



1. Project Data

Project ID P147147	Project Name URBAN DEVELOPMENT SUPPORT PROJECT	
Country Afghanistan	Practice Area(Lead) Urban, Resilience and Land	
L/C/TF Number(s) IDA-D1910	Closing Date (Original) 30-Jun-2020	Total Project Cost (USD) 10,364,850.39
Bank Approval Date 13-Jun-2017	Closing Date (Actual) 30-Jun-2020	
	IBRD/IDA (USD)	Grants (USD)
Original Commitment	20,000,000.00	0.00
Revised Commitment	10,469,970.82	0.00
Actual	10,401,203.56	0.00

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2. Project Objectives and Components

a. Objectives

The Project Development Objectives (PDOs) were to: (i) create an enabling policy framework and enhance urban policy making capacity in relevant agencies at the national level; and (ii) strengthen city planning, management and service delivery capacity in five Provincial Capital Cities (PCCs) (Financing Agreement page 4, Project Appraisal Document para 21).



b. Were the project objectives/key associated outcome targets revised during implementation?

Yes

Did the Board approve the revised objectives/key associated outcome targets?

Yes

Date of Board Approval

29-Sep-2019

c. Will a split evaluation be undertaken?

Yes

d. Components

The project consisted of five components (PAD para 25 to 31):

Component 1. Urban Information: Building an Urban Management Information System

(UMIS) (appraisal cost US\$1.5 million, actual cost US\$0.32 million). This component would finance: (i) technical assistance to create the database and web architecture for the UMIS; (ii) design and implementation of surveys, and analysis of data gathered by municipalities; (iii) annual data updates as well as maintenance of hardware and software of the UMIS.

Revised Component 1 - The scope of this component was reduced to the Municipal Finance module only and the updating of the UMIS in subsequent years was dropped, as this was deemed unnecessary since its set-up would be finalized just prior to the closing date (Restructuring Paper, para 9). The TTL clarified (May 5, 2021) that US\$1.18 million was cancelled from the component.

Component 2. Urban Institutions: Institutional and Capacity Development (appraisal cost US\$4.5 million, actual cost US\$3.7 million). This component included: (i) implementation of an Urban Planning Functional Review of the urban planning functions and capacities of Ministry of Urban Development and Housing (MUDH) and other relevant agencies, as well as the planning functions and capacities under the participating PCCs, and the preparation of an Action Plan for technical assistance to be supported by the project; (ii) technical assistance and advisory services for capacity development in MUDH and the Participating PCCs in select areas, including urban policies, procurement, contract management, financial management and internal audit, all in accordance with the functional review; (iii) preparation of a series of policy notes and strategy papers in four defined policy work streams as follows: (a) Planning and Land Use Management, (b) Urban Regeneration through public-private partnerships, (c) Affordable Housing, (d) Municipal Finance; and (iv) provision of training through in-country structured training programs, as well as customized out-of-country group and individual training programs.

Revised Component 2 - no change.

Component 3. Urban Integration: Strengthening Urban Planning at National and Local Levels

(appraisal cost US\$5.0 million, actual cost US\$4.25 million). This component would integrate urban planning and development, supported by technical consultancies, goods, and information technology-related hardware and software, including training, for: (i) development of curriculum for urban planning practitioners; and (ii) preparation of local Strategic Development Plans (SDPs) at the five PCCs, taking into account an inventory of existing planning and land use conditions, land use efficiency and



service provision. The component would include development of guidelines, manuals, tools and systems, including procurement of satellite imagery, for carrying out local planning functions.

Revised Component 3 - Item (ii) "Strategic Development Plans" was renamed as "Strategic Development Frameworks", to be consistent with the Government's preferred terminology (Restructuring Paper para 9).

Component 4. Urban Investments: Feasibility and Design Studies for Urban Infrastructure (appraisal cost US\$7.0 million, actual cost US\$1.2 million). This component would support the preparation of multi-year Capital Investment Plans (CIPs) linked to the Strategic Development Plans (SDPs) and feasibility studies for both priority and catalytic projects in the five participating PCCs.

Revised Component 4 - According to the Restructuring Paper (para 9), the feasibility studies for Catalytic Investments was dropped. The restructuring paper also clarified that (a) the preparation of the capital investment plans were for PCCs, and not directly for MUDL; and (b) priority projects be within cities' capital investment plans.

Component 5. Project Management and Administration (appraisal cost US\$2.0 million, actual cost US\$2.0 million). This component would finance upgrading of office equipment and furnishings as well as project management.

Revised Component 5 - no change.

e. **Comments on Project Cost, Financing, Borrower Contribution, and Dates**

Project cost. The actual project cost was US\$10.4 million, substantially lower than the appraisal estimate of US\$20.0 million (see reasons under the financing bullet below).

