Third Party Monitoring Programme for the Afghanistan Reconstruction Trust Fund: A Review

World Bank South Asia Region

Operational Services and Quality Department

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List of Acronyms

ARAP ………………….…Afghanistan Rural Access Project

ARTF…………………………..Afghanistan Reconstruction Trust Fund

CDC ………………………….Community Development Councils

CMORE ……………………….Common Monitoring for Operations Reporting and Evaluation

EMIS…………………………Education Management Information System

EQUIP…………………………..Education Quality Improvement Programme

GIS…………………………… Geographical Information System

IDA…………………………International Development Association (of the World Bank)

IRD ……………………………….International Relief and Development

ISD………………………………Infrastructure Services Department (of the Ministry of Education)

IRDP…………………………Irrigation Restoration and Development Program

MoE ………………………………Ministry of Education

MoEW ………………………..Ministry of Energy and Water

MoPW…………………………Ministry of Public Works

MRRD…………………………..Ministry of Rural Rehabilitation and Development

NERAP…………………………..National Emergency Access Programme

NGO……………………………Non-governmental Organizations

NSP ……………………………National Solidarity Program

SIGAR ………………………….Special Inspector General for Afghanistan Reconstruction (of the US Government)

TPM ……………………………..Third Party Monitoring

TTL …………………………….Task team leader

UNICEF ……………………………United Nations Childrens Fund

USAID…………………………United States Agency for International Development

Table of Contents

Table of Contents

Executive Summary

1.   **The purpose of this paper is to review an independent "third party monitoring program" (TPM)[1] in Afghanistan** that was established in 2011 under the Afghanistan Reconstruction Trust Fund (ARTF). The primary purpose of the TPM, in an increasingly constrained security environment, is to strengthen the Bank's technical supervision of three (from 2012 of four) large investment programs , co-financed by the ARTF, IDA and other donors and to strengthen monitoring capacity of key implementing agencies. These programs between them account for the majority (US$ 1.34 billion) of the ARTF 2012-2014 commitments of US$ 2.25 billion. [2] The programmes cover Education, Rural Development, Rural Roads and Irrigation. The TPM up to now has been contracted by the World Bank through the ARTF administrator, and the present contract, which costs about US$ 11 million year, expires in the summer of 2014.

2.   **This paper aims to review the design, value added and cost-effectiveness of TPM, and to present options** for whether, and if so how, the TPM contract might be renewed and adapted better to meet the requirements of the different stakeholders in the light of experience and evolving circumstances. The rationale for TPM at the start was the security situation, which made it difficult for task teams to travel frequently within the country, and TPM started by monitoring only progress with infrastructure aspects of the programme. It has expanded its scope over time and now includes some community monitoring,[3] capacity building and technology transfer, and social and environment monitoring.

3.   **The conclusion is that TPM has played a useful role for the ARTF/IDA portfolio over the last 2 ½ years**, providing enhanced monitoring of one important output, infrastructure assets, for four major projects under implementation. It has "raised the bar" for infrastructure monitoring amongst implementing agencies. It has also supported capacity building in use of the CMORE (common monitoring, operations reporting and evaluation) technology in the Ministry of Education, though it has not yet transferred the technology to other Ministries. The contractor IRD (International Relief and Development) has largely met the objectives of enhanced implementation support and partially those of capacity building laid out in the 2012 project paper. However the programme as currently designed is expensive, costing US$ 11 million per year and with a large expatriate presence; overall costs per month have remained stable but efficiency gains have been made by increasing the number of site visits over time. There may be ways moving forward of redesigning the program to improve cost effectiveness.

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[1] In the terms of reference this program is called the "the third party monitoring program". In most recent documents including the ARTF quarterly report the contractor responsible is called "the Supervisory Agent" in order to distinguish the program from a separate independent monitoring arrangement established for the element of the ARTF which supports the recurrent budget of the Government of the Islamic Republic of Afghanistan (GIRA). This paper refers to the programme under review as the TPM, or Third Party Monitoring Program, since conceptually that is a more accurate description than "supervisory agent".

[2] The breakdown of contributions for the five largest projects for this period by project are: NSP (National Solidarity Program) US$ 650million, EQUIP (Education Quality Improvement program) US$348 million; NERAP/ARAP National Emergency Rural Access and Afghanistan Rural Access Programs) US$ 257 million (with ARAP succeeding NERP), Irrigation US$ 98 million (including irrigation systems restoration and on-farm irrigation with two separate projects) and Basic Health Care US$ 120 million. (ARTF 2013 Financial report). The contributions over the projects' implementation periods are substantially larger.

[3] Called community monitoring in the Project paper and monitoring reports, but more accurately described as supplementary monitoring by individuals living in project areas who are paid for their work. (See discussions later in the text which suggest that it is best used for "just in time" monitoring of larger infrastructure operations).

4. **Moving forward, it will be necessary to maintain a careful balance** between the dual objectives of external monitoring /enhancing the authorizing environment on the one hand, and implementation support/ capacity building on the other.

5. **Regarding external monitoring**, **while some stakeholders believe that this is an important role of TPM this was not stated as an objective in the TOR.** Furthermore there seems to be a perception among some donors that the TPM by IRD, known also as the Supervisory Agent, is the major monitoring instrument. This perception risks undermining the impact of the comprehensive monitoring and evaluation systems the projects have in place. Nonetheless TPM does now play a role in strengthening the authorizing environment, and this must be acknowledged.

6. **The ARTF results management framework, which focuses on outcomes, is understood by donors, but there is less detailed knowledge about the systems set under the projects that monitor intermediate outcomes and ensure fiduciary management**. Good quality TPM depends on working with implementing agencies to gain access to project designs and project sites. A more cost effective approach in the longer term to improving the authorizing environment could be to strengthen the implementing agency monitoring and fiduciary management systems and to develop communications strategies so that donor agencies appreciate how they work. Linking TPM much more closely with fiduciary processes would also increase its "just in time" relevance.

7. **Regarding implementation support, the IRD work has provided very useful information to TTLs and counterpart agencies, country-wide, on infrastructure implementation**. It has piloted locally based monitoring,[4] environmental and social safeguard monitoring, and some institutional development monitoring. It has also begun monitoring certain indicators under the Rural Enterprise Support Project. Options discussed for support to future projects include the On-Farm Water Management (if it receives additional financing and is extended) and a planned Environmental and Social Mitigation project for a future transmission project. A second option discussed was to maintain the focus on a limited number of large operations, but to have a much more granular approach to TPM, adapted to the needs of the different projects. This was the preferred option. There was also a consensus, though there were differing views, that the focus of TPM should continue to be on physical asset monitoring. Monitoring social indicators (very important) lends itself less well to quantitative reporting and requires a longer field presence. The internal project monitoring systems, furthermore, do this already and a better solution would be to strengthen them further.

8. **The situation in Afghanistan is evolving rapidly, and future developments remain uncertain**. The country team is intending to establish a presence in the more secure north and west of the country where it should be able to resume more typical implementation support practices. One option discussed regarding implementation support was to focus TPM on the less secure areas of the country since the CMORE technology and back-up systems are well adapted to difficult situations. Maintaining the country-wide approach of the current CMORE infrastructure asset monitoring could be met by capacity building (see below). However, the consensus was, given the continuing uncertainties country-wide, that TPM should continue to operate country-wide, to ensure a consistent approach.

9. **Regarding capacity building and technology transfer, IRD holds monthly meetings with counterpart agencies and is working to transfer the CMORE technology.** It works mostly with the respective agencies' infrastructure and monitoring units to discuss findings. These help counterpart engineers identify weaknesses in construction. IRD has also worked with the infrastructure

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[4] Called community monitoring in the TOR and IRD reports

department of the Ministry of Education on training engineers in the use of the CMORE technology. This ministry has weaker back-up systems than the other ministries and has faced challenges sustaining the support given. One option would be to design a contract extension for one year which would focus on transferring the CMORE technology to the four main implementing ministries, adapting the support given to the particular management information systems of these ministries, and providing very clear guidance about the likely operating and maintenance costs necessary to maintain the system, including for access to satellite imagery. It would also be important to have clarity about legal ownership issues in a transfer arrangement.

10. **The TPM costs the ARTF approximately US$ 11 million per year.** The present contract includes 16 expatriates and nearly 80 local staff. There is scope in the next phase for reducing the expatriate presence, but the CMORE system also monitors field security conditions and it will be necessary to maintain this for the safety of staff. TPM has increased cost effectiveness over time by increasing the number of visits, but there was consensus that this was not necessarily a good yardstick. IRD has also experimented with paid locally based monitors (called community monitors). While they may help with monitoring progress on larger infrastructure projects, the consensus was that they should not be used on operations where there was provision in the project for volunteer monitors. Paid monitors may undermine the principle of voluntary monitoring. The Bank program in Yemen has a much more modest TPM managed by IRD with only two expatriates, but the security situation in Sana'a is easier and the country is logistically easier to travel around. Most of the work is undertaken by a Jordanian-Yemeni firm.

11. **Regarding future contract management and processes, the consensus amongst Bank staff and counterparts was for sole-source contracting by the ARTF/IDA to IRD**, despite the largely positive experience of TPM contracted by the Ministry of Health. Sole-source contracting could permit implementation of an evolving approach to TPM suggested above, focusing on transfer of the CMORE technology to implementing ministries country-wide, better integrated with project fiduciary and monitoring systems and adapted to particular project needs. At the same time, and as a priority, there should be better communications strategies of projects' current monitoring systems. Other options considered included contracting by government (through competitive processes) either through one contract with the Ministry of Finance, or through separate contracts with each of the four main counterpart agencies (similar to the approach adopted by the Ministry of Health).

