood opportunities

D.5 Sustainability

This Project is not sustainable because:

- Funds were not utilized as envisaged.
- Process was not introduced to provide incentives to communities as well as staff.
- Comprehensive plan to maximize agriculture and livestock outputs to improve household income was not developed.
- Micro-finance system was not established to promote livelihood activities.
- Land use Plan for Band-e-Amir National Park established and a strategy for the protected area system and ecotourism in Afghanistan formulated which needs implementation mechanism and action plan.

3.4.5 Analysis of Quantifiable Performance Indicators

**Independent Performance and Financial Audit of
Four Technical Assistance Projects in Afghanistan for
The Integrity Division of the Office of the Auditor General of the Asian Development Bank
Audit Report No. 2**

Quantifiable Performance Indicators	Verified Accomplishments	Conclusion	Annexure Reference
TA 3874			
12 wind-monitoring towers to gather data were to be procured as per the progress report	<p>Instead of the planned 12 monitoring towers only 10 were actually received in Kabul.</p> <p>As per the physical verification only two towers have yet been installed. One tower is in Panjshir and the other one is installed at the Department of Renewable Energy Development (DRED) in Kabul. The remaining 8 are in storage at DRED out of which 5 are not in working condition due to missing parts.</p>	Partially Achieved	Annexure X
Equipment for the water chemistry laboratory had to be procured	Equipment for the water chemistry laboratory (Housed in MIWRE) was procured.	Achieved	-
Procurement for micro hydro equipment.	Two micro hydro units have been procured, but initially feasibility for three micro hydro units was conducted	Achieved	Annexure X Annexure VIII
Solar hot water systems had to be installed at an orphanage	The hot solar water system has been established at an orphanage in Kabul but it is not in working condition.	Partially Achieved	-

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TA 4415			
Staff of NEPA was to be trained at the national and international level.	Two staff from NEPA were trained in air quality orientation and measures for the air pollution in Bangkok (May 2006). Samera & Ghayur	Achieved	-
As per the inception report consultants were to provide 5000 air filter masks for Kabul Traffic Police.	5000 masks have been procured and distributed	Achieved	-
Ensure that Air quality monitoring system (equipment) including a digital balance for PM10 (particulate matter) were procured	8 weather stations were procured which also includes a digital balance for PM10.	Achieved	Annexure VII
Develop AQM strategy for Kabul	Kabul Air Quality Management Strategy was prepared and has been submitted for approval	Achieved	-
As per the change in the scope greening and installation of fountains powered by solar pumps was to be carried out at five roundabouts.	However at only two roundabouts the greening was carried out and a fountain powered by solar pumps was only installed at one roundabout only.	Partially Achieved	Annexure VII

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Quantifiable Performance Indicators	Verified Accomplishments	Conclusion	Annexure Reference
TA 4461			
As per the TA solar photovoltaic systems were to be provided to the poor in 10 remote villages.	Solar Photovoltaic Systems were only provided in 3 villages of Bamyan Province only.(110 Households) Another 400 hundred house holds are to be electrified by micro hydro power plants in Bamayan and Panjsher	Partially Achieved	Annexure VIII
As per the TA training of 10 people from different ethnic groups and including the disabled as solar technicians at the Barefoot College in India and training approximately 100 people (10 each from each of the 10 villages) in installing and maintaining solar systems and as energy entrepreneurs was planned to be carried out.	Seven persons were trained at Barefoot College in India.	Partially Achieved	-
Establishing a microfinance facility to enable communities to borrow to set up solar energy systems not covered by the initial assessment was planned in the original TA.	No such facility has been established to enable the community to borrow and setup solar energy systems.	Not Achieved	-

Annexures