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The World Bank

Report No:ICR0000116

IMPLEMENTATION COMPLETION AND RESULTS REPORT
(IDA-H0070)

ON A

CREDIT IN THE AMOUNT OF
US\$ MILLION 37.11

(SDR 25.62 MILLION CREDIT)

TO

AFGHANISTAN

FOR THE

EMERGENCY INFRASTRUCTURE RECONSTRUCTION PROJECT

March 28, 2007

South Asia Sustainable Development Department
Afghanistan, Bhutan & Maldives Country Management Unit
South Asia Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective)

Currency Unit = Afghanis

1.00 = US\$ 0.02

US\$ 1.00 = 50.1

FISCAL YEAR

March 21 – March 20

ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank
AIA	Afghanistan Interim Authority
CAWSS	Central Authority for Water Supply and Sewerage
HPP	Hydropower Plant
ICR	Implementation Completion and Results Report
IDA	International Development Association
ISR	Implementation Status Report
KfW	Kreditanstalt für Wiederaufbau (German development bank)
KM	Kabul Municipality
km	Kilometer
lpcd	liters per capita per day
MEW	Ministry of Energy and Water
MOF	Ministry of Finance
MWP	Ministry of Water and Power
MUDH	Ministry of Urban Development and Housing
NGO	Non-Governmental Organization
OPCS	Operational Policy and Country Services
PDO	Project Development Objective
QAG	Quality Assurance Group
TTL	Task Team Leader
UN	United Nations
UNDP	United Nations Development Program
UWSS	Urban Water Supply and Sanitation

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AFGHANISTAN
Emergency Infrastructure Reconstruction Project

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A. Basic Information			
Country:	Afghanistan	Project Name:	Emergency Infrastructure Reconstruction Project
Project ID:	P077779	L/C/TF Number(s):	IDA-H0070
ICR Date:	03/01/2007	ICR Type:	Core ICR
Lending Instrument:	ERL	Borrower:	AFGHANISTAN
Original Total Commitment:	XDR 26.5M	Disbursed Amount:	XDR 25.6M
Environmental Category: B			
Implementing Agencies:			
Ministry of Urban Development & Housing			
Central Authority for Water Supply and Sewerage			
Ministry of Energy and Water			
Kabul Municipality			
Ministry of Mines and Industries			
Cofinanciers and Other External Partners:			

B. Key Dates				
Process	Date	Process	Original Date	Revised / Actual Date(s)
Concept Review:	04/03/2002	Effectiveness:	06/11/2002	06/11/2002
Appraisal:		Restructuring(s):		
Approval:	06/06/2002	Mid-term Review:		07/01/2003
		Closing:	12/31/2004	06/30/2006

C. Ratings Summary	
C.1 Performance Rating by ICR	
Outcomes:	Satisfactory
Risk to Development Outcome:	High
Bank Performance:	Satisfactory
Borrower Performance:	Moderately Satisfactory

C.2 Detailed Ratings of Bank and Borrower Performance (by ICR)			
Bank	Ratings	Borrower	Ratings
Quality at Entry:	Satisfactory	Government:	Not Applicable
Quality of Supervision:	Satisfactory	Implementing Agency/Agencies:	Not Applicable
Overall Bank Performance:	Satisfactory	Overall Borrower Performance:	Moderately Satisfactory

C.3 Quality at Entry and Implementation Performance Indicators			
Implementation Performance	Indicators	QAG Assessments (if any)	Rating
Potential Problem Project at any time (Yes/No):	No	Quality at Entry (QEA):	Satisfactory
Problem Project at any time (Yes/No):	Yes	Quality of Supervision (QSA):	None
DO rating before Closing/Inactive status:	Satisfactory		

D. Sector and Theme Codes		
	Original	Actual
Sector Code (as % of total Bank financing)		
Aviation		5
Central government administration	6	
Power	45	47
Sanitation	9	8
Solid waste management		4
Sub-national government administration	5	
Water supply	35	36
Theme Code (Primary/Secondary)		
Conflict prevention and post-conflict reconstruction	Primary	Primary
Legal institutions for a market economy	Primary	Secondary
Other urban development	Primary	Primary
Participation and civic engagement	Primary	Secondary

E. Bank Staff		
Positions	At ICR	At Approval
Vice President:	Praful C. Patel	Mieko Nishimizu
Country Director:	Alastair J. McKechnie	Alastair J. McKechnie
Sector Manager:	Salman Zaheer	Philippe Dongier
Project Team Leader:	Julia M. Fraser	Tjaarda P. Storm Van Leeuwen
ICR Team Leader:	Michael Haney	
ICR Primary Author:	Michael Haney	

F. Results Framework Analysis

Project Development Objectives (from Project Appraisal Document)

As identified in the Technical Annex, the objective of the project was to improve selected infrastructure service delivery in order to enhance the quality of life, health status, and welfare of the population and to support the economic recovery of the country. This was to be achieved by:

(a) Carrying out urgent reconstruction and rehabilitation works to restore critical urban services and power;

(b) Providing employment opportunities through labor-based reconstruction activities; and

(c) Providing urgently needed policy advice and capacity building to the Government in selected sectors to promote sustainable infrastructure service delivery which fosters community and private sector participation.

The outcomes of the Project were expected to be improvements in infrastructure facilities and delivery, and progress towards laying the foundations for sector reforms and institution building which would lead to sustainable development of the infrastructure and energy sector.

Annex VI of the Technical Annex identified monitoring indicators for the various components and subcomponents of the project. These were quantified to the limited extent possible given the absence of baseline data.

Revised Project Development Objectives (as approved by original approving authority)

Neither the PDO nor the Key Indicators were revised in the course of project implementation.

(a) PDO Indicator(s)

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
Indicator :	Municipal Public Works - Number of packages implemented with community endorsement			
Value quantitative or Qualitative)		100		112
Date achieved		12/31/2004		02/28/2005
Comments (incl. % achievement)	No baseline value, since the project was based on urgent needs.			

Indicator :	Municipal Public Works - Number of person-days of employment generated			
Value quantitative or Qualitative)		18,000		43,000 people from an average of 10 days
Date achieved		12/30/2004		02/28/2005
Comments (incl. % achievement)				
Indicator :	Municipal public works - Km roads cleared, km access roads constructed, km drains cleared, structures constructed/repaired, trees planted, m2 land treated with soil conservation measures			
Value quantitative or Qualitative)		targets to be defined in subprojects		Over 43,000 meters of road gravelling/levelling in 4 cities; cleaning, construction, excavation of almost 61,000 meters of side ditches in Kabul, Jalalabad and Kandahar; construction of 74 shallow wells
Date achieved		12/31/2004		02/28/2005
Comments (incl. % achievement)				
Indicator :	Urban Water Supply - Number of cities receiving improvements to water supply			
Value quantitative or Qualitative)		11		11 provincial cities with about 132 km of pipes laid, bringing the distribution network from 453 to 585 km. Water production was raised from 15,000 to 25,000 cum/day.
Date achieved		12/30/2005		06/22/2005
Comments (incl. % achievement)				
Indicator :	Urban Water Supply - No. of cities for which planning info. (identification of future bulk water sources, outline plan of network expansion needs, household survey data, has been provided			
Value quantitative or		11		Feasibility studies were compiled for

Qualitative)				11 provincial towns. Satellite images were provided for 32 provincial towns, digital maps processed from 22 towns, and layout of water systems for 11 towns.
Date achieved		12/30/2005		06/22/2005
Comments (incl. % achievement)				
Indicator :	Kabul Sanitation - Improvement in the sanitary and environmental aspects of the existing solid waste collection and disposal system in Kabul			
Value quantitative or Qualitative)		Goods delivered: 500 containers 1.1 cum, 44 containers 7.5 cum; 3 garbage vehicles; equipment for Gazak dumpsite; 4 section trucks.		Completed: Rehabilitation of Gazak dumpsite, repair of 8 public toilet complexes, pilot sanitary improvements for row houses in district 11.
Date achieved		06/22/2006		06/22/2005
Comments (incl. % achievement)				
Indicator :	Power - Dispatch of distribution material to provincial cities by April 2005. Erection of all material for Kabul City by September 2005			
Value quantitative or Qualitative)				Material for all 7 cities has been dispatched. Over 1,000 additional customers were provided connections in Kabul east.
Date achieved				06/22/2005
Comments (incl. % achievement)				
Indicator :	Power - Re-commissioning of the gas turbine plant in the city of Kabul has taken place by December 31, 2002			
Value quantitative or Qualitative)				Completed in January 2003. This provided an additional 45MW

				to Kabul City and provides about 30% of Kabul's power on average and up to 60% in the winter.
Date achieved				01/15/2003
Comments (incl. % achievement)				
Indicator :	Power - Power Sector Master plan completed.			
Value quantitative or Qualitative)				The final report of the power sector master plan was submitted in October 2004. A workshop was held in Kabul by Norconsult on December 4, 2004.
Date achieved				10/20/2004
Comments (incl. % achievement)				

