

NGO Reporting Guidelines

A Guide for Compliance with Reporting
Requirements under the NGO Law

Counterpart International – Afghanistan
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Requirements under the NGO Law

Prepared by the International Center for Not-for-Profit
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NGO Reporting Guidelines

A Guide for Compliance with Reporting Requirements under the NGO Law

The purpose of the Reporting Guidelines is to provide guidance to (1) not-for-profit, non-governmental organizations (NGOs) and individuals working with NGOs on how to comply with the reporting requirements set forth under the Afghan Law on NGOs; and to (2) the Ministry of Economy and provincial governmental departments regarding proper implementation practices, with a goal of improving the professionalism and consistency of implementation.

The Guidelines have been prepared by the International Center for Not-for-Profit Law, with input from Agency Coordinating Body for Afghan Relief (ACBAR) and the NGO Department within the Ministry of Economy. While the Guidelines have been reviewed and prepared with input from the NGO Department, the views expressed herein are those of the author and do not necessarily reflect the official views of the Afghan Government, or other organizations. Rather, the information in these Guidelines is *unofficial guidance* reflecting the author’s understanding of laws and regulations currently in effect in Afghanistan, as well as best international practice, and does not constitute legal advice or opinions. Please note that the legal situation in Afghanistan is in a state of flux, and new laws, regulations, and administrative directives may affect

the accuracy of the information contained in these Guidelines. We strongly encourage you to inform yourself of new developments.

ICNL would welcome any comments on the content of these Guidelines (including the correction of any mistakes). Further information on issues relating to NGO registration, NGO reporting requirements, or civil society development, or for more copies of these Guidelines, please contact Aemal Sanjeeda (aemal@counterpart-afg.org).

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I. Introduction

Non-governmental organizations (NGOs) are defined broadly in the Afghan Law on Non-Governmental Organizations (NGO Law) to include both domestic and foreign and international NGOs. A domestic NGO is simply “a domestic non-governmental organization which is established to pursue specific objectives” (Article 5.2). A foreign organization is “a non-governmental organization which is established outside of Afghanistan according to the law of a foreign government and which accepts the terms of this law” (Article 5.3). An international foreign organization is “a non-governmental organization which is established outside of Afghanistan according to the law of a foreign government and which is operating in more than one country” (Article 5.4). Finally, a special category of domestic NGO is an umbrella organization, defined separately in Article 9.

Each category of “NGO” defined in the Law is subject to reporting requirements. These Guidelines focus only on the reporting requirements arising from the Law on NGOs.¹ The

¹ NGOs may well be subject to reporting requirements through contracts or grant agreements concluded with individual ministries of the Afghan Government, with foreign governmental donors, private donors, etc. As legal entities, NGOs are also subject to the Income Tax Law, which may trigger additional reporting or filing requirements. The focus of these Guidelines is the NGO Law.

Law on NGOs sets forth the reporting requirements in Article 31²:

Article 31:

1. *An organization shall submit its annual activity report to the Ministry of Economy within three months of the end of the fiscal year.*
2. *An organization shall submit its semi-annual activity report to the Ministry of Economy, using the standard forms of the Ministry of Economy, which will be updated as necessary.*
3. *The semi-annual report shall be prepared in one original and three copies for submission to the Central and Regional Offices of the Ministry of Economy, in return for a receipt. The Regional Offices shall immediately send the report to the Central Office of the Ministry of Economy.*
4. *The semi-annual report shall be written in one of the official languages of the country.*
5. *An organization shall send a copy of its semi-annual report to the relevant line ministry.*

In practice, however, the first three years of implementation have revealed that there is tremendous confusion and uncertainty regarding the reporting process. The aim of the Reporting Guidelines is to explain in clear, user-friendly

² As detailed below, other provisions in the NGO Law are relevant to reporting and supervisory practice. Article 31 is, however, the key provision governing reporting requirements.

language: (1) international good practices regarding reporting and supervision of NGOs; (2) reporting procedures applicable to NGOs in Afghanistan; and (3) the content of the reporting form(s) NGOs are required to submit to the Ministry of Economy. The desired impact of the Reporting Guidelines is to bring clarity and predictability to the reporting practice among NGOs in Afghanistan, to improve NGOs' compliance with the law, and to improve the consistency and professionalism of the NGO Department and Ministry departments throughout Afghanistan in implementing the NGO Law.

