

1. Project Data:		Date Posted : 04/30/2014	
Country:	Afghanistan		
Project ID:	P083919	Appraisal	Actual
Project Name:	Kabul Urban Reconstruction Project	Project Costs (US\$M):	52.0 33.8
L/C Number:	C3967	Loan/Credit (US\$M):	25.0 25.0
Sector Board :	Urban Development	Cofinancing (US\$M):	26.1 8.8
Cofinanciers:	Afghanistan Reconstruction Trust Fund (ARTF)	Board Approval Date :	07/29/2004
		Closing Date :	03/31/2009 03/31/2011
Sector(s):	General water sanitation and flood protection sector (40%); Sub-national government administration (35%); Roads and highways (24%); Central government administration (1%)		
Theme(s):	Other urban development (25% - P); Urban services and housing for the poor (25% - P); Municipal governance and institution building (24% - P); Pollution management and environmental health (13% - S); Land administration and management (13% - S)		
Prepared by :	Reviewed by :	ICR Review Coordinator :	Group:
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2. Project Objectives and Components:

a. Objectives:

Original Objective: The statement of objectives in the Development Credit Agreement (DCA) is "to assist the Borrower in: (i) improving capacity of the Ministry of Urban Development and Kabul Municipality in urban management; and (ii) supporting the integration of selected neighborhoods into the urban fabric of Kabul Municipality through the reconstruction and rehabilitation of urban services and facilities ". The statement of objectives in the Technical Annex (equivalent of a Project Appraisal Document for emergency projects) is essentially the same: "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 Ministry of Urban Development and Kabul Municipality".

Revised Objective: The revised objective is "to upgrade urban infrastructure to improve the delivery of basic urban services in under-served communities in Kabul Municipality" (Amendment to the DCA of March 2010).

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

Yes

If yes, did the Board approve the revised objectives /key associated outcome targets?

Yes

Date of Board Approval: 03/25/2010

c. Components:

Original Components:

Component 1: Area Upgrading in Kabul Municipality (appraisal cost US\$25.11 million: US\$24.19 million from the Bank, US\$0.92 million expected financing from donors; actual cost US\$23.97 million). An area-upgrading program was planned to be carried out in areas under Kabul Municipality's jurisdiction focusing on poor, infrastructure-deficient, planned, and unplanned neighborhoods by providing improved water supply, sanitation, solid waste management, access roads, hill-side steps, drainage and street lighting services and facilities .

Component 2: Land Tenure Regularization (appraisal cost US\$0.64 million: US\$0.26 million from the Bank and US\$0.38 million expected financing from donors; actual cost US\$0.03 million) aimed at developing an appropriate capacity, appropriate methodologies, and procedures to regularize urban land-tenure in the Borrower's territory, including: (i) the carrying out of pilot schemes to test methodologies and assess capacity in four identified communities; and (ii) capacity-building and training in the Afghan Cartography Office, the Kabul Makhzan, and other project implementing agencies

Component 3: Engineering and Management Support for the Borrower's Urban Agencies (appraisal cost US\$4.32 million: US\$0.55 million from the Bank and US\$3.77 million expected financing from donors; actual cost US\$7.86 million) included: (i) technical assistance by the Technical Support Unit to support the Program Management Unit, the Project Support Team, and the planning and design consultants; (ii) goods for the Ministry of Urban Development, Kabul Municipality, and the Afghan Cartography Office; (iii) auditing, monitoring and evaluation services, and (iv) incremental operating expenses.

Component 4: Overall Capacity Building for Kabul Municipality (appraisal cost US\$0.30 million: no financing from the Bank, all expected from donors ; actual cost US\$0.30 million) was to assist Kabul Municipality by: (i) strengthening its revenue-generation, financial management, asset management, budgeting, and planning (other than town planning); (ii) capacity building for various departments including: (A) the planning and finance department and related sub-departments, (B) the income department, (C) the properties department, and (D) the control office; and (iii) the development, design, and implementation of simple operating procedures to improve efficiency .

