# PROPOSED REVISIONS TO AFGHANISTAN PROGRAM IMPLEMENTATION GRANT

**For Decision**

## 1. PURPOSE

1.1 The purpose of this paper is to present the Board of Directors with a recommendation from the Country Grants and Performance Committee (CGPC) with regards to proposed revisions to the Afghanistan Program Implementation Grant as outlined in Annex 3 of BOD/2014-06 DOC 13)

This paper contains three annexes:

Annex 1: Conditions of approval of proposed revisions to Afghanistan program implementation grant (page 4)

Annex 2: Summary of proposed revisions to Afghanistan Program Implementation Grant (page 7)

Annex 3: Program Budget Revision Notification (page 16)

## 2. RECOMMENDATION

2.1 Following discussion during the June 16 CGPC audio call, the CGPC recommends the Board of Directors approve the following decision:

**BOD/2014/06-XX—Proposed Revision to Afghanistan Program Implementation Grant:** In accordance with the provisions of the Policy on Time Frames for Grant Agreement Signing and Implementation and Procedures for Proposed Revisions to Implementation Grant Programs (Timeframes Policy), the Board of Directors:

1. Approves the proposed revisions as outlined in the Program Budget Revision Notification in Annex 3 of BOD/2014/06 DOC 13 provided the Country Grants and Performance Committee determines the conditions as set out in Annex 1 have been addressed in a satisfactory manner;

2. Requests the Secretariat communicate the conditions listed in BOD/2014/06 DOC 13 Annex 1 to the Local Education Group.

## 3. BACKGROUND

3.1 Per the Timeframes Policy, any revision to a program implementation grant that is deemed material by the Secretariat based on the definition of 'material change' in the policy needs CGPC review and endorsement followed by Board approval. A material change includes budget reallocations of more than 25 percent of the total amount of the grant, or more than US$10 million, whichever is lower. The proposed revision to the Afghanistan implementation grant involves more than US$ 10 million and is therefore a material change.

3.2 The CGPC discussed the proposed revision during its June 16 audio call based on the information provided in Annex 2 and Annex 3 to BOD/2014/06 DOC 13. Generally, the CGPC supported the project in Afghanistan but expressed concerns about the proposed revisions. Specifically, main areas of concern raised by the Committee included:

- The shift from NGOs to government agencies as implementing agencies and related cost implications and capacity concerns;
- Insufficient clarity about the planned engagement of NGOs and civil society in the project;
- A lack of information on the new teachers program;
- Uncertainty about the implementation of the component aimed at increasing the number of qualified teachers, and whether the budget modifications would impact the planned strategies for this component.

3.3 Based on the concerns, the Committee recommends placing conditions on the approval of the grant as set out in Annex 1 and requests the Board authorize the CGPC to determine if the conditions are met and subsequently provide final approval.

## 4. REASONS FOR RECOMMENDATION

4.1 The CGPC supports the proposed revisions but believes the various issues it has identified in the proposed revision need to be addressed in a satisfactory manner as determined by the CGPC before the approval is effective.

## 5. IMPLICATIONS FOR RESOURCES

5.1 There are no implications for GPE resources.

## 6. NEXT STEPS

6.1 If the Board approves the recommendation, the Secretariat will draft a communication to the Local Education Group advising it of the Board's decision including the conditions for approval. Upon receipt of the response to the conditions, the CGPC will reconvene to assess whether the country's response is satisfactory, after which the approval is effective.

# ANNEX 1:

## CONDITIONS OF APPROVAL OF PROPOSED REVISIONS TO AFGHANISTAN PROGRAM IMPLEMENTATION GRANT:

### 1. Change of modality and cost implications

Many recommended changes are due to the MoE's decision on "direct implementation of SIPs and Teacher's Training by MoE instead of involving the NGOs," as stated in the Ministry's letter to the Global Partnership on May 19. Strengthening country systems is certainly welcome, of course, and at the same time it is important to understand the full implications and consequences of using this modality, and to appreciate the motivations for it. This is all the more pertinent given the GPE Secretariat's assertion that "it is not possible to fully appreciate the value for money of the proposed changes" (p. 9) and the Ministry's own statement that the ISD (the Infrastructure Services Department), which will now implement all the SPs, "implement[s] most of its activities (infrastructure) through contractors which follows the government procurement rules and is considered a bit lengthy process" (p. 11).

a. Timely implementation implications. The CGPC notes delays in disbursements and implementation have already been observed. It is mentioned by the MoE itself that procedures within ISD are “excessively long.” This is worrying with regards to the next steps and the six-month extension looks somehow ambitious. Please provide a description of the consequences of the new modality for timely implementation.

b. Cost implications. The CGPC would benefit from a comparison of the cost of SIP when implemented by ISD versus the same when implemented by NGOs.

