



**Contracting Authority: Delegation of the European Union to
the Islamic Republic of Afghanistan**

**Municipal Governance Support Programme (MGSP)
Grant Application Form**

Title of the action:	Municipal Governance Support Programme (MGSP)
[Number and title of lot]	
Location(s) of the action:	<i>Afghanistan; Kabul, Jalalabad, Kandahar, Mazar, Herat, Kunduz, Farah, Bamyán and Charikar cities.</i>
Name of the applicant	United Nations Human Settlements Programme (UN-Habitat)
Nationality of the applicant ¹	UN Agency (HQ in Nairobi, Kenya)

Dossier No	
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(for official use only)

EuropeAid ID ²	
Ongoing contract/Legal Entity File Number (if available) ³	
Legal status ⁴	

¹ An organisation's statutes must show that it was established under the national law of the country concerned and that the head office is located in an eligible country. Any organisation established in a different country cannot be considered an eligible local organisation. See the footnotes to the Guidelines for the call.

² To be inserted if the organisation is registered in PADOR (Potential Applicant Data On-Line Registration). For more information and to register, please visit <http://ec.europa.eu/europeaid/online-services/pador>.

³ If an applicant has already signed a contract with the European Commission and/or has been informed of the Legal Entity File number. If not, write 'N/A'.

⁴ E.g. non-profit, governmental body, international organisation.

Co-applicant ⁵	Name; EuropeAid ID; Nationality and date of establishment; Legal status; Relation with the applicant or co-applicant
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⁵ Use one row for each co-applicant.

⁶ Use one row for each affiliated entity.

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1 THE ACTION

1.1. Description of the Action

1.1.1 Summary of the action

This Municipal Governance Support Programme (MGSP) is relatively straightforward in terms of its components yet it has the potential to transform Afghanistan's cities and the lives of their citizens. The programme is underpinned by the fact that improved municipal governance for state building and peace-building requires three fundamental components: (i) *effective land management*, (ii) *strategic urban planning*, and improved (iii) *municipal finance systems/revenue management*.

The three-year programme will be implemented in nine cities: Kabul (the capital); Herat, Jalalabad, Kandahar, and Mazar-e-Sharif (Grade A cities); and Kunduz and Farah (Grade B); and Bamyan and Charikar⁷ (smaller but fast-growing and strategic cities). The programme will support these nine municipal authorities to survey and register *all* properties within municipal boundaries (362,400 properties) (for Kabul: two districts/*Nahias*). This will improve land management (e.g. increase tenure security and reduce land grabbing) as well as significantly expand the potential tax base for municipalities.

Raising revenues, however, is not enough. Afghan Municipalities need to significantly increase their human and institutional capacities to collect and spend revenues in a more *transparent, accountable and inclusive* manner. The programme will improve these capacities through on-the-job training and mentoring to municipal staff in municipal finance and revenue management and support the Municipal Advisory Boards to improve municipal-citizen engagement and outreach.

To facilitate the strategic and sustainable use of local revenues, the programme will support municipalities to undertake strategic urban planning at municipal level to promote Local Economic Development (LED), stimulate investment and expand inclusive service delivery. The process will be driven by local stakeholders (not 'international experts') and focus on linking urban planning with finance (public and private investments) to ensure plans are realistic and actually implemented (not simply 'wish-lists'). As Afghanistan is rapidly urbanizing, such strategic planning is an essential tool for managing urban growth and expanding access to services in already crowded and largely-informal cities.⁸

Municipal and Gozar⁹ 'matching' block grants will be provided to: (i) act as a catalyst toward implementation of the strategic plans, (ii) build the capacity of municipal finance, engineering, service departments in sub-project planning, design, implementation and monitoring, and (iii) as an incentive to motivate the collection of *safayi* tax (grants will be released once certain tax collection targets are achieved).

⁷ Charikar is under discussion still. SHAHAR plans to implement in Charikar. If so, MGSP may shift the 9th city to Nili as this is not covered by other municipal programming from 2015+.

⁸ For an overview of urbanisation challenge facing Afghanistan, see: UN-Habitat (2014) *Afghanistan's Urban Future*. Discussion Paper #1, November 2014. UN-Habitat: Kabul.

⁹ A 'Gozar' is an administrative unit between the Community Development Council (200-250 households) and the Police District (PD). It typically has between 3-5 CDCs, thus approximately 1,250 households). See: UN-Habitat (2014) *Urban Solidarity*. Discussion Paper #2. December 2014. UN-Habitat: Kabul.

The programme will also improve the enabling environment for municipal governance by providing technical support to central government-level authorities, including the General Directorate of Municipal Affairs (GDMA), the Afghan Land Authority (ARAZI), and Ministry of Urban Development Affairs (MUDA), to improve national policies, legislation and guidelines. This is essential to enable up-scaling and replication in other cities.

Overall, through targeting both duty bearers and duty holders, the programme will increase a sense of civic responsibility, and enhance the social contract between citizens and the state. Citizens will pay *safayi* tax if they see tangible improvements and feel they have a 'stake in the city'. In post-conflict countries and fragile states this enhanced social contract is essential to state-building and security goals.

The programme objectives and approach reflects the stated vision of H.E. the President Ashraf Ghani and his new government: making better use of existing resources; increasing local government revenues for service delivery; stimulating local economic development and investment in cities; and fostering a sense of civic responsibility to strengthen the legitimacy of government and state institutions.¹⁰

1.1.2 Objectives and results

The overall objective (OO) is *to improve stability and stimulate local economic development in target cities through enhancing municipal governance and strengthening the social contract between citizens and the state.*

The Specific Objective (SO) is *to increase sustainable municipal revenues and strengthen urban management for inclusive service delivery and local economic development.*

The three expected Results (R) are:

- R1: Strengthened *municipal capacities and systems* for urban planning, land management and municipal revenue/finance;
- R2: Improved *municipal service delivery and strengthened 'social contract'* between citizens and municipal authorities;
- R3: Improved *enabling environment* for municipal governance, local economic development and service delivery.

Overall impact hypothesis:

- Land is a fundamental resource in Afghanistan's cities, yet it is a key driver of conflict, fragility, and socio-economic exclusion. Increasing de-facto tenure security produces considerable socio-economic benefits including improving state-society relations and stimulating household and city economic development.
- Medium-term strategic municipal action planning (SMAP) is essential for managing urban growth, effective land utilisation and management, environmental protection, service delivery planning, and stimulating local economic development, especially in a context of limited financial resources and socio-political fragility;
- As donor funds reduce in the coming decade, greater emphasis will be placed on raising local revenues. *Safayi* taxation and business licenses are two cost-effective and sustainable revenue sources for municipalities. *Safayi* also supports improved urban land management;
- However, citizens will only pay *Safayi* tax if they trust that their tax is used accountably and transparently for inclusive service delivery from which they directly benefit;

¹⁰ Ghani Ahmadzai, A. (2014) *Manifesto of Change and Continuity Team*. March 2014. www.ashrafghani.af

- A virtuous cycle of improved state-society relations can be fostered where citizens pay tax and municipalities deliver services. This can be achieved by simultaneously building the human and institutional capacity of municipalities (duty bearers) and expanding opportunities for the meaningful participation of citizens in municipal decision-making (rights holders);
- Municipalities will govern better if supported with improved national policies and guidelines, timely technical assistance and oversight, and from capable and responsive national authorities;
- Improving state-society relations in cities significantly contributes to national state building and peace-building efforts. As nearly 50% of the Afghan population will live in cities by 2050, improvements in municipal governance and the economy can achieve a significant impact for millions of Afghans in the long term.

Table 1: Theory of change:

Causality level	Expected change	Critical assumptions
Input (sub-activities)	<i>By...</i> <ul style="list-style-type: none"> • <i>supporting Municipalities</i> to undertake full citywide¹¹ property survey/registration and house numbering, • <i>whilst strengthening</i>, municipal finance and <i>Safayi</i> taxation collection systems and capacities to accountably collect and spend <i>Safayi</i> tax; • <i>and supporting</i> a participatory Strategic Municipal Action Planning (SMAP) process for LED and inclusive service delivery; • <i>then providing</i> block grants to municipalities to implement part of the SMAP plans using matching funds from increased <i>safayi</i> revenues; • <i>always utilizing a</i> 'learning by doing' approach that enables quick and meaningful impact on attitudes and behaviours of local stakeholders, • <i>and institutionalising</i> the tools and processes within the <i>tashkeel</i> structure in both district and municipal offices; • <i>While developing and institutionalising</i> improvements in the accountability and transparency of municipal operations and finances to citizens; • <i>and expanding</i> opportunities for civic engagement and citizen participation in municipal affairs (in SMAP and through MABs); • <i>Whilst also providing</i> technical assistance to central government authorities to improve the broader enabling framework in the areas of land, urban planning and municipal finance; • <i>including strengthening</i> the capacity of IDLG/GDMA; • <i>enhancing</i> urban planning and land management capacities and coordination between responsible institutions (ARAZI, IDLG, MUDA); • <i>pro-actively</i> improving multi-stakeholder data and 	<ul style="list-style-type: none"> • Absorptive capacity of authorities; political will to engage; • Capacity and willingness of central authorities to engage and take a leadership role; • Security conditions allow implementation • Data can be collected and used in a timely and cost-effective manner for planning decisions; • Block grants are used cost-effectively and for benefit of most vulnerable and needy;

