



Islamic Republic of Afghanistan
Ministry of Economy
Directorate of NGOs

Non-Governmental Organizations (NGOs) Annual Report 2018



Good Governance



Infrastructure



Social Protection



Agriculture



Health



Education

Minister's Message

According to the Law of Non-Governmental Organizations, NGOs are obligated to report their activities to the Ministry of Economy (MoEc) every six months so that, the ministry could carry out a technical and financial analysis of the NGOs' activities and generate an annual report. The Ministry of Economy is pleased to, in continuation of its 2018 NGOs annual report.

Every year NGOs are spending considerable amount of funds through the implementation of various economic and social projects throughout the country. In this regard, NGOs' activities have had a valuable and important role in improving the living conditions of people both socially and economically. However, there are still some shortfalls noticed in NGOs' activities that must be addressed. Thus, there is a dire need for further discussions between the government, NGOs and donor community in order to take joint measures so that, these activities are directed towards key priorities such as poverty reduction, balanced development, and job creation particularly in most under-developed provinces.

Through this report, the MoEc has focused on the development projects including breakdown of the projects, sectors and provinces, total expenditures, and major outcomes of the projects implemented. Findings of this report would help the government to develop responsive policies and devising strategic development programs at national level. This report will also serve as an essential element of transparency, accountability, furnishing the government, people of Afghanistan, researchers, and donors with the necessary information and answers critical questions and concerns.

The MoEc leadership would like to thank all those NOGs who have sent their reports on time and would further urge all those NGOs who have delayed reporting to consider timely reporting as a requirement and a priority. Taking this opportunity, I would like to expresses my utmost appreciation to all the line ministries and central and provincial directorates of MoEc who have played an active role in collecting, consolidating and analyzing the information used in this report.

The Ministry of Economy of Afghanistan is firmly determined to align and direct all NGOs' activities corresponding to the government's key priorities with particular focus on balanced development, poverty alleviation and job creation. The NGOs Roadmap developed in a joint effort and cooperation between Government, Donors and NGOs will serve as a guiding document for all NGOs activities so that, we see tangible improvements in our nation's economic and social conditions in the shortest possible time.

Dr. Mustafa "Mastoor"



Contents

Introduction	
1. Summary	1
1.1. NGOs' Road Map (2019- 2021).....	1
1.2. Key Findings.....	1
1.3. Data Collection, Consolidation, Analysis and Evaluation Method of the Report	3
1.4. Limitations of the Report.....	3
1.5. Conclusion and Recommendations	4
2. Detailed Report	5
2.1. Commitments and Achievements	5
2.1.1 Non-Governmental Organizations' Road map (2019-2021).....	5
2.1.2 Simplification and expedition of NGOs' Registration Process	7
2.1.3 One NGO Budget	9
2.1.4 Audit of NGOs' Expenditures	9
2.1.5 Implementation of the Self-Reliance Mutual Accountability Framework (SMAF-24), Brussels Conference Decision 2016	11
2.1.6 Progress on the Implementation of GMAF-24 Indicators, Geneva Conference.....	11
2.2. NGOs' Activities	12
2.2.1 NGOs Current Status.....	12
2.2.2 Number of Projects Implemented by NGOs	13
2.2.3 NGOs Expenses in 2018	18
2.2.4 NGOs' Expenditure Per Capita	23
2.2.5 Funding of NGOs' Activities	26
2.2.6 Sectoral Activities of NGOs	27
2.2.7 NGOs Role in Job Creation	34
2.3. Services provided to NGOs	35
2.3.1 Registration of NGOs	35
2.3.2 Dissolution of National and International NGOs:.....	35
2.3.3 Process of Work Permit Issuance.....	36
2.3.4 Radio VHF & UHF Services	36
2.3.5 Visa Services for Foreign Nationals Employed by NGOs	36
2.3.6 Change of Ownership Services and Extension of Vehicles Documents.....	36
2.3.7 Customs Clearance Services.....	36
3. Main Challenges in the Mobilization of NGOs	37
4. Recommendations/ Next Actions.....	39
5. Annexes:.....	41
6. References:	42

Acronyms

MoEc	Ministry of Economy
NGOs	Non-Governmental Organizations
NNGOs	National Non-Governmental Organizations
INGOs	International Non-Governmental Organizations
ANPDF	Afghanistan National Peace and Development Framework
ASDGs	Afghanistan Sustainable Development Goals
NPPs	National Priority Programs
SMAF	Self-Reliance Mutual Accountability Framework
GMAF	Geneva Mutual Accountability Framework
GIF	General Information Form
GoIRA	Government of Islamic Republic of Afghanistan
ALCS	Afghanistan Living Condition Survey
NSIA	National Statistics and Information Authority
MPI	Multi-dimensional Poverty Index
RTA	Radio Television of Afghanistan
MRRD	Ministry of Rural Rehabilitation and Development
MAIL	Ministry of Agriculture, Irrigation and Livestock
MoIC	Ministry of Industry and Commerce

Introduction

Since long, NGOs have played a major role in providing services, especially in the remote and insecure parts of Afghanistan, where access to services have often been very difficult. In the years before 2001 or the establishment of an interim administration, NGOs were regarded as the main providers of humanitarian services, especially in health and education, refugees and internally displaced people sectors mainly in the areas not under the control of the government. During that period, NGOs submitted proposals and concepts of their projects to international donors, received the required funds for providing humanitarian services, implemented projects, and submitted their activity reports directly to the international donors. This meant that the government was less involved in needs assessment, financing, implementation, monitoring and reporting of the activities of NGOs.

The Law of NGOs was developed according to the Article 35 of the Islamic Republic of Afghanistan's Constitution, and was published in the Official Gazette No. 857. In accordance with the Article four of this law, MoEc has been assigned as the sole authority to register, regulate, monitor and evaluate NGOs.

Now, the Ministry of Economy in coordination with donors and line ministries has taken important steps towards the mobilization of NGOs to regulate emergency response and development projects' planning, implementation, monitoring and evaluation, and reporting to create accountability, commitment and responsiveness towards National Priority Programs (NPPs) and Sustainable Development Goals (SDGs). Specific units have been established in line ministries to mobilize timely monitoring and evaluation of NGOs' activities. Though, NGOs could plan and implement their emergency, development and humanitarian assistance activities in close coordination and cooperation with MoEc however, there is still a dire need for further coordination in this regard.

The MoEc's Directorate of NGOs has been assigned to act as a specific authority for monitoring and implementation of the Law of NGOs to improve transparency and accountability. Since 2015, the MoEc has collected, consolidated, analyzed and shared the annual activity reports of NGOs with the leadership of National Unity Government, donor agencies, line ministries, civil society, and people of Afghanistan.

This report includes major activities of NGOs carried out in 34 provinces of Afghanistan during 2018.

1. Summary

1.1. NGOs' Road Map (2019- 2021)

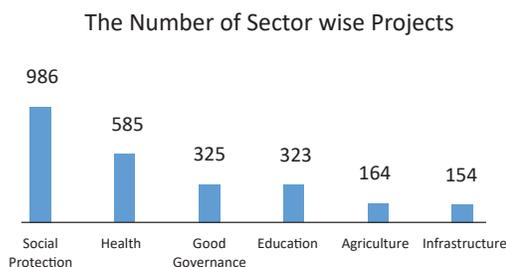
The Ministry of Economy's Leadership launched a national dialogue entitled: "The First National Conference of NGOs" for the first time in 2017 where. H.E. President of Afghanistan, H.E. Chief Executive Officer, Cabinet Ministers, high-ranking officials, donor agencies, UN agencies, and NGOs attended.

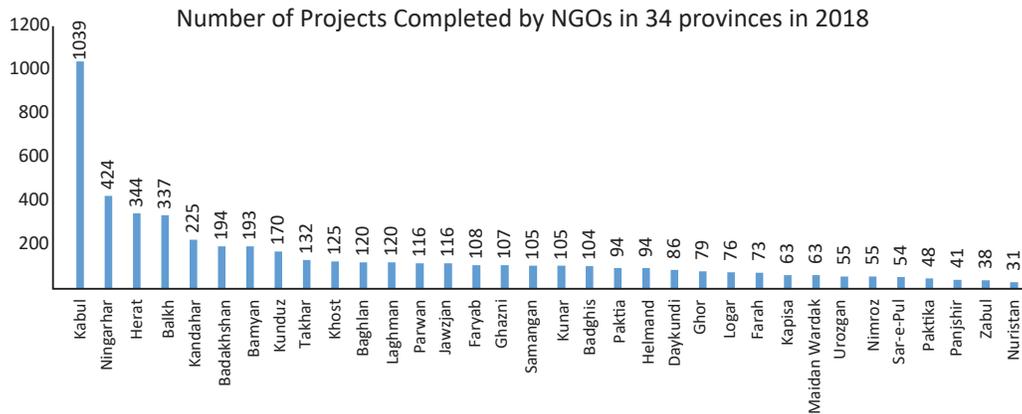
The conference agreed on a roadmap for stronger cooperation and coordination between government bodies, donor agencies and NGOs. It was also agreed that, the activities of NGOs must be aligned with the national priorities for poverty reduction, job creation, and socio-economic development of the country.

As a result of the first National Conference of NGOs, the MoEc has developed a comprehensive roadmap (2019- 2021) in coordination with the concerned government bodies, donor agencies, and NGOs to improve the quality, efficiency, and effectiveness of NGOs' activities. The vision, goals, priorities, and major achievements of mentioned roadmap are described in the detailed section of this report.

1.2. Key Findings

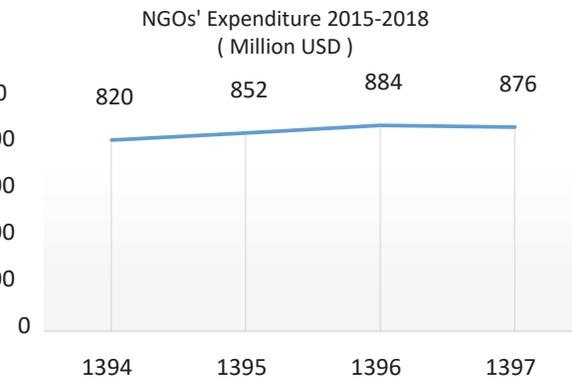
- Of the 1,656 active NGOs in Afghanistan, only 1,208 (73%) have submitted their activity reports to MoEc. NGOs that have submitted their reports consist of 999 (60%) national and 209 (13%) international organizations.
- In 2018, NGOs implemented 2,537 projects with a total cost of 876 million USD.
- Of 2,537 projects implemented, only 1,321 (69%) projects at the cost of 603 million USD were implemented by international NGOs and 1,216 (31%) of the projects at the cost of 273 million USD were implemented by national NGOs throughout the country.
- The highest number of projects belongs to social protection sector with 986 projects followed by health sector with 585 projects whereas, the least number of projects with 154 projects have been implemented in the infrastructure sector.
- Most of the projects have been implemented in Kabul (1,039), Nangarhar (424) and Herat (344) provinces and the least number of projects have been implemented in Nuristan (31), Zabul (38) and Panjshir (41) provinces by NGOs. It clearly demonstrates imbalanced distribution of the projects all over the country.



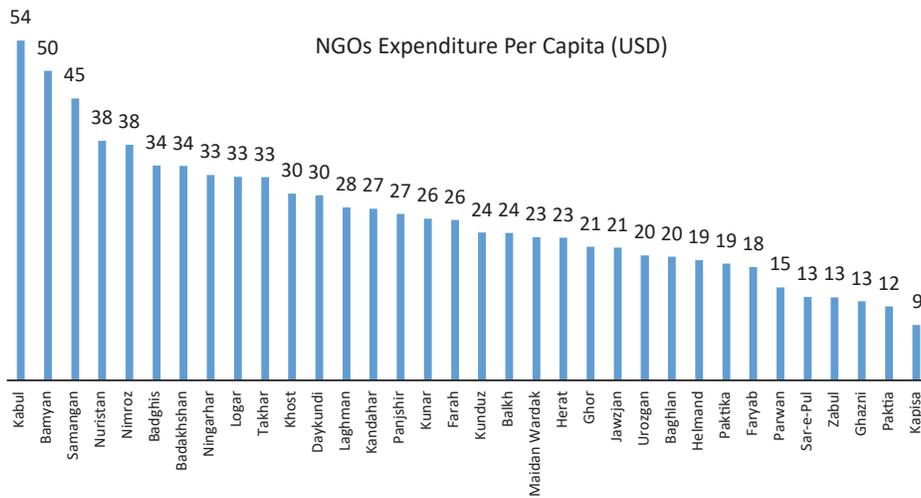


- From the total expenditure reported this year, 213 million USD was given to NGOs as On Budget constituting 24% of the total expenses and 663 million USD was given to NGOs as Off-Budget constituting 76 % of the expenses.
- Of the total 876 million USD expenditure, 355 million USD (39%) was spent in the health sector, 270 million USD (31%) in the social protection sector, 111 million USD (13%) in the education sector, 63 million USD (8%) in the agriculture and rural development sector, 39 million USD (5%) in good governance sector, and 36 million USD (4%) in infrastructure sector

- The comparison of four years NGOs' expenditures shows that from 2015-2017, NGOs' expenditures have had a steady increase however, it has declined by 1% in 2018 in comparison with that of 2017.