II. International Good Practices Regarding Reporting

There is no single, correct regulatory approach toward NGO reporting. To speak of "international good practices," therefore, is to speak of general principles rooted in those systems that have struck an appropriate balance between NGO autonomy as private actors, on the one hand, and legitimate government and public concerns with accountability and transparency, on the other. Based on research and work conducted in more than 100 countries around the world, ICNL highlights in this section the following "good practice" principles relating to reporting and supervision.

A. In the Context of International Law

Civil society activity is rooted in the principle that individuals have the freedom to associate. Freedom of association is

enshrined in the Universal Declaration of Human Rights and the International Covenant of Civil and Political Rights (ICCPR).³ Afghanistan specifically recognizes the applicability of international law in its 2004 Constitution. Article 7.1 of the Constitution affirms that “[t]he state shall abide by the U.N. Charter, international treaties, international conventions that Afghanistan has signed, and the Universal Declaration of Human Rights.”

International law creates a presumption against any state regulation that would amount to a restriction of recognized rights, including the freedom of association. State interference with fundamental freedoms must be based on legal grounds. The ICCPR sets the parameters for restrictions on the right to freedom of association in

Article 22(2):

No restrictions may be placed on the exercise of this right [freedom of association with others] other than those which are prescribed by law and which are necessary in a democratic society in the interests of national security or public safety, public order (*ordre*

³ The Universal Declaration of Human Rights (1948) holds that “Everyone has the right to freedom of peaceful assembly and association.” The International Covenant on Civil and Political Rights (ICCPR) (1976), which Afghanistan ratified in 1983 (and has been ratified by more than 140 countries), similarly protects the freedom of association: “Everyone shall have the right to freedom of association with others, including the right to form and join trade unions for the protection of his interest.” (ICCPR, Article 22)

public), the protection of public health or morals or the protection of the rights and freedoms of others.

The Human Rights Committee of the International Covenant for Civil and Political Rights (ICCPR) has further explained: “Where such restrictions are made, States must demonstrate their necessity and only take such measures as are proportionate to the pursuance of legitimate aims in order to ensure continuous and effective protection of Covenant rights. In no case may the restrictions be applied or invoked in a manner that would impair the essence of a Covenant right.”⁴ In the context of freedom of association, it follows that the state must refrain from unwarranted interference with the ability to form NGOs and with the ability of NGOs, once formed, to operate as independent and autonomous actors. Regulations relating to government supervision of NGOs must not result in unlawful interference with the freedom of association. Concretely, reporting requirements cannot be so burdensome as to constrain an NGO’s ability to conduct its activities. International law thus draws clear boundaries protecting organizations from unwarranted government intrusion.

B. Transparency and Accountability as Shared Goal

Reporting requirements for NGOs are commonly justified by the need to protect the public from fraud, abuse,

⁴ ICCPR Human Rights Committee, General Comment No. 31(6), Nature of the General Legal Obligation Imposed on State Parties to the Covenant, 26 May 2004.

misappropriation of funds, and infringement of the rights and freedoms of others; by the importance of accountability and transparency of NGOs; or by the connection between fiscal privileges (in the form of tax exemptions or state funding, for example) and fiscal accountability. In short, the government rationale for supervision typically relates to NGO transparency and accountability. Indeed, in most countries, as long as they benefit directly or indirectly from public-sector support, NGOs are generally expected to demonstrate a high degree of accountability to their surrounding community.

“Accountability” has been defined as an obligation or willingness to accept responsibility for one’s actions. The “surrounding community” includes members, beneficiaries, donors, the government, and other stakeholders or constituencies. Even membership organizations have a responsibility to be accountable to the larger community to the extent that they are directly or indirectly dependent on its support. For an NGO, being accountable means demonstrating regularly that it uses its resources wisely and does not take advantage of its special privileges to pursue activities contrary to its non-profit status.

The transparency and accountability of NGOs should, ideally, be a shared goal of government and NGOs, donors and beneficiaries of NGOs; each actor has a role to play in ensuring transparency and accountability. Put differently, there are multiple tools available to ensure transparency and accountability. NGOs, governed properly, often engage in internal reporting, with reports going to the highest governing body of the NGO, be it a general assembly or a board of directors. Donors, especially grant-making donors, typically

undergird their contributions with grant agreements or contracts; these same agreements and contracts will typically require reporting, so that the donor can track the impact of its contribution. Beneficiaries have a direct interest in ensuring that NGOs act accountably; the public disclosure of reports or information (whether made available voluntarily or based on legal requirements) give beneficiaries an important opportunity to monitor NGOs. In the same way, the media can track NGO activities.