(b) Intermediate Outcome Indicator(s)

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
Indicator :	This project was approved in FY02, and as such no intermediate outcome indicators were defined.			
Value (quantitative or Qualitative)		na		
Date achieved		12/30/2005		
Comments (incl. % achievement)				

G. Ratings of Project Performance in ISRs

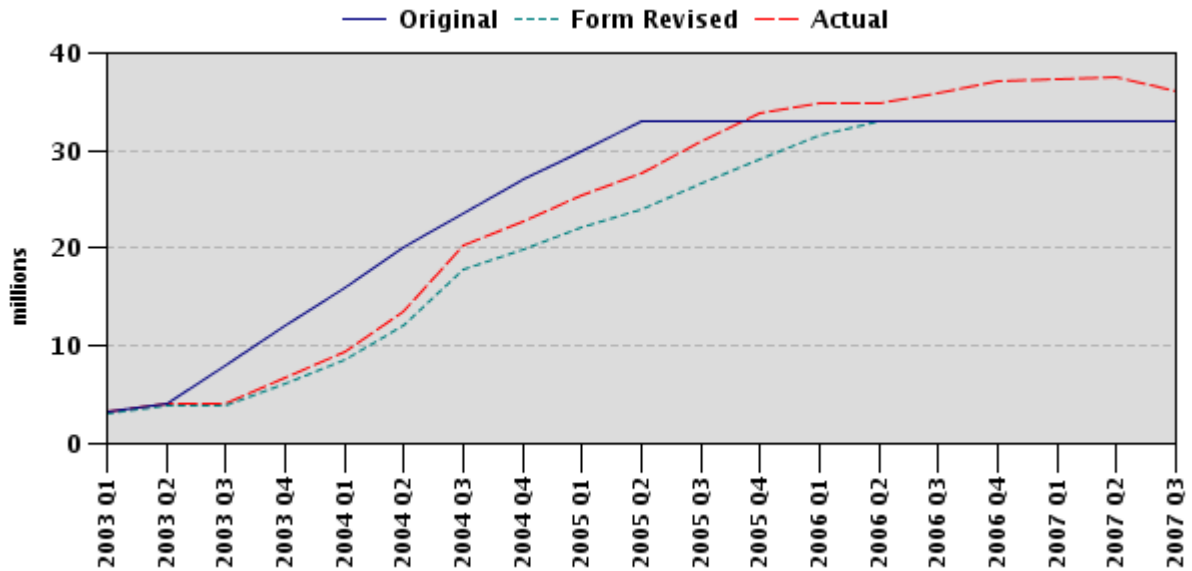
No.	Date ISR Archived	DO	IP	Actual Disbursements (USD millions)
1	07/31/2002	Satisfactory	Satisfactory	0.00
2	11/04/2002	Satisfactory	Satisfactory	3.30
3	12/30/2002	Satisfactory	Unsatisfactory	4.13

4	06/27/2003	Satisfactory	Unsatisfactory	6.49
5	08/28/2003	Satisfactory	Unsatisfactory	6.69
6	11/26/2003	Satisfactory	Unsatisfactory	12.33
7	05/26/2004	Satisfactory	Satisfactory	21.69
8	12/22/2004	Satisfactory	Satisfactory	27.62
9	06/17/2005	Satisfactory	Moderately Satisfactory	33.91
10	12/25/2005	Satisfactory	Satisfactory	34.96
11	06/27/2006	Satisfactory	Satisfactory	37.11

H. Restructuring (if any)

Not Applicable

I. Disbursement Profile



1. Project Context, Development Objectives and Design

(this section is descriptive, taken from other documents, e.g., PAD/ISR, not evaluative)

1.1 Context at Appraisal

(brief summary of country and sector background, rationale for Bank assistance)

This project was prepared under the extraordinary circumstances that followed the attacks on the United States on September 11, 2001, and forged an unprecedented coordinated international response to the crisis in Afghanistan. For Afghanistan, this was a time of great but tentative promise. The country was emerging from more than 20 years of conflict that had exacted an enormous toll on its people and had destroyed its economic infrastructure. For the first time in a generation, Afghans faced the prospect of living in peace and of rebuilding their devastated country.

From the start of the reconstruction period, the Government of Afghanistan (in its various manifestations, beginning with the Afghanistan Interim Authority (AIA) that was recognized internationally at the Bonn Conference in December 2001) had stressed the rehabilitation and development of the country's infrastructure as one of its top priorities. This project, which was processed under Bank OP 8.50 Emergency Recovery Assistance, represents the Bank's initial response to GOA's desire for assistance in the development of the country's physical infrastructure, and was one of the first Bank-funded projects in Afghanistan in over 20 years.

While the components of the project as designed ranged (within the general area of infrastructure) from strictly engineering interventions to technical assistance to more complex forms of community mobilization, they all reflected the Government's overarching emphasis on interventions that would (i) show results on-the-ground as soon as possible, to respond to the fragile socio-political situation and the high expectations of a "peace dividend", and (ii) facilitate subsequent, in-depth sectoral engagements by the Bank and others, in anticipation of the implementation of the large commitments of development assistance that the international community had made to Afghanistan.

1.2 Original Project Development Objectives (PDO) and Key Indicators *(as approved)*

As identified in the Technical Annex, the objective of the project was to improve selected infrastructure service delivery in order to enhance the quality of life, health status, and welfare of the population and to support the economic recovery of the country. This was to be achieved by:

- (a) Carrying out urgent reconstruction and rehabilitation works to restore critical urban services and power;
- (b) Providing employment opportunities through labor-based reconstruction activities; and
- (c) Providing urgently needed policy advice and capacity building to the Government in selected sectors to promote sustainable infrastructure service delivery which fosters community and private sector participation.

The outcomes of the Project were expected to be improvements in infrastructure facilities and delivery, and progress towards laying the foundations for sector reforms and institution building which would lead to sustainable development of the infrastructure and energy sector.

Annex VI of the Technical Annex identified monitoring indicators for the various components and subcomponents of the project. These were quantified to the limited extent possible in the absence of baseline data.

1.3 Revised PDO (as approved by original approving authority) and Key Indicators, and reasons/justification

Neither the PDO nor the Key Indicators were revised in the course of project implementation.

1.4 Main Beneficiaries

(original and revised, briefly describe the "primary target group" identified in the PAD and as captured in the PDO, as well as any other individuals and organizations expected to benefit from the project)

As described in the Technical Annex, the beneficiaries of the project were expected to be households throughout urban Afghanistan using the various infrastructure services supported under the project (water, sanitation, power). In addition, expected project beneficiaries included the many individuals who would benefit from the short-term public works employment generated by the Municipal Public Works component in five cities, and the communities that would benefit from the public works themselves.

It was expected that women and children “[would] be the primary beneficiaries of the interventions in water and sanitation in terms of health gains and reduced workload in water collection” (Technical Annex, para. 80).

By design, the project beneficiaries were distributed throughout urban Afghanistan, as various components were planned for execution in different locations (11 provincial towns in the case of the water supply component; Kabul and the next four largest cities in the case of the Municipal Works Program; and Kabul plus more than six other provincial cities and towns under the power component). The Sanitation subcomponent was limited to Kabul.

Project beneficiaries also included the various ministries and agencies engaged in the implementation of the grant that would benefit directly from the experience of implementation and the sector-specific TA financed under the grant.

1.5 Original Components (as approved)

Component 1: Urban Services (est. US \$16 million).

- Part A. Municipal Public Works (US \$3 million) in five cities.

- Part B. Urban Water Supply Improvements (US \$9.8 million) in 11 cities.
- Part C. Sanitation Improvements in Kabul (US \$1.5 million).
- Part D. Engineering and Management Support for Parts A-C (US \$1.7 million)

Component 2: Power (est. US \$15 million).

- Part A. Transmission and Distribution Materials (US \$6.5 million) for Kabul and other cities.
- Part B. Essential Tools and Equipment (US \$1.5 million).
- Part C. Hydropower Station Repairs (US \$2.5 million).
- Part D. Re-commissioning of Gas Turbine and Supply of Fuel (US \$3.7 million).
- Part E. Engineering and Management Support for Parts A-D (US \$0.8 million)

Component 3: Policy Advice and Other Support in Mining, Oil and Gas and other infrastructure sectors (est. US \$2 million).

1.6 Revised Components

The legal agreement was amended on August 15, 2002, to include a civil aviation component to finance urgently needed repairs and improvements of the communication and radio-navigation equipment at Kabul Airport. Originally intended for inclusion in the Emergency Transport Rehabilitation Project (ETRP), the civil aviation component was included in this project in view of the immediate need for financing (the ETRP went to the Board only in March 2003). Supervision of the civil aviation component was carried out under the ETRP.