Financing. The project was financed entirely by the IDA credit. The actual amount disbursed was US\$10.4 million significantly lower than the original commitment of US\$20.0 million. At the time of restructuring, the scope of several components was reduced (as discussed above) and US\$8.53 million was cancelled (Restructuring Paper, para 11). The team explained (May 5, 2021) that the grant was made in SDR and during the project implementation, the SDR appreciated against US dollar, thereby generating a surplus of financing by as much as USD1.5 million, which accounts for a portion of the excess financing that needed to be cancelled. An additional US\$1.0 million was cancelled through a Portfolio Restructuring Paper for reallocation to COVID-19 relief, reducing the total project financing to US\$10.47 million.

Borrower Contribution. At appraisal, no Borrower contribution was planned. There was no subsequent Borrower contribution until project closing.

Dates. The project was approved on June 13, 2017, became effective on October 5, 2017 and closed on June 30, 2020 as scheduled.

Restructuring. The project underwent a Level 2 restructuring on September 29, 2019. The PDO was not revised. At the time of restructuring, US\$8.53 million was cancelled, reflecting a portfolio-wide decision between the Ministry of Finance and the World Bank. At this time, the decision was also made as to not extend the closing date of any operation in Afghanistan. The results framework was revised: the first PDO indicator "National Urban Policy formulated and under implementation, achieving early-stage results"



was modified as “National Urban Policies for Housing Supply and Municipal Financial Performance Formulated” to align with Government priorities, and the second PDO indicator “National urban development planning framework in place” was dropped.

The intermediate results indicator was adjusted to reflect the reduced scope of the project, namely by reducing implementation of the UMIS to the first module on Municipal Financial Performance, linked to the Municipal Incentive Fund (MIF) (Restructuring paper, para 10).

Split Rating. Although the PDOs were not revised, the restructuring substantially reduced the ambition of the project. Several activities were dropped, and the first PDO indicators were revised. Therefore, a split rating will be conducted.

3. Relevance of Objectives

Rationale

Country Context: Afghanistan's political and economic situation has remained fragile since the appraisal of this project. It is classified as a Fragile and Conflict-Affected (FCV) country by the World Bank. Economic growth and investment recovery has been constrained by security challenges. Three-quarters of the Afghan population has been displaced at some point during the four decades of conflict (PAD page 1). A wide range of disparities exists between different regions and within each region. While Herat, Mazar-i-Sharif, Jalalabad, and Kandahar have largely benefited from cross-border trading with neighboring countries, isolated interior provinces have been badly affected by the conflict.

Sector Context: Afghanistan is experiencing rapid urbanization and cities host a quarter of the population. However, the cities are constrained by inadequate urban planning and weak municipal governance. Afghan cities carry significant potential for advancing social and economic welfare, if properly managed (PAD page 2).

Alignment with Country Priorities: The project objectives are fully aligned with the Afghanistan National Peace and Development Framework (ANPDF) 2017-2021. The key goals of ANPDF are to: (i) create a network of dynamic, safe, and livable urban centers; (ii) fully exploit the economic growth opportunities that cities offer; and (iii) decentralize urban planning to the local level, while promoting participatory urban governance mechanisms. An Urban National Priority Program (U-NPP, 2016 - 2025) was launched to provide a roadmap to achieve these goals (ICR page 5).

Alignment with the World Bank Strategy: The project objectives are highly aligned with the Country Partnership Framework (CPF) for the period FY2017 - 2022, especially the first pillar "Building Strong and Accountable Institutions" and sub-objective 1.2 "Improved performance of key government ministries and municipalities". The project objectives are also aligned with the third pillar "Social Inclusion" as the participating PCCs are also major recipients of vulnerable displaced populations and rural-urban migrants.

According to the PAD (para 12), this project represents the first phase of the World Bank's support for strategic urban development in Afghanistan. This approach consists of providing, first technical, policy and institutional support aimed at creating an enabling policy framework and capacity at the national and local



levels to strengthen city planning, management and service delivery to five PCCs. This would be followed at a later stage, by a performance-based Cities Investment Program (CIP) aimed at strengthening the role of PCCs in promoting economic growth through catalytic investments and improved urban service delivery. The project would also complement the Government's and World Bank-financed "Citizens' Charter Afghanistan Program (CCAP)", which has broad outreach across the entire country at the community and district level, by targeting municipalities in large provincial population centers. The next phase would focus on the supporting the investment projects.

However, while there is clear alignment between the project's development objectives and the country- and World Bank strategies, the relevance of the objectives is pitched at a level that does not adequately reflect a potential solution to a development problem. While acknowledging the difficulty of the operational environment in Afghanistan, a shortcoming here is the lack of clarity in the PDO formulation around what outcomes were to be expected, i.e. in what ways this would improve peoples' lives. Focusing on "an enabling policy framework and enhanced institutional capacity" alone is not outcome focused and does not help in understanding what development results were expected as a consequence of the project. These may be longer term targets but identifying them and tracking them is an important aspect of a successful development operation. The relevance of objectives is rated **substantial**.

The PDOs were not revised.

Rating

Substantial

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

Create an enabling policy framework and enhance urban policy making capacity in relevant agencies at the national level.