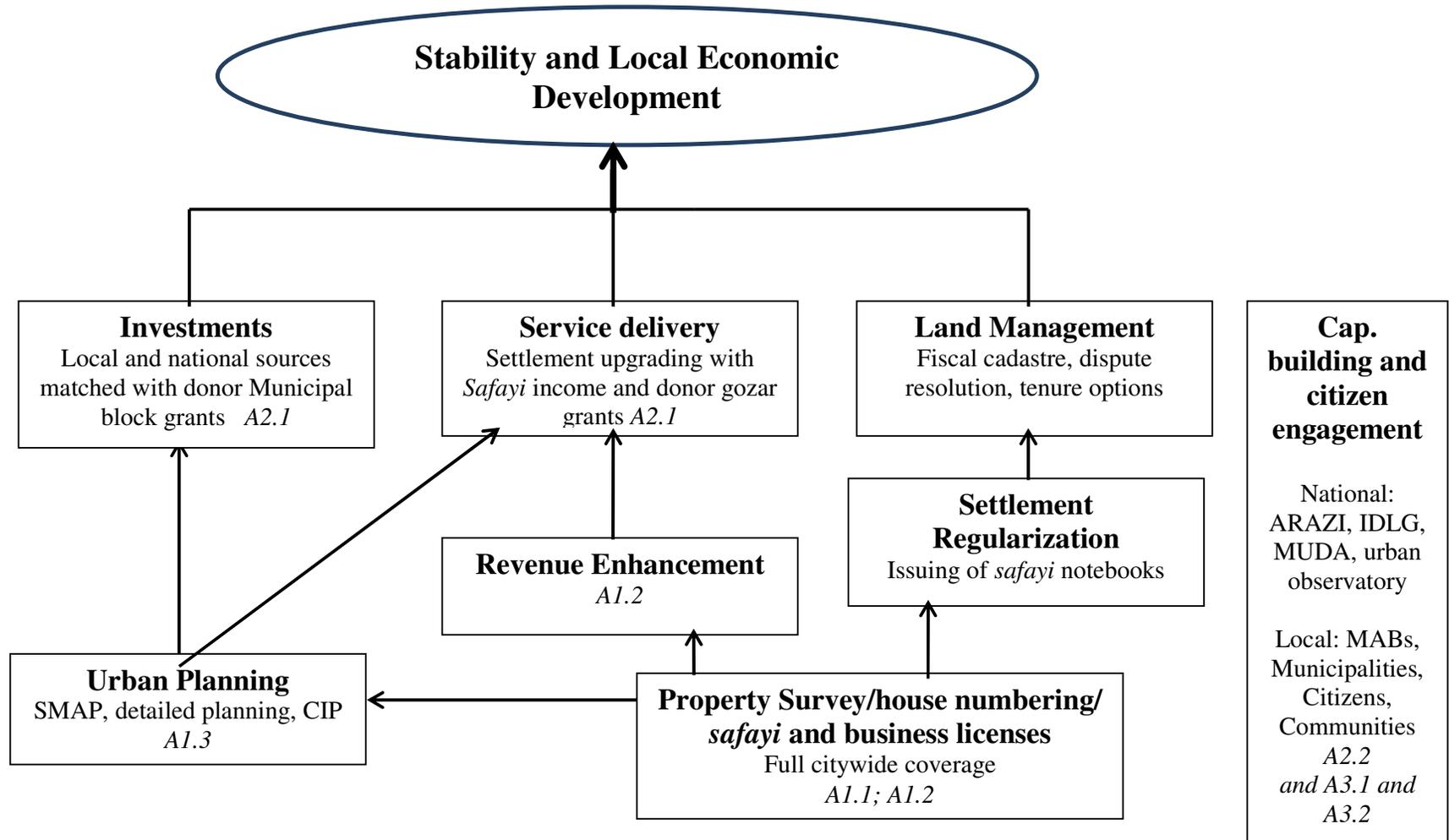
¹¹ Full citywide coverage is essential. Piecemeal coverage (as seen in previous and current programmes, including UN-Habitat CBMSP) is difficult to enforce and achieve significant impacts, for various reasons, explained below.

	<p>monitoring for improved municipal governance and urban development decision-making;</p> <ul style="list-style-type: none"> • <i>and reviewing, developing and improving</i> national policies and guidelines based on this data, evidence and lessons learned; 	
<p>Output (Activities)</p>	<p><i>This produces...</i></p> <ul style="list-style-type: none"> • <i>an improved safayi</i> system, including user-friendly citywide property databases invoicing systems, and institutionalised tax collection systems in the target cities, a process owned and administered by municipal staff and authorities; • <i>which enables a sustainable increase</i> in municipal revenue from <i>safayi</i> taxation as well as increases tenure security for millions of households; • <i>and supports</i> informed urban spatial planning and land management, including supporting participatory land, housing and economic assessments/ profiles for each city; • <i>which feed into</i> 5-year Strategic Municipal Action Plans (SMAP) for each city with associated (realistic!) Capital Investment Plans (CIPs); • <i>of which</i> tangible demonstration projects are implemented by municipalities using programme block grants and matching funds (on-budget) from increased <i>safayi</i> taxes; • <i>which improve</i> the living conditions of citizens and show tangible service delivery from municipalities; • <i>and demonstrate</i> the improved capacities of municipal staff and systems to implement the planning, financing, management, monitoring, and evaluation of inclusive service delivery projects to benefit citizens; • <i>in an accountable and transparent</i> manner through strengthened citizen engagement in municipal affairs (e.g. MABs, Municipal outreach activities, and annual participatory budgeting processes); • <i>Alongside improvements</i> in national government capacities and the broader enabling environment; • <i>including</i> the passing of the Informal Settlements Upgrading Policy, <i>revising</i> the <i>Safayi</i> Regulation, and establishing <i>safayi</i> guidelines for municipalities; 	<ul style="list-style-type: none"> • Land registration does not create or exacerbate conflict; • Stakeholders are involved and can reach consensus; • Municipalities are willing to adopt and institutionalise an updated safayi system; (this requires the before mentioned political will and incentives (block grants)) • Stakeholders can work together and agree on strategic plans/priorities; • Funds are used based on plans developed; • MABs are present and willing to engage through the security sub-committee; • Citizens are willing to engage with municipalities in constructive dialogue; • Political willingness to pass policies and approve guidelines
<p>Outcome (results)</p>	<p><i>Which result in...</i></p> <ul style="list-style-type: none"> • <i>an improved</i> enabling environment for municipal governance, local economic development and accountable service delivery; • <i>improved</i> municipal capacities and systems for urban planning, land management and municipal revenue/finance; • <i>with an associated improvement</i> in accountable municipal service delivery and therefore a strengthened 'social contract' between citizens and municipal authorities; 	<ul style="list-style-type: none"> • Political will and capacity for participatory governance approaches • Citizens see the programme as government programme, not donor programme; • Municipalities use their increased capacity
<p>Impact</p>	<p><i>Which ultimately leads to...</i></p>	<ul style="list-style-type: none"> • Political and security stability in country

<p>(Specific Objective and Ultimate Objective)</p>	<ul style="list-style-type: none"> • <i>a sustainable increase</i> in municipal revenues and strengthened urban management for inclusive and accountable service delivery; • <i>improved socio-political stability</i> through increased trust and legitimacy of municipalities to promote and manage inclusive cities and achieve local economic development; • <i>And expansion and replication</i> to other cities to contribute to national state building and peace-building objectives. 	<ul style="list-style-type: none"> • Continued economic development/ stability • Continued improvement in state-society relations;
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Figure 1: MGSP conceptual model

Municipal Governance Support Programme (MGSP)



1.1.3 Relevance of the Action

Afghanistan is heading into the '**Transformation Decade**' (2015-2025). Greater emphasis is being placed on self-sufficiency as international troops withdraw and aid is reduced. For municipalities, this means increasing their local revenues, and spending it more effectively and accountably. This is in line with the stated vision of H.E. President Ashraf Ghani and his new government:

*"By expanding cities we can collect hundreds of millions of dollars through municipalities and since municipalities have the legal right to spend, it is our pledge that we will create the widespread participation of citizens... so that people take part in creating and boosting conditions for urban living."*¹²

One of the key commitments of H.E. Ghani is to **decentralize funds** to sub-national levels. Up to 40% of central government funds will be decentralized to provincial and municipal levels. While central transfers are desirable, the human and institutional capacities to adequately and transparently handle these funds do not currently exist in municipalities, not even the large Grade A ones. Likewise, cities lack strategic urban plans, capital investment plans, and an evidenced-based understanding of where basic services are required. Although well intentioned, these constraints will severely impact the ability of municipalities to receive and effectively utilize funds from central level.

The last decade has witnessed the **haphazard, informal urban development** of Afghan cities as refugees have returned from abroad, IDPs have come for the relative security, and rural-urban economic migrants have come to urban areas in search of improved opportunities.¹³ Without even the most basic urban plans, land management systems, and municipal governance, urban dwellers have had little other option but to settle informally, outside official planning and urban management systems. It is estimated that over 70% of city dwellers have no land title or documentation and are therefore living under fear of eviction, and not feeling 'part of the city' which reinforces the negative divide between citizens and municipally/state.

Land is a key resource, especially in cities, and is a major constraint to improving access to adequate housing and basic service delivery in cities. When land ownership/occupation is unclear, households are reluctant to invest in dwelling improvements, the private sector is reluctant to invest in industry and job creation, and households' livelihoods are threatened. Recognising the importance of land, H.E. President Ashraf Ghani has made urban **land regularisation** and tenure security a priority of his government:

*"We commit ourselves to legalizing all properties that have legal flaws... Since the properties do not have credible legal basis, a vast capital of our people is perpetually under threat. At the same time, one of the results ... is that our cities can never take the shape of civic cities and citizens cannot tend to their rights and obligations as citizens."*¹⁴

It is increasingly recognized by stakeholders in Afghanistan that **cities can be drivers of economic development**, and municipalities and urban development can contribute to national state building and peace-building objectives. If properly managed, cities can make a significant contribution to Afghanistan's GDP, create jobs and improve livelihoods, increase the space for women and youth for socio-economic development, and cost-effectively

¹² Ghani Ahmadzai, A. (2014) *Manifesto and Change and Continuity Team*. p.71, and p.85

¹³ For example, the population of Kabul has almost doubled in 10 years, which makes it one of the fastest growing cities in the world. See: UN-Habitat (2014) *Afghanistan's Urban Future*. UN-Habitat: Kabul.

¹⁴ Ghani Ahmadzai, A. (2014) *Manifesto and Change and Continuity Team*. p.71, and p.85

improve access to basic services for millions of Afghans. **City-regions** are also important in terms of bridging the rural-urban divide and promoting local economic development through such approaches as economic clustering and value chains to increase productivity and harness local advantages and resources.¹⁵ A key bottleneck has been a complete lack of strategic (spatial) planning based on functional relationships and bridging administrative boundaries (Provincial, Provincial Municipality, District Municipalities, District and Villages).

The programme will act as **a catalyst for key upcoming government-led initiatives** during the transformation decade, including:

- i. It will lay the foundation for the multi-million-dollar World-Bank-financed Comprehensive Urban Development Programme (estimated 2017+), which will have three key components: (i) Urban Solidarity Programme (CDC-led neighborhood development); (ii) Informal settlements upgrading (in line with the Policy); (iii) Municipal infrastructure projects (block grants to municipalities for infrastructure works).
- ii. The programme will also support, where possible and required, the roll-out of the 'electronic *Taskera*' (national identity card) in cities;
- iii. Municipal elections (initially planned for 2015, but now likely 2016/17 at the earliest) through undertaking a detailed enumeration of all properties within the newly established municipal boundaries;
- iv. Integrating urban land management with the Afghan Land Authority (ARAZI) which currently only holds land records for non-municipal land.
- v. As mentioned above, it will also lay the foundations for LED and city-region economic development by drawing on over a decade of UN-Habitat expertise in this area and applying a realistic and locally-led approach to LED through strategic planning.