- The findings indicate that only 86 % of the expenditure incurred is direct cost, and the remaining 14% is overhead cost. That shows which The overhead cost has dropped by 1% in comparison to that of the last year. The analysis indicates that geographical distribution of the expenditures is still imbalanced. Followed by Bamyan and Samangan provinces Kabul absorb the highest rate of expenditure while Kapisa, Paktika, and Ghazni have the lowest rate of NGOs' expenditures.
- In view of the per capita consumption, followed by Bamyan and Samangan provinces with the per capita expenditure of 50 and 45, Kabul province with per capita expenditure of 54 has topped the graph of NGOs' expenditures. Respectively, Kapisa, Paktika and Ghazni have received 9, 12 and 13 per person.



- Of 1,656 active NGOs, only 63 NGOs have submitted their audited financial reports to MoEc. The list of NGOs that have submitted their audit reports have been posted on the MoEc’s website. In comparison with the last year where, there were no audit reports attached to the NGOs’ report, we could see a good improvement in NGOs reporting. It is worth mentioning that the series of audit reports of NGOs for 2018 are going on and as audit is usually done after the fiscal year, MoEc is expecting to receive more audit reports later for this year.
- The number of NGOs employees have reached to 85,383 in 2018. Of this number 84,379 are Afghan citizens (61,101 men and 23,278 women), and 1,004 are foreign nationals (600 men and 404 women).

1.3. Data Collection, Consolidation, Analysis and Evaluation Method of the Report

This report has been prepared on the basis of NGOs’ bi-annual (6 months) activity reports and General Information Forms (GIF) of the NGO during 2018. The Ministry of Economy has systematically analyzed all the gathered data and information and has reflected them in the detailed section of this report. For better quality analysis, variety of data and information have been used from different government sources (ALCS 2016-17, ASDGs, etc.). To further improve the accuracy and transparency of this report, representatives of the NGOs and NGOs’ coordination bodies were put in the loop of gathering, consolidating, analyzing and reporting information.

1.4. Limitations of the Report

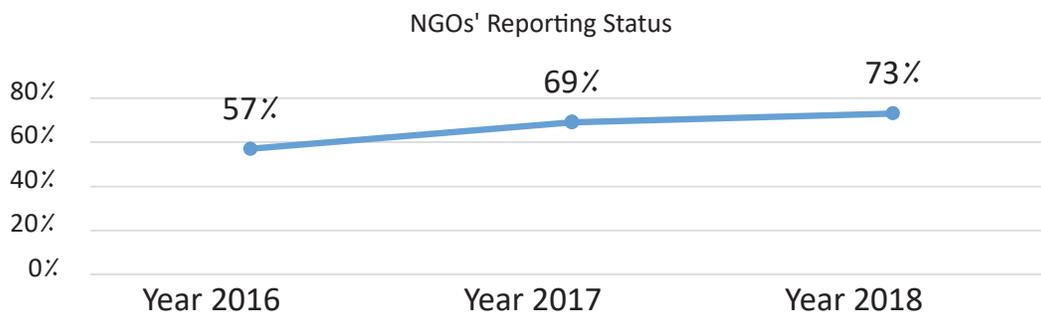
The report covers only 73% of the activity reports of the NGOs mainly from those NGOs that have submitted their reports to MoEc. The remaining 27% of NGOs could not report their activities due to various reasons such as having no active projects for implementation, lack of reporting capacity to report, and not completing the dissolution period. Based on the evaluation conducted by MoEc’s NGOs Directorate, the reports of such NGOs does not have any significant impact over the total reported expenditure incurred by NGOs. However, currently there are hardcopies of NGOs bi-annual and annual reports collected and

consolidated which is an extremely time-consuming job and at the same time does enjoy high accuracy. However, this issue will be addressed through the online reporting portal developed by MoEc during the year (2019). NGOs could use the online reporting portal and submit their reports online to MoEc.

All the data gathered from NGOs' activity reporting Info-formats have been required to be crosschecked with the concerned government bodies including Ministry of Economy- line ministries and respective donors.

1.5. Conclusion and Recommendations

- Based on the NGOs impartial position, they have been able to play a major role in delivering important services to Afghan citizens throughout the country, especially in remote areas.
- NGOs were able to attract large amounts of fund (Off-Budget) from donors and use them in different sectors. This in itself can be considered an added value to the development of Afghanistan and developmental activities of NGOs.
- Geographically, NGOs' distribution of expenditures is still imbalanced due to concentration of funds in large provinces and city centers neglecting the most under-developed provinces and remote areas.
- Off-budget funding of projects causes that these projects may not be necessarily in line with the National Priority Programs and the sustainability of those projects could not be maintained.
- Accountability and transparency could be effectively enhanced through the strengthening of monitoring and evaluation by the relevant government agencies and involving beneficiaries and stakeholders in the planning, implementation and monitoring of the NGOs' activities.
- On-budget expenditure of NGOs was 24% in 2018 and 16% in 2017. This clearly demonstrates closer coordination between the government, NGOs and donor agencies in 2018.
- NGOs' expenditure dropped by 1% in 2018 in comparison with the similar expenditure in 2017. It has, however, raised the level of employment by 2% in 2018.
- Coordination and collaboration between the government, donors, and NGOs is crucial to enhancing the effectiveness of development activities and needs to be further strengthened.
- NGOs reporting in 2018 in comparison with 2017 shows a 4% increase, speaking volumes for the improvement of NGOs' accountability.



2. Detailed Report

2.1. Commitments and Achievements

2.1.1 Non-Governmental Organizations' Road map (2019-2021)

Pursuant to the decision of the first conference of NGOs to improve the quality, efficiency and effectiveness of the NGOs' activities, Ministry of Economy in cooperation with the concerned government entities, organizations, and donors designed a roadmap for NGOs (2019-2021). Its visions, objectives, and priority actions are as follows:

Vision:

Alignment of NGOs' activities with sustainable development goals and national priorities to improve the effectiveness of their activities.

Strategic Objectives and Priority Actions:

Strategic Objective 1: Enhance coordination between NGOs, line ministries and donors

Priority Actions:

- Regular discussions between the government and NGOs;
- Establishment of the Leadership Coordination Committee;
- Establishment of the Technical Coordination Committee; and
- Establishment of the NGOs' Umbrella in each sector.

Strategic Objective 2: Improving the efficiency of NGOs' activities in the poverty reduction program

Priority Actions:

- Consistency or compliance of NGO projects with sustainable development goals and national priority programs;
- Change of projects to programs;
- Professionalization of NGOs;
- Sustainability of NGOs; and
- Improving the role of NGOs in the agenda of poverty reduction and economic development.

Strategic Objective 3: Creating and strengthening a supportive environment for NGOs

Priority Actions:

- Amendments to the Law of Non-Governmental Organizations;
- Development of regulations and procedures in accordance with the Law of Non-Governmental Organizations;
- Development of coordination procedures for the establishment of better coordination with NGOs; and
- Simplifying and computerizing work and service provision processes for NGOs.

Strategic Objective 4: Enhancing transparency and accountability of NGOs

Priority Actions:

- Development and implementation of a framework for monitoring and evaluation of NGOs;
- Review, revision and updating of the NGOs' reporting system;
- Publication of the annual report of NGOs in the first quarter of each year; and
- Including the audit report of NGOs in the annual report of NGOs.

So far, with respect to the implementation of the NGOs' Roadmap, the main achievements are listed as followings:

- Institutionalizing meetings of the Coordination Committee and the Technical Committee under the leadership of one of the Deputy Ministers of the Ministry of Economy, and participation of technical representatives of the line ministries and NGOs coordinating bodies on quarterly basis.
- Establishment of the Policy Coordination Committee under the Minister of Economy and participation of high-ranking officials of donor agencies, deputy ministers of the concerned line ministries and NGOs coordinating bodies on bi-annually (once every six months).
- Simplification of the NGOs' registration processes, reduced from two months to one week and from twelve steps to seven steps.
- Simplification and stepping up of service provision that has improved transparency and effectiveness of the relevant affairs.
- Development of a One-NGO-Budget, based on the instruction of H.E. President of Islamic Republic of Afghanistan, development of an online reporting system for the One-NGO-Budget and successful implementation of its pilot phase.
- Establishment of an online reporting system for NGOs that will start operation in 2019. NGOs will be able to submit their reports online through this system.
- Revision and finalization of the amended draft of the Law of Non-Governmental Organizations in accordance with the existing requirements in coordination with the line ministries and NGOs.

2.1.2 Simplification and expedition of NGOs' Registration Process

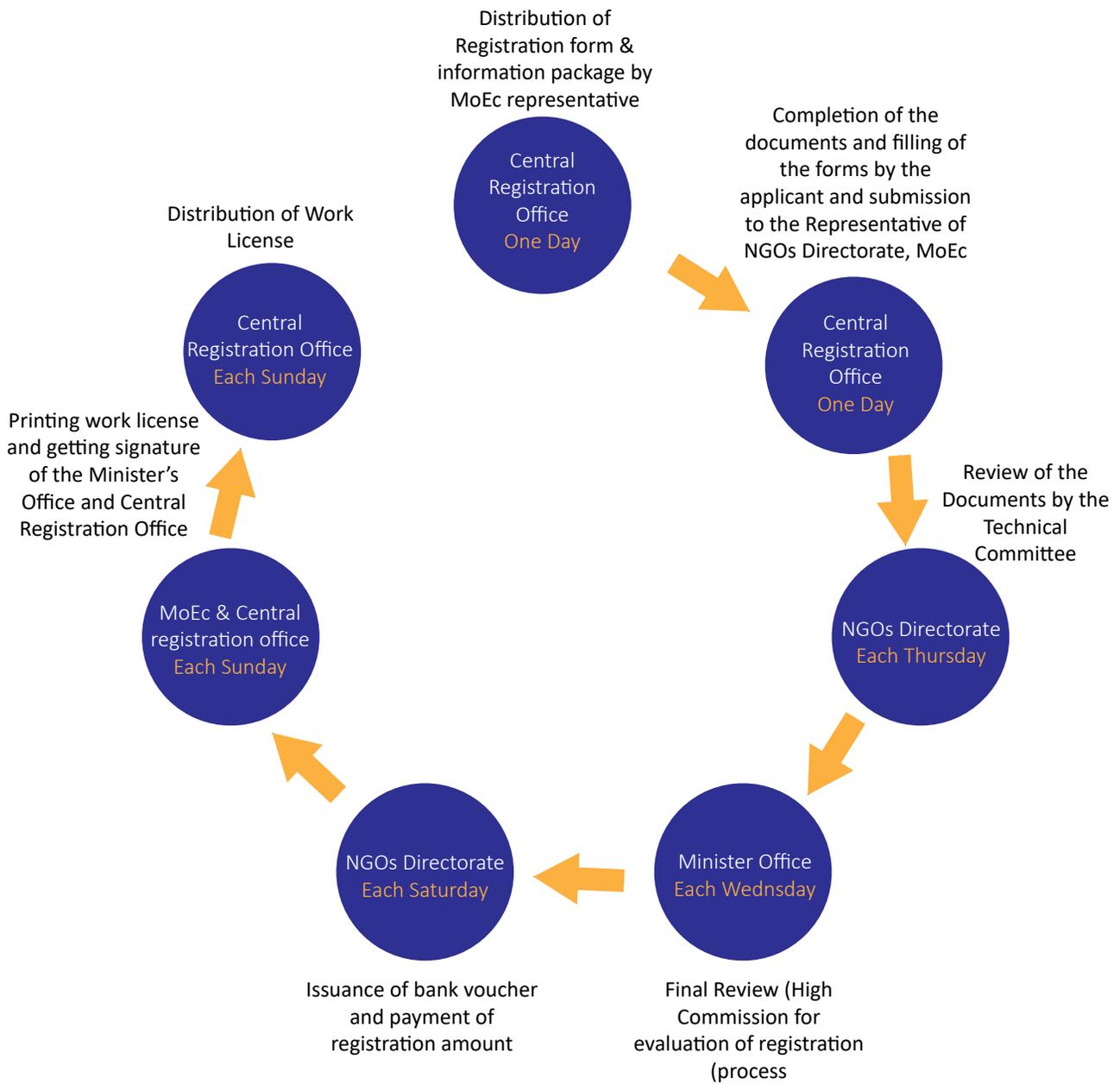
Based on the Presidential Decree # 2943 dated 30.01.2018, the Ministry of Economy established a specific counter for registration of NGOs at the MoEc Central Business Registry, which is regularly engaged in the delivery of services.

In addition, the Ministry of Economy simplified and expedited the process of providing services to NGOs. As a result, the registration process of NGOs has been reduced from two months to one week and from twelve steps to seven steps. These changes are illustrated in the following table.

