FROM: Vice President and Corporate Secretary

Afghanistan: Kabul Urban Reconstruction Project

Technical Annex

Attached is the Technical Annex regarding a proposed credit to the Islamic Republic of Afghanistan for a Kabul Urban Reconstruction Project (IDA/R2004-0192). This project will be taken up at a meeting of the Executive Directors on Thursday, July 29, 2004 under the streamlined procedure.

Distribution:
Executive Directors and Alternates
President
Bank Group Senior Management
Vice Presidents, Bank, IFC and MIGA
Directors and Department Heads, Bank, IFC and MIGA
TECHNICAL ANNEX

FOR A PROPOSED

CREDIT OF SDR 17.1 MILLION
(US$25 MILLION EQUIVALENT)

TO

ISLAMIC REPUBLIC OF AFGHANISTAN

FOR A

KABUL URBAN RECONSTRUCTION PROJECT

July 1, 2004

Energy and Infrastructure Unit

South Asia Region
CURRENCY EQUIVALENT
(exchange rate is Kabul based open market buying rate)
effective as of May 31, 2004

Currency Unit  =  Afghani
US$1  =  44.56 AFN
SDR 1  =  US$1.4627

GOVERNMENT FISCAL YEAR
March 21 - March 20

ABBREVIATIONS AND ACRONYMS

ADC  Area Development Committee
AGCHO  Afghanistan Geodesy and Cartographic Head Office
ARCS  Audit Reports Compliance System
ARDOS  Afghanistan Reconstruction and Development Services
ARTF  Afghan Reconstruction Trust Fund
CAWSS  Central Authority for Water Supply and Sanitation
CMU  Cash Management Unit
CUP  Community Upgrading Plan
DBER  Department of Budget and External Relations
EIRP  Emergency Infrastructure Reconstruction Project
FMR  Financial Monitoring Reports
GPU  Government Procurement Unit
IDA  International Development Association
IDP  Internally Displaced People
IRA  Islamic Republic of Afghanistan
JRC  Judicial Reform Commission (JRC)
KM  Kabul Municipality
KURP  Kabul Urban Reconstruction Project
LTTC  Land Tenure Technical Committee
MOF  Ministry of Finance
MOI  Ministry of Interior
MUDH  Ministry of Urban Development and Housing
NDF  National Development Framework
O&M  Operation and Maintenance
PD&C  Planning, Design and Contracts Management
PMU  Program Management Unit
SDU  Special Disbursement Unit
SoE  Statement of Expenditure
STT  Systematic Titling Team
TSS  Transitional Support Strategy
TSU  Technical Support Unit
UNHCR  United Nations High Commission for Refugees

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# Table of Contents

## I. BACKGROUND AND STRATEGY
- A. The Conflict, the Transition, and the Emergency .......................................................... 1
- B. Urban Sector Issues ........................................................................................................ 2
- C. Government Response and Strategy ............................................................................ 3

## II. WORLD BANK RESPONSE
- A. The Transitional Support Strategy ........................................................................... 6
- B. Rationale for World Bank Involvement in the Urban Sector .......................................... 6
- C. Lessons Learned .......................................................................................................... 7

## III. THE PROPOSED PROJECT
- A. Project Objective ......................................................................................................... 7
- B. Project Description ....................................................................................................... 8

## IV. INSTITUTIONAL ARRANGEMENTS AND PROJECT IMPLEMENTATION
- A. Implementation Arrangements .................................................................................. 13
- B. Procurement ............................................................................................................... 14
- C. Disbursement and Financial Management .................................................................. 14
- D. Environmental and Social Safeguards ....................................................................... 16
- E. Monitoring and Evaluation ......................................................................................... 17
- F. Condition of Project Disbursement ........................................................................... 17
- G. Justification .................................................................................................................. 18

## V. APPENDICES
- Appendix 1: Overview of Urban Services in Kabul .......................................................... 19
- Appendix 2: Upgrading Component ............................................................................... 24
- Appendix 3: Land Tenure Regularization ....................................................................... 37
- Appendix 4: Engineering and Management Support ....................................................... 39
- Appendix 5: Overall Capacity Building for Kabul Municipality ........................................ 41
- Appendix 6: Structure Planning and Future Project Preparation ....................................... 43
- Appendix 7: Main Roads, Drains and Traffic Management in Kabul ................................... 46
- Appendix 8: Detailed Implementation Arrangements ...................................................... 48
- Appendix 9: Procurement Arrangements ....................................................................... 56
- Appendix 10: Financial Management, Disbursement and Audit Arrangements ............... 62
- Appendix 11: Environment and Social Management Framework .................................... 69
- Appendix 12: Monitoring and Evaluation ...................................................................... 76

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I. BACKGROUND AND STRATEGY

A. The Conflict, the Transition, and the Emergency

1. Afghanistan is one of the poorest and longest suffering countries among members of the World Bank, ravaged by chronic conflict and political instability. An estimated 4 to 7 million people remain vulnerable to hunger with a large number dependent on inflows of food and humanitarian aid. Afghanistan’s infrastructure has been destroyed or degraded; its human resource base severely depleted; and its social capital eroded. Despite resilient public administration structures, the majority of state institutions are unable to function effectively, and the economy and society have become fragmented.

2. The aftermath of September 11, 2001 precipitated major changes in the political and military situation in Afghanistan. The collapse of the Taliban regime was followed by the establishment of the Agreement on Provisional Arrangements in Afghanistan on December 5, 2001, in Bonn, Germany. The Bonn Agreement led to an understanding on a new structure of government and a process that will lead to the election of a fully representative government within a period of about 30 months.

3. The Afghanistan Interim Administration (AIA) took over central administration on December 22, 2001. An Emergency Loya Jirga (Grand Assembly) took place in June 2002 during which a transitional administration was selected, paving the way for a new constitution and an elected, fully representative government within 2 years. The Constitutional Loya Jirga created the Islamic Republic of Afghanistan (IRA) in December 2003. The IRA has the power to promulgate, repeal, and amend laws and regulations by decree.

4. Despite being hampered by limited capacity and a difficult security situation in many parts of the country, the IRA has improved the quality of governance and decision-making both at the center and in the provinces. It has gained widespread international recognition. The IRA has put forward a compelling vision and strategy for national reconstruction embodied in its National Development Framework (NDF, April 2002).

5. IRA is currently coping with a range of challenges in the urban sector, the most salient being rapid urban growth owing to high natural population increase and influx of returning refugees and displaced people. The country’s total population of 22 million is growing at an overall growth rate of close to 2.8 per cent per year. Urban growth is probably double this figure, causing the urbanization rate to increase beyond its current level of 23 per cent. Associated shortages of services abound. The urban challenge is all the more daunting as a result of pressing land and housing needs caused by a combination of years of turmoil, a deteriorated housing stock, and a rigid master planning system.

6. IRA’s strategy for responding to the challenge is embodied in the National Development Framework (NDF). Urban Management represents one of the Twelve National Programs included in the current budget process. The goal of the Urban Management Program is ‘to invest in a balanced urban development program across the country to create viable cities that are hubs of economic activity, and organically linked to rural areas. The Program also seeks to ‘develop urban areas in a balanced manner through housing and infrastructure investments, thereby reducing overcrowding, improving access to basic services and generating employment and economic growth’. (Afghanistan, Rebuilding Our Nation. March 2003).
B. Urban Sector Issues

7. The major issues facing IRA in the urban sector include urban population displacement, deficiencies in services, lack of urban land and housing, and weak urban management as outlined below.

8. Urban Population Displacement. Two decades of civil strife, and political conflicts have resulted in the displacement of the population both inside and outside of the country, creating new socio-economic and cultural problems. The continued movement of Internally Displaced People (IDP) and returnees from neighboring countries has intensified since the creation of the Islamic Republic of Afghanistan. Repeated urban displacement of the rural population, as well as the recent influx of refugees and IDPs (the overwhelming majority of which were originally from rural areas) to cities like Kabul, Kandahar, and Mazar, is causing considerable change to the social fabric of many cities. Deficiencies in urban service provision have not only contributed to these social costs but have limited economic growth.

9. The choice of Afghan refugees to return to the cities of their country is frequently linked to the benefits and interests of urban life, particularly urban services such as water, electricity, hospitals and schools which make a material and social difference to life. There is also a greater sense of security from violence and exploitation as well as more job opportunities in urban areas. These factors have a great influence in attracting women, especially those who have already been exposed to better conditions of life and urban opportunities elsewhere. The IDP and returnee widows are the most vulnerable social group in the country and their successful integration into urban society will be a challenge for post-conflict Afghanistan.

10. Deficiencies in Urban Services. More than two decades of war have not only devastated Afghanistan’s infrastructure but have also deprived the country of new investment that will have raised services above prewar levels. As a result, most Afghans have little or no access to conventional urban services and must either go without or rely on costly alternatives. Health costs are among the most serious, resulting from unsafe water and sanitation and indoor air pollution from burning traditional biomass fuels. Poor health, social instability and a reduced ability to seek work owing to the need to manage basic household requirements for water and fuel are the most serious results of service delivery deficiencies. Diarrhea is a major cause of infant and child mortality and is estimated to account for 27% of deaths in children between birth and 1 year and 12% of deaths of children aged 1-5. Indoor air pollution, through the use of traditional sandalees, affects about 82% of vulnerable households, too poor to afford other forms of heat. Finally, poor living conditions promote social instability.

11. Other elements of urban infrastructure are also severely damaged or destroyed. About 40% of urban streets are damaged and 50% of drains are broken or do not function. Solid waste collection is limited to about half of all households and there are no properly managed sanitary waste disposal sites in operation. Limited emergency efforts are on-going to address these deficiencies. In Kabul 5,000 household connections for water supply have been provided and piped water supply capacity has been doubled since June 2002. However, the programs require scaling up within an agreed policy framework, including the use of the private sector.

12. Urban Land and Housing. One of the fundamental issues contributing to the current urban crisis in Afghanistan is the poor performance of land markets. Impediments to a well functioning land market discourage quick development and transactions of land (efficiency),

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1 In Kabul alone IDPs and returnees number more than 1,200,000 (UNHCR, May 2004)
deny reasonable access to all income groups (equity), militate against sustainable use (environmental quality), and compromise the proper interaction of rules governing land markets with other laws and regulations governing land, such as planning and taxation (compatibility). The functioning of land markets and the value of property rights depend on formal mechanisms for defining and enforcing those rights, including the court system, police, the legal profession, land surveys, record keeping systems, and titling agencies, as well as social norms and religious customs.

13. The prolonged war has brought several impediments to the smooth functioning of both formal and informal land markets. The fact that the land administration system was in a state of abeyance for more than 20 years means that most transactions went unrecorded in this period, and even when they were recorded, there was no clear title consanguinity. In addition, many landowners left their land unattended only to find on return that in their absence it had been sold many times over, and is now occupied by someone else. In some cases, land that was left under the custody of relatives or the Government is no longer available to the original owner because another family has built a house on it. The safe haven that Kabul provided during the conflict also meant that many IDPs built improvised houses on public or State land outside the limits of the Master Plan. These houses have grown into informal settlements that reportedly constitute over half of the housing stock. The dispersion to peripheral mountainous areas, where land was more readily available and affordable, was also a direct outcome of the rigid land use patterns, inflexible development regulations and dysfunctional land and housing markets. The designation of these settlements as unauthorized developments in contravention of the land-use dictates of the master plan has contributed to the limited service coverage in these neighborhoods, despite the fact that many residents actually pay local charges and fees.

14. Urban Management. Towns and cities continue to function within the limited mandate accorded to district municipalities under the 1964 Constitution. Centralized administrative and fiscal mechanisms which had been standardized before the war have continued in use throughout the country, albeit without an on-going relationship with Kabul. The introduction of reforms devolving aspects of service provision to the local level must be made within the context of the existing culture within the bureaucracy, which has long favored the support for traditional central systems. Despite this, municipalities lack the resources and skills to manage the urban environment at the level required to achieve large-scale urban reconstruction and to position towns and cities as renewed engines of economic activity.

C. Government Response and Strategy

15. Afghanistan's urban vision is for well functioning cities with inclusive, efficient, and self-sustaining management systems, operated by municipalities in close collaboration with residents. Municipalities will be the principal actors for reconstruction of the urban environment. To the extent possible, urban services will be expanded into new and informal areas by integrating, formal service delivery with community interventions, ensuring that all citizens can engage effectively in city governance. Investments in private facilities, such as houses, will be the responsibility of families and communities, while public infrastructure (urban roads, sanitation, public parks, etc.) will be the responsibility of municipalities and carried out through local contractors or labor based contracts. Flexible urban planning to facilitate appropriate development of housing and municipal services is a priority need. Ultimately urban reconstruction and development activities will need to take place in the context of strengthened capacity and greater financial autonomy at the municipal level.
16. The delivery of urban water supply presents particular challenges and opportunities. The nodal agency, the Central Authority for Water Supply and Sewerage (CAWSS), lacks resources to move back into its role as a central implementer of investments. Experience from other countries suggests that a more effective institutional model will be for decentralized service delivery with an increased role for the private sector (building initially from the existing base of small-scale contractors, NGOs and UN agencies). Municipalities are likely to play a key role in ensuring service delivery at the city level. The central government will then move into a more facilitating role, developing appropriate policy and regulatory instruments and overseeing the delivery of sustainable water supply and sanitation within an agreed framework of technical, social and environmental standards.

17. IRA, through the Ministry of Urban Development and Housing (MUDH), has proposed an ambitious Urban Management Program2 (under Pillar II of the National Development Framework: Physical Reconstruction and Natural Resources) for the period ending March 20, 2004. The proposed Government program includes the following expected results:

a. Planning and Management: Strengthened capacity of MUDH; identification and removal of barriers to reconstruction (including resolution of property disputes); strategic urban plans for Kabul and other towns; and detailed local plans for selected areas.

b. Housing: Housing interventions include serviced land for self-help housing project(s), scaled up grants program for reconstruction and upgrading, introduction of a land management policy framework that increases supply of land, promotes transparency in land allocation, and moves towards bringing State and private market prices into line.

c. Infrastructure: Key infrastructure needs include increase of provision of residential water supply accompanied with demand management; introduction of modern sewage treatment in Kabul; provision of solid waste disposal facilities in Kabul and 5 other districts; increased provision of domestic power supply; road rehabilitation in Kabul and introduction of traffic management; and zoning of commercial areas.

d. Government Buildings: Reconstruction of government buildings, especially in the provinces, and in a way that complements the civil service reform program.

18. The proposed project contributes primarily to NDF sub-program 1: Planning and Management and sub-program 3: Infrastructure. The project components directly support several budget line items, as prioritized by the Islamic Republic of Afghanistan for fiscal year 1383 (Table 1).

19. More recently, “Securing Afghanistan’s Future” was presented at the Berlin Conference. The document specifically addresses urban development, focusing on urban investment priorities and reforms3. A perusal of the relevant extracts (below) show considerable overlap between the suggested programs and the KURP.

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2 MUDH, Draft National Development Program 2.4, March 2004
a. **Investment priorities:** Urban development programs will cover urban infrastructure, urban land and housing, and urban planning and management. Urban infrastructure programs include upgrading of under-serviced planned and unplanned areas; rehabilitation and extension of WSS services; rehabilitation and extension of urban roads and drains; security of tenure will be improved through land titling, thereby eliminating the prospect of eviction due to illegal occupancy. In order to ensure smooth implementation of these programs, municipal management and urban planning will be strengthened.

b. **Implementation and reforms:** Municipalities are the natural implementers of urban development programs, but their implementation capacity is variable. The municipality of Kabul (KM) is independent of the Ministry of Interior (MOI) but has a weak implementation capacity. To assist KM in the short run, a central Program Management Unit will need to be formed within MUDH. Initially, MUDH will be responsible for implementing selected housing programs, but in the long term its role should be limited mostly to coordination and policy setting.

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<thead>
<tr>
<th>Afghanistan Budget Priorities</th>
<th>KURP Relevance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Required Funding (USD million) 1382/83</td>
<td>Relevant KURP Components</td>
</tr>
<tr>
<td><strong>2.4.1 Urban Planning and Management</strong></td>
<td></td>
</tr>
<tr>
<td>AFG/03233 Strategies for immediate reconstruction of Kabul and provincial cities</td>
<td>1.25</td>
</tr>
<tr>
<td>AFG/03234 Preparation of town plans for Kabul, provinces and sub-provinces</td>
<td>1.6</td>
</tr>
<tr>
<td>AFG/03240 Technical Assistance to MUDH and Kabul</td>
<td>3.0</td>
</tr>
<tr>
<td><strong>2.4.2 Urban Housing</strong></td>
<td></td>
</tr>
<tr>
<td>AFG/03215 Informal settlements upgrading program</td>
<td>12</td>
</tr>
<tr>
<td>AFG/03535 Maps of provincial cities and towns</td>
<td>0.13</td>
</tr>
</tbody>
</table>
II. WORLD BANK RESPONSE

A. The Transitional Support Strategy

20. The reconstruction strategy developed by IRA forms the framework within which the Bank’s Transitional Support Strategy (TSS) has been prepared. Developed in consultation with the Government and other stakeholders, the TSS puts forward priorities for Bank financial and non-financial assistance based on the areas of comparative advantage of the Bank. The Bank is focusing on four strategic areas; i) improving livelihoods; ii) fiscal strategy, institutions and management; iii) governance and public administration reform; and iv) enabling private sector development. The TSS identifies urban infrastructure as a priority to “introduce contemporary techniques of urban planning, initiate programs for community-based upgrading of informal urban neighborhoods, urban land use planning and initiate modernization of the urban land management system”.

21. In keeping with the TSS, the Bank’s involvement in the Urban Management program is selective. It focuses primarily on a program of analytical services, institutional capacity building and pilot initiatives to support municipalities in integrating underserved residential areas, before mainstreaming. These include:

   a. Analytical services target key policy reforms related to land management and housing. Policy reforms should aim at ensuring more efficient land markets to serve the needs of both firms and households, and provide a greater choice of affordable housing products.

   b. Institutional Capacity Building. Building the technical skills and knowledge in Kabul Municipality has begun under the IDA-financed Municipal Public Works Program.

   c. Pilot initiatives. The Bank’s early initiatives focus primarily on developing approaches for integrating underserved areas into the mainstream urban setting, with consequent improvement in urban livelihoods. Such an approach focuses not only on service improvements to currently disadvantaged neighborhoods, but develop partnerships between local governments in developing appropriate institutional and financing mechanisms for regularizing informal neighborhoods. It will also focus on introduction of appropriate land use, housing and service delivery standards that are affordable to both communities and local governments, to ensure that service delivery to the poor is sustainable. These initiatives will operationalize the Bank’s Urban Agenda in Afghanistan by improving services in underserved neighborhoods, pilot land tenure approaches in selected neighborhoods, and also build capacity of both KM and the MUDH in the area of upgrading and service delivery and to various agencies in land tenure.

B. Rationale for World Bank Involvement in the Urban Sector

22. Other than the Bank and UN-HABITAT, donor engagement in the urban sector is small but is slowly increasing. The European Union, GTZ, UNHCR, Japan, (through the OGATA), MEDAIR and CARE all provide small investments, focusing mainly on housing reconstruction. The EU is also starting to focus on upgrading, while USAID is supporting water supply, roads and land management and information systems. Italian Aid and CIDA have also provided

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technical assistance to MUDH – mainly in the form of ex-patriate skills. The Bank, through the
Emergency Infrastructure Reconstruction Project, has focused on some urban service delivery
through a Municipal Public Works Program and emergency repairs to water supply schemes in
provincial towns. However, over all, urban reconstruction remains largely un-coordinated,
focusing on ad-hoc interventions. Policy dialogue and systematic technical assistance is almost
entirely absent.

23. The Bank is uniquely positioned to respond to opportunities and challenges by: (a)
applying a systematic and long term approach to urban development; (b) using the leverage of its
lending volume and advisory capability to induce and accelerate institutional and policy reforms
and demonstrate sustainable approaches to address shelter and urban development issues; and (c)
making use of its extensive international experience and converting the lessons learnt into best
practices.

C. Lessons Learned

24. Capacity of local governments. In the past, many countries have circumvented any role
for local authorities by having central agencies implement urban upgrading without their
involvement. The lesson learned is that, due to lack of, or weak institutional and financial
capacity, and lack of involvement and sense of ownership, local governments have not responded
effectively to the O&M demands resulting from these efforts. The project has addressed this
lesson by setting up mechanisms to integrate the developed plans and infrastructure projects into
the daily functioning of Kabul Municipality. Kabul Municipality district officers, engineers and
planners are also key actors in the community upgrading process.

25. Performance standards and appropriate technologies. Bank review of service provision
for the urban poor in other countries suggests that flexible design standards contribute to reduced
costs in provision and/or improvement of infrastructure and, by extension, facilitate access to
housing and services. Moreover, international experience has demonstrated that upgrading is
particularly effective and affordable (low-cost) because under-served settlements are usually of
high density. Once security of tenure and access to infrastructure are made available, density in
many upgraded areas has continued to increase as owners expand their houses vertically, often
providing rental units for supplemental income generation. This lesson has been translated into
the project design, specifically into the menu of alternatives which will be provided to
participating communities, and in the application of special standards to settlements improved.

indicates that the viability of infrastructure improvements and sustainability of results can be
better ensured by responding to the effective demand of beneficiaries through a participatory
process. A higher likelihood of cost recovery has been achieved in those projects that involved
the community in the decision making process. Projects in other countries (e.g., Guatemala and
Brazil) have also shown that NGOs and community foras can effectively intermediate between
the community and local authorities, help community members prioritize their needs and select
alternatives, and promote cost recovery. Consequently, the project applies a community-based
approach.

III. THE PROPOSED PROJECT

A. Project Objective

27. The objective of the Kabul Urban Reconstruction Project is to provide improved delivery
of basic urban services in vulnerable communities in Kabul Municipality through the upgrading
of urban infrastructure and enhancing the managerial capacity of MUDH and Kabul Municipality. This will be achieved by supporting the integration of selected neighborhoods into the urban fabric of the capital city through the reconstruction and rehabilitation of urban infrastructure and strengthening the institutional capacity of the Ministry of Urban Development and Housing (MUDH) and the Kabul Municipality (KM).