The programme has been designed to reflect key **national and international development frameworks, goals, and commitments**, including:

- i. The Constitution of Afghanistan and Municipal Law which stipulates that Municipalities are the only SNG entity that can raise and spend own-source revenues, and that Mayors and Municipal Councils should be elected;
- ii. The London Conference Communiqué (Dec 2014), which outlined broad reforms to achieve "more *transparent and effective governance* at all levels (including improving the framework for *sub-national governance with more budget authority*)"¹⁶;
- iii. *NPP4 on Local Governance*, particularly for improving municipal capacity, which has the goal "to develop the capacity of Municipal institutions to deliver services to Municipal populations and bring good municipal governance."¹⁷, through Sub-component 16: Municipal Administrative Reforms and Municipal Urban Strategic Development Plans, and Sub-component 17: Municipal Finance and Revenues; (ii) *Infrastructure Development Cluster - Urban Management and Support Programme (UMSP) for "establishing the foundations for effective urban management"*, including Component One: "Capacity development for urban planning, development and management";
- iv. The Afghan National Development Strategy (ANDS) by developing Municipal Urban Strategic Development Plans (MUSDP) to promote investment in cities;

¹⁵ UN-Habitat (2014) *A City-Regions approach to Local Economic Development in Afghanistan*; Unpublished Green Paper, August 2014. UN-Habitat: Kabul.

¹⁶ Communiqué: The London Conference on Afghanistan. 4 December 2014; *Afghanistan and International Community: Commitments to Reforms and Renewed Partnership*. London, UK.

¹⁷ GoIRA (2010) *NPP Local Governance*. p.10

- v. The Tokyo Mutual Accountability Framework (TMAF) to promote "private investment, both domestic and foreign, which is key to sustainable economic growth";
- vi. The Millennium Development Goals (MDGs): Target 7.C: Halve, by 2015, the proportion of the population without sustainable access to safe drinking water and basic sanitation, and Target 7.D: Achieve, by 2020, a significant improvement in the lives of at least 100 million slum dwellers.

1.1.4 Detailed description of the target groups, final beneficiaries and estimated number

Direct target groups: The direct target groups of the Action can be sub-divided into five sub-groups:

1. 302,000 urban households (2.26 million people; 50% women) in the 9 cities will have improved tenure security and sense of urban inclusion resulting from the property registration process.
2. 55 Gozar Assemblies (68,750 Households; 515,625 people; 50% women) with improved services provided by municipalities through Gozar grants
3. City residents (est. 2.7 million people) of the 9 target cities with improved living conditions from the municipal block grant projects and opportunities for municipal engagement;
4. 10,750 businesses that have improved enabling environment and capacity to operate due to business licensing and property registration;
5. Increased capacity and revenues in 9 Municipalities, including thier: (i) Nahia offices; Engineering Departments; Finance Departments; Revenue Departments (including GIS section); Property Management Departments; and strengthened Municipal Advisory Boards (MABs);
6. Increased human and institutional capacity of central government authorities, including MUDA, IDLG/GDMA and ARAZI.

Secondary target groups include the following:

- a. Line departments in the target cities that will have increased capacity to plan, align, and implement projects and plans with Strategic Municipal Action Plans;
- b. The private sector in target municipalities will benefit from improved opportunities and stability for local investment, business expansion, and construction contracts from the Municipal and Gozar block grant projects; and this increased local investment and economic development in target cities will improved employment opportunities for city residents.

1.1.5 Description of the project activities (Outputs) and its effectiveness

A1.1 Municipalities to undertake citywide property survey/registration and house numbering

The programme will provide technical assistance to municipal staff to undertake citywide property survey and registration. Teams of surveyors (under the supervision of Municipalities) will measure and record - property-by-property - each property within the city boundary using the proven GIS-based property registration system and database. GIS and Database programme staff will be paired with Revenue Managers in each District Office and

apply a 'learning-by-doing' approach to survey, registration and invoicing, in line with GDMA guidelines and using the updated (more transparent) *safayi* system. The system is not new. It is fully embedded within GDMA operations and has been utilized for over five years by UN-Habitat and several years by RAMP-UP. The task is therefore not to develop a new system but to continue implementation to achieve citywide coverage.

Complementary to property survey/registration, 'house numbering' is a proven and simple approach that involves working with households to install a simple house 'number plate' and light on the boundary wall. The plate includes information on District, Street, Lane, Gozar and house number. This helps with house identification (once surveyed) and promotes urban inclusion and tax collection. In the first year, when a household has paid their *safayi* tax then a number plate will be installed, thus enabling quick verification of who has and has not paid the tax.

The output from this activity will be 362,400 properties across all 9 cities included in the municipal property database (accessible and controlled by the respective municipalities and GDMA), and increased de-facto tenure security for 2.26 million people (assuming an average of 7.5 people per residential property (NRVA 2012/13 average for urban areas).

Table 1: Projections for property survey and potential safayi

	Municipality	City population (est.)	Properties registered to date (approx)	Proposed properties to be registered (estimated) - Awaiting updated figures from SoAC, due by mid-Feb			Potential annual <i>safayi</i> tax		
				Residential	Non-residential*	Total	Residential (20USD per property)	Non-Residential (80 USD per property)	Total (USD)
1	Kabul (two districts)	500,000	0	100,000	20,000	120,000	2,000,000	1,600,000	3,600,000
2	Hirat	500,000	17,073	45,000	9,000	54,000	900,000	720,000	1,620,000
3	Kandahar	500,000	41,460	20,000	4,000	24,000	400,000	320,000	720,000
4	Mazar	500,000	6,500	45,000	9,000	54,000	900,000	720,000	1,620,000
5	Jalalabad	350,000	6,700	30,000	6,000	36,000	600,000	480,000	1,080,000
6	Kunduz	250,000	0	30,000	6,000	36,000	600,000	480,000	1,080,000
7	Charikar (or Nili?)	60,000	0	10,000	2,000	12,000	200,000	160,000	360,000
8	Farah	60,000	0	12,000	2,400	14,400	240,000	192,000	432,000
9	Bamyan	60,000	0	10,000	2,000	12,000	200,000	160,000	360,000
	TOTAL	2,780,000	71,733	302,000	60,400	362,400	6,040,000	4,832,000	10,872,000

*(est. +20% of residential properties)

Box 1: Why invest in property registration in Afghanistan's cities?

Property registration and house numbering is a simple and cost-effective process that yields significant impacts, including:

1. *Improve land management*: to reduce land grabbing; promote local economic development, make better use of idle land; and, importantly, increase de-facto tenure security, which is particularly important for the poorest and most vulnerable living under fear of eviction;
2. *Increase municipal revenues*: property is a relatively fixed tax base for 'safayi tax' (you can't move or hide a house easily!); it is fair/equitable (rates/tax based on physical characteristics and assessed value of the land and building (the poor pay less than the rich));
3. *Cost-effective and locally implementable*: on average it costs 8USD to survey and register a property, and on average the annual *safayi* tax bill is 20USD per residential property;
3. *Improve data and information for effective urban management*: Each city will have a full database of properties (including spatial data on GIS) which can be used to improve urban planning, policy making; and help lay the foundations for *municipal elections* by improving knowledge of the urban population;
4. *Stimulate local economic development*: tenure security increases household investment in housing improvements; facilitates settlements regularization which creates jobs and stimulates the local economy;

Property registration is not without challenges, including:

1. *Low tax collection rates* because (i) citizens do not see the benefit of how their tax is being spent; and (ii) some municipal staff are unable or unwilling to systematically collect taxes.
2. *Patchwork coverage*: some areas are using the old manual system, and some the new system, which is unfair (sometimes there are different tax rates) and confusing for citizens, and makes tax collection and enforcement difficult for municipal staff;
3. *Lack of municipal staff and low capacity/willingness* to undertake the process. Changing the system to a more transparent process (e.g. citizens paying at the bank rather than directly in cash to municipal officials) is resisted by some municipal staff who are benefiting from the current manual approach. In some cases poor surveying (or deliberate mis-surveying to reduce tax calculation) due to lack of oversight during survey.
4. *Lack of clear national framework/guidelines* for *safayi* taxation and poor enforcement from central level (GDMA/IDLG), as well as difficulty for municipal staff to enforce payments if an owner chooses not to pay.

It should be emphasized that property registration is NOT land titling. Land titling is far more complex, expensive, cumbersome and politically fraught with challenges. Property registration can be considered an 'interim step' towards a more comprehensive land cadastre system in Afghanistan, which may be the long-term goal (30+ years away).

A1.2 *Strengthen municipal finance and revenue collection systems and capacities (incl. in Nahia (District) offices)*

Surveying and registering properties is not sufficient. Collecting revenue from these and spending it accountably and transparently is also essential. The programme will provide technical assistance to municipal staff (esp. in Revenue and Finance Departments, in both central and *Nahia* offices) to increase tax collection from surveyed properties through a combination of streamlined invoicing, more responsive follow-up and monitoring, and improved citizen-municipal engagement (promoting payment through MABs, CDCs, Gozars and *Wakili Gozars*).

The estimated potential annual total *safayi* tax revenue from the 362,400 properties is 10.8 million USD (9.5 million Euro per annum. While achieving a 100% collection rate is unlikely, experience shows that when municipalities are adequately supported collection of between 40-50% is possible in the first years after survey, especially for commercial

properties. Sustaining and increasing collection rates depends on the municipality delivering services, hence the importance of technical assistance in this area under this activity.

The programme will support business licensing which is another local revenue source that has proven to be cost-effective to implement. It is also linked with property registration, especially in the case of fixed-local businesses, thus making it a logical partner intervention with property registration (and LED planning in Activity 1.3).

Safayi taxation and business licenses are only two of over 50 potential revenue sources for municipalities. Therefore, as part of this activity, the programme will also support the 8 municipalities under GDMA to undertake municipal finance self-assessments to take stock of municipal assets, revenue sources, expenditure patterns, etc., in an effort to identify underperforming assets and other revenue sources that could be more effectively harnessed. Of particular interest will be municipal land (again, linked with the above-mentioned property survey) which has the potential to play a positive role in promoting LED (e.g. through more effective use, or through leasing to stimulate private sector development), and will be linked with the strategic urban planning activity (A1.3) explained next.