Previous Processes			Current Processes	
No.	Process	Duration	Process	Duration
1	Application for Registration	1 day	Receipt of Applications for Registration and distribution of Inquiry Forms and Information Package (registration forms and Bylaw Guideline)	1 day
2	Review of applications by the Minister	2-3 days		
3	Inquiry forms to the Ministry of Justice and Ministry of Industry and Commerce	2 days		
4	Distribution of documents (Bylaw, Guideline, Registration Forms for Applicants)	1 day		
5	Completion of documents by the applicant	1 week	Completing and filling out the forms, resubmission of them to the Directorate of NGOs and signing the commitment letter by the applicant	1 day
6	Submission of supplementary documents by the applicant	1 day		
7	Signing the commitment letter by the head of the NGO	1 day		
8	Document review by the Technical Committee	1 day	Document review by the Technical Committee	Every Saturday
		(At an interval of more than ten days)		
9	Final review (High Commission for Registration)	1 day	Final review (High Commission for Registration)	Every Wednesday
		(At an interval of more than one month)		
10	Issuing a bank receipt and payment of registration fee	1 day	Issuing a bank receipt and payment of registration fee	Every Saturday
11	Printing of the license and obtaining the signature of the Minister	2-3 days	Printing of the license and obtaining the signature of the Minister	Every Sunday
12	Distribution of license	2-3 days	Distribution of license	Every Monday at 10:00 AM
Total amount of time for the registration process		One and half to two months	Total amount of time for the registration process	1 week

Table 2: Changes for simplification and speeding up the registration process of NGOs

NGOs Registration Steps



2.1.3 One NGO Budget

During the first national NGOs conference which was held in 2017 at the Presidential Palace, His Excellency President of the Islamic Republic of Afghanistan, instructed MoEc emphasizing on establishing the “One NGO Budget” in order to enable the NGOs to have one specific budget similar to the government so that, they can ensure the budget transparency to the government, public and donor agencies.

Based on the above instruction, the Ministry of Economy has finalized the concept of the “One NGO Budget” according to the NGOs roadmap, which was the final deliverable of the first national NGOs conference held in 2017. Also, according to the Law of NGOs, the Ministry of Economy is the only institution to ensure the implementation of the provisions of this law and can develop procedures for better implementation of the provisions of this law. Therefore, the Ministry of Economy developed the procedure of “One NGO Budget” for the improvement and enhancement of NGOs’ transparency and accountability in 2018.

Main Goals of One NGO Budget:

1. Improvement of NGOs’ transparency and accountability;
2. Strengthening of the monitoring and evaluation process of the donation of the International Community being spent through non-governmental organizations;
3. Enhance the efficiency and effectiveness of financial resources managed by NGOs.

Actions for the Establishment of One NGO Budget:

The Ministry of Economy took the following measures to establish One NGO Budget in 2018:

1. Developed a specific one-budget form that all NGOs’ budget information could be collected, compiled, and consolidated.
2. Developed an online system so that, all NGOs could add their information and submit their supportive documents to the MoEc. This online system is able to collect the data, analyze and generate the NGOs’ budgetary report.

2.1.4 Audit of NGOs’ Expenditures

NGOs shall carry out an annual audit of their financial affairs by using the international norms in accordance with the Article 27 of NGOs Law and send a copy of their reports to MoEc.

Of the total 1,864 active NGOs in 2017, only 191 international and national NGOs (85 national and 106 international NGOs) sent their 2017 audit reports to MoEc, which means the audit reports of 1,673 NGOs are still overdue.

NGOs' Status of Audit reporting in 2017

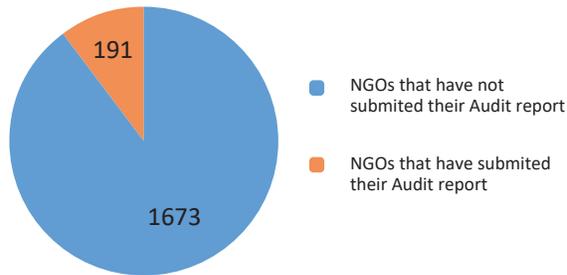


Figure 1: NGOs Status of Audit reporting in 2018

NGOs' Status of Audit Reporting in 2017

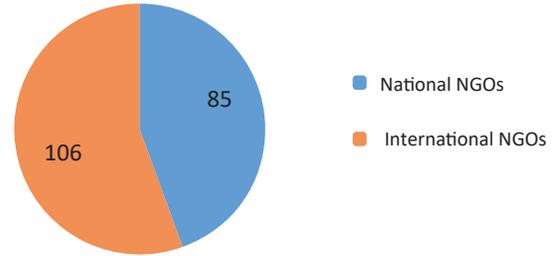


Figure 2: NGOs' Status of Audit reporting in 2017

Similarly, of the 1,656 active NGOs in 2018, only 63 international and national NGOs (34 national and 29 international NGOs) have sent their 2018 audit reports to MoEc. The list of these NGOs has been uploaded on the MoEc website. However, it is worth mentioning that sending of 2018 audit reports of NGOs to MoEc is an ongoing as the audit is usually completed at the end of the fiscal year.

Main reasons for not completing the audit reports by NGOs is that most of the NGOs do not consider the cost of auditing during the project budgeting phase. MoEc has made the required coordination with the line ministries and donor agencies to address the issue.

MoEc has predicted special provisions in the amendment of Law of NGOs regarding the audit of the NGOs which are not able to receive funds and do not have activities.

NGOs' Status of Audit reporting in 2018

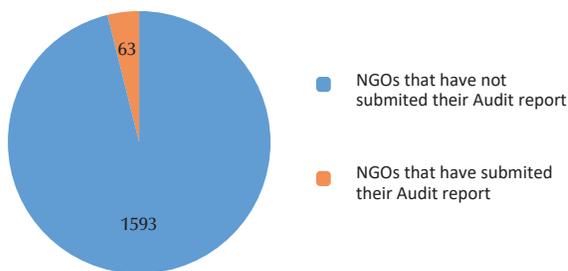


Figure 3: NGOs' Status of Audit reporting in 2018

NGOs' Status of Audit Reporting in 2018

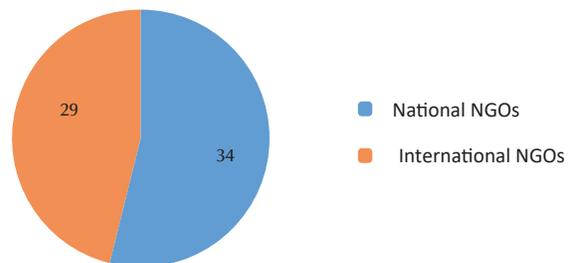


Figure 4: NGOs' Status of Audit reporting in 2018

In addition, MoEc has recruited two Financial Analysts and three Transparency and Accountability Consultants who are developing a system for collection, analysis, and evaluation of the audit reports of national and international NGOs. By implementing this system, there will be tangible positive changes in the status of audit reporting of NGOs in 2019.

2.1.5 Implementation of the Self-Reliance Mutual Accountability Framework (SMAF-24), Brussels Conference Decision 2016

Attended by more than 70 countries and 20 prominent international organizations, Brussels Conference was conducted in Brussels City of Germany in 2016 to attract technical and financial assistance from the international community to Afghanistan for 2017 - 2020.

The Islamic Republic of Afghanistan, in response to the committed assistance by the international community, has promised 24 indicators that include reforms and solving of the current problems in various areas. The taxation of NGOs is one of those problems.

Pursuant to the decision made in the conference and the instructions of the competent authorities of the country, a joint committee composed of the authorized representatives of the Ministry of Economy, Ministry of Finance and coordinating umbrella of NGOs has been formed. The committee has commenced its work and discussed in its 13th technical and leadership meetings NGOs' tax failures and taxation crimes due to not submitting their tax return statements to the government for the years 2009 to 2016. In addition, there were comprehensive discussions on the NGOs' reporting to the concerned organizations.

Due to the difference between the Solar and Gregorian calendars, lack of information about paying taxes and the delay in donor fund delivery or any other reasons, 78 national and international NGOs have failed to submit their tax return statements of Afs 381.36 million USD for the years 2009- 2016. So, they have gone under the taxation crime code for these years.

Based on the work result of the technical committee and decision of the steering committee, a joint proposal was developed in collaboration with the Ministry of Finance in early July last year. The proposal was submitted to the President Office for getting approval for either of the issues, exemption of arrears and taxation crimes of NGOs or obtaining the tax and exempting their tax crimes.

2.1.6 Progress on the Implementation of GMAF-24 Indicators, Geneva Conference

Geneva Mutual Accountable Framework (GMAF) is a joint commitment between the Government of the Islamic Republic of Afghanistan and international development partners for 2019-2020. They expressed their consent through a joint statement on 27-28 November 2018 on Afghanistan Peace and Self-reliance., Afterwards; the framework was approved through resolution No. 17 of the Cabinet meeting of GoIRA held on 18 December 2018. Moreover, the following instructions are mentioned in GMAF indicator 24 for providing greater facilities, expanding NGOs activities, strengthening coordination between NGOs, line ministries, donors and eliminating some ambiguities in the previous NGOs Law:

First Commitment:

The Cabinet of GoIRA shall approve NGOs law by the end of 2019.

Second Commitment:

A joint working group of NGOs and government should review all NGOs' audit reports and resolve their financial reporting issues by mid-2019, and after getting approval, this working group should align the NGOs' reporting forms with the goals of government NPPs, ANPDF and ASDGs.

Pursuant to the mentioned GMAF-24 indicator, technical and steering committees have been established and the NGOs law has been amended and sent to the Ministry of Justice for the legislative process. In addition, NGOs reporting online database was developed in consideration of all national programs goals and indicators and is currently being used.

2.2. NGOs' Activities

2.2.1 NGOs Current Status

In 2018, a total number of 2,183 NGOs were registered with the Ministry of Economy. Of which 320 NGOs were dissolved in accordance with the provisions of Article 31 of the law of NGOs because they failed to submit report of their activities in two consecutive years. The list of these NGOs has been published on the website (annex 2) of the Ministry of Economy. Therefore, in 2018 the remaining total number of 1,863 NGOs were considered as registered and active NGOs.

Of the 1,863 NGOs, only 1,656 are subject to report their activities. Since 207 NGOs were registered in the last six months of 2018, they are not required to report their activities according to the Law of NGOs until six months elapses of their registration.

Of the total number of 1,656 NGOs which are required to report their activities, only 1,208 of them (73%) reported their activities to the Ministry of Economy 999 of them are national (83%) and 209 are international (17%) NGOs.

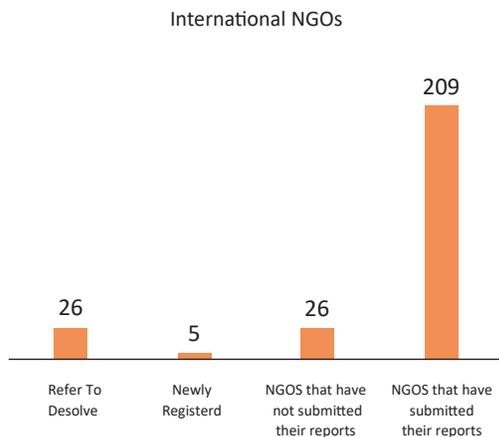


Figure 5: Reporting Status of International NGOs in 2018

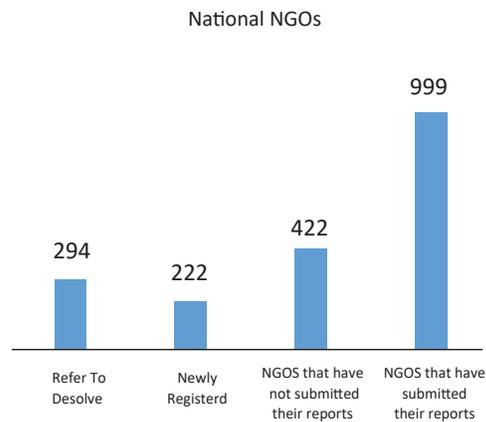


Figure 6: Reporting Status of National NGOs in 2018

In total, 1,656 NGOs were required to report on their activities, but unfortunately, 448 of these NGOs have not submitted their activity reports (422 national NGOs (94%) and 26 international NGOs (6%)). The list of these NGOs is uploaded on the website of the Ministry of Economy, shown in figure 6.

According to figure 8, NGOs' reporting trend in the last three years show that the percentage of reporting in 2018 is higher than the previous years.

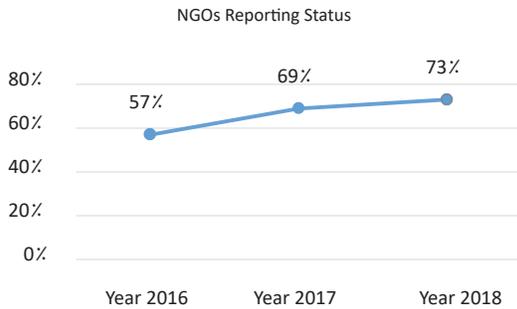


Figure 7: Comparison of the reporting status of NGOs in 2016 2017 and 2018

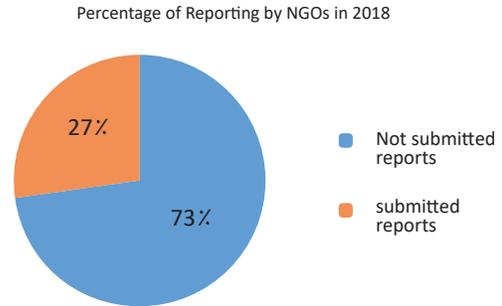


Figure 8: NGOs that have been subject to reporting in the years 2016-2018

2.2.2 Number of Projects Implemented by NGOs

NGOs have implemented 2,537 projects nationwide as many as 1,321 projects have been undertaken by international NGOs (448 are ongoing and 873 have been completed) and the remaining 1,216 projects have been undertaken by national NGOs (489 are ongoing and 727 have been completed).