Rationale

The **Theory of Change (ToC)** for this objective was as follows: inputs such as creation of an Urban Management Information System (UMIS) at the **Ministry of Urban Development and Housing (MUDH)** would result in outputs such as reliable data to make appropriate policy decisions. Technical Assistance (TA) and training for capacity development in the areas of urban policies, financial management would lead to a stronger Ministry of Urban Development and Housing (MUDH). In addition, MUDH would be further supported by policy notes on (a) Planning and Land Use Management, (b) Urban Regeneration, (c) Affordable Housing, and (d) Municipal Finance. These activities were expected to contribute to the project objective of an enabling policy framework and enhanced urban policy making capacity in relevant agencies at the national level (i.e. **MUDH and the Independent Directorate for Local Governance (IDLG)**).



The project design did not consider the timeframe needed to carry out these institutional reforms. Also, relevant agencies at the national level was not clearly specified in the PDO formulation.

Outputs

- The web architecture and database for the Urban Management Information System (UMIS) **was not created as originally targeted**.
- **The functional review on "planning and land use management" was carried out as originally planned.** This resulted in the preparation of a "National Spatial Planning Framework" (NSPF) to (a) clarify the role of each institution in urban planning; (b) reduce overlapping mandates; and (c) enhance cooperation. The functional review diagnosed institutional weaknesses and an Action Plan was prepared to build capacity for urban planning and management; urban information systems, data, and analytics to support. The ICR reports (page 14) that the training was provided on core but does not provide figures on number of people trained.
- **The functional review on "affordable housing" was carried out as planned.** Deep Dives' into eight aspects of the housing market was carried out including: Land Supply; Construction materials and techniques; Housing Typologies and Standards; Developers and construction firms; Market segmentation; Permitting; Infrastructure; and Housing sector governance. Two policy notes on housing policy were prepared: (a) revision of the Afghanistan Building Codes to accommodate low-income housing needs; and (b) revision of the Mortgage Law to address deficiencies (ICR page 13).
- Two separate papers and consultancies regarding the mortgage law, and three papers on the revision of the building codes were completed.
- **The functional review on "urban regeneration" was carried out as planned.** The policy papers and dialogue on Urban Regeneration led to the **establishment of a Directorate of Urban Regeneration** (ICR page 13).
- **As planned, the Urban Planning Functional Review (UPFR) and Capacity Building Action Plan were completed.** The UPFR confirmed that there was a nearly complete vacuum of urban analytics, equipment, or training to support urban policymakers to advance the goals of the Urban National Priority Program. The Action Plan was endorsed by MUDL and is under implementation.
- **The project supported in creating other directorates:** Directorate of Spatial Development Framework (SDF); Directorate of National Spatial Strategy and Planning (NSSP); Directorate of Spatial Urban Management Information System (SUMIS); Directorate of Regional Planning; and Directorate of Detailed Planning.
- **As planned, the project supported the development of Afghanistan's first national Urban Planning Curriculum,** including a bachelors' degree, short courses for policymakers, and learning materials. The curriculum is intended to help equip current and future urban planners with skills to plan and manage Afghanistan's urbanization effectively (ICR page 15).

Outcomes



The original PDO indicator "National Urban Policy formulated and under implementation, achieving early stage results" was not achieved. Also, the ICR does not provide evidence on the outcomes of the newly created Directorate of Urban Regeneration. The ICR reports (page 43) that Urban Regeneration would become a key policy dimension in addressing issues of informal settlements in Afghanistan.

The outcome indicator "National urban development planning framework in place" was dropped at restructuring. However, the ICR notes (page 12) that it was achieved. A new Urban Development Planning Framework was adopted by the government in September 2020. The email dated July 2, 2021 from the project team clarified that the "Urban Development Planning Framework" was referred to as the "National Spatial Planning Framework" (NSPF). The ICR notes (para 44) that the NSPF defines the new planning approach that MUDL started to adopt. It includes procedures, guidance manual and ordinance. However, MUDL would need to prepare further tools and instruments to support full implementation of the NSPF.

Although, some of the outputs such as functional reviews were carried out, only one PDO indicator was achieved. Therefore, the efficacy of this objective is **modest**.

Rating
Modest

OBJECTIVE 1 REVISION 1

Revised Objective

Create an enabling policy framework and enhance urban policy making capacity in relevant agencies at the national level.

Revised Rationale

The title of the relevant ministry - the Ministry of Urban Development and Housing (MUDH) was changed to Ministry of Urban Development and Land (MUDL) in December 2018. With the shifting policy priorities, the restructuring narrowed the project focus. However, the objective was not revised. With the enactment of the new Municipal Law, most relevant activities were retained. Consequently, the scope of the first component was reduced to building the database for Municipal Finance module only and the updating of the UMIS in subsequent years was dropped, as this was deemed unnecessary since its set-up would be finalized just prior to the closing date (Restructuring Paper, para 9).

The revised results framework had a narrower focus on the activities related to creating an enabling policy framework and enhancing urban policy making capacity in relevant agencies at the national level. The PDO indicator "National Urban Policy formulated and under implementation, achieving early stage results" was revised to "National Urban Policies for Housing Supply and Municipal Financial Performance Formulated". The intermediate results indicators was adjusted to reflect the reduced scope of the project, namely by reducing implementation of the UMIS to the first module on Municipal Financial Performance, linked to the Municipal Incentive Fund (MIF) (Restructuring paper, para 10).