Summary of Recommendations

12. Building on the arguments above, the following paragraphs summarize the main recommendations.

- **ARTF administration and Bank staff need to communicate and publicize better the very comprehensive monitoring systems that the ARTF-IDA financed operations already have** and the ongoing implementation support to strengthen these. This will help improve the authorizing environment for these operations, and complement the work on the ARTF results score-card.
- **The future TPM program should have a much stronger Afghan expert presence in managemen**t and/or partner with Afghan organizations, while the number of expatriate staff should be reduced and refocused on areas of highest value addition (highly technical expertise as required by the specifics of projects covered by the TPM). This will release resources for increased implementation support, including support to strengthening counterpart monitoring systems.

- **Future TPM should take into account the changing security environment and Bank country organization**. It should take account of the fact that the Bank may be planning to open sub-offices in the more secure areas of the country.
- **Task team leaders and fiduciary staff should play a strong role in developing TOR for a new TPM contract**, and in monitoring its implementation; additional resources may need to be provided for this.
- **TPM should be more closely tied to the fiduciary systems already embedded in project implementation and monitoring.** It should support them and these systems should be better communicated to donors.
- **The CMORE technology should be transferred to the counterpart agency monitoring systems,** with appropriate adaptations to agencies' own monitoring systems, if these agencies wish to receive it. Any legal implications should be resolved before contract signature. The costs, both financial and in terms of human capital, and the time-frame for transfer and for operating the system should be carefully spelled out and the appropriate training provided. More broadly, there should be a stronger link between TPM systems and counterpart agencies' own monitoring systems.
- **Paid locally based ("community") monitoring should be limited to larger infrastructure contracts.** It should not be used for projects where there is already community monitoring on a voluntary basis, since paying some people and not others risks under-mining the process of developing community social capital.
- **There is some scope for extending TPM to other areas but this should be approached with caution**. Extending TPM to areas which require open ended questions and qualitative monitoring is likely to be complex and expensive and again risks raising tensions with the voluntary systems already in place. However there is scope for extending TPM to areas which lend themselves to "yes or no" or quantitative questions such as environmental management, water delivery and quality, or irrigated area.
- **The contract with IRD should be renegotiated and renewed,** taking into account the recommendations above. It is suggested that the renewal period be one year, with, subject to changing conditions in Afghanistan, a final further renewal of up to one year.

Main Report

Chapter 1: The ARTF and Third Party Monitoring

Introduction and Objectives

13.   **The purpose of this paper is to review an independent "third party monitoring program" (TPM)[5] in Afghanistan** that was originally established in 2011 under the Afghanistan Reconstruction Trust Fund (ARTF), as Bank staff in-country travel for implementation support became increasingly challenging because of deteriorating security. The primary objective of the TPM contract is "to carry out on-site monitoring of physical progress, quality of construction and usage of physical investments for selected projects supported by ARTF to enhance portfolio monitoring and reporting and support implementing entities to manage development aid for better results" [6]. TPM is currently helping to   assess progress with implementation of some key components of   four large investment programmes, co-financed by the ARTF, The International Development Association (IDA) and other donors, and is in the process of transferring the capacity to use the monitoring technology developed by the contractor to one of the project implementing agencies. The programmes cover Education, Rural Development, Rural Roads and Irrigation, which between them account for US$ 1.34 billion of ARTF 2012-2014 commitments of US$ 2.25 billion.   The TPM up to now has been contracted by the World Bank as the ARTF administrator, and the present contract expires in August 2014.

14.   **This paper aims specifically to review the design, value added and effectiveness of TPM, and to present options** for whether, and if so how, the TPM contract might be renewed and adapted better to meet the requirements of the different stakeholders in the light of experience and evolving circumstances. Stakeholders include the Afghan counterparts responsible for program delivery and results monitoring, the development partners contributing to the ARTF, Bank management and Task team leaders responsible for program implementation support and fiduciary oversight, and indirectly the project beneficiaries. The rationale for TPM at the start was the security situation, which made it difficult for task teams to travel frequently within the country, and TPM started by monitoring only progress with infrastructure aspects of the programme. It has expanded its scope over time and now includes some community monitoring[7], technology transfer, capacity building, and social and environment monitoring .

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[5] In the terms of reference this program is called the "the third party monitoring program". In some more recent 9 documents the contractor responsible is called "the Supervisory Agent" in order to distinguish the program from a separate independent monitoring arrangement established for the element of the ARTF which supports the recurrent budget of the Government of the Islamic Republic of Afghanistan (GIRA). This paper refers to the programme under review as the TPM, or Third Party Monitoring Program, since conceptually that is a more accurate description than "supervisory agent".

[6] Project paper for 2012 contract extension. A results framework is presented with four key outcomes: strengthened Bank supervision, enhanced participation in and ownership of ARTF by local communities, enhanced capacity of MoE to deliver quality, sustainable infrastructure, and improved quality of infrastructure.

[7] Called community monitoring in the Project paper and IRD reports, but more accurately described as supplementary monitoring by individuals living in project areas who are paid for their work. (see discussions later in the text which suggest that it is best used for "just in time" monitoring of larger infrastructure operations).

The ARTF in Afghanistan and IDA

15.   **The ARTF is the largest single-country trust fund administered by the Bank**. It was established in 2002 to provide a coordinated financing mechanism for the Government of Afghanistan's budget and priority national investment projects. According to a 2012 Evaluation[8], "the ARTF remains the vehicle of choice for pooled funding, with low transaction costs, excellent transparency and high accountability, and provides a well-functioning arena for policy debate and consensus creation". It is the largest single source of on-budget financing for Afghanistan's development and is delivering important results in key sectors including education, health, agriculture, rural development, infrastructure, and governance. It also provides recurrent budget support.

16.   **The ARTF is supported by 33 donors and contributions since its establishment have totalled over US$ 7 billion**. [9] Contributions to the investment window vary from year to year, but for 2013 are currently estimated at US$ 958 million and for 2014 US$ 726 million. There are in particular five "flagship" programs which between them comprise the majority of the 2012-2014 commitments (US$ 1.47 billion out of US$ 2.25 billion). These include a rural development project, known as the National Solidarity Program (NSP), the Basic Education Program, known as EQUIP, the Rural roads Programs, known as NERAP and ARAP, the Irrigation Programs (the current one is known as IRDP: Irrigation Restoration and Development Project)   and the Basic Health Program.[10] All of these programs are co-financed with IDA, and all have been under implementation for several years and adapted over time, either through new operations or through the additional financing instrument. All, furthermore, are widely disbursed geographically and aim to improve services and access and increase local empowerment, especially for poor rural but also for urban communities.

17.   **The option of Third Party Monitoring was included in the ARTF at its inception**, and the recurrent cost window has been subject to an external audit (by an international auditing firm) for several years. However, TPM was not initially considered necessary for the investment projects financed under the ARTF. They are all subject to the Bank's fiduciary policies as regards procurement and financial management, and all have strong monitoring and evaluation systems built into project design. These systems are described below in section 2.4. Furthermore, it is standard practice for the Bank to rely on government systems for monitoring the progress of the investment operations that it supports financially. The Bank established a strong in-country presence, with most projects managed by TTLs and staff based in Kabul, who were (and still are, though with more restrictions) able to travel within Afghanistan and provide implementation support.

18.   **ARTF has its own website and has developed an Integrated Performance and Management Framework**, known as the ARTF Score-card, which is regularly updated and against which progress is monitored. There are, furthermore, regular meetings with donors, including committees which discuss sector-specific aspects of projects' progress and challenges, and a higher-level steering committee which meets quarterly. Donors have access to project documentation, including Project

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[8] External Evaluation 2012 "ARTF at a Cross-Roads"

[9] ARTF website: Financial report November 2013. The largest donors are the USA, UK, Norway, Sweden, Germany, Canada and Japan.

[10] The breakdown of contributions for this period by project are: NSP US$ 650million, EQUIP US$ 348 million; NERAP/ARAP US$ 257 million (with ARAP succeeding NERAP), Irrigation US$ 98 million (including irrigation systems restoration and on-farm irrigation with two separate projects) and Basic Health Care US$ 120 million. (ARTF Financial report). The contributions over the projects' implementation periods are substantially larger.

Appraisal Documents, Implementation Support Reports and Aide memoires. Implementation support focuses on results, accountability and partnerships, as well as on building government systems of accountability and responsibility for delivery.

Rationale for Third Party monitoring, 2011-2012

19.   **Third Party Monitoring was initiated on a pilot basis in 2011.** The original rationale was two-fold. First the security situation was more uncertain, Bank staff were not able to travel to some parts of the country, and could not fulfil their implementation support role fully. Second, with the increase in ARTF funding support for priority programs/projects, the ARTF supported investment portfolio had grown significantly in terms of size, sector composition and geographic coverage.[11]

20.   **TPM was contracted by the World Bank, acting as ARTF administrator**,   to a US-based organization International Relief and Development (IRD), which had long experience working in Afghanistan for the US government, in both project implementation and project monitoring. IRD has a substantial presence in Afghanistan, with international and local staff, and well-established offices, accommodation and security monitoring systems to provide protection to Kabul and field-based staff. IRD has also developed a technology using satellite imagery, GIS (geographical information systems), web and cloud-based applications, known as CMORE (Common Monitoring for Operations Reporting and Evaluation), supplemented by mobile phone applications, photographs and detailed reports, to map physical infrastructure assets and quality, which is well suited to the particular situation in Afghanistan. The technology is also used in other security challenged environments such as Southern Syria and Yemen.

21.   **The TOR initially envisaged a pilot TPM focusing** on monitoring progress with physical infrastructure for three large ARTF/IDA projects, NSP (rural development), NERAP (rural roads) and EQUIP (education). The original contract was subject to competitive bidding. The contractor undertook to make a specified number of site visits to sub-projects under construction and to report back on these. The contract size for the 2011-2012 period was US$ 7.8 million and the agreed number of site visits was 1500 divided between the three projects.   Cost effectiveness, in the both first and second phases of the contract, was measured rather narrowly, against the number of site visits and site reports.

There are five observations that may be made about the rationale and design of this first phase.