B. Project Description

28. In pursuit of the above project objective, the proposed Credit will finance the most urgent reconstruction in the area under the jurisdiction of Kabul Municipality and limited technical assistance requirements in MUDH and will set the stage for additional future assistance from the Bank Group and other donors in support of IRA’s national development priorities in the urban sector. The need for urban infrastructure is large and the World Bank will only be able to fund a part of the requirements. The project will lay the groundwork for a follow-up project aimed at city-wide infrastructure reconstruction and service delivery in the Greater Kabul area and other major urban centers.

29. The project will also seek co-financing for additional urgent reconstruction in the area under the jurisdiction of Kabul Municipality and for technical assistance for MUDH and KM. The project is structured in six parts.

Part A: Area Upgrading in Kabul (US$25.11 million equivalent – IDA financed + Community Contribution)

30. Area upgrading of poor, infrastructure deficient, planned and unplanned neighborhoods will be carried out in selected areas, following a participatory process involving the respective community groups. The project component is structured in two phases to enable an early start. In the context of the project a community may be a “gozar” (sub-district), a number of gozars combined or, more likely, parts of a gozar.

31. The selection of communities is currently being finalized. Vulnerability and deficiency in service delivery will be the key criteria determining site selection. Vulnerability will be measured by income, the ratio of income earners vs. dependents and years living in Kabul. Deficiencies in services will be measured through access to water (piped supply, in-house well, public well, tanker), and sanitation (none in-house, latrine to night soil, improved latrine).

32. A set of principles on which the upgrading program is to be designed are to be adopted. These include:

- *Service levels and Standards:* to be functional, designed to cost limits but also to consider life cycle costs and longer term infrastructure and utility development plans;
- *Choice and Costs:* Communities to be given choice of service level and cost implications of choice to be explained both for capital and recurrent costs;
- *Balanced Program for Impact:* Balanced programs which cover most elements on

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5 Area upgrading is defined as the improvement of basic tertiary infrastructure and services, in this case, water supply, sanitation, access, drainage, solid waste management and street lighting that respond to community needs and demands and which are planned and designed in conjunction with communities and which are constructed in comprehensive area-based packages through local contractors and community groups, dependent on the type of work. Upgrading also includes the appropriate replanning and restructuring of the physical environment.

6 The primary source of data will be a household survey carried out as part of the Settlement Selection exercise used to identify settlements suitable for inclusion in the project.
“menu” to be implemented to ensure impact/visibility to encourage further development through community/individual resources;

- **Efficiency of Infrastructure Provision:** Although community participation and choice is a fundamental principle, the efficiency of infrastructure provision also has to be considered. Thus it is important for proposals to fit with longer term plans of infrastructure/utility providers, particularly with regard to “network” infrastructure such as water supply. Infrastructure will be provided in area-based, rather than component-based packages to avoid future damage and disruption in the settlements. Local contractors will be used for “network” infrastructure and community contracting for “stand alone” facilities

- **Supervision of Works and Transparency:** Those involved in supervision and certification of works (i.e. consultants/NGOs) should involve community representatives to better ensure transparency and community satisfaction;

- **Community Upgrading Plans:** All details agreed (e.g. provision, costs, contributions, operation and maintenance arrangements) to be included in Community Upgrading Plans to be prepared by communities and consultants/NGOs and agreed by all relevant stakeholders;

- **Cost Recovery and Community Contributions:** Some level of contribution to capital costs will be made by communities to foster a sense of ownership and for longer term financial discipline reasons.

- **Trunk Infrastructure:** This should be available at present or in the foreseeable future to ensure tertiary or local infrastructure provision is able to operate effectively.

- **Social Facilities:** The project may provide extensions and rehabilitation to primary schools, kindergartens, community halls, primary health care facilities and similar facilities if these are seen to be a need and are a priority of a community.

- **Minimal Resettlement:** Physical proposals should apply planning and engineering standards flexibly to ensure sensitive, least cost proposals that minimise the need for clearance and resettlement.

33. Services to be provided include:

- **Water Supply:** Since the improvement of the water supply systems in Kabul City is underway with assistance from the German Government, the project will focus mainly on providing safe drinking water to communities in the selected project neighborhoods in the shortest possible time. Proposals will follow longer term plans which will enable future individual house connections but generally serve only community standposts in the interim. Such standposts will be fitted with water meters, operated by designated community groups who will apply charges to those taking water and will be responsible for paying the Water Authority for water consumed.

- **Sanitation:** A study to examine development options for the sanitation sector in Kabul is currently in its early stages, funded through the World Bank-financed Emergency Infrastructure Reconstruction Project. However, in the absence of a reliable and ample water supply, and secondary and primary sewerage and sewage treatment, sanitation will comprise improved on-plot latrine arrangements.

- **Solid Waste Management:** The project will provide fixed brick or concrete built, or similar, roadside containers. It may also facilitate the implementation of Community Based solid waste collection systems.

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8 H P Gauff Ingenieure – Kabul Sanitation Improvement Project, financed by the IDA.
• **Access Roads:** Access roads will be developed to functional standards to improve all weather access, traffic flow and develop or maintain rights of way and link to the road hierarchy for the area. Surface treatment and drainage will take account of topography.

• **Hill-side steps:** In steep areas, the project will design and construct appropriate hill-side steps and provide surface water drains adjacent to these.

• **Drainage:** Stormwater drainage will be provided in communities in accordance with catchments and overall drainage plans for the area.

• **Street Lighting:** Where there is an existing operational power supply in the project neighborhoods, the project will provide street lighting. In the absence of an existing operational power supply, alternative systems will be examined, e.g., a community maintained generator with simple distribution system for street lights.

34. Services and standards will be prioritised through the formulation of Community Upgrading Plans (CUP) by Community Based Organisation (CBO) such as a Community Development Council (CDC) or Community Action Group (CAG) with technical input from local planning, design and contracts management consultants. Following preliminary engineering and costing the CUP will be taken back to the community for further discussion, modification and agreement. On completion of the consultations, the initial community proposals will be updated by the consultants and a final CUP is produced.

35. Local planning, design and contracts management (PD&C) consultants in association with CBO’s will be engaged to carry out the community facilitation, planning and design and subsequent construction supervision. Advice and assistance on procurement activities will be provided by the Program Management Unit (PMU) formed in the MUDH supported by the Technical Support Unit (TSU) consisting of a consultant firm.

36. The 4 year project is divided into two phases with Phase 1 covering about 40% of the project (based on settlement area) and Phase 2 covering about 60%. Current proposals are to upgrade tertiary infrastructure in a comprehensive manner in settlements housing approximately 250,000 people covering about 1000 hectares. Of this, US$24.19 m will be IDA financed and US$ 0.92m will from community contributions.

37. For planning, design, procurement and construction reasons the “size” of each phase will be no more than as follows:

- Phase 1 – 400 ha (approx. 100,000 people) in about 20 Gozars in 2-4 Districts
- Phase 2 – 600 ha (approx. 150,000 people) in about 25 Gozars in 2-4 Districts.

38. Preliminary planning and engineering suggest average costs of about US$17,500 per ha or US$70 per capita at an average density of 250 persons per hectare. This gives a total cost for the Part A component of US$17.5 million. This figure increases to approximately US$24.19 million once an allowance for critical connections to trunk infrastructure and extensions to critical social infrastructure facilities are included.

39. Main infrastructure to be constructed under KURP (i.e. water supply distribution networks, roads and drains) will be taken over by the responsible authorities for subsequent operation and maintenance (e.g. CAWSS, KM). Operation and maintenance agreements will also be set out in the Community Upgrading Plans, where community O & M will be vital to sustainability.
Part B: Land Tenure Regularization (US$0.64 million equivalent – IDA and co financed).

40. This component aims to develop an appropriate methodology and capacity to regularize urban land tenure in Kabul through pilots conducted in four communities representative of the spectrum of land tenure complexity in settlements identified for upgrading. Using the recently completed maps of Kabul based on satellite imagery, the methodology will include systematic, site-wide approaches to community mobilization, adjudication, surveying and registration. It will be piloted on approximately 5,000 plots over the first two years of KURP. International and local experts will be involved in the design, initiation, monitoring and evaluation of the pilots and will build capacity within the local implementing Agencies, particularly the Afghan Geodesy and Cartography Head Office (AGCHO), the recently established special property court, and the Kabul Makhzan (Registry) through development of manuals, the acquisition of surveying and plotting equipment, the conduct of training in both the technical and project management processes as well as hands-on engagement of staff in the implementation of the pilots.

41. The outcome of the component will be viable processes and instruments for each aspect of tenure regularization including suggested principles for adjudication which may be later embodied into policy or law. Where the existing legal framework is adequate for fully resolving the disputes or rectifying the irregularities discovered during the pilots, the outcome will include the actual regularization of the tenure so long as the affected parties adopt the available course of resolution and are able to complete it within the span of the project. This initiative complements the ongoing work supported by USAID to computerize and improve records management in the Kabul Makhzan, and the roll-out of systematic titling approaches after development of an appropriate methodology.

42. This part will be financed jointly by IDA for goods (US$ 0.26m) and a co-financier (US$ 0.37m) for consulting services.

Part C: Engineering and Management Support (US$4.32 million equivalent –IDA and co-financed)

43. This component will provide technical assistance to form TSU to assist the MUDH PMU. It will also provide for a number of PD&C consultants to work at the community level. The role of the PD&C teams will be to mobilize communities, agree on services to be provided, design the service elements and supervise their construction. They will also monitor technical, environmental and safeguards compliance.

44. This component will be financed by IDA for all goods (US$ 0.45m) and monitoring and evaluation (US$ 0.1m) and by a co-financier for consultants services (US$ 3.77m)

Part D: Overall Capacity Building for Kabul Municipality (US$0.30 million equivalent – co financed)

45. This component will support Kabul Municipality in improving its finance function, including revenue generation, financial management, asset management, budgeting and planning. The targeted departments include: Investment Planning, Finance (and all related sub-departments), Income, Properties, and the Control Office. An initial assessment of the KM finance function will be carried out, building on existing analyses of Kabul Municipality, with recommendations on improvement. This component will include design and implementation of simple computerized systems to improve efficiency in financial management.
Part E: Structure Plans and Preparation of Future Urban Project (US$1.64 million equivalent - co financed)

46. This component will assist the MUDH and at least five municipalities\(^9\) with preparation of physical development plans and investment programs, building capacity in planning in the MUDH and the municipalities, and the institutionalization of a planning process in the municipalities. The structure plans will be produced in a participatory manner, taking into account the development needs at the community/neighborhood, district and municipal levels. The structure plans will provide the basis for feasibility studies of future urban investment covering city-wide services. The feasibility studies will explore options for serviced lands, including costing of alternative standards, review availability of developable land with access to infrastructure in appropriate locations, and examine the feasibility of scaling up, given infrastructure, land and financing constraints. Co-financing will be sought for this component.

Part F: Main Roads, Drainages and Traffic Management in Kabul (US$20.0 million equivalent, co-financed)

47. Given that there are many priorities for roads and drains in Kabul Municipality, this component takes a programmatic approach. It will commence with the selection and justification of investments from the various lists that have been put forward and will take account of the on-going and proposed schemes (e.g. USAID supported road proposals as well as the on-going Rapid Road Repair Project). The component consists of 6 “generic” sub-components as follows:

a) New Construction  
b) Reconstruction  
c) Repair and Overlay  
d) Primary Drainage Channels Provision and Rehabilitation  
e) Secondary Drain Construction and Repair  
f) Critical Traffic Management Improvements

48. Works under these sub-components will be designed following a justification and prioritization exercise by Consultants working from a long list of proposals put forward by the KM and the MUDH.

<table>
<thead>
<tr>
<th>Table 2: Estimated Total Project Costs (US$ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Component</td>
</tr>
<tr>
<td>A. Area Upgrading in Kabul</td>
</tr>
<tr>
<td>B. Land Tenure Regularization</td>
</tr>
<tr>
<td>C. Engineering and Management Support</td>
</tr>
<tr>
<td>D. Overall Capacity Building for Kabul Municipality</td>
</tr>
<tr>
<td>E. Structure Planning / Future Project Preparation</td>
</tr>
<tr>
<td>F. Main Roads, Drains and Traffic Management</td>
</tr>
<tr>
<td><strong>TOTAL PROJECT COSTS</strong></td>
</tr>
</tbody>
</table>

All costs include contingencies

\(^9\) Suggested municipalities include Kabul, Herat, Mazar-I-Sherif, Jalalabad, and Kandahar.
### Table 3: Project Financing Plan (US$ million)

<table>
<thead>
<tr>
<th>Component by Source of Funds</th>
<th>IDA</th>
<th>Communities</th>
<th>ARTF/ Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Area Upgrading in Kabul</td>
<td>24.19</td>
<td>0.92</td>
<td></td>
<td>25.11</td>
</tr>
<tr>
<td>B. Land Tenure Regularization</td>
<td>0.26</td>
<td></td>
<td>0.37</td>
<td>0.64</td>
</tr>
<tr>
<td>C. Engineering and Management Support</td>
<td>0.55</td>
<td></td>
<td>3.77</td>
<td>4.32</td>
</tr>
<tr>
<td>D. Overall Capacity Building for Kabul Municipality</td>
<td></td>
<td></td>
<td>0.30</td>
<td>0.30</td>
</tr>
<tr>
<td>E. Structure Planning/ Future Project Preparation</td>
<td></td>
<td></td>
<td>1.63</td>
<td>1.63</td>
</tr>
<tr>
<td>F. Main Roads, Drains and Traffic Management</td>
<td></td>
<td></td>
<td>20.00</td>
<td>20.00</td>
</tr>
<tr>
<td><strong>TOTAL PROJECT COSTS</strong></td>
<td><strong>25.0</strong></td>
<td><strong>0.92</strong></td>
<td><strong>26.07</strong></td>
<td><strong>52.00</strong></td>
</tr>
</tbody>
</table>

Note: Financing plan includes contingencies

### IV. INSTITUTIONAL ARRANGEMENTS AND PROJECT IMPLEMENTATION

#### A. Implementation Arrangements

49. **Overall Management.** Overall management of the total project will be the responsibility of Ministry of Urban Development and Housing (MUDH). MUDH will form a Program Steering Committee (PSC) to set operational policy guidelines, monitor progress and address problems. The Ministry will also set up a Program Management Unit (PMU) consisting of MUDH staff to manage all components of the project. It is envisaged that the PMU will, by the end of the project, be institutionalized within MUDH to form an “Urban Upgrading Department”. A Technical Support Unit (TSU) consisting of a Consultant Firm, will provide technical and managerial support. The skills present in the PMU and the TSU will include but not be restricted to Project Management, Procurement, Financial Management and Community Development. The MUDH will also appoint separate Consultants as required to support the implementation of the different components of the project.

50. **Part A: Area Upgrading in Kabul.** The Area Upgrading component of the project will be managed by the MUDH through the Program Management Unit with the assistance of the TSU. The Kabul Municipality will support the implementation of the component through a Project Support Team (PST) consisting of Kabul Municipality staff who will, in their line function duties, contribute to the project. Community Based Organizations (CBO) in each selected gozar will prioritize needed services, decide on a service standard package with the assistance of Planning, Design and Contracts Management (PD&C) Consultants.

51. **Part B: Kabul Land Tenure Regularization.** The MUDH PMU, with assistance from the TSU and the Land Tenure Consultants will convene a Land Tenure Technical Committee of representatives of all stakeholder agencies as well as others with related expertise. Participation in this committee will include but not be restricted to the Judicial Reform Commission, Afghanistan Geodesy and Cartographic Head Office, Supreme Court and District Court (Makhzan), Ministry of Finance and the Kabul Municipality. The Land Tenure Technical Committee will be responsible for coordinating the inputs from the respective agencies and for direction of the consultants engaged on the component. This component will be co-financed.

52. **Part C: Engineering and Management Support.** This component includes the technical assistance and consulting services required to carry out detailed design, implement and manage the project. It will be managed by the PMU, aided by the TSU. The PMU will be responsible for oversight of the whole project, although the detailed design and management of
the co-financed components will also involve the co-financiers. It also includes technical assistance for financial audits and monitoring and evaluation. This component will be co-financed.

53. **Part D: Overall Capacity Building for Kabul Municipality.** This component will be implemented by KM. The MUDH will appoint a Financial Management Consultant to assist the KM to carry out this component of the project. This component will be co-financed.

54. **Part E: Structure Plan and Preparation of a Future Urban Investment Project.** This component will be managed by the MUDH, and the participating municipalities. The MUDH will contract Planning Consulting Firm/s to assist it in the development of the plans. The Structure Plan Team consisting of planners from the relevant Municipality and MUDH will, together with the appointed Consultant, undertake the work of preparation of the Plan and the subsequent feasibility study as part of the preparation of the new project. This component will be co-financed.

55. **Part F: Main Roads and Drainage and Traffic Management.** This component is to be co-financed. The works of different categories will be undertaken by local and international contractors selected using Bank procurement guidelines. The technical consultants will be funded by co-financing (possibly ARTF). The PMU, with TSU support, will liaise with the appointed consultants to ensure overall scope and project targets, schedules and safeguards are followed.

B. **Procurement**

56. The PMU of MUDH, assisted by the TSU, will have the overall responsibility for procurement under the project. The PMU will appoint two procurement staff who will be assisted by a procurement specialist in the TSU. The analysis shows that Afghanistan is a "high risk" country from a public procurement point of view. The procurement procedures and procurement plan for the project are developed keeping in view the public procurement environment in the country. Thus, consideration is given to risk minimization by further developing procurement capacity within the PMU, which will work closely with the Government Procurement Unit (GPU) of the Afghanistan Reconstruction and Development Services (ARDS) in the Ministry of Reconstruction and with the procurement specialist of the TSU.

57. Goods, works and consulting services financed under the Project shall be procured by MUDH in accordance with the Bank's Procurement Guidelines and Guidelines for Selection and Employment of Consultants, and using the Bank's model standard bidding documents. Each contract for works estimated to be equivalent of US$500,000 or more shall be subject to prior review. Irrespective of value, the first contracts for works and goods for each year of the project will be subject to prior review. The first contract for goods up to US$100,000 and all contracts for goods above US$100,000 shall be subject to prior review. Each contract for employment of consulting firms estimated to cost US$100,000 or more, and US$50,000 or more in case of individual consultants, shall be subject to prior review by IDA. All other contracts will be subject to post award review. For most consulting services, the preferred selection method will be Quality and Cost Based Selection (QCBS) method.

C. **Disbursement and Financial Management**

58. Through the engagement of the Financial Management Agent, the Government is now in a position to ensure proper accounting for local payments. In addition it has also put in place certain additional mechanisms such as (i) the Special Disbursement Unit (SDU) under the Treasury for disbursements and maintenance of Afghanistan Management Information System.
(AFMIS); (ii) Development Budget and External Relations (DBER) Unit for overall management and reporting of all donor projects; and (iii) the Cash Management Unit, to undertake accounting for all income and manage cash resources, under the overall charge of the Treasury Department of the Ministry of Finance.

59. The proposed project specific measures include the engagement of a Financial Management Specialist as part of the TSU to assist the nationally staffed PMU within MUDH as well as the Project Support Team (PST) of the Kabul Municipality. This is crucial considering the project involves a number of agencies and consultants and it is important that there is a designated person to ensure proper financial management arrangements for these agencies. The other measure is the mobilization of a Consultant Chief Financial Officer (CCFO), retained under the ARTF-financed Strengthening Financial Capacity project, to support budgeting and financial management of the Ministry as a whole. The CCFO will work closely with the Government appointed Chief Financial Officer/Finance Manager in the Ministry to strengthen its capacity to manage its reconstruction/development program, including donor-financed projects.

60. The PMU, assisted by the TSU, will develop a Project Implementation Manual (PIM) with a section on ‘Funds Flow and Financial Management’ which covers procedures as well as internal controls of various aspects of the overall flow of funds, the fund transfer mechanism, disbursement to communities, and fund management at the community level. This will also include the responsibilities of the PD&C Consultants working on Area Upgrading (Component A) with respect to compliance with transparency rules for project expenditures. Part D of the project will assist Kabul Municipality with enhancing the financial management systems of the Municipality. The output could form a basis for further reforms in other municipalities.

61. The Project will follow standard Government financial management policies and procedures, including using the Chart of Accounts developed by the Financial Management Agent, to record Project expenditures. Ultimately the SDU in Treasury Department of MOF will be responsible for accounting of all expenditures and receipts in the Government’s accounting system.

62. The MUDH’s PMU assisted by the TSU, will be responsible for coordinating financial management activities of implementing agencies with the SDU. Considering that there will be a number of agencies and consulting organizations that it will be dealing with, it is important that the PMU’s own responsibilities, functions and necessary procedures are developed and documented in a brief set of guidelines as part of the Project Implementation Manual. The guidelines are not expected to be an elaborate document, but sufficient to cover various aspects of financial management which the PMU, assisted by the TSU, will handle.

63. The Project Implementation Manual will lay down clear instructions on how different agencies will ensure the necessary fiduciary controls over expenditures incurred by them. The guidelines will be authorized by the MOF, considering it has the overall responsibility of fiduciary compliance. In addition, the Counterpart Chief Financial Officer, CFO and the Financial Management Specialist of the TSU will assist the MUDH to record financial transactions of the project in an electronic format, using simple spreadsheet and/or database applications. Such recording of data should enable the PMU and TSU in MUDH to retrieve financial information for producing the Financial Monitoring Reports (FMR) in formats to be agreed with the World Bank.

64. Annual project accounts will be consolidated in the Ministry of Finance, in particular, the Treasury Department, supported by the Financial Management Agent, and consolidated Project financial statements will be prepared for all sources and uses of Project funds.
65. **Audit Arrangements.** The accounts of the Project will be audited by the Auditor General, with the support of the Audit Agent, with terms of reference satisfactory to the Association. The audit of the Project accounts will include an assessment of: (a) the adequacy of the accounting and internal control systems; (b) the ability to maintain adequate documentation for transactions; and (c) the eligibility of incurred expenditures for Association financing. The annual Project financial statements audited by the Auditor General, supported by the Audit Agent, will be submitted within six months of the close of fiscal year, i.e. by September 22 of each year. All agencies involved in implementation and holding records of expenditures will need to retain these records as per the retention requirements of the Credit Agreement.

66. **Financing Percentage.** Since collection of tax revenue has just begun and is sporadic, disbursement percentages have been set at 100% with the understanding, however, that MOF will submit withdrawal applications on a net-of-tax basis. The tax structure of the government will be reviewed periodically by IDA and decision made whether standard disbursement percentages need to be set and financing percentages amended accordingly.