Component 5: Preparation of Structure Plans and a Future Urban Project (appraisal cost US\$1.63 million: no financing from the Bank, all expected from donors; actual cost US\$1.64 million) was to assist the Ministry of Urban Development, Kabul Municipality, and other participating municipalities in: (i) preparing physical development plans; and (ii) building planning capacity, and (iii) preparing a feasibility study for a future urban project focusing on city -wide urban services in Kabul Municipality and other participating municipalities .

Component 6: Improvements to Main Roads, Drainage, and Traffic Management in Kabul (appraisal cost US\$20 million with no financing from the Bank; actual cost US\$0 million) involved construction and rehabilitation of major streets and drains in Kabul Municipality that included: (i) construction of new roads; (ii) reconstruction, repair, and overlay of existing roads; and (iii) repair of primary drainage channels and secondary drainage systems; and (iv) traffic management improvements.

Revised Components:

The ICR does not offer a clear overview of the revised components . The changes below are as reflected in the Project Restructuring Paper (page 3):

Component 1: Area Upgrading. The original activities planned for this component and implementation approach remained unchanged. The project would continue to support service delivery in the selected neighborhoods for: water supply, sanitation, solid waste management, roads, drains and street lighting .

Component 2: Land Tenure Regularization was cancelled .

Component 3: Engineering and Management Support was modified to drop support to the Afghan Cartography Office.

Component 4: Capacity Building of Kabul Municipality was modified to assist the Kabul Municipality to improve its accounting system through the provision of training, equipment and software .

Component 5 was modified to assisting Kabul Municipality to prepare a Municipal Plan through the provision of technical advisory services and training .

Component 6 Main Roads, Drainages and Traffic Management in Kabul was cancelled as it was financed in a

separate, self standing project.

d. Comments on Project Cost, Financing, Borrower Contribution, and Dates:

Project cost: Total project cost was US\$33.8 million at closure that was lower than the appraisal estimate of US\$52 million due to the anticipated donor funding of US\$ 26.1 million budgeted at appraisal, which did not realize .

Financing: The World Bank Group contribution consisted of an IDA credit in the amount of US\$ 25 million as appraised. The grant of US\$ 3.2 million was received from the Technical Assistance and Feasibility Studies Facility funded by the Afghanistan Reconstruction Trust Fund (ARTF) in 2006 to co-finance consultancy services and an additional ARTF grant of US\$ 5.6 million was received in 2008 to cover the shortfall for upgrade works .

Borrower contribution : There was no Borrower contribution .

Dates: The Bank (IDA) credit's closing date was extended twice, by a total of 2 years: (i) from its original March 31, 2009 closing date to March 31, 2010 due to delays in implementation and (ii) through March 31, 2011 to complete upgrade works in conjunction with a first-order project restructuring that was necessitated by cost overruns and cancelation of components that were expected to be financed by other donors at appraisal . The closing date of the ARTF grant was extended to April 30, 2012 as a result of delays in completion of works in the historic areas due to the deteriorating security situation in Kabul since 2009. The PDO was revised in March 2010 with prior disbursements of US\$16.7 million and US\$17.1 million after project restructuring .

3. Relevance of Objectives & Design:

a. Relevance of Objectives:

Original Objective: High.

Kabul had experienced a 15% increase in population between 1999 and 2002 due to migration of landless refugees and internally displaced people . Informal settlements were home to almost 80% of the city's population. Although urban development and urban management was high on the Government 's agenda and included in the Government 's budget for National Priority Programs, there was no appropriate model for urban development that integrated informal settlements into the main fabric of the city . The project development objectives were consistent with the program outlined by the Ministry of Urban Development Affairs (MoUDA). The objectives were also relevant to the World Bank Group's FY09-11 Interim Strategy for Afghanistan at project closure, which emphasized capacity building and local service delivery . The objectives were also in line with the main priorities of the Interim and Transitional Support Strategies at appraisal and during implementation, the key goals of which included support continued development and improve financial management and administrative effectiveness .