1.7 Other significant changes

(in design, scope and scale, implementation arrangements and schedule, and funding allocations)

The grant closing date was twice extended, for a total of 1-1/2 years, making for an implementation period of about four years, although several of the subcomponents were completed in less time than this. The first extension (by one year) was necessitated by general procurement delays. The second extension (by six months) was requested by Kabul Municipality to make possible the completion of the Kabul Sanitation Improvements component, which would not have been possible without the extension due to continued procurement delays and the need to change suppliers for some goods originally coming from Pakistan, which had suffered a devastating earthquake in October 2005.

The significant delays in commencing the implementation of the Kabul Sanitation Improvements component created a problem with uncollected garbage that was considered a health hazard. In view of the public health risk, the decision was taken to co-finance with Post-Conflict Grant funds the collection of garbage in Kabul and contract UN Habitat on a sole-source basis while efforts were made to finalize the procurement of a firm to assist Kabul Municipality in implementing the sanitation component (which happened only in February 2004).

In addition, the scope of the power component was scaled back slightly: the purchase of transmission materials and repairs to two of the original three hydropower stations were dropped due to cost increases in higher-priority power activities such as distribution material and spare parts for the Naghlu Hydropower plant.

Other component-specific allocations were adjusted over the course of implementation, reflecting some minor changes in evolving priorities but mostly the increase in the USD equivalent of the grant amount due to exchange rate dynamics (from USD \$33 million at the time of appraisal to over USD \$39 million at grant closing).

The table below shows original, revised and disbursed amounts by component.

Table 1: Emergency Infrastructure Reconstruction Project: Project Costs by Component

Component	Original Estimate	Revised Estimate	Amt. Disbursed	% Disbursed
Urban Services				
A. Municipal Public Works in Five Cities	3.00	3.30	3.30	100%
B. Urban Water Supply Improv. in Provincial Cities	9.80	8.96	8.65	97%
C. Sanitation Improvements in Kabul	1.50	1.48	1.40	94%
D. Engineering and Management Support	1.70	5.51	5.51	100%
TOTAL	16.00	19.25	18.86	98%
Power				
A. Distribution Materials	6.50	6.13	6.04	98%
B. Essential Tools and Equipment	1.50	1.81	1.81	100%
C. Hydropower Station Repairs	2.50	1.52	1.52	100%
D. Re-commissioning Gas Turbine & Supply of Fuel	3.70	5.53	4.67	84%
E. Engineering and Management Support	0.80	2.19	2.09	95%
TOTAL	15.00	17.18	16.13	94%
Policy Advice and Other Support				
A. Mining, Oil, and Gas	1.00	0.74	0.69	93%
B. Other Infrastructure	1.00			
TOTAL	2.00	0.74	0.69	93%
Civil Aviation				
A. Radar Equipment for Kabul Airport	-	2.10	2.03	96%
GRAND TOTAL **	33.00	39.27	37.70	96%

** Grant amount is SDR 26.5 million. Original USD equivalent was \$33 million. As of December 24, 2006, the USD equivalent was \$39.9 million.

2. Key Factors Affecting Implementation and Outcomes

2.1 Project Preparation, Design and Quality at Entry

(including whether lessons of earlier operations were taken into account, risks and their mitigations identified, and adequacy of participatory processes, as applicable)

The project was assessed by QAG as part of QEA5 and the Quality-at-Entry was found to be satisfactory.

The key determinant of project preparation was the imperative to respond rapidly and relevantly to the prevailing emergency in Afghanistan. The existence of the joint Bank/ADB/UNDP Preliminary Needs Assessment for Recovery and Reconstruction that was prepared in January 2002 enabled the rapid preparation of the project and ensured its relevance to addressing the key priorities for Afghanistan. From the Concept Review to Board Presentation, two months elapsed. One result of the highly compressed preparation period was that certain implementation arrangements were decided only after grant effectiveness.

The limited availability of IDA funding at the time of the Bank's re-engagement in Afghanistan was the key determinant of the level of financing made available under the grant, but this had no significant implications for project implementation; the project was well-sized relative to what could have been implemented at the initial stage in the development of a Bank program in Afghanistan.

Under the prevailing circumstances, the potential for and, indeed, appropriateness of background analysis for project preparation was limited. For obvious reasons, baseline data were not available and the project team had to function in crisis mode, taking care to avoid "paralysis by analysis". The lack of baseline data did not lead to project design problems *per se* because there was an obvious and desperate need for assistance of all sorts in Afghanistan and the components identified represented indisputable priorities in a war-ravaged country whose infrastructure had been destroyed. (It is another matter that the absence of baseline data renders more difficult the assessment of the developmental effectiveness of the project, as discussed in section 8.2.) The project team carried out extensive consultations with NGOs, UN agencies and others who had been working in Afghanistan throughout the years of conflict and who constituted one of the most important available repositories of information on and experience in Afghanistan. From the Government's side, the active involvement in the project concept development and preparation of the head of the agency responsible for coordinating aid (who became Minister of Finance early on in project implementation) ensured that the project design reflected the Government's priorities.

The number of components and subcomponents and the geographical scope of the various components gave a complexity to the project structure, at least on paper. This potential complexity was mitigated by the decision of the Bank team to supervise the project by component (so that, for example, the power component was supervised by the energy team at the same time as the preparation missions for the Emergency Power Rehabilitation Project, and the water supply and sanitation components were supervised by the team that was preparing the follow-up projects in these areas). In this sense, the project was consciously structured not as a traditional sector investment project, with its typically narrow and cohesive identity, but rather, as a vehicle for an initial multi-sectoral engagement in the restoration of vital infrastructure services. It was, effectively, the first component of a programmatic approach that was carried forward in different infrastructure sectors.

While the geographical spread of the project was also a potential design complication that could have rendered the implementation more difficult, the project could not credibly have been limited to Kabul given the imperative to demonstrate the benefits of development beyond the capital city. In fact, the Bank was credited for ensuring that all the major provincial towns were covered and for adopting a “cluster approach” with KfW to ensure coverage of towns other than Kabul and Herat under the urban water supply and sanitation (UWSS) component.

At the time of project preparation, the Government and the Bank team decided against creating Project Implementation Units (PIUs) for the individual components, opting instead to build capacity directly in the implementing ministries and agencies. While avoiding the creation of such parallel institutions as PIUs is considered good practice in post-conflict countries with ineffective state institutions, for this approach to achieve its objectives it is essential to ensure adequate measures for rapid capacity-building in the government. Absent this, individual projects risk becoming hostage to the country’s low project implementation capacity; EIRP is an example of such an unfortunate confluence of project design features and implementation circumstances. This deficiency was to some degree mitigated by the team’s creative and pragmatic approach to tailoring the implementation arrangements for the individual components. In view of its uncontested advantage in on-the-ground implementation capacity, UN Habitat was used to oversee the implementation of the Municipal Public Works component; a consulting firm was hired to assist the Ministry of Urban Development and Housing and Kabul Municipality in the implementation of, respectively, the UWSS and Sanitation Improvement components; at the Government’s request, force account was used for some of the power subcomponents which eventually worked well when an expatriate supervisory engineer was engaged to ensure the quality of the installation of the material procured under the grant. These variations have in common the attempt to meet the somewhat conflicting objectives of building capacity while ensuring implementation that was as timely as could have been expected.

As concerns the assessment of the risks to the project, the team (which included a number of staff with experience in post-conflict countries) clearly understood the fragile and tenuous nature of the prevailing situation in Afghanistan, including the lack of human capacity in the war-ravaged country. Nonetheless, with the wisdom of retrospect one may observe that the implementation arrangements do not reflect an entirely adequate assessment of the severity of the various risks to implementation. This can be seen both in the ambitious expected time frame for project implementation (12-18 months) and in the procurement arrangements. The procurement risk was assessed as high but this risk was not effectively mitigated. A more effective design could have been to include additional procurement specialists in the original central procurement consultant team retained by the Government, and/or to second Bank staff to GOA to assist in technical evaluation and procurement. (This observation, while relevant to the project under review, more appropriately pertains to the overall Bank portfolio in Afghanistan.)

In addition to those risks that were or could have been mitigated, one must recognize that in such an extreme situation there are some risks that are fundamentally not amenable to

mitigation. The extremity of the risk factors and the low capacity to mitigate those risk factors reflect the same grim reality: a traumatized society that had lost 25 years to war and conflict, at a devastating cost to its human and economic development.