The Local Education Group’s response to the issue of change in implementation modality would further benefit from a description of other programs' implementing approaches. E.g., of late we understand that the central level of the MOE aimed to side-step the provincial levels due to their lack of efficiency.

### 2. Absorption capacity in relation to implementation SIP and TED

As a concern was raised in the ECC discussion on April 30 about the capacity of TED (Teacher's Training Department), the CGPC would like to receive more information about TED's capacity, and its ability to deliver on the training components of the GPE project, including reinforced capacity of the provincial education offices.

## 3. Future engagement NGOs

If NGOs are no longer involved as implementers of SIPs and Teacher Training, which other ways will the MoE use to engage with NGOs and civil society groups to secure their support and inputs, especially for the difficult-to-achieve component 3?

## 4. Teacher training program, community-based education and alternative pathways

Beyond the errors in unit costs that led to major shifts in the components, there is little information on the new teacher training program. We do not know if additional trainers have been recruited in order to compensate for taking on the role initially intended for NGOs. There is no explanation about the cancellation of community-based education and alternative pathways trainings, and we are not clear if this will take place or not. We also regret that the additional resources (resulting from the wrong unit costs for female teachers) did not result in more effort towards this very important component. The Committee requests more information on these issues.

As other programs such as EQUIP and Denmark are investing in similar activities and activities linked to the female teacher training intervention, it is important to refer to these in the presentation to give assurance there is no duplication of efforts.

## 5. Implementation component 3 (increasing number of qualified female teachers)

Component 3 of the GPE project is an extremely important one (increasing the numbers of qualified female teachers in areas with high gender disparities). This component will have US$ 9.4 million less after the proposed changes, explained by the correction of the unit cost of hiring and placement of female teachers and their families. The report of the first year of the project, however, shows that strategies under this priority (see p. 56) were not implemented in 2013 and were postponed to 2014, including strategy 1 (develop social support systems for female teachers at the local level) and strategy 3 (train and employ adolescent girls and other female members of the community to teach in primary grades).

a. Unit cost. In relation to the relatively rapid change in the modality of implementing the female teacher training intervention it is difficult to understand how a new calculation of the unit cost can present itself as radically different from the original budget as it does. After all, it was scrutinised and accepted by the partners in the LEG. Please clarify.

b. Funding of strategies. The CGPC is interested in learning whether the strategies for component 3 are going to be affected by the budget amendments. Also, although difficult security and environment challenges cannot be solved by additional resources, it is interested in learning whether there is sufficient budgetary allocation to ensure that the different strategies under this component can be successfully pursued in years two and three, including the hiring and training of "female district social mobilizers?" In addition to more information on how the project will address those challenges, the Committee would also like information on the findings and conclusions of the "review workshop in all 13 provinces," which was scheduled for early 2014 (see p. 81).

# ANNEX 2:

## SUMMARY OF PROPOSED REVISIONS TO AFGHANISTAN PROGRAM IMPLEMENTATION GRANT

### 1. PURPOSE

1.1 The purpose of this Annex is to provide a summary of the grant and proposed revision.

| | |
|---|---|
| Project or Program | GPE Project in support of Afghanistan's Education Interim Plan |
| Total grant | US$55.7 million |
| Original Board approval date | December 15, 2011 |
| Modality | Earmarked expenditure, on Budget |
| Effective start of program implementation | January 2013 (delays in transfer agreement) |
| GPE disbursement to SE, to date | US$31.5 million |
| Execution, at December 31, 2013 # | US$4.8 million |
| Supervising Entity: | UNICEF |
| Coordinating Agency: | Danish Embassy (DANIDA) |
| Proposed revision | - 6 months extension<br>- Budget modifications across the four components of the Program<br>- No changes in project objectives, outputs and target indicators |
| Month/Year submitted: | May 2014 |

* The Human Resources Development Board/Education Coordination Committee (HRBD/ECC)
# Information based on 2013/2014 Afghan Budget information

### 2. SUMMARY OF THE PROPOSED CHANGES

2.1 The *GPE Program Coordination Unit* at the Ministry of Education has provided a Program Budget Revision notification (cf. Annex 3), including a budget table disaggregated to sub-component levels. A summary of the main changes follows:

1. There is a proposed extension of the project closing date of 6 months, with no request for additional costs for the project or supervision fees. This extension reflects delays in the effective start of the project due to negotiations for the transfer agreement and a change in Afghanistan's Financial Year calendar.