Revised Objective: High

The revised objective was equally consistent with the Government's priorities and Bank's Strategies for Afghanistan at appraisal and throughout the implementation .

b. Relevance of Design:

Original Objective: Modest

The statement of original development objectives was clear . The project results framework indicated a clear causal chain between the activities financed by the project and the outputs and outcomes related to the attainment of the development objectives. For example, with regard to physical investments in upgrade of informal settlements in Kabul (Component 1), the activities were meant to help support the integration of these neighborhoods with the urban fabric of Kabul Municipality . The activities under Components 2 and 4 were intended to lead to an improved capacity of the Ministry of Urban Development and Kabul Municipality in urban management .

The original design, however, was complex; an emergency response to improve delivery of basic urban services in Kabul was combined with long-term capacity development goals . The project was delivered within seven months as an Emergency Recovery Loan (ERL); initially called Emergency Urban Reconstruction Project, the word "emergency" was dropped after appraisal to better reflect the Government 's desire for implementation of programs of a developmental nature (ICR, page 1). As the ICR acknowledges, "had the project included only two components, Infrastructure and Project Management, it is conceivable that the project 's implementation performance may have been both better and faster" (ICR, page 11). The project design was also not realigned with the commitments; the ICR comments that "it is unusual for a Bank Legal Agreement to include PDOs, component descriptions, and an agreement for results to be achieved for a project on the basis of expectation that donor resources (usually off budget in Afghanistan) would be secured" (ICR, page 5). The ICR also assesses that the project has "unrealistic time

schedules for contract execution', for a country where security conditions impact the market (p.11).

Revised Objective: Substantial .

The statement of revised development objectives was clear and there was a clear causal chain between the project activities and the outputs and outcomes related to the attainment of development objectives . The project design was simplified to reflect response to immediate challenges and aligned with budgeted resources .

4. Achievement of Objectives (Efficacy):

Original Objective

(i) Improved capacity of the Ministry of Urban Development and Kabul Municipality in urban management . Modest.

Outputs

- The target of systematic preparation of annual financial accounts by the Municipality of Kabul was achieved as planned.
- One Structure Plan for Kabul was completed against the original target of 6 structure plans.
- Capacity building activities related to land tenure regularization were dropped during restructuring .
- Training was provided to PMU staff on finance, procurement, GIS, etc. Technical knowledge generated on infrastructure costs was planned to be published by the PMU as a guide for Kabul and other cities in Afghanistan.

Outcomes

- One Structure Plan for Kabul was completed in June 2009 and it was the first time that multiple agencies came together with the consultants to pool data, and work jointly towards future growth scenarios . However, it was just an input to the master plan developed by JICA and the New Kabul Plan which was being developed for Kabul City at the time of project closure .
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- In March 2006, the baseline for the Kabul Municipality's own revenue was 700 million AFN. This doubled to 1.5 billion AFN by March 2008. At project closing, the KM's revenue was 3 billion Afghanis, i.e. a 400% increase over baseline. As this component was managed by the Ministry of Finance, not the PMU, the results may not be attributed to the project.

(ii) Selected neighborhoods integrated into the urban fabric of Kabul Municipality through the reconstruction and rehabilitation of urban services and facilities . Modest.

Outputs

- Urban area was upgraded on 618 ha representing an achievement of 62% of the original target of 1000 ha. This included improved roads, drainage, water supply and sanitation, solid waste management, and street lighting . In particular, 124.5 km of secondary and tertiary roads were constructed (the original component of construction of 160 km of main roads, drainage, and traffic management, which was supposed to be funded by donors, was cancelled). 5,121 new house or public tap connections were provided under the project; 3,264 connections however did not have water supply by project closure as the donor, German Reconstruction Credit Union (KfW) was unable to deliver on its water investments (see section 7).