2.2 Implementation

(including any project changes/restructuring, mid-term review, Project at Risk status, and actions taken, as applicable)

Procurement delays bedeviled project implementation. In recent decades Afghanistan had not carried out procurement in the manner usually practiced by government entities. This resulted in a complete lack of capacity in government for procurement of any kind, which led the Government to decide to retain a firm to act as a central procurement agent to assist line ministries for procurement associated with Bank and ADB projects as well as for other government procurement. At the implementation stage this model was to prove deficient in a number of ways and perhaps underestimated the extent of the lack of government capacity. The scope of the central procurement agent did not include technical evaluation of proposals (although to a certain extent they undertook this function out of necessity in the first 1-2 years of implementation), and the line ministries did not (and in most cases, still do not) have staff capable of reviewing bids. Moreover, the number of staff in the central procurement unit was inadequate to handle simultaneously multiple projects with multiple ministries and multiple bidding packages; the volume of activities was simply too large to ensure that each maintained a fast-track schedule required for emergency projects. These shortcomings in the procurement arrangements led to significant delays in project implementation and delayed the project's impact on the ground, which was particularly unfortunate given the emergency nature of the project and the conscious choice by the team of procurement methods that were intended to be time-saving (e.g. Consultant's Qualifications Selection over Quality-and-Cost-Based Selection or dividing packages into smaller lots to allow the use of shopping under a higher than normal threshold as opposed to International Competitive Bidding).

In the case of the power component, under which numerous spare and replacement parts were procured, MEW had no experience in contract management, inspection of goods, etc., and it did not prove possible to develop this capacity over the course of project preparation. The situation was to some degree mitigated through the assistance of the central procurement agent (although under-staffed with a heavy work load) and later by the establishment of the Program Implementation Support Unit in the course of preparation of the Emergency Power Rehabilitation Project, which resided in the Ministry of Energy and Water and was dedicated to the implementation of power sector projects, including the power component of this project.

The foregoing notwithstanding, there were some notable exceptions to the general rule of procurement delays, e.g. the repair contract with the original manufacturer of the turbines at the Kabul NW plant which followed direct contracting procedures with the original equipment manufacturer. The contract was signed one month after project effectiveness (July 24, 2002) and the plant was recommissioned by January 2003, just six months after

project effectiveness. (The recommissioning of this plant was one of the single most important achievements of this project.)

In addition, the municipal public works component was implemented on schedule as UN Habitat was sole-sourced to be the oversight consultant and was responsible for the procurement process of the various public works subprojects in each of the five cities (working closely with the municipalities). By contrast, the UWSS and sanitation components were delayed by 12-18 months, as it took much longer than expected to procure the implementation consultants due to lack of sufficient staff in the central procurement unit which had a multitude of competing priorities. Once the consultants were mobilized, however, the implementation of the investment components went smoothly as they were responsible for the procurement (and implementation) of goods and works. For future emergency projects in post-conflict settings when the Client lacks capacity, the Bank may consider seconding procurement and technical staff to handle the initial procurement activities, at least to mobilize the implementation/oversight consultants who could then handle the procurement of goods and works. This would also have the benefit of reducing the need for extensive sole-sourcing in the initial projects.

As noted earlier, an important success factor in the implementation phase was the decision of the Bank team to supervise the project by component, which distributed the supervision burden and aligned the Bank staff's sector-specific strengths with the developing programs in the different sectors. Another important factor was the heavy presence of the Bank team throughout implementation with frequent missions (no fewer than six missions each year) and a TTL who spent at least six months per year in country before eventually relocating to the Kabul office. This need for extensive hands-on implementation support was consistent with OPCS recommendations on operations in post-conflict countries, which recognize that the line between Bank and client execution is often blurred in practical terms, necessitating more hands-on implementation support by Bank staff than would usually be the case.

Once procurement got underway, it became clear that the cost estimates used at appraisal were too low. Contractors, especially in consulting services, applied premiums for working in Afghanistan that were in excess of what the team had anticipated. Fortunately, the resulting cost overruns were compensated for by the beneficial (for the project's finances) movements in the SDR/USD exchange rate, which proved to be the dominant effect, covering the unanticipated higher costs and also allowing for the urgent procurement of the radar equipment for Kabul Airport.

2.3 Monitoring and Evaluation (M&E) Design, Implementation and Utilization

The design of the M&E framework was rudimentary, reflecting the absence of baseline data and the lack of recent project experience in the country that could have informed more substantive indicators in the various sectors covered by the project, at least through expert assessment. In most cases, the monitoring indicators given in Annex VI of the Technical Annex were essentially re-statements of the project components (including, for example, disbursement targets and the number of cities in which improvements to the urban water supply system were being carried out), not indicators by which the project's

development effectiveness could be measured. At the same time, some of the indicators were clearly relevant, their simplicity testifying to the stark reality of 2002: when something as important as a power plant has been rendered non-functional through war damage and lack of maintenance, it is obviously relevant to identify as a monitoring indicator whether or not the plant has been repaired and rendered functional.

Given the non-existence of data on every aspect of life in Afghanistan (which continues to hamper development efforts even in 2007), the team could not have put forward a meaningful M&E framework with any more specificity at the time of appraisal. Some efforts were made during project implementation to collect the sector-specific data that were lacking at the time of project preparation, most notably in the area of urban water supply. Under this subcomponent, a management and engineering consultant was tasked with (among other things) collecting the first set of sector data on urban water and sanitation in Afghanistan, which was instrumental in informing future interventions in this sector (see section 8.5).

2.4 Safeguard and Fiduciary Compliance

(focusing on issues and their resolution, as applicable)

Early in the reconstruction period, the Government of Afghanistan articulated the overarching priority that it assigned to proper management of the significant funds that donors had committed to help rebuild the country. Reflecting this priority, the first IDA-financed project in the reconstruction period was the Emergency Public Administration Project (EPAP) which was used to procure the services of firms to act as agents in procurement, financial management and audit. For the first emergency projects, including EIRP, the financial management and audit functions were supervised on a portfolio basis as opposed to the individual project basis. For the component-specific fiduciary functions that were beyond the scope of these centralized functions, a conscious decision was made to work with staff in the line ministries rather than establishing a project office.

The centralization of certain functions helped ensure compliance with fiduciary safeguards. For procurement, centralized oversight was provided by the Afghan Assistance Coordination Agency (AACA) and its successor, the Procurement Unit of the Afghanistan Reconstruction Development Services (ARDS) in the Ministry of Economy. In the case of financial management and disbursement, the analogous oversight was provided by the Development Budget and External Relations Unit (DBERU) of the Budget Department and the Special Disbursement Unit (SDU) of the Treasury Department at the Ministry of Finance. Audits were carried out by the Control and Audit Office of Afghanistan (CAO) supported by the Audit Agent that is funded from EPAP.

In keeping with Bank procedures for projects prepared under OP 8.50, the application of safeguard policies on the project level was not required. However during project appraisal, the Bank assisted the AIA in developing an Environmental and Social Safeguards Framework for application across the portfolio. The project did not generate significant negative environmental effects. Only the recommissioning of the Kabul NW power plant required an environmental audit which was prepared by the contractor as part

of the recommissioning of the plant. Moreover, environment and social assessments were carried out as part of the scope of work of the implementation consultant for UWSS, and environmental reports were, likewise, prepared by the Sanitation consultant on Solid Waste and Sewerage & Drainage. This had the additional benefit of helping to lay the groundwork for the next projects in these sectors. The Bank staff member who was responsible for the UWSS component was also the environmental specialist for the Afghanistan portfolio, which allowed for good synergies in supervising these areas. In 2005, the Bank organized training in social development and environment issues in the urban and power sectors that was attended by about 25 Afghan officials from the Ministries and agencies involved in EIRP.

2.5 Post-completion Operation/Next Phase

(including transition arrangement to post-completion operation of investments financed by present operation, Operation & Maintenance arrangements, sustaining reforms and institutional capacity, and next phase/follow-up operation, if applicable)

For the major components of this project, the transition to the next phase took place while EIRP was still under implementation. The project served as a vehicle for the Government and the Bank to develop programs in urban reconstruction, water supply and sanitation, and power, and the preparation of the follow-on operations in these sector began early in the implementation of EIRP. The Kabul Urban Reconstruction Project (Credit 3967 for US\$ 25 million) built on the program established with the Ministry of Urban Development & Housing and Kabul Municipality. The urban water and sanitation component established the basis for the ARTF short-term support to Urban Water Supply and Sanitation (TF 54729 for US\$ 41 million), followed by the Urban Water Sector Project (Grant H225 for US\$ 40 million). The Kabul Urban Waste Management Project (US\$20-25 million) is currently under preparation. EIRP was similarly important for the program of support to power sector rehabilitation, and facilitated the preparation of the Emergency Power Rehabilitation Project (Credit 3933 for US\$ 105 million). The mining sector technical assistance that was financed under EIRP likewise provided an initial point of entry for the important mining sector policy dialogue that has been continued under the Sustainable Development of Natural Resources Project (Grant H238 for US\$ 30 million). This component financed several useful studies on specific important issues in mining and energy.

