Consolidated Annual Report
for the Afghanistan LOTFA MPTF

for the period 1 January to 31 December 2019

31 May 2020

Contents

INTRODUCTION

This Consolidated Annual Report of the Afghanistan LOTFA MPTF is prepared by the LOTFA Trust Fund Management Unit and the Multi-Partner Trust Fund Office (MPTF Office) in fulfillment of their obligations, as per the Fund's Terms of Reference (TOR), the Memorandum of Understanding (MOU), and the Standard Administrative Arrangement (SAA) signed with contributors.

This consolidated report covers the period 1 January to 31 December 2019 and provides narrative and financial data on progress made in the implementation of projects of the Afghanistan LOTFA MPTF. It is posted on the MPTF Office GATEWAY (http://mptf.undp.org/factsheet/fund/LTF00).

SECTION 1: PROGRESS REPORT

LOTFA KEY RESULTS IN 2019:

- Law and Order Trust Fund for Afghanistan (LOTFA) – Multi-Partner Trust Fund (MPTF) provides the Government of Islamic Republic of Afghanistan (GIROA) with a platform to strengthen coordination across the entire rule of law chain involving various partners in the international community and UN family.
- LOTFA MPTF has been operationalized with Technical Working Groups (TWGs) being established and new projects considered and approved for MPTF funding.
- Establishment of LOTFA as a sector-wide platform through the addition of five additional UN organisations signing Memorandum of Understanding with the Multi-partner Trust Fund Office.
- Afghan citizen's security and safety maintained through continued management of payroll for police personnel[1].
- LOTFA Trust Fund Management Unit (TFMU) has built a bespoke M&E system integrating various data collection systems and sources, and undertaken multiple assessments to generate evidence for LOTFA evidence-based programming.
- The Fund, Fiduciary and Financial Management Unit (FFFMU) under TFMU ensured effective cash management as well as regular reporting and forecasts to donors, enabling them to provide funding as needed.

FUND OVERVIEW

The Terms of Reference (TOR) for LOTFA MPTF were approved by GIROA and donors during the first LOTFA Steering Committee meeting held on 25 November 2018. Together with the TOR, the Steering Committee members also approved the Fund's Operational Manual, Strategic Framework and Fund-level Results Framework. The approval of the TOR concluded an extensive consultation process between the GIROA, donors and UNDP, which started in February 2017, to restructure and redesign the LOTFA.

The Trust Fund Management Unit (TFMU) was established in January 2019 by UNDP Afghanistan Country Office to provide technical and administrative support to the Steering Committee and the

---

[1] Note: limited to those police personnel paid through the WEPS system

Technical Working Groups (TWG) and to organize the processes of projects' proposals revisions, Fund's monitoring, evaluation and reporting as well as risk management.

The Fund is investing strongly in establishing a robust Monitoring & Evaluation (M&E) system, which sits at the heart of Fund planning, programming and monitoring. The TFMU will house the Fund's M&E capacity to ensure that M&E is applied consistently throughout all projects against set quality standards and procedures and that M&E data is managed on a centralized LOTFA Results and Impact Platform covering the whole Fund. In 2019, the TFMU has undertaken a series of assessments, surveys and studies to establish baselines with qualitative and quantitative data within the sector to enable the measurement of progress and impact over-time. Digital Dashboards will be established for each Thematic Window to collate, analyze and visualize data so as identify trends and developments within the sector, allow for performance monitoring at the Fund- and project-levels and inform decision-making within the Fund.

In 2019, the MPTF Office signed the Fund Memorandum of Understanding (MOU) with the UN Office on Drugs and Crime (UNODC), UN Habitat, UN Women, Food and Agriculture Organization and UNOPS, increasing the total number of Recipient UN Organization (RUNO) under the Fund to six.

STRATEGIC OBJECTIVES[2]

Figure 1: LOTFA Strategic Objectives

LOTFA STRATEGIC OBJECTIVES

Security
- 1.1 Strengthen institutional capacities for increased effectiveness and accountability of security service delivery.
- 1.2 Assess and support development of security sector infrastructure and operational capacities, including equipping and capacitating such facilities as required.
- 1.3 Strengthen policing capabilities and service-delivery to communities and citizens' voice mechanisms for improved public trust.

Justice
- 2.1 Strengthen institutional capacities for improved justice service delivery for all Afghans, particularly vulnerable groups.
- 2.2 Strengthen the gender justice chain to improve access to justice for Afghan women.
- 2.3 Strengthen Civil Society capacities to enhance legal support, oversight and human rights' protection and promotion.
- 2.4 Strengthen justice sector coordination with informal justice mechanisms to increase access to justice for Afghan people, in accordance with human rights standards.

Anti-corruption
- 3.1 Strengthen legal and institutional framework and capacities to effectively prevent and combat corruption and impunity within the Security and Justice sectors in line with international standards.
- 3.2 Strengthen engagement of Civil society, media and communities engaged in promoting a culture of transparency and integrity, and increased trust in the Government.