Outcomes

- 141,480 people received improved urban services . The original target was 250,000 people; at appraisal, this was a rough estimate based on the satellite image; the number of people and *gozars* (the term for city residential area) were possible to calculate only with site surveys carried out during implementation . Because of the reduced scope of project activities, the intended outcomes related to improvements in urban services and facilities could not be fully achieved .

With relation to integration of the selected neighborhoods into the urban fabric, the ICR adds that the implementation of urban upgrading in Kabul positively impacted the opposition at the local and national level to service improvements in informal and unplanned areas . Visible results of service delivery improvements demonstrated the viability of urban upgrading as a relevant intervention in Afghanistan's urban context for integration of under-served residential areas into the main fabric of the city (p.23).

Revised Objective: *Improved delivery of basic urban services in under -served communities in Kabul Municipality through urban infrastructure upgrade . Substantial .*

Outputs

- Infrastructure (roads, drainage, water supply and sanitation, solid waste management, and street lighting) was improved on 618 ha of urban land in both formal and informal settlements, exceeding the revised target of 600 ha. In particular, 124.5 km of secondary and tertiary roads were constructed as part of upgrading . The original support for construction of main roads, which was supposed to be delivered by other donors, was cancelled; it was packaged under another Bank - financed project (Kabul Urban Roads Improvement Project). 5,121 new house or public tap connections were provided under the project; 3,264 connections however did not have water supply by project closure as the donor, German Reconstruction Credit Union (KfW), was unable to deliver on its water investments (see section 7).
- The target of preparation of annual financial accounts by the Municipality of Kabul was achieved as planned (the indicator was not revised).
- A Structure Plan for Kabul was completed in June 2009 as planned per revised target.

Outcomes

- Improved urban services were received by 141,480 people (2009 project census surveys), exceeding the revised target of 92,000. The ICR reports that the stakeholder assessment conducted by the PMU at project closure estimated the number of direct beneficiaries to be more than 248,000 and the total number of indirect beneficiaries between 0.7-1 million, both because of the benefits reported during focus group discussions in the neighboring *gozars* and improvements to trunk infrastructure (p.31).
- The project targeted under-serviced communities in Kabul, directly benefiting over 140,000 people living in informal settlements that were home predominantly to the poor and urban immigrants . No separate study was done on poverty impact, but the beneficiary assessment highlights substantial improvement of services and associated economic benefits, e.g., increased mobility and access to clinics , schools, hospitals, markets; reduced transport costs; healthier environment due to regular removal of waste ; reduced cost of clothes and shoes due to cleaner environment; and improved children's health . Anecdotal evidence also points to positive economic impacts due to improved infrastructure in the form of increased investments from small businesses, mainly in the informal settlement areas where the majority are poor .

5. Efficiency:

Original objectives and Revised objectives.

An analysis for economic rate of return was not undertaken at the time of appraisal . The data were collected during implementation between 2006 and 2009, *gozar* by *gozar*, to identify service deficits for developing community upgrading plans, rather not for computing economic benefits . The primary criterion for lack of services was measured by the lack of access to; (i) piped water supply, (ii) in-house well, (iii) public well and (iv) tanker. Sanitation deficiencies were measured by (i) the absence of in-house facilities, (ii) disposal of night soil, (iii) improvements in latrines. The benefits of delivering this basic package of urban services could not be quantified in terms of improvements in health, incidence of disease, lost work or school days, reduced travel time and transport costs, and increase in real estate values upon provision of public goods . A beneficiary assessment conducted by PMU at project closure in 2012 confirmed positive impacts (see section 4 above) and that the project resulted in a higher level of satisfaction than other donor projects in Afghanistan (p.35).

The project had a delay of three years . Uncertainties in securing co-financing delayed contracting of design and supervision consultants. The establishment of PMU and procurement of technical assistance (TA) created a two year delay because the Ministry of Finance (MoF) was reluctant to use the Bank credit proceeds for this purpose; co-financing from ARFT was secured to cover consultancy services in 2006. This affected the initiation of detailed design work and the procurement of contractors for civil works, which was also delayed due to constraints in the local contracting industry. The first works contracts were awarded in 2008, and by March 2009, the project completed upgrading of only 179 hectares (p.19). Further delays, in particular related to the completion of works in historic areas, were caused by the deteriorating security situation in Kabul from 2009.