3. Assessment of Outcomes

3.1 Relevance of Objectives, Design and Implementation

(to current country and global priorities, and Bank assistance strategy)

The project's objectives remain highly relevant. The rehabilitation of Afghanistan's devastated infrastructure is a long-term challenge requiring a level of investment and technical assistance that far exceeds the assistance that was provided through EIRP (and, indeed, than could be provided through IDA). The Government of Afghanistan identified infrastructure reconstruction and expansion of access to infrastructure services as among its top development priorities, and these priorities remain valid to this day, finding reflection in high-level policy and strategy documents (including, most recently, the

Government's Afghanistan National Development Strategy, 2006) and in Government decisions on the use of the development assistance that is made available to it. The country's need for physical infrastructure and the related policy advice and capacity-building in the agencies responsible for the infrastructure sectors remains acute.

3.2 Achievement of Project Development Objectives

(including brief discussion of causal linkages between outputs and outcomes, with details on outputs in Annex 2)

In the evaluation of the achievement of the project development objectives (PDOs) it is appropriate to keep in mind that some components of the project were, by design, short-term in nature, intended to provide services and benefits for a limited period of time in response to the emergency prevailing in 2002. Other components were designed to provide investments and capacity-building with a longer-term impact. The Municipal Public Works and the Kabul sanitation component are in the former category, and the UWSS and power components (accounting for about 75% of grant proceeds as allocated at appraisal) constitute the latter category.

As concerns the *urgent reconstruction and rehabilitation works to restore critical urban services and power* (PDO 1), achievements were attained under the urban water supply and sanitation subcomponent and the power component. Urgent reconstruction works were also carried out under the Municipal Public Works subcomponent, albeit on a smaller scale and with an impact that was, by design, highly localized.

In UWSS, a basic level of services was restored in the 11 provincial towns in which the component was carried out. In view of the shared nature of interventions in this area, the achievements in this sector cannot be attributed solely to the support provided under EIRP, but this was an important part of the total program of donor support in UWSS. The number of registered household water connections increased from 10,000 to 25,000 and the associated average water supply coverage (number of household connections / number of households) increased from 5% (ranging from 0 to 10%) to 12% (ranging from 0% to 24%). This level of coverage was confirmed by the results of the National Risk and Vulnerability Assessment (NRVA) of 2005, according to which 10% of the urban households use municipal piped water as their main source of drinking water. Overall water production capacity was raised from 15,000 to 25,000 cum/day, equivalent to a change in the average water availability from 6 lpcd (or 140 lpcd if expressed on the basis of population actually covered) to 10 lpcd (or 89 lpcd if expressed on the basis of population actually covered).

Concerning sanitation improvements in Kabul, it is difficult to quantify the actual improvements in sanitation across Kabul city, although the volume of solid waste collected and number of community organizations formed to improve the sanitation problems during the first 18 months of the project are provided in Annex 2. However, the Department of Sanitation in Kabul Municipality is functional again compared to its relative state of inactivity at the beginning of project implementation. Rehabilitation of the Gazak dumpsite was completed, as were repairs to eight existing and construction of eight new public toilet complexes and pilot sanitary improvements for row houses in

District 11. In addition, the municipality was provided with new equipment to improve solid waste collection and the disposal system in Kabul.

Under the power component, a significant measure of the achievement of this particular development objective is the recommissioning of the Kabul NW power plant. Inoperable in 2002, the plant was rapidly repaired and since 2003. Originally intended to provide only peaking power, the actual production of electricity at the plant was increased significantly when drought severely constrained the available supply from the hydropower plants serving Kabul. The plant continues to operate at medium and base load in order to meet the increased demand caused by the surge in the population growth in Kabul. As a result, in recent years the Kabul NW plant has contributed on average about 40% of the power supplied to Kabul through the public grid. In winter, when the share of power produced by the hydropower stations is reduced, the Kabul NW plant has provided as much as 60% of the overall public supply of power that is available to Kabul. (However, it needs to be noted that throughout the year Kabul's demand for electricity far exceeds the capacity of the Kabul NW power plant and the hydropower stations.) While reliance on the Kabul NW plant for baseload power is not an economic long-term option for Kabul, the plant has played a critical role in supplying electricity to Kabul when no other feasible options were available.

Other noteworthy results achieved under the power sector components include: (i) several diesel generators that were procured and installed in smaller provincial cities throughout the country (Faizabad, Baghdis, Bamiyan, Samangan, and Uruzgan) which had few or no alternative sources of electricity; and (ii) the provision of essential tools and equipment and urgent spare parts for distribution systems. At the Government's request, the Bank agreed to use force account arrangements to implement the distribution subcomponent to provide work and experience to Afghan employees of the national power utility. With the help of an expatriate supervisory consultant, most of the work was eventually completed, but with a significant delay (some materials reached the local branches of the utility only in 2005). The quality of the work was considered good and the total cost in USD terms was lower than the comparable costs of foreign contractors. Moreover, an additional 2,000 customers were connected to the public grid in Kabul (however, because of generation constraints, their supplies and the supplies to Kabul's existing consumers were and still are subjected to heavy rationing, with frequent black-outs). On the other hand, there were instances where materials were not used, notably underground cables with which local utility employees were unfamiliar. (In Kabul and Herat, more technical assistance was available to the local branches of the utility and all material procured under this component was used.)

The funds for the repair of the hydropower stations were ultimately limited to procuring spare parts for Naghlu, the largest of the plants serving Kabul, and contributed to the continuing functioning of this plant. (The major repairs to the Naghlu HPP are being funded under the on-going Emergency Power Rehabilitation Project.)

The Municipal Public Works subcomponent was the vehicle for the *provision of employment opportunities through labor-intensive reconstruction activities* (PDO2).

According to the Completion Report prepared by UN-Habitat, which managed this component, 112 sub-projects were completed in five cities. About 68% of the completed work by contract value was carried out in Kabul (funds were allocated on the basis of population). (Some of the completed public works in Kabul were visited in connection with this ICR.) In addition, this component also generated some 13,000 person-months of employment against a target of 10,000.

The efforts to *provide urgently needed policy advice and capacity-building to the Government in selected sectors to promote sustainable, infrastructure service delivery* (PDO3) produced mixed results. The technical assistance financed under the project made an important contribution to the policy dialogue in UWSS, power, and mining. Notable achievements included the preparation of a strategic sanitation plan for Kabul city, a sewerage and drainage master plan for Kabul city, feasibility studies for the water supply of 22 provincial towns, and the master plan for the least-cost expansion of the power sector. (See Annex 9 for a list of the studies and other documents prepared with financing from this component.) These planning tools are critical for institutions to take informed decisions and laid the groundwork for future investments. In addition, the mining and oil & gas sector technical assistance, which was closely supervised by Bank experts, made a significant contribution to the development of modern Minerals and Hydrocarbon Laws that were adopted in 2005. Moreover, as detailed in section 2.5, a measure of the significance of the policy work supported by this project is the scope and importance of the follow-up interventions that were prepared on the basis of the work initiated under EIRP. Building capacity in the implementing agencies, however, proved a far more challenging task. While this project represented a beginning in that regard, it was not possible to advance capacity-building in any meaningful way within the limitations of this first intervention in Afghanistan after more than 20 years of non-engagement by the country with the Bank and other donors.

Additional details on outputs by component can be found in Annex 2.

3.3 Efficiency

(Net Present Value/Economic Rate of Return, cost effectiveness, e.g., unit rate norms, least cost, and comparisons; and Financial Rate of Return)

Not applicable as the project was processed under OP 8.50 Emergency Recovery Assistance.

3.4 Justification of Overall Outcome Rating

(combining relevance, achievement of PDOs, and efficiency)

Rating: Satisfactory

The overall outcome rating of Satisfactory is based on the assessment of the project's relevance and the achievements of the project development objectives as described above. A single rating for a project consisting of several diverse components with varying outcomes and for which data on which to base an evaluation are limited necessarily requires a more qualitative judgment than would a project with more homogeneous

components in a non-emergency situation. The limitations of the situation notwithstanding, it is clear that the project yielded important outcomes that are consistent with the development objectives established at appraisal. Considering the uncommonly challenging circumstances that prevailed during project preparation and implementation, this initial intervention in infrastructure rehabilitation is noteworthy for its physical achievements and for its centrality in establishing a basis for the preparation of sector development programs that are supported by the Bank and other donors.

3.5 Overarching Themes, Other Outcomes and Impacts

(if any, where not previously covered or to amplify discussion above)

(a) Poverty Impacts, Gender Aspects, and Social Development

A number of project components had positive, anti-poverty impacts. The Municipal Public Works component provided direct income-generation (cash for work) for community members who were hired to carry out the public works projects.

As noted in section 6.4, women and children were intended as the primary beneficiaries of the interventions in water and sanitation in terms of health gains and reduced workload in water collection.