67. **Disbursement Method.** Disbursements from the IDA Credit will be transaction-based (replenishment, reimbursement, direct payment, and payments under Special Commitments) with full documentation or against statements of expenditures as appropriate.

68. **Use of statements of expenditures (SOEs).** SOE thresholds are applicable for procurement made. Disbursements will be made on the basis of SOEs for all works less than US$500,000; goods less than US$100,000 equivalent, consultants’ services for firms less than US$100,000, for individual consultant less than US$50,000 equivalent, all training, audits and incremental operating costs.

69. **Special Account.** A special account will be opened and maintained in Da Afghanistan Bank or a commercial bank in Afghanistan on terms and conditions acceptable to IDA; and will be operated in accordance with IDA’s operational policies. The Authorized Allocation of the Special Account will be set not to exceed $2 million which is the four month average estimated expenditure to be paid from the account.

70. **Minimum application size.** Applications for replenishment to the Special Account will be submitted (a) monthly, regardless of amount, or (b) when the Special Account balance is reduced by 40% of the Authorized Allocation ($800,000), whichever comes first. The minimum application size for withdrawal applications for reimbursement, direct payment, or for applications for Special Commitments is 20% of the Authorized Allocation of the Special Account, i.e., $400,000.

D. **Environmental and Social Safeguards**

71. The principles governing social and environmental management will be applied through an Environmental and Social Safeguards Framework (the Framework) which is attached, without appendices, in Appendix 11. The Framework is applicable to all activities financed by the proposed Project, and includes (i) key policy principles for social and environmental management, (ii) tools to guide the screening of subprojects for significant social and environmental impacts, and to assist in the mitigation of such impacts, (iii) procedures to ensure that these principles and tools are appropriately applied, and (iv) guidelines for capacity building and monitoring. The Framework will be operationalized through the proposed Project's arrangements for implementation, capacity building and monitoring.
72. The reconstruction and rehabilitation interventions envisaged under the proposed project are not expected to generate significant negative environmental effects. Rather, they should contribute to the improvement of environmental conditions. Limited adverse impacts could result, however, from inadequate design and construction practices. To limit the extent of these risks, the Framework provides a negative list of activities ineligible for support under the proposed project. To mitigate the remaining potential impacts, the guidelines and codes of practice included in the Framework provide social and environmental mitigation measures to be incorporated in the design, contracting and monitoring of infrastructure developments.

73. No activities will be supported that require involuntary land acquisition or the acquisition of land requiring the resettlement or compensation of more than 200 people. Consequently, no Resettlement Action Plan will be required for the proposed project. The voluntary donation or compensated contribution of land for activities will be guided by the appendix "Guidelines for Land and Asset Acquisition, Entitlements and Compensation" included in the Framework.

74. Given the nature of the operation (being processed under OP 8.50 Emergency Recovery Assistance) and the proposed activities for IDA financing, an exemption has been obtained from the requirement to make the Framework publicly available prior to appraisal. The Framework will, however, be made publicly available in Afghanistan and at the World Bank Info Shop prior to presentation of the proposed project to the World Bank Board.

75. The components of the project will benefit households in general by providing increased level of services including water, sanitation and pedestrian and vehicular access. While women and children are not specifically targeted, they will be the primary beneficiaries of the interventions in water and sanitation in terms of health gains and reduced workload in water collection. The realization of these benefits will be ensured through the provision of health education as part of the water and sanitation interventions.

76. The identification of areas for upgrading will apply procedures and selection criteria that will minimize the risk of ethnic bias.

77. The types of public works planned under the project are not expected to generate labor opportunities for women to any significant degree. During the process of consultations with local communities, separate arrangements shall be made to ensure participation by and consultation with women, as they can not be expected to be covered through the general community consultations.

E. Monitoring and Evaluation

78. Monitoring arrangements include plans for intensive supervision by the Bank to ensure that any implementation difficulties are dealt with promptly. At a minimum, a full supervision mission is needed quarterly, with specialists visiting Afghanistan more frequently if needed during Project implementation. A quarterly progress report will be prepared and submitted to IDA, which consolidates all components including progress towards meeting implementation and development objectives, as further detailed in the Project's procurement plan and detailed monitoring indicators. Responsibility for this reporting rests with the MUDH. Appendix 12 provides additional details on monitoring indicators for the Project.

F. Condition of Project Disbursement

79. The approval by Government of an agreed list of settlements to be upgraded in Kabul under Part A of the project will be a condition of disbursement.
G. Justification

80. This project is expected to be the start of a longer term involvement of the World Bank Group in selected urban infrastructure sub-sectors. This first operation will, apart from emergency assistance, set the stage for increasing access to sustainable urban infrastructure services. In addition to the creation of suitable legal and regulatory frameworks, capacity building efforts supported by the Project will help to create absorptive capacity for handling donor assistance, community driven development as well as other forms of private sector involvement across infrastructure sectors.
Background

81. Kabul City has grown rapidly since the fall of the Taliban in 2001, increasing from an estimated 1.7 million in 2000 to about 2.7 million in 2003. Additionally, at least 300,000 Afghans enter the city every morning, bringing the effective daytime population to a little over three million. Only 40% of the roughly 325 kilometer square area is planned. Most residents thus live in unserviced or under-serviced unplanned areas. For administrative purposes, the city is divided into 16 districts, of which three districts are peri-urban and sparsely populated. Every district is further divided into zones (about 3-5 zones per district) and each zone is further divided into gozars. Each gozar consists of about 200 households represented by a local wakeel.

82. The City is governed by the Municipality of Kabul. The KM is reasonably autonomous, responsible for its own budget and staffing. The Mayor of Kabul has the status of a Minister. The KM controls some, but not all, delivery of services. It is responsible for the implementation of the city’s master plan; construction of canals, ditches, flood protection measures; solid waste management; supervision of public parks; greening the city; construction and paving of roads; control of food prices; distribution of land plots for commercial and residential purposes; recovery of residential sites; cultural services and expansion of food markets. However, water supply in the city is controlled by Central Authority for Water Supply and Sanitation (CAWSS) which falls under the Ministry of Urban Development and Housing. The Soviet styled public housing, the Macro-Rayans, are controlled by the MUDH; public urban transport is controlled by the Ministry of Transport while traffic management falls under the MOI. This institutional fragmentation makes co-ordination of service delivery difficult.

Water Supply

83. Introduction. Most of the urban water supply systems in Kabul and other towns have been severely damaged either directly during the period of conflict, or indirectly due to the prolonged period of neglect and lack of maintenance. As a result the systems are operating at very low levels of efficiency. Source yields are adversely affected by deterioration in the boreholes, lack of appropriate pumps, and fluctuating power supplies. The distribution networks have been broken and mended haphazardly using any available pipe materials and informal connections are widespread. Significant parts of the systems have been cut off from the network and there are a large number of alternative systems which have been built around new bore-wells.

84. Consumers and Coverage. Today, the piped network yields only 8000 m³ per day, although this is an improvement from the 5000m³/day low in 1994. The majority of the population obtain their water from the approximately 800 wells located around the city. There is heavy reliance on local or on-site water and sanitation solutions. Piped water coverage is extremely low. CAWSS serves 31,500 connections in Kabul, which is an estimated 20% of Kabul’s population. Cost recovery is very low. In Kabul in 2001 CAWSS billed less than US$150,000 (or less than US$5 per connection) of which only about 18% was collected. The low levels of collection is due in part to the confused situation with regard to

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10 The 1978 master plan was not implemented fully, reportedly due to insufficient funds, lack of management and planning capacity. Unplanned shelter expansion occurred, with other government agencies also contributing through the construction of facilities without reference to the master plan.
tenure and the inability of government institutions to pay their bills. Poor collection is exacerbated by the poor level of metering\(^1\).

**Bulk Supply.** There are three main sources of water for Kabul\(^2\): the Alaudin wellfield, developed between 1930 and 1954, consists of springs below the Qargha Dam and four deep wells at Alaudin; the Afshar Wellfield; and the Logar wellfields. Much of the population relies on shallow wells and irrigation canals. The public water supply network does not extend to the suburbs. At their height, the maximum production rate of piped network was 86,000 m\(^3\)/day (1000 l/s). This was still below the required needs, and the city was also served by approximately 100,000 shallow wells.

85. **Microrayans.** Water is supplied via 13 deep abstraction boreholes of depth 100-120m and installed with electrical submersible pumps of capacity 25-40 l/s. From these, water is distributed throughout the complex via a hillside reservoir, although recently it is being pumped directly into the network.

86. **Issues.** Key issues in the water sector include: lack of current hydro-geological studies or user demand data; lack of water management strategies; limited access to, and affordability of, piped supplies; incremental augmentation of supply system via shallow tube wells; unknown loss due to leaks and illegal connections; poor billing and cost-recovery systems; clarification of the potential role of the private sector; integration of water supply schemes into spatial plans; and the need for coordination between agencies at the national and local levels.\(^3\)

87. **Future Plans.** KfW (German Bank for Reconstruction), is funding an urgent water supply rehabilitation project, in two phases (total value of first phase approx. US$9.5 m, implemented from mid-2002 to mid-2004). KfW is also funding a feasibility study for the extension of the Kabul water supply system, carried out from January 2003 to January 2004.

**Sewerage**

88. **Introduction.** Access to sewerage is limited in Kabul to the Microrayans. Forty five percent of the population use septic tanks for wastewater disposal. However, since the water table is high in settled areas, the water wells are under the risk of pollution.

89. **Status Quo:** Excreta disposal systems in Kabul are of 4 different types:

a. The vast majority are on-site systems, including single and double pit latrines and variations on a traditional model of vault toilet which opens to the street to

\(^{1}\) In Kabul, both volumetric and flat rates are used, depending on whether the connection is equipped with a meter. Current volumetric rates are Afg. 1000 / m\(^3\) for households ($0.03 / m\(^3\)) and Afg. 4500/m\(^3\) for offices and NGOs ($0.13/m\(^3\)). Few meters are likely to be operational at the current time. For those connections without a meter, rates are Afg. 120 /year ($3.43/year) for ½ inch connections, Afg. 240 /year for ¾ inch connections, and Afg. 480 /year for 1 inch connections. Connection fees are Afg. 100,000 for ½ inch connections, Afg. 200 for ¾ inch connections, and Afg. 400 for 1 inch connections. A labor charge of Afg. 80 has to be paid in addition to the connection fee. Consumers have to settle their bills at local branches of the Afghan Bank, which then transfers the money to CAWSS own Bank account.

\(^{2}\) In the 1980s Kabul City received water by gravitation through a cast-iron pipe from the Paghman district, located some 15km from Kabul. This network is not functioning at present.

\(^{3}\) Four Ministries are responsible for water: (i) Agriculture, (ii) Water Resources, Irrigation & Environment, (iii) Rural Reconstruction and Development and Public Works, while the central technical agency, CAWSS is under the (iv) MUDH. As part of the Urban Program Secretariat, a Water Sector Committee has been established at the national level for information exchange and coordination.
facilitate the removal of nightsoil. There are also about 17 public toilets all over Kabul out of which only 3 are in service.

b. Flush toilets are more common in higher class residential and commercial areas, where wastewater is collected in unlined pits and permeate into the ground.

c. In larger buildings including agency and government offices, septic tanks and permeation pits are typically used. Several apartment complexes have septic tanks but these are not maintained as vacuum trucks are not available and sewage spills from the permeation pits.

d. Sewerage is limited to 4 apartment complexes, Microrayan 1, 2, 3 and 4 in Districts 16 and 9, and serve a resident population of about 120,000. Sewage is conveyed (2 km) to a wastewater treatment plant of a total capacity of about 15,000 m³/day. Due to O&M problems, wastewater is partially treated (limited to separation and sedimentation) before being discharged in the Kabul river.

90. Nightsoil and sludge collection is minimal as there are only 2 Municipal vacuum trucks operating in Kabul. Private vacuum trucks have been discharging waste in an uncontrolled manner. Collected night soil is disposed of outside the city boundary in Desert Chemtalla in the north and Puli Churkhi in the east.

91. Much of the southern part of the city has been destroyed; this area, along with new under served settlements which can already be seen on the outskirts of the city, will require rapid strategic interventions to ensure that the sanitation situation does not deteriorate. In the 1970s the municipality prepared a master plan for sewerage interventions but no investments were made⁴.

92. ICRC (International Committee of the Red Cross) has been constructing more than 50,000 latrines and toilets in the city over the past 5 years, and has also prepared detailed assessments and mapping of the sanitation facilities in Kabul. Other NGOs such as German Agro Action, ACTED, CARE, Mercy Corps, MEDAIR, have been involved in the provision of various on-site sanitation facilities, hygiene promotion programs, solid waste collection.

93. A few major studies were carried out in the late 1970s, including the Kabul Sanitation Report (1979) and the Kabul Sewerage Master Plan commissioned by UNDP in 1972. However, given the very low revenue base, the lack of technical and managerial capacity, and other sector constraints, particularly unreliable electricity supply, it is evident that capital-intensive solutions such as conventional sewerage and wastewater treatment (envisioned under the Master Plan prepared in the 1970's) will not be feasible in the short- and medium-term, with the possible exception in a few densely populated areas of Kabul.

⁴ In 1972, the UNDP commissioned a series of 30 Year Master Plans and First Stage Feasibility Studies for the Greater Kabul Area. The studies covered Water Supply, Sewerage, Drainage and Solid Wastes. Studies were also undertaken on Organization, Management, Financial and Legal aspects. The 2004 population was projected to be 2,000,000. On completion of the studies, the Central Authority for Water Supply and Sewerage (CAWSS) was formed, and the World Bank (IDA) agreed to finance the First and Second Water Supply Projects and the First Sewerage Project. The First Sewerage project comprised collection sewers in the New Urban Area and Share Nau, with treatment in wastewater stabilization ponds. Engineering Design and Construction of the First Water Project was completed between 1975 and 1986. Engineering Design of the Second Water Project and the First Sewerage Project were partially completed between 1978 and 1979. No construction work was done on the Second Water Project, or on the Sewerage Project. (See more details in a paper by Frank Moir, dated September 2002, entitled "Water And Sanitation Planning For The City Of Kabul: A Review Of The 1974 UNDP-Sponsored Water And Sewerage Master Plans, And The Implementation Of The First Stage Projects)
94. Therefore, a progressive approach to improving environmental sanitation conditions is encouraged. The government's strategy for improving the sanitation situation in Kabul consists of the following phases: (1) assessment of the existing sanitation situation, (2) definition of the principles underpinning strategic sanitation planning, (3) identification, design and implementation priority rehabilitation needs, (4) identification and mobilization of appropriate partners for operation and maintenance (e.g. solid waste collection etc), and (5) identification of alternatives for medium- and long-term interventions, (6) implementation of medium- and long-term interventions.

Solid waste management

95. Household Waste forms the largest component of solid waste. The average per-capita waste generation rate is approximately 0.4 kg per day. The average resident of some districts probably generates less waste (as low as 0.2 kg/capita/day) while in other districts residents generate more waste on average (up to 0.5 kg/capita/day). There is no information on industrial waste. The 22 hospitals of Kabul appear to burn their waste on site and/or disposed with the domestic waste stream. Waste collection in Kabul occurs in two stages:

Primary collection: Residents and community organizations remove waste manually from households, which are referred to as primary collection points, and dump them at loosely designated collection/transfer points, or so-called secondary collection points.

Secondary collection: Waste collection vehicles from the Department of Sanitation (DOS) then remove solid waste from these secondary collection points and haul them to Gazak dumping site situated about 15 km east of Kabul City. The site is also 30 km from the DOS vehicle pool where the trucks take off every morning and return every afternoon.

96. The DOS collects 300 tonnes of solid waste from the streets of Kabul every day. This is well below the average rate of waste generation in Kabul (about 1,280 tonnes per day). Waste collection by Kabul Municipality is adhoc. There is no specific routing plan assigned to each of the 40 vehicles and crew belonging to KM. Furthermore, the existing collection vehicles are small in size (3-5 m³ capacity) and drivers currently conduct only two trips per day. In the most accessible and visible parts of Kabul, waste is collected once per week. In other parts of the city, where streets are narrow and generally unpaved, the frequency of collection drops as low as once per month.

97. Cost of Current SWM System. Since the establishment of the new dumping site at Gazak, the costs recorded have increased to almost US$20,500, principally due to increased fuel consumption. This sum does not reflect total SWM expenditures such as salaries, insurance, depreciation of collection vehicles, etc. A drive across Kabul City reveals significant scavenging and recycling activities in the streets but there are no recycling facilities in Kabul.

Building and construction waste (rubble and debris)

98. The reconstruction efforts will involve the massive task of managing huge volumes of rubble, debris and sediments. Disposal of enormous quantities of rubble and debris can pose several problems that will need to be addressed as part of the rubble and debris management effort, including environmental impacts (actual or potential) of current dumping practices and mitigation measures, possibilities and economic opportunities for recycling and reuse of rubble and debris, development of appropriate guidelines for cost-effective and environmentally sound disposal of rubble and debris, management of debris from heritage and cultural sites for rebuilding and/or restoration, financial and organizational issues regarding
the provision of rubble removal services and identification and management of new disposal sites to be established to receive rubble and debris.

**Roads and Drains**

99. **Introduction** The total length of paved streets/roads in Kabul is 309 km; the total length of unpaved roads/streets is about 350 km. However, an estimated 60% of Kabul roads are damaged – a result of the combination of war and lack of maintenance.

100. The Construction Department, of the Kabul Municipality is responsible for the construction of new roads/streets or repair and maintenance of the existing roads/streets. However, it has very little equipment and is currently not in a position to perform its related tasks.

101. **Future Plans.** Since May 2002, the German Ministry for Economic Cooperation and Development (BMZ) is financing an ongoing Road Repair Program in Kabul City through KfW within the framework of German Financial Cooperation (FC) totaling €5 million. The program continues for 20 months until the end of 2003. But this consists mainly of patching. About 100km of road will be repaired in Kabul under the current program supported by international agencies. Further more substantial road reconstruction in Kabul will be supported under the KURP.

**Storm-water drainage**

102. **Introduction.** Kabul has relatively low precipitation but when rain does fall there is a considerable accumulation of water on the streets in the city. Road side drains are mostly clogged and in much of the city need to be rebuilt. Drainage in the under served settlements on the hillsides around the center needs to be looked at as a matter of urgency. Currently NGOs manage part of the drain cleaning program but this needs to be progressively moved into the municipality as capacity is built. Areas susceptible to erosion or flooding due to storm water, or areas where sullage/wastewater are connected to existing drains and causing problems will be identified. Neighborhood needs for improved drainage (tertiary drains) will also be assessed.

103. **Future Plans.** There is a study in the pipeline in which consultants will review the conditions of the existing drainage networks and assess the need for additional collectors. Preliminary design of the additional drains are to be prepared. The consultant will review, maps of groundwater, drainage basins, topography etc. An assessment of the non-institutional causes (blockage with garbage and sand, collapse, poor construction etc.) of poor drain maintenance will be made.
Introduction

1. Area upgrading\textsuperscript{15} of poor, infrastructure deficient, planned and unplanned neighborhoods will be carried out in selected areas, following a participatory process involving the respective community groups. The process for the selection of communities is underway. The project component is structured in two phases to enable an early start. In the context of the project, a community may be a "gozar" (sub-district), a number of gozars combined or, possibly, parts of a gozar.

Selection of Settlements

2. Eligibility Criteria: Vulnerability and deficiency in service delivery are the key criteria determining site selection\textsuperscript{16}. The measures for each include\textsuperscript{17}:
   
   - **Vulnerability**:
     - # of vulnerable people
     - Density
     - Condition of housing
   
   - **Deficiencies in services**:
     - Water (piped supply, in-house well, public well, tanker)
     - Sanitation (none in-house, latrine to night soil, improved latrine)

   Indicators for each of these variables will be decided upon and a scoring system developed on completion of data collection.

3. Process of Selection of areas for engagement in KURP. Selection of areas for engagement in KURP will occur in four stages:
   
   - **Stage One: Identification of Eligible Neighborhoods**. Using several data sources all neighborhoods on public land in Kabul will be rated in accordance with the eligibility criteria. A list of neighborhoods eligible for upgrading will become apparent through this process.
   
   - **Stage Two: Phasing of Works**. Subsequently, the eligible neighborhoods will be phased\textsuperscript{18}, based on the viability of providing network infrastructure to the area during the life cycle of the project.
   
   - **Stage Three: Identification of Target Areas for Upgrading**. Subsequent to the selection of project eligible neighborhoods, target areas for upgrading within the neighborhoods will be identified based on a household survey. This will be based on a further iteration of vulnerability, service deficiencies and geographic clustering.

\textsuperscript{15} Area upgrading is defined as the improvement of basic tertiary infrastructure and services, in this case, water supply, sanitation, access, drainage, solid waste management and street lighting that respond to community needs and demands and which are planned and designed in conjunction with communities and which are constructed in comprehensive area-based packages through local contractors and community groups, dependent on the type of work. Upgrading also includes the appropriate replanning and restructuring of the physical environment.

\textsuperscript{16} Data sources include WFP, UNAMA, CSO. Another data source will be a household survey carried out as part of the Settlement Selection exercise used to identify settlements suitable for inclusion in the project.

\textsuperscript{17} More may be added depending on results of the survey.