The activities within the budgeted IDA funds were carried out with a reduced scope . Additional funding of US\$5.6 million was provided from ARFT to finance upgrading works in historic *gozars* to cover the shortfall for civil works under IDA Credit. Out of the total expenditure, 83% were allocated for roads. The ICR reports that the costs of roads completed under the project were found comparable to the costs of roads executed under other projects in Kabul (p.17). Construction costs were mainly impacted by oil price increase; during 2007-2009 when the bulk of the works contracts were bid upon, the consumer price index had soared, and cost estimates had to be revised upwards from US\$17,500 per hectare in 2004, to US\$28,000 in 2006 (p.13). Upgrade works costs in historic areas had not been available at appraisal, which turned out to be higher as confirmed by other donors (p.12). Consultancy packages were awarded at twice the estimated budget, mainly due to security related threats that created a premium leading to higher than normal consulting contract costs (27% of the total expenditures on works against the norm of up to 20%) (p.32).

Efficiency is assessed as **modest**.

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

	Rate Available?	Point Value	Coverage/Scope*
Appraisal	No		
ICR estimate	No		

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

6. Outcome:

The project's development objectives were highly relevant to the urban development challenges in Kabul. Relevance of design is rated modest for the original objectives and substantial for the revised. Efficiency is rated modest against the original and revised objectives. Given the Moderately Unsatisfactory outcome rating for the original project objective and Moderately Satisfactory outcome for the revised, based on the disbursements prior and after project restructuring (US\$16.7 million and US\$17.1 million), the weighted overall outcome rating is Moderately Satisfactory.

a. Outcome Rating : Moderately Satisfactory

7. Rationale for Risk to Development Outcome Rating:

- Urban upgrading is endorsed as a critical urban development tool, and national Upgrading Guidelines developed by MoUDA are going through a final process of review.
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- With regards to maintenance of the infrastructure systems delivered under the project, the ICR reports that the communities signed the Memorandums of Understanding with the Municipality's district offices to assume responsibility for maintenance of the roads delivered in the unplanned areas (60%), and accordingly, with the water utility assuming responsibility for maintenance of the tertiary distribution pipe from the secondary distribution pipe from the street to the house (p.17). Responsibility for bringing solid waste to the community collection points lies with the community, and the community councils employed sweepers for house to house collection. However, secondary collection and transfer of solid waste is responsibility of the KM, which would be unable to discharge its responsibility in the absence of a tax-based functioning city-wide solid waste management system. The community contribution is a great way to ensure sustainability in many of the tertiary networks but in absence of the main networks being maintained by the municipality, the downstream services will not materialize.
- 64% (3,264 out of 5,121) of the new water connections provided under the project did not have access to water at project closure. The distribution network construction was supposed to be delivered off budget by another donor, German Reconstruction Credit Union (KfW), that was unable to deliver on its water investments by project closure. KfW supported investments were planned to be completed in 2013; however, at the time of ICR completion, little progress (10%) had been made that implicated unavailability of water supply to the households.
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- Institutional strengthening and financial sustainability are being concurrently supported by IDA for utilities in the water and roads sectors, however, the country context remains volatile and uncertain.

a. Risk to Development Outcome Rating : Significant

8. Assessment of Bank Performance:

a. Quality at entry:

Before the time of the project preparation and approval, the Bank's urban engagement in Afghanistan had been minimal. The project was prepared under OP 8.50 as an emergency project (Project Restructuring Paper, page 2). The project background analysis was based on the Bank's six Urban Policy Notes prepared for Kabul that covered a range of land issues including upgrade of informal settlements and urban land tenure. A number of key lessons on urban upgrading from international experience were incorporated in the component's design.