- First, as regards the second rationale for the programme (its wide geographical coverage), it should be noted that many large countries, including those with poorly developed infrastructure and challenging political economy environments (Ethiopia, India, Democratic Republic of Congo) have large, geographically widely disbursed programmes.   In these the Bank relies on government systems (supported by contractors) and Bank implementation support.
- Second, the coverage of Bank field missions in terms of numbers of sites visited is generally much more limited in scope than 1500 sites (varying from 200 to 800 site visits per project per year) of the TPM. However, Bank field missions tend to focus on systemic issues and review progress not only of physical infrastructure but also of other outputs/intermediate outcomes, including with service delivery and institutional development. These non-infrastructure elements are key to all three programmes, but particularly to NSP (where community development and local empowerment are key components) and EQUIP (where

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[11] As stated in the mid 2012 TOR for the extension of the first-phase TPM contract.

teacher training, curriculum development and delivery of quality teaching to children are important).

- Third, The Bank documents regarding the rationale for designing the TOR do not specify why the decision was taken to focus on infrastructure; the reason is likely because this was a visible and costly component common to all projects, which could be visually monitored by staff with the engineering skills which IRD already had. Some interviews suggest that the reason was to address rumours of ghost schools.[12]
- Fourth, the deteriorating security situation warranted an innovative solution to implementation support. The pilot TPM program sought to address this challenge in a very practical way.
- Finally, the size of the contract even in this first phase, US$ 7.8 million, was quite substantial and the Bank team had quite a heavy responsibility in terms of contract oversight.

Third Party Monitoring 2012-14

22.   The pilot phase was considered successful. [13]In mid 2012, therefore, the contract was extended for a further two years up to August 2014, and extended in scope. The primary objective remained as before "to strengthen the Bank's technical supervision" and more specifically "to carry out on-site monitoring of physical progress, quality of construction and usage of physical investments for selected projects supported by ARTF to enhance portfolio monitoring and reporting and support implementing entities to manage development aid for better results"[14]. It also remained clear in the Terms of Reference that the "Supervisory Agent will be an Agent of the Bank, reporting directly to the Bank, but will work closely with the line ministries and departments responsible for project implementation".

23.   **The scope was expanded to build the capacity of the engineering department of the Ministry of Education** (Infrastructure Services Department, ISD) in use of the mobile phone technology, IT (information technology) and GIS systems used by IRD, in response to requests originally made by the Ministry of Finance before the pilot phase began in 2011. There was a general commitment also to build capacity in use of the technology for the other projects. An additional project was added (Irrigation Restoration and Development). And pilot community monitoring was introduced for some projects, with community members trained in the use of mobile phones and the transmittal of key information. The number of visits was revised upwards, with a target of 2,200 site visits and reports for the three projects, 200 site visits for the irrigation project, and 400 site visits connected with capacity building under the EQUIP project. [15]

24.   **During the two year implementation period there have been some further adjustments**. The IRD monitoring teams have piloted monitoring of environmental and social management plans for some projects at the suggestion of the Bank task teams, who have prepared questionnaires for the IRD team. Because of implementation delays in the EQUIP project it has not been possible to

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[12] Some development partners' monitoring programs had also raised issues of possible "ghost schools" which a physical monitoring program could easily verify. This issue is discussed below in section 2.4

[13] The 2012 Project Paper for the second-phase contract summarizes the results framework for the first phase, and all indicators are rated satisfactory or highly satisfactory (see page 24).

[14] Project paper for 2012 contract extension. A results framework is presented with four key outcomes: strengthened Bank supervision, enhanced participation in and ownership of ARTF by local communities, enhanced capacity of MoE to deliver quality, sustainable infrastructure, and improved quality of infrastructure.

[15] The plan, according to the 2012 contract, was for 800 inspection reports for the Education project, 350 for the roads project, 800 for the rural development and 250 for the irrigation project.

make as many site visits as originally planned. So the TPM is being extended on a pilot basis to another project, the Rural Enterprise Development Project, and questions are being formulated for IRD field teams to ask regarding formation of savings associations. IRD teams are increasingly visiting projects under construction, where their input may help government counterparts advise contractors to make adjustments during construction when projects are still under contract. IRD teams are now aiming to visit the larger projects three times during the construction period. There are monthly meetings for each of the four projects with government counterparts where IRD findings are shared and there is room for exchange of views and amendment of IRD reports if necessary.

25.   **The total value of the two year contract extension is US$ 23 million**. It was sole-sourced, on the basis of IRD's long experience in Afghanistan and successful record with the first phase. IRD has organized contract implementation through a combination of expatriate and local staff. There are approximately 16 expatriate staff and 80 local staff working full time or nearly full time on the assignment. The field work is facilitated by a technology and management information system developed by IRD and adapted to local circumstances, comprising smart phones for field reports, GIS, highly detailed satellite imagery [16]and comprehensive information systems to manage the data collected. Staff whereabouts are monitored by a security system which provides constant monitoring of an often volatile situation.   This system required substantial time and investment to develop and is well adapted to the particular circumstances of Afghanistan.

26.   **The contract includes its own "results framework**." The development objective is to strengthen the Bank's technical supervision of select projects in the ARTF investment portfolio. Key indicators include improved Bank supervision of selected projects, enhanced Bank reporting to donors, and strengthened Bank and government project planning and management. IRD engineers visit project sites with site drawings provided by counterparts, review construction quality, make suggestions for improvement, and grade quality from 1 to 5 using a number of criteria such as quality of design, materials and workmanship. Photographs are taken of the construction site. If there is a follow-up visit, IRD engineers can verify whether any deficiencies have been corrected by the contractors.

27.   **Cost-effectiveness has been up to now reviewed rather narrowly, in terms of cost per site report.** These costs have come down through the period of implementation of the contract, from nearly US$ 5,000 to under US$ 4,000 per visit. But they can be compared with the US$ 10,000 provided to facilitating partners under the NSP, who are responsible, over a three year period, for developing a sense of social coherence in a community, establishing functioning community development councils with participatory processes, supporting implementation of local community infrastructure and agreeing on a maintenance plan for it. This measure of cost-effectiveness, furthermore, has little link with the objective of "managing aid for better results" mentioned as one desired outcome of the TPM (see above).[17] IRD is currently undertaking a study to estimate the value added of the TPM in a different way, by comparing the cost of the programme with the benefits of increased value (through better quality construction) of the infrastructure investments. The study is being undertaken over a 9 month period and should be completed by the summer.

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[16] IRD is able to obtain a highly competitive price for this imagery, which is as high as 0.5 M2 resolution, and the cost is about US$ 80 per site.

[17] The reason for this approach is that it has been the criteria of efficiency used in USAID-IRD contracts for TPM. USAID has tended to focus TPM on "compliance" rather than "implementation support".

Bank Experience with Third Party Monitoring

28.   **The Bank has very limited experience with TPM by an agent contracted by the Bank, but there is some experience with government implementing agencies hiring third parties to undertake independent monitoring.**   Auditors, for example, are generally directly contracted by government. One major program in Afghanistan supported by IDA and ARTF, for Basic Health Services improvement[18], has hired an independent contractor (Johns Hopkins) to report annually on health service delivery since the program started nearly a decade ago. The work includes health facility assessment using an agreed score-card covering service delivery, it uses locally based people and requires visiting 600 to 700 facilities annually. In addition there are periodic household health and access to service surveys, and evaluation of the results based finance approach that is used to remunerate service providers The program has worked well until recently, when the Ministry of Health became concerned by delays in reporting on the part of Johns Hopkins.

29.   **Yemen has started a more limited version of TPM under Bank contracting**, also using IRD, as in the last year security concerns have constrained in-country travel by Bank teams.   The initial phase, from January to June 2013, aimed to (i) track physical progress; (ii) improve portfolio performance and disbursement; (iii) ensure compliance and (iv)improve delivery of sub-projects to beneficiaries. The contract was for 500 inspections covering 13 projects (there are 23 in the entire portfolio). 19 governorates were visited out of 22, covering 90% of Yemen's geographical area. The cost came at US$ 1,000 per site visit (total US$ 500,000). The site inspections showed deviations in construction quality especially in the education program, as well as good work, especially in the irrigation, agriculture and livestock, fisheries and public works sub-sectors. The inspection reports proposed corrective actions which could be undertaken by the construction contractors. There are monthly meetings with the TPM team and the government counterparts. The PMUs re-visit selected sites; and at the last meeting the government portfolio performance committee headed by the Ministry of Planning participated.

30.   **The Bank TPM program manager for Yemen considers that the program is improving government capacity to monitor, plan and execute projects**. It is also helping the TTLs to address critical issues. 20% of the site inspections are undertaken by females and there has not been a single security incident in 500 inspections. The contract is being renewed for one more year. GIS is used but there are challenges with compatibility between IRD and government systems. In the next stage of the contract the Bank is considering including provision for establishing a CMORE system compatible with government systems, to be lodged with the Ministry of Planning. The Projects are very largely IDA financed, with the Social Fund being the largest.

31.   **The Country Management Unit of the World Bank Yemen office paid for the costs in the initial phase of the program**. The plan for the next phase is to impose a charge on each of the implementation support budgets of the projects to help cover the costs. The costs have been kept down for a number of reasons. IRD, the contractor, is already carrying out relief work in the country, as well as Jordan (where it has an office), Syria and Iraq, and can provide some local oversight. The contract is implemented by IRD in partnership with a Yemeni/Jordanian contractor ENGICON and

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[18] The present phase is the 2013- 2018 System Enhancement for Health Services in Transition project (US$ 407 million), supporting interventions in 11 provinces, and using the same approach as that followed in the remaining provinces by other donor agencies. The Ministry has its own management information system, contract management unit and monitoring check list. The Central Statistical Office, supported by UNCEF, also undertakes periodic national vulnerability assessments. The contract is now being terminated with Hopkins, and a new competitive bid is being launched.

there are only two expatriates based in Sanaa.[19] WB in developing the TOR requested that the international consultants partner with a local organization. This has worked well though it was challenging at first. The expatriates based in Sanaa do not need the security coverage that Kabul-based staff require unless they travel. Eight local engineers undertake the bulk of the field work and travel logistics are easier in Yemen, which is geographically smaller than Afghanistan. In the next phase the WB plans to introduce community monitoring into the TPM, including by civil society organizations and water user associations. **The Yemen TPM, without the ARTF trust fund and dependent entirely on the country programme budget, has proved useful despite the much more modest funds available.**

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[19] Furthermore Sanaa does not have the same security issues as Kabul and the expatriates do not require the same level of protection unless they leave the capital city.