Outputs of this activity will include: (i) a sustainable increase in *safayi* collection (target: 50% collection per annum; 3.5 million Euros); (ii) business licenses for 10,750 local businesses; (iii) 8 municipal finance assessments and action plans developed and implemented

A1.3 *Local Authorities undertake long-term strategic urban planning for LED and inclusive service delivery*

The programme will support Municipal Engineering and Planning departments to undertake a citywide Strategic Municipal Action Planning process (SMAP). While masterplans do exist for the target cities, these are not very useful in spatially guiding urban development and promoting regularisation and investment. They are more 'wish-lists', are often divorced from the reality of the existing situation (e.g. informal settlements, geographic features) and divorced from finance and therefore not implemented. The informal and low-income nature of urban development in countries such as Afghanistan means that more effective urban planning approaches are required. SMAP fulfills this brief.

Citywide assessments/profiles of key data will be developed in conjunction with all local authorities and city-level stakeholders. This will build on the *State of Afghan Cities Programme 2014/15* currently being implemented by UN-Habitat but will go into more detail for the target cities, including looking at future growth projections (upon which to plan). The data will be used as a foundation for developing the five-year SMAP at city and district levels. Associated (simple and realistic!) Capital Investment Plans (CIPs) will be developed which can give an indication of priority projects (short-, medium-, and long-term, for example trunk infrastructure to promote growth in a certain direction) that can be financed through increased municipal revenues (e.g. *safayi* taxation), central government ("the 40%" pledged by H.E. President Ghani), and donors.

Outputs from this activity include: (i) 8 city profiles, associated citywide Strategic Municipal Action Plans, and Capital Investment Plans and 2 district/*Nahia* profiles, plans and CIPs for Kabul; (ii) increased coordination of local authorities to plan and direct municipal investments; (iii) increased capacity of Municipal staff. These outputs lay the foundation for Activity 2.1.

A2.1 *Municipalities to deliver service/infrastructure projects (in line with SMAP and CIP plans) to stimulate LED*

This activity primarily involves disbursing municipal 'block grants' to target cities to implement a component (sub-project) of their SMAP and CIP. Block grants are important to (i) follow-up SMAP plan development with concrete implementation, (ii) build the capacity of municipal staff (e.g. engineering, finance, procurement, etc) through a learning-by-doing approach to accountably and transparently manage funds for service delivery projects; (iii) show citizens that the municipality is 'doing something' to meet their needs, thus increasing state legitimacy and motivating citizens to pay *safayi* tax. Programme staff will be paired with municipal staff and support them in undertaking the whole project cycle, from sub-project identification, planning, design, implementation, monitoring, evaluation and project closure.

The block grants vary in size relative to city population, from 150,000USD for the smaller cities of Farah, Bamyan and Charikar to 500,000USD for Kabul. Grants are considered 'matching grants', which means that they will be made available when *safayi* tax collection and business license targets have been achieved. This is to avoid the culture of 'handouts/ 'free money' and promote a culture of municipal staff working in parallel with the programme roll-out to achieve *joint* targets.

It is anticipated that by year three of the programme, some sub-projects from the SMAP and CIPs will be able to be financed through on-budget means (line departments). To achieve this, Programme staff will also support municipalities and line departments to incorporate sub-projects in their annual (and supplementary, if possible) budget processes.

Outputs from this activity include: (i) at least 8 municipal sub-projects implemented by municipalities, directly reaching over 695,000 city residents (25% of total population); (ii) increased capacity of municipal staff and systems to design and implement inclusive service delivery sub-projects in line with SMAP and CIPs.

A2.2 *Foster improved municipal-citizen relations in service delivery to build social contract and sense of civic responsibility*

Improving municipal governance for service delivery is not only a technical planning or engineering challenge. It is essential to foster improved relations between citizens and the municipality to build the 'social contract' and civic responsibility. Doing so helps to increase sustainable revenue collection (e.g. *safayi* taxation) and reduce conflict and socio-economic exclusion.

Furthermore, central to the goal of improving citizen-state relations, is to bridge the divide between citizens and municipalities. Currently, citizens are largely excluded from municipal operations and there is great mistrust on both 'sides'. To bridge this divide the programme will support Municipalities with a range of interventions, as follows:

Municipal Advisory Boards (MABs) which have been established in over 30 cities since 2012. MABs act as 'interim municipal councils' and function as a representative body to advise the Mayor and municipality, and to help improve transparency and relevance of municipal operations for citizens.¹⁸

Under the Community-Based Municipal Support Programme (CBMSP), UN-Habitat and Municipalities have made progress in increasing the legitimacy and functioning of MABs through engaging them in sub-project delivery, project planning and monitoring, site visits, and citizen outreach. The focus has been on engaging MABs in service delivery planning and oversight - getting MAB members 'out of their office' and 'into the field' - to monitor service delivery projects to improve accountability and transparency. This has proven more successful than other approaches which focus on trainings and 'talkshops' for MAB members.

¹⁸ GoIRA (2012) Terms of Reference, Municipal Advisory Boards (MAB). General Directorate of Municipal Affairs, Independent Directorate of Local Governance.

The Programme will continue the CBMSP approach to supporting MABs. It will provide technical assistance to MABs to engage in all municipal activities in this programme (e.g. SMAP, property registration, house numbering, block grant planning and delivery). It will also support with: (i) establishing and institutionalizing CDCs and citizen engagement mechanisms (e.g. establishing quarterly citizen forums, review of Gozar and Municipal sub-projects by MAB); (ii) capacity development of MAB through on-the-job training (to be able to meaningfully engage in the above activities); (iii) undertake MAB outreach activities (e.g. annual municipal event such as a 'sports day'); and (vi) support with the implementation of the gender mainstreaming guidelines in municipalities, drafted by GDMA.¹⁹

This activity will also map and register all Community Development Councils and Gozar Assemblies in each city (and in each of the two target *Nahias* in Kabul). Some have already been accounted for in a piecemeal fashion through previous programmes (e.g. CBMSP, KSP), however now is an opportune time to undertake citywide coverage to (i) help with urban inclusion, (ii) improve *safayi* collection by identifying *wakili gozars* and *Gozar Assembly Heads* throughout the city, (iii) improve knowledge and information on community governance to improve coordination of urban development interventions; and (vi) to lay the foundations for the upcoming national urban solidarity programme. An online 'googlemaps' tool will be up-scaled and used to record and publicly present these local administrative boundaries (all CDCs, Gozars, Nahias), and municipal development projects.²⁰

57 block grants will be provided at Gozar Assembly-level for infrastructure/service delivery projects. Similar to the municipal grants, these will be competitive and based on performance in *safayi* payment. When certain *safayi* targets are met, Gozars are eligible for grants, through the Municipal Advisory Boards, on a first-come-first served basis. 57 grants of 35,000USD are available for, on average, one gozar in each city district/*Nahia* to receive a grant (e.g. Herat City has nine districts and therefore is allocated up to nine grants). It is expected these grants will finance public infrastructure such as drains, roads, streets, playgrounds, etc., and thus bring a tangible benefit in the living conditions of residents.

Throughout the programme municipalities will be supported to engage with citizens to hear their concerns and demonstrate their service delivery efforts. Sub-activities will be tailored to each city (rather than a one-size-fits-all approach) and potential outreach activities include: quarterly newsletters, business roundtables, annual city summits, Mayor's forum on the radio, videos, municipal-citizen sports events, flyers and posters, etc. These will be undertaken at both central and *Nahia*/District Office levels, and linked with the development of the SMAP and CIP, as well as property registration component (where municipal staff will go to every property for surveying).

A3.1 *Strengthen the national enabling environment and capacities (MUDA, IDLG/GDMA and ARAZI) for inclusive municipal governance*

In order to achieve structural change and scale-up to other municipalities, the programme will support central-level authorities to improve the enabling environment for municipal governance and urban management. The programme envisages five sub-activities under this Activity, as follows:

First, the General Directorate of Municipal Affairs (GDMA) of the Independent Directorate of Local Governance (IDLG) is responsible for the oversight of all 150 Municipalities in Afghanistan, apart from Kabul (which reports directly to the Office of the President). While

¹⁹ GoIRA (2014) Gender Mainstreaming Guidelines for Municipalities. General Directorate of Municipal Affairs.

²⁰ This tool was developed in the Community-Based Municipal Support Programme and has proven very positive in improving accountability and transparency of sub-projects, as well as providing stakeholders with information of CDC, Gozar, District/*Nahia*, and municipal boundaries. See for example: <https://mapsengine.google.com/map/edit?mid=zJ74xe8ugu5w.kqa1KjDxLS34>

the human and institutional capacity of GDMA has improved considerably in recent years, it still remains underequipped to meet its mandate and therefore requires capacity development assistance.

The programme will provide technical assistance and on-the job training to GDMA staff to improve their capacity to manage, oversee and support municipalities in the thematic focus areas of this programme. The GDMA Municipal Finance Department will be supported to better monitor and enforce property registration and *safayi* taxation, and business licences, in (target) cities. Technical assistance will also be provided in the area of municipal finance to develop and implement municipal finance self-assessments in target cities (Managing local assets).

The programme will support GDMA with municipal boundary adjustment. Knowing the boundaries of municipalities is essential for planning, service delivery, and ultimately for municipal elections. New boundaries of 22 cities have been demarcated and agreed by all stakeholders, led by GDMA. 11 cities remain and these will be undertaken and finalised as part of this programme.²¹

The draft Municipal Law is currently before cabinet (the outdated 'Taliban' Law from 2000 is still in place). H.E. President Ghani expressed an interest in revising this draft law to give more planning and budgetary authority to Municipalities (similar to the Turkish experience with the 1984 Metropolitan Municipal Law). If this eventuates, the programme may support GDMA with this activity; UN-Habitat supports revision of the draft law for the same reasons as H.E. President Ghani.

Second, technical assistance to the Informal Settlements Upgrading Policy. This Policy is in draft form and has the potential to unlock huge economic and social opportunities in cities. The programme will support the Ministry of Urban Development (MUDA) (and IDLG) with technical assistance to review and revise the Draft policy (H.E. Ghani has suggested this is required). The challenge, however, is not so much technical but political and therefore the programme will lobby for its approval and passing and work with a broad range of local stakeholders to create a critical mass of 'like-minded' actors to push for passing and approval.

Third, the programme will provide technical assistance to the Afghan Land Authority (ARAZI) in urban land administration. This principally will involve incorporating all *safayi* property registration data into the national system (held by ARAZI; currently urban land and property data is held by Municipalities/GDMA).