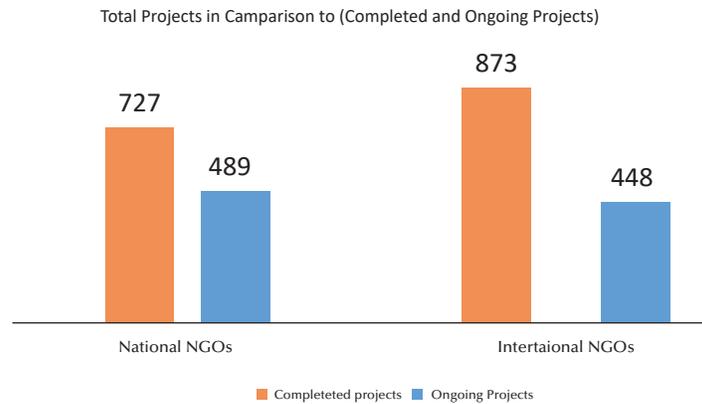


Figure 9: Projects Status in Comparison to (Completed and Ongoing Projects) in 2018

As you can observe in figure 10, in total 52 percent of the ongoing projects is managed by national NGOs and 48 percent by international NGOs. Likewise, figure 11 explains that 45 percent of completed projects were implemented by National NGOs and the remaining 55% by the international NGOs. It is worth mentioning that the duration of most of the ongoing projects is more than one year. Therefore, some of the projects have been completed while some of them have been transferred to the following year.

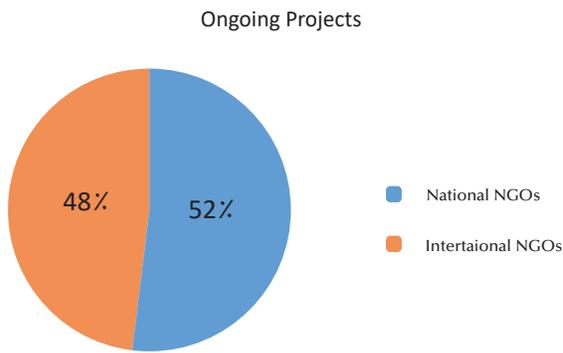


Figure 10: Percentage of Ongoing Projects, 2018

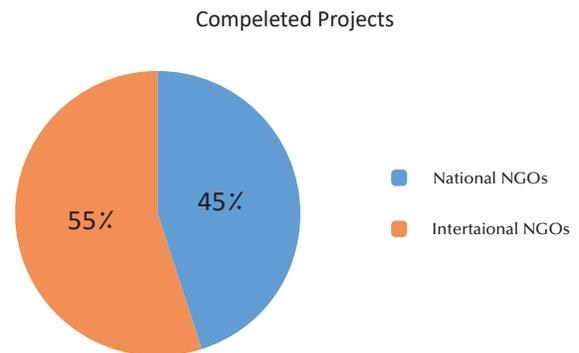


Figure 11: Percentage of Completed Projects, 2018

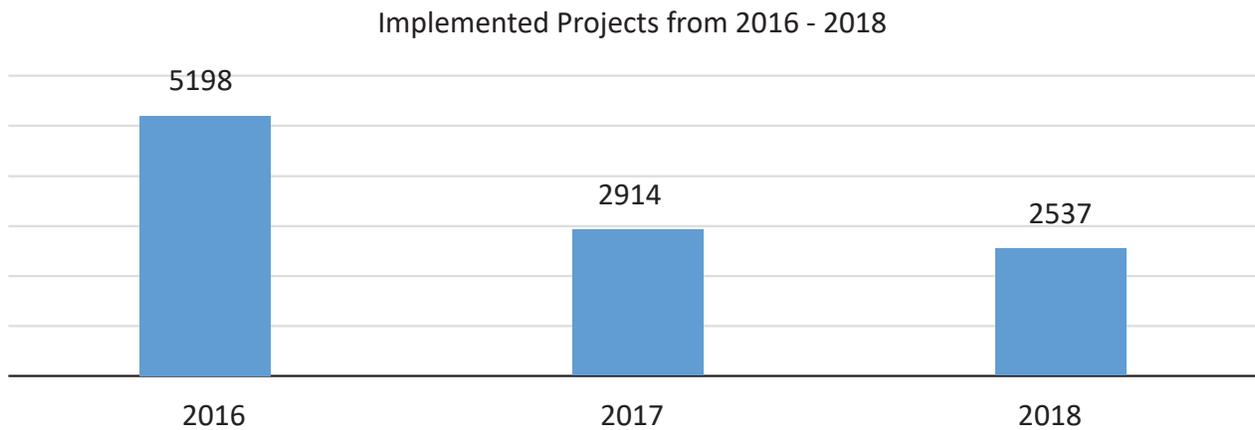


Figure 12: Number of Implemented Projects by NGOs from 2016 - 2018

The above figure shows that in comparison with 2016 and 2017 the number of projects has decreased in 2018 while there is no considerable change in funding. It indicates that the projects' value has increased in comparison to the past years, and in some cases, projects have changed to programs. About 32 percent of the projects had a budget of 5,000 to 50,000 USD in 2018 and only 8 percent of the projects had a budget above 1 million USD. In comparison with 2017, there is a 5% increase in 2018 in the projects' funds, which have a budget of over one million USD.

Projects Percentage Based on the Budget Category

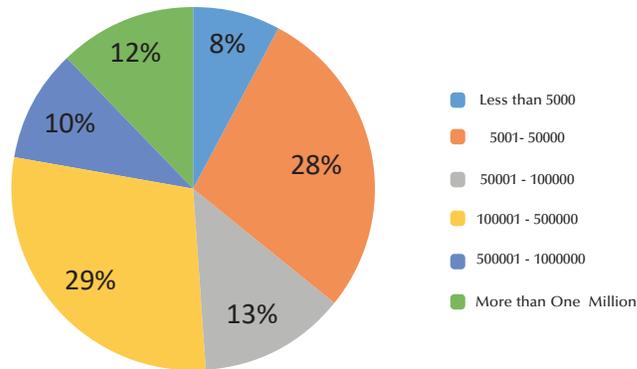


Figure 13: Percentage of Projects based on the Budget Category

In terms of the distribution of projects on the basis of category of expenditure by the national and international NGOs, national NGOs have implemented small projects i.e. with funds less than 500,000 USD while larger projects with funds over 500, 000 USD have been implemented by international NGOs.

The Number of NGOs' Projects Based on the Budgeted Category

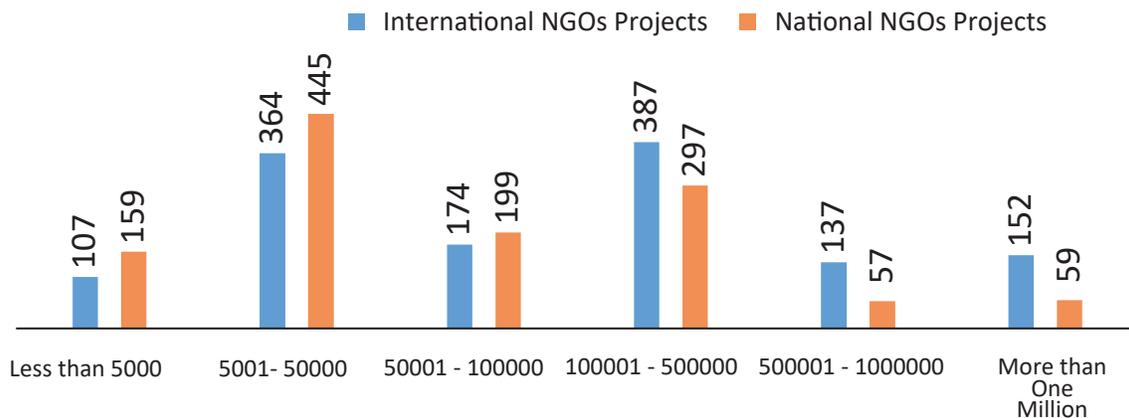


Figure 14: Number of Projects Based on the Budgeted Category

In terms of the distribution of small and large projects, a great difference is noticed. As noticed in the following figures, the health and social protection sectors are ranked first and second in terms of implementing projects with a budget of more than 1 million USD and less than 500,000 USD, and the good governance sector has seven projects with an expenditure of over one million USD. As the figure shows the number of projects with the expenditure of less than 5,000 USD, the social protection sector by having

most of the projects tops all the other sectors and the agriculture and rural development sector is at the bottom of the graph.

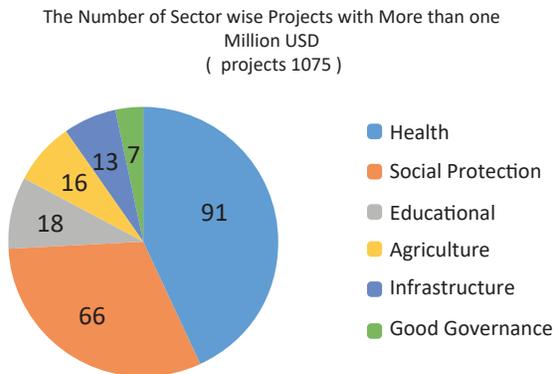


Figure 15: the number of sector wise projects with a budget of over 1 million USD 2018budget

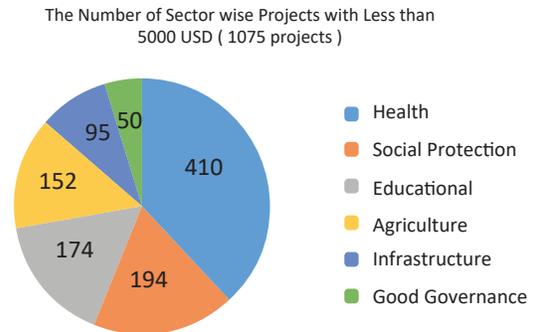


Figure 16: The number of sector wise projects with a budget of less than 1 million USD in 2018

1.2.2.2 Projects implemented Sector wise

In terms of number of projects implemented in a sector in 2018, the social protection sector with 39% share is at the top, agriculture and infrastructure sectors are at the bottom with 6% shares.

From the viewpoint of the number of implemented projects by national and international NGOs in different sectors, their shares are equal in the implementation of the social sector projects whereas the role of international NGOs is more visible and prominent in education, agriculture and infrastructure sectors. The role of national NGOs is significant in the implementation of the health and good governance sectors' projects.

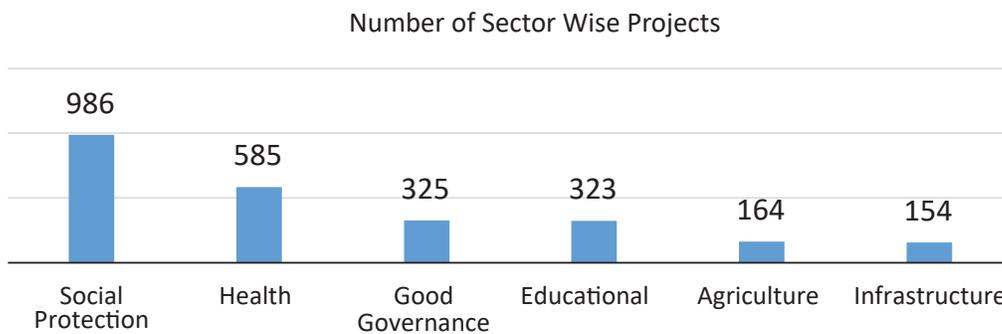


Figure 17: Ranking of sectors according to the number of implemented projects in 2018

Although good governance is one of the basic priorities of the country, not only the government but also the national NGOs as a civil society and a bridge between people and the government played their role besides the government in building good governance.

The Number of Sector Wise Projects Implemented by NGOs

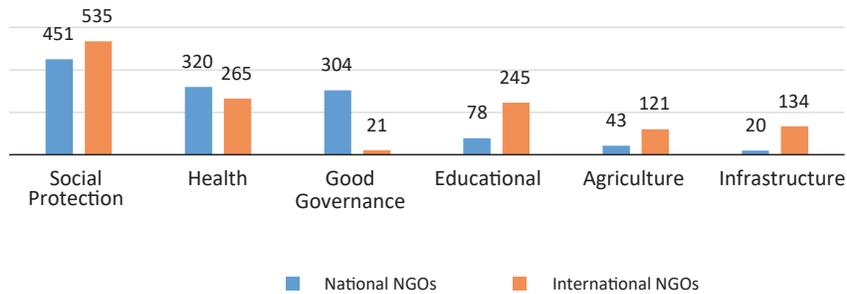


Figure 18: The number of sector wise projects by NGOs in 2018

2.2.2.2 The Number of Projects Implemented in Provinces

Findings of the report show that totally 1,039 projects with the total expense of 264 million USD were implemented in Kabul province in 2018. However, totally 31 projects with the total expense of 6 million USD were implemented in Nuristan province in 2018. By consideration of the number of projects implemented in 2018, Nangarhar, Herat and Balkh provinces with 424, 344, 337 projects are ranked second, third and fourth respectively. However, Nuristan, Zabul and Panjshir provinces are at the bottom.