Chapter 2:   Assessment and Value Added of the Afghanistan Third Party Monitoring Program

TPM: External Supervision, Implementation Support and Capacity Building

32.   **The TPM was originally designed to assist with Bank project implementation support and supervision in a security-challenged environment**. While it has evolve to include capacity building, TPM is also often regarded as having an "external supervision" function. The three roles of external supervision, implementation support and capacity building tend to be regarded differently by different stakeholders, from the donor community, Bank country management, task teams and government counterparts. It may be helpful moving forward to keep these three roles in mind, when considering how the TPM may best evolve moving forward.

33.   **The Bank implementation support role also to some extent combines the three functions of external supervision, implementation support and capacity building.** The "external supervision" role is implied in fiduciary and safeguard oversight, as well as in oversight of compliance with legal covenants which generally include provisions for due diligence in project implementation by the government. The implementation support role is the "core" task of Bank teams, working with clients to address problems and move forward to meet project objectives, and adjusting project design as necessary to adapt to changing circumstances and unanticipated problems. Part of this work also includes working with clients to ensure that progress with meeting outputs and objectives is closely monitored. Implementation support has capacity building embedded in it, especially for lower capacity, generally lower income countries with shorter experience working with the Bank, although formal capacity building is generally financed through the project. Different stakeholders tend to review the value added of the TPM differently, depending on whether they attach most importance to the external supervision, implementation support/monitoring, or capacity building role of the program.

External Supervision

34.   **For some donors and Bank staff, the external supervision function is the most important.** The TPM programme is seen as strengthening the authorising environment for development support in a country with a difficult political-economy environment and reputation for corruption. The USA Special Inspector General for Afghanistan Reconstruction (SIGAR) has, for example, highlighted problems of "ghost schools and clinics" in its audit reports, which have been widely reported and risked reducing support for development programmes in Afghanistan. Since Afghanistan remains one of the poorest countries in the world, it is a key country for the Bank's core mission of ending global poverty. The resources provided by the 33 donors contributing to the ARTF far outweigh the Bank's own assistance programme, so maintaining this authorizing environment is key. The name commonly given to IRD as the TPM contractor, the "supervisory agent," to distinguish it from the TPM of the recurrent cost program of the ARTF, reinforces the perception that a major role of TPM of the investment program is indeed supervision.

35.   **The TPM confirmed that the "ghost school" issue was largely a non-issue, at least for the schools monitored through the program**. The challenge rather, as the government's own monitoring programs have shown for both EQUIP and NSP, is one of management. Buildings may be constructed at a slightly different location from that indicated in the plans for a number of reasons (including land availability and suitability), but the satellite imagery used in audits by SIGAR will show that a building does not exist on the GPS coordinates in the original plan. A second common reason

for EQUIP is construction delays, linked in turn to procurement, payment and contracting issues. Site checks are necessary if TPM is to "tease out" these issues. However, government's own monitoring programmes, if updated regularly and presented appropriately, can also demonstrate and explain these discrepancies. No issue has arisen regarding "ghost roads" or "ghost irrigation canals". But the perception is that the TPM provides donors with a level of comfort in a governance-challenged environment.

36.   **IRD provides quarterly and annual reports which are shared with donors.** These demonstrate the work undertaken through the TPM program, and provide examples of structures which are well designed, and structures which need improvement, for the different projects. They also summarize progress with the community monitoring and the capacity building components. Donors welcome these reports, which are easy and attractive to read, though some donors have indicated that they lack detail. The TPM program, however, generates a very substantial amount of information which in its raw form is inevitably quite difficult to digest.[20] The TPM reports are not at present directly linked to the government's own project monitoring reports, or to the ARTF Integrated Performance and Management Framework scorecard.

37.   **The "external monitoring" function of TPM does not at present cover fiduciary compliance**. These are the "classic" areas of audit and risk mitigation for Bank teams, and in principle the most exposed to poor governance and corruption. Yet they are addressed through standard Bank implementation support and oversight of government implemented systems. Project accounts and expenditures are subject to annual audits; the cost, for all the 26 IDA projects under implementation, is US$ 1.6 million annually for the external consultants' technical assistance with audit preparation, in addition to government staff time. The absence of clear links between physical verification made by the TPM and the external audit function may be a missed opportunity. Experience under other portfolios shows indeed that integration of all fiduciary aspects (from procurement to financial management, contract management all the way to physical verification) helps strengthen their effectiveness.

38.   **In addition, the fragmentation may have created a lack of understanding by external stakeholders of Bank fiduciary oversight.** Goods and services are procured through project entities' procurement units, supplemented as necessary by technical assistance contracted through the projects, and subject to Bank review and no-objection. IRD's monitoring of physical infrastructure is related to a physical audit, but not directly linked to contract enforcement. Donors may not be fully aware of the robustness of Bank-financed projects' fiduciary oversight systems, the extent to which Bank missions provide oversight, the efforts that are made to integrate them within counterpart institutions. Many donor representatives have quite short assignments in Kabul and do not have time to familiarize them with project details, monitoring and fiduciary systems or to travel much within Afghanistan, even to the more secure areas.

39.   **Regarding external supervision, there are also inevitable challenges regarding the main audience of the report**. Since IRD is contracted to the World Bank, acting on behalf of ARTF, in principle the World Bank would be the main recipient. But IRD is dependent on information provided by and cooperation with government counterparts to gain access to project designs and information about construction progress, and in practice does not visit sites without community, contractor or counterpart cooperation. The reports must be, and are, shared promptly with government

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[20] One option might be to share the monthly reports with donors. They are easy to read but are also very much "working documents" which may themselves contain errors. Furthermore they are not corrected after discussion with the counterparts.

counterparts so that construction issues can be addressed if the structures are not complete and still under contract. Visiting only completed structures serves little purpose.

40.   **Inevitably, therefore, TPM serves an implementation support as well as an external supervision function, and its implementation support role is emphasized in the TOR**.

Implementation Support

41.   **Task teams and government counterparts welcome the implementation support function of TPM**, though in different ways. The challenge is that the TPM as presently designed provides one instrument, monitoring progress with physical infrastructure by IRD engineers, for operations whose activities, capacity and design, including the infrastructure components, are very different. This approach has different advantages and disadvantages for the individual projects. IRD meets each project team every month to discuss findings with them. All projects have their own engineers based in regional or provincial offices, whose main job is oversight of construction components, and who generally travel to the sites selected for TPM with IRD engineers. All these operations also have strong monitoring programmes of their own, which are discussed below in section. Finally all task teams and counterparts also highlight the cost of TPM under the current approach: US$ 11 million per year may be compared, for example, with Bank implementation support budgets, which for all four projects together are less than US$ 900,000 per year (and against which the cost of armoured car vehicle use for in-country travel, US$ 2000 per day, must be deducted).

Irrigation Restoration and Development program

42.   **The implementing agency of the Irrigation Restoration and Development Project, the Ministry of Energy and Water, has strong engineering capacity and presence in the regions**. The project builds on earlier pilots and emergency reconstruction programmes. The objective is to build agricultural production and productivity in the project areas. Total project costs are US$ 148 million for the 2012-2018 period, with ARTF contributing US$ 48 million and IDA US$ 98 million. [21] In addition to irrigation rehabilitation, the project has financed hydro-meteorological stations, small dams and dam rehabilitation, and project management. Irrigation rehabilitation and hydro-meteorological facilities account for US$ 78 million, about half the project costs. With about 160 project sites, each site is visited about three times. "Community monitoring" supplements the monitoring by IRD engineers[22].

43.   **The TPM has confirmed what the TTL and implementing agency already knew, that the work is for the most part of good quality**. Ministry of Energy and Water Counterparts observed that in some cases IRD engineers did not have a good understanding of the engineering specifics of water- carrying structures. Even where counterparts identified errors in the IRD draft reports, these were often not corrected in the final reports Ministry Engineers are also able to travel frequently to oversee construction, and the Ministry has sound monitoring and administrative systems in place. [23]Neither the TTL nor the counterparts consider that the IRD engineering team currently has the capability to monitor dam construction or rehabilitation.

44.   **Some of those interviewed considered that there might be more value added in the future for TPM of the On-Farm Water Management project, if it is extended and gets additional finance.**

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[21] Emergency Project Pape:r Irrigation Restoration and Development Project June 11th 2012

[22] See below page 23 for a fuller discussion of community monitoring, or "locally based monitoring".

[23] The cost of monitoring the projects in the ARTF program is embedded in broader management and cannot easily be separated; there are some separately contracted periodic surveys but these   assess progress towards outcomes .

The On-Farm project is implemented by the Ministry of Agriculture, Irrigation and Livestock which has much less experience with infrastructure design and construction supervision, and TPM would have a much stronger implementation support role. Nevertheless the TPM of IRDP did provide an opportunity for correction during construction, as long as observations were made early enough; there was little value added in post-construction observations. In the future, TPM of operation and maintenance would also be useful. IRD has also begun some monitoring of the formation and functioning of irrigation associations, as well as of changes in irrigated area due to the project interventions. This addition is very useful, since irrigated area is a key results indicator, while construction of irrigation structures is only one out of several outputs.