Fourth, and linked with implementation of Activity 1.2 on Strategic Municipal Action Planning, technical assistance will be provided to Ministry of Urban Development (MUDA) for *strategic* planning for LED. MUDA currently does not have sufficient capacities to undertake strategic planning, which is a challenge to scaling-up and replication to other cities that will be addressed.

Fifth, the programme will support the government of Afghanistan (MUDA, GDMA, and Office of the President) to develop a National Urban Solidarity Programme (part of the Comprehensive Urban Development Programme from 2017+). This is the vision and priority of H.E. President Ghani. UN-Habitat has over two decades of experience with urban solidarity programming and will support these government partners with programme design.

Outputs for this activity include: (i) increased human and institutional capacity of GDMA in the areas of municipal finance, SMAP, and CIP; (ii) new boundaries for 11 provincial capitals demarcated and approved; (iii) National guideline on Municipal Finance (Managing

²¹ The 11 remaining cities are: Nili, Khost, Zaranj, Parun, Gardez, Shran, Qala-i-Naw, Tarinkowt, Farah, Cheghcharan, Sar-i-Pol

Local Assets); and (vi) Updated *Safayi* Guidelines; (v) an updated Informal Settlements Upgrading Policy (and hopefully endorsement by the Cabinet, though this is out of project control); (vi) Updated ARAZI land administration system with urban land parcels and agreed coordination mechanism with IDLG and Municipalities; (vii) Improved capacity of MUDA in strategic planning, along with national Guidelines for SMAP for LED; (viii) Technical assistance to the government for National Urban Solidarity Programming.

A3.2: *Improve data and information for urban planning, policymaking and municipal governance (as part of Afghan Urban Observatory)*

A defining feature of the Afghanistan urban context is the 'data deficit'. For example, not only is the number of residents in Kabul unknown, but estimates vary widely: from 3.3 million (Central Statistics Organization), to 4.5 million (World Bank), to 7 million (Kabul Municipality). How to plan and manage cities without such basic information is a major challenge.

UN-Habitat has been supporting the Government of Afghanistan with improving data and information on the 34 provincial capitals through the *State of Afghan Cities Programme 2014/15*. The programme is undertaking a rapid assessment of housing, land, governance, and economy with a view to laying the foundations for improved urban monitoring as part of an Afghan-led *Afghan Urban Observatory*.

A key finding from SoAC is the need to undertake a detailed assessment of land and housing in cities (out of the scope of SoAC). This programme will therefore support MUDA and GDMA to undertake a *Housing Profile*, using UN-Habitat's proven approach that has been implemented in more than 10 countries in Africa, Latin America and Asia. The outcome is a Profile that supports evidenced-based planning and policymaking (e.g. Activity 3.2 on Informal Settlements Upgrading Policy).

This Activity will also include a detailed monitoring and evaluation of the impact of settlement upgrading and tenure regularization, based on M&E from this programme, as well as draw from secondary experiences from other urban upgrading programmes in Afghanistan undertaken over the past decade. The objective is to improve knowledge on the impacts of property registration and issuing of Municipal Notebooks, to inform the development of government interventions in the future.

The Activity will also support the EU-funded roll-out of the electronic *Taskera* (national identification card) in target cities. This is advantageous given the property registration component, the link with improved information on urban populations to help with urban planning and service delivery, as well as improved legitimacy of the state. The programme will not directly implement the roll-out but provide logistical and information support to assist implementing partners in target cities.

The activity will also develop an EU visibility campaign for the programme; Develop campaign materials including one-time and regularly-produced materials; Distribute materials and other visibility products to stakeholders; Undertake project inauguration and handover ceremonies for selected projects

Outputs from this activity include: (i) a National Land and Housing Profile; (ii) Impact evaluation on the socio-economic impacts of settlement upgrading and property registration; (iii) support to e-*Taskera* roll-out in target cities; (iv) EU visibility campaign developed and implemented.

1.2. Methodology/implementation strategy

1.2.1 **Methods of implementation and rationale for proposed methodologies**

Capacity development follows UN-Habitat's previous experience where a '**learning by doing**' approach is adopted. The action will build the capacity of key government officials, community, private sector and development stakeholders through their active engagement in implementing the activities. UN-Habitat believes that this is superior to parallel structures of embedded staff, one-off trainings, and foreign field visits which have, in themselves, not been an effective approach to building national capacity. As programme activities are implemented, government counterparts will be engaged at key points through a combination of sensitisation activities, mentorship, targeted 'theory-then-practice' trainings, and institutional capacity development activities.

The programme aims for **national ownership and implementation**. The programme has the strong support of the General Directorate of Local Governance (GDMA) which has been advocating for several years the need for citywide property registration, as well as planning for Local Economic Development (LED). Although funds are not on-budget, UN-Habitat's approach with municipal authorities is to support them to *lead the process* and take ownership of the programmes. In simple terms this means UN-Habitat 'stepping back' and facilitating municipal authorities to get visibility and credit for service delivery and tangible project outputs they have took a part in achieving. This is a key part of strengthening state-society relations and the legitimacy of municipalities.

Programme staffing is almost exclusively Afghan (core to the UN-Habitat approach). The programme will have only four internationals (three cost-shared), with an international consultant undertaking specific outputs (housing profile, and land support). When additional technical expertise is required (at the request of partners, for example with review of policies or legislation), UN-Habitat will draw from its Headquarters, Regional Office and network of international consultants. This proves much more cost-effective and responsive than maintaining international staff members throughout the programme duration.

The **property survey** component will be implemented largely following the proven methodology undertaken in CBMSP. Under full leadership of the municipalities, teams of surveyors will survey properties, district-by-district. A core team of municipal staff in the *Nahia* and municipal office will record properties on the GDMA-approved database (and GIS). A MGSP programme staff in each city will be dedicated to supporting *Nahia* offices with invoicing and tax collection as this is the current bottleneck and requires technical assistance from the programme.

The strategic urban planning will be undertaken largely by **MUDA line departments and municipalities** (planning and engineering departments) with 'light' technical assistance from UN-Habitat programme staff. While this may not produce the highest-quality outputs, the process is important to build the capacity and national ownership at municipal/local levels. Targeted and timely training, and logistical support for the participatory workshops, will be provided to partners to improve capacities, direct the process, and maintain momentum.

For the municipal block grants, **Agreements of Cooperation (AoC)** (as currently used in CBMSP) will be used to contract and transfer funds to Municipalities. The AoC follows standard UN rules and regulations and enables municipalities to take control and ownership of the process, albeit under close monitoring by UN-Habitat and MABs. Installments are made according to project delivery and external audits are undertaken before the release of the third and the final (fourth) installments. Programme staff will support the municipalities throughout

the process (sub-project design, proposal development and AoC documentation, project implementation, monitoring, procurement, administration, financial reporting, etc.), building their capacity (human and institutional) in the process to undertake such service delivery projects in the future on their own.

For the *Gozar* grants, the programme will use UN-Habitat's proven '**People's Process**' approach whereby communities are placed at the centre of decision-making. After community action planning, community contracts will be issued and community implementation of sub-projects undertaken. This method has been proven to strengthen ownership of the implementation, increase the motivation and capacity of communities, and improve prospects for sustainability. The main advantages of community contracting over conventional contracting are that community receives hands-on experience in planning, design, and construction; the approach is likely to be more labour intensive, thus providing jobs; the work is owned by the communities and thus the quality can be higher; and the cost can be less due to elimination of the profit margins.

For Activity 3.2, the programme will harness the existing skills and datasets from the State of Afghan Cities Programme 2014/15. The Housing Profile and Impact Study will be largely implemented by national programme staff in close cooperation with relevant government partners (e.g. MUDA, GDMA, ARAZI and municipalities) with technical oversight from the international CTA and Housing and Land Consultant. The Profile and Impact Study will be undertaken within the framework of the Afghan-led **Afghan Urban Observatory (AUO)**, which is a multi-stakeholder entity (MUDA and IDLG are the co-chairs) that is responsible for monitoring urbanization in the country. Engagement through this mechanism will promote national ownership of the Profile, build local capacities, and strengthen AUO as an important mechanism for urban data and monitoring.

1.2.2 Building on previous projects

The Programme primarily builds on the *Community-Based Municipal Support Programme* (CBMSP, March 2013-March 2015), funded by Japan and implemented in the five major cities: Kabul, Kandahar, Herat, Jalalabad, and Mazar-e-Sharif. The programme continues four main components of CBMSP which have proved successful and have the local ownership of municipal and community partners: (i) property registration, with over 32,700 properties registered across the five cities; (ii) municipal block grants of 480,000USD per city utilized for improving municipal capacities for service delivery, sub-project planning, implementation and monitoring; (iii) *Gozar* grants for communities to implement service delivery projects and improve municipal-citizens relations; and (iv) support to Municipal Advisory Boards to act as interim municipal councils.

The programme advances the actions and partnerships developed in the *Kabul Solidarity Programme* (2011-2014), funded by JICA and implemented in 8 districts/*Nahias* of Kabul City. Under this programme technical assistance was provided to Kabul Municipality to mobilise communities through Community Development Councils and *Gozar* Assemblies, undertake action planning, and develop and implement service delivery sub-projects through community contracts.

The programme also recognizes and builds on actions undertaken in the *Regional Afghan Municipalities Programme for Urban Populations* (RAMP-UP), a US-Aid-funded programme implemented between 2010-2013 in four regions: West, North, South and East. This programme supported municipal finance and property registration, including developing

a sophisticated Integration Financial Management System (IFMS) for GDMA, and sought to improve municipal capacity for service delivery.

The *Afghanistan Sub-National Governance Programme* (ASGP, 2006-2014) included a municipal component that aimed to improve municipal capacity for service delivery. ASGP was implemented in over 30 Provincial Municipalities and some district municipalities, and support was provided at central level to GDMA/IDLG.