The Number of Completed Projects in Provinces in 2018

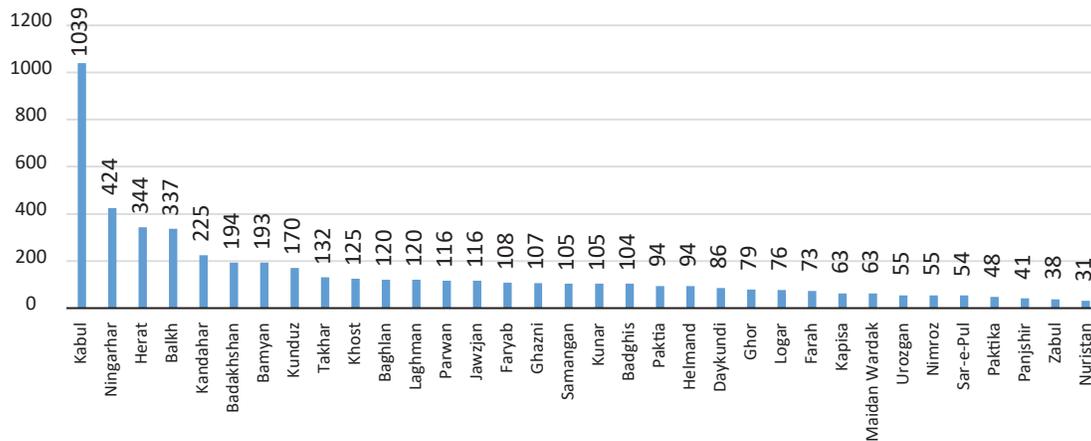


Figure 19: Geographical distribution of the implemented projects by NGOs in 2018

2.2.3 NGOs Expenses in 2018

Findings show that NGOs spent 95 percent of their budget in 2018 because of the simple and easy financial and procurement procedures, which accelerated the process of service provision to the beneficiaries. That is a plus point to NGOs rather than to the governmental organizations.

During the year 2018, 876 million USD was spent by NGOs in six sectors (health, education, agriculture, irrigation, social protection, good governance, and infrastructure) throughout the country. Of the total expenditures, 603 million USD (69%) was spent by international NGOs and 273 million USD by national NGOs (31%). Reports show that expenditures dropped from 884 million USD to 875 million USD (one percent) in 2018 compared with the expenditures in 2017.

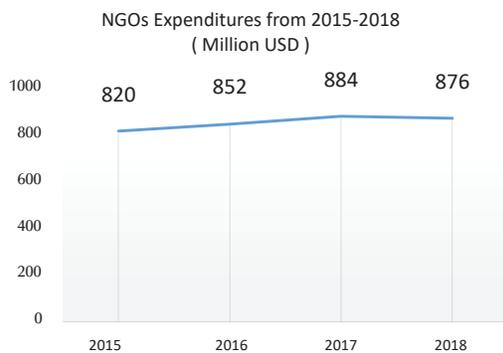


Figure 20: NGOs Expenditure from 2015-2018

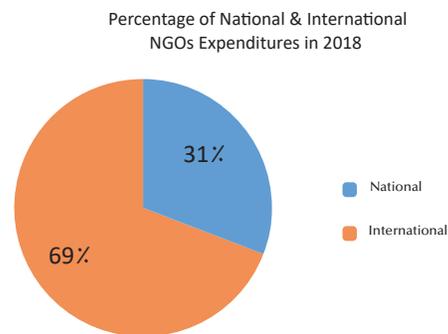


Figure 21: NGOs Expenditure in Comparison to National and International, 2018

1.3.2.2 NGOs' Expenditures in the Sectors

During 2018, national and international NGOs spent most of their funds on the health sector followed by the social protection sector, which ranked second. Education sector ranked third, agriculture fourth, good governance fifth, and infrastructure ranked last.

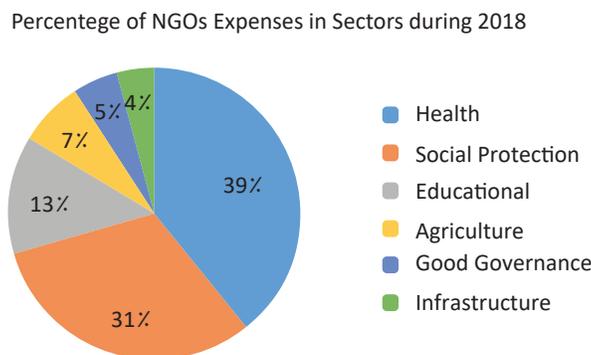


Figure 22: Percentage of NGOs sector wise expenses during 2018

Based on the NGOs' reports, international NGOs' shares are prominent compared with the shares of national NGOs in all the sectors except in good governance. As the following figure shows, the international NGOs have spent most of their funds in the social protection sector followed by the health and education sectors. The good governance sector has not received much fund from international NGOs. Likewise, national NGOs have spent more in health, social protection, and good governance sectors and less in infrastructure, agriculture and education sectors.

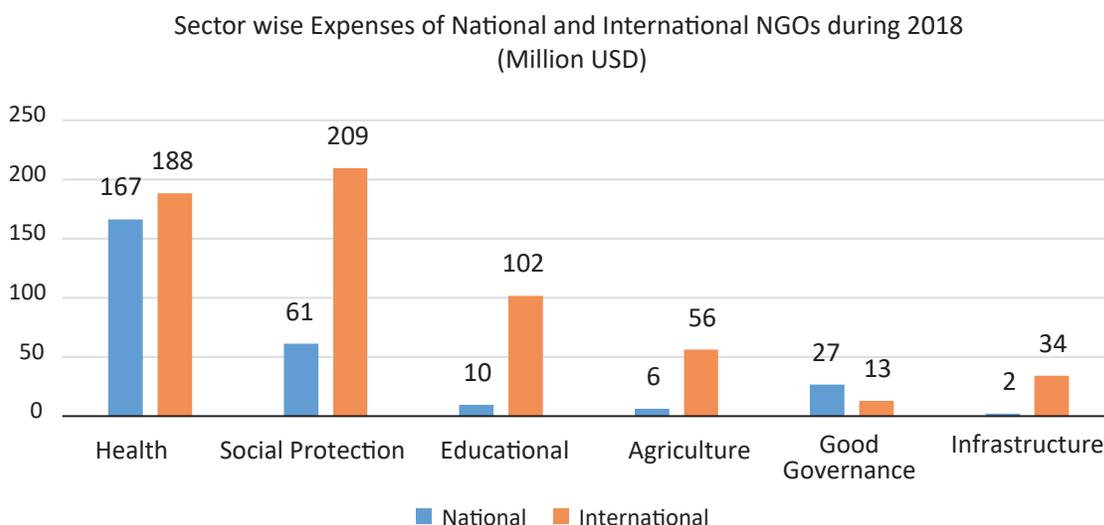


Figure 23: Expenses of National and International NGOs based on sectors in 2018

2.3.2.2 NGOs' Sectoral Expenses by Provinces

NGOs have spent 876 million USD in 34 provinces of the country. As the NGOs' reports show, Nangarhar province with a share of 53.8 million USD is second after Kabul province with the share of 264.2 million USD and likewise, Herat with 46.8 million USD, Kandahar with 36.8 million USD ranked third and fourth. Meanwhile Kapisa province has received 4.2 million USD and is placed at the bottom. Panjshir with 4.4 million USD and Zabul with 4.9 million USD have received the least funds.

In this section, for instance, the geographic distribution of expenses of NGOs in the health sector are shown and analysed.

NGOs spent most parts of their health sector funds in Kabul followed by Helmand, Kandahar, Badakhshan, and Nangarhar. But the least funds were spent in Kapisa, Parwan, and Panjsher provinces

2.2.4 NGOs' Expenditure Per Capita

NGOs have spent more than 876 million USD in 34 provinces. Of which 212.2 million USD has been spent through On-Budget and 663.41 million USD through Off-Budget. The amount spent through On-Budget was in coordination with line ministries in Kabul and provinces and in line with the pressing needs of the society, whereas the fund through Off-Budget spent by the NGOs without or poor coordination with line ministries for the implementation of projects. The below figure shows the division of expenditures on the basis of the population of each province. The highest per capita expenditures are in Kabul, Samangan and Nemroz 50, 45 and 38 USD respectively. However, the lowest per capita expenditures are in Kapisa, Paktika and Ghazni provinces i.e. 9, 12, and 13 USD respectively. The expenditures are not balanced from geographical perspective. One of the main reasons for greater expenditures of NGOs in Kabul is the existence of the main offices of the majority of the NGOs. Hence, the overhead, supportive and technical expenses of the provincial projects, including the salaries and benefits, rent and equipment of the main offices, expenses of the provincial projects' monitoring and evaluation by the main offices and other expenses of the projects were calculated as the cost of the main offices and due to this issue, Kabul is ranked first in terms of costs and it needs more analysis which will be considered in the online reporting system that will be launched in 2019. Meanwhile, the services provision is the responsibility of the line ministries rather than NGOs in some provinces. For instance, Basic Package of Health Services (BPHS) is implemented directly by MoPH in Parwan, Kapisa and Panjsher provinces. However, in other provinces BPHS is implemented by NGOs.

The figures can be analyzed from two perspectives. Firstly, the imbalance funds in provinces given the lack of coordination between the implementing NGOs and the line ministries and based on the demand of donors. Secondly, the nature (developmental and emergency) of projects implemented by NGOs. The development projects are designed and implemented on the basis of the requirement and pre-assessment of the NGOs and line ministries while the emergency projects such as drought, flood, earthquake etc. are implemented in the affected provinces based on the urgent need of the community. This has its own impact on the distribution of projects and expenses of NGOs. We can infer from the above-mentioned facts that there is a pressing need for more and stronger coordination between the donors, NGOs, and line ministries to enhance the effectiveness of the NGOs' expenditures.

NGOs Expenditure Per Capita (USD)