2. The main budget reallocations concern increases in components 1 and 2 of the project, offset by decreased budgets for components 3 and 4, summarized in the table below:

| Component | Original budget (US$) | percentage | Rrevised budget (US$) | | Budget change in US$ |
|---|---|---|---|---|---|
| Component 1: Strengthen community and social mobilization and governance systems at the local level | 14,775,000 | 27% | 22,766,041 | 41% | 7,991,041 |
| Component 2: Expand and reinforce multiple pathways to education | 17,182,000 | 31% | 19,411,830 | 35% | 2,229,830 |
| Component 3: Increase the number of qualified female teachers in areas with high gender disparities | 16,351,400 | 29% | 6,937,696 | 12% | -9,413,704 |
| Component 4: Streamline policy and administrative systems in the Ministry of Education | 7,433,700 | 13% | 6,584,433 | 12% | -849,267 |
| | **55,742,100** | 100% | 55,700,000 | 100% | |

NB: An error in the original budget, which did not reflect the correct indicative allocation of US$55.7 million, has now been corrected.

3. The Ministry of Education does not propose any changes in project objectives, outputs or target indicators of the Program across the components.

4. The proposed increase in the budget of **component 1** is largely due to a sizeable re-evaluation of unit costs for school improvement projects in the targeted provinces (school boundary walls, toilets, water points), from an original US$9,850 per school to US$18,282 per school. The justification provided for this rests on two arguments: (i) the original unit costing was not precise, but loosely based on a wide-ranging average of between US$4,000 and US$30,000 per school investment project; (ii) the revised unit cost is based on experience with similar contract work carried out by the Ministry.

5. The Ministry of Education has changed the strategy for implementation of the school improvement projects. Originally this activity was to be carried out through school grants, disbursed by NGOs providing fiduciary monitoring and reporting. Instead, the Ministry has decided to implement the activity through its Infrastructure Services Department (ISD) using government procurement rules. ISD has based the revised unit cost of US$18,282 per school on experience with contracting similar public works through other donor funds.

6. The proposed change increases the national procurement component of the Program and the associated risks. The SE is providing support to the Ministry

through the prior review of procurement documentation (cf. procurement risk mitigation measures in the Program document). The SE provides support to the Ministry through expertise contracted with KPMG/Afghanistan; this expertise builds capacity and provides supervision on financial management, accounting and procurement.

**SE's appraisal of proposed changes to component 1:**

*"Two major issues related to budget brought by MoE which needed detail review as it was related to unit cost of SIP and Incentive of the Mullahs for Mosque Based Education. The unit cost for the SIP originally planned an average of USD 9,000 while, a cost of standard toilet and water point is USD 18,000. UNICEF has checked and reviewed the costing with its UNICEF WASH section who use the minimum standard and costing in Afghanistan while working with relevant ministry. Also checked the unit cost with other projects of MoE for the same purpose and found minimum cost for a set toilet and one water point required USD 18,000. Therefore, the team recommended the average unit cost for the SIP was USD 18,000 as the SIP identified mostly needed toilets and water points. Since the SIP will be implemented by the Infrastructure Service Department (ISD) of MoE, UNICEF confirmed about open bidding and fare section of the companies to implement the activities under the SIPs.*

*Apart from a professional international and national staff, UNICEF engaged a fiduciary firm to assist in monitoring and providing fiduciary oversight on the GPE program that is being implemented by the Government. The KPMG has visited all 40 districts and 13 provinces as part of its monitoring on financial utilization and programmatic achieves against its targets in 2013. The finding were shared and provided feedback to MoE for taking necessary actions. KPMG also assisting MoE in generating financial reports and planning as required."*

7. The proposed increase in the budget of **component 2** is mainly due to revised unit costs for two activities to strengthen mosque-based education (sub-component 2.2). There is a proposed increase of incentive grants to Mullahs, from a monthly per capita incentive of US$15 as approved in the original application package to a proposed monthly per capita incentive of US$50. This new budget takes into account recommendations from field visits and the comparative benchmark of literacy teachers, who are paid US$100 a month. There is also a change in the unit cost for the provision of textbooks and learning materials to students; from US$0.70

per student in the original budget to US$5 per student. The justification provided is that the original unit cost was unrealistic.

8. There are also changes to component 2 regarding the training activities for teachers involved in community-based education and alternative learning paths (sub-component 2.1). The original application package provided for the contracting of NGOs for this activity. This is now proposed to be carried out by the Ministry's Teachers Education Department (TED).

**SE's appraisal of proposed changes to component 2**:

"*While the incentive for each Mullah was originally planned only USD 15 /Month but the proposed budget has changed it to USD50 /month. Mullah has to dedicate their time to teach the children for a specific time and considering the time and specific responsibility, USD50 /month is minimum in comparison with CBE teachers and also current practice of the incentive by other programme. During the provincial GPE review sessions, participants from all provinces also strongly recommended for the said amount as minimum. There are very few areas in the country where people can volunteer or motivated for some works like this and considering the country situation, UNICEF does not disagree on the proposed change.*"

9. The proposed changes in the budget of **component 3** mainly concern the hiring of female teachers in provinces/districts with challenges in terms of girls' education. The original unit cost for the teachers' salary, at US$ 1 800 per teacher and per month was an error, which is now corrected to US$ 800. This new unit cost reflects the standard range of teacher salaries (US$ 700-900 per month). This reduces the total cost of component 3 by US$ 9.3 million.