The state, in requiring reports or engaging in supervision, is thus one among several players. And the state’s regulatory interest is, of course, distinct from that of donors, or beneficiaries, or the media. Moreover, different government agencies will have different regulatory interests. The same NGO may be required to report to the primary supervisory organ, to the tax authorities, and to a licensing agency (if engaged in specialized activities requiring licensing). The primary supervisory agency may be focused on legal compliance, the tax authorities on tax revenue and exemptions, and the licensing authority on performance in the area of licensed activities.

Thus, in conceiving and implementing the appropriate regulatory approach, it is important to recognize that NGO accountability is a shared goal, with many players using specific tools. The government’s regulatory role need not, and indeed cannot, seek to be all-embracing. Its regulatory approach should, instead, conform to its area of regulatory interest.

C. Reporting as Accountability Tool

Perhaps the most fundamental tool to ensure accountability is reporting. In nearly all countries, governments require reports from at least certain categories of NGOs. At the same time, however, reporting requirements vary considerably in scope, in the kinds of information required, and in the level of detail required.

In a carefully developed system, certain organizations will not be required to file detailed reports on activities and finances. For example, small, mutual-benefit organizations are often not required to file reports, but instead to file only periodic updates of establishment information; these organizations do not have the kind of impact on the public that is needed to trigger the state's regulatory interest. NGOs that are engaged in economic activities, or receiving substantial benefits from the state, or engaged in substantial public fundraising generally, on the other hand, are often required to file reports to various agencies. The key point is that reporting obligations – and indeed, other supervisory measures – should be commensurate with the benefits an NGO obtains from the state.

Reporting requirements should make appropriate provision to protect confidential information. Reporting rules for NGOs should conform to any applicable privacy laws (e.g., nondisclosure of employee medical records). Respect for confidentiality is important to encourage good compliance with reporting and trust between the sectors.

D. Content of Reporting Form

No two reporting forms are just alike. As stated earlier, supervisory practice and reporting practice vary from country to country. Required reports vary in scope, detail, and information required, depending on the reasons for the reporting requirement. But we can find broad similarities in terms of the categories and types of information requested. As an example, we provide an illustrative list of the kinds of information required in the reporting forms in other countries:

(1) Information relating to the organizational profile:

- Name of the organization, its registration number
- Reporting period
- Organization's contact person(s)
- Organization's physical and mailing addresses
- Office bearers of the organization (name, address, contact)
- Activity areas / basic skills or services of organization

(2) Programmatic Activities:

- Major programmatic activities
 - How they were carried out
 - What the results of the activity were
 - Who benefited
- Economic activities

(3) Internal Governance:

- List of the key meetings held, such as the general assembly or board meetings

- Any amendments to the governing statutes approved by those meetings

(4) Financial Information:

- Information relating to basic accounting details
 - Example: Accounting policies (monthly or quarterly basis?)
- Sources of income
 - Donations
 - Grants
 - Fees/membership dues
 - Sales of goods and services
 - Gifts
 - Investment interest
 - Foreign funding
- Percentage of annual income from grants or contributions
- Funding received from international organizations / actual spending
- Percentage of total expenditures spent on administration (i.e., salaries, rental, travel, water/lights, maintenance, insurance, etc.)
- Balance sheet of income/expenditures

E. Enforcement

Finally, it is not sufficient merely to require reports to be filed. Reports must be competently reviewed, which depends on government capacity. Important questions may be raised by reports, which can trigger phone inquiries or on-site inspections. In any country, government resources are limited,

and regulators cannot monitor the programs of each and every registered entity. Rather, through “passive enforcement”, the government is able to deter bad behavior through the *risk of* audits or inspections, rather than through subjecting all entities to audit or inspection. Moreover, the laws in many countries provide penalties for failing to file reports, failing to file timely reports, or filing false reports.

III. Reporting Requirements under the NGO Law

A. Summary Overview

According to Article 31 of the NGO Law, all registered NGOs (domestic and international) must submit two semi-annual reports and one annual report. Reporting forms are the same for both domestic and international NGOs operating in Afghanistan.