MOIA Payroll
- 4.1 Provide financial resources to the MOF for the timely and accurate payment of salaries to eligible officers of the ANP and GDPDC

---

[2] See Annex 1 for the full Strategic Framework

GOVERNANCE

The Fund's governance structure consists of a Steering Committee with Thematic Working Groups (TWGs) at the level of each Thematic Window. The Steering Committee, chaired by the Minister of Interior, as has been appointed by the President of Afghanistan[3] and co-Chaired by the UNDP Resident Representative in Afghanistan, is the highest decision-making authority within the Trust Fund and is responsible for setting the strategic guidance and general oversight and exercising overall accountability of the Fund.   The TWGs serve as consultative bodies for each Thematic Window to coordinate the provision of technical inputs and support to assessments, studies, surveys, reviews and evaluations, as well as project proposal reviews, project monitoring, risk management and implementation issues. The TWGs are to provide recommendations to the Steering Committee for decision-making. The TWGs are comprised of technical representatives from relevant Ministries, funding Donors and the relevant UN Agencies.

After the approval of the new trust fund structure in 2018, the initial priority for the fund in 2019 was to establish the TWGs for each of the thematic windows as part of the general operationalization of the new trust fund's governance structure. It took LOTFA TFMU several months of negotiations with LOTFA partners in 2019 to establish and operationalise the TWGs for Security, Payroll, and Anti-Corruption windows. The delay in establishing the TWGs was due in part to LOTFA donor concerns with taking on additional roles and responsibilities of TWG Co-Chairs as well as hesitation in simultaneously starting all TWGs. Notwithstanding this challenge, the TFMU managed to establish three TWGs by Q3 2019 with the following Chair and Co-Chair nominations:

Thematic Window	Chair (Government)	Co-Chair (Donor)
Payroll	Ministry of Interior – Deputy Minister for Support	CSTC-A
Security	Ministry of Interior Affairs – Deputy Minister for Policy and Strategy	European Union
Anti-Corruption	Attorney General's Office	Denmark
Justice	Supreme Court	TBD

The nomination for the Justice Window remains pending and the co-chairs is currently being discussed with potential partners.

---

[3] The President of Afghanistan appointed the Minister of Interior Affairs as Chair of the Steering Committee on 15 April 2018 through letter 1471, with the Finance and Administration Deputy General, the Head of Judicial Force Management and the Deputy Minister of Finance, as deputy Chairs of the Steering Committee.

Figure 2: Fund Governance Structure

LEGEND
Allocation decision →
Fund flow →
Project proposal ····►
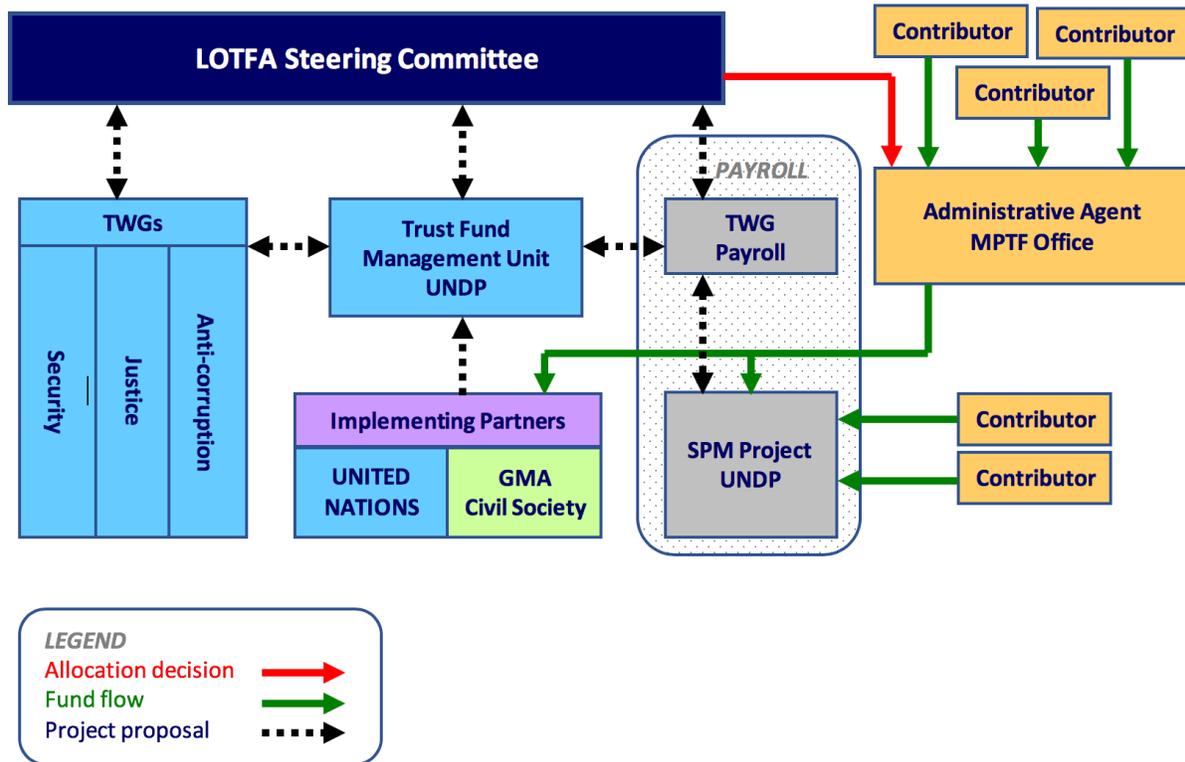
LOTFA M&E AND STRATEGIC COMMUNICATIONS

LOTFA BESPOKE M&E SYSTEM

In 2019, TFMU proceeded with the establishment of an M&E system integrating various data collection systems and sources. The system is comprised of various dashboards enabling LOTFA stakeholders to make decisions in the most effective and efficient manner. In 2019, evidence was generated to inform the development of project proposals for LOTFA MPTF funding.