10. As in the training for CBE and ALP teachers, the training initially envisaged under NGO contracts is proposed to be carried out by the Ministry of Education's Teacher Education Department (TED). A detailed revised estimate of the unit cost is provided.

**SE's appraisal of proposed changes to component 3**:

*"In Priority-3 the overall budget has decreased by 58%. This decrease occurred as the MoE engaged its departments e.g. TED, for all teachers training instead of engaging the NGOs. Having a full flagged teacher through Teachers Education Department (TED), MoE does not need too much money as budgeted in the programme document. Again, the budget in this priority also decreased due to some erroneous calculations under priority three (specific reasons under item 3) in the original program document (Annex-8.7). TED has been providing training countywide for other programme also and UNICEF with its other programme also aware about TED's capacity on teachers training. TED has its technical and management skills to provide such training."*

11. The proposed decrease in the budget of **component 4** corresponds to the following corrections and changes:

    - The hiring of 4 senior national TAs (at US$4,500 per month) to mentor civil servants in the Ministry of Education had been erroneously budgeted in the original application package, at US$ 2.6 million instead of US$0.65 million[1]. In addition, this activity has been dropped in favour of additional support to EMIS and an alternative strategy for training through a Program Coordination Unit (see further).

    - The proposed revision includes the recruitment of 16 national TAs to support the development of EMIS at central and provincial levels.

    - Sub-component 4.3 (Strengthen the management, coordination and resource mobilization function in the MoE) has been altered. The original application package provided for the recruitment of 5 national TAs to constitute a Program management and coordination unit (PMCU) in the Ministry of Education. Since then, however, the Government of Afghanistan has introduced an alternative strategy to avoid parallel implementation units and to support capacity building within the civil service.

[1] 4,500 US$ X 4 TA X 12 months X 3 years= 0.65 million US$

- The revised budget of sub-component 4.3 involves the recruitment of 11 national TAs to be deployed in various departments of the Ministry[2] and the recruitment of an additional 8 national TAs to be part of a Program Coordinating Unit. The total budget of the sub-component will increase from US$636,200 to US$1.9 million. This is mainly due to the TA component, but also proposed increases in non-salary running costs.

**SE's appraisal of proposed changes to component 3**:

*"Corresponds to the corrections and changes. In this Priority-4, the overall budget has decreased by 11%. This decrease occurred as the MoE due to reducing number of international consultant as well as due to some erroneous in the calculations in the original program document (Annex-8.7). The component four is basically some policy and strategy development issue which does not need so many consultant for years. Some of the policies are exists which need modifications and review only. Another erroneous calculation was in Priority 4, Strategy 4.2, Activity 4, where the cost of 4 senior TAs at the rate of USD 4,500 per month was miscalculated at total USD 2.5 million for three years, whereas the required budget for this line-item should be USD 648,000 for three years. To comply with the government policy MoE dropped this activity as the responsibilities of these TAs are already covered under GPE coordination unit and master trainers under the MoE. UNICEF through the ECC communicate for developing standard policy development for the MoE in a coordinated manner."*

**Please also include an appraisal of why the revision of the original modality, from a parallel management unit to alignment on existing departments within the ministry, should entail both additional running costs and additional hiring of national TA.**

*"This is one issue commonly asked even when the team came from GPE Secretariat. The major rational from MoE was, If the follow the original modality, they have to establish several management units for many other projects like EQUIP, BELT, etc. which would be not realistic as well sustainable for the programme management and its implementation. Therefore, since the GPE is not a stand-alone programme and has to be managed with*

[2] Finance and Accounting Department, Procurement Department, Human Resources Management Unit and Academic Supervision Department.