The **Theory of Change**, with the logical linkage between the revised activities to PDO was weak. With the reduction in the scope of the UMIS to the municipal finance module only, and not a comprehensive database



as envisaged before restructuring, would provide limited inputs to the government agencies in fulfilling their mandated functions.

Outputs

All outputs discussed above under objective 1 are also relevant under the revised objective. The additional outputs of the project were:

- **A Municipal Finance Performance Database was established at the national level, achieving the revised intermediate indicator target** (the restructuring reduced the scale of UMIS database to only the Municipal Finance model). This is an excel tool for the government to monitor municipal finance performance, to calibrate performance-based transfers due to municipalities under the Municipal Incentive Fund. The Municipal Finance Performance module was populated with data (where available) to facilitate MIF implementation (ICR page 14). According to the project team (email dated July 2, 2021), the main data intended to populate the Urban Management Information System (UMIS) was collected, processed, shared with Ministry of Urban Development and Land (MUDL) and presented in a user-friendly way via the Strategic Development Framework (SDFs). This included data from surveys conducted under the project in the five PCCs and a wide range of administrative data across governments agencies.
- **The project provided the Directorate of UMIS (Spatial Urban Management Information System department – SUMIS) a server and data storage and it had a mandate to create the full UMIS after the project closure.** The project team informed IEG (email dated July 2, 2021) that recruitment of 17 staff for the SUMIS Directorate is ongoing, and the Directorate is expected to create the UMIS utilizing the UMIS system design, web architecture, and proof of concept, as well as the data collected as originally intended.
- The project assisted in the **establishment of a Municipal Incentive Fund (MIF)**. This was based on the recommendations of the "Municipal Incentive Fund Policy Options Paper" (*no target was set at restructuring*). The paper outlined the best practice options to design performance incentives, and to implement and finance the Municipal Incentive Fund (MIF).
- **As planned, the project provided new engineering, planning, and project management equipment and software to the national Urban Planning Studio, as well as Urban Planning Studios in MUDL Provincial Offices in the five participating PCCs.** This would enable the Ministry of Urban Development and Land (MUDL) to fulfil its (enlarged) urban planning and management functions.
- Government capacity to use data beyond the Strategic Development Frameworks (SDFs) was supported by the setting-up of National Urban Planning Studio, Urban Planning Studios in MUDL Provincial Offices in the five participating PCCs, **as planned**. The ICR notes that human capacity constraints remain.

Outcomes

The narrowly defined urban policy framework was enhanced. The project conducted in-depth reviews of the eight aspects of the housing market: (i) Land Supply; (ii) Construction materials and techniques; (iii)



Housing Typologies and Standards; (iv) Developers and construction firms; (v) Market segmentation; (vi) Permitting; Infrastructure; and (viii) Housing sector governance. This informed the **formulation of Afghanistan's first National Housing Policy**, achieving the revised PDO. This was approved by the High Council for Urban Development in 2020.

The project supported the review of the draft Municipal Law and **a national policy for municipal finance performance was introduced**, achieving the post restructuring indicator "National Urban Policies for Housing Supply and Municipal Financial Performance formulated".

The Municipal Incentive Fund (MIF) created under this project intended to introduce rules-based fiscal transfer mechanism to the municipalities, thereby improving municipal financial management, reporting, and revenue mobilization. At project closure, there was no evidence that the MIF improved municipal financial management, reporting, and revenue mobilization. The ICR notes that the MIF requires a robust data collection and analysis effort, which is where the UMIS will focus under this first module.

In sum, to create an enabling environment and enhance urban policy making capacity in relevant agencies (the ICR only refers to one agency, namely MUDL) the project supported the formulation of National Housing Policy, enactment of a Municipal Investment Fund, and the establishment of several directorates viz. the Directorate of Urban Regeneration, the Directorate of Spatial Development Framework (SDF), the Directorate of National Spatial Strategy and Planning (NSSP), the Directorate of Spatial Urban Management Information System (SUMIS), the Directorate of Regional Planning, and the Directorate of Detailed Planning. These directorates reflect the institutional structure proposed in the National Spatial Planning Framework (NSPF) (ICR pages 14 and 44) . The project laid the groundwork, and while there is limited evidence to demonstrate the achievement of the PDO "enabling policy environment" and "enhanced urban policy making capacity in relevant agencies at the national level (MUDL). the outputs created in terms of the policy papers indicate an enhanced policy environment. The achievement of this objective is **substantial** with some shortcomings.

Revised Rating
Substantial

OBJECTIVE 2

Objective

Strengthen city planning, management and service delivery capacity in five Provincial Capital Cities (PCCs).