Roads Program

45.   **ARAP, the Afghanistan Rural Access Project, is implemented by the Ministry of Public Works (for secondary roads) and the Ministry of Rural Rehabilitation and Development (for tertiary roads).** Its objective is to enable rural communities to benefit from all-season road access to basic services and facilities. Total project costs for the 2012-2018 period are US$ 332 million, including US$ 207 million from the ARTF and the remainder from IDA. [24] Over 90% of project costs are for infrastructure construction, rehabilitation or maintenance, and the remainder for project management. ARAP is thus the most "infrastructure intensive" of the four projects. However, there is an increasing focus on operations and routine maintenance, to ensure the sustainability of roads financed over the past 10 years. ARAP is the successor to NERAP (national emergency road access project) which closes in December 2013 and was also subject to TPM. The intention is to use the IRD reports to supplement the information in the ICR (Implementation Completion Report) which is presently under preparation.

46.   **TPM by IRD is regarded as useful since it intensifies implementation support**: TTLs can make on average five site visits per year, the IRD system monitors 100. However, IRD engineers are not necessarily better qualified than Ministry engineers and managing the relationship between IRD and the Ministries is quite time-consuming, with at least monthly meetings. The project has its own PIUs which are reasonable strong, and have benefited from capacity building from earlier projects. The annual cost of the TPM, US$ 11 million, is   equivalent, for example, to the cost of construction of 100 kms of rural road. There was TPM also of NERAP (National Emergency rural Access Project), the precursor of ARAP, which invested US$ 80 ARTF and US$ 152 million from IDA in the 2007-2012 period. The consultant preparing the draft Implementation Completion Report is making use of the information collected by the TPM.   TPM "community" (or locally based) monitoring also supplements the IRD engineers' monitoring.

National Solidarity program

47.   **NSP (National Solidarity Programme) is implemented by the Ministry of Rural Rehabilitation and Development, also a strong ministry.** NSP is a government flagship program whose overall objective is build strengthen and maintain community development councils as effective institutions for local governance and social-economic development. Total project costs are US$ 1.5 billion for the 2011-2015 phase of the investment, with IDA financing US$ 40 million and ARTF the bulk of the remainder.[25] Infrastructure, supported through 27,000 block grants to communities in this phase, accounts for 2/3 of project costs, and capacity building and project management the remainder. While NSP 3 will continue to support infrastructure, the intention is to have a greater focus than in earlier phases on institutional development, since this is the core

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[24] Emergency Project Paper Afghanistan Rural Access Project 11th June 2012
[25] Emergency Project Paper for A Third Emergency National Solidarity Program 10th June 2010

objective of the programme. [26] NSP management is increasingly decentralized, and dependent on Afghan staff for project management except for remaining support in procurement and financial management. Community development is promoted through facilitating partners, which are contracted in the different provinces to work with communities to establish local councils and agree on infrastructure development, operation and maintenance programs. There are NSP Project implementation units in all provinces, each including two engineers on their staff, who monitor infrastructure progress (and visit project sites with IRD engineers). There are comprehensive monitoring and evaluation systems, both embedded in implementation management, and supported through targeted surveys. Project management and monitoring costs are very substantial, 8 percent of program costs or US$ 120 million for the current phase.

48.   **NSP management and TTLs in general welcomed TPM, though the standard "rating" by IRD engineers (1 through 5) needs to be adapted to construction standards implemented through community contracting**. NSP has an operational manual for this. IRD engineers had made some suggestions for simple, improved design standards for certain types of infrastructure, and these were welcomed. IRD is beginning to monitor water quality, and this would be a useful addition, as would monitoring of operation and maintenance. Counterparts observed that IRD's reporting system seems to be quite rigid. Even where, at monthly meetings, NSP engineers had pointed out faults in the report and grade attached, the grade was not changed. NSP management also observed that grades have not improved over the 2 ½ years, which is surprising, if an objective of the TPM is implementation support to improve the quality of infrastructure. [27]

Education Program

49.   **EQUIP (Second Education Quality Improvement Project) is implemented by the Ministry of Education**. It has a total cost, in its current phase (2008-2014) of US$ 438 million including US$ 30 million from IDA, and the remainder largely from ARTF.   The objective is to increase access to basic quality education especially for girls through school grants, teacher training and strengthened institutional capacity with support from communities and private providers. The school grants, largely for buildings and equipment, account for US$ 150 million, or a little more than a third of project costs, teacher training for US$ 164 million and project management, monitoring and evaluation US$ 120 million. [28] As with the other projects, IDA and the donors have been assisting with development of education programmes for the last decade.

50.   **The Ministry systems are less well established than those of the other ministries**, and although the program has achieved impressive results regarding enrolment, teacher training and education outcomes, there are still substantial implementation challenges. The department responsible for school buildings, the Infrastructure Services Department (ISD), has a long history but the institution was destroyed during the long periods of conflict. It was substantially restructured and expanded in 2011 and now has 400 engineers, most based in the provinces, who are responsible for school construction and repair. But the systems to support travel to school construction sites, timely reporting or even regular payment of salaries are still being established.

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[26] Communities together agree on small-scale infrastructure priorities within an agreed budget, and facilities are constructed using community contracting methods. The activities improve local services (including water supply, power, road access, community facilities, irrigation) but a purpose also of the activity is to help build community cohesion and trust.

[27] IRD staff have a different perspective on this issue

[28] Emergency Project Paper for Additional Financing, June 12 2012. Note that the US$ 120 million for project management includes support for important pilot activities, including US$ 50million for financing and systematizing operation and maintenance.

51.   **The TPM is perceived as having considerable value added in this ministry, in that it sets a standard and "raises the bar" for quality construction monitoring**. TPM has highlighted structural deficiencies, including buildings which have not met basic earthquake risk standards, and buildings with unsound roofs. Since these government-built buildings house children, highlighting safety and related reputational issues is important. Some of the challenges are related to broader ministry institutional weaknesses. Systems for timely payment of contractors are not well established, so there are substantial construction delays and (at times) weather-related damage. Travel authorization and reimbursement systems are not adequate, so frequently ISD engineers are not able to travel to supervise project sites regularly; travelling with IRD engineers has been very helpful to them. TPM has piloted monitoring environmental and social safeguards but it is not clear that IRD engineers have the necessary skills**,** especially as regards social issues. ISD staff also indicated that the "visual only" inspections could be usefully supplemented by more detailed analyses of materials. The cost of TPM was highlighted, however: implementation support mission budgets for EQUIP average US$ 250,000 annually (more than most) while the TPM for EQUIP alone would be US$ 2.5 million annually (one-quarter of US$11 million).

52.   **In summary, TTLs and government counterparts welcome TPM, but consider that a more "granular" approach** adapted to the needs and capacities of the different projects, would be of greater value added.   The (until recently exclusive) focus on infrastructure emphasizes only one output of several different ones that are key to results monitoring. And there may be other ways of supplementing implementation support (at least in some areas of the country) which are more cost effective.

Project Monitoring Systems and Broader TPM monitoring

53.   **All four projects have comprehensive monitoring systems, which include regular output monitoring as well as outcome monitoring, often through periodic surveys**. Monitoring is generally integrated into broader project management structures, however, so its costs cannot easily be calculated. Evaluation may be subject to particular consultancy contracts but TPM focuses on output (intermediate outcome) not outcome monitoring.   Rather few Bank implementation support documents (Aide memoires and Implementation Support Reports) mention the TPM. It should be noted that there are differing views regarding whether or not TPM should be expanded to monitoring other intermediate outcomes; some welcome retaining the current focus, while others emphasize that quality of infrastructure is only one of many important outputs. Monitoring social outcomes requires a different approach, with focus groups and much more attention to qualitative issues.

Irrigation Restoration and Development

54.   **IRDP has comprehensive monitoring systems** which are integrated into project management. Intermediate outcomes include (i) improved access to irrigation water from rehabilitated schemes and (ii) small dams, (iii) design of more cost-effective projects due to better hydro-meteorological data, and (iv) more effective government and local institutions. Outcome indicators include increased irrigated area and irrigated agricultural production, and fewer water-related disputes. Management and monitoring comprises US$ 17.9 million and includes monitoring of supervision quality, together with spot-check monitoring by technical assistance design and supervision consultants. This technical assistance thus in principle has a similar role to the TPM contracted to IRD.

55.   **IRD has begun monitoring two other intermediate outcomes**: (i) the increase in irrigated area resulting from IRDP (and its precursor) using satellite imagery and GIS;   this has been useful, and has illustrated some discrepancies with project management unit estimates, and (ii) the

functioning of irrigation associations. IRD is also piloting community monitoring (see below). With regard to dams, The Ministry is hiring a quality control supervising company as well as the construction company; and a panel of experts to review prefeasibility and feasibility studies. ESMPs are incorporated into prefeasibility and feasibility. Counterparts believe that TPM by IRD of this technically complex component would not have much value added.

Roads Programs

56.   **ARAP (and NERAP before it) has monitoring systems in place**. Intermediate outcomes include kms of rural road constructed and gravel and asphalt roads rehabilitated; bridges rehabilitated/constructed; kms of roads subject to routine operation and maintenance; and a road inventory[29] .   Routine monitoring includes regular surveys of road condition. The project like NERAP includes community based rural road rehabilitation, and this has proved successful especially in security-challenged areas.   Performance based contracting to Community Development Councils (CDCs) for routine maintenance has also been introduced, with performance   checked monthly by a CDC member, a PIU (project implementation unit) representative and an independent consultant.

57.   **The National Coordination Unit provides regular implementation progress reports, fiduciary reporting, and is responsible for donor coordination**. The Project Paper (appraisal report) for ARAP states that NERAP output monitoring was incomplete[30], and additional support is provided under ARAP to improve routine monitoring. Simple MIS (management information systems) have been developed using Micro-soft project and primavera, and weekly, monthly and quarterly progress reports are produced for internal and external stakeholders. Monitoring progress with effective operation and maintenance will be increasingly important under ARAP. Counterparts indicated that greater integration of the TPM with the projects' own MIS and monitoring systems would be useful. They also indicated that their community monitoring system provides a useful "just in time" check on progress.