Since then, the TFMU has spearheaded the LOTFA's approach for M&E and managed to move it from just 'ME', i.e. an individual who is left alone to monitor and evaluate a programme or a project and that information produced is only used for reporting and not for improving implementation and results, to 'MorE', where data drives the entire process. The move from ME to MorE hinges on the following three key aspects:

Voices: LOTFA TFMU started using surveys and citizens/beneficiary feedback mechanisms for ground-truthing. Innovative tools are used to collect that feedback and around 30,000 voices were collected through various surveys and assessments;
Gadgets: In 2019, LOTFA TFMU used a suite of cutting-edge mobile data collection tools, a centralized impact and results platform allowing integration of data from various sources, interactive dashboards

and data visualizations along with customized mapping tools to present the data and information for policy dialogues and decision making;

Fun: through "Data Parties" LOTFA TFMU invited stakeholders to engage with the data, soliciting their data interpretations and generating dialogues for further investigations and actions to address development challenges together.

In 2019, M&E Team has conducted nine surveys, covering over 30,000 respondents, created over 20 different dashboards, trained 57 local enumerators on digital data collection, consulted with over 20 government partners. The LOTFA TFMU has raised recently major interests in our work with the donor community and with our government counterparts.

To improve its data collection, analysis and visualization tools, LOTFA has also partnered with two world leading data collection partners - Qriously and Sprockler. These survey tools complement other survey methods and take a more innovative approach to data collection.

Qriously is used to collect data through mobile applications which allow quick, real-time data collection among people using smart phones - a majority of whom lives in urban areas. The tool is particularly advantageous in the context of Afghanistan where the security situation can hinder the ability to access places and collect data on the ground. On the other hand, Sprockler allows researchers to see through complexity with story-based inquiries and collect actual experiences to generate meaningful data.

LOTFA M&E team piloted Qriously with the same questions that had been used in the Access to Justice (A2J) survey, conducted earlier in the year. The pilot result is encouraging - it shows that the Afghan public is ready to engage and willing to participate in an online survey through mobile advertisements. Within two weeks, M&E received more than 1,000 completed answers and more than 12,000 people nationwide started/participated but did not complete the survey.

Using Sprockler, which captures respondents' experiences through storytelling, LOTFA generated evidence to show that respondents' positive experiences and interactions with Afghanistan National Police (ANP) tend to involve instantaneous instances where police are present in public places to offer help. On the other hand, negative experiences are often over disputes and formed by police's failure to enforce the law or to make people feel safe.

Ultimately, the TFMU conducted baseline surveys and assessments in 2019 to establish a robust empirical evidence base that will shape LOTFA programmatic direction that will fulfil the LOTFA Strategic Objectives and enable informed decision-making, and adaptive, and flexible management of the Fund.

TOWARDS LOTFA EVIDENCE-BASED PROGRAMMING

Through evidence generated via LOTFA M&E Unit surveys and research, the following project proposals have been developed by the UNDP and were submitted to the following relevant thematic working groups (TWGs) for discussion and approval:

- Community Oriented Policing Services (COPS)
- Afghanistan Anti-Corruption, Transparence, Integrity and Openness (ACTION)

Evidence from survey data was also consolidated and used to guide COPS project implementation with adaptive management approach. Key data points from the Rapid Police District Stations Infrastructure Survey and the Kabul City Community and Police Perceptions Survey are being used to construct Police District profiles. The profiles will serve not only as baseline data for COPS project, but also as a monitoring tool to enable an adaptive management approach. Additional near real-time monitoring tools and mechanisms will support this iterative approach by continually providing evidence and inform LOTFA stakeholders of progress and results.

In addition, the LOTFA M&E team has also paved way for a comprehensive Rule of Law (RoL) baseline research. This research will be used to inform LOTFA interventions for improving service delivery and achieving the Fund's strategic objectives . It will build on a recently completed LOTFA survey on Access to Justice and Corruption Perceptions (A2J-CP), which covered approximately 6,000 sampled respondents in 12 provinces . Based on the A2J-CP survey findings, the LOTFA M&E has indicated the following research needs to better understand:
•   the tension between perceptions of justice and the rule of law as well as diverse views towards concepts of law and justice;
•   specific capacities required for both state and non-state actors to meet the justice needs of different population groups;
•   behavioural drivers of justice seekers and justice service providers and how justice outcomes (or lack thereof) affect people's lives;
•   the role of community volunteers and civil society organizations in offering legal awareness, legal aid services, counselling, protection of rights and access to legal services; and
•   the needs of women and how their safety and well-being throughout the justice process can be improved.

More importantly, the LOTFA ROL baseline research aims to provide further evidence to support the implementation of National Justice and Judicial Reform Plan (NJRP) as well as GIROA's effort to achieve relevant Sustainable Goals, particularly Goal 16 (Peace, Justice and Strong Institutions).
The LOTFA M&E team is currently finalizing the ROL research framework and methodologies with insights gained from a round of stakeholder consultations conducted since November 2019. The research will comprise four main components: i) mapping of service provision, ii) rights-holders baseline, iii) duty-bearers research, and iv) sectoral political economy analysis.