\textsuperscript{18} Phase 1 and 2 within project and remainder for future project.
Upgrading Project Principles

4. It is common to adopt a set of principles to guide not only the selection of communities but the planning, design and implementation of upgrading projects at a large scale. The following is a summary of nine principles to be applied in the KURP.

i) Appropriate service levels and standards: The fundamental principle is that schemes should be designed to affordable service levels/standards that provide services that can be sustained. Infrastructure improvements should be planned and designed to functional standards/service levels and to strict cost targets (on a per hectare/ per household and/or per capita basis) for affordability and replicability/equity reasons. However life cycle costs need to be considered. It is usually unwise to compromise construction standards but planning standards and service levels may be relaxed and the concept of “incremental improvement” adopted. This is a principle to be adopted in KURP.

ii) Choice and Costs: In choosing service levels/standards communities should be given choice and should know the cost implications of choosing one service level against another. A matrix outlining service levels and costs is often useful in dialogue with communities. An example developed from work done with assistance of the MUDH team is included as Attachment 1. The ability/willingness of beneficiaries to pay consumption charges for remunerative services supplied (e.g water supply), as well as contribution to capital costs, should also be considered when discussing service levels and cost implications with communities.

iii) Balanced Program for Impact: Whilst framing the project based on community priorities for basic municipal services and affordability, it is still important to ensure a “balanced” program of improvements (say 4 of the 6 components on a “menu”) for reasons of impact/visibility and to avoid skewed investment (e.g. excessive expenditure on roads at the expense of sanitation). Such a principle, which achieves marked visible change to the community, has been shown to encourage subsequent investment by community residents in their housing stock, investment in small scale business in the areas and a more positive attitude to payment of local levies such as property tax, consumer charges as well as achieving protection, by the community, of assets upgraded.

iv) Efficiency of Infrastructure Provision: Whereas communities may wish, and should be encouraged to participate not only in decision-making and planning of their communities, the efficiency of infrastructure provision should also be considered. The design of the network infrastructure should be cognizant of the longer-term infrastructure development plans of the various responsible authorities (e.g. KM for roads and drainage and CAWSS for water supply). Proposals agreed will not usually provide a “full” level of service at the outset but will be major step towards achievement of such a service level. Experience has shown that “network” infrastructure is normally best provided over a larger area in one package using experienced workmanship and supervision. Single sectoral initiatives often result in continual disruption of communities and damage of one service (e.g. road) while implementing a subsequent service (e.g. water supply). Coordination of various sector improvements is normally best handled by an experienced group (e.g. local contractor). However “stand-alone elements” of upgrading proposals (e.g. fixed solid waste containers, pit latrine and /or septic tank construction) better lend themselves to community contracting and such implementation methods should be considered for such components.
v) Supervision of Works and Transparency: To better ensure a good quality of workmanship and materials by contractors and communities (where community contracting is included) then Construction Management/Supervision consultants should be engaged. For consistency this is often best provided by the consultants that carry out the community facilitation, planning and design. In addition, for transparency reasons, representatives of respective communities should be included in periodic site meetings between PMU/PST/TSU, contractors and construction management consultants and in measurement of works done.

vi) Community Upgrading Plans: Details and plans of the facilities to be upgraded, capital and operation & maintenance (O & M) costs, O & M modalities, funding arrangements, implementation arrangements etc. should all be set out in “Community Upgrading Plans” to which each community (via its Community Based Organization(s)) and responsible O & M agencies (e.g. Municipality and utility agencies) formally agree.

vii) Cost Recovery and Community Contributions: To foster greater ownership and responsibility by the respective communities, communities should make some contribution to capital costs, however modest. This could be done in various ways that should be considered during the planning phase. For example, with regard to utility provision (e.g. water supply) capital costs for provision could be recovered over time through a supplement to the tariff structure, where house connections are provided, which may be more affordable to householders. With standpipe provision costs charged for water could include a capital recovery element. In some upgrading schemes carried out in other countries, Cities/Municipalities have contributed a share of capital costs, rather than all costs funded through Central Government. In Kabul it is expected that capital contributions from communities will be between 5-10% in line with other initiatives (e.g. UN Habitat).

viii) Trunk Infrastructure: “Off-site” primary or trunk infrastructure may be required to ensure that secondary and tertiary infrastructure provided is able to operate effectively. Critical “links”, not being provided in on-going or foreseeable projects need to be identified during the selection and planning stages. Also critical on-site social infrastructure extensions and rehabilitation may be required if not being provided under on-going programs. Allowances have been made in the project cost estimates for such links.

ix) Minimal Resettlement: Physical proposals should apply planning and engineering standards flexibly to ensure sensitive, least cost proposals that avoid demolition of dwellings/commercial establishments and thus involve only minimal involuntary resettlement. In the case of the KURP there will be no resettlement.

Services to be Provided

5. A summary of the “menu” of infrastructure and services together with service level, design and construction standards that may be provided is set out below. Attachments 1, 2 and 3 set these out in more detail together with costs.

i) Water Supply: Since the improvement of the water supply systems in Kabul City are underway with assistance from the German Government19, the project will focus mainly on providing safe drinking water to communities in the selected project neighborhoods in the shortest possible time.

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• Tertiary distribution systems (usually all pipework and fittings within the neighborhood but sometimes including secondary elements of the system) will be planned and designed following the development plan for water supply -see above). However, house connections and meters will not be included although they could be provided on payment of the necessary connection fee by householders. The distribution networks provided will supply community standposts with a service level of 200 persons (average of 40 households) per standpost.

• Where access roads are to be laid in the project areas then where space is available, the water supply infrastructure should be laid in service reserves, preferably on both sides of the road. Where individual household connections are not provided initially, then service ducts will be provided across roads to permit individual connections in the future without breaking into the access road.

• Although a selection criterion is “availability of trunk infrastructure”, limited critical “off-site” links to serve a settlement from nearby secondary infrastructure may be provided under the project and an allowance for this has been made in the project cost estimates.

• Community standposts will only be provided where a community group agrees to take responsibility for operating and maintaining the standpost and for paying the water bills rendered by CAWSS for water consumed. Each standpost will be fitted with a water meter as part of the project. The details with regard to operation, maintenance, responsibility and payment for water consumed will be set out in the Community Upgrading Plan for the specific community.

ii) Sanitation: A major sanitation study for Kabul City has recently commenced with assistance from IDA under EIRP\textsuperscript{20}. This will look at, inter alia, the provision of waterborne sewerage and sewage treatment and disposal as well as improved on-plot facilities.

• At this stage in the absence of a reliable and ample water supply or secondary, primary sewerage and sewage treatment facilities examination of the appropriate excreta system needs to be made (i.e. twin-tanks system; simple pit, pour-flush, twin-pit pour flush, VIP pit, twin-pit VIP) before designing and construction. The project includes for the provision of improved on-plot latrine arrangements and cost estimates have allowed sums for this.

• The design and implementation of the sanitation sub-component will require careful handling as it involves entry onto “private property” for both survey and construction. Given the sensitivity of the sub-component construction will be best arranged following community contracting arrangements and such procurement and construction arrangements have been built into the project.

• Where access roads are to be laid in the project areas then appropriate amount of space must be left on either side of the access road to enable future tertiary (lane) level sewerage systems (either small bore or conventional or combined drainage/sewerage systems) to be laid without breaking into the access road. Furthermore, design of the access road must also cater, through the provision of ducts, for future pipe crossings at appropriate intervals along the length of the access road.

\textsuperscript{20} IDA financed feasibility study for Kabul Sanitation.
iii) Solid Waste Management: The Sanitation Study referred to above is also looking at solid waste management, city-wide. Thus, as with water supply and sanitation, the proposals for solid waste collection/containerization at the tertiary level should endeavor to accord with longer-term proposals wherever possible. At this stage it is proposed that the project will provide the following:

- Fixed brick or concrete built roadside containers of 1.5m³ – 2 m³ capacity each serving about 10-20 households. Waste will be disposed of into these containers directly by householders or by a system of community operated handcarts or similar. The stored waste will be periodically collected by either community-based solid waste system or by city trucks, and disposed of at municipal or district dumpsites.

- The project may also facilitate the implementation of Community Based SWM: Primary Collection – House to House waste collection to formal collection points.

- Where necessary, the project may also facilitate the removal of building material and rubble from project sites.

iv) Access Roads: Access roads will be developed to improve access to sites and develop or maintain rights of way. Road arrangements will define the layouts of the sites and the location of other infrastructure. Careful attention will be paid during the preparation of the road layout in order to avoid affecting any existing superstructure. Service levels and standards are as follows:

- In flat areas, these access roads will be surfaced with cement concrete, water bound or bitumen macadam/asphalt or gravel; in the hill areas, the access roads will generally be of lesser width because of difficult terrain but will all be paved to avoid erosion in storm times.

- Normal road width standards will be adjusted dependent on availability of space. Normally local distributor roads within communities will not exceed 6 m width with minor roads 3.5 meter width and foot access 1.5 m width.

v) Hill-side steps: In some of the selected project neighborhoods access to people’s homes is very difficult since the houses are often located on steep slopes. In such areas the project will:

- Design and construct appropriate hill-side steps.

- Provide surface water drains adjacent to these hill side steps.

vi) Drainage: Storm water drainage will be provided in communities in accordance with overall drainage plans for the area. In all cases, the road construction will be complemented by culvert construction, and roadside surface storm-water drains. These will normally be of open rectangular design and constructed with stone or concrete. Where not already available an overall drainage plan for the area will be prepared by the planning and design consultants taking account of complete catchment areas. Hydraulic design will follow local norms for rainfall and run-off and other drainage design parameters.

vii) Street Lighting: Where there is an existing operational power supply transformer station in the project neighborhoods, the project will provide street lighting. In the absence of an existing operational power supply transformer station, alternative
systems need to be examined, e.g., a community maintained generator with simple distribution system for street lights.

viii) Electricity Supply: This is often a service that is provided under area upgrading projects but in this case it has not been included. In parallel with the KURP a major power project\textsuperscript{21}, which will complement the area upgrading component, as regards local distribution, will be implemented. The power project, apart from consolidating and expanding generation and transmission will focus on improvements to distribution systems down to the household connection level. A result of this will be less electricity loss and generally more efficient supply.

ix) Social Infrastructure: Where existing facilities such as primary schools, kindergartens, primary health clinics, community halls and similar facilities are inadequate and/or in need of repair the extension and rehabilitation of such facilities may be provided.

Cost Build Up

6. Mapping and Model Outline Design: Recent satellite imagery (2002) from which digitized base maps may be produced is available within the MUDH and this has been used to develop model plans and designs from which service levels, standards and ultimately estimated costs/budgets for the project component have been developed. The planning and design exercise was carried out with a team from the Water and Sanitation Department of the MUDH in the two “model” settlements, one on hilly land and one on relatively flat land. The model design exercise applied generally followed the process outlined below to arrive at the component scope and costs. Final plans and designs for the areas will of course be dependent on the community planning process to be carried out (see below).

7. Service Levels and Standards:

i) The fundamental principle is that schemes should be designed to affordable service levels/standards that provide services that can be sustained. In considering service levels/standards consideration should be given to the ability/willingness of beneficiaries to pay consumption charges for remunerative services supplied (e.g. water, sewerage), as well as any contribution to capital costs.

ii) Infrastructure improvements should be planned and designed to functional standards/service levels and to strict cost limits (on a per hectare/ per capita basis) for affordability/replicability reasons. After determining costs for service level and standards options, indicative costs for two settlements typologies were calculated (see below). It should be noted that with regard to costs the most likely components that will be chosen are more “area sensitive” than “population sensitive” and thus costs presented on a per hectare basis are usually more meaningful. Costs will of course be dependent on density, physical conditions such as topography, soils etc. that might be encountered in the respective communities and the condition of existing infrastructure. Given the topographical differences in communities costs have been presented for two differing physical scenarios, namely settlements on predominantly flat land and those on predominantly hilly land.

iii) There are different types of formal (planned) and informal (unplanned) settlements in the city but usually all are poorly serviced. Project costs have been determined by assuming an average cost per hectare arrived at from the two model designs (one on hilly ground and one on relatively flat land

\textsuperscript{21} Emergency Power Reconstruction Project – World Bank
iv) It appears that from a physical viewpoint Kabul settlements could be divided into 2 or 3 typologies (relatively flat, very steep, and undulating). The outline planning, design and costing exercise carried out looked at two settlements, one of which was on relatively flat land with a more formal layout (Kartenaw) and the other on steep slopes with a more informal layout (Siasang). Kartenaw generally has generous rights of way while Siasang has little access. This impacted on the service levels proposed for access in each – relatively high in Kartenaw (for access) but modest in Siasang as the amount of access proposed was much less due to the topographical and layout difficulties. With regard to standards, two options were costed. These were based on quality of materials – high (imported from Europe) or average (local or imported from the region). To enable a cost comparison between the intermediate and full service level scenarios, costs for the latter were determined by the mission. The total indicative costs of the upgrading component (excluding any trunk infrastructure requirements) when the model settlement costs are applied to the preliminary list of settlements proposed are summarized below.

8. **Size of Project, Phasing and Costs:** Experience has shown that it is unwise to sensitize communities a long term before it is possible to implement improvements. Thus the 4 year project is divided into two phases with Phase 1 covering about 40% of the project (based on settlement area) and Phase 2 covering about 60%. Following a participatory process is also time consuming and it is important to be realistic on what is achievable in a given time frame. The preliminary analysis of priority settlements in only 5 Districts that will likely qualify for upgrading totals some 50 settlements covering approximately 2,300 hectares. Thus needs are considerable and only a limited number of settlements can be covered by the project from the viewpoint of time as well as available budget. **Thus current proposals are to upgrade tertiary infrastructure in a comprehensive manner in settlements housing approximately 250,000 people covering about 1000 hectares.**

9. For planning, design, procurement and construction reasons the “size” of each phase will be no more than as follows:

- Phase 1 – 400 ha (approx. 100,000 people) in about 20 Gozars in 2-4 Districts
- Phase 2 – 600 ha (approx. 150,000 people) in 25 Gozars in 2-4 Districts.

10. At an average cost of US$17,500 per ha then the total investment required for the tertiary infrastructure is US$17,500,000. With an allotment for connections to trunk infrastructure, and the provision of critical extensions and rehabilitation of social infrastructure, the overall cost of the component is $24.19 million. This component will be financed by IDA.

11. It is inefficient to provide network infrastructure to small areas and this should be a consideration in the detailed planning of the component. Considering this, a maximum community size, and procurement realities, it is proposed that each major package of work in a community will cost between US$400,000 and US$500,000 equivalent to a settlement of about 22-28 hectares in area or a maximum size of community of between 5,000 – 7,000 people. Thus a number of gozars or only parts of gozars may be covered in any one package dependent on settlement size.

**Community Upgrading Plans**

12. At the outset of the planning and engineering stage, by which time the communities to be included in Phase 1 will have been agreed by all interested parties including the World Bank, a "semi-formal" planning group (e.g. a Community Based Organisation such as a Community Development Council or Community Action Group) will be established within the respective selected communities to represent the community in development of their
respective detailed Community Upgrading Plans. The involvement of the NGO partnering the consultants will be critical in the management and facilitation of this process. The process will culminate in the communities’ priorities, (within the menu offered) being included in a preliminary Community Upgrading Plan.

13. Following preliminary engineering and costing the CUP will be taken back to the community for further discussion, modification and agreement. On completion of the consultations, the initial community proposals will be updated by the consultants and a final “Community Upgrading Plan (CUP)” will be produced for each community. This will not only set out the physical layout and details of the proposed physical interventions proposed but will outline the participation process, the community organizations and community management structures, costs, routine and periodic maintenance programs and funding proposals for operation and maintenance of facilities to be provided. These will be developed by the consultants in consultation with KM/utility agencies infrastructure and service delivery/maintenance departments, District and Sub-district officials and the respective communities and will be agreed between all of them.

Trunk Infrastructure

14. In considering the list of settlements and the criteria for final selection of communities to participate in the project, the existing situation with regard to trunk infrastructure and social facilities (e.g. primary schools, primary health clinics etc) serving the communities needs to be considered. Such primary or trunk infrastructure is required to ensure that secondary and tertiary infrastructure provided is able to operate effectively. Existing provision and current plans (e.g. World Bank, KfW, USAID proposals, and the likely timing of their implementation, with regard to the city’s water supply system and road system have been reviewed). For Phase 1 communities, servicing of the proposed tertiary infrastructure should generally be possible from existing systems, likewise existing provision of social infrastructure should be adequate. However an allowance in the project has been made in order to provide critical “off-site” trunk infrastructure links not being provided by others and for extension and rehabilitation of “on-site” social facilities where these are a high priority of a community and deemed by the planning and design team to be critical.

Detailed Planning and Implementation

15. Implementation Arrangements: The proposed implementation arrangements for the project are set out in Appendix 8. Details of the project will be set out in a simple Project Implementation Manual (PIM). The content of the PIM should broadly follow that recommended by the World Bank. Local consulting firms with engineering and community consultation skills will be engaged for community facilitation, detailed planning, engineering design, contract packaging and preparation of bid documents, and subsequent contract management and construction supervision.

16. It is proposed that for both Phase 1 and Phase 2, two firms will be engaged to cover separate areas. Terms of Reference have been drafted for the assignments and procurement of the consulting services has commenced. The planning, design and contracts management consultants will prepare an Operational Manual setting out the steps followed in the community participation, planning and design exercise. This will serve as a guide for the detailed design of Phase 2 of the program, and also guide future upgrading activities in Kabul and other cities and towns in Afghanistan. This requirement has been included in the draft Terms of Reference.

17. Procurement: Contracts for works will be organized on an “area” basis and works done by local contractors engaged following national competitive bidding procedures and by
community contracting for smaller “stand-alone” works. A procurement plan has been prepared (see Appendix 9).

18. **Construction Management/Supervision:** This will be provided by the local planning, design and contracts management consultants and is included in the local PD & C TOR. Support will be provided by the Project Management Unit in the MUDH and more specifically the Technical Support Unit to be staffed by consultants. Terms of Reference for the TSU have been drafted.

**Operation and Maintenance**

19. Main infrastructure to be constructed (i.e. water supply distribution networks, roads and drains) will be taken over by the responsible authorities for subsequent operation and maintenance (i.e. CWASS, KM respectively). The public standposts to be provided are to be operated by the community. The standposts will be fitted with a meter and the CBO will be responsible for collecting payments for water supplied and for paying the regular water bill to CAWSS. The modalities for general management of the standposts and payment of the water bill will be worked out through the community planning process. Given the limited capacity of the Kabul Municipality to regularly clean drains and sweep streets these functions could also be carried out through the CBOs. Again the details will be decided upon with through the community planning process with assistance of the planning and design consultants. The detailed proposals for solid waste collection will be agreed with the Kabul Municipality and the system of containers proposed will fit into the overall SWM system for the city that is currently being designed by others. Operation and maintenance agreements will be set out in the Community Upgrading Plans.
Attachment 1 to Appendix 2- Service Level, Standards and Cost Matrices

Table 1- Levels of Service Options

<table>
<thead>
<tr>
<th>Service Level</th>
<th>Service</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Basic</td>
<td>Water</td>
<td>Shallow Well and/or tanker supply</td>
</tr>
<tr>
<td></td>
<td>Sanitation</td>
<td>Latrine – night soil collection and public toilets</td>
</tr>
<tr>
<td></td>
<td>Access</td>
<td>Earth-stone</td>
</tr>
<tr>
<td></td>
<td>Drainage</td>
<td>Unlined open drains</td>
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<tr>
<td></td>
<td>Refuse Collection</td>
<td>Informal dumps ad-hoc collection</td>
</tr>
<tr>
<td></td>
<td>Street lighting</td>
<td>Occasional lights</td>
</tr>
<tr>
<td>2. Intermediate</td>
<td>Water</td>
<td>Standpost from piped system according to water supply development plan</td>
</tr>
<tr>
<td></td>
<td>Sanitation</td>
<td>which in future could service individual house connections</td>
</tr>
<tr>
<td></td>
<td>Access</td>
<td>H/H toilet to double pit composting latrine</td>
</tr>
<tr>
<td></td>
<td>Drainage</td>
<td>Part gravelled and part metalled surface</td>
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<tr>
<td></td>
<td>Refuse Collection</td>
<td>Secondary &amp; key tertiary drains lined</td>
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<tr>
<td></td>
<td>Streetlighting</td>
<td>Handcarts to communal fixed brick containers</td>
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<tr>
<td></td>
<td></td>
<td>Streetlights placed at strategic locations</td>
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<tr>
<td>3. Full</td>
<td>Water</td>
<td>Metered In-house Supply from piped system</td>
</tr>
<tr>
<td></td>
<td>Sanitation</td>
<td>H/H toilet to city sewerage system</td>
</tr>
<tr>
<td></td>
<td>Access</td>
<td>All Access Paved</td>
</tr>
<tr>
<td></td>
<td>Drainage</td>
<td>All Drains Lined and Covered</td>
</tr>
<tr>
<td></td>
<td>Refuse Collection</td>
<td>Bins and Regular Door to Door Collection</td>
</tr>
<tr>
<td></td>
<td>Streetlighting</td>
<td>Full streetlighting network</td>
</tr>
</tbody>
</table>
### Table 2: Overall Design Standards

<table>
<thead>
<tr>
<th>Service</th>
<th>Basic</th>
<th>Intermediate</th>
<th>Full</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water</td>
<td>Shallow lined well</td>
<td>Standpipes to provide 50 l/c/d located within approx. 100m of every house in flat areas and 50m per house in hilly areas served by planned distribution system using HDPE pipe system laid to appropriate depths</td>
<td>House connections to provide 80l/c/d served by planned distribution system using HDPE pipe system laid to appropriate depths</td>
</tr>
<tr>
<td>Sanitation</td>
<td>On plot pit latrine for night soil collection</td>
<td>On plot twin pit latrine or shallow sewer system</td>
<td>Individual house connections to conventional sewerage system either combined or separate system</td>
</tr>
<tr>
<td>Access</td>
<td>Earth and/or stone access ways</td>
<td>Main roads 6.0m wide and paved with concrete or WBM. Minor roads 3.5m wide and paved with concrete or WBM or gravelled in flat areas. Footways/Steps 1.5m paved with concrete</td>
<td>Hierarchy as for Intermediate but all Main roads paved with concrete or asphalt and Minor Roads and footways with bitmac or concrete.</td>
</tr>
<tr>
<td>Drainage</td>
<td>Drainage ditches excavated to line and level but unlined</td>
<td>All drainage ditches excavated to line and level and lined with concrete or stone with drains both side on roads and one side on footways</td>
<td>Rectangular drains lined with concrete and covered where heavy traffic and piped if combined system (see sanitation)</td>
</tr>
<tr>
<td>Refuse Collection</td>
<td>Household dumping to informal dumps</td>
<td>Handcarts to communal fixed brick built containers at 100m walking distance with collection by city trucks</td>
<td>Door to door collection with household bins and regular collection by city trucks</td>
</tr>
<tr>
<td>Streetlighting</td>
<td>Occasional lights</td>
<td>Streetlights (fluorescent tubes) at road junctions, bends etc</td>
<td>Comprehensive streetlighting system using sodium or mercury vapour lamps</td>
</tr>
</tbody>
</table>

The project may also include critical off-site trunk infrastructure needs to service the tertiary infrastructure as well as critical extension and rehabilitation of social infrastructure facilities.
### Table 3a - Service Levels and Standards Costs Matrix