(1) Semi-annual report

There are two reporting forms – Forms 01 and 02 – which may need to be completed in connection with the semi-annual report. Form 01 is applicable to all registered NGOs. Form 02 is applicable only to those foreign NGOs, which give grants to other NGOs operating in Afghanistan. NGOs are expected to submit reports every six months, at the end of the month of Sonbola (after the 21st of September), and again at the end of the year, as measured by the Afghan calendar.

(2) Annual report

Both domestic and international NGOs must submit an annual

narrative report, which describes the past year’s activities and details the financial information. No form is provided for this report; instead, NGOs can use whatever format they deem appropriate. The annual report must be submitted within three months of the end of the fiscal year.

B. Questions and Answers

What is the mandate of the NGO Department?

Article 4 of the NGO Law assigns regulatory responsibility relating to NGOs to the Ministry of Economy: “The Ministry of Economy is the registration, supervision, and coordination body for the activities of organizations in Afghanistan.” The Ministry is thus responsible for the registration of NGOs (granting formal legal status to applicants) and the supervision of NGOs (through reporting and inspection). The meaning of “coordination” is not clear in this context; if it suggests government interference in NGO affairs and activities, it would be worrying and would potentially lead to the infringement of freedom of association.

By implication, Article 4 excludes other ministries and government agencies from exercising the general registration and supervision oversight of NGOs. This is not to say that line ministries cannot exercise oversight of NGOs, where appropriate. For example, the Ministry of Health works routinely with NGOs engaged in health-related activities; the terms of the relationship can be defined in the terms of a contract or grant agreement. But governmental bodies must have a legal basis to engage in supervision over the activities

of NGOs. Unfortunately, there have been alleged cases where, for example, the governor of a province or the police interfered with the work of an NGO through unnecessary and unauthorized inspections and questioning.

The Ministry of Economy carries out its regulatory functions under Article 4 through the NGO Department in Kabul and through provincial departments in each of Afghanistan’s 34 provinces. Its registration duties are defined in Chapter 2 of the NGO Law and its supervisory duties in Chapters 3 and 4 of the Law. Reporting requirements are included in Chapter 4. The Ministry, acting through the NGO Department, is authorized to require the submission of reports from NGOs containing activity and financial information relating to that organization’s programs. The Law also authorizes the Ministry to engage in on-site inspections focusing on “the quality and quantity of work and the project activity according to the contract.” (Article 33(1))

It is important to stress that the Ministry’s supervisory duties are limited to the activities of NGOs. The NGO Department, in carrying out the Ministry’s regulatory duties, is not authorized to request information from other civil society organizations (such as social organizations) or from international donors or from foreign governments. At issue is not how foreign donor aid money to Afghanistan is being distributed and spent but more narrowly whether NGOs are acting in compliance with the law. The successful implementation of law is dependent, in part, on a clear understanding and respect for the legal mandate of the regulatory agency.

Who must submit reports?

All organizations registered as an NGO, whether domestic or foreign, under the 2005 Afghan Law on NGOs must comply with the requirements of the law and submit reports to Ministry of Economy.

What reports are required?

The Law requires the submission of two reports: a semi-annual report and an annual report. The Law does not, however, clearly spell out the contents of the two reports mentioned, or how these reporting requirements are implemented in practice. Nor does the Law distinguish between a domestic and foreign NGO for the sake of reporting.

Semi-annual report

In practice, a domestic NGO must complete one form – Form 01 – for every project in which it has engaged during the reporting period. A foreign or international NGO must also complete Form 01 for every project conducted in Afghanistan.

In addition, those foreign or international NGOs that give grants to domestic NGOs must also complete Form 02 for each grant project awarded. It is important to note that domestic NGOs are not required to complete Form 02. In addition, foreign NGOs not engaged in grant-making activity also need not complete Form 02.

Both forms are available through the Ministry of Economy, NGO Department.

Annual report

There is no standard form for the annual report. Instead, the NGO Department requires all NGOs – domestic and foreign or international – to submit an annual report, with information on programs and finances, in whatever form organizations choose.

What supporting documents need to be submitted with reports?

(1) The semi-annual report requires the submission of supporting documentation in the form of a certification (or approval) letter relating to the work accomplished during the previous six months. This certification letter may be prepared either by the relevant donor or by a relevant ministry, as applicable. This requirement is contained in the language of the semi-annual reporting form (Form 01). According to the NGO Department, the aim of submitting a certification (or approval) letter from the relevant ministry or applicable donor is to ensure that the relevant ministry or donor is monitoring the project.