LOTFA STRATEGIC COMMUNICATIONS

Communication is playing an increasingly pivotal and integral role in transforming LOTFA. In learning from past lessons, LOTFA is seeking to improve communicating progress and results with its supporters and funders as well as integrating communication strategically to improve its programme outcomes.

LOTFA TFMU hosted the first donor consultation meeting on 21 August 2019. The following three themes were identified as essential from communication perspective. Accountability – the need to proactively communicate how donors' contributions are spent; Results – the need to deliver and communicate results; and Engagement – the need to promote closer collaboration among donors, government, civil society, and beneficiaries. It was also concluded that LOTFA communication should be audience-centred and data-driven. The take-aways of the workshop will be incorporated into a draft strategy which will be shared with donors in early 2020.

As part of LOTFA M&E, communications must go beyond awareness raising and seek to promote behavioural and social changes leading to improved development outcomes. It must also promote public dialogue and commitment to reform as well as supporting the use of new information and communication technologies to strengthen programmatic interventions and citizens' feedback.

Accordingly, communications will play a more impactful role in forging strategic partnerships, moving away from business as usual to identifying innovative ways to create positive change and impact for Afghan people.

Evidence-based communications baseline data is essential to understanding WHO LOTFA MPTF is trying to reach and what messages and channels are relevant to THEM. A communications baseline study was, therefore, conducted in 2019 and has served as a basis for the development of LOTFA MPTF Communications Strategy, which will be completed in the first quarter of 2020. This strategy will also inform much-needed improvements in MOIA communications that will be supported in 2020.

Beyond this, in 2019 TFMU regularly coordinated and conducted TWG meetings and Steering Committee meetings as well as donor meetings. The monthly LOTFA Newsletter was also launched in August 2019 and it continues to provide donors with information and regular updates regarding programmatic and sectoral developments

LOTFA THEMATIC WINDOWS AND PROJECTS

In 2019, UNDP's Support to Payroll Management Project was the sole project receiving funding under LOTFA.

PAYROLL WINDOW

The Support to Payroll Management (SPM) project primarily focuses on developing the required capacity for the Ministry of Interior Affairs (MOIA) to independently manage all payroll related operations and functions for the Afghan National Police (ANP) and General Directorate of Prisons and Detention Centres (GDPDC).

The SPM project continued to strengthen the capacities and business processes for MOIA to independently manage all payroll related functions and operations in 2019. A total of 372 MOIA staff (including seven female staff) were trained in 13 training sessions for a total of 75 training days. Trainings were provided on Payroll Management, Digital M16 Approval process, Financial Management, Human Resource Management, Logistics Management for payroll, and Disaster Resilience and Recovery (DRR) orientation. SPM project's continued effort in training and capacity building for MOIA staff should translate in a reduction of ineligible expenses within payroll, particularly reducing the number of M16s generated outside WEPS.

The SPM project performed monthly reconciliations between Web-based Electronic Payroll System (WEPS) and Afghanistan Financial Management Information System (AFMIS) data for all 34 provinces; as a result, Timing Difference and Outside WEPS payments were identified as the main causes of discrepancies between WEPS and AFMIS.

The SPM project continued to maintain a fully optimized WEPS system to ensure that funds are disbursed and received on a timely basis by all MOIA personnel. All 34 Provincial Police Headquarters (PHQs) are connected to WEPS, ensuring that MOIA's payroll stations nationwide are functional on real-time basis. In December 2019, the SPM project paid a total of 121,779 ANP and GDPDC, 118,763 (97.52%) male and 3,016 (2.48%) female personnel within the MOIA Tashkeel. The percentage of ANPs who were paid in December 2019 through the Electronic Fund Transfer (EFT) and Mobile Money (MM) payment methods stood at 93.37% (89.86% EFT and 3.51% MM), with the remaining 6.63% paid through

the Trusted Agent (TA) modality. All the GDPDC personnel (6,783 or 95.23% male, 333 or 4.68% female) were paid through the EFT.

UNDP continued to provide fiduciary oversight and payroll assurance services through the independent Monitoring Agent (MA). The MA reports for January – December 2018 were finalized, identifying ineligible expenditures amounting to AFN 198,835,846, equivalent to USD 2,545,913 which was deducted from the payroll advances to the MOF in November 2019.

The total LOTFA SPM cumulative advances to the MOF for the period January – December 2019 amounted to AFN 24.36 billion equivalent to USD 313 million. The AFMIS recorded a total amount of expenditures of AFN 23.75 billion equivalent to USD 305 million or 97.51% of the total advances.

In 2019, some implementation challenges hindered SPM project's progress, mainly: i) Delay in approval of the MOIA Internal Control Policy. The SPM project team is following up with the Policy Directorate of the MOIA to facilitate the approval of the MOIA Internal Control Policy. ii) Unable to hold Payroll Window Technical Working Group (TWG) meetings regularly was a hindrance to making timely decisions. This challenge stayed until November 2019 when the TWG meetings were resumed. iii) The absence of identical unique identifying numbers on M16 vouchers generated in AFMIS and WEPS led to increase the risk of generating duplicate payments and performing reconciliation and audit tracing of WEPS data with AFMIS difficult. Due to the follow-up of the project team, this issue was resolved as the MOF started to refer to the unique identifying number generated in WEPS in AFMIS generated M16 forms.