#### Service Level: A. Intermediate Level of Service

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Flat</td>
<td>Hilly</td>
</tr>
<tr>
<td>Water Supply 175-350 pers/ha</td>
<td>25-50</td>
<td>2,235</td>
<td>3,400</td>
</tr>
<tr>
<td>Sanitation 175-350 pers/ha</td>
<td>25-50</td>
<td>1,680</td>
<td>3,100</td>
</tr>
<tr>
<td>Roads 175-350 pers/ha</td>
<td>25-50</td>
<td>2,330</td>
<td>4,800</td>
</tr>
<tr>
<td>Storm Drainage 175-350 pers/ha</td>
<td>25-50</td>
<td>5,770</td>
<td>5,000</td>
</tr>
<tr>
<td>Refuse Collection 175-350 pers/ha</td>
<td>25-50</td>
<td>245</td>
<td>400</td>
</tr>
<tr>
<td><strong>TOTAL</strong> 175-350 pers/ha</td>
<td>25-50</td>
<td>15,025</td>
<td>20,600</td>
</tr>
<tr>
<td>COST PER PLOT 175-350 pers/ha</td>
<td>25-50</td>
<td>601-300</td>
<td>824-412</td>
</tr>
<tr>
<td>COST PER CAPITA 175-350 pers/ha Average 250 pers/ha</td>
<td>175-250</td>
<td>86-43</td>
<td>118-59</td>
</tr>
</tbody>
</table>


In addition to the above, an allowance has been made in the project for critical off site trunk infrastructure links as well as critical on site social infrastructure extension and rehabilitation.
### Table 3a - Service Levels and Standards Costs Matrix

#### Service Level: B. Full Level of Service

<table>
<thead>
<tr>
<th>Service/Av. Popn. Density</th>
<th>Density (Plots/ha)</th>
<th>Existing Design Standard – Cost (US$/Ha)</th>
<th>Full Design Standard- Cost (US$/Ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Flat</td>
<td>Hilly</td>
</tr>
<tr>
<td>Water Supply 175-350 pers/ha</td>
<td>25-50</td>
<td>2,235</td>
<td>3,400</td>
</tr>
<tr>
<td>Sanitation 175-350 pers/ha</td>
<td>25-50</td>
<td>1,680</td>
<td>3,100</td>
</tr>
<tr>
<td>Roads 175-350 pers/ha</td>
<td>25-50</td>
<td>2,330</td>
<td>4,800</td>
</tr>
<tr>
<td>Storm Drainage 175-350 pers/ha</td>
<td>25-50</td>
<td>5,770</td>
<td>5,000</td>
</tr>
<tr>
<td>Refuse Collection 175-350 pers/ha</td>
<td>25-50</td>
<td>245</td>
<td>400</td>
</tr>
<tr>
<td>Streetlighting 175-350 pers/ha</td>
<td>25-50</td>
<td>2,665</td>
<td>3,900</td>
</tr>
<tr>
<td>TOTAL 175-350 pers/ha</td>
<td>25-50</td>
<td>15,025</td>
<td>20,600</td>
</tr>
<tr>
<td>COST PER PLOT 175-350 pers/ha</td>
<td>25-50</td>
<td>601-300</td>
<td>824-412</td>
</tr>
<tr>
<td>COST PER CAPITA 175-350 pers/ha</td>
<td>Average 250 pers/ha</td>
<td>86-43</td>
<td>118-59</td>
</tr>
</tbody>
</table>

In addition to the above, an allowance has been made in the project for critical off site trunk infrastructure links as well as critical on site social infrastructure extension and rehabilitation.
Appendix 3: Land Tenure Regularization
Kabul Urban Reconstruction Project

Background

1. It has been estimated that half to three quarters of Kabul's population live in settlements of varying degrees of informality. Land tenure irregularity is common in these settlements and is thought to be an inhibiting factor on household investments in dwelling and neighborhood improvements as well as a source of insecurity and vulnerability. Most of these properties are also not included in the Kabul Makhzan (Registry) thereby limiting the utility of this facility despite recent and ongoing record restoration and management improvement initiatives. Regularization of land tenure in these settlements will reduce the constraints and insecurity faced by the settlers and will help to position the Kabul Makhzan as an institution central to the development of the city.

Objectives

2. This component of the Kabul Urban Reconstruction Project (KURP) aims to develop an appropriate methodology and capacity to regularize urban land tenure in Kabul and in due course in urban centers throughout Afghanistan. The processes and competencies to be developed and tested include systematic, site-wide approaches to community mobilization, adjudication and dispute resolution, surveying, mapping and registration. The aim is to better understand the complexities and informal arrangements that govern present land tenure arrangements, and to devise, test and refine appropriate principles, methods, technologies and instruments for all aspects of tenure regularization which can form the basis of a scaled up program for urban Afghanistan. In this regard, this project component will also set out to create a plan for scaling up tenure regularization for all of Kabul.

Approach

3. Systematic, site-wide approaches to community mobilization, adjudication and dispute resolution, surveying, mapping and registration will be piloted in four communities representative of the spectrum of land tenure complexity in settlements identified for upgrading. Using the recently completed maps of Kabul based on satellite imagery, the processes will be piloted in approximately 5,000 plots over the first two years of the project.

4. The approach to be adopted is patterned after Systematic Titling (ST) exercises practiced internationally and which involve teams which typically includes a surveyor\(^2\) to adjudicate and mark boundaries and an adjudicator\(^3\) who collects information/evidence on rights in land. The field team may also include a survey team for measuring the boundaries, or verifying boundaries identified from suitable mapping. The team operates systematically on a whole district, sub-district or neighborhood basis. To be effective, ST needs to be a transparent, participatory process which is undertaken by field teams, operating with well documented procedures, and with a production orientation. In practice a number of field teams are usually grouped together and work within a field party that operates out of a temporary field office within the area being titled. This facilitates access by the community and promotes the participatory process. The manager of the field party will oversee a range of functions including: general management, dispute resolution, community education and awareness (CES) and public notice of adjudication decisions. Depending upon the situation,

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\(^2\) Typically a person with technical training – a certificate or diploma - rather than a geodetic engineer.

\(^3\) Not necessarily a lawyer, but typically someone with extensive experience in land administration. Although some countries permit adjudication to be undertaken by contract or private sector staff, most countries insist that this function be undertaken by civil servants.
the field party may also provide legal support to help the public prove and/or identity rights to address issues such as inheritance.

5. International and local experts will be involved in the design, initiation, monitoring and evaluation of the pilots and will build capacity within the local implementing Agencies, particularly the Afghanistan Geodesy and Cartographic Head Office (AGCHO), the recently established special property court and the Kabul Makhzan (Registry) through the development of manuals, the acquisition of surveying and plotting equipment and vehicles, the conduct of training in both the technical and project management processes as well as hands-on engagement of staff in the implementation of the pilots. It is anticipated that at the height of the pilots, four teams will operate simultaneously. The AGCHO has indicated adequate existing staff capacity to be deployed for the pilot exercises after appropriate training. The total estimated cost of the component is $0.64 million with approximately two thirds spent on international and local technical assistance and one third spent on required equipment and vehicles.

Implementation Arrangements and Timing

6. The MUDH PMU, with assistance from the TSU and the Land Tenure Consultants will convene a Land Tenure Technical Committee comprising representatives of all stakeholder agencies as well as others with related expertise. Participation in this committee will include but not be restricted to the Judicial Reform Commission, AGCHO, Supreme Court and District Court (Makhzan) and the Kabul Municipality. The Land Tenure Technical Committee will be responsible for coordinating the inputs from the respective agencies and for direction of the consultants engaged on the component. The majority of the pilots will be executed during the second year of the project, however design and initiation of the processes will begin in the latter half of the first project year. A formal evaluation of the pilots will be conducted in the first quarter of the third project year.

Anticipated Outputs and Outcomes

7. The outcome of the component will be viable processes, manuals and instruments for each aspect of tenure regularization including suggested principles for adjudication and dispute resolution which may be later embodied into policy or law. The exercise will also produce an action plan for scaling up tenure regularization for the rest of Kabul including a detailing of the anticipated resources. Where the existing legal framework is adequate for fully resolving the disputes or rectifying the irregularities discovered during the pilots, the outcome will include the actual regularization of the tenure so long as the affected parties adopt the available course of resolution and are able to complete it within the span of the program. The building of capacity in the Afghan Geodesy and Cartography Head Office (AGCHO) will also assist this Agency in playing a pro-active developmental role. This initiative complements the ongoing work to computerize and improve records management in the Kabul Makhzan being supported by USAID as well as that Agency’s interest in funding a roll-out of systematic titling approaches after an appropriate methodology is developed.

8. The total cost of this component is estimated at US$640,000. US$ 260,000 will be financed by IDA for goods. US$ 370,000 will be co-financed for consultants services.
Appendix 4: Engineering and Management Support
Kabul Urban Reconstruction Project

Introduction

1. This component includes the technical assistance that is to be engaged to assist detailed planning and design activities and management and program implementation support. The sub-components making up this component are:

   a) Technical Support Unit to the Program Management Unit in MUDH;
   b) Planning, Design and Contract Management consultants for detailed preparation of the area upgrading component;
   c) Auditors for annual project audit;
   d) Periodic Technical, Environmental and Social Safeguards monitoring;
   e) Vehicles and Equipment for the PMU;
   f) Project Operating Expenses.

   Technical Support Unit (TSU) to the MUDH PMU

2. The MUDH is to form a Program Management Unit (PMU) staffed up with local staff either already within the Ministry or to be engaged. The PMU will be supported by a Technical Support Unit (TSU) that will consist of a team of specialists. The PMU and TSU will be responsible for managing the whole project although some components (i.e., roads program and structure plans) will be co-financed and thus will also have detailed oversight by others. The TSU will be made up of a core team of specialists with wide international experience and local specialists. It is envisaged that an international consulting firm in association with a local firm will be engaged to form the TSU. International specialists with experience of working on donor-funded projects will include a municipal engineer with experience of area upgrading projects, a financial specialist with experience of project accounting, a procurement specialist and a social planner/community facilitation specialist. Each core team member will have a local partner in the TSU and the team will be supported by term specialists, as may be required from time to time. The estimated cost of the TSU is US$2,640,000. This will be co-financed.

Planning, Design and Contracts Management Consultants

3. The Area Upgrading component of the project will be managed by the MUDH through the Program Management Unit. The Kabul Municipality will support the implementation of the component through a Project Support Team consisting of Kabul Municipality Staff who in their line function duties are required to input into the project. Community Based Organizations in each selected gozar will prioritize needed services, decide on a service standard package with the assistance of Planning, Design and Contracts Management (PD&C) Consultants. For community facilitation, detailed planning, engineering design, contract packaging and preparation of bid documents, and subsequent contract management and construction supervision, local consulting firms in association with local NGOs will be engaged. It is proposed that for both Phase 1 and Phase 2, two firms will be engaged to cover separate areas. Terms of Reference have been drafted for the assignments and procurement of the consulting services has commenced. The estimated cost of the Planning, Design and Contracts Management Consultancies is US$1,027,500. This will be co-financed.

Audits

4. Annual audits of project accounts will be necessary and it is envisaged that one firm of auditors will be engaged to carry out the audit work for each of the 4 years of the program. The estimated cost of the auditors is US$100,000. This will be co-financed.
Technical, Environmental and Social Monitoring

5. It is a requirement of the project to monitor implementation and assess the extent to which the project is achieving development objectives. Although it is not a requirement to have an EIA and an EMP nevertheless it is necessary to monitor the extent to which the project is meeting environmental codes of practice. In addition the monitoring of poverty reduction impacts is required. To this end consultants will be engaged periodically to carry out the monitoring and to check against the monitoring and evaluation indicators (Appendix 12). The estimated cost of the two consultancies envisaged is US$100,000. This will be financed by IDA.

Operating Expenses – Implementing Agencies

6. The project will fund eligible operating expenses for IAs (i.e. MUDH, PMU, PST, AGCHO). Eligible expenses include consumables (e.g. fuel for project vehicles) but not salaries of civil servants and local authority officers. The estimated cost of operating expenses is US$250,500. This will be financed by IDA.
Appendix 5: Overall Capacity Building for Kabul Municipality
Kabul Urban Reconstruction Project

1. **Introduction.** Under the 1964 Constitution, all local authorities fall under the Ministry of Interior (MOI), except for Kabul. Kabul Municipality is somewhat of an anomaly in the system with a far greater independence than any of the other municipalities. It has the status of a Ministry which has a number of implications for its functioning.

2. The Mayor and the top Managers are appointed by the President. The rest of the staff are appointed by the Municipality (unlike other Municipalities where staff are appointed by the MOI).

3. Unlike other municipalities, the budget of the Kabul Municipality is approved by the Ministry of Finance. Like other municipalities it has independence in revenue generation, budgeting and planning and expenditure control and procurement. Systems for revenue generation, its administration, planning, budgeting and expenditure do exist in KM. These can be improved.

4. **Revenue Generation.** The Kabul Municipality generates a fairly significant revenue. In 1381, it generated approximately US$2.5 million from its several sources of revenue including the rental tax, safiyi tax (a cleaning charge), market rental, business permissions, imports, business tax, selling of municipal property, fines, documents, entrance fees and a tax on NGO’s.

5. Nevertheless, several improvements are possible. First, the tax rates require review. For example, the valuation of property for the safiyi tax last occurred in 1978. The highest charge on this tax is currently US$4. Second, tax administration is onerous. For the taxpayer it involves several visits to several departments. Third, the KM, they have no right of enforcements over non-payment. Finally, in the absence of national policy on municipal taxation and revenues, there is currently a risk of the KM implementing tax policy contrary to national policy.

6. **Planning and Budgeting** systems are in place. Identification of expenditure needs occurs at 3 levels. Each departments identifies its existing operations and maintenance needs and submits to Finance and Planning Department its staff estimates (tashkeel) and its budget estimates (tarsis) in the 8th month of the year. At the District Level, the district officers, together with Wakil’s, identify needed community investments. Finally, at the municipal level, development projects are also identified.

7. However, there are several problem in this process. Departmental budget plans and their increases are usually based on last years budget plus a top-up. Currently, Kabul is undergoing some infrastructure development. This is set to increase dramatically over the next few years. The affected departments will have to institute a process to assist them in projecting what additional funding will required for the additional O & M for the newly constructed infrastructure. Second, the KM budget (discussed above) does not include a development budget. The development budget is negotiated with the MoF every year. It is, however, unclear how the development needs are prioritized by KM. Clearly, KM thus requires a capital budget identification and prioritization process.

8. Finally, KM does contain a detailed system of expenditure management. However, this is paper based and difficult to monitor. To illustrate: Salary Expenditures are controlled by the salary unit which receives attendance sheets from all departments and districts between the 15th and 20th of the month. The payroll is prepared and then submitted to the disbursement unit (under the Income Department). Based on approved payroll, a Payment request (M16) is prepared, followed by a visit to the Bank to get the checks issued. The checks are signed by the Head of Disbursement and the Head of Income. Each department head (including district
Head) gets one check each. A ‘Trustee’ then cashes the check, accompanied by 2 others. These three then distribute the money to employees. Each employee payroll has their name, grade, serial number, basic salary, special allowances (for technical staff) and food allowance.

9. Consequently, the Municipality of Kabul will be assisted in improving its finance function including revenue generation, financial management, asset management, and budgeting and planning. The targeted departments include the planning and finance department and all related sub-departments, the income department, the properties department and the control office. An initial assessment of the KM finance function will occur, building on existing analyses of Kabul Municipality[24], with recommendations on improvement. The development of simple systems to improve efficiency will be designed and implemented under the project.

10. The total size of the component is US$ 300,000 and will be co-financed.

[24] These include Background information on Local Governance in Kabul Municipality. Notes informing the preparation of the Kabul Urban Reconstruction Project and Notes prepared by Jean Marc Le Pain as part of an ARTF supported TA to the Municipality of Kabul.
Appendix 6: Structure Planning and Future Project Preparation
Kabul Urban Reconstruction Project

Issues in Planning in Afghanistan

1. The current Master Plan is outdated. The last plan for Kabul was a Master Plan, prepared in 1978. Since the preparation of that plan, the city has seen 23 years of war, significant population growth and numerous government changes.

2. The planning system is outdated. Since 1978, the planning field has made significant changes in the way that city plans are prepared. Master Plans are now considered inflexible and unrealistic. Numerous other types of plans, such as structure plans, concept plans and integrated development plans have thus replaced them.

3. The 23 years of war in Afghanistan and the numerous government changes have left behind a planning framework that has not taken into account such changes in the field of planning.

4. There is a planning vacuum. Most recently, the Master Plan has been suspended by the Ministry of Urban Development and Housing as a planning tool for the municipality; thus leaving a vacuum in operations.

5. There is lack of clarity of roles and responsibilities in planning. The current situation in planning is that the Ministry of Urban Development and Housing is responsible for the planning of Afghanistan’s cities, and the municipalities are responsible for the implementation of the plan. In practice, the roles and responsibilities between the two are often blurred.

6. Linkage between Plans and Future Project. There is little or no history of linking plans to investments and budgets.

Why do these need to be addressed

7. Barrier to Secure Tenure. Currently, many settlements fall outside the Master Plan of Kabul or fall within areas not identified as residential according to the Master Plan. Most often, these areas house poor residents, IDPs and returnees. Residents in these areas do not have security of tenure. One of the barriers to granting tenure in these areas is that they lie in areas not legally recognized as residential by the Master Plan.

8. Barrier to the provision of services. The lack of recognition of these areas is also a barrier to the provision of services by the municipality.

9. Identification of Vacant Land. The plan will also identify suitable vacant land for further housing development. This is crucial to accommodate further development for IDPs and returnees.

10. Environmental Sensitivities and Water Problems. Kabul is growing at a stupendous rate. There is daily influx into the city. However, some of the land in Kabul is environmentally sensitive. Furthermore, water resources in the city are scarce. Development in these areas will be detrimental to settlers and to the environment of Kabul. The right to land should be balanced against environmental issues.

11. Ad-hoc and piecemeal development. Currently in Kabul, there are several piecemeal and ad-hoc developments - many supported by donor agencies. Such a plan will help identify where these initiatives are, what they are and what other initiatives are required and the required location of such initiatives.
12. **Crisis in MUDH and Municipalities.** The vacuum in planning has created a crisis in the MUDH and Municipalities, all of whom are unsure on what they should be doing. It is also close to creating a crisis in the development of Kabul as it expands.

**Detailed Component Description**

13. This component of the project will assist the MUDH and the selected municipalities with the preparation of a development plan and prepare a future project; build capacity in planning in the MUDH and the selected municipalities; begin a process of institutionalization of a planning process in the cities of Afghanistan.

14. The development plan will be produced in a participatory manner taking into account the development needs at the community/neighborhood level, the district level and the municipal level. The plan will include:

   a. The Current Status of land use in the selected municipalities including a typology of neighborhoods/districts of the city by main use (commercial, residential etc), type of occupants (include income etc), type of housing, etc, Land Assessment including vacant land, environmentally sensitive land etc.

   b. The Current Economic and Social Status Quo in the selected municipalities including current Economic Status Quo of the selected municipalities including growth sectors, industries, employment, a mapping of economic activities, current Socio Economic Status Quo of the selected municipalities including information on income, schooling, etc. This will be mapped.

   c. The Current Infrastructure status quo and planned future infrastructure developments in the city.

   a. An Investment Plan for the city based on current infrastructure/development needs.

   b. Future development plan for the city, its districts and neighborhoods based on an examination of a number of growth scenarios. Factors to consider will include economic growth, and population growth and needs, amongst others.

   a. Feasibility study for a future urban investment operation covering city-wide services in Kabul and other towns. This will explore options for serviced lands, including costing of alternative standards, availability of developable land with access to infrastructure in appropriate locations, feasibility of scaling up, given the infrastructure, land and financing constraints.

15. **Capacity Building:** The planners in the MUDH and the selected municipalities will receive on the job training and capacity development through the process of preparing the plan.

16. A training program in current planning techniques consisting of a series of study tours, seminars, lectures and on the job technical assistance will be developed for the planners of the selected municipalities and the MUDH. Suggested seminar topics will include

   a. Concepts in Planning – an examination of structure planning, integrated development planning, land use management.

   b. Tools for Planning – including GIS systems, data collection systems and methodology.

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25 Kabul, Herat, Mazar-i-Sharif, Jalalabad, Kandahar.
c. Processes for Planning – including participatory planning, integration of planning and budgeting.

17. Towards the Institutionalization of Planning. Some clarification of the roles and responsibilities of each of the agencies will emerge, through the preparation of the plan. These will be documented and submitted to the MUDH for consideration. As the structure plan is produced, a process to institutionalize a participatory planning system will emerge. This will be documented and submitted to MUDH for consideration.

18. One consultant package will be bid for this component.

19. The total cost for this component US$1,640,000 and will be co-financed.
Appendix 7: Main Roads, Drains and Traffic Management in Kabul
Kabul Urban Reconstruction Project

1. Given that there are many priorities for roads and drains in Kabul Municipality, this component takes a programmatic approach. It will commence with the selection and justification of investments from the various lists that have been put forward and will take account of the on-going and proposed schemes (e.g. USAID supported road proposals as well as the on-going Rapid Road Repair Project). The component consists of 6 “generic” sub-components as follows:
   a) New Construction
   b) Reconstruction
   c) Repair and Overlay
   d) Primary Drainage Channels Provision and Rehabilitation
   e) Secondary Drain Construction and Repair
   f) Critical Traffic Management Improvements

2. The prioritization of the roads and drains to be included under each sub-component will be selected from the long list of priorities put forward by Kabul Municipality, following analysis and justification by consultants (see below). With regard to the proposed traffic management component, the report of the MUDH Traffic Management Advisor will be utilized and advice from the Traffic Management Unit of the MUDH, shortly to be formed, will be sought. An Urban Traffic Management Advisory Group with most key actors represented is already in place and meets regularly. The Traffic Management Advisor has produced a Traffic Management Report that should prove useful in framing a short-term critical actions program.

3. Co-financing is being sought to fund consultants for the final prioritization, design and contract management, and supervision of construction of the roads and drains. Co-financing for execution of the civil works is also being sought.