Despite support by a qualified Bank team with required skills, the ICR acknowledges that the team failed to exercise judicious selectivity in the scope of the project, i.e., the components chosen were neither straightforward nor simple, there was no adequate time to prepare them, and there were no adequate resources (ICR, page 10). During preparation, activities involving significant amount of co-financing that was included in the design without adequate risk mitigation measures that could counter the unavailability of donor funds. For example, the component on land tenure regularization created enormous complexity and high transaction costs for the Bank and the Client. Until components not fully funded from the Credit proceeds were dropped, task team supervision resources were severely stretched.

Project management and implementation arrangements were not in place at project effectiveness, and much of the design work that is usually done for infrastructure projects before appraisal did not start until two years and five months into implementation, when TA and Project Management Unit staff were in place.

Quality-at-Entry Rating : Unsatisfactory

b. Quality of supervision:

There were 21 supervision missions; about 14 of these missions were fielded during 2005- 2009 when the Bank project team supervised the project, as the ICR describes, with a high degree of commitment and dedication. The project team struggled to resolve implementation challenges posed by the absence of a dedicated PMU and TA that could keep Bank management informed. While there were no changes in task management until project restructuring in 2010, there was a high degree of turnover of task team leaders soon afterwards. For the last two years into completion, there has been a resident TTL in Kabul providing close implementation support to the client.

The Bank was slow to restructure the project when the Mid Term Review (MTR) made clear the need for restructuring, i.e., the DCA was amended more than two years after the MTR (the MTR took place in November 2007 when 14% of the credit was disbursed).

Design shortcomings were overtaken in later stages with better management of project implementation and revision of targets. By the time of the ICR, the project had surpassed the revised targets.

Quality of Supervision Rating : Moderately Satisfactory

Overall Bank Performance Rating : Moderately Satisfactory

9. Assessment of Borrower Performance:

a. Government Performance:

The project performance was affected by 24 months of project start-up delays resulting from Borrower's insistence on securing grant funding (instead of using credit proceeds) for project management and technical support consultants (Project Restructuring Paper, page 2). Other factors that led to implementation delays included protracted negotiations to get agreement on appropriate technical standards different from national standards for infrastructure design, and delays in concluding contracts and processing of invoices due to the highly centralized system of disbursements that exist in Ministry of Finance (MoF). During implementation, some contract invoices were not paid in a timely manner due to budget allotment issues that took time to resolve between MoF and the Ministry of Urban Development Affairs (MoUDA).

Government Performance Rating Moderately Unsatisfactory

b. Implementing Agency Performance:

The Ministry of Urban Development Affairs (MoUDA) supported implementation of project activities through regular guidance and supervision. Significant progress was achieved by the PMU established under MoUDA in overcoming the hurdles of procurement contracting and quality record keeping. The project established strong relationships with the community members which resulted in ownership of the project by the beneficiaries. The PMU continued its credibility with the beneficiary communities throughout the project and helped in resolving conflicts that could have impeded progress. Performance of the PMU has been satisfactory in terms of contracts management and supervision of civil works.

Implementing Agency Performance Rating :

Satisfactory

Overall Borrower Performance Rating :

Moderately Satisfactory

10. M&E Design, Implementation, & Utilization:

a. M&E Design:

The project's indicators were appropriately linked with the intermediate objectives . With almost 97% of the Credit proceeds allocated to area upgrading, the key PDO indicator was the number of people and number of neighborhoods (*gozar*) who receive improved urban services . The original targets at appraisal were a rough estimate based on the satellite image; the number of people and *gozars* (the term for city residential area) were possible to calculate only with site surveys carried out during implementation . The surveys were carried out between 2006 and 2009, *gozar* by *gozar*, to identify service deficits for developing community upgrading plans . While the key targets were re-assessed during implementation (as for example site surveys made apparent that average neighborhood (*gozar*) size was 70% higher than estimated), the project team however did not add new "service standards" targets for each infrastructure sub-sector, like roads, water, and solid waste when the needs were identified .