National Solidarity Program

58.   **NSP monitors (i) progress of the project cycle; (ii) Community Development Committee institutional Development; (iii) technical quality of sub-projects and (iv)institutional management**. There are 15 results indicators. Four concern physical infrastructure (sub-project completion and functionality after one year) and the remainder focus on CDC governance, gender composition, processes, grievance mechanisms and fiduciary issues. Regarding broader outcome monitoring, surveys to be conducted include: (i) detailed socio-ethnographic survey of 30 to 50 villages; (ii) an impact study on governance, security, state building and peace-building; (iii) an evaluation of the facilitating partners responsible for working with CDCs; (iv) a technical review of infrastructure quality and (v) a financial review of how well CDCs manage block grants.

59.   **NSP has a management information system and has reviewed and simplified reporting formats.** It uses electronic reporting and has a geographical information system where all CDC sub-projects are mapped. There are monthly and quarterly progress reports.   These reports feed into the ARTF Performance Management Framework which is shared with donors. But donors have indicated that they lack information on monitoring, probably because they are not fully familiar with

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[29] Outcome indicators include increase in access of rural populations to all-season roads, reduced travel time and increased numbers of trips, and are the subject of a baseline survey which had not yet been completed by November 2013

[30] Despite this, NERAP has shown impressive results in terms of road and bridge rehabilitation and construction in rural areas (See ISR dated 23rd October 2013).

project details. There would be value added, for the entire ARTF program, not only in reporting on performance management but also on project monitoring and evaluation processes.

60.   **TPM has begun reporting back on the composition and functioning of CDCs; but it is not clear how useful this is to task teams**. It has also begun to monitor implementation of social and environmental management plans. But while environmental management can be addressed through questions and observations, social safeguards management requires a different, more qualitative approach which is not well suited to the current IRD team composition.

Education Program

61.   **EQUIP also has monitoring s**ystems in place. There are nine intermediate outcome indicators, of which seven cover teacher training and upgrading, and two cover infrastructure, including the building of class-rooms and infrastructure grants.   Outcome indicators include the establishment and effectiveness of learning assessment systems, and number of beneficiaries including girls. EQUIP is implemented using entirely government systems [31] but has faced delays as Ministry of Education financial management and procurement departments have been unable to purchase, account for and deliver EQUIP financed goods and services in timely way. Management systems are still not well developed.

62.   **The infrastructure services department is responsible for school construction but has also been affected by bureaucratic bottlenecks**. EQUIP has engaged two contractors to help put these systems in place at both central and provincial level. IRD's work has been helpful with highlighting construction deficiencies as well as other "deviations" (lack of latrines or water supply, or furniture, or the school boundary walls that are important for girls). Furthermore many teachers and school administrations do not yet have the capacity to use equipment being purchased for the schools. A Ministry audit in 2012 also highlighted these issues. [32]

63.   **One option for EQUIP, either through the Bank or contracted by the project, could be TPM for the other key intermediate outcome indicators, in particular teacher tra**ining, delivery of quality education curricula and development learning assessment systems in addition to infrastructure; these areas relate more directly to project outcomes. The Ministry is developing an EMIS (Education management information system) but it is facing delays in implementation. Monitoring of operations and maintenance of education facilities may be useful; the project supports an important pilot approach to systematizing O&M, which was previously lacking. ISD (the infrastructure services department) would be supported in developing an asset maintenance strategy. IRD is also beginning to monitor some other areas, including teacher and child attendance (though only on the day of the IRD visit) and compliance with environmental and social safeguards.

64.   **It would be helpful for the Project Monitoring Systems to be better communicated to ARTF donors, so that there is a better understanding of the very comprehensive monitoring systems that the projects already have in place**. IRD monitoring reports are produced in an attractive, easy to read format, in English only and with clear charts, pictures and highlights. The quarterly and annual reports are made available to donors. Because they are so well prepared, some donors, who tend to be posted for only a limited period in Kabul and often do not have the opportunity to become well acquainted with project details and implementing agencies or to visit project sites, may believe that most of the ARTF monitoring is undertaken by IRD. The title of the quarterly

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[31] The Health Program is implemented by contracting out responsibility for health care delivery to NGOs, and NSP uses facilitating organizations (also NGOs) to support community development. The Irrigation and Roads projects are implemented directly by government agencies, with TA support (which is declining in scope over time).
[32] Project paper 2012 page 4

monitoring report "ARTF Monitoring Programme", by IRD may unwittingly contribute to this misapprehension. When donors ask for further information on monitoring, Bank staff sometimes refer them to implementing agency counterparts. While this is reasonable and common practice in most countries, in the case of Afghanistan it may be useful for Bank staff and the ARTF administration more pro-actively to explain and communicate project monitoring systems (in addition to the ARTF score-card which focuses on results). Some donors consider there is not enough monitoring, while in fact all projects have comprehensive monitoring strategies. It is important for all stakeholders to understand that TPM comprises only a small part of project monitoring. [33]

65.   In summary, TPM monitoring systems could usefully be linked more directly to the project monitoring systems of the different projects. The Bank may wish also to highlight more to the donor community the comprehensive monitoring systems that most projects already have in place. Finally, it may be helpful to reconsider the current focus on infrastructure monitoring, since other intermediate outcome indicators would also be highly relevant for some of the projects.

"Community" or Locally Based Monitoring

66.   **IRD piloted TPM by community members in order to improve coverage and cost effectiveness in the second phase of the contract.** To date 20 local inhabitants of areas where sub-projects financed by the IRDP (the Irrigation Project) have been trained in use of the mobile phone technology and reporting techniques. They are able to report construction progress more frequently than IRD engineers, so that any problems can quickly be highlighted and discussed at monthly meetings with project counterparts, who in turn can address the issue with the contractor. The community members have 12th grade-equivalent education and are remunerated for their work.

67.   **Expanding the use of community based monitors to other projects could be one option, but also raises challenges, as highlighted by TTLs and counterparts**. NSP and EQUIP already have voluntary community monitoring systems in place. EQUIP promotes social action through parent teachers' associations (Shuras), whose role is to ensure that education services are delivered and buildings are fit for purpose. NSP promotes monitoring of the effectiveness of CDCs (community development councils) through promoting establishment of small informal oversight committees comprising four community members (two male and two female) whose role is to review and report on the functioning and transparency of the CDC. These have proved quite effective and over 13,000 have been formed to date. The 2012 TOR for the contract extension of IRD (annexe 2) clearly acknowledge the community monitoring work already ongoing under the projects, including the use of smart phones, and propose close inter-action with these activities, including participation of CDCs in selection of "IRD" community monitors.

68.   **The concern is that paying community members to undertake TPM could undermine the effectiveness of these voluntary organizations and create conflict**. Several TTLs and counterpart agency staff raised this concern. Even for IRDP there may be issues "downstream" as the project supports creation of irrigation associations who work with traditional mirabs (water gate-keepers) to operate and maintain systems. And under ARAP some rural roads are built through community contracting processes; paying a community member to monitor this work may also create conflict. Nevertheless for larger engineering works (roads and irrigation canals) the community monitors

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[33] The ARTF quarterly monitoring report for mid 2013 includes and annexe summarizing the work of the supervisory agent (IRD) but does not discuss counterpart monitoring programs.

(who may more appropriately be called "locally based monitors") have a useful supplemental role to play in highlighting construction and O&M issues "just in time".

69.   **In conclusion, paid   locally based monitors have a limited though useful role to play in highlighting construction and O&M issues for the larger contracts**, so that implementing agencies can work "just in time" with contractors to correct any issues. Their role needs to be carefully managed with TTLs and counterparts, in order that they do not undermine the voluntary monitoring systems also being supported.

Environmental and Social Impact Monitoring

70.   **Bank implementation support covers compliance with environmental and social impact management plans**. In the second phase of the TPM contract, with the support of the Bank environment and social specialists, IRD introduced some monitoring of implementation of environmental and social management plans. . The results so far have been mixed (in the views of Bank and counterpart staff), in part because the task was not originally part of the TOR, and in part because social impact monitoring in particular does not lend itself to use of the CMORE technology or to the direct questions physical parameters that IRD engineers are trained to ask or observe.

71.   **Environmental impact management can in generally be regarded as part of sound project design and construction quality**; and indeed is often included in bidding documents. It has been relatively straightforward for IRD engineers to monitor features such as the design and use of borrow pits for construction material, construction of infrastructure in a way that avoids downstream erosion, selection of sites that are not flood or erosion prone, quality of drinking water, and safety and (where relevant) earthquake resilience of structures (especially important for schools and community buildings). IRD engineers can also check features such as the gender composition of community committees and enrolment.

72.   **Engineers are not trained to assess "softer" intermediate outcomes such as progress with building social cohesion, or real gender participation**. Asking "open-ended" questions requires different skills and is quite time-consuming and expensive. Assessing possible restrictions in access to land, and consultation processes connected with making land available for construction of schools or other infrastructure, requires an understanding not only of legal but also of social and cultural patterns of land access, management and ownership which engineers would not have.

73.   **In conclusion, while TPM of compliance with environmental and social management plans is useful, if TPM is continued with this function, future TOR would need to have explicit discussion of this area and the contractor would need to have in place staff with the right skills**.

Capacity Building

74.   **Capacity building is implicit in the objectives of the 2012 project paper for extension of the contract of IRD**: "support implementing entities to manage development aid for better results" and was also introduced as an explicit activity, in response to requests originally made by the Ministry of Finance in 2011.   IRD aimed to support establishment of a "Monitoring Data Center (MDC), in order to build capacity at the ARTF-supported ministries to efficiently and independently track and report on their projects … with a focus on management of infrastructure assets" (Annexe 2 of project paper). Additionally, IRD is aiming to develop road maps for ensuring that CMORE data and systems are integrated into the systems used in ministry operations. This is intended to be a focus of

activities during 2014. [34]   There are differing views within the country team regarding the extent to which TPM should support capacity building. Some consider that this goes so far beyond the basic "audit" or "improving the authorising environment" role as to undermine it. Others consider it an essential part of the implementation support objective which was the primary justification for TPM when it started in 2011.