(2) In addition, where a project is based on an agreement signed by the donor and NGO, the NGO Department expects to receive a copy of that donor-NGO agreement. The NGO Department uses the donor-NGO agreement to evaluate the reports.

When are the reports due?

The annual report is due “within three months of the end of the fiscal year.” (Article 31.1). The fiscal year is based, of

course, on the Afghan calendar and the NGOs shall determine their fiscal year accordingly.

The Law does not clearly state when the semi-annual report is due. In practice, however, NGOs are expected to submit reports every six months by the Afghan calendar, that is, at the end of the month of Sonbola (after the 21st of September), and again at the end of the year, as measured by the Afghan calendar.

Where are reports submitted?

Article 31 requires NGOs to submit both the annual report and the semi-annual report to the Ministry of Economy (MoE). Article 31(3) states that the semi-annual report should be prepared in one original and 3 copies for submission to the “Central and Regional Offices” of the MoE. In practice, this means the following:

- If an NGO is operating in Kabul, then that NGO is expected to submit its reports to the NGO Department at the MoE in Kabul.
- If an NGO is based in Kabul, but operating in provincial locations as well, then that NGO is expected to submit its reports to the NGO Department at the Ministry in Kabul, and to share a copy of the report with the MoE’s provincial departments in those provinces where it is operating.

If an NGO is operating only in a provincial location, then the NGO is expected to report only to the provincial department, and not to the Ministry in Kabul; the provincial department is

then responsible for submitting one copy of the report to the NGO Department in Kabul.

In addition, Article 31(5) requires NGOs to send a copy of their semi-annual report to “the relevant line ministry.” This is a largely unenforceable provision, as not all NGOs will be engaged in activities that clearly correspond to a specific ministry. Others will be engaged in a range of work areas corresponding to multiple ministries. In practice, however, line ministries often expect NGOs engaged in sectors related to their ministerial sphere of competence to report to them.

When should organizations report to relevant line ministries or departments?

Article 31(5) requires NGOs to submit “a copy of its semi-annual report to the relevant line ministry.” Certainly, NGOs that conclude agreements with ministries or ministerial departments are likely to be required to report to that ministry. For example, an NGO focused on health-related issues may receive funding from the Ministry of Health to help operate a health clinic. This NGO will reasonably be expected to report to the Ministry of Health and to submit a copy of its semi-annual report to the Ministry of Health. In addition, line ministries often expect NGOs engaged in sectors related to their ministerial sphere of competence to report to them, regardless of whether the NGOs are funded by them or not. The reporting requirement will not, however, apply to NGOs whose projects are not related to a specific ministry or ministerial department.

Do reports need to be submitted to provincial departments of the Ministry of Economy?

If an NGO is based in Kabul, but operating in provincial locations as well, then that NGO is expected to submit its reports to the NGO Department at the Ministry in Kabul, and to share a copy of the report with the MoE's provincial departments in those provinces where it is operating.

If an NGO is operating only in a provincial location, then the NGO is expected to report only to the provincial department, and not to the Ministry in Kabul; the provincial department is then responsible for submitting one copy of the report to the NGO Department in Kabul.

Does the NGO Department issue an acknowledgement of receipt?

The NGO Department and the provincial departments of the Ministry of Economy are required by Article 31(3) to issue an acknowledgement of receipt in the case of semi-annual reports: "The semi-annual report shall be prepared in one original and three copies for submission to the Central and Regional Offices of the Ministry of Economy, *in return for a receipt*" (emphasis added). Issuing a receipt is consistent with good practice, and assists both the Ministry and the NGOs to confirm that required reports have indeed been filed.

In what language should reports be prepared?

Article 31(4) requires the semi-annual report to be written and submitted in one of the official languages (Dari or Pashto). Some foreign NGOs operating in Afghanistan have complained that this requirement is difficult to comply with, time-consuming and expensive. While reporting inevitably raises the administrative expenses, it is fundamental to

transparency and accountability, and it is legitimate that reports be submitted in the local language.

Are NGOs required to conduct and submit financial audits?

Article 27 addresses the financial record-keeping and financial auditing of NGOs. Section 1 requires NGOs to maintain financial records and make those records available for inspection by the Ministry. This is consistent with good regulatory practice and critical to NGO transparency.