(b) Institutional Change/Strengthening

(particularly with reference to impacts on longer-term capacity and institutional development)

In an emergency project in a post-conflict country, it is difficult to effect significant impacts on longer-term capacity and institutional development. Indeed, the extreme lack of government capacity hindered project implementation – in particular in the early years of implementation when (in addition to the lack of human capacity), there was no telephone network, no functioning banking facilities, and government offices were lacking even the most basic of supplies and equipment to carry out their work. The use of consultants and advisors by the government to assist in implementing their programs was not effective in building capacity in the initial years, as the needs were so overwhelming that the focus, by necessity, had to be on getting the work done and fire-fighting issues as they arose. However, some limited capacity has been built under the project in the implementing agencies through “learning by doing”. Subsequent Bank projects have been able to focus more directly on capacity-building and institutional development although these are still difficult issues to address in the context of a 3-5 year project in a country which has lost at least two generations of education and where the civil service salary scale provides for only \$40 per month.

(c) Other Unintended Outcomes and Impacts (positive or negative)

3.6 Summary of Findings of Beneficiary Survey and/or Stakeholder Workshops

(optional for Core ICR, required for ILI, details in annexes)

4. Assessment of Risk to Development Outcome

Rating: High

As of early 2007, at the time of the completion of this assessment, the general situation in Afghanistan remains fragile, indeed, perhaps more obviously so than five years earlier, when the Bank team that prepared this project first traveled to Afghanistan. Continuing insurgency and the ever-present threat to the security of the people of Afghanistan, the dominant role of the opium trade in the country's economy, combined with the pronounced worsening of the country's terms of trade resulting from the sharp increase in the cost of imported oil products, perpetuate an environment that is high-risk from any perspective. While the project achieved its short-term objectives (including implementation of investments of a long-term potential) it remains to be seen whether the country will be able to preserve and build upon the value of these investments. Notwithstanding the importance of a stable security environment, the determining factor in this question will be the success of efforts to build capacity in the agencies that were the primary institutional beneficiaries of this project. The water and power utilities and municipal governments throughout the country remain weak in terms of their capacity to ensure provision of the basic services for which they are responsible. While follow-up projects in these sectors are providing opportunities to continue to develop capacity, they are also making clear in a way that could not have been fully grasped in 2002 the profound extent of the need in Afghanistan for basic professional education and training in all sectors of the economy. The threat to the long-term sustainability of the project's achievements is symptomatic of the enormity of the developmental challenge that continues to face Afghanistan and that will be a significant factor in the country's development for the foreseeable future.

5. Assessment of Bank and Borrower Performance

(relating to design, implementation and outcome issues)

5.1 Bank Performance

(a) Bank Performance in Ensuring Quality at Entry

(i.e., performance through lending phase)

Rating: Satisfactory

The Bank's responsiveness to the challenging circumstances that prevailed in Afghanistan following the fall of the Taliban was exemplary. Within weeks of the formation of the Afghanistan Interim Authority in December 2001, a highly qualified, experienced team was mobilized to work in Kabul with the new government. The early and close collaboration with the government helped ensure the relevance and realism of the project concept. The team prepared the necessary Bank documentation in record time and in the face of constraints that are unusual even for post-conflict countries (such as the absence of doors, windows and chairs in ministries, to say nothing of basic office supplies and counterparts with even a modicum of relevant experience), delivering the project to the Board only two months after the Concept Review. The project was prepared with due regard for Bank procedures and for the Bank's fiduciary role in spite of the pressure to deliver the project as quickly as possible. The only shortcoming of note was the design of the implementation arrangements and in particular, the arrangements for procurement, which was a portfolio-wide issue but of particular relevance to this project as one of the first Bank interventions after the resumption of the Bank program in Afghanistan. In view of the complete absence of procurement capacity

in the project implementing agencies, and the inadequacy of the staff in the centralized procurement agent, project implementation would have been facilitated if more sector-specific procurement oversight had been built into the project implementation arrangements, including possibly through secondment of technical and procurement staff.

(b) Quality of Supervision

(including of fiduciary and safeguards policies)

Rating: Satisfactory

The supervision of the project was good, as is clear from the detailed supervision documentation and the frequent missions which allowed the team to be pro-active in identifying and solving problems. As noted earlier, the project was supervised by component, allowing the staff responsible for a given sector to combine supervision of this project with the concurrent preparation of follow-up sector projects and the evolving policy dialogue. The TTL was based in Kabul for the latter half of the implementation period, and spent about half of her time there before that, allowing for a “hands-on” approach to identifying and addressing implementation problems as they arose.

(c) Justification of Rating for Overall Bank Performance

Rating: Satisfactory

Overall Bank performance is considered satisfactory, as preparation and supervision were satisfactory, as detailed above.

5.2 Borrower Performance

(a) Government Performance

Rating: Moderately satisfactory

The period of implementation of this project coincided with the first few years of reconstruction in post-Taliban Afghanistan, when the pressures on the Government to rebuild the devastated country while maintaining a delicate socio-political balance were enormous. In view of the enormity of the reconstruction challenge facing the Government on all fronts, the Government is to be commended for its efforts to implement this project, particularly in the early phase of project identification and preparation. The rating given here is “Moderately satisfactory” rather than “Satisfactory” in view of the recurring problems with procurement and, in some cases, payments to contractors, which were frequently brought to the attention of the Government in the course of project implementation. These problems were under the control of the Government and could have been resolved more expeditiously.

(b) Implementing Agency or Agencies Performance

Rating:

Ministry of Urban Development & Housing	Moderately satisfactory
Central Authority for Water Supply and Sewerage	Moderately satisfactory
Ministry of Energy and Water	Moderately satisfactory

Kabul Municipality	Moderately satisfactory
Ministry of Mines and Industries	Moderately satisfactory

(c) Justification of Rating for Overall Borrower Performance

Rating: Moderately Satisfactory

The justification for the overall rating of Moderately Satisfactory is given above. For purposes of assessing performance, the implementing agencies are considered to be indistinguishable for the Government in general, as all ministries and agencies faced the same conditions in the course of the project, and were handicapped by the same inherent and understandable weaknesses, such as lack of project management capacity.

6. Lessons Learned

(both project-specific and of wide general application)

1. On trade-offs in the post-conflict development agenda: project implementation vs. capacity-building. The experience of this project demonstrates the degree to which the priorities of post-conflict reconstruction can work against one another, and suggests measures that can be taken to help reduce this tension that is inherent in the post-conflict development agenda. In a post-conflict country there is an obvious and urgent need to reconstruct devastated infrastructure and restore vital services in order to stimulate economic development and to win public support for the reconstruction and related political processes. At the same time, it is equally obvious that in a country where the systems of education and professional training were dysfunctional for many years, investments in human capital – training and educating people – must rank among the highest priorities. Such investments are generally of a longer term.

In the case of this project, the Bank’s first sectoral intervention in Afghanistan in more than 20 years, combining the two objectives in a single project diminished the project’s ability to deliver results in both areas. As has become increasingly clear in recent years, the lack of human capital in Afghanistan is too profound a problem to be addressed through the model of “capacity-building through project implementation”. Preparation of a new generation of civil servants, skilled workers and professionals will take some years, and will require focused programs of vocational training and education that are just emerging in Afghanistan. Likewise, effective implementation of Bank-financed projects requires the availability of a range of specialists who cannot be trained in short order. Even the support offered under the Emergency Public Administration Project, which was designed precisely to address the shortage of project implementation capacity, particularly in procurement and financial management, was not sufficient to prevent the emergence of significant bottlenecks in the implementation of EIRP.

The significance of this lesson is that it suggests a modification to the prevailing view of best development practice in post-conflict countries (as reflected, for example, in the

QAG Quality-at-Entry assessment for this project), which has advocated incorporation of capacity-building measures into sectoral investments, arguing against the creation of separate agencies for project implementation in favor of delegating this task to line ministries. The foundation for this view, which also reflects the oft-stated preference of GOA, is that reliance on project implementation agencies deprives ministries of limited resources and fails to build sustainable state institutions consisting of competent government ministries and agencies. This legitimate general view fails, however, to take into account the extreme dearth of capacity of any sort in Afghanistan at the beginning of the reconstruction period. In addition, salaries and wages of Government employees were, and remain, extremely low, such that even the most diligent employee cannot support a family if he or she relies only a Government wage. To feed their families, many Government employees have two or more sources of employment, which diverts especially the best educated and most experienced, and thus the most effective, away from their official tasks. Indeed, the vast majority of qualified Afghans have left the civil service to work in higher-paying jobs with NGOs and international agencies with the sometimes perverse result of trained professionals working as drivers or translators. But projects must be implemented in order to be effective, and adequate implementation arrangements must be made to ensure that projects are implemented more or less on time and as intended. The experience of the power sector projects (including EIRP and the follow-up EPRP) strikingly illustrates this point: the recent improvement in project implementation has been the direct result of the engagement of an international project management firm.