75.   **Up to now IRD has focused on the Ministry of Education, supporting technology transfer and building the capacity of the Infrastructure Services Department** to use the CMORE information system to monitor infrastructure assets. 15 ISD engineers received comprehensive training in the technology in the first 12 months, and IRD provided them with computers and smart phones. The training has been successful, with test scores rapidly improving over the period. [35] At the same time, the Ministry has been developing its own education information management system. IRD is currently training a further 15 ISD engineers and the intention was that they would use the equipment provided by IRD, while the first years' group would use computers and phones purchased by the Ministry.

76.   **The challenge to date has been sustainability.** The Ministry has not managed to complete procurement of the necessary computers or to put in place a system for paying monthly charges for use of the cell phones to satellite imagery. Furthermore ISD (and other Ministry) staff salaries are still paid irregularly, the Ministry does not have an established internet or email address system, and systems are not yet in place to reimburse staff for field travel. Without these back-up systems, the capacity to absorb the training in CMORE in the Ministry of Education is limited. Furthermore the 2012 contract did not specify that the technology should be passed on to and become "owned" by government, so there are still some legal and contractual issues being resolved. EQUIP is financing consultants to address system issues within ISD and the Ministry, at both central and provincial level, but resolution will take some time.

77.   **The other Ministries do not face the same capacity constraints**. NSP (Ministry of Rural Rehabilitation and Development) has a comprehensive information management system with a well-developed GIS which is now used by other government agencies. It has the capacity to utilize the CMORE technology. The Ministries of Public Works and Energy and Water also have functioning management information systems.

78.   **In summary, a more granular approach to capacity building and technology transfer would also be helpful, adapted to the absorptive capacity of the different Ministries. Transfer of the CMORE technology to key Ministries is a stated aim of the second phase, and the intention is to do this over the coming months**.

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[34] IRD Annual Report year 2, September 1 2012 to August 31 2013, ARTF Supervisory Agent
[35] The quality of staff in ISD is quite variable. ISD expanded very rapidly in 2011, and now has over 400 engineers, most of whom are located in the provinces. Management systems have not yet caught up.

CHAPTER 3: Recommendations and Options for Moving Forward:

Introduction

79.   This chapter proposes different options for moving forward. In this regard it may be useful to consider alternatives within a framework of four broad option areas, summarized below

- (i)   The first concerns contractual and accountability issues
- (ii)   The second concerns the appropriate cost and maximization of "value for money" of TPM (should it be continued, in particular with regard to different "counterfactuals")
- (iii)   The third concerns the coverage of TPM, in particular whether its scope should be changed in several respects: (i) to include other projects, (ii) geographical targeting and (iii) in terms of focus, beyond physical infrastructure.
- (iv)   The fourth and foremost remains the desired objectives of TPM, in particular the balance between audit, implementation support and capacity building

These four issues are all inter-related, and it is challenging to separate one from the other.

Contract Management and Accountability

80.   **The TPM has up to now been contracted by the ARTF administrator, but there are other options**. TPM could be contracted by government, as has been the case with the Ministry of Health, where the experience with contracting Johns Hopkins has mostly been positive over the last 10 years, and where the independence of the third party monitor has not been compromised. There could be a single contract, or separate contracts with each of the implementing ministries. This second option would ensure that TPM is adapted to the needs of the different projects.

81.   **Most stakeholders interviewed preferred, if TPM is continued, that the contract remain with the Bank/ARTF administrator**. The reasons varied, and are related in turn to differing views regarding counterpart capacity and the role of TPM. Those who stressed the external supervision/authorising environment role felt that the independence of the contractor might be compromised if they are recruited by government. Some government counterparts also expressed this view. Yet the experience with the Ministry of Health indicates that this is not necessarily so. There was also the argument that government did not have the capacity to administer contracts. Yet IDA and the ARTF have entrusted to government -administered procurement over US$ 6 billion of ARTF over the last decade, and have put in place systems to ensure decent governance. Government counterparts liked "not having the bother" of yet another contract to administer, and also felt that if the contract were directly financed from project funds, then counterparts would not be willing to pay so much. Yet this implies that the cost is indeed "unreasonably high". And NSP had already gained Bank approval for NSP-contracted third party monitoring when ARTF-IRD contract was initiated; NSP did not move forward with their own TPM, in order to avoid duplication of work.

82.   **In summary, the arguments for TPM being contracted to the Bank, as opposed to the clients (either through one contract or through different contracts with each counterpart agency), are not strong and not consistent with Bank operating principles. Yet most stakeholders prefer that the contract remain with the Bank/ARTF.**

83. **A second option considered was whether the contract should be re**-bid, or whether there should be a second sole-source contract. Sole-sourcing would likely only be possible if the contract remains with the Bank/ARTF. [36]

84. **There was agreement that IRD were doing a good job with infrastructure monitoring, were used to the Afghanistan operating environment**, and had the required support systems well established. Because of the risks involved, it has been difficult for the Afghanistan program to find good international consultants who are willing to work in the country. There would be transition costs if a new contractor were to take over the work. Furthermore with a sole source contract there would be the opportunity to negotiate, and to require, for example, that the IRD work in partnership with an Afghan organization, bring in other organizations with the competence to monitor "non-infrastructure" outputs, and reduce the cost by (for example), reducing the number of expatriates based in Kabul.

85. **The arguments for competitive bidding are that the contract, likely to be about US$ 20 million over a 2 year period, is very large for a sole source contract**, and would imply that the Bank/ARTF has signed sole source contracts with one organization for over US$ 40 million over a 4 year period. Despite the particular operating environment of Afghanistan, there is a risk that the Bank might be perceived as not living up to its own standards of transparency and fairness. Despite the transition costs, opening the contract to other bidders might bring in new, welcome innovations. Even if the contractor remains ARTF/WB, there may be an argument for breaking it into four separate contracts, each the responsibility of the relevant TTL. Certainly there would be merit in TTLs playing a pro-active role in designing the new TOR, so there is the right level of "granularity" to meet the needs of each project. It would also be helpful for TTLs to be mutually accountable for monitoring the performance of the consultant, but only if they are given the additional resources to do so.

86. **There may also be a case for sole sourcing the contract for one additional year, with the TOR designed to "exit" TPM. [37]** The TOR could be designed explicitly to build counterpart agency capacity in use of the CMORE technology, to complete transfer the technology to them and determine the counterpart agency costs of maintain and using it, and to determine a budget for continuing the CMORE monitoring approach under project funding. This would allow for sustainability and ensure real "ownership" of the monitoring approach developed by IRD. It would also require the agreement of the implementing agencies, in itself a test of ownership and value added.

87. **In summary, if TPM continues to be contracted by the Bank/ARTF, there may be more advantages than disadvantages to the contract remaining sole-sourced to IRD, so long as the TOR are revised, with the participation of the TTLs, to be adapted to the different project needs, and the contract is negotiated to ensure the right skill mix and greater Afghan responsibility.**

Cost effectiveness and Value for Money

88. **The Bank/ARTF have not yet determined an appropriate budget for a follow up**. There is broad agreement that the current contract is very costly, with over US$ 31 million invested to date (equivalent to building 300kms of rural roads). Determining cost effectiveness or a counterfactual is challenging and subject to many qualitative judgements as well as more quantitative analyses.

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[36] It is unlikely that the Bank would agree to the government sole-sourcing such a large contract

[37] This will depend on what is agreed to be the objectives of TPM in the second phase, as well as on budget availability

(i) **IRD are carrying out a cost-effectiveness analysis over the coming nine months, focusing on NSP projects**. The aim will be to analyse the quality of construction for sub-projects subject to TPM, with projects not subject to TPM as the control group, to assess whether the value of the higher quality of construction outweighs the cost of TPM in terms of quality, efficiency and maintenance. [38]

(ii) **A second approach, far more qualitative in nature, would be the extent to which the "improvement in the authorizing environment"** provided by TPM has helped secure increased donor funding for ARTF. But in this case the costs might need to be compared also with the cost of providing more capacity building, funding and "visibility" support to counterpart agencies' own monitoring efforts. Many donors are not fully familiar with the very comprehensive monitoring programs already in place. A "subset" of this option could include comprehensive training by IRD on the CMORE technology and reporting over a one year period (the "exit strategy discussed in the previous section) so that counterparts are able to provide visual as well as written evidence of projects' progress.

(iii) **A third approach, quite different again, would be facilitate increased in-country travel by TTLs through dedicated budget allocation**. The original justification of TPM was to enhance implementation support. About two-thirds of the country is considered safe for Bank staff travel (though the situation is volatile and is closely monitored). Currently the cost of armoured car use (US$ 2,000 per day) forms part of the implementation support budgets, which vary from US$ 250,000 per year for NSP and EQUIP to US$ 170,000 for IRDP and US$ 130,000 for ARAP. Each vehicle can accommodate only 2 staff. So for five field trips of a week each (a minimum for country based staff managing large projects), three trips with four staff and two with two staff, the vehicle costs alone are US$ 126,000 (or about US$ 500,000 for the four projects). Setting aside funds for secure in-country travel would ensure that cost is not a constraint for in-country travel in the part of the country that is relatively secure.

89. **The CMU is considering establishment of sub-offices in provincial capitals of areas which are relatively secure**, where staff are not subject to the same, costly, security restrictions. Mazar-e-Sharif is one such: about one-quarter of the geographical area of Afghanistan and one-third of the population could thus be reached by more "normal" implementation support activities. The west of the country, similarly, is relatively safe. So one option could be to limit TPM to areas where Bank staff cannot travel safely (the south east of the country) and to provide adequate funding for the country sub-offices.