b. M&E Implementation:

The project's M&E design included a Management Information System (MIS), that was used by the PMU to regularly monitor project progress and performance . The MIS system enabled instantaneous extraction of any information for any kind of analysis for regular or specific monitoring . Quarterly reports were provided to IDA .

c. M&E Utilization:

The MIS system provided a solid foundation for the analysis for the ICR and for preparation of the urban project for Kabul that was under preparation . A household survey undertaken by the PMU 's social team as part of the preparation of community development plans, provided baseline data on beneficiaries in each *gozar*, and although there has been an increase in population since then, the PMU used this data to report on final beneficiaries who received improved urban services through the project at the time of the ICR .

M&E Quality Rating : Substantial

11. Other Issues

a. Safeguards:

This was a Category "B" project that triggered three safeguards policies - OP4.01 Environmental Assessment, OP 4.12 Involuntary Resettlement, and OP4.11 Cultural Resources.

The ICR reports that "the project was consistently rated Highly Satisfactory for social safeguards " (page 15). The Environmental and Social Management Framework (ESMF) developed for the project included a set of procedures and mechanisms for ensuring that environmental and social considerations were an integral part of the project . The ESMF requirements were included in the Project Implementation Manual (PIM); Environment and Social Impact Assessments (EIA/SIA) were undertaken for historic "*gozars*" for which Cultural Heritage Management Plans (CHMP) were developed.

Environmental Assessment and Management : Site specific ESMPs for all sub-Projects were part of the contract documents and assured contractors' activities were in compliance with guidelines for health and safety, prevention or compensation of any loss of livelihood and environmental degradation . The PMU conducted safeguard trainings for PD&C consultants on supervision of ESMP, complaint handling, land acquisition and consultation with communities . Civil works were monitored through regular site visits to ensure that requirements of the Environmental and Social Management Plans (ESMPs) were adhered to and immediate remedial actions were undertaken when needed . A Community Consultation Manual developed by the PMU guided all community consultations which were an integral part of the project. Participation by beneficiaries had a direct impact on the project's ability to manage social safeguards issues.

Involuntary Resettlement : No formal land acquisition was anticipated or funded under the project . Wherever the need for minor land requirements arose in connection with the upgrading of roads, water supply or other interventions, the community members resolved the issues through negotiations . As a result, some community members voluntarily relocated their latrines from the right of way, while in other instances larger or smaller community compensation for affected people were agreed upon, where the affected households were unable or unwilling to donate minor pieces of land for upgrading work . The project maintained full documentation of these processes which are used as examples of Good Practice for social safeguard training in Afghanistan . PMU enforced policies for contractors' contracts ensuring that the latter could negotiate with project affected people to mitigate negative impacts.

Cultural Resources : When Municipality of Kabul destroyed five houses in the historic site of Andrabi for establishing commercial property, the Bank warned that such action could also pose a reputational risk to the project and KM and would adversely impact project implementation .

b. Fiduciary Compliance:

Procurement. The project closed with a 'Moderately Satisfactory' Procurement supervision rating. Procurement, managed by the PMU, was guided by IDA Guidelines which posed constraints to implementation . Until the Technical Support Unit (TSU) mobilized to support the PMU, there were delays as MoUDA staff did not have the necessary capacity for procurement. Delays then occurred due to constraints in the local contracting industry, and a large volume of bids were rejected in the early years as local contractors were unable to meet the qualifying criteria to bid on high value contracts. Failure to meet *all* of the qualification criteria as per IDA Guidelines also led to delays . The Kabul Procurement Team got agreement from the Bank's Regional Procurement Advisor to reduce the normal qualification requirements for the contracting industry in Afghanistan . Large contracts were also split into lots where technically feasible to attract additional competition from bidders who could meet the requirements of post qualification. While these steps led to considerable progress in the procurement and award of contracts (the first works contracts were awarded only in 2008), contract implementation periods often could not be met, either due to a lack of realism as knowledge of the local contracting industry was limited, or because of security conditions . A majority of the contracts could not be completed during the period stipulated in the contracts, and there were many contract extensions. All these challenges notwithstanding, towards the latter part of the Project, PMU staffs were able to manage procurement under the project without help from the international firm that was the TSU .