The project's accumulated expenses for the period January – December 2019 totalled USD 323.64 Million with an overall delivery rate of 93%. Funds from MPTF totalled US$40 million in 2019.

SECURITY WINDOW

The Security Window held its first TWG on 28 November 2019.   The TWG recommended for endorsement by the Steering Committee, the allocation of funding for 2020 to UNDP's Community Oriented Policing Services (COPS) Project. This Project focuses on supporting the ANP to (1) increase the trust and cooperation between communities and the police through an enhanced Police-e-Mardumi (PeM) methodology, including piloting new approaches to allow the ANP to capture the voices of the community, together with (2) the establishment of an enabling environment, allowing police personnel working in police districts to deliver improved community-oriented policing services meeting the demands and needs of the communities which they serve. The Project will initially focus on the Provincial Headquarters and Police Districts in Kabul.   The four-year project aims to improve policing services in Kabul, with outputs focusing on community policing, police planning, administrative capacity and infrastructure. Due to concerns from some donors, further detailed assessments on infrastructure will be undertaken to have details on the proposed budget and requirements. The project will start in January 2020.

ANTI-CORRUPTION WINDOW

The Anti-Corruption Technical Working Group (AC TWG) held its first meeting on 2 December 2019. The AC TWG members included representatives from donors and Afghan government, particularly AGO and the Anti-Corruption and Justice Center (ACJC) as well as UN family, particularly UNAMA, UNDP and UNODC.

The UN Resident Coordinator for Afghanistan was also present at the AC TWG to deliver an opening remarks to emphasise the joint One UN effort to support the country through its Common UN Framework to support Afghanistan to combat corruption. This UN common framework, developed in

full alignment with national strategies and policies on Anti-Corruption, will serve as the collaborative framework for UN family coherent support in this area.

At the TWG, a concept note for a proposed Anti-Corruption, Transparency, Integrity and Openness (ACTION) project was jointly presented by UNDP, AGO and ACJC. The concept note outlined support to combat corruption both at supply (service providers) and demand (citizen) sides through three outputs. Output 1 provides technical and logistic support to AGO's capacity building and systems strengthening. Output 2 provides technical and logistics support to ACJC while Output 3 supports to the Afghan citizen through CSOs engagement. Participants agreed to further review and develop the proposed ACTION Project Document prior to approving it for review by the Steering Committee.

STEERING COMMITTEE

In 2019, LOTFA held one LOTFA Steering Committee on 11 December 2019.

Prior to the Steering Committee Meeting, the Steering Committee had already approved in early December: (i) the SPM 2020 Annual Workplan with a total budget of USD 350 million, and (ii) the allocation of USD 100 million from the LOTFA MPTF (including USD 72 million earmarked for payroll window and USD 28 million from the common pool of funds) to the SPM project.

At the Steering Committee meeting, the chair of the Steering Committee, Acting Minister of Interior Masoud Andrabi, emphasised the importance of the transition of payroll for the Government of Afghanistan. In addition, he reiterated MOIA's strong commitment to implement the new COPS project together with partners and UNDP, reassuring the availability of technical and tactical capacities at the MOIA to make it a success.

At the meeting, the Steering Committee approved UNDP's COPS project (total budget of USD 15.7 million over a 4-year project duration) and the allocation of USD 4.9 million for the 2020 workplan. The Steering Committee also approved the budget for the Trust Fund Management Unit in 2020, totaling USD 10.8 million. In connection to this approval, the Steering Committee was requested to allocate USD 6.48m from the MPTF pooled funds as USD 2.36m was already available from the 2019 unspent budget and would be carried forward into 2020. In addition, USD 2m would be made available through bilateral funding.

SECTION 2: 2019 FINANCIAL PERFORMANCE

This chapter presents financial data and analysis of the Afghanistan LOTFA MPTF Fund using the pass-through funding modality as of 31 December 2018. Financial information for this Fund is also available on the MPTF Office GATEWAY, at the following address: http://mptf.undp.org/factsheet/fund/LTF00. The financial data in the report is recorded in US Dollars and due to rounding off of numbers, the totals may not add up.

SOURCES AND USES OF FUNDS

As of 31 December 2019, 9 contributors deposited US$ 137,397,652 in contributions and US$ 1,539,014 was earned in interest. The cumulative source of funds was US$ 138,936,666
Of this amount, US$ 46,810,273 has been net funded to 1 Recipient Organization, of which US$ 3,500,906 has been reported as expenditure. The Administrative Agent fee has been charged at the approved rate of 1% on deposits and amounts to US$ 1,206,923. Table 1 provides an overview of the overall sources, uses, and balance of the Afghanistan LOTFA MPTF Fund as of 31 December 2019.