Rationale

Theory of Change (ToC). The project activities such as providing technical assistance in urban planning and management were expected to result in outcomes such as enhanced urban planning and management at local levels. This, along with support in three areas: (a) preparation of local strategic development frameworks (SDFs); (b) preparation of Capital Investment Plans; and (c) preparation of feasibility studies and detailed designs for priority as well as catalytic projects, was expected to achieve the PDO "strengthen city planning, management and service delivery capacity in five Provincial Capital Cities (PCCs)". However, the results framework did not include outcome indicators to measure this objective.

Outputs



- Municipal capacity of the PCCs was strengthened by the **preparation of a guidance manual for producing Strategic Development Frameworks (SDFs), as planned**. The guidance manual included step-by-step guidance on the data to be collected, tools to use, and procedures for data analysis to produce the SDFs. The Provincial 'Urban Planning Studios' facilitated SDFs preparation through the use of base maps, satellite imagery, new engineering, planning, and project management equipment and software procured under the project. The ICR (page 16) notes that continued support would be needed to address human capacity gaps to utilize the equipment and to implement plans.
- **The project supported the five PCCs to complete SDFs with multi-year Capital Investment Plans (CIPs), as targeted**. The SDFs are an important planning tool for the PCCs, as they provide an officially-mandated and evidence-based framework to guide municipalities' city management, detailed area planning, and service delivery (at appraisal, the PCCs lacked adequate spatial or investment plans). A gender-based assessment was conducted within the SDF for all 5 PCCs, as planned.
- The five participating cities had a **pipeline of (approximately 20 per city) tender-ready priority infrastructure projects** including feasibility studies (with Environmental and Social Management Plan (ESMPs), topographical surveys, and geotechnical surveys), designs, and bidding documents (*no target was set at appraisal or restructuring*). [According to the PAD, **priority projects** were to be "no regret" investments that require limited budget and would be relatively simple to execute]. **As planned, the SDF for each city had at least one priority projects for women** (for example, incorporating dedicated spaces for women-owned businesses, public spaces and amenities for women, and tailoring vocational courses and facilities for women's needs).
- At restructuring, **"Feasibility Study Preparation for Catalytic Projects (CPs)" was dropped**. This removal reflected that: (i) central and local governments needed more time to select the CPs for preparation, informed by the SDFs and their Capital Investment Plans, which were still under development (at the time of restructuring). The output (there was no an indicator) was dropped. [Catalytic Investments were intended to be newly-identified investments linked to the capital investment plans of the SDFs in five cities]. The ICR reports that all Catalytic Investments would be prepared and financed under the follow-on Cities Investment Program (CIP). It should be noted that this project never intended to finance Catalytic Investment Project.
- The project team informed IEG (email dated July 2, 2021) that the equipment and data provided by the project is being utilized to conduct surveys and prepare detailed plans in the PCCs. For example, a provincial director told MUDL that thanks to the equipment provided, *"they are not inviting surveyors from Kabul anymore to do survey in their cities, they do their own surveys. They are preparing their own plans now and only send it for approval to the center"*. Similarly, PCCs (including their respective MUDL Provincial Offices) are now able to take on the assignments with which they are tasked that they could not previously conduct due to lack of equipment.
- Regarding the priority projects, the project team informed IEG (email dated July 2, 2021) that:
 - of 8 projects supported with pre-screening, all have been completed by municipalities in full from municipalities' own budgets.
 - of 18 projects supported with design, 12 are already fully implemented by the government, and 6 are under implementation due to be completed by end of August 2021.
 - of the additional 92 projects fully prepared by the project, as of June 26th 2021, 34 projects are in different stages of procurement under the Bank's EZ-KAR (Component 3), 5 Projects are in



different stages of procurement under the Bank's CIP, and "the remaining projects are in line for implementation in 2022", from a variety of World Bank and government financing. (In total, US\$21 million will be invested in the Priority Projects by the Bank's EZ-Kar and CIP projects.)

Outcomes

The PDO indicator “number of participating cities that have prioritized Capital Investment Plans (CIPs) to enhance service delivery” was achieved. The CCIP for each participating city were prepared as targeted. This PDO indicator is an output-level indicator. The “number of participating cities” is not an outcome, as it does not say anything about what has been achieved at outcome level.

As mentioned above, tender ready priority investment projects were prepared, as targeted. These included investments in sidewalks and street lighting, road repairs, bridges, drainage, markets and parks, essential public buildings, and bus stations. The draft Priority Package was submitted just before project closing. **The PDO indicator “target number of residents benefiting from SDFs Capital Investment Plans, and Priority Projects in the participating PCCs” was met** (2.33 million, versus a target of 1.5 million). According to the PAD (para 22), 1.5 million beneficiaries was the estimated population of the five PCCs. The achievement of this indicator may be due to rapid urbanization, as the beneficiaries were the entire population of the five PCCs. At project closure, there was no evidence of improved service delivery to the beneficiaries.