Lessons learned from the above-mentioned previous programmes, which have been incorporated in the design of the current programme, include the following:

- For **property registration/safayi** taxation, citywide coverage is essential to avoid piecemeal approaches and dual systems. Likewise, District/*Nahia* offices need technical assistance to systematically invoice, monitor and collect *safayi* tax. Political will to collect tax is also required, and this necessitates strong leadership from GDMA to enforce *safayi* procedures and set and monitor *safayi* tax collection targets for all municipalities.²²
- **Performance-based** or incentivized approaches to grant allocation offers a greater chance of achieving capacity development impacts and programme targets, and can help strengthen joint programme ownership between partners. This requires a flexible programme structure to shift programme funds to high-performing cities, *Nahias* and *Gozars*.
- **District/*Nahia* offices** need more technical assistance than they have received in the past as they are a crucial link between citizens and the central municipalities, and have a fundamental role to play in *safayi* collection and local planning processes (e.g. District detailed plans).
- **Municipal Advisory Boards** (MABs) are performing well in most cities, though they need continued support to engage with citizens, take a meaningful role in municipal planning processes, as well as approve and monitor community and municipal sub-projects.
- **Infrastructure sub-projects** in all programmes have been largely divorced from any strategic planning and implemented in a piecemeal approach. This has undermined and jeopardized the long-term economic and physical sustainability of these projects and not contributed to systemic change in urban development and growth patterns in target cities. Strategic planning and CIPs are needed to guide investments (not only of this programme, but all urban investments).
- **Urban planning** has focused largely on developing masterplans which have been divorced from reality and finance, and not useful to guide infrastructure investments and service delivery. Strategic Municipal Planning is relatively new to Afghan stakeholders, yet experience in CBMSP highlighted a strong appetite from GDMA and Municipalities for implementing SMAP at city and district/*Nahia* levels.²³
- **Strategic planning** is seen as a threat to traditional masterplanning by some local stakeholders. There is a need to institutionalise strategic planning within MUDA from the outset and build capacities through learning by doing approach in MUDA and target cities.
- **Capacity development** approaches that focus on embedded staff have produced 'parallel structures' that have, in many cases, undermined the functioning and

²² UN-Habitat (2014) *6th Quarterly Report: Community-Based Municipal Support Programme*. September 2014.

²³ A Workshop on Strategic Municipal Action Planning was held in Kabul in August 2014 as part of CBMSP and attended by representatives of MUDA, GDMA, and from the municipalities of Kabul, Jalalabad, Herat, Kandahar, and Mazar-e-Sharif. See: UN-Habitat (2014) *6th Quarterly Report: Community-Based Municipal Support Programme*. September 2014.

operations of municipalities (and central level authorities) and offer limited hope for long-term sustainability.²⁴ Rather, on-the-job mentoring and 'pairing' programme staff with *Tashkeel* staff has proven more effective, especially when a 'learning-by-doing' approach is undertaken to service delivery and infrastructure project implementation.

- Municipal governance programming must reflect (low) **absorptive capacities** in target municipalities. E.g. "The RAMP UP program design and approach assumed a level of sophistication of mayors and an implementation capacity of municipalities that did not reflect the reality on the ground."²⁵. Programming should **focus** on a few strategic components and implement them well rather than aiming for broad 'capacity development' in all areas.
- Components and financing should be **targeted** and **tailored to the city size** and capacities. RAMP-UP initially allocated 1 million USD to every city regardless of size, which proved troublesome, and the ASGP Evaluation reflected: "Lesson 5: Effective results can be achieved from a more targeted approach".²⁶
- Need to **include a broader range of relevant stakeholders** in programme implementation, not only municipalities.²⁷ Municipalities are only responsible for a select few services (e.g. street cleaning) whereas line departments (e.g. water, electricity, etc.) are responsible for key service delivery. Also, Provincial Authorities/Governors have varying degrees of informal control over municipal affairs (even though officially outside their mandate). Therefore, all relevant stakeholders need to be engaged at *relevant* points in programme implementation, especially in the SMAP and CIP planning processes, and programme components need to be *aligned with national planning and budgeting systems*.
- Integrate **Local Economic Development** (LED) as part of local governance.²⁸ LED has been a 'missing piece of the puzzle' over the past decade yet is essential as Afghanistan heads into the Transformation Decade (2015-2015).

1.2.3 Coordinating with other projects

The programme will coordinate with the following relevant programmes that are envisaged to be operating: Strengthening Hubs for Afghan Hope and Resilience (SHAHAR); Community-Led Urban Infrastructure Programme (CLUIP); Local Integration of Vulnerable and Excluded Uprooted People (LIVE-UP), Afghan Urban Peace-building Programme (AUPP), and State of Afghan Cities Programme (SoAC); and Afghan Sub-National Governance Programme (ASGP) (and/or its successor). All apart from SHAHAR and ASGP will be implemented by UN-Habitat. The table below outlines these programmes, identifies potential duplication and synergies and describes the coordination modalities.

Project	Main emphasis/ Objectives	Main processes strengthened	Geographic areas of intervention	Potential duplication / synergies with MGSP	Modalities of cooperation with MGSP
SHAHAR USD-Aid funded	Municipal capacity development with a focus on economic	1) Planning process strengthened at municipal and central level (budgeting) 2) Municipal finance	16 cities on the ring road, TBC.	- Charikar and Farah are the only proposed cities overlapping at the moment. - Support to MABs - Support to GDMA (need	- Through the MGSP steering committee - Through

²⁴ UNDP (2014) *ASGP Phase II: Final Evaluation Report*. 12 June 2014. Page 20.

²⁵ US-AID (2013) Performance Evaluation, Regional Afghan Municipalities Program for Urban Populations. August 2013. Page 4.

²⁶ UNDP (2014) *ASGP Phase II: Final Evaluation Report*. 12 June 2014. Page 28.

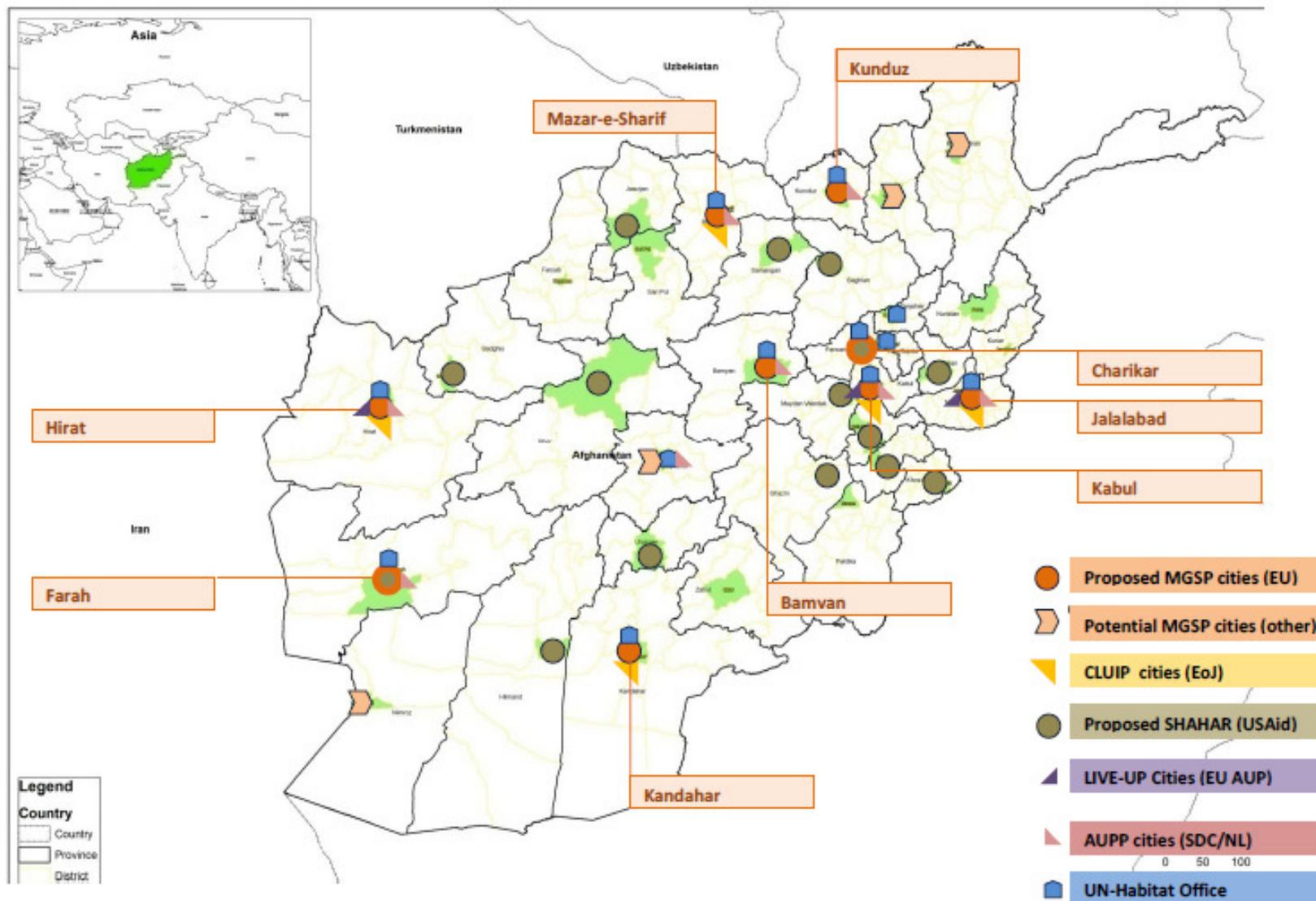
²⁷ UNDP (2014) *ASGP Phase II: Final Evaluation Report*. 12 June 2014.

²⁸ UNDP (2014) *ASGP Phase II: Final Evaluation Report*. 12 June 2014. Page iii.