Section 2 requires NGOs to prepare an audit of their annual financial statements according to international standards and submit the report to the Ministry; the auditing requirement is an important regulatory tool to ensure transparency and accountability, but in most countries, is only applied to large, public benefit NGOs – that is, those NGOs engaged in public benefit activities and therefore receiving public support (through tax benefits or direct financing) or those NGOs with a significant annual turnover (based on threshold limit). To require all NGOs to fulfill this requirement is almost certainly unnecessary and would be difficult or even impossible for many NGOs to afford. Professional audits are expensive and raise administrative expenses considerably; many small NGOs relying primarily on volunteer labor and without significant income cannot comply with an auditing requirement. The Law recognizes this in section 2 by allowing for "alternative methods for organizations that lack the financial capacity". What these alternative methods are is not clear, but the burden is clearly on the Ministries of Economy and Finance to identify these alternative methods.

What obligations does the Ministry of Economy have relating to review of the reports?

Article 32 establishes the governmental duty to analyze and assess the semi-annual reports. Section 1 requires the Ministry of Economy (MoE) to review the reports within 90 days of receipt and to inform the NGO of the result. While the intent of the provision is to ensure timely and thorough reviews, the requirement to inform NGOs of the result will likely prove burdensome. It is rarely required in the legal systems of other countries. The supervisory agency of course is authorized to follow up on reports, where problems are apparent or more information is needed, but there is no requirement to inform NGOs of the results. Section 2 requires the MoE to send a summary copy of the annual report of foreign NGOs to the MFA.

What kind of coordination is there between the NGO Department and line ministries, the Ministry of Finance and security agencies?

Several provisions in the NGO Law contemplate communication and/or coordination between the NGO Department and line ministries or security agencies. Specifically:

- Article 16 addresses applications to register by foreign NGOs, requiring the Ministry of Economy (MoE) to send a copy of the registration application to the Ministry of Foreign Affairs (MFA), and giving the MFA to the opportunity to review the application and present objections to the MoE.
- Article 17 establishes the High Evaluation Commission, which is composed of representatives of

5 ministries, including the MoE, MFA, and Ministries of Finance, Justice, and Labor and Social Affairs. The Commission has duties relating to both registration and termination.

- Article 18 requires the MoE, following approval of registration, to send a copy of “all documents of a foreign organization” to the MFA. In addition, the MoE shall provide the Ministry of Interior with identification information of the registered organization “in order to ensure security” and “shall, if necessary, provide the line ministries with a copy of necessary documents of the registered organization.”
- Article 32 requires the MoE to send a summary copy of the annual report of foreign NGOs to the MFA.
- Article 33 requires “relevant line ministries to monitor and supervise ... the technical implementation and activities of the project” and to “submit a report to the Ministry of Economy.”
- Article 46 allows “security bodies” to “acquire information concerning the activities of organizations only through the Ministry of Economy.”

Whether or not and to what extent these provisions are being actually implemented is not clear.

Are there protections for confidential data and information?

Article 45 of the NGO Law prohibits NGO officers and members from releasing confidential information concerning projects, documents, historic or cultural archives, or military bases. There is no provision, however, which places limits on the government release of confidential information to the

public or to others. Whether by law or regulation, protection of confidential information should be addressed.

What happens in case of a failure to file reports or the filing of a false report?

Article 47(6) addresses the consequences of a failure to file a timely annual report and the submission of a false annual report. In both cases, the NGO “shall be fined from 1000-500,000 Afghanis.” The fine must follow confirmation from the High Evaluation Commission. To date, the Ministry has not applied a fine against an NGO for reasons relating to reporting.

IV. The Reporting Form Explained

A. How to Fill Out Reporting Form 01

The upper part of the form (01): Complete the parentheses with organizational information, as described below.

- 1) At the top of the form write the date on which the report is submitted.
- 2) Activity report of organization: Indicate the full name of the organization.
- 3) Acronym: Indicate the acronym of the organization.
- 4) Work Sector: Indicate the kinds of services or sphere of work in which the NGO is engaged, such as health, education, agriculture, justice, etc. One or more than one work sector can be listed. For example, an organization supporting improved

literacy as a way to educate women on health-related issues may indicate engagement in 3 work sectors: education and health and women’s issues.