Table 1. Financial Overview, as of 31 December 2019 (in US Dollars)

	Annual 2018	Annual 2019	Cumulative
Sources of Funds			
Contributions from donors	29,093,534	108,304,118	137,397,652
Fund Earned Interest and Investment Income	30,113	1,508,900	1,539,014
Interest Income received from Recipient Organizations	-	-	-
Refunds by Administrative Agent to Contributors	-	-	-
Fund balance transferred to another MDTF	-	-	-
Other Income	-	-	-
Total: Sources of Funds	**29,123,647**	**109,813,019**	**138,936,666**
Use of Funds			
Transfers to Recipient Organizations	-	40,000,000	40,000,000
Refunds received from Recipient Organizations	-	-	-
Net Funded Amount	**-**	**40,000,000**	**40,000,000**
Administrative Agent Fees	123,882	1,083,041	1,206,923
Direct Costs: (Steering Committee, Secretariat...etc.)	6,810,273	-	6,810,273
Bank Charges	2	1,701	1,703
Other Expenditures	-	-	-
Total: Uses of Funds	**6,934,157**	**41,084,742**	**48,018,899**
Change in Fund cash balance with Administrative Agent	**22,189,490**	**68,728,276**	**90,917,766**
Opening Fund balance (1 January)	-	22,189,490	-
Closing Fund balance (31 December)	**22,189,490**	**90,917,766**	**90,917,766**
Net Funded Amount (Includes Direct Cost)	6,810,273	40,000,000	46,810,273
Recipient Organizations' Expenditure (Includes Direct Cost)	-	3,500,906	3,500,906
Balance of Funds with Recipient Organizations			**43,309,367**

PARTNER CONTRIBUTIONS

Table 2 provides information on cumulative contributions received from all contributors to this Fund as of 31 December **2019**.
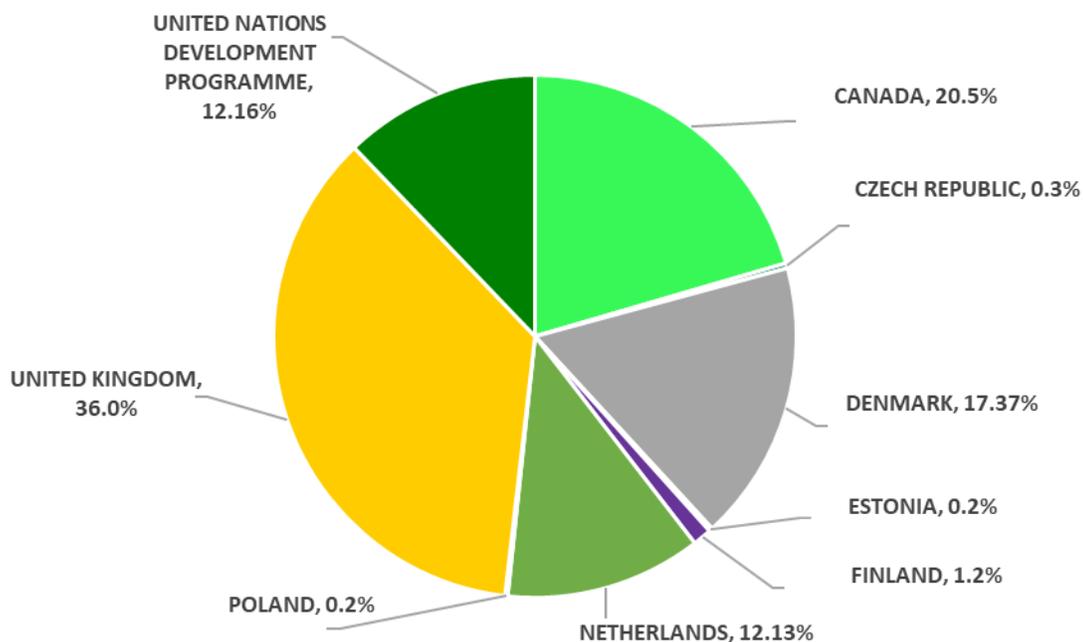
The **Afghanistan LOTFA MPTF Fund** is currently being financed by **9** contributors, as listed in the table below.

The table below includes commitments made up to 31 December **2019** through signed Standard Administrative Agreements, and deposits made through **2019**. It does not include commitments that were made to the fund beyond **2019**.

Table 2. Contributors' Commitments and Deposits, as of 31 December 2019 (in US Dollars)

Contributors	Total Commitments	Prior Years as of 31-Dec-2018 Deposits	Current Year Jan-Dec-2019 Deposits	Total Deposits
CANADA	28,142,779	-	28,142,779	28,142,779
CZECH REPUBLIC	431,807	217,656	214,151	431,807
DENMARK	23,861,017	12,170,540	11,690,477	23,861,017
ESTONIA	300,000	-	300,000	300,000
FINLAND	1,587,500	-	1,587,500	1,587,500
NETHERLANDS	16,666,815	-	16,666,815	16,666,815
POLAND	239,513	-	239,513	239,513
UNITED KINGDOM	49,462,883	-	49,462,883	49,462,883
UNITED NATIONS DEVELOPMENT PROGRAMME	16,705,337	16,705,337	-	16,705,337
Grand Total	**137,397,652**	**29,093,534**	**108,304,118**	**137,397,652**

Figure 1: Deposits by contributor, cumulative as of 31 December 2019

UNITED NATIONS DEVELOPMENT PROGRAMME, 12.16%
CANADA, 20.5%
CZECH REPUBLIC, 0.3%
DENMARK, 17.37%
ESTONIA, 0.2%
FINLAND, 1.2%
NETHERLANDS, 12.13%
POLAND, 0.2%
UNITED KINGDOM, 36.0%

INTEREST EARNED

Interest income is earned in two ways: 1) on the balance of funds held by the Administrative Agent (Fund earned interest), and 2) on the balance of funds held by the Recipient Organizations (Agency earned interest) where their Financial Regulations and Rules allow return of interest to the AA.

As of 31 December **2019**, Fund earned interest amounts to US$ **1,539,014**. Details are provided in the table below.