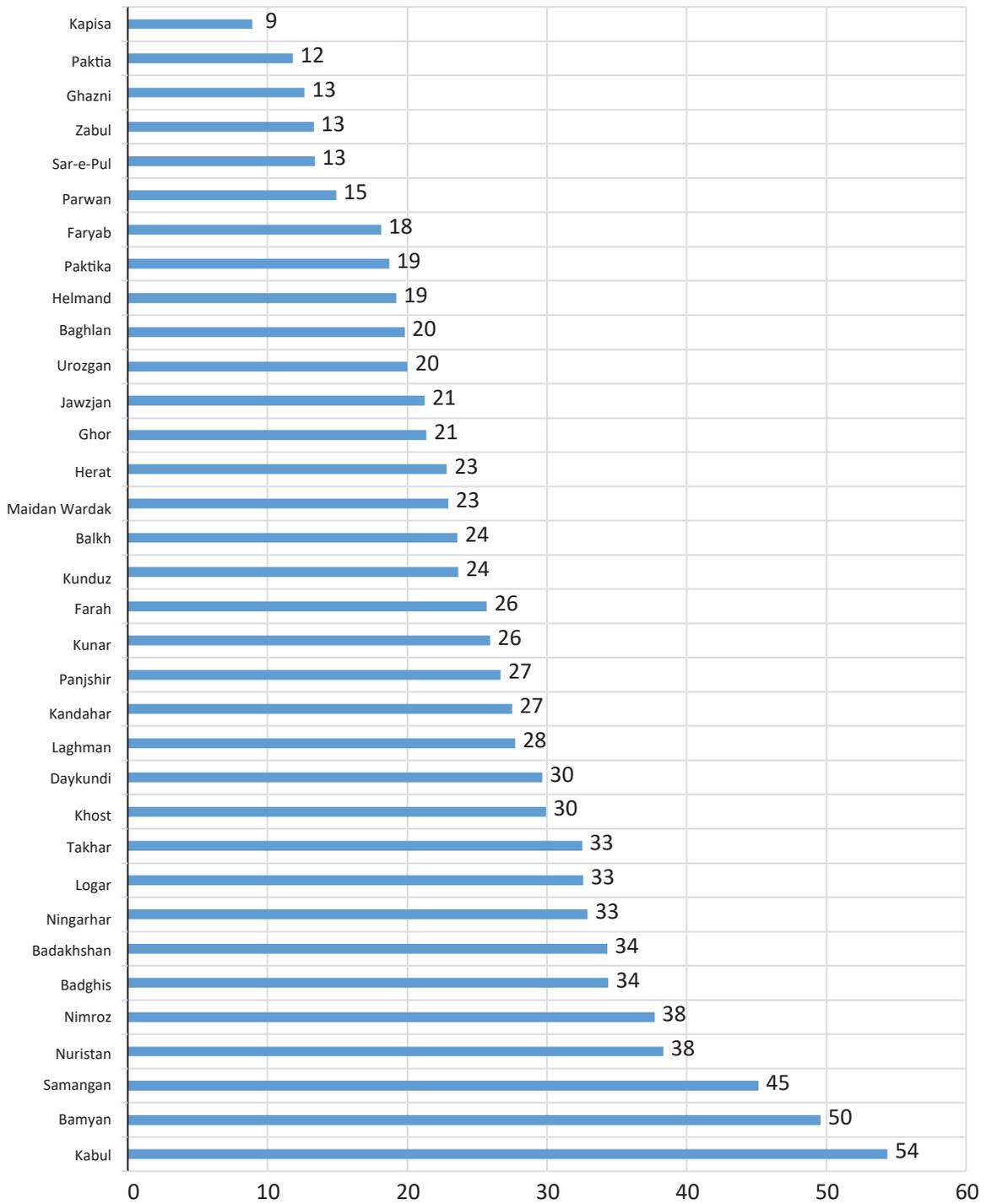
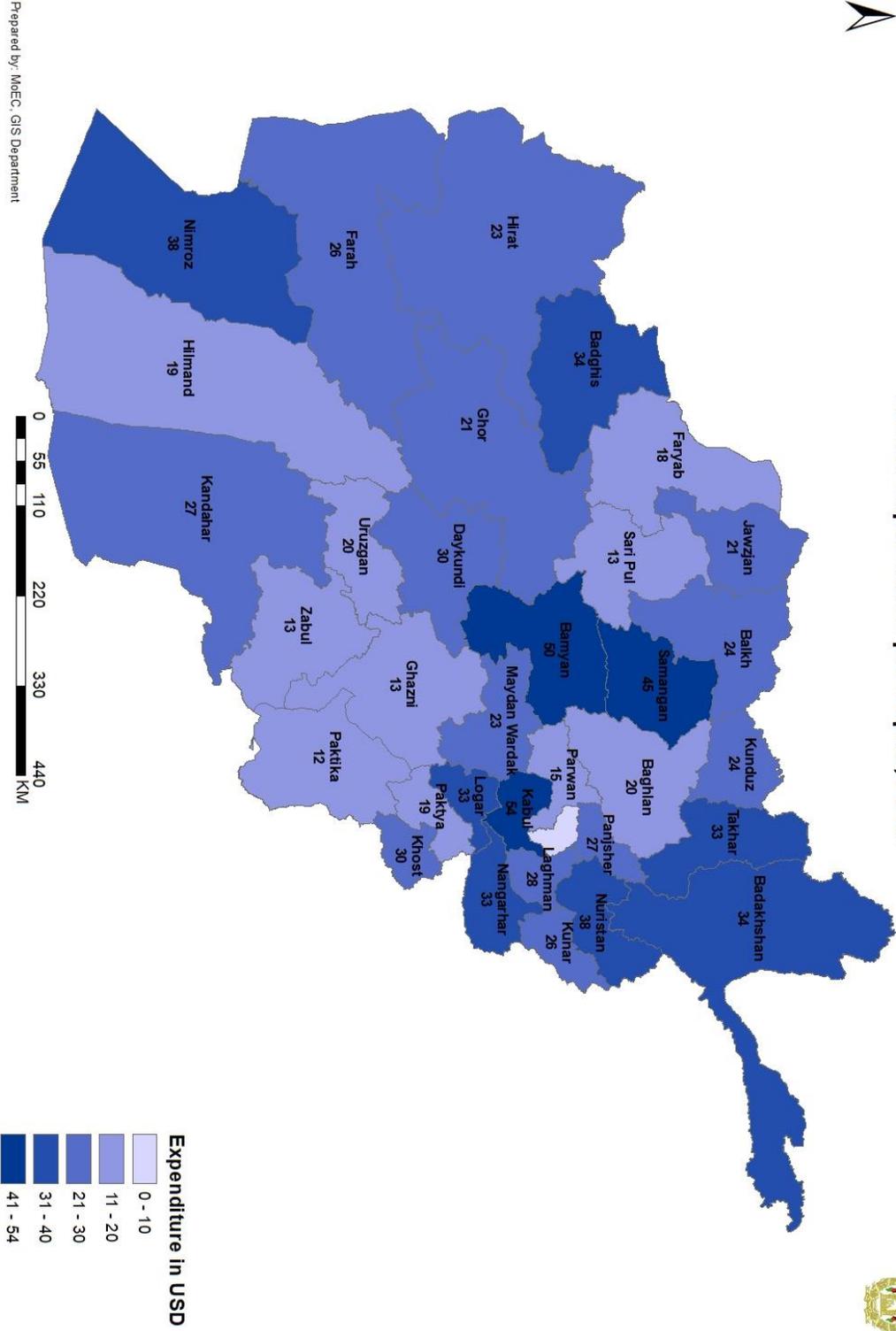


Figure 24: NGOs Expenditure per Capita, 2018



NGOs Expenditure per capita, 2018



2.2.5 Funding of NGOs' Activities

NGOs are funded through two methods: National budget (On-Budget), through which development projects are funded as discretionary and non-discretionary budget by the Ministry of Finance to line ministries either from national sources or international community's donations., Consequently, line ministries enter service provision contracts with NGOs and as a result, fund is provided to NGOs for implementation of projects. Second, out of national budget (Off-Budget) through which donors directly provide funds to NGOs for implementation of projects.

Though based on the Law of NGOs, NGOs may obtain their required budget for implementation of their projects through the collection of fees for services and collection of donations from individuals and national and international organizations. However, this approach which helps self-sufficiency and sustainability of NGOs' activities is weak.

Total expenses of NGOs in 2018 reached to 876 million USD. 24% (2102 million USD) of this amount has been spent through national budget and 76% (664 million USD) has been spent out of national budget.

As noticed, those expenses which are managed through national budget, there is no significant difference between the share of national and international NGOs (55% for national NGOs and 45% for international NGOs), while for funding projects out of national budget, most of the funds are allocated for the projects implemented by international NGOs (21% for national NGOs and 79% for international NGOs).

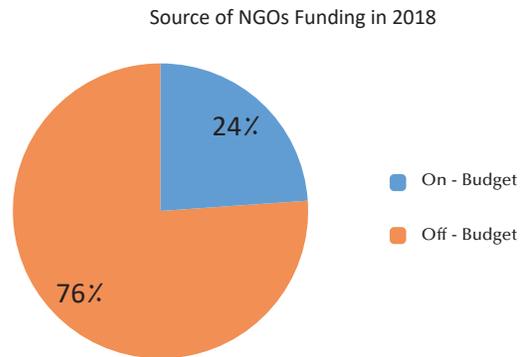


Figure 25: Funding of expenses of NGOs through on-budget and off-budget financing, 2018



Figure 26: Expenses of NGOs in 2018 based on expenses resources

2.2.6 Sectoral Activities of NGOs

1.6.2.2 Health

This sector only covers MoPH activities, which is one of the national priority programs and part of the Citizen Charter National Program and human resources development program. According to ASDGs, the health sector focuses on second and third of strategic goals, consisting of 2 goals, 11 targets and 20 indicators.

The main goals of this sector are reducing malnutrition and mortality rate of children, especially those under 5 and infants, reducing maternal mortality, controlling communicable diseases, particularly tuberculosis, malaria, AIDS, cardiovascular, cancer, reducing tobacco and drug use among the youth and increasing the number of health workers and ensuring access to equal standard health care services.

In 2018, 244 million USD of the national budget was allocated to this sector, which only spent 178 million USD (73 %) of its total development budget

However, NGOs spent 355 million USD in 2018, which constitutes 40% of the total expenditures of the NGOs used for the implementation of 585 projects in the health sector. The health sector tops all the other sectors in terms of expenditures by NGOs in 2018. A sum 188 million USD has been spent by INGOs and 166 million USD by NNGOs. Of the 355 million USD spent in the health sector, 45.5% of the expenses have been funded from On Budget and 55% from Off-Budget. NGOs were able to attract additional funds directly from the donors. Of the total fund, 188.5 million USD was spent by international and 166.5 million USD by national NGOs. Similarly, 316.4 million USD (89%) was project expenses and 38.6 million USD (11 %) was overhead expenses in the health sector.

Figure 28 shows the overhead costs of INGOs (16 %) and NNGOs (5%) in this sector.

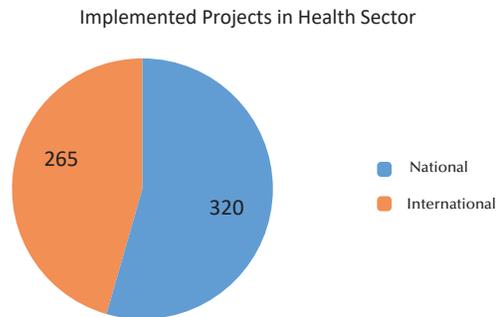


Figure 27: Projects by NGOs in Health Sector, 2018

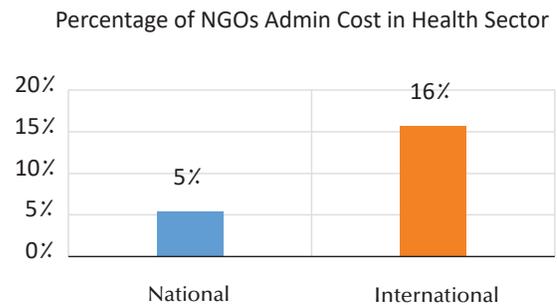


Figure 28: Projects by NGOs in Health Sector, 2018

2.6.2.2 Social Protection

This sector includes eight line ministries (Ministry of Refugees and Returnees, Ministry of Frontiers and Tribes, General Directorate of Nomads', Ministry of Women Affairs, Ministry of Labor and Social affairs, Martyrs and Disabled, Ministry of State in Disaster Management, Directorate of Demining, and Directorate of Red Crescent.

These line ministries and entities work for job creation, poverty reduction, improvement of the livelihood condition of nomads, protection of women's rights, disaster management and helping victims of disasters, returnees and internally displaced people and ultimately works for the social welfare through the design and implementation of national development programs and projects. This sector has been aligned with two national priority programs contained in the National Peace and Development Framework i.e. human resources development program and women's economic empowerment. And complies with goal numbers 1, 4, 5, 8, 11 and 13 of ASDS.

The Main Goals of the Social Protection Sector include the following:

- Development and promotion of good work for all through the improvement of the effective labor market
- Poverty reduction through enhancement of social protection
- Ensuring gender equality and reducing violence against women
- Women's economic empowerment through commercial exhibitions and program implementations
- Addressing refugees' and immigrants' status in host countries
- Addressing the problems of internally displaced people
- Providing legal and social services to refugees, returnees, and internally displaced people
- Improving the livelihood and enhancing access to basic services
- Consolidation and maintenance of borderlines of the country and solving disputes across the borderlines.

In 2018, 18.3 million USD of national budget was dedicated to this sector. It only spent 11.2 million USD (61 %), in the implementation of 28 projects.

In 2018, NGOs spent 270.7 million USD, which is 31% of the total budget spent for the implementation of 986 projects in the social protection sector. This sector ranks 2nd in terms of overall expenditures by NGOs in 2018. Of 209.5 million USD spent by INGOs and 61.2 million USD by NNGOs 7% of the budget has come from On- Budget and 93% from Off-Budget. NGOs were able to attract a huge sum of money directly from

Implemented Projects in Social Protection Sector

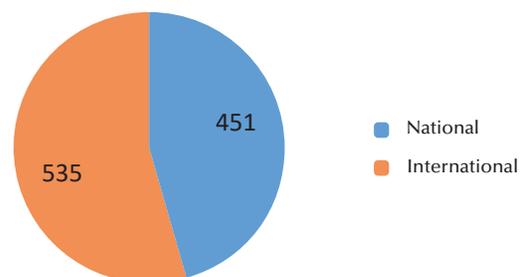


Figure 29: Projects by NGOs in Social Protection Sector, 2018

donors for this sector and spend it in this sector. This shows an added value made possible by NOGs. Of the total expenditures by NGOs in the social protection sector, 209.5 million USD was spent by international and 612 million USD by national NGOs. The overhead expenses of the implemented projects reach 17% in this sector. Figure 30 shows overhead expenditure of INGOs and NNGOs as 19 % and 11 %, respectively.

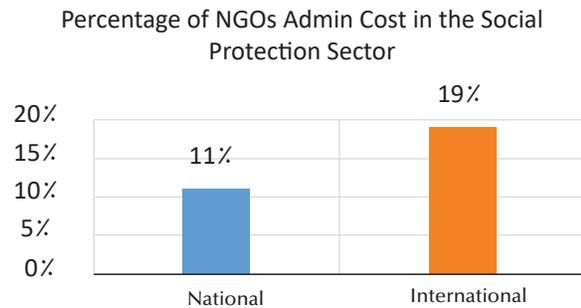


Figure 30: Percentage of NGOs Admin Cost in Social Protection Sector, 2018

3.6.2.2 Education

This sector includes Ministry of Education, Ministry of Higher Education, Ministry of Information and Culture, Technical and Vocational Education and Training Authority, Academy of Sciences of Afghanistan, General Directorate of Physical Education and Sports and National Radio and Television.

Of the National Priority Programs, this sector focused on two programs human resources development, and women’s economic empowerment and targets fourth, eighth, eleventh, twelfth, and sixteenth of the sustainable development are relevant to this sector.