*existing structure, they decided to establish a small team to coordinate with different departments of the MoE and this team will be no longer continue once the programme is mainstream with MoE regular structure."*

## 12. Overall SE appraisal of situation and any supervision actions in support:

*"The budget review exercise along with the adjustment of the operation plan was completed through participatory manner and some evidence checks. The Coordinating Agency, AusAid, MoE and UNICEF as SE participated in the revision process. The realistic cost for each SIP and Mollah incentive was verified and checked before ageing upon on the unit cost. The unit cost of the other programme in the same ministry and other ministry also checked as well. The Local Education Group (LEG) through Education Coordination Committee meeting fully consulted the changes and they endorsed the change accordingly. The above two were the major cost increase while the decreased were also practical considering the available resources. The other minor changes in the budget like unit cost of some of the line items as indicated in the revised operation plan are only adjustment from year to year or certain line items, more importantly there is no changes in objectives, outputs and target indicators, which is not affect the originally board approved GPE application for Afghanistan. An external audit will be taking place in next couple of months as per the grant agreement of the GPE. It is important to mention here that the KPMG also provides periodic need based to MoE on its financial reporting, developing provincial budget and plan by MoE. The KPMG staff members spent time at MoE as needed and work closely on overall financial and reporting of GPE which contribute on capacity building aspects. UNICEF international staff members regularly providing support in developing operation plan, orientation and training to MoE staff, organizing review workshops to identify achievements, challenges and actions required for smooth running of the programme as well as providing regular feedback from the field findings. UNICEF zone offices are also providing assistance to the PEDs and providing feedback as required."*

## 13. Secretariat's appreciation:

- The documentation outlining the proposed budget revisions is complete, including tables and Program revision notification. These are presented in a transparent manner.

- The Local Education Group (HRDB/ECC) has been consulted on the proposed revision and the revision was endorsed by HRDB/ECC in its meeting on April 30.
- UNICEF as SE has prepared an appraisal document and also provided appraisal comments in the summary (cf. above), including measures undertaken by the SE to support the mitigation of risks associated with the Program and the proposed revisions. The SE has been working closely with the Ministry and relevant stakeholders in the dialogue (CA, LEG) to support the revision process. It is also providing support to risk management through a fiduciary firm (KPMG Afghanistan).
- It is not possible to fully appreciate the value for money of the proposed changes, particularly where unit costs or sub-component costs have been substantially increased. However, the revision has served in correcting (and lowering unit costs) for some significant errors in the original budget, notably on the unit costs associated with the hiring and placement of female teachers and their families (cf. component 3 above).
- The security situation in Afghanistan creates substantial challenges for implementation, monitoring and supervision. It also puts a significant premium on unit costs.
- Implementation of the Program started in January 2013, after some initial delays due to negotiations around the transfer agreement between the GPE Trustee (World Bank) and the Supervising Entity. The planning and implementation of activities constitutes a challenge as evidenced by the rate of implementation. The first implementation report, covering the period from January to June 2013 (semi-annual progress report 2013) showed an expenditure rate of 3.6% against the total planned budget for the year, with projected accelerated expenditure aimed at reaching 89% at the end of the year. Against this projection, the Program Budget Revision Note indicates 59% commitment and 18% expenditure against annual planning[3]. This constitutes a significant variance between forecasts and actual implementation.
- The annual progress report for 2013 is made available to the CGPC.

[3] Rates calculated from information provided in the Program budget revision note

- Given the context-specific challenges in planning and implementing a request for extension of only six months (end of the Program in December 2015) seems optimistic. There is therefore a risk that another extension request might be submitted further down the line. Note that because the program is on the Afghan Budget any additional time extension would involve alignment on FY 2016 (January to December 2016).
- The Secretariat is planning a monitoring mission to Afghanistan after the current election period. This will serve to reinforce GPE oversight of implementation arrangements, implementation challenges and the strength of risk management, as well as capacity building, carried out through the Supervising Entity.

# ANNEX 3: PROGRAM BUDGET REVISION NOTIFICATION


جمهوري اسلامی افغانستان

وزارت معارف



دافغانستان اسلامي جمهوريت

د ښو هنې وزارت

Islamic Republic of Afghanistan

Ministry of Education


*Wednesday, 19th May 2014*

**MEMO**
**Program Budget Revision Notification # 1**

**GPE Secretariat**
**Washington DC**
**Attn: Country Grants and Performance Committee**

***RE. GPE Afghanistan Program Budget Revision***

**Overview and Rationale**

This proposed budget revision does not entail any changes to the indicators or targets of the original GPE program document, neither has it modified the scope and design of the program. The changes are mainly due to actual implementation experience in year one, inflation affecting the costing of activities, and changing modality of activities in priority four due to a change in the government policy. The overall proposed changes are due to the following factors:

**1. Strategic Change in Project Implementation and Budget Variance in four Priorities:**

- **Direct Implementation of SIPs & Teachers Training by MoE instead of involving the NGOs:** Based on the program document, the implementation of the School Improvement Plans (SIPs) were supposed to be implemented by the NGOs involving the School Management Shura (SMS) and the community. A total of 1,000 schools were planned under the SIPs for three years. At the beginning of the program, MoE decided to implement all the SIPs through its ISD (Infrastructure Services Department); to ensure capacity building, sustainability, and ownership by MoE. ISD implement most of its activities (infrastructure) through contractors which follows the government procurement rules and is considered a bit lengthy process. Besides this MoE has its Teachers Education Department (TED) that is responsible for all teachers training activities, therefore and for the same purposes i.e. capacity building, institutionalization, sustainability, ownership, MoE did not implement any training for CBE/ALC teachers through NGOs.