4. The Major Urban Roads and Drainage Component of the KURP, together with cost estimates, contract packaging and procurement arrangements is set out in Table 1 below.
Table 1 to Appendix 7

**KABUL URBAN RECONSTRUCTION PROJECT**

**MAJOR URBAN ROADS AND DRAINAGE COMPONENT**

<table>
<thead>
<tr>
<th>Description of Sub-Component</th>
<th>Approx length (Km)</th>
<th>Unit Cost Estimate (US$)</th>
<th>Estimated Cost (US$)</th>
<th>% of total component</th>
<th>Justification, Design and Bid Documents Responsibility</th>
<th>Procurement Method Proposed</th>
<th>Tentative Number of Bid Packages</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) New Construction</td>
<td>20</td>
<td>350,000</td>
<td>7,000,000</td>
<td>35.0</td>
<td>Consultants with support from KM/MUDH</td>
<td>ICB</td>
<td>1*</td>
</tr>
<tr>
<td>b) Reconstruction</td>
<td>20</td>
<td>250,000</td>
<td>5,000,000</td>
<td>25.0</td>
<td>As above</td>
<td>ICB</td>
<td>1*</td>
</tr>
<tr>
<td>c) Repair and Overlay</td>
<td>20</td>
<td>85,000</td>
<td>1,700,000</td>
<td>8.5</td>
<td>As above</td>
<td>ICB</td>
<td>2</td>
</tr>
<tr>
<td>d) Primary Drainage Channels Provision and Rehabilitation</td>
<td>50</td>
<td>75,000</td>
<td>3,750,000</td>
<td>18.7</td>
<td>As above</td>
<td>NCB</td>
<td>10**</td>
</tr>
<tr>
<td>e) Secondary Drain Construction &amp; Repair</td>
<td>50</td>
<td>37,500</td>
<td>1,875,000</td>
<td>9.4</td>
<td>As above</td>
<td>NCB***</td>
<td>5</td>
</tr>
<tr>
<td>f) Critical Traffic Management Improvements</td>
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<td>3.4</td>
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<td></td>
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<td><strong>100.0</strong></td>
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**Notes:**
1. ICB – International Competitive Bidding
2. NCB – National Competitive Bidding
   * Could be packaged as one contract.
   ** Dependent on contract threshold for NCB
   *** Use labor intensive construction methods where possible
Appendix 8: Detailed Implementation Arrangements
Kabul Urban Reconstruction Project

Overall Management

1. Overall management of the total project will be the responsibility of Ministry of Urban Development and Housing (MUDH).

2. The Ministry will set up a Program Management Unit (PMU) consisting of MUDH Staff to manage all components of the program.

3. They will be supported by a Technical Support Unit (TSU) consisting of a Consultant Firm.

4. The skills present in the PMU and the TSU will include but is not restricted to Project Management, Procurement, and Financial Management.

5. The MUDH will also appoint separate Consultants to support it in realizing the different components of the project.

6. Kabul Municipality will appoint a Project Support Team (PST) to meet as and when required to support the project. The PST will be headed by a Project Liaison Officer (PLO) who will work on the project on a full-time basis.

Figure One: Overall Implementation Arrangements:

![Figure One: Overall Implementation Arrangements](image-url)
Part A: Area Upgrading in Kabul

7. The Urban Upgrading Component of the project will be managed by the MUDH through the Program Management Unit (PMU), supported by the Technical Support Unit (TSU).

8. The Kabul Municipality will support the implementation of the component through a Project Support Team (PST) consisting of Kabul Municipality Staff who in their line function duties are required to input into the project. This group may be loosely convened as and when required.

9. The roles and responsibility of the MUDH and the KM is set out in Figure One.

10. The TSU will assist the MUDH PMU and the KM in carrying out this project component.

11. Community Based Organizations (CBO’s) such as a Community Development Council (CDC) or Community Action Group (CAG) representing a community in each selected gozar will prioritize needed services, decide on a service standard package and supervise contractors. They will be assisted by a Planning, Design and Contracts Management (PD&C) consultant.

12. An indicative process of preparation, design and implementation is as follows for the preparation and design:

(i) Appointment of Consultants: The MUDH, assisted by the PMU and the TSU will appoint planning, design and contract management (PD&C) Consultant/s. There will be one PD&C Consultant per district. However, one firm/NGO is not precluded from bidding for more than one district. The PD&C Consultant is expected to have both community mobilization and engineering skills and will be most likely be procured though NS or NCB.

(ii) Community Planning Process. The PD&C Consultant will engage with the community in a participatory planning process to, amongst others, (i) identify community priorities, (ii) decide on the level of services required in each area; (iii) participate and input into the planning and design of the infrastructure. In the selected communities where a pilot Land Tenure Regularization Program will be undertaken (see Component B), the PD&C Consultant will also assist the Systematic Titling Team in this process. The following processes is suggested for the Community Planning Process:

- The PD&C Consultant will engage in an education campaign on the project.
- The PD&C Consultant will organize a neighborhood of a few streets (approx. 150 families) to a community meeting to select two neighborhood representatives (one male and one female).
- Neighborhood representatives will sit on the Community Development Council. The representatives will elect a Chair of the CDC.

[26] The project considered two basic options for community mobilization. The first used a traditional community consultation called the shura system which consists of appointed representatives and the second formed an elected CDC. Mercy Corp, an international NGO, had used both a CDC system and a shura system within a single project in across 30 gozars of Kabul. The project assisted communities in prioritizing investments to the sum of $14,000. Mercy Corp found that the community consultation mechanism did not affect the type of projects prioritized. However, the choice between the shura and CDC system involved a tradeoff between representivity and time. The shura system did not allow for the participation of women but took less time than the CDC system which did allow for the greater representation of women on the council.
• The elected CDC representative will sit on an Area Planning Committee. The District Officer (DO) or his/her representative will sit as a member of this committee in a technical capacity – but will have no voting power.

• Neighborhood representatives will collect priorities on projects and preferences on standards with assistance from the PD&C Consultant.

• After each of the neighborhood representatives has collected the priorities and standards from their neighborhoods, a 2 day meeting/workshop will be held to develop a community upgrading plan (CUP), and a subsequent investment plan.

• This investment plan will subsequently be (i) costed by the PD&C Consultants; and (ii) formulated into an area wide investment plan. The latter will also have ‘filled in’ any off site services, and missing infrastructure links.

• A meeting of the Area Planning Committee will be held with KM DO and MUDH Planning department for comment and to work out operational ongoing service delivery implications for KM.

• The results of the above, including the service delivery implications for KM and the comments of the KM and MUDH, will be taken back for a plan re-prioritization process at the CDC level first, and at the APC level second.

• It is expected that the neighborhood representatives will take these results back to their neighborhoods.

• New prioritization will be resubmitted for recosting by the PD&C Consultants after changes are approved at the CDC and APC level.

• The new plan will be re-submitted to the gozars level and DPC level for ratification.

• The ratified plan will be submitted to the District Office and KM for final ratification and inclusion into the existing system and to determine its impacts on the primary infrastructure (e.g. On the SWM system, on roads O & M etc).

• The plan will also be integrated into the strategic planning component of the project (See Part E: Structure Plan and Preparation of New Project)

• The PD&C Consultant will also prepare procurement packages and bidding documents. It is expected that these will be divided into larger ones for network services; and smaller labor based ones for community participation.
Suggested Community Planning Process for Upgrading: KURP

1. Education Campaign
2. Selection of Neighborhood representatives
3. Creation of CBO/CDC
4. Formation of Area Planning Committee
5. Priority identification, Costs explained, Standards explained, Cost recovery explained

Detail design

Plan ratified by KM

Plan Presented to CBO/CDC and APC for ratification

Plan recosted

Plan presented to CDC/CBO for adjustments. Adjusted plans with comments presented to APC

2-3 day workshop to formulate CUP plan

Plan costed and turned into area based plan.

Plan submitted to DO for comment and to work out implications for operations for KM
13. For implementation, the following is envisaged:

- Subsequent to the preparation of bid packages by the PD&C Consultants, the MUDH PMU will conduct a tender process with the assistance of the TSU.
- Larger network infrastructure will be packaged as a multi-sectoral package within a selected geographic area.
- Community based contracts will be packaged as stand-alone projects.
- The MUDH and KM will sit on the tender committee which will be run by the TSU.
- The successful contractor will implement the civil works in the targeted area, but will do so in consultation with the CDC/CBO.

14. Roles and Responsibilities of government and communities actors are listed below.

15. Government Actors

- The MUDH will manage project: This will include co-ordination of actors in the process, procurement, financial management, evaluation of bid documents, and tenders, and award contracts. They will also assist in engineering design, supervision and planning on an as needed basis. This will occur through the PMU with assistance from the TSU.
- The Kabul Municipality will assist in operationalising the project. This will include the coordination of municipal input into project, assistance in the community facilitation process, input into district planning process, ratification of plans, assistance in engineering design, incorporation of O & M into daily functioning of municipality.
- CAWS will approve plans relating to water supply.

16. Community Actors

- The Area Planning Council will discuss, co-ordinate and ratify district plan. They will be assisted by the PD&C Consultants. The District Officer will also lend technical input to the APC.
- The CBO/CDC will take decisions on standards of services and prioritize community needed projects. They will also play a role in the operations and maintenance of some infrastructure.
- MoF will request release of funds based on fulfillment of criteria of accountability and transparency. MoF will audit the project as it deems fit.
- Alternate implementation arrangements can be agreed with IDA.
Roles and Responsibilities in KURP: Upgrading Component

Government actors

MUDH FMU (Gov Staff)
- Manage Program
- Co-ordination
- Procurement
- Financial Management
- Evaluation of Bid documents
- Evaluation of Tenders
- Award Contract
- Substantive Project Input
- Determine standards
- Planning Guidelines
- Develop plans for other cities
- Prepare next project

Consultants and Contractors

Technical Support Unit
(Consultants)
- (For Project Length)
- Support to MUDH FMU and
- KM PST
- Skills mix for all parts of project
- Internationally bid
- Strong stipulation on local
- knowledge

Kabul Municipality- PST
(Government Staff)
- Operationally Program
- Co-ordinate projects with
- Community (District
- Officer)
- Determine feasibility of
- Project (District Engineer)
- Co-ordinate service delivery
- linkages to KM
- Rate plants and designs
- Handover to KM line
- departments

Planning and Design
And Contracts Management
Consultant
- 1 per district (approx 4
for duration of project)
- Locally Bid
- Community mobilisers and
- Engineers
- Mobilize community
- Assist in prioritisation and
- Selection
- Interface with KM
- Design, engineering
- Prepare bid packages

Communities

CDC
(Community)
- Prioritize needed service
- Decide on Service Package
- and standards
- Operate standpipes in future

Contractors - Community Contracts (small works
and Local Contractors for Network Services
(let's will utilize community labor)

*Only shows key ones. CAWS for water and Counts for land tenure are also actors in the project
Part B: Kabul Land Tenure Regularization

17. International and local experts will be involved in the design, initiation, monitoring and evaluation of the pilots and will build capacity within the local implementing Agencies, particularly the AGCHO, the recently established special property court and the Kabul Makhzan (Registry) through the development of manuals, the acquisition of surveying and plotting equipment and vehicles, the conduct of training in both the technical and project management processes as well as hands-on engagement of staff in the implementation of the pilots. It is anticipated that at the height of the pilots, four teams will operate simultaneously. The AGCHO has indicated adequate existing staff capacity to be deployed for the pilot exercises after appropriate training. The total estimated cost of the component is US$0.64 million with approximately two thirds for technical assistance and one third for equipment and vehicles.

18. The MUDH PMU, with assistance from the TSU and the Land Tenure Consultants will convene a Land Tenure Technical Committee of representatives of all stakeholder agencies as well as others with related expertise. Participation in this committee will include but not be restricted to the Judicial Reform Commission, Afghanistan Geodesy and Cartographic Head Office, Supreme Court and District Court (Makhzan) and the Kabul Municipality. The Land Tenure Technical Committee will be responsible for coordinating the inputs from the respective agencies and for direction of the consultants engaged on the component. The majority of the pilots will be executed during the second year of the project, however design and initiation of the processes will begin in the latter half of the first project year. A formal evaluation of the pilots will be conducted in the first quarter of the third project year.

Part C: Engineering and Management Support

19. This component includes the technical assistance and consulting services required to carry out detailed design, implement and manage the project. It will be managed by the PMU, aided by the TSU. The PMU will be responsible for oversight of the whole project, although the detailed design and management of the co-financed components will also involve the co-financiers. It also includes technical assistance for financial audits and monitoring and evaluation.

Part D: Overall Capacity Building for Kabul Municipality

20. This component will be implemented by KM. The MUDH will appoint a Financial Management Consultant to assist the KM to carry out this component of the project. This consultant will be based at the KM and will report to the appropriate departmental head in KM.

Part E: Structure Plan and Preparation of a Follow Up Project

21. This component will be managed by the MUDH, together with the relevant municipality. The MUDH will contract Planning Consulting Firm/s to assist it in the development of plans. The Structure Plan Team consisting of planners from the relevant Municipality and from the MUDH will, together with the appointed Consultant, undertake the work of preparation of the Plans. They will be convened by the MUDH PMU, assisted by TSU and the Planning Consultant.

Part F: Primary Roads and Drainage Reconstruction

22. This component will be managed by the PMU in MUDH but daily involvement of the KM though the PST and the Roads Department will be necessary. Consultants will be engaged to justify and prioritize road, drainage and traffic management proposals put forward by KM. Subsequently, they will design (to be reviewed and approved by KM) and prepare the bid
documents. The PMU will organize the procurement and evaluation assisted by the TSU and the PST and, for technical issues, the design consultants. Contracts will be between respective winning contractors and the MUDH (PMU). Supervision of construction will be by consultants.
Appendix 9: Procurement Arrangements
Kabul Urban Reconstruction Project

General

1. Procurement for the proposed project will be carried out in accordance with the World Bank’s “Guidelines: Procurement Under IBRD Loans and IDA Credits” dated May 2004; and “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” dated May 2004, and the provisions stipulated in the Credit Agreement. The general description of various items under different expenditure category are described. For each contract to be financed by the Credit, the different procurement methods or consultant selection methods, the need for pre-qualification, estimated costs, prior review requirements, and time frame are agreed between the Borrower and the Bank project team in the Procurement Plan. The Procurement Plan will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

2. Procurement of Works: Works procured under this project, will include: area upgrading of water supply, roads, sanitation etc. The procurement will be done using the Bank’s Standard Bidding Documents (SBD) for all ICB and National SBD agreed with (or satisfactory to) the Bank. The small valued contracts estimated to cost not more than US$50,000 equivalent may be procured by Community Based Organizations through the following procedures for physical works (in accordance with Section III of the Bank Procurement Guidelines):

   (i) Execute the works themselves by employing labor and by procuring the needed materials through shopping by inviting quotations from local vendors (at least three quotations must be obtained); or
   (ii) Award the whole or part of work on Direct Contract to uniquely qualified community organizations or NGOs; or
   (iii) Award the whole or part of the work to qualified domestic contractors after inviting quotations (at least three quotations must be obtained).

3. In case of emergencies or to complete any unfinished works without disrupting other ongoing operations, the Force Account method may be applied, with the Association’s prior approval.

4. Procurement of Goods: Goods procured under this project will include vehicles & equipment. The procurement will be done using Bank’s SBD for all ICB and National SBD agreed with (or satisfactory to) the Bank. Direct Contracting for urgent repair/replacement work with the original equipment manufacturer may be adopted with the Association’s prior approval. Shopping up to US$100,000 may also be adopted.

5. Selection of Consultants: Consultants’ Services required are for Engineering Design, Contract Management, Project Management, Auditing Services, Planning, M&E and Financial Management. Short lists of consultants for services estimated to cost less than US$100,000 equivalent per contract may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines. For services exceeding US$100,000 preferred method of selection will be QCBS and for less than US$100,000 selection by CQ may be adopted. For selection of Individual Consultant, IC Guidelines may be followed. Sole source selection may be undertaken on prior approval by IDA on an exceptional basis.

6. The Program Management Unit (PMU) of MUDH will have the overall responsibility for procurement under the project, with the assistance of the TSU, and the Government Procurement Unit (GPU). The PMU will have a number of procurement staff.

56
7. An assessment of the capacity of the MUDH to implement procurement actions for the project was carried out by the Bank in November 2003. The assessment reviewed the organizational structure for implementing the project and the interaction between the project's staff responsible for procurement and the Ministry's relevant central unit for administration and finance.

8. Most of the issues/risks concerning the procurement component for implementation of the project have been identified and include very little experience in International Procurement, little knowledge of competitive procurement system and lack of capacity to communicate in English language.

9. Based on the above information, and the overall public procurement environment in the country, the overall procurement risk for the project is considered as "High". Actions agreed to mitigate the risks involves:

   - The Ministry procurement staff will be supervised by an international procurement consultant of the Technical Support Unit. This will provide opportunities to all procurement staff to get on-the-job training and exposure to international procurement procedures.
   - The procurement staff will take part in future training courses on procurement, arranged under the government's initiative for procurement capacity building.

10. **Procurement Plan:** The Borrower, at appraisal, developed a Procurement Plan for project implementation which provides the basis for the procurement methods. This plan has been agreed between the Borrower and the Project Team and is attached below. The Procurement Plan will be updated in agreement with the Project Team annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

11. **Frequency of Procurement Supervision:** In addition to the prior review supervision to be carried out from Bank offices, the capacity assessment of the MUDH has recommended two supervision missions per year to visit the field to carry out post review of procurement actions.
### Attachment 1: Details of the Procurement Arrangement

**Goods and Works and non consulting services.**

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<th>Ref. No.</th>
<th>Contract (Description)</th>
<th>Estimated Cost US$</th>
<th>Proc. Method</th>
<th>P-Q</th>
<th>Domestic Preference (yes/no)</th>
<th>Review by Bank (Prior / Post)</th>
<th>Expected Bid-Opening Date</th>
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58
Management(3)  | SUB-TOTAL 44,188,000
| GOODS  |
| Survey Equipment & Vehicles for AGCHO(2)  | 262,000 | IS | No | no | yes | Oct 06 |
| Vehicles, Equipment for MUDH/KM(2)  | 200,000 | IS | No | no | yes | Oct 05 |
| SUB-TOTAL 462,000  |  |

(a) Notes: ICB – International Competitive Bidding; NCB – National Competitive Bidding; CC – Community Contracting; IS – International Shopping. The figure shown in the brackets in second column is proposed number of packages for the works/goods.

(b). The first contracts for goods and works, irrespective of value, for each year of the project will be subject to prior review by the Bank. All contracts for goods estimated to cost $100,000 equivalent or more will be subject to prior review by the Bank. All works estimated to cost $500,000 or more will be subject to prior review. Works contracts not exceeding US$500,000 may be procured by NCB.
## Consulting Services

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(a) Notes: QCBS - Quality and Cost Based Selection; CQ - Consultants Qualifications; SS - Single Source. The figure shown in the brackets in second column is proposed number of packages for the services. (b) Consultancy services estimated to cost above US$100,000 equivalent or more per contract will be subject to prior review by the Bank. All selection of consultants through Single-source method will be subject to prior review by the Bank. Individual consultants contracts estimated to cost the equivalent of US$50,000 or more will be subject to prior review by the Bank. (c) Short lists of consultants for services estimated to cost less than US$50,000 equivalent per contract, may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.
# KABUL URBAN RECONSTRUCTION PROJECT
## PROCUREMENT PLAN