5) 1st semi-annual/2nd semi-annual: Circle the applicable semi-annual report, depending on the timing of the submission.

6) Year: Indicate the year based on the Afghan Calendar (e.g., 1387); in the second parenthetical, indicate the year according to the Christian calendar (e.g., 2008).

The middle part of the form (01): Complete the columns with project information, as described below.

- 1) Number (No.): Indicate the number of the project. For example, an organization with only 1 project would simply write (1), whereas an organization with multiple projects would write (1), (2), (3), etc.
- 2) Project Name: Indicate the full name of the project, as contained in the project agreement, contract, or otherwise.
- 3) Project Location: Indicate the location of the project. For example, a project that extends nation-wide could be labeled a “national” project. For a project limited to one or more districts or provinces, the districts and/or provinces should be listed.
- 4) Related Sector Department: Indicate the name of the line ministry or department linked with the implementation of the project, if any. For example, an NGO engaged in providing

health services may be working with the Ministry of Health, or an NGO dedicated to women's rights issues may be linked to the Ministry of Women's Affairs. If a project does not clearly relate to any line ministry or sectoral department, then there is no need to fill in this space.

5) Duration of the Project / Start Date: Indicate the starting date of the project, according to the agreement or contract or otherwise.

6) Duration of the Project / End Date: Indicate the ending date of the project, according to the agreement or contract or otherwise. If the end date is uncertain, indicate that.

7) Kind of Program/Service: Indicate the kind of the program or service the project is providing, such as health services, education, community revitalization, etc. A project may be focused on more than one program or service.

8) Funding Sources / Foreign Funding: Indicate the name of foreign donor, if any, of the project. Foreign donors could include foreign aid agencies (e.g., DFID, SIDA or USAID), multilateral organizations (e.g., UN agencies or the EU), foreign private organizations (the Ford Foundation or Open Society Institute), foreign NGOs, or foreign individuals.

9) Funding Sources / Domestic Funding: Indicate the name of the domestic donor, if any, of the project. In this case, domestic funding refers to donations and contributions received from domestic organizations or individuals, as well as the Afghan Government. It does not include, however, income

from economic activities, for there is a separate category for this income in column 18.

10) Percentage of Project Accomplished: Indicate the estimated percentage of the project that has been accomplished to date. These percentages need not be exact, and can be measured in terms of project expenses or time elapsed, depending on the project.

11) Total Budget of the Project: Indicate the total amount of the project budget based on the contract or agreement. The "total budget of the project" refers only to that portion of the project budget allocated to the reporting organization. For example, assume a 1.5 million dollar project funded by the U.N. to improve agricultural production in several provinces in Afghanistan. Assume also an NGO receives a portion of this funding to educate local farmers on the use of recent agricultural technologies. The reporting NGO need only indicate the total budget it is receiving, not the entire budget for the U.N. project overall.

12) Previous Expenses of the Project: Indicate the amount of project expenses prior to the current reporting period.

13) Current Program Expenses: Indicate the amount of program expenses during the current reporting period.

14) Administrative Cost of the Project: Indicate the total administrative expenses of the project during the current reporting period. Administrative costs include the fixed operational costs of maintaining an office in Afghanistan, such as office rent, office utilities, official vehicles, security, etc.

The NGO Department has suggested that if an organization is implementing multiple projects, the administrative costs or expenses should be written only on one form instead of writing separate administrative costs for each project on each form.

15) Total Expenses (of reporting period): Indicate the total amount of expenses for the current reporting period, including both program and administrative costs. In other words, the figure inserted here is the sum of the figures listed in columns 13 and 14.

16) Total Expenses: Indicate the total project expenses, including both the previous project expenses (column 12) and the total expenses of the current reporting period (column 15). In other words, the figure inserted here is the sum of the figures listed in columns 12 and 15.

17) Remaining Funding: Indicate the remaining funding for the project. This can be deduced by subtracting the total expenses listed in column 16 from the total project budget listed in column 11.

18) Income from Economic Activities: Indicate the amount of income generated from the economic activities of the organization. Economic activities are generally understood to be the regular sale of goods and services. NGOs are permitted to engage in economic activities in Afghanistan, provided that (1) the purpose of the economic activities is to “reach the statutory not-for-profit goals of the organization”; and (2) the income generated from the economic activities is only used to carry out the specified goals and purposes of the organization.”