Table 3. Sources of Interest and Investment Income, as of 31 December 2019 (in US Dollars)

Interest Earned	Prior Years as of 31-Dec-2018	Current Year Jan-Dec-2019	Total
Administrative Agent			
Fund Earned Interest and Investment Income	30,113	1,508,900	1,539,014
Total: Fund Earned Interest	**30,113**	**1,508,900**	**1,539,014**
Recipient Organization			
Total: Agency earned interest			
Grand Total	**30,113**	**1,508,900**	**1,539,014**

TRANSFER OF FUNDS

Allocations to Recipient Organizations are approved by the Steering Committee and disbursed by the Administrative Agent. As of 31 December 2019, the AA has transferred US$ 40,000,000 to 1 Recipient Organizations (see list below).

Table 4 provides additional information on the refunds received by the MPTF Office, and the net funded amount for each of the Recipient Organizations.

Table 4. Transfer, Refund, and Net Funded Amount by Recipient Organization, as of 31 December 2019 (in US Dollars)

Participating Organization	Prior Years as of 31-Dec-2018			Current Year Jan-Dec-2019			Total		
	Transfers	Refunds	Net Funded	Transfers	Refunds	Net Funded	Transfers	Refunds	Net Funded
UNDP				40,000,000		40,000,000	40,000,000		40,000,000
Grand Total				**40,000,000**		**40,000,000**	**40,000,000**		**40,000,000**

EXPENDITURE AND FINANCIAL DELIVERY RATES

All final expenditures reported for the year **2019** were submitted by the Headquarters of the Recipient Organizations. These were consolidated by the MPTF Office.

Project expenditures are incurred and monitored by each Recipient Organization, and are reported as per the agreed upon categories for inter-agency harmonized reporting. The reported expenditures were submitted via the MPTF Office's online expenditure reporting tool. The **2019** expenditure data has been posted on the MPTF Office GATEWAY at http://mptf.undp.org/factsheet/fund/LTF00.

In **2019**, US$ **40,000,000** was net funded to Recipient Organizations, but no expenditure was reported. The funding for payroll was received late in the year and expenditure had already been charged against bilateral funds that were also received in December. In addition, the MPTF funds were held as a cushion to spend in the first quarter of 2020.

Table 5: Expenditure by Project within Sector, as of 31 December 2019 (in US Dollars)

Sector / Project No.and Project Title		Participating Organization	Project Status	Total Approved Amount	Net Funded Amount	Total Expenditure	Delivery Rate %
MOIA Payroll							
00119365	Support to payroll management	UNDP	On Going	40,000,000	40,000,000		0
MOIA Payroll: Total				**40,000,000**	**40,000,000**		**0**
Grand Total				**40,000,000**	**40,000,000**		**0**

COST RECOVERY

Cost recovery policies for the Fund are guided by the applicable provisions of the Terms of Reference, the MOU concluded between the Administrative Agent and Recipient Organizations, and the SAAs concluded between the Administrative Agent and Contributors, based on rates approved by UNDG.
The policies in place, as of 31 December **2019**, were as follows:

- **The Administrative Agent (AA) fee:** 1% is charged at the time of contributor deposit and covers services provided on that contribution for the entire duration of the Fund. In the reporting period US$ **1,083,041** was deducted in AA-fees. Cumulatively, as of 31 December **2019**, US$ **1,206,923** has been charged in AA-fees.

- **Indirect Costs of Recipient Organizations:** Recipient Organizations may charge 7% indirect costs.

ACCOUNTABILITY AND TRANSPARENCY

In order to effectively provide fund administration services and facilitate monitoring and reporting to the UN system and its partners, the MPTF Office has developed a public website, the MPTF Office Gateway (http://mptf.undp.org). Refreshed in real time every two hours from an internal enterprise resource planning system, the MPTF Office Gateway has become a standard setter for providing transparent and accountable trust fund administration services.
The Gateway provides financial information including: contributor commitments and deposits, approved programme budgets, transfers to and expenditures reported by Recipient Organizations, interest income and other expenses. In addition, the Gateway provides an overview of the MPTF Office portfolio and extensive information on individual Funds, including their purpose, governance structure and key documents. By providing easy access to the growing number of narrative and financial reports, as well as related project documents, the Gateway collects and preserves important institutional knowledge and facilitates knowledge sharing and management among UN Organizations and their development partners, thereby contributing to UN coherence and development effectiveness.

DIRECT COSTS

The Fund governance mechanism may approve an allocation to a Recipient Organization to cover costs associated with Secretariat services and overall coordination, as well as Fund level reviews and evaluations. These allocations are referred to as 'direct costs'. Cumulatively, as of 31 December **2019**, US$ 3,500,906 has been charged as Direct Costs.