- **Change in the Government of Afghanistan Policy for Managing Technical Assistance:** The government of Afghanistan in its entirety is concerned about the sustainability of donor funded staff; currently MoF is working out a guideline to streamline, harmonize, and ensure sustainability of the National Technical Assistance. The original GPE program document envisioned developing a PMCU, which was supposed to take over the coordination role of not


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only the GPE but also other development projects of MoE. The Ministry of Economy and Ministry of Finance have issued clear instructions advising government entities to avoid establishing parallel structures besides the Tashkil (Civil Servants Structure); specifically mentioning to avoid establishing GMUs, PMUs, PMCUs and other similar structures. Therefore, the Ministry of Education decided to establish a Coordination Unit and mainly focus on systematic capacity building and service delivery through GPE funding, considering this MoE has established a virtual PMCU by recruiting staff for the departments that have a direct stake in GPE implementation i.e. procurement, HR, finance, EMIS, ISD etc… thus institutionalizing the capacity within these departments. This has partially changed the naming of the activities for priority 4, mainly strategy 4.3.

- **Major Variances in the Budget:** Out of the four priorities of GPE, the revised budget summary shows that the main increase occurred in Priority-1 which is about 54% due to increase in the average unit cost of each SIP (further explained under item 3 below). The other increase is in Priority-2 under Multipath ways to education which is 13% due increased honorarium of Mullahs, the original cost of USD 15/person/month was unrealistic considering the sensitivity of the issue in dealing with religious people and recommendations from the field the unit cost was changed to USD 50/person/month. In Priority-3 and Priority-4, the overall budget has decreased by 58% and 11% respectively. This decrease occurred as the MoE engaged its departments e.g. TED, for all teachers training as well as due to some erroneous calculations both for priority three and priority four (specific reasons under item 3 below) in the original program document (Annex-8.7). This decrease, however, will not alter the targets and outcomes of the program.

2. **Deviation between original operational plan (annex 8.7) and approved budget:** The original program document and its budget presented through the annex 8.7 (operational plan and budget/targets and beneficiaries); was estimated at USD 55,742,100 for three years, however when the MoE received a fund confirmation letter from GPE Secretariat, it confirmed a total approved budget of USD 55,700,000; therefore this budget revision proposes a reduction of the allocation of USD 42,100, in the revised operational plan/budget.

3. **Erroneous calculations in the original program document and Costing Flexibility for some Activities (Range Costing):**

- **Erroneous Calculation**: In Annex 8.7 of the program document there was a major erroneous calculation of the total budget for the Priority 3, Strategy 3.2, Activity 4: A total budget of USD 1,800 per month per teacher was calculated as an average salary for relocated female teachers and their spouses (USD 900 each); whereas in reality a total salary of USD 700 for grade 12 graduate female teacher, USD 800 for grade 14 graduate female teacher, and USD 900 for grade 16 (undergraduate) female teacher is considered; with an average of USD 800 per month. This already includes the incentives for the spouse, therefore no additional allowances for the spouse should be calculated. Another erroneous calculation was in Priority 4, Strategy 4.2, Activity 4, where the cost of 4 senior TAs at the rate of USD 4,500 per month was miscalculated at total USD 2.5 million for three years, whereas the required budget for this line-item should be USD 648,000 for three years; to comply with the government policy MoE would like to drop this activity as the responsibilities of these TAs are already covered under coordination unit and master trainers.

- **Range Costing and On Ground Needs:** GPE program plans to provide school grants for SIP implementation in 1000 schools over three years. As per the program document (Annex 8.7) the budget notes consider an average cost of USD 4,000-30,000 per SIP depending on the activity (boundary walls, toilets, water wells, and small repairs) of each school. In Afghanistan specifically in GPE targeted provinces most of the schools does not have the basic facilities that are required either culturally, socially and/or are important for the health of the children i.e. boundary walls, Eco-San Toilets, and water points. Parents are reluctant to allow a girl child to attend a school that does not have a boundary wall and toilet. MoE therefore decided to allocate the SIP funding to complement the schools without boundary walls, water well, and/or toilets. Based on MoE's experience of the SIPs implementation that have been contracted so far through other donor funds, the average cost per SIP package is around USD 18,500. Therefore the average cost per SIP under GPE is revised from the average unit cost of USD 9,850 (as in annex 8.7) to average unit cost of USD 18,282.35. ISD has already estimated and prepared procurement documentations for 600 schools ranging around the same average unit cost and ready for contracting; ISD is awaiting approval of this budget revision to proceed with contracting. This increases the cost of this activity from USD 9,850,000 to USD 18,282,350 for three years.