Recognizing that generalizations on this complex subject will never be universally accepted or applicable, as developmental interventions must be made relevant to specific situations, differentiating post-conflict situations on the basis of various attributes (one of which would be the country's domestic ability to implement the projects intended to further its development) would be a useful diagnostic that could be applied when development programs are launched in post-conflict countries. If a country clearly lacks this capacity, as is the case with Afghanistan at present, then a more useful developmental strategy could be to put resources into vocational training and general education while on parallel basis "importing" externally available capacity to implement complex investment projects (either through traditional project implementing agencies or secondment of the staff of international development agencies or through other means).

2. Costs are highly tenuous in an unresolved post-conflict situation and can undermine the value of developmental assistance. In the experience of this project (and many other projects in Afghanistan), cost estimates at appraisal, particularly for consulting services, proved to be far below actual costs. For example, the Urban Services component included an allocation of US \$1.7 million for technical assistance in the engineering and management of the investments funded under this component. In the event, this subcomponent ended up costing US \$4.9 million, nearly three times the estimate.

Under such circumstances, the value of the developmental assistance that donors can offer to Afghanistan is undermined, and the Government and donors have a shared interest in identifying measures to control costs. While it would appear that the primary

reasons for the high costs is the limited competition for donor funds that is the result of the worsening security situation, and the high security premium included in bids by those contractors who are willing to compete for contracts in Afghanistan, this important question should be investigated more systematically through consultations with contractors so that adequate cost-control measures could be identified.

3. In a post-conflict country, the intensive and continuous presence of Bank staff to support implementation is required; in practical (if not legal) terms, the distinction between Bank and Client execution is blurred. Although this issue has been highlighted elsewhere in the document, the Bank should consider seconding staff to Government (for a limited duration and at the request of the government) during the early stages of re-engagement. This could be particularly useful in the areas of procurement, disbursement/financial management, and project management which are central to the successful implementation of projects.

7. Comments on Issues Raised by Borrower/Implementing Agencies/Partners

(a) Borrower/implementing agencies

(b) Cofinanciers

(c) Other partners and stakeholders

(e.g. NGOs/private sector/civil society)

Annex 1. Project Costs and Financing

(a) Project Cost by Component (in USD Million equivalent)

Components	Appraisal Estimate (USD millions)	Actual/Latest Estimate (USD millions)	Percentage of Appraisal
URBAN SERVICES	16.00	18.9	118
POWER	15.00	16.1	107
OTHER INFRASTRUCTURE	2.00	2.6	130
Total Baseline Cost	33.00	37.6	114
Physical Contingencies	0.00	0.00	0.00
Price Contingencies	0.00	0.00	0.00
Total Project Costs	33.00	37.6	
Project Preparation Fund	0.00	0.00	.00
Front-end fee IBRD	0.00	0.00	.00
Total Financing Required	33.00	37.6	

(b) Financing

Source of Funds	Type of Cofinancing	Appraisal Estimate (USD millions)	Actual/Latest Estimate (USD millions)	Percentage of Appraisal
Borrower		0.00	0.00	.00
IDA GRANT FOR POST- CONFLICT		33.00	37.6	114

Annex 2. Outputs by Component

The Emergency Infrastructure Reconstruction Project (US\$33 million Grant) rehabilitated water supply and sanitation in secondary cities, sanitation in Kabul, and basic electricity for several cities. The project's urban public works generated short-term employment opportunities. Specific outputs by activity included:

1. Rehabilitation of Water Supply Systems in 11 provincial cities (Kandahar, Qalat, Mazar, Sheberghan, Kunduz, Taloqan, Charikar, Mehterlam, Jalalabad, Ghazni, and Gardez). The project undertook rehabilitation and redesign of existing systems, sector development analysis, planning for future operations, and feasibility studies for system expansion. Civil works for upgrading water utility facilities in each of the 11 provincial towns was completed, including new warehouses (except Kandahar), fully equipped workshops, and new office buildings (except Jalalabad, only rehabilitation works in Charikar and Ghazni). About 132 km of pipes were laid, increasing the distribution network by about 30 percent to 585 km. Preliminary data on the 11 provincial towns indicated that overall production capacity has risen from 15,000 to 25,000 cubic meters per day, which translates into an improvement of the average water availability from 6.5 to 10.5 liters per capita per day.

2. Solid Waste Management in Kabul: Between October 2002 and May 2004, over 120,000 cubic meters of solid waste was collected, and 46 community organizations were formed to help solve sanitation problems in Kabul. Teams of professional female hygiene and health educators have, in addition to reaching out to over 68,000 students, visited 160,000 households to teach families safe ways to dispose of garbage.

3. Sanitation Improvements in Kabul: Works were completed to rehabilitate the Gazak dumpsite, repair eight existing and construct eight new public toilet complexes, and pilot sanitary improvements for row houses in District 11. In addition, the municipality has been provided with new equipment to improve solid waste collection and the disposal system in Kabul, including compaction vehicles, garbage and other trucks, steel waste containers and suction trucks.

4. Labor-Intensive Municipal Public Works Program: Launched in December 2002 and completed in April 2004, this program implemented over 100 labor-intensive projects for infrastructure improvement and repair in Kabul, Kandahar, Jalalabad, Mazar-i Sharif, and Herat. The cash-for-work program generated significant temporary employment (supplying the equivalent of work for 43,000 people for an average of 10 days or 430,000 person-days). Achievements include: over 43,000 meters of road graveling and leveling in four cities; cleaning, construction, and excavation of almost 61,000m of side ditches in Kabul, Jalalabad and Kandahar; construction of 74 shallow wells and 17 deep wells in Kabul; the planting of 21,000 saplings in Mazar; and site cleaning of 32,000 square meters in Kandahar. Further details are provided in the table below:

Table: Investment details – Municipal Public Works in 5 cities

	Herat	Jalalabad	Kabul	Kandahar	Mazar
Sub-projects (112)	14	8	70	15	5
Budget (\$ 2,500,000)	200,000	150,000	1,700,000	300,000	150,000
Spent+charges (\$ 2,493,424)	199,966	149,018	1,694,705	299,889	149,846
Drainage (\$ 749,236)	15,178	96,392	578,992	58,674	
Roads (\$ 565,636)	40,815	12,796	272,212	199,464	40,349
Green areas (\$ 388,611)			312,630	29,036	46,945
Public latrine (\$ 65,784)	33,780	6,472			25,532
Others (\$ 700,755)	108,768	31,883	514,685	9,746	35,673
Details (Others)	Protection walls, bridge	School	Schools, protection walls, water supply, canal underground	Garbage bins	Kindergarden
Total-charges (\$ 2,470,022)	198,541	147,543	1,678,519	296,920	148,499

5. Increasing Power Supply: In January 2003, the 45 megawatt Northwest Kabul Thermal Power Station was re-commissioned, after being inactive for 14 years. At the time, this almost doubled the available power supply in Kabul, particularly critical during the winter months, when demand increases by one-third. In addition to providing essential tools and equipment and urgent spare parts for distribution systems, several diesel generators have been installed in smaller provincial cities throughout the country which had little or no access to electricity, including Faizabad, Baghdis, Bamiyan, Samangan, and Uruzgan. An additional 2,000 customers in the eastern part of Kabul city were connected to city power grid.

6. Power Sector Master Plan: A final master plan to develop Afghanistan's power sector was completed in October 2004. It provides the basis for future investments in power generation and transmission up to 2020.

7. Mining and Oil & Gas: Technical assistance, both through the financing of legal advisors and policy advice provided during project supervision by Bank experts, led to the adoption of modern Minerals and Hydrocarbons Laws in 2005. This has contributed to the development of a policy environment conducive to private sector participation and good governance in the extractive industry sector.

Annex 3. Economic and Financial Analysis
(including assumptions in the analysis)

Not applicable.