The main goals of this sector include:

- Ensuring quality education for all, and promoting training and educational opportunities nationwide;
- Elimination of gender inequalities in education, focusing on ensuring full and equal access of girls to quality basic education;
- Public access to RTA broadcasts, and to strengthening and expanding the scope of broadcasts at the national and international level;
- Creating independent, pluralist and legal, mass media outlets for the general public;
- Developing and implementing policies to develop sustainable tourism that will create employment opportunities and promote local productions and culture;
- Promoting sustainable and comprehensive economic development, employment, material for all, and protection and maintaining of the cultural heritage of the country;
- Development and delivery of better services in the field of sports and physical education throughout the country.

In 2018, 94.5 million USD was allocated for this sector. Only 61 % of it was spent.

NGOs spent a total of 111.6 million USD in the implementation of 323 projects, constituting 14% of the overall NGOs' expenditure in 2018. This sector ranks 3rd in terms of the overall expenditures by NGOs in 2018.

In the education sector, a sum of 101.9 million USD was spent by INGOs and 9.7million USD by NNGOs. In total, 86% i.e. 95.8 million USD was spent on the project implementation and the remaining 15.8 million USD (14%) was spent for administrative activities. Totally, 13% was the admin cost of national NOGs and 14% was the admin cost of international NGOs.

4.6.2.2 Agriculture and Rural Development

Agriculture and Rural Development Sector includes line ministries such as the Ministry of Agriculture, Irrigation and Livestock (MAIL) and the Ministry of Rural Rehabilitation and Development (MRRD). Of the national priority programs two of them, Citizen Charter and Agriculture Development Program focused on the agriculture and rural development sector. The second, sixth, ninth, twelfth and fifteenth of Sustainable Development Goals are related to this sector.

In the fiscal year 2018, a total of 419 million USD was allocated to the agriculture and rural development sector in the national budget document, of which a total of 322.5 million USD which makes 77% of the total allocated budget was spent.

Whereas in 2018 the NGOs spent a total of 62.4 million USD on the implementation of 164 projects, 2% budget was spent through On-Budget and 98% through Off-Budget., It means the NGOs have also been able to attract additional funds directly from donors and spend in this sector.

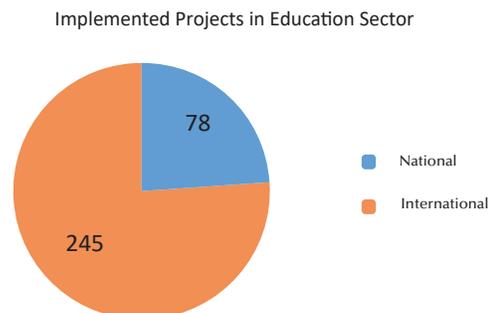


Figure 31: Projects by NGOs in Education Sector, 2018

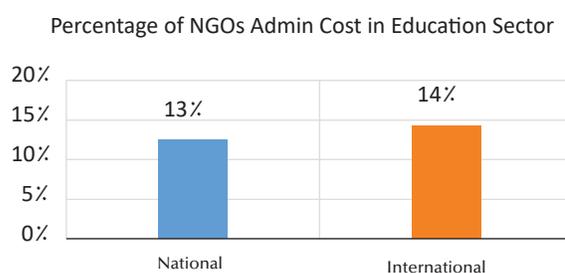


Figure 32: Percentage of NGOs Admin Cost in Education Sector, 2018

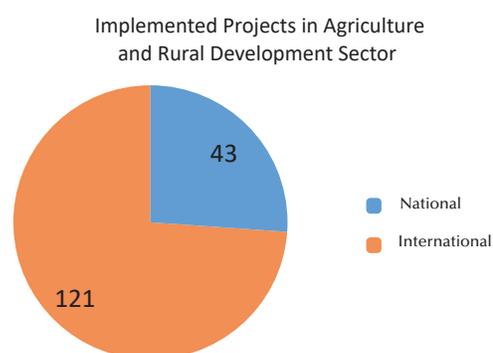


Figure 33: Projects by NGOs in Agriculture and rural development Sector, 2018

Of the total spent budget, 56.2 million USD has been spent by INGOs and 6.2 million USD has been spent by NGOs. The administrative costs of the NGOs for implementing these projects are 16% of the total cost.

Figure 34 represents the administrative costs of NNGOs and INGOs. The total administrative costs of INGOs in this sector was 18% while the total administrative costs of NNGOs in this sector was 5%.

5.6.2.2 Good Governance Sector

The good governance, rule of law and human rights sector includes the Ministry of Justice, the Supreme Court, the Office of the Attorney General, the Office of the Independent Local Governance, the Ministry of Hajj and Religious Affairs, State Ministry for Parliamentary Affairs, the Parliament, the Senate, the General Administrative Office of the President, the Office of the Chief of Staff of the President, Chief Executive Directorate, the Secretariat of the Ministers' Council, Independent Elections Commission, Independent Human Rights Commission and Independent Administrative Reform and Civil Service Commission.

Among the national priority programs, three of them including Citizen Charter, Effective Governance and Justice Sector reform programs focused on good governance, rule of law and human rights sector. In addition, the 16th goal of Sustainable Development Goals (SDG) is related to this sector.

The main objectives of the good governance, rule of law and human rights sector are as follows:

- Further and better access to judicial and legal services;
- Combating with all kinds of corruption, especially administrative corruption;
- Providing quality public services;
- Equal and non-discriminatory implementation of the law;
- Improving the local governance;
- Rule of law.

In the fiscal year 2018, a total budget of 134.7 million USD was allocated for the implementation of 49 projects in the governance and the rule of law sector. Line ministries were able to spend 76.5 million USD, which constitutes 57% of the total budget.

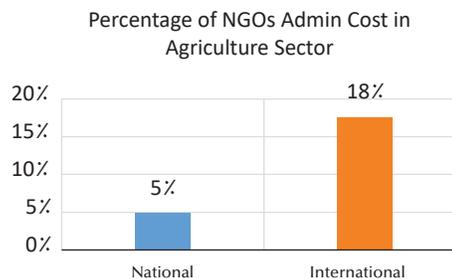


Figure 34: Percentage of NGOs Admin Cost in Agriculture and rural development Sector, 2018

Whereas in 2018 the NGOs spent a total of 39.9 million USD in the governance and the rule of law sector. All the expenditures of NGOs were managed through Off-Budget. It means that NGOs have been able to directly attract around 39.9 million USD from donors and spend in the governance and rule of law sector. This is considered an added value to this sector.

NGOs expenditures in the good governance sector rank 5th and constitutes 5% of the total cost of the NGOs. From the total allocated budget for this sector 13 million USD was spent by INGOs and 26.9 million USD by NNGOs. According to reports, the administrative costs of NGOs in the good governance, rule of law and human rights sector is 15%, and the rest are project direct costs.

Implemented Projects in Good Governance Sector

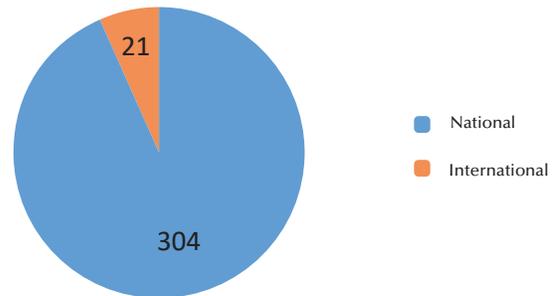


Figure 35: Projects by NGOs in Good Governance Sector, 2018

Figure 36 shows the administrative costs of NNGOs and INGOs. The total administrative costs of INGOs in this sector was 16% and the total administrative costs of NNGOs in this sector was 15%.

Percentage of NGOs Admin Cost in Good Governance Sector

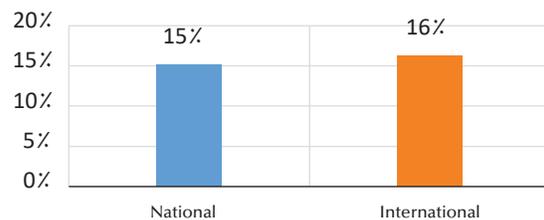


Figure 36: Percentage of NGOs Admin Cost in Good Governance Sector, 2018

6.6.2.2 Infrastructure Sector

The infrastructure sector includes line ministries and departments such as the National Environmental Protection Agency, the Civil Aviation Administration, the Independent Administration of the Capital Development Zone, the DABS, the Afghan Railway Administration, the Afghan Water Supply and Sanitation Company, Kabul Municipality, the Ministry of Urban Development, the Ministry of Energy and Water the Ministry of Transport, the Ministry of Communications and Information Technology, the Ministry of Public Works and the Ministry of Mines and Petroleum.

In addition, other line ministries such as the Ministry of Public Health, the Ministry of Education and the Ministry of Higher Education plan and fund infrastructure projects such as schools, hospitals and universities that are managed and run by themselves or by the Ministry of Urban Development and Lands.

In the fiscal year 2018, a total of 703 million USD was allocated in the national budget document for the infrastructure sector, of which 570.3 million USD (81%) was spent.

It merits mentioning that from among the priority national programs, five of them, including the Infrastructure Program, the Urban Development Program, the Energy Program, the National Program for the Development of Mines and Natural Resources focused on this sector., In addition, the fifth, seventh,

ninth, eleventh, twelfth, fifteenth and seventeenth goals of Afghanistan Sustainable Development Goals are related to the infrastructure sector.

It is worth-mentioning that according to para 8 of Article 8 of the Law of NGOs, NGOs are not allowed to engage in construction works but only in exceptional cases they are permitted to be engaged in construction works.

As a result of the above-mentioned limitations, the expenditures of NGOs in the infrastructure sector are limited in comparison with other sectors. In 2018, NGOs spent a total of 36.5 million USD in the implementation of 154 projects. All the expenditures came from the Off-Budget in this sector.

The administrative costs of the NGOs for implementing these projects reach 13%. Similarly, 94% of expenditures was managed by INGOs and 6% of expenditures was managed by NNGOs.

Figure No. 38 elaborates on the administrative costs of NNGOs and INGOs. The total administrative costs of INGOs in this sector was 15% and the total administrative costs of NNGOs in this sector was 13%.

Implemented Projects in Infrastructure Sector

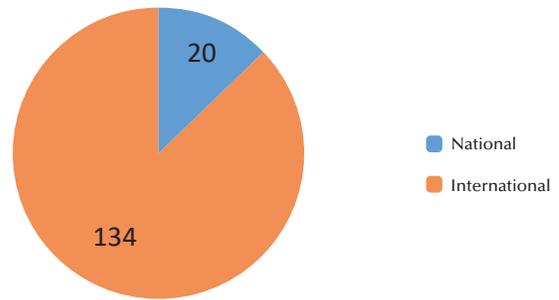


Figure 37: Projects by NGOs in Infrastructure Sector, 2018

Percentage of NGOs Admin Cost in Infrastructure Sector

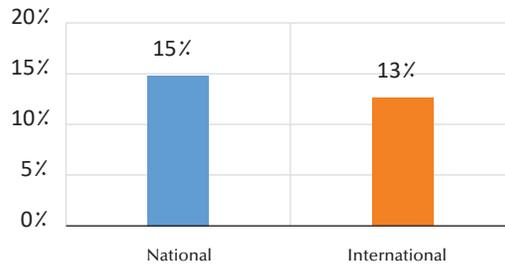


Figure 38: Percentage of NGOs Admin Cost Infrastructure Sector, 2018

2.2.7 NGOs Role in Job Creation

The total employees of the NGOs are 85383 in 2018. 60264. Of them (69%) are males and 23769 (31%) females. As many as 84379 of them are Afghan citizens and 1004 are foreign nationals. Gender wise 60264 (69 %) of the employees are males and 23278 (31%) are females. In international organizations, 38183 persons are working. Of them 28148 (74%) are males and 10035 (26%) are females. Meanwhile, 47200 persons are working for national organizations. Of them 30912 (65%) are males and 16288 (35%) of them are females

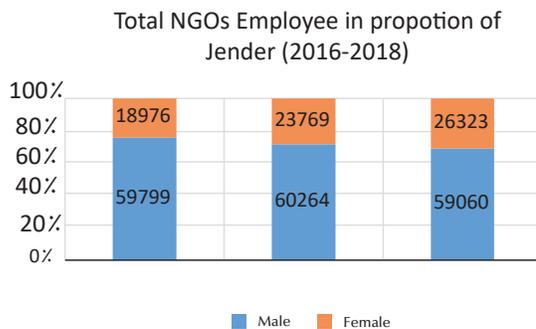


Figure 39: Recruitment by gender in 2018

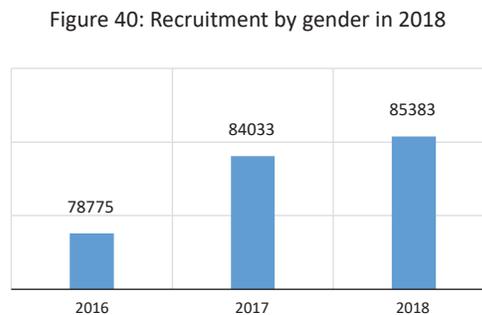


Figure 40: NGOs Recruitment by year

Figure No. 40 shows the NGOs employment trend of last three years (2016, 2017, and 2018). Employment by NGOs shows a 2 percent increase in 2018 in comparison with that of 2017. There is 11 percent increase in the female's employment. It is worth mentioning that the increase is in the recruitment of national employees, indicating the enhancement of national employees' capacity and their professionalism.