The project contributed to providing the five PCCs with tools to develop their planning, management, and service delivery capacity in five Provincial Capital Cities (PCCs). This enabled them to prepare “tender-ready” priority investment plans. However, the ICR does not provide credible evidence that the city planning, management and service delivery capacity was strengthened. The ICR (page 16) notes that continued support would be needed to address human capacity gaps to utilize the equipment and to implement plans. The project team informed IEG (email dated July 2, 2021) that cities have adopted and utilized three plans. For example, “In 2022, Khost has implemented the hilltop greenery in line with the recommendations of Khost SDF; 14 Jalalabad infrastructure projects from the SDF were awarded for implementation by the National Development Corporation (NDC, under the office of President); NDC has also been tasked to prepare detailed plans and detailed design for 10 SDF infrastructure projects in each of Khost, Kandahar, Herat, and Mazar-e-Sharif. The projects are to be selected from the SDF Action Plan and approved by the office of President. MUDL has provided NDC with all SDFs and accompanying data, including elaboration of SDF, projects sequencing, and themes, to guide project selection and preparation. The Civil Services Commission is planning to hire 25 experts for each of the participating PCC municipalities (125 experts total) to support SDF implementation. Cities were equipped with trainings, equipment, and a detailed guidance manual to support their updates to city plans going forwards.

The achievement of this objective is **modest**.

Rating
Modest



OVERALL EFFICACY

Rationale

The achievement of the first objective of creating an enabling policy framework and enhance urban policy making capacity in relevant agencies at the national level is rated modest due to low achievement. The achievement of the second objective “strengthen city planning, management and service delivery capacity in five Provincial Capital Cities (PCCs)” is rated modest for lack of evidence. The overall efficacy under the original objectives is assessed as **modest**.

Overall Efficacy Rating

Modest

Primary Reason

Insufficient evidence

OVERALL EFFICACY REVISION 1

Overall Efficacy Revision 1 Rationale

The achievement of the revised first objective of creating an enabling policy framework and enhance urban policy making capacity in relevant agencies at the national level is rated substantial with some shortcomings. The achievement of the second objective “strengthen city planning, management and service delivery capacity in five Provincial Capital Cities (PCCs)” is rated modest for lack of evidence. The overall efficacy under the revised objective is assessed as **substantial, with moderate shortcomings**, given that 60% of the project resources were spent on activities contributing to the first objective.

Overall Efficacy Revision 1 Rating

Substantial

5. Efficiency

The project was designed to provide technical assistance to strengthen urban planning at national and local level. At appraisal, **no cost-benefit analysis was carried out** as the capacity building activities were not amenable to cost-benefit analysis (PAD para 54). The PAD instead noted that the project would pursue least-cost solutions through the competitive selection of contractors, and World Bank reviews of terms of references, consultant selection, and technical outputs to ensure quality. To ensure this, the World Bank promoted competitive bidding throughout, utilizing Direct/Sole Source selection only for recruiting qualified consultants. Where benchmarks were available, the government external auditors found that the project costs were lower compared to the MUDL's procurement for similar or superior items (ICR page 17). The project team informed IEG that **there were cost savings** - the Priority Investment Project preparation under component 4 was contracted with a US\$1.9 million cost savings (the cost was US\$1.1 million instead of an estimated US\$3.0 million).

Administrative efficiency. There were initial procurement delays due to difficulties in attracting qualified consultants to Afghanistan. There were procurement delays as approval was required from the MUDL's Procurement Department, and the National Procurement Committee for large items. This pushed the completion



of SDFs and Priority Projects, closer to project closing, Project restructuring was completed within five months of the mid-term review. Despite a highly ambitious timeline, all revised activities were delivered by closing. On balance, efficiency is rated **substantial**.

Efficiency Rating

Substantial

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal		0	0 <input type="checkbox"/> Not Applicable
ICR Estimate		0	0 <input type="checkbox"/> Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

Under the original outcome targets. With substantial relevance of objectives, modest efficacy, and substantial efficiency, the overall rating is **moderately unsatisfactory (3)**.

Under the revised outcome targets. With substantial relevance, efficiency, and efficacy, with moderate shortcomings, the overall rating is **moderately satisfactory (4)**.

A split rating is applied based on the disbursement shares before and after the project restructuring in 2019, when a disbursement share was at 43.6% and 56.4% respectively (amount disbursed was US\$4.52 million; actual project cost was US\$10.36 million). The overall outcome rating is **Moderately Satisfactory**, the weighted value is 4 (0.436*3+ 0.564*4 =3.564).

a. **Outcome Rating**

Moderately Satisfactory

7. Risk to Development Outcome

Government ownership/commitment risk is substantial. Although the government has demonstrated strong ownership of the programs developed under this project and has institutionalized the recommendations developed under this project in new/revised policies, frameworks, and plans, there is high government staff turnover.



Political instability risk is substantial as Afghanistan remains vulnerable to insurgency (FCV context).

Financial risk is substantial as the municipal own source revenues may fall short of the investment needs in the near term. Currently these are being supported by the World Bank's Cities Investment Program (CIP) (P160619) and Afghanistan: Eshteghal Zaiee - Karmondena Project (P166127).

