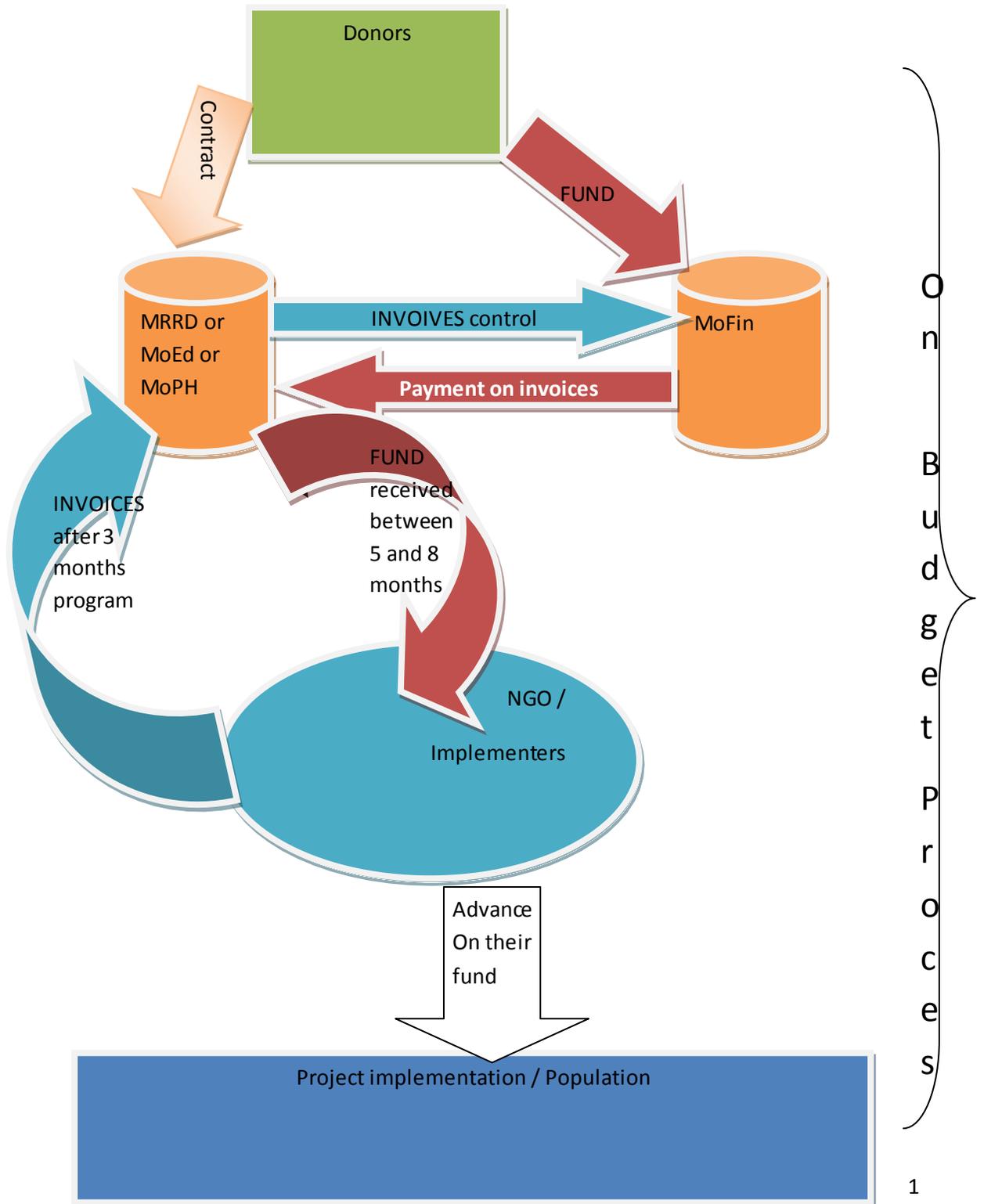




On budget process and issues





NSP facilitation Fortner (FPs) face fund delays problems as following:

1. Delays in FP fund

- time taken to process invoices submitted by FP, the process of payment takes much time:
- time taken for verification for invoicing (inception reports) which this process taken a considerable time in making payments to FPs
- Some NGO (the majority) are waiting for closure invoice from 2010.