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<tbody>
<tr>
<td><strong>Part A: Area Upgrading – Tertiary Infrastructure</strong></td>
<td>Upgrading network infrastructure batch 1</td>
<td>6</td>
<td>CW</td>
<td>NCB</td>
<td>500,000</td>
<td>3,000,000</td>
<td>Aug 05</td>
<td>Dec 05</td>
<td>Dec 05</td>
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<tr>
<td></td>
<td>Upgrading network infrastructure batch 2</td>
<td>6</td>
<td>CW</td>
<td>NCB</td>
<td>500,000</td>
<td>3,000,000</td>
<td>Oct 05</td>
<td>Apr 06</td>
<td>Apr 06</td>
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<tr>
<td></td>
<td>Upgrading stand alone facilities batch 3</td>
<td>8</td>
<td>CW</td>
<td>CC</td>
<td>43,750</td>
<td>350,000</td>
<td>Aug 05</td>
<td>Dec 05</td>
<td>Dec 05</td>
</tr>
<tr>
<td></td>
<td>Upgrading stand alone facilities batch 4</td>
<td>8</td>
<td>CW</td>
<td>CC</td>
<td>43,750</td>
<td>350,000</td>
<td>Oct 05</td>
<td>Apr 06</td>
<td>Apr 06</td>
</tr>
<tr>
<td></td>
<td>Trunk &amp; social infrastructure priorities</td>
<td>4</td>
<td>CW</td>
<td>NCB</td>
<td>400,000</td>
<td>1,600,000</td>
<td>Aug 05</td>
<td>Dec 05</td>
<td>Dec 05</td>
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<tr>
<td><strong>Phase 2</strong></td>
<td>Upgrading network infrastructure batch 1</td>
<td>10</td>
<td>CW</td>
<td>NCB</td>
<td>487,750</td>
<td>4,875,000</td>
<td>Sept 06</td>
<td>Jan 07</td>
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<tr>
<td></td>
<td>Upgrading network infrastructure batch 2</td>
<td>10</td>
<td>CW</td>
<td>NCB</td>
<td>487,750</td>
<td>4,875,000</td>
<td>Dec 06</td>
<td>Mar 07</td>
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<td>Upgrading stand alone facilities batch 3</td>
<td>12</td>
<td>CW</td>
<td>CC</td>
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<td>525,000</td>
<td>Sept 06</td>
<td>Jan 07</td>
<td>Jan 07</td>
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<tr>
<td></td>
<td>Upgrading stand alone facilities batch 4</td>
<td>12</td>
<td>CW</td>
<td>CC</td>
<td>43,750</td>
<td>525,000</td>
<td>Dec 06</td>
<td>Mar 07</td>
<td>Sept 07</td>
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<tr>
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<td>Trunk &amp; social infrastructure priorities</td>
<td>16</td>
<td>CW</td>
<td>NCB</td>
<td>500,000</td>
<td>8,088,000</td>
<td>Sept 06</td>
<td>Jan 07</td>
<td>Jan 07</td>
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<td><strong>Part B: Land Tenure Regularization</strong></td>
<td>Survey Equipment &amp; Vehicles for AGCHO Technical Assistance</td>
<td>2</td>
<td>Goods</td>
<td>IS</td>
<td>131,000</td>
<td>262,000</td>
<td>June 06</td>
<td>Dec 06</td>
<td>Jan 07</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1</td>
<td>Cons</td>
<td>QCBS</td>
<td>376,000</td>
<td>376,000</td>
<td>Sept 04</td>
<td>Mar 05</td>
<td>Mar 05</td>
</tr>
<tr>
<td><strong>Part C: Engineering and Management Support</strong></td>
<td>Planning, Design and Supervision of Phase 1</td>
<td>2</td>
<td>Cons</td>
<td>QCBS</td>
<td>205,500</td>
<td>411,000</td>
<td>July 04</td>
<td>Dec 04</td>
<td>Jan 05</td>
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<tr>
<td></td>
<td>Planning, Design and Supervision of Phase 2</td>
<td>3</td>
<td>Cons</td>
<td>QCBS</td>
<td>205,500</td>
<td>616,500</td>
<td>Sept 05</td>
<td>Jan 06</td>
<td>Jan 06</td>
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<tr>
<td></td>
<td>TSU to MUDH /KM for Project Support for 4 years</td>
<td>1</td>
<td>Cons</td>
<td>QCBS</td>
<td>2,640,000</td>
<td>2,640,000</td>
<td>July 04</td>
<td>Dec 04</td>
<td>Jan 05</td>
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<tr>
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<td>Vehicles, Equipment for MUDH/KM Audits</td>
<td>2</td>
<td>Goods</td>
<td>IS</td>
<td>100,000</td>
<td>200,000</td>
<td>June 05</td>
<td>Dec 05</td>
<td>Jan 06</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1</td>
<td>Cons</td>
<td>CQ</td>
<td>100,000</td>
<td>100,000</td>
<td>Dec 04</td>
<td>May 05</td>
<td>June 05</td>
</tr>
<tr>
<td></td>
<td>Technical, Environmental &amp; Social Monitoring Operating Expenses all components</td>
<td>2</td>
<td>Cons</td>
<td>SS</td>
<td>50,000</td>
<td>100,000</td>
<td>Dec 04</td>
<td>May 05</td>
<td>June 05</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>250,500</td>
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<tr>
<td><strong>Part D: Overall Capacity Building for KM</strong></td>
<td>Technical Assistance – Overall Capacity Building to KM</td>
<td>1</td>
<td>Cons</td>
<td>QCBS</td>
<td>300,000</td>
<td>300,000</td>
<td>July 04</td>
<td>Dec 04</td>
<td>Jan 05</td>
</tr>
<tr>
<td><strong>Part E: Kabul Structure Plan</strong></td>
<td>Preparation of Structure Plans &amp; proj. prep (4 towns)</td>
<td>1</td>
<td>Cons</td>
<td>QCBS</td>
<td>506,000</td>
<td>506,000</td>
<td>Sep 04</td>
<td>Jan 05</td>
<td>Feb 05</td>
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<tr>
<td></td>
<td>Preparation of Structure Plans inc proj. prep (Kabul)</td>
<td>1</td>
<td>Cons</td>
<td>QCBS</td>
<td>282,000</td>
<td>1,128,000</td>
<td>Dec 04</td>
<td>Feb 05</td>
<td>Mar 05</td>
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<tr>
<td><strong>Part F: Main Road Construction and Rehab.</strong></td>
<td>Construction of New Roads</td>
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<td>CW</td>
<td>ICB</td>
<td>7,000,000</td>
<td>7,000,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reconstruction of Roads</td>
<td>1</td>
<td>CW</td>
<td>ICB</td>
<td>5,000,000</td>
<td>5,000,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Repair and overlay of roads</td>
<td>2</td>
<td>CW</td>
<td>ICB</td>
<td>850,000</td>
<td>1,700,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Primary Drainage Channels Construction and Repair</td>
<td>10</td>
<td>CW</td>
<td>NCB</td>
<td>375,000</td>
<td>3,750,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Secondary Drainage Channel Rehabilitation</td>
<td>5</td>
<td>CW</td>
<td>NCB</td>
<td>375,000</td>
<td>1,875,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Traffic Management</td>
<td>3</td>
<td>CW</td>
<td>NCB</td>
<td>225,000</td>
<td>675,000</td>
<td></td>
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<tr>
<td><strong>Total</strong></td>
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<td></td>
<td></td>
<td>52,000,000</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

Notes to Table:
1. TSU is Technical Support Unit to the PMU located in the MUDH – also provides project support to Project Support Team (Pin Kabul Municipality.
2. CW – Civil Works; Cons- Consultants; ICB – International Competitive Bidding; NCB – National Competitive Bidding; CC – Community
Appendix 10: Financial Management, Disbursement and Audit Arrangements

Kabul Urban Reconstruction Project

Country Issues

1. The World Bank has gained significant experience and understanding of the financial management issues in Afghanistan from implementing several projects over the past 18 months. The overall assessment is that although the country’s financial management system is not yet fully functional, especially to manage donor projects, appropriate general and project-specific mitigation measures are being taken for this project. These steps help to ensure fiduciary financial accountability for project funds.

2. In an effort to strengthen key institutions, the World Bank is financing a Financial Management Agent to assist the Ministry of Finance, an Audit Agent to assist the Control and Audit Office, and a Procurement Agent to assist in Procurement-related activities. USAID and the Indian Aid Assistance Programs are also financing a team of consultants and advisors to assist the Da Afghanistan Bank in local as well as foreign currency operations.

Strengths and Weaknesses of the Project

Strengths

3. Through the engagement of the Financial Management Agent, the Government is now in a position to ensure proper accounting for local payments. In addition it has also put in place certain additional mechanisms such as the: (i) Special Disbursement Unit (SDU) under the Treasury for disbursements and operation of the Afghanistan Management Information System (AFMIS), (ii) Development Budget and External Relations (DBER) Unit under the Budget for overall management and reporting of all donor projects, and (iii) Cash Management Unit to undertake accounting for all income and manage cash resources under the Treasury Department of the Ministry of Finance.

4. The proposed project-specific measures include the engagement of a Financial Management Specialist as part of the Technical Support Unit (TSU) assisting the nationally staffed Project Management Unit (PMU) within MUDH. This will be an important step considering the project involves a number of agencies and consultants and it is important that there is a designated person to ensure proper FM arrangements for these agencies. The other measure is the mobilization of a Consultant Chief Financial Officer (CCFO), retained under the ARTF-financed Strengthening Financial Capacity project, to support budgeting and financial management of the Ministry as a whole. The CCFO will work closely with the Government-appointed Chief Financial Officer/Finance Manager in the Ministry to help strengthen its capacity to manage its reconstruction/development program, including donor-financed projects. The PMU with assistance from the TSU will develop a Project Implementation Manual with a section on ‘Funds Flow and Financial Management’ which covers procedures as well as internal controls of various aspects of the overall flow of funds, the funds transfer mechanism, disbursement to communities, and fund management at the community level. This will also include the responsibilities of PD & C Consultants with respect to compliance with transparency rules for project expenditures. The project has a specific component (Part D) for undertaking studies and implementation for enhancing Financial Management systems of Kabul Municipality. The study could form a basis for further reforms in other municipalities.
Weaknesses

5. From the perspective of financial management, the main weakness in the design of the project is non-involvement of FM capacities at the MUDH level. One reason is that FM systems within MUDH are still not geared for managing foreign grants and dealing with donor agencies. However, to address this weakness, it is important to involve MUDH staff in this project at multiple levels, including the PMU. This will help in improving capacity in the line ministry. Therefore it will be important that before the project becomes effective, MUDH nominate FM staff who will act as part of the PMU. The unit will also develop a Job Responsibilities Chart for these FM staff with a view to providing them with adequate exposure to complex donor-financed project issues. This exposure will enable them to handle increased FM responsibilities of donor projects in the future.

6. Conclusion – the FM arrangements, including the systems, processes, procedures, and staffing are adequate to support this project - subject to implementation of the items listed in the action plan prior to negotiations.

Co-financing

7. At the Government’s request, the project has been designed for approximately 50 percent co-financing by the government under the Afghanistan Reconstruction Trust Fund (ARTF) to capitalize on IDA’s appraisal and project implementation review capacity. The co-financing element is structured around Component C, D, E and F. The Ministry of Finance has tentatively identified US$26.07 million for this purpose.

Retroactive Financing

8. No retroactive funding is envisaged under the project.

Systems

9. The project will rely on government systems supplemented by project specific arrangements to record project financial transactions in an electronic format using simple spreadsheet and/or database applications. Such recording of data should enable the PMU in MUDH assisted by the TSU to retrieve financial information for producing the Financial Monitoring Reports (FMR) in formats to be agreed with the World Bank. These systems are considered adequate to support the financial management requirements of this project.

Accounting Policies and Procedures

10. Accounting Office of MUDH, which is supervised by Administration Department prepares supporting documents for expenditures, payment orders (Form M16), receives approval from Controller (pre-payment audit agent of MOF in MUDH) and final approval of Minister (or one of his deputies or any high rank officer in case of unavailability of Minister and his Deputies, and designated by the Minister), and submits to the Treasury Department in MOF which in turn issues a check payable to the cash trustee by DAB after verification of supporting documents and approvals on the form. Cash Trustee, receives the money from the bank, and disburses the monies to the intended payees. Current practice in MUDH is governmental recording of transactions based on a chart of accounts, using a single entry, manually maintained, cash basis of accounting. The accounting department enters these transactions in an expenditures book (Form M20), and prepares a monthly expenditures report on form M220. MUDH receives its operational budget.
allotments on quarterly basis from MOF. MUDH has two major category of expenditures: payrolls and procurements, mainly consumables.

11. The project will follow standard Afghan government financial management policies and procedures, including using the Chart of Accounts developed by the Financial Management Agent to record project expenditures. Ultimately the SDU will be responsible for accounting for all expenditures and receipts in the Government’s accounting system.

12. The MUDH’s Project Management Unit with assistance from the TSU will be responsible for coordination with the SDU. It will also be responsible for coordinating FM activities of implementing agencies with the SDU. Considering that there will be several agencies and consulting organizations involved it is important that the PMU’s responsibilities, functions, and necessary procedures are developed and documented in a brief set of financial management Guidelines as part of the Project Implementation Manual. These Guidelines are expected to be sufficient to cover various aspects of project financial management which the PMU, assisted by the TSU, will handle. The Guidelines will lay down clear instructions on how different agencies will ensure that necessary fiduciary controls are in place regarding expenditures incurred by them. It is expected that the Guidelines will be ready within 3 months of the project becoming effective. The Guidelines will need to be authorized by the MOF considering it has the overall responsibility for fiduciary compliance and also approved by IDA. The CCFO, CFO/Finance Manager, and the Financial Management Specialist of the TSU will assist the PMU in MUDH to record project financial transactions in an electronic format using simple spreadsheet and/or database applications. Such recording of data should enable the PMU in MUDH assisted by the TSU to retrieve financial information for producing the Financial Monitoring Reports (FMR) in formats to be agreed with the World Bank.

13. Annual project accounts will be consolidated centrally in the Treasury Department, supported by the Financial Management Agent. Consolidated project financial statements will be prepared for all sources and uses of funds.

**Reporting and Monitoring**

14. For other Bank projects Financial Monitoring Reports (FMRs) are prepared centrally in the SDU and consolidated for the donors by DBER. These FMRs do not provide the necessary information relating to component-wise expenditure as well as correct category-wise breakdowns as this detailed knowledge lies with the implementing agencies. In this project, FMRs will be produced by the PMU, assisted by the TSU, which will have adequate data, staff, and systems.

15. Quarterly Financial Monitoring Reports will be produced by the PMU assisted by the TSU showing: (i) sources and uses of funds by disbursement category and project component; (ii) physical progress; and (iii) status of procurement activities. The FMR format will be agreed to at or before project negotiations. FMRs will be submitted to the DBER for consolidation and submission to IDA within 45 days of the end of each quarter. Annual project accounts will be consolidated centrally in the Treasury Department supported by the Financial Management Agent. Consolidated project financial statements will be prepared for all sources and uses of funds. A monthly reconciliation process will be undertaken by the PMU assisted by the TSU, which will address variations between FMRs and annual financial statements.

16. Formats will need to be designed for reporting on Statement of Expenditures, Advances on Community Project Funding, and subsequent payment requests. In addition, formats will need to be developed for physical progress reporting on the process and outputs of community projects.
for both the PMU (assisted by the TSU) and PD&C Consultants. These formats will form an integral part of the Project Implementation Manual.

**Staffing and Training**

17. SDU in MOF, supported by the Financial Agent staff, will undertake the main responsibility of preparing withdrawal applications, taking steps to transfer/make payments, undertake accounting, and be responsible for preparing financial statements and SOEs to be audited by the Control and Audit Office (CAO supported by the Audit Agent). To strengthen the staffing capacity of SDU, 3 Afghan Nationals, with economic degrees and with computer and English speaking skills, have been put in place. A document entitled ‘Documentation Guidelines’ is available at the SDU to facilitate this process and also to be used for training of fresh appointees. It is expected that all payment requests will be made accordingly. The SDU with support from Financial Management Agent should bring to the notice of all the implementing agencies likely to send payment requests about these guidelines and, if required, provide them with necessary training and orientation.

18. As the MUDH does not have adequate capacity for financial management, it has been agreed that a Financial Management Specialist as part of the Technical Support Unit (TSU) assisting the nationally staffed Project Management Unit (PMU) within MUHD along with full-time CCFO financed under the ARTF funding and counterpart manager and staff will be in place to oversee financial management aspects of the project.

19. To facilitate SDU coordination with MUDH, the Financial Management Specialist of the TSU will be included in any arrangements for project implementation. The FMS will be responsible for coordinating among the different implementation agencies. SDU will be responsible for providing necessary orientation/training. The FMS will work closely with the staff in the PMU, PD&C Consultants, SDU, DBER, and the World Bank.

**Audit Arrangements**

20. The accounts of the project will be audited by the Auditor General, with the support of the Audit Agent, with terms of reference satisfactory to the Association. The audit of the project accounts will include an assessment of the: (a) adequacy of the accounting and internal control systems; (b) ability to maintain adequate documentation for transactions; and (c) eligibility of incurred expenditures for Association financing. The audited annual project financial statements will be submitted within 6 months of the close of fiscal year. All agencies involved in implementation and holding records of expenditures will need to retain these records as per the retention requirements in the Credit Agreement.

21. The following audit reports will be monitored in the Audit Reports Compliance System (ARCS):

<table>
<thead>
<tr>
<th>Responsible Agency</th>
<th>Audit</th>
<th>Auditors</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>MOF, supported by Grant Management Unit</td>
<td>Financial Statements</td>
<td>Auditor General</td>
<td>Sep 22</td>
</tr>
</tbody>
</table>

**Funds Flow**

22. All components will be funded either through direct payment mode or through payment from a Special Account(SA). This special account will be opened and maintained in Da Afghanistan Bank or a commercial bank situated in Kabul with terms and conditions acceptable.
to the association. The Authorized Allocation of the Special Account will not exceed $2 million. The SA, in keeping with current practices for other projects in Afghanistan, will be operated by the Special Disbursement Unit (SDU) in the Treasury Department of Ministry of Finance. Requests for payments out of SA funds will be made to the SDU by the MUDH. In addition to payments out of SA funds, MUDH could also request the SDU to make direct payments to contractors and consultants, and special commitments for contracts covered by letters of credit. Such requests will follow the World Bank procedures. The SA will be funded initially based on a payment Application request and subsequent request Applications for replenishment to the Special Account will be submitted in line with arrangements specified in Disbursement arrangements below.

23. Payments will be made on the basis of approved contracts entered into by MUDH with Consultants, Contractors, NGOs, and Communities.

Risks

24. The project will be implemented through several implementing agencies including certain consulting organizations. One of the main project risks is coordination among these different agencies and organizations to ensure proper fiduciary control over expenditures and to receive accurate and timely reports. This risk will be mitigated by several factors: i) appointment of an MUDH FMS in the Technical Support Unit providing assistance to PMU, ii) preparation of financial management guidelines as part of Project Implementation Manual, iii) and nomination of a person from their respective organizations who will be directly responsible for coordinating with the PMU. If certain forms and procedures are found to be impractical and require amendment, these will be reviewed during the periodic workshops and the required revisions of the Implementation Manual will be undertaken.

25. With the support of international technical assistance on operations of SWIFT and Letters of Credit the performance of Da Afghanistan Bank has improved significantly. Also to mitigate the risk of payment delays, the project has the option to locate the SA in any commercial bank in Kabul.

26. Within Kabul Municipality and MUDH, the lack of FM expertise is still a matter of concern. It is expected that with appointment of an FM Specialist within MUDH, along with the CCFO (who is already in place) and CFO to coordinate with these ministries, and nomination of FM staff by the Kabul Municipality, these risks will be addressed to a large extent.

27. With the above risks taken into consideration, the project appears to be high risk, however if the above mitigating measures are taken the FM risk will be reduced to medium. This risk rating is predicated on the FM, Audit, and Procurement Agents being in place to ensure financial accountability for project funds.
**Disbursement Arrangements**

### Disbursement Schedule

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<th>Year</th>
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<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>Totals</th>
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<td>07/05-06/06</td>
<td>07/06-06/07</td>
<td>07/07-06/08</td>
<td>07/08-06/09</td>
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<td>2006</td>
<td>2007</td>
<td>2008</td>
<td>2009</td>
<td></td>
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<tr>
<td>% US$m</td>
<td>US$m</td>
<td>% US$m</td>
<td>% US$m</td>
<td>% US$m</td>
<td>% US$m</td>
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<td>2</td>
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<tr>
<td>FY Quarter 2</td>
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<td>8 1</td>
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<tr>
<td>FY Quarter 3</td>
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<td>8 2</td>
<td>10 2.5</td>
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<td>FY Quarter 4</td>
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<td>Annual %</td>
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<td>32 42</td>
<td>2 100</td>
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<td>Annual US$m</td>
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<td>10.5</td>
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<td>25</td>
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<td>Cumulative US$m</td>
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<td>14.0</td>
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</table>

### Allocation of Credit Proceeds (US$ millions)

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<th>Expenditure Category</th>
<th>Amount of the Credit Allocations (US$m)</th>
<th>Financing Percentage</th>
</tr>
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<tr>
<td>Goods</td>
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<tr>
<td>Consultants Services</td>
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<tr>
<td>Incremental</td>
<td>Operating Expenses</td>
<td>0.250</td>
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<tr>
<td>Total</td>
<td>25.00</td>
<td>100%</td>
</tr>
</tbody>
</table>

28. **Financing Percentage.** MOF will submit withdrawal applications based on the financing percentages specified in the Development Credit Agreement. The Bank will finance 100% of project expenditures, including taxes embedded in project expenditures.

29. **Disbursement Method.** Disbursements from the IDA Grant Credit will be transaction-based (replenishment, reimbursement, direct payment, and payments under Special Commitments) with full documentation or against statements of expenditures as appropriate.

30. **Use of statements of expenditures (SOEs).** SOE thresholds are applicable for procurement made. Disbursements will be made on the basis of SOEs for all contracts for sub-projects less than US$500,000 under Part A of the Project; goods less than US$100,000 equivalent; consultants’ services for firms less than US$100,000; individual consultant less than US$50,000 equivalent; and all training, audits, and incremental operating costs.

31. **Special Account.** A special account will be opened and maintained in Da Afghanistan Bank or a commercial bank situated in Kabul with terms and conditions acceptable to the association and will be operated in accordance with the Association’s operational policies. The Authorized Allocation of the Special Account will not exceed US$2 million.
32. **Minimum application size.** Applications for replenishment to the Special Account will be submitted: (i) monthly, regardless of amount, or (ii) when the Special Account balance is reduced by 40% of the Authorized Allocation, whichever comes first. The minimum application size for withdrawal applications for reimbursement, direct payment, or for applications for Special Commitments is 20% of the Authorized Allocation of the Special Account. Payments for community projects will be made based on contracts entered into by MUDH and will follow the SOE mechanism above, supported by application formats to be developed as part of Project Implementation Manual.

**Financial Covenants**

33. MOF/MUDH will ensure that a CCFO and government CFO is available on a full-time basis and throughout the entire project implementation period, for overseeing financial management and disbursements of the project.

34. Submit to the IDA audited annual financial statements of the project, no later than six months after the end of the fiscal year, i.e. by 22 September.

35. Produce Financial Monitoring Reports and submit to the IDA no later than 45 days following the end of the reporting quarter.

**Action Plan**

<table>
<thead>
<tr>
<th>Action</th>
<th>Responsible Person</th>
<th>Target Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Monitoring Reports (FMR) formats confirmed.</td>
<td>IDA/MUDH/SDU</td>
<td>During negotiations</td>
</tr>
<tr>
<td>Set up Project Management Unit, including appointment of counterpart staff for financial management.</td>
<td>MUDH</td>
<td>December 31, 2004</td>
</tr>
<tr>
<td>Engage the services of a consulting firm to form a Technical Support Unit to the PMU</td>
<td>MUDH</td>
<td>December 31, 2004</td>
</tr>
<tr>
<td>PMU to prepare a Project Implementation Manual, including a set of financial guidelines and job responsibilities of the financial management person(s) nominated by MUDH along with relevant forms and procedures for disbursements, reporting</td>
<td>MUDH/PMU</td>
<td>December 31, 2004</td>
</tr>
</tbody>
</table>
Appendix 11: Environment and Social Management Framework
Kabul Urban Reconstruction Project

Background

1. With an estimated population of around 25 million, Afghanistan is among the poorest countries in the world. The urban infrastructure of Afghanistan was severely damaged in the past two decades of conflict. Neglect and even deliberate targeting of vital facilities that keep modern cities healthy and prosperous have resulted in a variety of public health problems in a number of urban centers in the country. These problems are further compounded by the increasing numbers of people who are moving into urban areas to escape rural hardships insecurity arising from degraded environments and loss of livelihood as well as return of refugees in substantial numbers (nearly 3.5 million Afghans are estimated to be returning by the end of 2003). There is a tremendous shortage of housing. The proposed Afghanistan Reconstruction Project with funding assistance from the World Bank seeks to provide much-needed support in rehabilitating and improving services in Kabul and provincial towns of Afghanistan.

Project Objective

2. The main objective of the Kabul Urban Reconstruction Project is to improve urban management and the delivery of urban services in Kabul. This will be achieved by supporting the integration of selected neighborhoods into the urban fabric of the capital city by carrying out reconstruction and rehabilitation of urban services and enhancing the managerial capacity of the Ministry of Urban Development and Housing and the Kabul Municipality. The project will also lay the groundwork for a follow-up project aimed at city-wide infrastructure reconstruction and service delivery. The project will also support improvements in water supply and primary road networks in selected secondary towns.