4. **Actualization of Budget for Year One and adjustment with year Two and Three:** The original budget for Year 1 of the program was calculated at USD 11.9 million; however due to the fact that the GPE program is planned for 13 hard to reach and partly insecure provinces of Afghanistan, MoE was able to hire the project team, train them and deploy them to these provinces. Therefore majority of the activities were not implemented in the first year, and only USD 2.09 million was spent. USD 2.09 is an indicative figure and MoE will have the final expenditure amount after MoF releases the Qatia Report (annual closing statement/balance sheet), but MoE does not expect a major change in this figure. This causes us to carry forward the amount of USD 9.8 million to the following years, however out of this amount USD 4.9 million was already committed in year 1 (total amount of the delayed activities and delayed payments in the 'Y1-Plan vs. Actual' worksheet in the attached excel workbook); and 4.86 remains uncommitted. As a result USD 8.6 million was carried forward and planned in the revised budget for year 2 making the year 2 budget USD 29 million (year 2 original budget as per annex 8.7 USD 20.4 million + carry forward from year 1 USD 8.6 million); and USD 1.1 million was planned for in year three making the total year three budget USD 24.4 million (year 3 original budget as per annex 8.7 USD 23.3 + carry forward from year 1 USD 1.1 million).

5. **No-Cost Extension for Six Months:** Original grant approval date was November 2011 and the expected program start date was July 2012, however due to legal processes of the Bank (Trustee) and the UNICEF (Supervising Entity), the first tranche was deposited to MoE Afghanistan bank account in October 2012; due to the end of FY MoE was unable to access the funds in 2012 at all. This caused the program to officially access funds and start its activities in January 2013. The GPE programs *'are expected to be implemented over a three-year period'*[4], therefore this budget revision proposes to formalize the end date of program for December 2015, rather than July 2015, and this is a no cost extension request. Besides this in 2013 the government of Afghanistan decided to change its fiscal year from the solar calendar (March 21st to March 20th) to Gregorian calendar Fiscal year (From 1st January to 31st December); to align with majority of the donor countries' FY.

[4] GPE Country Level Process Guide

6. **Conclusion:** Since the second Tranche of the fund for GPE Afghanistan is already available with UNICEF's trust fund, it is very important that the revised budget/operation plan gets approved by the GPE secretariat so that the funds could be quickly available for smooth implementation of the program.