Each invoice has to go through six different steps for payment, which makes it almost impossible to respect the theoretical 2 months delay for disbursement:

1st Step	After the initial and final approval FPMD submit the FP invoice to NSP Finance Department (FD)
2nd Step	NSP FD submits the invoice to MRRD finance dept
3rd Step	MRRD sends the invoice to MoF budget dept
4th Step	MRRD receives back the invoice from budget dept for final check & budget allocation
5th Step	MRRD Send the FP invoice back to MoF Special Disbursement Unit
6th Step	MoF/SDU issue the cheque & submit to DAB for the transfer of the FP claimed amount to FP bank account

Recently, invoices have been rejected for trivial reasons: MoFin has new rules and refuses every “mistake” on the contract number on the invoice (as small as a forgotten hyphen, an added space etc...), and some were refused by FPMD because of a wrong phrasing on the cover letter sent with the invoices... This adds further delays, since invoices / letters have to be redrafted and brought back to MRRD

The limitation to three invoices per step can result in late invoicing because of a few problematic CDCs, who delay the invoicing of a number of others because the FP can only submit one more invoice for this specific step.

Due to the way steps are defined, and to delays in payment for the above-mentioned reasons, FPs are almost always advancing money to the project. At the very beginning of the implementation of a given contract, the first few steps are pretty fast, and for a short while FPs receive more money that they have spent. But that doesn’t last, and cash advance made by FPs to the implementation of the NSP project can easily reach a few hundred thousand dollars, sometimes even more than one million dollars, which is unsustainable for small or middle-size NGOs and creates great difficulties for them.

- 2. Delays to NSP Sub-Projects Block Grant disbursement** which takes more the half a year delay in particular from bilateral donor special accounts.



- Casing sub-projects partially damages.
- In the insecure area we have the examples of sub-projects destruction. Since projects work is physically completed in the area and due to long delay of second installments payment to CDC account, the projects are not handed over to community profit and those projects completely smashed by AOG (Ghazni/Anar district) and we faced facilitation cost deduction problems.
- For some CDCs, money comes directly from World Bank (to MRRD), while for others, money comes from other donors, and these bilateral funds are much slower to get
- Procedures for disbursement are complicated, and when there are delays, the reasons are not made clear to FPs

As a complement of information, for disbursement to CDCs, MRRD uses a float account – which means they don't have to go through MoFin for these payments. They are currently negotiating with the World Bank to do the same thing for FPs payments, which would probably speed the process for FPs, since it would remove some of the 6 above-mentioned steps.

For the BPHS/EPHS (SEHAT call):

It still has no clear idea of the timeline of the results. We were told preliminary results (before negotiations) would be provided in July, so far nothing.

From our side we are worried about the winterization in remote area, the payment of the invoices and the BPHS/EPHS implementation:

- The budgets allocated under the extension period (June – December 2013) are not sufficient to cover for the winter 2013/2014
- We still do not know whose responsibility it will be to prepare for winter: for remote area, it is quite obvious the organizational responsibility should be with us as everything has to be in place in the health facilities in October; however what about the financial responsibility
- Regarding how NGOs will be paid for next year, it is very much of a concern as it seems according to the rule in the RFP (if the NGO does not have a bank guarantee- and a lot of NGO has not for such amounts of money) that the NGOs will have to advance 1 to 3 months of treasury all the time. If we imagine one NGO implementing 1 EPHS and 2 BPHS, it means very roughly 2 million USD of constant treasury advance.
- Some programs as mental health, disability, vaccination and nutrition are some programs that could be shaking according the budget proposition by the implementers (these projects increase the price and reduce the possibility to win the SEHAT call) and the security situation in some provinces (nutrition and vaccination could be canceled)
- According the 'on budget' and the contract relation with the GiROA the independence of NGO are in danger. For example, the election could be host in the BPHS health facilities under the responsibility of NGO implementers. That is not acceptable.