Table: Direct Costs

Recipient Organization	Net Funded Amount	Expenditure	Delivery Rate
UNDP	6,810,273	3,500,906	51%
Total:	**6,810,273**	**3,500,906**	**51%**

Annex 1: LOTFA Strategic Framework

Window	Strategic objective	Institution	Indicative Programmatic Activities
1. Security	**1.1 Strengthen institutional capacities for increased effectiveness and accountability of security service delivery.**	**MOIA**	1.1.1 **Security sector reform and coordination strategies and initiatives** 1.1.2 **Institutional development initiatives and activities within the MOIA (including support to civilianization and internal control and accountability mechanisms);** 1.1.3 **Police professionalisation initiatives and activities within the MOIA and the ANP;** 1.1.4 **Recruitment and training activities (with emphasis on female police);** 1.1.5 **Specialized investigative capacities (i.e. forensic investigations);** 1.1.6 **Rehabilitation and social reintegration initiatives in Prison and Detention Centers.**
	1.2 Assess and support development of security sector infrastructure and operational capacities, including equipping and capacitating such facilities as required.	**MOIA**	1.2.1 **Conduct feasibility studies for new infrastructure and support design of new infrastructure works;** 1.2.2 **Rehabilitation/infrastructure support services;** 1.2.3 **Provision and acquisition of non-lethal equipment and supplies;**
	1.3 Strengthen policing capabilities and service-delivery to communities and citizens' voice mechanisms for improved public trust.	**MOIA CSOs**	1.3.1 **Police and community engagement initiatives and activities (Police-e-Mardumi and complaints mechanisms);** 1.3.2 **Police response and referral mechanisms for women and children (Family Response Units);** 1.3.3 **Community-based monitoring and oversight activities on security service provision;**

Window	Strategic objective	Institution	Indicative Programmatic Activities	
			1.3.4	**Strategic communication/public outreach initiatives between Government and communities to inform on institutional strategies, plans, policies and reforms efforts and to receive citizen's feedback on these.**
2. Justice	**2.1 Strengthen institutional capacities for improved justice service delivery for all Afghans, particularly vulnerable groups.**	**MOJ AGO AIBA Judiciary Office of 2nd VP**	2.1.1	**Justice sector reform and coordination strategies and initiatives;**
			2.1.2	**Institutional development initiatives and activities within the MOJ, including support to legislative drafting department and the human rights support unit;**
			2.1.3	**Institutional development initiatives and activities within the AGO;**
			2.1.4	**Training of judicial staff, prosecutors and lawyers.**
	2.2 Strengthen the gender justice chain to improve access to justice for Afghan women.	**Judiciary AGO MOIA MOWA AIBA**	2.2.1	**Establishment of EVAW court system at central and sub-national levels;**
			2.2.2	**Training of judicial staff, prosecutors and lawyers on EVAW law;**
			2.2.3	**Inter-institutional coordination between gender justice service providers;**
			2.2.4	**Establishment of formal and informal victim support systems.**
	2.3 Strengthen Civil Society capacities to enhance legal support, oversight and human rights' protection and promotion.	**AIBA AIHRC CSOs**	2.3.1	**Support to legal aid service providers;**
			2.3.2	**Legal awareness and public outreach initiatives and activities;**
			2.3.3	**Community-based monitoring and oversight activities on justice service provision;**
			2.3.4	**Psychosocial support and victims' assistance;**
			2.3.5	**Promotion and protection of Human Rights.**

Window	Strategic objective	Institution	Indicative Programmatic Activities
	2.4 Strengthen justice sector coordination with informal justice mechanisms to increase access to justice for Afghan people, in accordance with human rights standards.	MOJ CSOs Informal justice providers	2.4.1 Establish coordination and referral mechanisms between formal and informal justice service providers; 2.4.2 Legal awareness and outreach initiatives and activities to support informal justice service providers.
3. Anti-corruption	3.1 Strengthen legal and institutional framework and capacities to effectively prevent and combat corruption and impunity within the Security and Justice sectors in line with international standards.	ACJC STAR MOIA Judiciary AGO HOA Civil Service Commission SAO MOFA MOF	3.1.1 Institutional development of ACJC; 3.1.2 Support capacity development for the verification of asset declarations; 3.1.3 Capacity development initiatives and activities for asset recovery mechanisms; 3.1.4 Capacity development initiatives and activities for internal disciplinary mechanism and complaint mechanisms; 3.1.5 Technical support on relevant legislation and strategies; 3.1.6 Support to the Anti-Corruption Caucus at the Parliament; 3.1.7 Support to Ministerial Anti-Corruption reforms and implementation plans.
	3.2 Strengthen engagement of Civil society, media and communities engaged in promoting a culture of transparency and integrity, and increased trust in the Government.	Media Network CSOs Oversight Commission on Access to Information AIHRC	3.2.1 Training on investigative journalism; 3.2.2 Support to the implementation of the Access to Information Law; 3.2.3 Community-based monitoring of public service; 3.2.4 Civic education; 3.2.5 Support the private sector in anti-corruption certification.

Window	Strategic objective	Institution	Indicative Programmatic Activities
4. MOIA Payroll	4.1 Provide financial resources to the MOF for the timely and accurate payment of salaries to eligible officers of the ANP and GDPDC[4].	MOF	4.1.1 Timely disbursements to the MOF for the payment of salaries; 4.1.2 Assurance services on the use of LOTFA funds through the third-party independent Monitoring Agent; 4.1.3 Management of advances and reconciliation for salary payments.

---

[4] Salary payment will be limited to formally registered officers, on Tashkeel, and to those MOIA civilian officers which have been recruited as part of the MOIA civilianization process. ANP and GDPDC officers eligible for payment under LOTFA funds are those as described in the Annual LOTFA Commitment Letter. The LOTFA Commitment Letter does not cover payment to police reservists. When the full roll-out of the Afghan Personnel and Pay System (APPS) is completed, only those officers registered in the Afghanistan Human Resource Information Management System (AHRIMS) will be eligible for salary payment.