8. Assessment of Bank Performance

a. Quality-at-Entry

Through this project, the World Bank re-engaged in Afghanistan's urban sector after almost a decade. The World Bank drew lessons from the Bank's work in other FCV contexts such as *World Bank Engagement in Situations of Fragility, Conflict and Violence*, 2016 and IEG's *Afghanistan Country Program Evaluation Report*, 2002-2011. Key risks were identified at appraisal, and appropriate risk-mitigation measures were proposed. For example, the low capacity risk was to be mitigated through building capacity by this project (PAD para 49). Regarding the procurement capacity of MUDH, the technical assistance (under component 2) would support MUDH in planning and executing the budget in line with policy objectives, establish management reporting systems for effective monitoring, and make internal audit compliant with international standards (PAD para 51). The "conflict and violence" risk was to be mitigated through the selection of participating cities where the situation was less volatile (PAD para 52).

The project's timeline of two years and nine months was ambitious, given the "high" risk rating and FCV context. The ICR explains (page 25) that the short implementation period was aimed at quickly preparing the groundwork for subsequent urban operations (such as the Cities Investment Program (CIP)). To mitigate the short timeline, the World Bank undertook detailed analytics and consultations, provided considerable guidance on the preparation of Terms of References, activated the Project Core Team (PCT), and mobilized and engaged institutional and high-level stakeholders (up to the Presidency) well before effectiveness. However, the ambitious timeline proved to be difficult to achieve due to low capacity. The scope of the project was reduced at the time of restructuring (see section 2 above). The results framework was deficient (see section 9 below).

Overall, the quality at entry was **satisfactory**.

Quality-at-Entry Rating

Satisfactory

b. Quality of supervision

The World Bank carried out high level dialogue with the government including the leadership of Ministry of Urban Development and Land (MUDL), High Council for Urban Development, and the office of the President. Safeguards supervision was satisfactory. Despite security challenges and COVID - 19, the World Bank carried out at least two supervision missions per year and utilized remote and third-country



supervision when needed. The World Bank was pro-active and focused on high-impact activities, e.g., revision of the building code and Mortgage Law, developing a national spatial planning framework (NSSP), and providing additional urban planning equipment. The project was impacted by a portfolio-wide decision to not extend any projects. The task team continued to provide implementation support during the extended grace period.

Overall, the quality of supervision was **satisfactory**.

Quality of Supervision Rating

Satisfactory

Overall Bank Performance Rating

Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

There were four PDO indicators: (i) National Urban Policy formulated and under implementation, achieving early stage results; (ii) National urban development planning framework in place; (iii) Number of Participating cities that have prioritized Capital Investment Plans to enhance service delivery; and (iv) Number of direct beneficiaries from the project at the five PCCs. These project indicators were not adequate in measuring project outcome such as: (i) creating an enabling policy framework at the national level; (ii) enhanced urban policy making capacity; (iii) strengthened city planning capacity in all five provincial cities; and (iv) strengthened management capacity in the five provincial cities.

The results framework did not include outcome indicator to measure the achievement of the second objective "Strengthen city planning, management and service delivery capacity in five PCCs". The PDO indicator "number of participating cities that have prioritized Capital Investment Plans (CIPs) to enhance service delivery" is an output indicator. The "number of participating cities" is not an outcome, as it does not say anything about what has been achieved at outcome level.

The methodology for selecting the direct beneficiaries for the PDO indicator "Number of direct beneficiaries from the project at the five PCCs" was not discussed in the PAD. According to the PAD (para 22), 1.5 million beneficiaries was the estimated population of the five PCCs. So, this indicator was inadequate.

The PAD (page 46) mentioned that since the project aimed to build MUDH institutional capacity, the project would mainstream M&E within the Policy and Planning Directorate at Ministry of Urban Development and Housing (MUDH).

b. M&E Implementation

During implementation, the Project Core Team (PCT) monitored progress against implementation plans. The Quarterly Progress Reports reported implementation progress, challenges, and plans in detail, but



did not report well on progress against the PAD Results Framework. M&E implementation was not affected by COVID-19, due to the regular use of remote M&E throughout the project. (ICR page 23).

Regarding the mainstreaming of M&E within the Policy and Planning Directorate at MUDH, the project team informed IEG (May 5, 2021) that this did not happen as planned due to the sudden outbreak of COVID-19 and the inability to carry-out such a programmes online due to lack of client IT readiness. However, the project hired one M&E specialist and his contribution was very effective in building relevant M&E capacity within MUDL. Building on this experience, the MUDL initiated the first steps towards establishing a core M&E unit for Policy and Planning pending availability of budgets.

c. M&E Utilization

The findings from the Quarterly Progress Reports were discussed with the stakeholders which led to effective course correction (ICR page 23).

M&E Quality Rating

Modest

10. Other Issues

a. Safeguards

The project was assigned **Environmental Category "B"** and three safeguards policies were applicable:

- **Environmental Assessment (OP/BP 4.01).** Project activities were expected to have positive environmental impacts both during implementation and over the long-term, through measures to be adopted for environmental protection, zoning regulations, and other regulatory and environmental mitigation procedures introduced under the Project.
- **Involuntary Resettlement (OP/BP 4.12)** was triggered because the technical assistance activities under Components 3 & 4 may lead to follow-on investment projects that might result in land acquisition. The Environmental and Social Management Framework (ESMF) and a Resettlement Policy Framework (RPF) was prepared.
- **Physical Cultural Resources (OP/BP 4.11)** was triggered because the feasibility and design studies for critical infrastructure in the selected cities were expected to cover the old city areas, which are rich in physical cultural resources. The ESMF would provide guidelines for "Chance Find Procedures" according to national law (PAD para 66).