Financial management. The ICR reports that "internal controls were adequate" and "audit opinion of the Control and Audit Office of Afghanistan was unqualified" (ICR, page 16). The project operated under the steadily improving Public Financial Management reforms under implementation by the Government of Afghanistan with the World Bank /ARTF assistance. Proper records of grants received and disbursements through the designated account were maintained by the MoF's Special Disbursement Unit (SDU) which eventually migrated from a manual to an automated Afghanistan Financial Management Information System (AFMIS). The funds flow was timely, and proper records of eligible expenditures were maintained by the PMU . Regular IUFRRs in the agreed format were submitted during the life of the project. Annual audited financial statements were submitted regularly . The FM capacity was strengthened during the course of the implementation .

c. Unintended Impacts (positive or negative):

d. Other:

The project was not formally mandated to develop local -level, democratic and inclusive representative bodies, but it facilitated the establishment of elected community councils called *Gozar* Cooperating Shuras (GCSs). These GCSs represent each selected *gozar*. The project developed draft bye-laws for the GCSs, a Community Consultation Manual, and a Grievance Redress Mechanism . These manuals have become models for other projects in the country, supported by the Bank and other donors .

12. Ratings :	ICR	IEG Review	Reason for Disagreement / Comments
Outcome:	Moderately Satisfactory	Moderately Satisfactory	
Risk to Development Outcome:	Moderate	Significant	The reasons outlined in section 7 warrant a significant rating for Risk to Development Outcome.
Bank Performance :	Moderately	Moderately	Quality at entry is rated unsatisfactory

	Unsatisfactory	Satisfactory	and supervision is rated moderately satisfactory. Since the overall outcome is rated moderately satisfactory, the overall Bank performance is rated moderately satisfactory as per OPCS/IEG harmonized guidelines.
Borrower Performance :	Moderately Satisfactory	Moderately Satisfactory	
Quality of ICR :		Satisfactory	

NOTES:

- When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.
- The "Reason for Disagreement/Comments" column could cross-reference other sections of the ICR Review, as appropriate.

13. Lessons:

The ICR has identified a number of lessons, of which the most important are listed below, with some adaptation :

- **Project design for post -conflict reconstruction should be kept simple and oriented towards the immediate and urgent reconstruction needs** . While longer term objectives should be kept in mind and considered during project preparation, components that are not on the critical path of achieving the PDOs should be excluded to avoid implementation risks that are created due to a lack of exercising selectivity during the design stage .
- **In emergency operations, more allowances need to be made at the design stage for capacity building of public sector agencies in the technical, procurement, financial management and safeguard aspects of Bank projects** . Bank support delivered as emergency operations within in a compressed time schedule usually does not allow time for adequate capacity building activities to be delivered before projects are effective.
- **Projects in post -conflict environments must either include higher contingency costs than is normal or set aside about 20% of the funds as unallocated funds, as post conflict environments are uncertain and volatile** . In a country like Afghanistan, where most construction materials are imported, implementation periods need to be realistic as supply chains of goods and construction materials are often disrupted for protracted periods of time. Costs in such environments tend to be higher and there is considerable price volatility.
- **The presence of a field -based task -team leader is of utmost importance in contexts such as Afghanistan** . In conflict countries with significant capacity constraints, the presence of country -based TTL to provide intensive implementation support is crucial for timely achievement of project results .

14. Assessment Recommended? Yes No

15. Comments on Quality of ICR:

The ICR is concise. The quality of evidence is adequate. The lessons are evidence-based. The ICR should have rated the original and revised PDOs separately. The report also would have benefited from proofreading as it contains repetitive paragraphs and unfinished sentences .

a. Quality of ICR Rating : Satisfactory