90. **The CMU is also reducing overhead security costs by relocating some expatriate staff to Dubai,** from where they will travel frequently to Kabul, while at the same time giving more responsibility for implementation support to Afghan nationals, many of whom now have substantial experience in task management. While recognizing overall budget constraints, this might also facilitate releasing additional budget for in-country travel.

91. **In summary, assessing cost effectiveness cannot easily be separated from the main objective of the TPM.**.

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[38] "Analysing the effectiveness of relative ARTF monitoring methodologies: Approach Paper", 21st December Paul Bartel, for IRD

Coverage and Scope of TPM

92.   **To date TPM has covered four projects, focusing on infrastructure assets while also piloting other forms of monitoring.**   There are options regarding geographical scope (discussed above); scope of the monitoring; the extent to which capacity building should be included, and the number of projects to be included in TPM. The appropriate scope is also linked to the desired objectives of continuing TPM (see following section).   Following discussions, the consensus reached was the following:

(i)   TPM scope should continue to be country wide.

(ii)   There is a good case for adding TPM to other projects with wide geographical coverage and a focus on physical asset monitoring, such as the On-farm water management project (if it is extended), the Rural Enterprise Finance Project, and possibly, if it materializes, the future Social and Environmental Management project to be associated with a planned Power Transmission Project.

(iii)   The monitoring scope made more granular, adapted to the particular requirements of their projects and including other outputs in addition to infrastructure (though in the CMU there is a preference for continuing the focus on infrastructure because of the visibility of this asset). The TOR and skills mix of the contractor would need to adjusted accordingly

(iv)   TPM of infrastructure assets should focus on monitoring the quality of construction early in the construction period as opposed to after the construction is completed. Also there should be TPM of O&M.

(v)   Community monitoring as currently developed by IRD, with paid monitors, needs to be re-named "locally based supplementary monitoring." It should remain limited in scope, in order to avoid potential conflict with the voluntary community monitoring systems being promoted under several of the projects. There is however a role for it, especially as regards supplementary "just in time" monitoring of larger-scale infrastructure.

Objectives of TPM Moving Forward

93.   **The content and scope of future TPM will be shaped by Country Team consensus on its objectives and the balance between the external monitoring, implementation support and capacity building functions**. It will be recalled that the four planned outcomes of the second phase of the TPM as summarized in the project paper were strengthened Bank implementation support/supervision, enhanced participation in and ownership of ARTF by local communities, enhanced capacity of MoE to deliver quality, sustainable infrastructure, and improved quality of infrastructure.

94.   **External monitoring/strengthening the authorizing environment:** Enhancing the authorizing environment for ARTF through external monitoring is not stated as an objective in the TPM, but there seems to have been some "mission creep" since there are perceptions among all stakeholders that is one of the objectives.[39] There is a risk, if this perception remains, that TPM will become seen as substituting for the comprehensive monitoring systems that the projects already have in place, especially since some members of the donor community are not fully informed about these. The authorising environment argument also provides part of the rationale for the focus on

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[39] The term used for the TPM contractor, "Supervisory Agent for the Investment Portfolio of the ARTF," may have contributed to this view.

the visible asset of infrastructure as well as of the argument for having one contract with a common measurement framework. However there are also other ways of strengthening the authorising environment. The ARTF results framework is an existing tool. In addition, monitoring by project implementing agencies could be further strengthened, and ARTF could provide resources for presenting these monitoring systems and processes (and their strengths and weaknesses) in an attractive format, while explaining how they also aim to improve country accountability and governance.

95.   **Implementation support:** This was a major objective of both the first and second phase of TPM, and its original justification. The IRD work has provided very useful information to TTLs and counterpart agencies, country-wide, on infrastructure implementation. It has piloted locally based monitoring,[40] environmental and social safeguard monitoring, and some institutional development monitoring. The justification for TPM was that it was difficult for staff to travel, given the volatile security situation. This argument remains in the south and south eastern part of the country. It justifies both TPM and monitoring using satellite imagery, visual and GIS tools with smart phones, backed up by the technology and security support systems that an organization such as IRD has very effectively developed. It justifies also building government capacity in use of such tools (see below). In the remainder of the country, following the establishment of a sub-office in the north, more "normal" Bank implementation support should be possible . A second option would be to have a much more granular approach to TPM, adapted to the needs of the different projects. As regards extending TPM to other projects, On-Farm Water Management (if it receives additional financing and is extended) is one possibility, as is a planned Environmental and Social Mitigation project for a future transmission project.

96.   **Capacity Building:** Capacity building in monitoring among government ministries was a second stated objective of TPM; the focus to date has been on the Ministry of Education. IRD has developed an effective infrastructure asset monitoring technology well adapted to Afghan conditions. There is a strong argument for transferring this technology to the relevant counterpart agencies, adapted to their particular management information systems and integrated with existing monitoring programmes. The tension to be managed is that capacity building is generally integrated within project design, and managed by counterpart agencies.

Summary of Recommendations and Options.

97.   **Building on the arguments above, the following paragraphs summarize recommendations.** The recommendations would apply whichever option is taken to move forward with TPM. These   all have "pluses and minuses", but try to reflect the balance of the desired objectives of TPM between external monitoring (and improving the authorising environment), implementation support (in a security constrained environment), and capacity building (for counterpart agency monitoring systems).

Options

98.   Several options were considered regarding the form that a future contract might take.

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[40] Called community monitoring in the Project paper and IRD reports, but more accurately described as supplementary monitoring by individuals living in project areas who are paid for their work. (see discussions above). It is best used for "just in time" monitoring of larger infrastructure operations.

- **Option 1 - Renew the TPM contract between the Bank (as ARTF administrator) and IRD with modifications.** These modifications would include the recommendations outlined above (CMORE technology transfer, greater link with counterpart monitoring systems, a downscaled expatriate presence, a greater focus on the security challenged areas, paid locally based monitoring for large infrastructure contracts, limited TPM of other progress indicators, and greater TTL involvement in TOR preparation and contract monitoring). This option would reinforce the TPM's role of *strengthening the implementation support's role of the Bank* while making some gradual gains in efficiency and effectiveness (as the recommendations are applied). The contract could be renegotiated and renewed for a two year period initially. One disadvantage would be that the Bank would be renegotiating/renewing through sole source what has already been a very large sole source contract (nearly US$ 30 million after the pilot phase), and this is a possible reputational risk, in an environment where the Bank more broadly encourages transparency and competitive processes. A second risk might be the lack of a clear "exit strategy". Another drawback, is that under this option, the accountability for results is blurred between the Government (as responsible for project implementation) and the Bank (given its expansionary supervision role).

- **Option 2 - Open the contract to competitive bidding through Government implementation**. Under this option the role of the TPM would shift more decisively towards *capacity building and strengthening of government systems.* The TPM could be bid as one contract, or broken into four (or more) separate contracts, one for each project. The decision whether to bid as one or several contracts would need to weigh (i) the advantage of TPM indicators tailored to the needs of each project (as is the case at present with the Health project)[41], against (ii) the perception of a fragmented approach to TPM. The advantage of government implementation is enhanced ownership and integration within government systems. The disadvantage would be (possibly) lengthy negotiation and approval processes, and challenges in attracting top quality consultants.

- **Between these two options, two intermediate (and not mutually exclusive) options can be considered**, which help mitigate in different ways some of the disadvantages that were noted**:**
  - o **Open the contract to competitive bidding, but with the contract still managed by the Bank (this would be closer to option 1)**
  - o **In order to lay the ground for a more successful option 2, a transitory period could be organized with a six months extension of the IRD contract with some of the proposed modifications incorporated.** This transition period would help build a stronger interest on the part of the Government to manage this contract.

Recommendations:

- **ARTF administration and Bank staff need to communicate and publicize better the very comprehensive monitoring systems that the ARTF-IDA financed operations already have** and the ongoing implementation support to strengthen these. This will help improve the authorizing environment for these operations, and complement the work on the ARTF results score-card.

- **The future TPM program should have a much stronger Afghan expert presence in management** and/or partner with Afghan organizations, while the number of expatriate staff should be reduced and refocused on areas of highest value addition (highly technical expertise as required by the specifics of projects covered by the TPM). This will release resources for increased implementation support, including support to strengthening counterpart monitoring systems.
- **Future TPM should take into account the changing security environment and Bank country organization.** It should take account of the fact that the Bank may be planning to open sub-offices in the more secure areas of the country.
- **Task team leaders and fiduciary staff should play a strong role in developing TOR for a new TPM contract**, and in monitoring its implementation; additional resources may need to be provided for this.
- **TPM should be more closely tied to the fiduciary systems already embedded in project implementation and monitoring.** It should support them and these systems should be better communicated to donors.
- **The CMORE technology should be transferred to the counterpart agency monitoring systems,** with appropriate adaptations to agencies' own monitoring systems, if these agencies wish to receive it. Any legal implications should be resolved before contract signature. The costs, both financial and in terms of human capital, and the time-frame for transfer and for operating the system should be carefully spelled out and the appropriate training provided. More broadly, there should be a stronger link between TPM systems and counterpart agencies' own monitoring systems.
- **Paid locally based ("community") monitoring should be limited to larger infrastructure contracts.** It should not be used for projects where there is already community monitoring on a voluntary basis, since paying some people and not others risks under-mining the process of developing community social capital.
- **There is some scope for extending TPM to other areas but this should be approached with caution.** Extending TPM to areas which require open ended questions and qualitative monitoring is likely to be complex and expensive and again risks raising tensions with the voluntary systems already in place. However there is scope for extending TPM to areas which lend themselves to "yes or no" or quantitative questions such as environmental management, water delivery and quality, or irrigated area.
- **After debating the options outlined above, consensus emerged that the contract with IRD should be renegotiated and renewed,** taking into account the recommendations above. It is suggested that the renewal period be one year, with, subject to changing conditions in Afghanistan, a final further renewal of up to one year.