During implementation, feasibility studies for Priority Projects prepared under component 4 were screened with reference to environment and social checklist, and site-specific Environmental and Social Management Plans (ESMPs) were prepared for all Priority Project investments. **The ICR reports that each safeguards policy was rated satisfactory throughout the project implementation period** (ICR page 24).



b. Fiduciary Compliance
Financial Management

The Ministry of Urban Development and Land (MUDL) was the implementing agency and responsible for the Financial Management. It maintained proper records for expenditures and submitted timely Interim Financial reports. During each supervision mission, the World Bank reviewed documentation and payments, and found them adequate.

The annual audited financial statements were submitted with a four-month delay for the fiscal years 2018 and 2019, because the Supreme Audit Office (SAO) was unable to hire auditors on time. In addition, there were delays in submission of documentation by the Project Core Team (PCT) to the external auditors. Since March 2018 (until project closing) the World Bank rated the project's financial performance as 'moderately satisfactory'. The audit opinion was qualified for both FY 2018 and FY 2019. According to the project team (May 5, 2021), initially, the auditor was not provided with a full set of supporting documentation and this was subsequently rectified. For FY 2018, the project team provided evidence that satisfied the World Bank to close the observation. At the time of the preparation of the ICR, the audit opinion for FY 2019 was ongoing deliberations between the Bank, the project team, and the Supreme Audit Office. The team confirmed (May 5, 2021) that this issues has been resolved and that the FY 2019 audit report was unqualified.

Procurement

There were delays in the procurement of individuals and consultancy firms (which reflected difficulties in attracting qualified technical consultants to Afghanistan). The staff at the MUDL procurement department was trained. There were no instances of misprocurement or ineligible expenditures. The World Bank's Systematic Tracking of Exchanges in Procurement (STEP) system was used. A procurement specialist was hired to carry out procurement and the Bank team supported the procurement of complex and high value contracts. A consultancy firm lodged a complaint, which is being reviewed by the Bank's Integrity Vice Presidency (INT). The World Bank team informed IEG (May 5, 2021) that the complaint was lodged against a Lead consultant, regarding their non-payment of sub-consultants who was judged to have not performed per their contract. After the client reached out, the Lead consultant agreed to release 20% of sub-consultant's payment immediately, and to release the remainder after settlement of some mutual contractual obligations between lead and the sub-consultant. INT has not reached its conclusion as yet.

c. Unintended impacts (Positive or Negative)

d. Other

11. Ratings



Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Moderately Satisfactory	The assessment is based on a split rating. Under the original outcome targets, with substantial relevance of objectives, modest efficacy, and substantial efficiency, the overall rating is moderately unsatisfactory (3). Under the revised outcome targets, with substantial relevance, efficiency, and efficacy, with moderate shortcomings, the overall rating is moderately satisfactory (4). The overall outcome rating is moderately satisfactory, the weighted value is 4.
Bank Performance	Satisfactory	Satisfactory	
Quality of M&E	Modest	Modest	
Quality of ICR	---	Modest	

12. Lessons

Following lessons are adapted from the ICR:

- **The strength of client ownership, and client - World Bank relationships, is central to the effectiveness of Technical Assistance (TA).** The project was aligned to support the government’s own program and the World Bank fostered a strong relationship with the policy-makers (up to the highest level). Senior, respected, well-networked, local consultants also strengthened the engagement.
- **High-level coordination and ownership can mitigate against fragility and is key for the urban sector.** Effective urban planning and management requires coordination across multiple sectors and tiers of government such as Ministry Level and President or Prime Minister’s Office, particularly so in fragile, evolving institutional environments. The project experience shows strong benefit from close collaboration with institutions with a high-level mandate for coordination – such as Afghanistan’s High Council for Urban Development (HCUD).
- **A clear logical link between outputs and outcomes at project design can critically affect the achievement of project outcome.** The design needs to support validation and implementation-readiness, after initial outputs are delivered. A programmatic approach or Series of Projects can enhance sustainability.



13. Assessment Recommended?

No

14. Comments on Quality of ICR

The quality of the ICR is **modest** for the following reasons:

- The quality of evidence is weak. The ICR does not provide a full overview of the original indicators and targets compared to the revised indicators and targets. The reporting is unclear and does not provide a sufficient level of detail to assess the achievement of PDOs against targets. The results framework in presented in the ICR is not fully consistent with the one provided in the PAD.
- The ICR is not internally consistent. The high rating for the first objective is not based on the evidence provided in the ICR, with more than half of the UMIS not implemented. Also, the modest M&E rating does not go well with a satisfactory overall outcome rating. The ICR did not report on progress against the PAD's Results Framework.
- The quality of analysis is inadequate.

a. Quality of ICR Rating Modest