For example, economic activities may include the selling of books or publications, the rendering of health services for a fee, or providing trainings for a fee.

19) Amount/Value of In-Kind Income: Indicate the amount or value of in-kind income received during the reporting period, if any. Examples of in-kind income include a motor vehicle or computer equipment or food or medicinal products. The information requested here is for any in-kind assistance received *in addition to* the approved or original funding.

20) Remarks. In this space, the reporting organization may provide any comments or remarks relating to the project that it deems appropriate.

The bottom part of the form (01): Complete the project summary, as described here.

1) Project objectives: Indicate the objectives of the project as set forth in the proposal, contract, agreement, or otherwise.

2) Number of direct and indirect beneficiaries: Indicate the number of the direct and indirect beneficiaries of the project. This need not be exact; estimated numbers are sufficient.

3) Social and economic impact of the project: Indicate the social and economic impact of the project. This need not be detailed.

4) Name of government authority which supervised the project (if any): Indicate the name of the government entity, if any, which monitored the project during the reporting period. For

example, an NGO receiving funding from the Ministry of Rural Development to engage in a community revitalization project would likely have a grant agreement or contract with that Ministry and therefore be subject to the supervisory oversight of that Ministry.

5) Reasons for discontinuation of project, if applicable: Indicate the reasons for stopping the project, if the project was stopped. Reasons may include project completion, an interruption in funding, or the deterioration of the security situation, to name a few examples.

6) Certification of the quality of service accomplished and the budget expenses during reporting period: Submit an approval letter from either the donor or the relevant line ministry or department. The donor or line ministry can provide project approval either directly on the reporting form or through a separate formal letter. The letter need not be detailed or include any substantive information about the project; a simple indication of approval is sufficient.

7) Certification of implementing organization: The reporting form should be signed by the head of the organization, the financial director, and the program coordinator or manager.

B. How to Fill Out Reporting Form 02

As stated above, Reporting Form 02 should be completed only by those foreign NGOs, which give grants to other NGOs operating in Afghanistan. According to the NGO Department, the purpose of this form is (1) to enable the NGO Department to compare the expenses reported by the implementing

organization in Form 01 with the original amount given by donor for implementation of the project; and (2) to provide information relating to the general expenses of the implemented projects in Afghanistan.

First, in the top portion of the form, the reporting organization should fill in the blanks by indicating its full organizational name and its acronym. It should also indicate which semi-annual report is being completed by circling either “first semi-annual” or “second semi-annual” report.

Second, in the main portion of the form, the reporting organization should complete the columns with project information, as described here:

1) Name of the project: Indicate the full name of the project, as contained in the project agreement, contract, or otherwise.

2) Location of the project: Indicate the location of the project. For example, a project that extends nation-wide could be labeled a “national” project. For a project limited to one or more districts or provinces, the districts and/or provinces should be listed.

3) Period: Start / End: Indicate the start date and end date of the project, according to the agreement or contract or otherwise.

4) Implementer: Indicate the project implementer or grantee, that is, the name of the organization or organizations that received funding from the reporting organization.

5) Approved Cost or funding for the project: Indicate the amount of funding that the reporting organization, as donor, is providing to the grantee or implementing organization.

6) Previous Expenses: Indicate the amount of project expenses prior to the current reporting period.

7) Current Expenses: Indicate the amount of program expenses during the current reporting period.

8) Donor Office Expenses: Indicate the total administrative expenses relating to the project during the current reporting period. Administrative costs include the fixed operational costs of maintaining an office in Afghanistan, such as office rent, office utilities, official vehicles, security, etc.

9) Total Expenses: Indicate the total project expenses, including the previous project expenses and the total current program expenses and the donor office expenses. In other words, the figure inserted here is the sum of the figures listed in those previous three columns.

10) Remaining Approved Funding: Indicate the remaining approved funding for the project.

11) Remarks: In this space, the reporting organization may provide any comments or remarks relating to the project that it deems appropriate.

Form 02 does not require approval from the line ministries. There is no need for detailed information as contained in Form 01; it is sufficient to indicate the amount of the various cost

categories contained on the form. Form 02 should be signed and stamped by the head of the NGO and submitted to the NGO Department. And there is no requirement to report to other governmental departments, but the NGO may voluntarily decide to do so.

Appendices:

Reporting Form 01

Reporting Form 02

Initiative to Promote Afghan Civil Society (I-ACS)