Project Description

3. In pursuit of the above objective, the proposed Credit will finance a series of investments in critical infrastructure and a set of institutional development activities designed to improve the management capacity of the Ministry of Urban Development and Housing and the Kabul Municipality.

Potential impacts of various components

4. Activities envisaged under the project should not entail significant and negative environmental and social impacts, provided they are designed and implemented with due consideration of environmental and social issues. Construction activities may cause limited, temporary, and localized negative impacts that can be mitigated through the implementation of an appropriate social and environmental management plan. Most infrastructure development envisaged under KURP should contribute to improving environmental and social conditions in Kabul. Capacity building of the ministry and of Kabul Municipality, which will also include environmental and social management, are likely to have a positive impact on the environment. The proposed preparation of a revised structure plan for Kabul and feasibility studies will include detailed environmental and social assessments so that environmental and social concerns can be addressed in both the design and implementation of future large scale projects.
5. Adverse impacts may arise due to depletion or degradation of natural resources such as stone, earth, water etc. used for housing and urban infrastructure construction and if proper environmental management is not carried out at design, construction and operation stages. To limit the extent of these risks, the Framework provides guidelines and codes of practice for and environmental mitigation measures to be incorporated in the design, contracting and monitoring of investments, along with an implementation structure assigning responsibilities to implementing agencies and their consultants, and a capacity building program for social and environmental management.

**Purpose of the Environmental and Social Management Framework**

6. It is acknowledged that currently social and environmental management in Afghanistan is suffering from critical capacity constraints. Since there is potential for adverse impacts, albeit limited, on the environment due to the proposed activities under the Kabul Urban Reconstruction Project, their mitigation and management is key to wholesome rehabilitation and development of neighborhoods. Hence, keeping in view the existing social and environmental management capacity, as well as the flexibility required with investments still to be finalized, a framework approach is adopted for KURP. It allows the early identification of potential adverse impacts, without the requirement of rigorous analysis through quantification, and also provides broad guidance for their effective mitigation. Consistent with existing national legislation, the objective of the Framework is to help ensure that activities under the project will:

- Protect human health;
- Prevent or compensate any loss of livelihood;
- Prevent environmental degradation as a result of either individual subprojects or their cumulative effects;
- Enhance positive environmental and social outcomes; and,
- Ensure compliance with World Bank safeguard policies.

**General Principles**

7. Recognizing the emergency nature of proposed reconstruction operations, and the related need for providing assistance, while at the same time ensuring due diligence in managing potential environmental and social risks, this Framework is based on the following principles:

- The proposed operations will support multiple subprojects, the detailed designs of which may not be known at appraisal. To ensure the effective application of the World Bank’s safeguard policies, the Framework provides guidance on the approach to be taken during implementation for the selection and design of subprojects, and the planning of mitigation measures;
- All proposed investments will be screened to ensure that the environmental and social risks can be adequately addressed through the application of standardized guidelines;
- Project design and subproject selection will aim to maintain regional balance, and equity between genders, and ethnic and religious groups, considering variations in population density. Employment opportunities within the projects will be available on an equal basis to all, on the basis of professional competence, irrespective of gender, or ethnic or religious group. In all projects which require consultations with local communities or beneficiaries,
gender-separated consultations will be conducted to elicit the views of the female population, along with that of the male population; and,

- Consultation and disclosure requirements will be simplified to meet the special needs of these operations. Prior to approval by the World Bank Board, this Environmental and Social Safeguards Framework will be disclosed in Afghanistan in Dari and Pashto, and in the World Bank Infoshop.

**Safeguard Screening**

8. Although no significant environmental impacts are expected, some proposed activities will need to be carefully screened for potential impacts, including: (i) solid waste management, particularly if it involves disposal; (ii) domestic liquid waste disposal, and septic tank cleaning; (iii) reconstruction of sewers and drains; (iv) low cost water treatment facilities and water distribution network repairs and extensions in Kabul and in provincial cities; and (v) construction impacts for access roads.

9. Additionally, the selection, design, contracting, monitoring and evaluation of subprojects will be consistent with the following guidelines, available at the World Bank Infoshop or at the World Bank Office, Kabul:

- A negative list of characteristics that will make a proposed investment ineligible for support;
- Guidelines for land and asset acquisition, entitlements and compensation;
- Procedures for the protection of cultural property, including the chance discovery of archaeological artifacts, and unrecorded graveyards and burial sites;
- Generic codes of practices for environmental management at design, construction and operation stages;
- Formats for limited environmental assessment (LEA) and generic Terms of Reference for a full Environmental Impact Assessment (EIA);
- Generic Terms of Reference for a full Social Assessment;
- The requirement that confirmation is received through the Regional Mine Action Center that areas to be accessed during reconstruction and rehabilitation activities have been demined;

**Mitigation measures – Design**

10. Sound design will, at least diminish, if not eliminate, most of the potential adverse impacts of project activities. Good Engineering design will, in most cases, have a positive impact on the environmental conditions in the project area.

11. As a matter of principle, no new borewells should be drilled in urban areas as it will further deteriorate the quantity and quality of groundwater. It is however recognized that piped water will not be made available to all urban residents for many more years, and there is an urgent need to ensure access to safe water for drinking purposes at least. Where water cannot be supplied through the network, the project will assess feasible alternative/temporary options on a case-to-case basis. If it is determined that a new borewell is the only possible alternative, a through environmental assessment will be carried out, including water quality tests and analysis.
of impact on aquifers and on other users of the resource. In all cases, adequate water quality monitoring arrangements will be put in place.

12. Adverse impacts on local ecology will be considered on a case-by-case basis. A pre-design walk-through of the design team, with specialist environmental input, through the project area will be a highly desirable exercise. Otherwise, local knowledge from other stakeholders such as NGOs’ and local residents may be tapped to ascertain that the project does not cause significant damage to any important environmental resources.

13. Co-ordination with the line departments, other stakeholders such as NGOs must begin in the design phase itself. This will ensure that the project is ready for mitigating impacts such as those related to Resettlement and Health service support, if required. One aspect which deserves attention is the drafting of the Contract documents where social and environmental mitigation should be built into the project agreements.

Mitigation measures – Construction

14. The emphasis of the Environmental Management Plan (EMP) is on construction stage impacts since the operation stage impacts, as has already been stated before, can be minimized, mitigated or compensated by managing the rehabilitated infrastructure in line with project design parameters. In order to minimize the potential adverse impacts of construction, standard bidding documents will have the following environmental precautionary clauses:

- The natural landscape should be preserved to the extent possible by conducting operations in a manner that will prevent unnecessary destruction or scarring of natural surroundings. Except where required for permanent works, quarries, borrow pits, staging and processing areas, dumps, and camps, all trees, saplings, and shrubbery should be protected from unnecessary damage by project related activities. After unavoidable damage and to restore quasi-original conditions were appropriate;
- Contractor’s operations should be so performed as to prevent accidental spillage of contaminants, debris, or other pollutants, especially into streams or underground water resources. Such pollutants include untreated sewage and sanitary waste, tailings, petroleum products, biocides, mineral salts, and thermal pollution.
- Wastewater, including those from aggregate processing and concrete batching, must not enter streams without settling ponds, grade I filters, or other process, so as not to impair water quality or harm aquatic life;
- The contractor should ensure proper disposal of waste materials and rubbish. If disposal by burial or fire, it should not cause negative impact to either the air, soil nor ground water supplies;
- The contractor should minimize air and water pollution emissions. Dust from the handling or transporting of aggregates, cement, etc., should be minimized by sprinkling or other methods. Materials, brush or trees should only be burned when the owners permits, under favorable weather conditions;
- The contractor’s facilities, such as warehouse, labor camps, and storage areas, should be planned in advance to decide what the area will look like upon completion of construction. These facilities should be located so as to preserve the natural environment (such as trees and other vegetation) to the maximum extent possible.
• After project construction, camps and building should either serve as permanent residences and form future communities, if such use can be foreseen and approved, or be torn down and the area restored to its quasi-original condition in order to avoid deterioration into shanty towns.

• Borrow pits should be landscaped and planted accordingly to an ecological design to provide some substitute area for lost natural landscapes and habitats.

Social Safeguards

15. The components of the project will benefit households in general by providing increased level of services including water, sanitation and transport. While women and children are not specifically targeted, they will be the primary beneficiaries of the interventions in water and sanitation in terms of health gains (the under-5 mortality rate is currently 25%) and reduced workload in water collection. The realization of these benefits will be ensured through the provision of health education as part of the water and sanitation interventions.

16. No land acquisition is anticipated since the project mostly involves rehabilitation of existing urban structures and construction in existing municipal right-of-ways (for roads and water supply). However there are three proposed investment components where there could be some potential for land acquisition: urban upgrading, water supply, and roads. In the event that any minor areas of land will be needed for a project (e.g. realignment of a road), such land could only be obtained through either private voluntary donations, compensation payments for assets acquired by the local community, or available government land. Private voluntary donations will be documented as required by the Framework, as will compensation payments made by the community. A one page Land Acquisition Assessment Data sheet includes basic land acquisition screening information including, quality of land required, location, use of land and number of people potentially affected by involuntary resettlement. For government land, documentation will be needed that the land is free of encroachments, squatters or other encumbrances, and has been transferred for the project by the authorities.

17. No activities will be supported that require involuntary land acquisition or the acquisition of land requiring the resettlement or compensation of more than 200 people. Consequently, no Resettlement Action Plan will be required for the proposed project.

18. The identification of areas for upgrading will be based upon transparent and clearly defined selection criteria based upon technical eligibility and vulnerability of the population to minimize risk of ethnic inequity.

Participation Framework

19. Participation is a process through which stakeholders influence and share control over development initiatives and the decisions and resources which affect them. This process will be carried out through the different stages of proposed project i.e. selection of investments, planning, implementation and monitoring for which a strategy will be prepared (by the consultants implementing the project components, notably urban upgrading, as part of inception reports), with the following objectives:

• Understand existing modes of participation to improve the effectiveness of stakeholder participation. Collaborate with government to identify appropriate stakeholders. Recognize customs, beliefs, attitudes and constraints related to participation are gender-specific and stem
from the fact that men and women play different roles, have different needs, and face different constraints on a number of different levels.

- Develop a strategy for involving stakeholders as participants and monitoring and evaluating participation and outcomes that involves both quantitative and qualitative tracking of indicators over the life of the project which is done with the direct involvement of the communities whose participation is being monitored.

20. During the process of consultations with local communities, separate arrangements shall be made to ensure participation by and consultation with women, as they cannot be expected to be covered through the general community consultations.

**Responsibilities for Safeguard Screening and Mitigation**

21. The overall responsibility of project oversight rests with the Ministry of Urban Development and Housing (MUDH). A designated Safeguards Nodal Officer will be identified with responsibility for overseeing the implementation of the Environmental and Social Safeguards Framework and Management Plan at the MUDH. International Consultant firms will be contracted for the implementation of the project investment components (urban upgrading, water supply, and roads), and will have primary responsibility as per the terms of their Contract to ensure adequate social and environmental mitigation and management during design, construction and operation, as shown below:

<table>
<thead>
<tr>
<th>Project Component</th>
<th>Responsibilities for implementation of the safeguards framework</th>
<th>Responsibilities for oversight/monitoring</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Part A: Area Upgrading in Kabul</strong></td>
<td>Design/implementation Consultant # 1 as per the terms of their contract/ToR</td>
<td>MUDH and Kabul Municipality (KM), with assistance from Program Management Unit and TSU</td>
</tr>
<tr>
<td><strong>Part B: Land tenure regularization</strong></td>
<td>MUDH, AGCHO</td>
<td></td>
</tr>
<tr>
<td><strong>Part C: Engineering and Management Support</strong></td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td><strong>Part D: Overall Capacity Building for Kabul Municipality</strong></td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td><strong>Part E: Structural Planning for Kabul and future project preparation</strong></td>
<td>Design Consultant # 4, as per the terms of their contract/ToR</td>
<td>MUDH and KM with assistance of Project Management Unit and TSU</td>
</tr>
<tr>
<td><strong>Part F: Repairs and reconstruction of major road and drains</strong></td>
<td>Design/implementation Consultant # 2, as per the terms of their contract/ToR</td>
<td>KM, with assistance from Project Management Consultant</td>
</tr>
</tbody>
</table>

**Capacity Building**

22. As part of the social and environmental capacity building that will be provided for implementation of IDA-financed operations in Afghanistan, the Safeguards Focal Officer and relevant staff of MUDH, Kabul Municipality and implementing agencies/Consultants will receive training in the application of the Safeguard Framework. It is proposed to prepare specific
materials, hold a workshop, and arrange site visits to other countries in the region on similar projects in progress to provide hands-on training to the Ministry and implementing agency staff. Specialist training modules may be considered after an acceptable level of base knowledge has been established. The capacity building activity will be implemented under a separate Technical Assistance program for Social and Environmental management. During supervision of the project, the World Bank will assess the implementation of the Framework, and if required, will recommend additional strengthening.

**Consultation and Disclosure**

23. This Environmental and Social Safeguards Framework was developed on the basis of an overall Framework for World Bank-funded reconstruction operations which was prepared in consultation with the principal NGOs and development partners participating in reconstruction activities in Afghanistan. Prior to approval of the project by the World Bank Board, it will be disclosed by IRA in both Dari and Pashto, as well as English, and it will also be made available at the World Bank’s Infoshop. It is worth noting that IRA intends to make all project documentation publicly available through the Afghan Information Management System (AIMS).

24. The proposed project will support feasibility studies for future large urban infrastructure schemes, for which World Bank safeguard policies relating to consultation and disclosure will apply, if they are financed by IDA. In particular, for environmental Category A and B investments (as defined in World Bank Operational Policy 4.01, Environmental Assessment) proposed for future operations, the implementing agency will consult project-affected groups and local non-governmental organizations about the project’s environmental and social aspects, and will take their views into account. The executing agency will initiate such consultations as early as possible, and for meaningful consultations, will provide relevant material in a timely manner prior to consultation, in a form and language that are understandable and accessible to the groups being consulted.

25. No activities classified under Category A will be financed in this project.
Appendix 12: Monitoring and Evaluation
Kabul Urban Reconstruction Project

1. The diversity of the project components means that the monitoring system developed for each of the components, will differ.

2. Monitoring arrangements will include plans for intensive supervision by IDA to ensure prompt solutions to implementation difficulties. At a minimum, a full supervision mission is needed quarterly with specialists visiting Afghanistan more frequently. Bi-annual reports detailing progress in meeting implementation and development objectives (detailed in the procurement plan and in this annex) will be prepared and submitted to IDA. An evaluation report will also be prepared for the Mid Term Review and at the close of the project.

3. Responsibility for this reporting rests with the Program Management Unit, assisted by the Technical Support Unit. The results of the monitoring will be used to analyze and improve project management and to inform subsequent management decisions. The MTR Evaluation report will be used to implement changes in the project design, if necessary. It, together with the Final Evaluation Report will assist in the preparation of the follow on project to be prepared for FY 06. Tables 1, 3, 4, 5 and 6 summarize the indicators for each project component and component. These will be elaborated by the respective implementation agencies.

4. Monitoring and Evaluation for Urban Upgrading and Land Tenure Titling. The Urban Upgrading and Land tenure components of the project will have the most fully developed M&E system for the project. The system will provide information on outcomes and outputs. (See Table 1: M&E for Urban Upgrading, and Land Tenure).

5. The data required will be collected through surveys, participatory monitoring and also through project monitoring of outputs by the PD&C consultants. Data required include, in year one, access to and use of services, actual and perceived security of tenure. In year two, in addition to the latter data, an attitude survey covering awareness of reconstruction program also measuring actual reconstruction will be required. This will be repeated in year three.

6. In addition to the monitoring on outcomes, the Program Management Unit, assisted by the Technical Support Unit, will also monitor outputs. This will include an overall progress report that examines the status of community mobilization, community consultation, and provision of services (see Table 2).
Table 1: M & E Indicators for Urban Upgrading, Land Tenure

<table>
<thead>
<tr>
<th>Project objectives</th>
<th>Expected output</th>
<th>Intermediary indicators</th>
<th>Outcome/Impact indicators</th>
<th>Use of Results Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrate informal areas into formal urban fabric to improve the living conditions of the target population through a package of services that include:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land Tenure Regularization (LTR) Pilots</td>
<td>LTR Manuals</td>
<td># of procedures field tested</td>
<td>Not monitored,</td>
<td>Low intermediary indicators (II) will flag inadequate or ineffective training procedures</td>
</tr>
<tr>
<td></td>
<td></td>
<td># of cases for each test</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>proportion of cases for which procedures appropriate</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td># of persons trained</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>proportion of trained persons competent</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Personnel trained in LTR</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regularized land tenure</td>
<td>Proportion of resolved²⁷ resolvable disputes</td>
<td>Not monitored</td>
<td>Low I will flag inadequate community engagement, costly or complicated procedures or lack of interest</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Proportion of corrected¹ correctable irregularities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Urban Upgrading: Water, electricity, sanitation, drainage, access ways</td>
<td>Community Upgrading Plans</td>
<td># of standpipes/household connections</td>
<td>60% of targeted households receive service levels at required service levels, 40% of targeted households report time saving in water collection 30% of neighborhood residents report positively on improved perception of quality of life 40% of targeted households report improved quality of sewage service</td>
<td>Low levels may flag poor community support, lack of political will, problems of implementation, conflict</td>
</tr>
<tr>
<td></td>
<td>Execution of Upgrading Plans</td>
<td># of street lights</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td># of improved sewage solutions</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

²⁷ Resolved or corrected means the problem has been solved, the appropriate legal instrument issued and the change formally registered.
7. Monitoring and Evaluation for Roads. The PMU assisted by the TSU will receive from the Roads implementing agents information on road construction and reconstruction to fulfill M&E requirements. This will be reported in the bi-annual report and progress, and will also prepare a yearly report on the indicators, as outlined in Table 3: Monitoring Indicators for Roads.

Table 3: M & E Indicators for Roads

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Intermediary Indicators</th>
<th>Outcome Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Improve road conditions in Kabul</td>
<td>• # of km of roads reconstructed</td>
<td>• Decrease in average pavement roughness</td>
</tr>
<tr>
<td></td>
<td>• # of km of roads constructed</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• # of km of roads rehabilitated</td>
<td></td>
</tr>
</tbody>
</table>

8. Overall Capacity Building for Kabul Municipality. The M & E aspects of the Overall Capacity Building for Kabul Municipality will be the responsibility of the PMU, assisted by the Technical Support Unit. The Financial Management Consultant Firm will supply the required information to the PMU and TSU. The PMU and TSU will report on bi-annual progress, and will also prepare a yearly report on the indicators as outlined in Table 4: Monitoring Indicators for FM in Kabul.

Table 4: M & E Indicators for Overall Capacity Building for Kabul Municipality

<table>
<thead>
<tr>
<th>Results</th>
<th>Results Indicators</th>
<th>Use of Results Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Kabul Municipalities has improved capacity for financial management</td>
<td>• Final accounts by the participating municipalities prepared</td>
<td>• Yr 2: Municipalities can determine borrowing capacity for further service</td>
</tr>
</tbody>
</table>
- **Improved Revenue Generation**
  - within 6 months of year end
  - KM Improves its revenue generation by 10% in one year

  - **Yr 2:** KM can shift some infrastructure O & M to its own budget

### 9. **Structure Plan and Preparation of Future Project.** The M & E aspects of the Structure Planning and Preparation of Future Project component will be the responsibility of the PMU, supported by the Technical Support Unit. The Structure Plan Consultant Firm will supply the required information to the PMU and TSU. The PMU and TSU will report on bi-annual progress, and will also prepare a yearly report on the indicators as outlined in Table 5: M & E for Structure Plan and Future Project Preparation.

**Table 5: M&E Indicators for Structure Plan and Future Project Preparation**

<table>
<thead>
<tr>
<th>Results</th>
<th>Results Indicators</th>
<th>Use of Results Information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Structure Plan for Kabul</strong></td>
<td>Draft structure plan for Kabul and other targeted municipalities completed</td>
<td><strong>Structure Plan for Kabul</strong> Yr 1-2: Plan can be used as basis for proposals for urban service improvements on a city wide scale</td>
</tr>
<tr>
<td><strong>Ministry of Urban Development and Housing (MUDH) and targeted municipality</strong></td>
<td><strong>Feasibility study for future project completed</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Future Preparation</strong></td>
<td>Project proposals presented to donors for funding</td>
<td><strong>Future Preparation</strong> Yr 2: Preparation of follow-up urban project(s)</td>
</tr>
<tr>
<td><strong>MUDH and relevant municipality</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table 6. PERFORMANCE INDICATORS

<table>
<thead>
<tr>
<th>Variable</th>
<th>Performance Indicator</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>PDO</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 The objective of the Kabul Urban Reconstruction Project is to provide improved delivery of basic urban services in vulnerable communities in Kabul Municipality through the upgrading of urban infrastructure and enhancing the managerial capacity of MUDH and Kabul Municipality</td>
<td>Number of people in approximately 45 gozars who receive improved urban services and enhanced security of land tenure. (Target: 250,000 people)</td>
<td>Completion Reports, Beneficiary Surveys</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OUTPUTS</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Upgraded tertiary infrastructure in a comprehensive manner in vulnerable settlements</td>
<td>Number of hectares of urban land, including both formal and informal settlements, subject to infrastructure improvements. (Target: 1,000 ha)</td>
<td>Progress Reports</td>
</tr>
<tr>
<td>2 Appropriate methodologies for providing enhanced security of tenure are piloted and institutional capacity is built</td>
<td>Quality of manuals of procedures, skills developed Number of plot holders given enhanced security of tenure. (Target: 5,000 plot holders)</td>
<td>Manuals, Legal instruments</td>
</tr>
<tr>
<td>3 Improved financial management within Kabul Municipality</td>
<td>Increases in own revenue as percent of base (Target 100%) Months after FY end required to produce Annual audit reports (Target: 6 months)</td>
<td>Audit Reports</td>
</tr>
<tr>
<td>4 Forward looking physical development plans for Kabul and 5 other towns and proposed future urban project</td>
<td>Physical development plans; project proposals (Target: 6 plans; 1 project proposal)</td>
<td>Plan and proposals</td>
</tr>
<tr>
<td>5 Reconstructed/repairs primary roads and drains, improved traffic management in Kabul</td>
<td>Number of kms new roads, reconstructed roads; number of kms repaired drains (Target 160 kms)</td>
<td>Progress Reports</td>
</tr>
</tbody>
</table>