Annex 4. Bank Lending and Implementation Support/Supervision Processes

(a) Task Team members

Names	Title	Unit	Responsibility/ Specialty
Lending			
Hadi Abushakra	Lead Counsel	LEGMS	Legal
Craig Andrews	Lead Mining Specialist	COCPO	Mining
Richard Beardmore	Sr. Urban Specialist	SASEI	Municipal Public Works component
Christophe E. Bosch	Senior Water and Sanitation Economist	SASES	UWSS component + environment
Peter Dawes	Municipal Engineer Consultant	-	Municipal Public Works component
Barbara J. Evans	Sr. Water and Sanitation Specialist	WSP	UWSS + Kabul Sanitation component
Julia M. Fraser	Sr. Financial Analyst	SASEI	TTL
Joseph A. Gadek	Sr. Sanitary Engineer Consultant	-	UWSS component
Paul Jonathan Martin	Sr. Environmental Spec.	AFTSD	Environment
Kenneth Miller	Sr. Disbursement Officer	LOAG2	Disbursement
Devesh Mishra	Sr. Procurement Specialist	ECSPS	Procurement
Rajat Narula	Sr. Financial Management Specialist	LOAG2	Financial Management
Akin Oduolowu	Lead Energy Specialist	COCPO	Oil & Gas
Asta Olesen	Social Scientist Consultant	SASES	Social Development
Paula Reed	Procurement Analyst	SASEI	Procurement
Robert Saum	Sr. Financial Management Specialist	SARFM	Financial Management
Anthony E. Sparkes	Power Engineer Consultant	-	Power component
Tjaarda P. Storm Van Leeuwen	Lead Financial Analyst	MNSSD	TTL – appraisal
Marcia Whiskey	Program Assistant	SASEI	Administrative support
Supervision/ICR			
Craig Andrews	Lead Mining Specialist	COCPO	Mining
Harbans Lal Aneja	Procurement Consultant	SASPR	Procurement
Richard Beardmore	Sr. Urban Specialist	SASEI	Municipal Public Works component
Christophe E. Bosch	Senior Water and Sanitation Economist	SASES	UWSS component + environment
Charles Delfieux	Junior Professional Associate	SASEI	UWSS component
Paramjit Singh Dhingra	Power Engineer	SASEI	Power component
Minerva Espinosa-Apurada	Program Assistant	SASEI	Administrative support-DC
Barbara J. Evans	Sr. Water and Sanitation Specialist	WSP	UWSS + Kabul Sanitation component
Karine Fourmond	Water & Sanitation Specialist	SASEI	Water & Sanitation Eng.
Julia M. Fraser	Sr. Financial Analyst	SASEI	TTL
David C. Freese	Sr. Finance Officer	LOAG2	Disbursement

Joseph A. Gadek	Sr. Sanitary Engineer Consultant	-	UWSS component
Mariam Haidary	Team Assistant	SACAF	Administrative support-Kabul
Michael Haney	Sr. Energy Specialist	SASEI	TTL-ICR
S.M. Quamrul Hasan	Procurement Specialist	SARPS	Procurement
Abdul Wali Ibrahim	Operations Analyst	SASEI	Operations
Dhirendra Kumar	Procurement Consultant	SARPS	Procurement
Soheyla Mahmoudi	Finance Analyst	LOAG2	Disbursement
Vardah Khalil Malik	Financial Management Consultant	-	Financial management
Akin Oduolowu	Lead Energy Specialist	COCPO	Oil & Gas
Asta Olesen	R. Social Development Specialist	SASES	Social Development
Anthony E. Sparkes	Power Engineer Consultant	-	Power component

(b) Staff Time and Cost

Stage of Project Cycle	Staff Time and Cost (Bank Budget Only)	
	No. of staff weeks	USD Thousands (including travel and consultant costs)
Lending		
FY02	57	366.39
FY03		0.00
FY04		0.00
FY05		0.00
FY06		0.00
FY07		0.00
Total:	57	366.39
Supervision/ICR		
FY02		73.85
FY03	43	326.14
FY04	23	141.10
FY05	30	166.22
FY06	27	95.16
FY07	8	40.44
Total:	131	842.91

Annex 5. Beneficiary Survey Results
(if any)

Annex 6. Stakeholder Workshop Report and Results
(if any)

Annex 7. Summary of Borrower's ICR and/or Comments on Draft ICR

Annex 8. Comments of Cofinanciers and Other Partners/Stakeholders

Annex 9. List of Supporting Documents

Afghanistan: Preliminary Needs Assessment for Recovery and Reconstruction, Asian Development Bank, United Nations Development Program and World Bank, January 2002.

Technical Annex for a Proposed Grant of SDR 26.5 million (US\$33 million equivalent) to Afghanistan for an Emergency Infrastructure Reconstruction Project, Report No. T 7538-AF, May 10, 2002.

Memorandum and Recommendation of the President of the International Development Association to the Executive Directors on a Proposed Grant of SDR 26.5 million (US\$33 million equivalent) to Afghanistan for an Emergency Infrastructure Reconstruction Project, Report No. P 7538-AF, May 10, 2002.

Development Grant Agreement (Emergency Infrastructure Reconstruction Project) between Afghanistan and International Development Association, Grant No. H007 AF, June 8, 2002.

Final Quality at Entry Assessment (QAE5), August 19, 2002.

Aide Memoires, Back-to-Office Reports, and Project Status Reports

Power Component

1. Environment Field Service Report for Re-commissioning Kabul NW Power Plant, ALSTOM, March 2003
2. Power Sector Master Plan: Interim Paper Final Version, Norconsult/Norplan, July 2003
3. Inception Report Asset Management Norconsult/Norplan, July 2003
4. Establishment of Stores System, Draft Report, Phase 1, Norconsult/Norplan, July 2003
5. Draft Final Report Transformer Workshop, Norconsult/Norplan, October 2003
6. Fixed Asset Management System – Final Report, Norconsult/Norplan, May 2004
7. Fixed Asset Register Manual for DABM, Norconsult/Norplan, May 2004
8. Final Report Power Sector Master Plan Vol.1 – Main Volume, Norconsult/Norplan, October 2004
9. Final Report Power Sector Master Plan Vol. 2 – Appendix A: Demand Forecast, Norconsult/Norplan, October 2004
10. Final Report Power Sector Master Plan Vol. 3 – Appendix B: Transmission System, Norconsult/Norplan, October 2004
11. Final Report Power Sector Master Plan Vol. 4 – Appendix C: Hydropower, Norconsult/Norplan, October 2004
12. Final Report Power Sector Master Plan Vol. 5 - Appendix D: Thermal Resources, Appendix E: Environmental Aspects, Norconsult/Norplan, October 2004

13. Final Report Power Sector Master Plan Vol. 6 – Appendix F: Economic Analysis, Norconsult/Norplan, October 2004

Municipal Public Works Sub-Component

(all reports prepared by UN Habitat on behalf of Ministry of Urban Development)

1. Implementation Manual Municipal Public Works Programme, December 2002
2. Various Monthly Progress Reports for the Municipal Public Works Programme, December.2002-February 2004
3. Completion Report for Municipal Public Works Program, October 2004

Kabul Solid Waste Sub-Component

(all reports prepared by UN Habitat on behalf of Kabul Municipality)

1. Various Monthly Progress Report for Municipal Solid Waste Management Project, UN HABITAT, October 2002 – April 2004
2. Waste Characterization Report, UN Habitat, August 2003
3. Institutional Study for Municipal Solid Waste, UN HABITAT, January 2004
4. Kabul Municipality Solid Waste Management Support Program – Final Report, UN Habitat, May 2004

Provincial Towns Urban Water Supply and Sanitation Rehabilitation Sub-Component

(all reports prepared by Beller Consult/Kocks Consult/BETS on behalf of CAWSS)

1. Draft Inception Report on Eleven Regional Towns Water Supply and Sewerage Project, October 2003
2. Institutional Study Report, April 2004
3. Feasibility Study Report Kunduz, Beller Consult/Kocks Consult/BETS, May 2004
4. EIRP Eleven Provincial Towns Water Supply & Sewerage Project Progress Report Ext Summary, Beller Consult/Kocks Consult/BETS, August 2004
5. Environment Assessment, November 2004
6. Social Assessment – Intermediate Version, November 2004
7. Sanitation Strategy Report, Beller Consult/ Kocks Consult/BETS, March 2005
8. Feasibility Study Report - Ghazni, March 2005
9. Feasibility Study Report - Mazar -e- Sharif, March 2005
10. Feasibility Study Report - Mehterlam, March 2005
11. Feasibility Study Report - Qalat, March 2005
12. Feasibility Study Report - Gardez, March 2005
13. Feasibility Study Report - Jalalabad, March 2005
14. Feasibility Study Report - Sheberghan, March 2005
15. Feasibility Study Report – Taluqan, March 2005
16. Feasibility Study Report – Kandahar, March 2005
17. Feasibility Study Report – Charikar, March 2005
18. Feasibility Studies – Summary Report, March 2005
19. Assessment of Population Figures: Special Report, March 2005
20. Socio Economic Report, March 2005
21. Financial Report, March 2005
22. Various Progress Reports, April-November 2004, December 2004–April 2005

Kabul Sanitation Improvement Sub-Component

(all reports prepared by Gauff Ingenieure/ICON/IBU on behalf of Kabul Municipality)

1. Rapid Review Report – Main Report and Annexes, August 2004
2. Strategic Sanitation Interim Report – Main Report and Annexes, April 2005
3. Environmental Report; Part 1: Solid Waste, May 2005
4. Environmental Report; Part 2: Sewerage & Drainage, May 2005

Other Infrastructure Component - Ministry of Mines and Industries

1. Production of Oil & Gas Producing Areas to the Private Sector – First Interim Report, Gustavson Associates, July 2004
 2. Promotion of Oil & Gas Producing Areas to the Private Sector – Second Interim Report, Gustavson Associates, November 2004
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