| Description | 3 Years Operational Plan as in Anexx 8.7 | | | | Proposed Revised Budget | | | | Percentage of Change | | | | Overall difference | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Year 1 | Year 2 | Year 3 | Total | Year 1 | Year 2 | Year 3 | Total | Year 1 | Year 2 | Year 3 | Total | US$ | % |
| **Program Priority 1: Strengthen community and social mobilization and governance systems at the local level** | **3,817,600** | **4,932,500** | **6,024,900** | **14,775,000** | **865,291** | **12,993,710** | **8,907,040** | **22,766,041** | **(77.33)** | **163.43** | **47.84** | **54.08** | **(7,991,041)** | **(54)** |
| Strategy 1: Enhance community and social mobilization | 1,714,000 | 1,259,000 | 1,284,000 | 4,257,000 | 815,360 | 1,588,100 | 1,356,000 | 3,759,460 | (52.43) | 26.14 | 5.61 | (11.69) | 497,540 | 12 |
| Strategy 2: Strengthen school governance for quality schools | 2,103,600 | 3,673,500 | 4,740,900 | 10,518,000 | 49,931 | 11,405,610 | 7,551,040 | 19,006,581 | (97.63) | 210.48 | 59.27 | 80.71 | (8,488,581) | (81) |
| **Program Priority 2: Expand and reinforce multiple pathways to education** | **2,492,000** | **6,177,000** | **8,513,000** | **17,182,000** | **464,972** | **8,743,857** | **10,203,000** | **19,411,830** | **(81.34)** | **41.56** | **19.85** | **12.98** | **(2,229,830)** | **(13)** |
| Strategy 1: Expand access to CBE and ALP | 864,000 | 2,712,000 | 4,656,000 | 8,232,000 | 238,515 | 3,341,149 | 4,878,000 | 8,457,665 | (72.39) | 23.20 | 4.77 | 2.74 | (225,665) | (3) |
| Strategy 2: Expand access to ALP forover-age students, especially girls | 1,176,000 | 2,160,000 | 2,110,000 | 5,446,000 | 148,589 | 2,454,958 | 2,060,000 | 4,663,547 | (87.36) | 13.66 | (2.37) | (14.37) | 782,453 | 14 |
| Strategy 3: Strengthen mosque-based education | 157,000 | 735,000 | 892,000 | 1,784,000 | 73,788 | 2,082,750 | 2,410,000 | 4,566,538 | (53.00) | 183.37 | 170.18 | 155.97 | (2,782,538) | (156) |
| Strategy 4: Reopen schools | 295,000 | 570,000 | 855,000 | 1,720,000 | 4,080 | 865,000 | 855,000 | 1,724,080 | (98.62) | 51.75 | - | 0.24 | (4,080) | (0) |
| **Program Priority 3: Increase the number of qualified female teachers in areas with high gender disparities** | **2,880,700** | **6,978,200** | **6,492,500** | **16,351,400** | **239,096** | **3,698,100** | **3,000,500** | **6,937,696** | **(91.70)** | **(47.00)** | **(53.79)** | **(57.57)** | **9,413,704** | **58** |
| Strategy 1: Develop social support systems for female teachers at the local level | 7,500 | - | 7,500 | 15,000 | - | 7,500 | 7,500 | 15,000 | (100.00) | #DIV/0! | - | - | - | - |
| Strategy 2: Recruit, train and deploy female teachers from urban centers to the local level | 2,765,200 | 6,708,200 | 6,485,000 | 15,958,400 | 239,096 | 3,420,600 | 2,885,000 | 6,544,696 | (91.35) | (49.01) | (55.51) | (58.99) | 9,413,704 | 59 |
| Strategy 3: Develop a system for recruitment, training and employment of female teachers at the local level | 108,000 | 270,000 | - | 378,000 | - | 270,000 | 108,000 | 378,000 | (100.00) | - | #DIV/0! | - | - | - |
| **Program Priority 4: Streamline policy and administrative systems in the Ministry of Education** | **2,742,367** | **2,345,667** | **2,345,667** | **7,433,701** | **526,084** | **3,696,424** | **2,361,925** | **6,584,433** | **(80.82)** | **57.59** | **0.69** | **(11.42)** | **849,268** | **11** |
| Strategy 1: Enhance policy review and development | 599,167 | 129,167 | 129,167 | 857,501 | - | 626,500 | 156,500 | 783,000 | (100.00) | 385.03 | 21.16 | (8.69) | 74,501 | 9 |
| Strategy 2: Strengthen MoE capacity for improved planning and monitoring | 1,855,000 | 2,042,500 | 2,042,500 | 5,940,000 | 209,541 | 2,203,900 | 1,480,900 | 3,894,341 | (88.70) | 7.90 | (27.50) | (34.44) | 2,045,659 | 34 |
| Strategy 3: Strengthen the management, coordination and resource mobilization function in the MoE | 288,200 | 174,000 | 174,000 | 636,200 | 316,543 | 866,024 | 724,525 | 1,907,092 | 9.83 | 397.71 | 316.39 | 199.76 | (1,270,892) | (200) |
| **TOTAL** | **11,932,667** | **20,433,367** | **23,376,067** | **55,742,101** | **2,095,444** | **29,132,091** | **24,472,465** | **55,700,000** | **(82.44)** | 42.57 | 4.69 | (0.08) | **42,101** | **0.08** |

**Timelines:**

A No-Cost Extension of Six Months is required; the original grant was approved in November 2011 and the expected program start date was July 2012, however due to legal processes/disputes between the Bank (Trustee) and the UNICEF (Supervising Entity), the first tranche was deposited to MoE Afghanistan bank account in October 2012; due to the end of FY MoE was unable to access the funds in 2012 at all. This caused the program to officially access funds and start its activities in January 2013; as GPE programs *'are expected to be implemented over a three-year period'*, therefore this budget revision proposes to formalize the end date of program for December 2015 rather than July 2015, and this is a no cost extension.

**Impact of the Budget Revision on the Expected Results and Outcomes of the Program**

This budget revision does not entail any impact on the expected results and outcomes of the program, its priorities, strategies, and activities. The targets and beneficiaries remain unchanged as compared to the original application package. The budget revision is deemed necessary due to the followings:

1. A no-cost time extension of the program for six months, as explained previously.
2. Actualization of the costs incurred for the first year and carry-forward activities/uncommitted budget to the following years.
3. Address the erroneous calculations of the original budget (annex 8.7)
4. Address the deviation between the original plan and approved budget (USD 42,100).
5. Comply with the government policy for Managing Technical Assistance

**Coordinating Agency's Statement about LEG's Support of the Revision**

The Royal Danish Embassy in Kabul as the coordinating agency for GPE Afghanistan Program, has shared this budget revision for review and endorsement of the Local Education Group through the ECC (Education Coordination Committee) meeting held on 30$^{th}$ April 2014. The LEG unanimously endorses the proposed budget revision and fully supports the Ministry of Education's initiative.