DAI implemented	development and basic service delivery	systems strengthened; 3) Improved capacity 4) Citizen awareness and engagement improved		clarification on exactly what) - Very different approach, SHAHAR is US-Aid approach (external contractor-driven)	GDMA who should coordinate municipal programmes
Community-Led Urban Infrastructure Programme (CLUIP) Japan funded UN-Habitat implemented	Strengthening community governance (CDCs) and service delivery at community level	1) Community governance and cohesion 2) Basic service delivery by CDCs	Kabul, Hirat, Mazar, Jalalabad, and Kandahar	CLUIP is mainly focused on pure street upgrading in new CDCs; MGSP does not work on CDC level, only Gozar, District and Municipal level.	- Through UN-H Senior Staff Team;
State of Afghan Cities 2014/15 Programme (SoAC) / Australia Funded UN-Habitat implemented	Undertaking a thorough review of the state of the 34 Provincial Capitals to improve knowledge and information for urban policy and decision-making	1) Capacity building of central and local authorities in urban research and monitoring 2) Improved coordination and information exchange among all partners 3) Improved knowledge and information availability for evidenced-based decision making	National / 34 Provincial Capitals	Informal links with two planned MGSP knowledge products; No duplication but rather synergies to use SoAC data in MGSP studies, and harnessing existing staff and capacities of this programme for knowledge products development and dissemination to all partners	- Through UN-H Senior Staff Team; - Through SoAC Advisory Committee
Afghan Urban Peacebuilding Programme (AUPP) SDC and Netherlands funded UN-Habitat implemented	Increased trust and legitimacy of local government to uphold rights, ensure peace and security, and achieve safe and inclusive cities	1) Improved urban safety and security at municipal level 2) Communities engage in civic affairs and municipal governance 3) National government establishes framework for improved municipal safety and security	Kabul, Mazar, Kunduz, Jalalabad, Herat, Nili, Farah, Bamyan	AUPP focuses on urban safety and security, working closely with MoI and other actors, including municipalities and communities. It prioritises community-level actions. There is synergies with municipal action planning (AUPP focused on safety/security, MGSP focused on economic development)	- Through UN-H Senior Staff Team; - Through AUPP Steering committee.
Local Integration of Vulnerable and Excluded Uprooted People (LIVE-UP) EU funded UN-Habitat implemented	Contribute to the reintegration of uprooted Afghans (IDPs and Returnees) in Afghanistan Improved living conditions of uprooted Afghans (IDPs and returnees) and their host communities	1) Returnees, IDP and extreme vulnerable households have improved access to basic services, infrastructure and adequate housing. 2) Residents of peri-urban returnee/ IDP settlements have improved tenure security, access to basic services and shelter. 3) Municipalities, Provinces, ILDG, ARAZI, CBO's and communities have improved capacity, coordination and commitment to local integration	Kabul, Jalalabad and Herat	LIVE-UP focuses almost exclusively on issues pertaining to uprooted Afghans (IDPs, returnees) in municipalities and provinces. The focus is on implementation of the IDP Policy in three provinces. There are obvious synergies with linking IDP settlements and locations with urban planning in MGSP.	- Through UN-H Senior Staff Team; - Through LIVE-UP Steering committee.
ASGP (and its successor programme) based on latest UNSP draft	- Responsive and Participatory Planning and Budgeting - Promote representation and participation systems through Local Councils and other representative bodies		tbd	- Strengthening MABs as representative body in municipalities	- Through MGSP steering committee - Joint work

SNGSD ProDoc	- Nurture inclusive and participatory dialogue mechanisms at all levels of governance			plan (ASGP and UN-H MGSP) on municipal governance;
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Figure 2: Map of proposed target municipalities and coordination with other municipal programmes 2015-2018.



1.2.4 Procedures for follow-up and internal/external evaluation

The following procedures are adopted for follow-up (monitoring) and internal/external evaluation:

1. Prepare an Inception Report within two months of the Project launch to re-assess, revise, and prepare a more detailed annual work plan;
2. Form a Steering Committee (SC), comprised of representatives of IDLG/GDMA, MUDA, ARAZI, the target municipalities, the EU Delegation in Afghanistan, and UN-Habitat, and convene SC meetings every three months or when required to review Project progress and recommend correcting actions as required.
3. Design and use a method for drawing and assessing lessons learned as a Project Monitoring and Assessment Tool. As a management tool this will serve to inform key partners on possible Project adjustments;
4. Use the streamlined field project reporting and monitoring system, developed under the CBMSP. All field staff will report weekly to their district local managers, who will in turn report monthly to the Project Manager. Senior staff will also undertake regular field monitoring through meetings with target beneficiaries and direct observation of activities and outputs.
5. Undertake quarterly, joint supervision and monitoring field visits (by municipalities, MABs, community, UN-Habitat as well as the EU (if possible)) to supervise and monitor sub-contracted projects;
6. Prepare annual reports for the EU and UN-Habitat regional office in Japan which contain details of the progress of the project and its overall impact;
7. Undertake a *mid-term review/survey* (to review project progress towards objectives and results) and take corrective action where required;
8. Undertake a final 'participatory' lessons-learned workshop with all stakeholders and document results;
9. Undertake and publish a final programme evaluation.

1.2.5 Role and participation of various actors and stakeholders

The following table provides the main roles of various actors and stakeholders in the Project and the reason for their role:

Actor	Role	Reason for role
UN-Habitat	Overall Project Management; ensure of timely and quality results and reporting.	Technical assistance and contractual responsibility
Municipalities (including MABs and District/ <i>Nahia</i> offices)	Municipalities and MABs are core partners of the action, counterpart staff and support; owner of specific outputs; co-implementers of infrastructure projects at local level with Gozars/communities, Member of Project Steering Committee;	Effective achievement of project objectives requires active and meaningful engagement of municipalities and MABs;
Provincial Authorities, line departments and other stakeholders (e.g. Chambers of Commerce)	These actors have a role in particular activities such as Strategic Municipal Action Planning and Capital Investment plans	These actors are important stakeholders at the municipal level; the sustainability of project outputs relies on institutionalising the activities with these actors;

IDLG/GDMA , MUDA and ARAZI	Guide and support programme implementation, engage in learning by doing to build their capacity, improve coordination between each other, lead policy and legislation development and passing by cabinet	Improved municipal capacity requires active support from all levels of government and clear instructions from the central government. ARAZI as the land authority needs to support effective approaches to improve urban land administration
Gozar Assemblies	Represent clusters of CDCs (if existing, or the Wakili Gozar if not) resolve issues at neighbourhood level and participate in capacity building; prepare, implement and monitor CAPs; Manage neighbourhood contracts; operation and maintenance of specific infrastructure and services.	Take the lead in bridging the citizen-municipality divide; promote <i>safayi</i> tax payment, engage in local service delivery
UN Agencies and development partners	Support advocacy efforts for increasing decentralisation, empowerment of municipal authorities. Promote synergies and coherence across development interventions in target cities	Improving the sub-national governance system in Afghanistan requires coordinated efforts and advocacy from the international community. Land and urban planning are broad but also strategic areas for urban development which require a concerted effort and harmonisation of practices of all actors involved.
Donor community – and particularly the EU	Actively support progresses at the policy level by engaging in task forces and through dialogue with authorities.	Policy development and implementation can be fostered by the involvement of political actors such as the donor community.

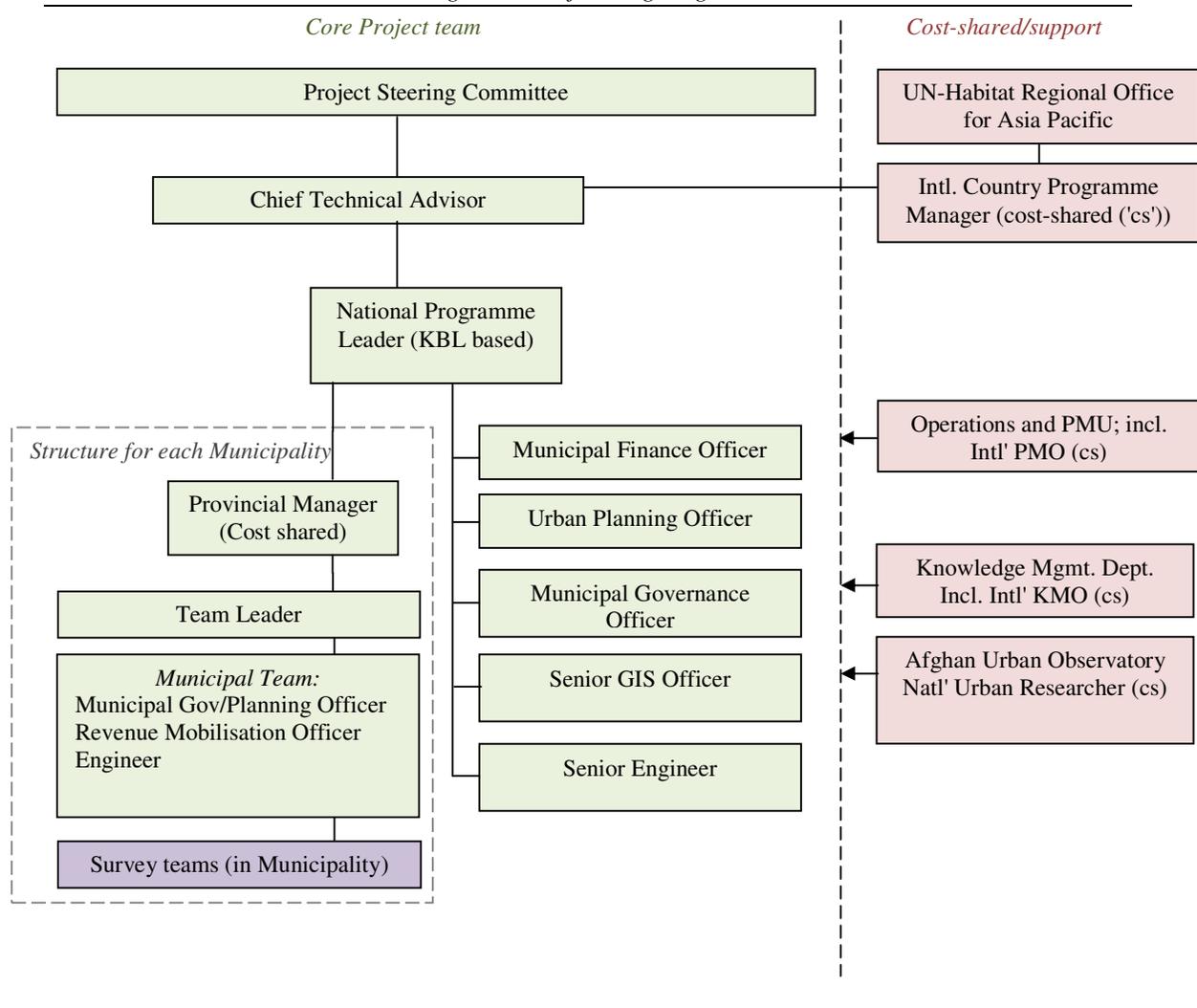
1.2.6 Organisational structure and team proposed for implementation of the action

Figure 3 provides a diagram of the organisational structure of the Action. The diagram shows the Project Steering Committee (SC), which will have overall responsibility for the Project. Member organisations of the SC comprise UN-Habitat, IDLG/GDMA, ARAZI, MUDA, the target Municipalities, and EU Delegation (optional). Each organisation will also allocate staff to the Project.

UN-Habitat will engage both international and national staff. International staff will include a full-time Chief Technical Officer responsible for overall implementation of the programme to meet the outlined objectives. Pro-rata, cost-shared international staff include: Country Programme Manager, Programme Management Officer, and Knowledge Management Officer.

National management staff comprises a National Project Manager (also responsible for KBL) and the target Municipalities' Provincial Managers. Team leaders in each city will lead the day-to-day implementation, supported by a Municipal Governance/Planning Officer and a Revenue Mobilisation Officer. The Municipalities will identify staff to be involved in the project.