Unemployment is a serious factor of poverty. From the viewpoint of employment, there is a focus on multi-dimensional poverty indicator. Creating job opportunities and the employment of people by NGOs, the government and private sector has been extensively analyzed. According to ALCs 2016-17, 405504 persons are employed. In 2018, 85383 persons are employed by the NGOs that covers 17.3% of total employment in this year. Eventually, only production and change in trading balance can help to overcome this problem to boost the job market. To this end, the Ministry of Economy in coordination with line ministries and other lead organizations have initiated a plan towards self-sufficiency to decrease the poverty rate and create jobs through a decrease in import and improving the competitive power of items in the foreign markets.

2.3. Services provided to NGOs

2.3.1 Registration of NGOs

The Ministry of Economy has implemented a series of reforms in the process of registration of NGOs.

One of these initiatives, based on the Presidential Decree # 2943 dated 10/10/2018, established a specific counter for registration of NGOs at the MoIC Central Business Registry which is regularly engaged in the active delivery of services.

In addition, the Ministry of Economy simplified and streamlined the process provision of services to NGOs, which resulted in the registration process of NGOs being reduced from two months to one week and from twelve steps to seven steps.

As a result of these reforms, the level of satisfaction of clients has increased, and in addition, they have improved the transparency of processes, and have limited the scope of any extortions and misuse of power.

During 2018, a total number of 298 applications for registration of newly established NGOs were filed. Of these, 281 applications were filed for the establishment of national NGOs and 17 applications were filed for the establishment of international NGOs.

Of these, a total number of 272 applications for registration of national NGOs were approved by the High Evaluation Commission and were licensed, and nine applications were rejected by the Commission for being incomplete.

However, from 17 applications submitted for registration of international NGOs, 15 applications were approved by the High Evaluation Commission and were licensed, and two applications were rejected by the Commission for being incomplete.

2.3.2 Dissolution of National and International NGOs:

In accordance with Article 31 of the Law of Non-Governmental Organizations, all national and international NGOs are obliged to submit their activity reports every six months to the Ministry of Economy., If any NGO fails to submit its report to the ministry for a period of two years or in accordance with the provisions of paragraph 2 of Article 35 of the law, the authorized committee will make a decision with regard to the dissolution of such an NGO. Directorate of NGOs will submit a list of the above-mentioned NGOs to the High Evaluation Commission for evaluation and after approval, announcement and deadline given by the Commission; the issue will be referred to the NGOs' Clearance and Annulment Commission for final approval.

The main objectives of the dissolution of NGOs are as follows:

- Observance of the NGOs Law by NGOs;
- Identification of active and inactive NGOs;
- Avoiding waste of resources provided by donor agencies;
- Prevention of loss of goods and assets of NGOs;
- Prevention of operations of the dissolved NGOs.

In view of the above-mentioned points, in the fiscal year 2018, 531 national and international NGOs, of which 28 were international and 503 national, have been dissolved due to failure to report on their activities for the years 2016 and 2017.

In addition, 320 NGOs, including 18 international and 302 national, have been pushed into the process of dissolution due to not reporting on their activities for the years 2017 and 2018.

It is worth-mentioning that the list of the dissolved NGOs with the required details and the list of their office equipment are submitted to all Directorates of the Ministry of Economy in 34 provinces, security and intelligence agencies, the Office of the Attorney General, and other government entities through separate official letters in order to prevent their activities and ensure the delivery of their equipment in a timely manner

2.3.3 Process of Work Permit Issuance

In the fiscal year 2018, the Ministry of Economy processed documents of 871 employees of the national and international NGOs for obtaining work permits. This included 492 new work permits and 379 renewed ones. It is worth mentioning that NGOs visit the office for obtaining work permits for their short-term international consultants or permanent employees. These permits are valid for a period of six months to one year.

2.3.4 Radio VHF & UHF Services

During the fiscal year 2018, radio frequencies were allocated for a total number of 1,024 UHF and VHF radios and licenses were renewed through the Ministry of Communications and Information Technology and the Ministry of Interior Affairs.

2.3.5 Visa Services for Foreign Nationals Employed by NGOs

The Ministry of Economy through the relevant government entities provides the required facilities for issuing and extending visas of international employees of the NGOs. During the year 2018, 1,702 visas were renewed and 1,288 new visas were issued.

2.3.6 Change of Ownership Services and Extension of Vehicles Documents

In total, there are 826 vehicles belonging to NGOs. Of these, 726 vehicles require renewal of their trajectory documents, and 94 vehicles required transfer of ownership. For further process, lists of them are forwarded to the Ministry of Internal Affairs and the Ministry of Finance.

2.3.7 Customs Clearance Services

The Ministry of Economy, in accordance with the Law of Non-Governmental Organizations, facilitates customs exemptions for properties and goods being imported by NGOs for the purpose of providing humanitarian services. In the fiscal year 2018, for a total number of 64 national and international NGOs exemptions from customs import duties were granted. The total amount of exemptions from customs import duties granted to NGOs during the year 2018 reaches USD 30,827,631. It should be noted that from the total amount of exemptions from customs duties, USD 7,296,708 worth of properties and goods are purchased and USD 23,530,876 worth are donated.

3. Main Challenges in the Mobilization of NGOs

Security

Security problems are a major challenge in implementing activities and monitoring their implementation. In some sectors, security problems lead to stopping the provision of services by NGOs to several villages or districts and have created serious challenges to the supervisory process of the activities of the NGOs through the central and provincial offices of the line ministries.

Unnecessary Interventions

Activities of NGOs are sometimes interfered by powerful people or armed insurgents, which is slowing down the workflow and creates various challenges in terms of delivering services to the people.

Non-responsive sectoral structures and systems for monitoring and evaluation of development projects implemented by NGOs:

Though specific units have been established or assigned to coordinate, monitor and evaluate the activities of NGOs in a number of ministries, particularly at their headquarter levels, role of their second or provincial units in monitoring and evaluating projects and programs being implemented by the NGOs is not sufficiently described. Moreover, most of the facilities are designated for central government entities and there are many technical and financial restrictions in terms of monitoring and evaluation of NGOs in the provinces.

Turning some NGOs into Personal or Family organizations

In some NGOs, the founders, Board of Directors, and Executive Board have a free hand due to no limitations in the recruitment process. So, they recruited their relatives in the central, provincial and even project-level offices, which makes an NGO look like a personal or family organization. This has affected the transparency and accountability of financial and logistical NGOs, which has affected the overall picture of the entire NGOs and undermined the credibility of them.

Monitoring and Evaluation of the Central and Provincial Offices of NGOs

It is difficult to have quantitative and qualitative monitoring and evaluation of all NGOs in 34 provinces of the country, considering 1656 active NGOs, with the expenditure of \$876 million, and heterogeneous activities of the sectors, with present number staff in the directorate of NGOs of MoEc. Although the MoEc Tashkel has been developed in two consecutive years 2016 and 2017, but not approved yet by MoF and IARCSC. Whereas the Roadmap for coordination and cooperation has given new task and responsibilities to the ministry of Economy.

Financing Development Projects through the Off -Budget to NGOs

Most of the donor agencies directly or through UN organizations allocate development project funds to NGOs, which according to the Report on NGOs 2018, from USD 876 million USD, (16%) was spent through the government budget and (84%) through off-budget financing. In this process, instead of strengthening the governmental structures and systems, they will be weakened, as the donor agencies and the UN

organizations instead of building government's capacity in terms of management and expenditure of these funding, replace the government and manage these resources directly. On the other hand, the financing of the development projects through off-budget financing significantly affects the processes of monitoring and evaluation of activities of NGOs and accountability of NGOs to the government entities in planning and implementation of projects and reporting.

Geographical Imbalances in the Implementation of Development Projects by NGOs

Presence of the central and provincial headquarters of most of NGOs in Kabul and large cities of the country, as well as large number of development projects in Kabul and these provinces, have led to limitation of creation of employment opportunities and expenditures to Kabul and centers of large cities, while the level of poverty and unemployment is a major issue in remote areas of the country, which causes internal displacements and problems.

4. Recommendations/ Next Actions

Analytical Assessment and Strengthening the Existing Structures and Supervisory Systems of the Line Ministries

Line ministries, especially the six major sectors in which NGOs operate, need to assess their central and provincial structures, which carry out monitoring and evaluation activities with regard to the development projects implemented by NGOs. In addition, systems, including monitoring tools and people's participation in supervisory processes, need to be assessed and strengthened.

Strengthening the coordination and cooperation between the line ministries and the Ministry of Economy

The Ministry of Economy, in accordance with the road map for NGOs 2018-1400, will establish two coordination committees, one for policy coordination and one for technical coordination and organize their meetings on a regular basis. The active participation of representatives of the policy and technical coordination committees of the line ministries in these meetings is extremely important and necessary to enhance the existing coordination and cooperation between the government, donor agencies and NGOs.

Revision of the Audits of NGOs and Evaluation and Follow-up of Audit Reports

In accordance with the proposed amendment to the Law on Non-Governmental Organizations, which is currently sent to the Ministry of Justice, the Ministry of Economy assigned a committee to make NGOs to get their activities audited by external auditors on a yearly basis and publicize their reports so that citizens may be fully aware of the financial performance of the NGOs in a timely manner.

In addition, in accordance with the road map for NGOs 2018-1400, the Ministry of Economy will collect, analyze, and give feedback about the audit report of each NGO for NGOs coherence purposes by taking legal actions.

Analytical Assessment and Strengthening the Existing Structures and Supervisory Systems of the Ministry of Economy

The Ministry of Economy will finalize a framework for monitoring and evaluation of NGOs and will strengthen the monitoring and evaluation of the central and provincial offices of the NGOs. This process helps improve the transparency and accountability of NGOs.

Reducing the Number of Projects Funded through Off-Budget Financing or coordinating them

The Ministry of Economy, in coordination with the Ministry of Finance and the line ministries, will hold constructive discussions either to reduce the number of projects funded through off-budget financing or coordinate them accordingly.

Development, Implementation, Monitoring and Evaluation of the Annual Implementation Plan for Road map for NGOs 2018-1400

Implementation of the Road map for Non-Governmental Organizations of 2018-1400 as a strategic document was developed as a result of broad discussions at high-ranking official levels for policy and

technical affairs, role of NGOs in reducing poverty and strengthening cooperation of governmental entities is crucial for the effectiveness of the activities of NGOs.

The Ministry of Economy, in coordination with the policy and technical coordination committees, will develop, approve and implement the Annual Action Plan for this road map, which undoubtedly requires the full cooperation of all the entities that are somehow engaged in activities with the NGOs.

Collection, Consolidation, Analysis, and Evaluation of Annual Reports of NGOs

This report is based on a six-month activity report and a general information form for NGOs during the year 2018. The Ministry of Economy has collected and systematically analyzed the data and has reflected them on this annual report. The figures from the National Statistics and Information Authority are also used in the analysis of annual expenditures in the report. In order to improve the accuracy and transparency of this report, representatives from the coordination bodies were involved in the process of analyzing data. It is worth mentioning that for collecting figures and analysis of descriptive statistics, we used MS Excel and the data are derived from the monitoring and evaluation database, and no other program is used.

5. Annexes:

1. List of National NGOs (<https://www.ngo.gov.af/home/publication>)
2. List of International NGOs (<https://www.ngo.gov.af/home/publication>)
3. List of the NGOs that have not submitted their audit reports (<https://www.ngo.gov.af/home/publication>)
4. List of the Dissolved NGOs (<https://www.ngo.gov.af/home/publication>)
5. List of the NGOs the dissolution of which is under process (<https://www.ngo.gov.af/home/publication>)
6. List of the NGOs that have not reported to MoEc (<https://www.ngo.gov.af/home/publication>)
7. Consolidations forms 01, 02 and GIF of NGOs (<https://www.ngo.gov.af/home/publication>)
8. One NGO Budget Concept (<https://www.ngo.gov.af/home/publication>)

6. References:

1. Reporting Forms (01, 02 and GIF), NGOs, 2018
2. NGOs' Activity Reports 2018, Directorate of NGOs , MoEc
3. Afghanistan Living Condition Survey, (ALCS 2016-17), NSIA website
4. Afghanistan Multi-dimensional poverty index, (MPI 2016-17), NSIA website
5. Non-Governmental Organizations Law, Directorate of NGOs, MoEc website
6. National Budget Report,2018
7. Afghanistan Sustainable Development Goals (ASDGs), MoEc website
8. Afghanistan National Peace and Development Framework (ANPDF), the Ministry of Finance website
9. Self-Reliance Mutual Accountability Framework (SMAF), the Ministry of Finance website
10. Geneva Mutual Accountability Framework (GMAF), the Ministry of Finance website
11. Line Ministries' (MoPH, MoEd, MAIL, MoWA, etc.) Reports on NGOs' activities.



Islamic Republic of Afghanistan
Ministry of Economy
Directorate of NGOs

 www.moec.gov.af | www.ngo.gov.af
 info@ngo.gov.af
 Malik Asghar Square, Kabul, Afghanistan