Figure 3: Project Organogram



1.2.7 Attitudes of all stakeholders towards the action in general and activities in particular

IDLG/GDMA is very positive about the proposed action. Citywide property registration and LED planning are considered a top priority for GDMA to implement in all cities. GDMA has expressed its priority to continue and institutionalize the IFMS system and property registration approach undertaken under RAMP-UP and CBMSP. The **Ministry of Urban Development** (MUDA) is positive about the programme. Its Strategic Urban Planning Unit has requested from UN-Habitat on several occasions increased technical assistance with urban planning. MUDA has also requested continued support with the Informal Settlements Upgrading Policy and the advancement of the Afghan Urban Observatory.

The **Municipalities** of Kabul, Herat, Jalalabad, Mazar and Kandahar are keen to continue the close collaboration with UN-Habitat that they have enjoyed for years in municipal governance and service delivery. They are positive about the infrastructure block grants. However, as outlined above, the systematic and transparent collection of *safayi* taxes is less desirable for municipalities given the current lack of political will.

There is strong demand from **citizens and communities** to be involved in programming where they can take a lead in neighbourhood upgrading through CDCs and Gozars. Likewise, communities (including previously established CDCs and Gozars) are calling for increased opportunities for engagement in municipal planning processes so are likely to see this project positively, especially the SMAP and engagement with MABs and municipal outreach activities.

UN Agencies and the **international development community** is likely to see the project positively because it will increase opportunities for commencing/starting their urban programming (e.g. *e-Taskera* rollout outlined above) and will improve knowledge and information of the urban situation to help tailor their interventions to real needs and priorities. The SMAP and CIPs will be a positive opportunity to improve coordination and cost-effectiveness of urban-sector interventions/investments.

As noted above, this programme is seen as a catalyst programme for a much larger Comprehensive Urban Development Programme to be implemented from 2017 onwards. Actors leading this (**The Office of the President, World Bank, IDLG/GDMA, Ministry of Finance**) are therefore likely to see this programme positively as it will lay the foundations for the larger programme.

1.2.8 Activities to ensure visibility of the action and the EU funding

A detailed communication and visibility plan will be developed at the inception of the project, to include (but is not limited to) the following key activities: (i) *quarterly newsletters* (Dari and English) and *press-releases* (Dari and English), (ii) sub-project *launch events* attended by government officials (e.g. Mayor and MABs) and reported in the national media and UN-Habitat/EU websites); (iii) *project signboards* on all municipal and Gozar sub-projects with logo of EU; (iii) *social media* outreach, including project updates (e.g. photos of community meetings) posted on UN-Habitat (and EU if desired) facebook and twitter accounts with reference to EU support; (iv) *short video clips* posted on youtube of programme progress and impact for project beneficiaries (See for example: <https://www.youtube.com/watch?v=Eit7Wk4Qy04>
<https://www.youtube.com/watch?v=2wfef9fiymA>
<https://www.youtube.com/watch?v=6JQtDzmWGgU>

The two knowledge products will also give visibility to the EU: (i) *The Housing Profile* (ii) the Document of the *Impact Study* (both in Activity 3.2).

1.3. Duration and indicative action plan for implementing the action

Year 1														
Output #	Activity	Half-year 1						Half-year 2						Implementing body
		1	2	3	4	5	6	7	8	9	10	11	12	
Preparation and establishment	a: Engagement and signing of Protocol with Municipalities and national counterparts													UN-Habitat
	b: Staff recruitment													
	c: Staff training													UN-Habitat
Output 1 Municipalities to undertake citywide property survey/registration, house numbering	1.1 Review property data and safayi revenues within municipal and <i>Nahia</i> boundaries and develop ' <i>annual action plan</i> ' for surveying, including targets and milestones													<i>Nahia</i> Offices and Municipal revenue departments; UN-Habitat technical support
	1.2 Establish and train survey teams, including field testing/training													
	1.3 Undertake property survey (one <i>Nahia</i> at a time) (incl: field surveying; registering properties in database and GIS; producing weekly and monthly reports on progress; field checks/verification from random sample for quality assurance)													
	1.4 Undertake house numbering upon completion of each <i>Nahia</i> survey (incl. supporting <i>Nahia</i> Office to source and deliver number plates; distribution and installation).													
	1.5 On-the-job mentoring and targeted trainings on <i>safayi</i> taxation and property surveying for <i>Nahia</i> offices and municipal departments (surveying, GIS, etc).													
	1.6 Official joint quarterly review of property surveying Action Plans (<i>Nahia</i> , Municipality, GDMA, and UN-Habitat) and take corrective action where required.													
Output 2 Strengthen municipal finance and revenue collection systems and capacities (incl. in <i>Nahia</i> (District) offices)	2.1 Develop and implement a communications plan (and materials) to communicate the <i>Safayi</i> system to citizens and communities to promote awareness and increase collection rates, in conjunction with MABs.													<i>Nahia</i> Offices, Municipalities; Municipal Advisory Boards (MABs); UN-Habitat technical support
	2.2 On-the-job mentoring and targeted trainings for <i>Nahia</i> and Municipal Revenue Departments for increased collection and proper recording and reporting of <i>Safayi</i> taxes.													
	2.3 Undertake business licensing (incl: reviewing current systems, identifying current weaknesses and bottlenecks; developing a plan for citywide rollout, implementation, monitoring)													
	2.4 Municipal finance (self)assessments to take stock of municipal assets, revenue sources, expenditure patterns, etc., including municipal land													

	7.4 Develop EU visibility campaign for the programme; Develop campaign materials including one-time and regularly-produced materials; Distribute materials and other visibility products to stakeholders; Undertake project inauguration and handover ceremonies for selected projects																	
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Year 2 and 3

Output #	Activity	Year 2						Year 3						Implementing body				
		1st Half			2nd Half													
Output 1 Municipalities to undertake citywide property survey/registration, house numbering	1.1 <completed in Year 1>																	
	1.2 <completed in Year 1>																	
	1.3 Undertake property survey (one <i>Nahia</i> at a time) (incl: field surveying; registering properties in database and GIS; producing weekly and monthly reports on progress; field checks/verification from random sample for quality assurance)																	
	1.4 Undertake house numbering upon completion of each <i>Nahia</i> survey (incl. supporting <i>Nahia</i> Office to source and deliver number plates; distribution and installation).																	
	1.5 On-the-job mentoring and targeted trainings on <i>safayi</i> taxation and property surveying for <i>Nahia</i> offices and municipal departments (surveying, GIS, etc).																	
	1.6 Official joint quarterly review of property surveying Action Plans (<i>Nahia</i> , Municipality, GDMA, and UN-Habitat) and take corrective action where required.																	
Output 2 Strengthen municipal finance and revenue collection systems and capacities (incl. in <i>Nahia</i> (District) offices)	2.1 Develop and implement a communications plan (and materials) to communicate the <i>Safayi</i> system to citizens and communities to promote awareness and increase collection rates, in conjunction with MABs.																	
	2.2 On-the-job mentoring and targeted trainings for <i>Nahia</i> and Municipal Revenue Departments for increased collection and proper recording and reporting of <i>Safayi</i> taxes.																	
	2.3 Undertake business licensing (incl: reviewing current systems, identifying current weaknesses and bottlenecks; developing a plan for citywide rollout, implementation, monitoring)																	
	2.4 <completed in Year 1>; review and update assessments after 18 months (programme mid-point).																	
	2.5 Joint (<i>Nahia</i> , Municipality, GDMA, and UN-Habitat) quarterly reviews of <i>Safayi</i> collection rates and business licenses and take corrective action where required.																	

Output 3 Support long-term strategic urban planning for LED and inclusive service delivery	3.1 <completed in year 1>																			Municipal Engineering and Planning Departments; Strategic Planning Department, MUDA; Nahia Offices; MABs, UN-Habitat
	3.2 <completed in year 1>																			
	3.3 Undertake a SMAP and CIP process (incl: participatory workshops with citizens, MABs, Nahia Managers, and other key stakeholders, etc.) and disseminate outcomes at national, municipal and local levels;																			
	3.4 Support exchange of SMAP and CIP plans across target cities																			Above, plus Provincial and District Authorities, Ministry of Economy line departments
	3.5 Finalize SMAP and undertake citizen and stakeholder dissemination (campaign) to disseminate plans to relevant authorities and the core ideas and components to citizens to show the Mayor and Municipality has a vision and plan for improvement.																			
Output 4 Assist municipalities to deliver service/infrastructure projects (in line with SMAP and CIP plans) to stimulate LED	4.1 Review surveying, safayi and business licenses targets from year one and select eligible cities for block grants																		UN-Habitat; District Offices	
	4.2 Pairing programme staff with sub-project relevant municipal engineering/sanitation/etc., staff for on-the-job mentoring through whole programme cycle																		Nahia Offices; Engineering, Planning and Finance Departments of Municipalities; UN-Habitat	
	4.3 Technical development and approval of sub-projects (incl. detailed technical assessments, project design and estimation, review and approval by MABs, contracting by UN-Habitat through AoC).																			
	4.4 Implement sub-project, focusing on capacity development of municipal staff for sub-project monitoring, evaluation, reporting and ensuring municipal visibility and accountability to citizens.																			
	4.5 Technical assistance to line departments to incorporate sub-projects of SMAP into annual plans/budgets (ideally to be financed by year 3)																			
Output 5 Foster improved municipal-citizen relations in service delivery to build social contract and sense of civic responsibility	5.1 <completed in Year 1>, but update after 18 months																			
	5.2 Technical assistance to MABs to engage in all municipal activities in this programme; and capacity development of MAB through on-the-job training																		Nahia Offices; Engineering, Planning and Finance Departments of Municipalities; MABs; UN-Habitat	
	5.3 Undertake MAB and Municipal citizen outreach activities (tailored to each city) (e.g. annual municipal event such as a 'sports day');																			
	5.4 Review city/Nahia performance in safayi and business licenses and select eligible Gozars for block grants																			
	5.5 Gozar mobilisation, including, where required Gozar neighbourhood elections; community action planning; sub-project identification and review and approval by MAB																			

	5.6 Technical/engineering development of GA sub-projects by District Engineers, technically supported by UN-Habitat;																			
	5.7 Sub-project implementation (municipal contribution first, then programme funded elements), monitoring, reporting and evaluation, ensuring municipal visibility and accountability to citizens																			
Output 6 Strengthen the national enabling environment and capacities (MUDA, IDLG/GDMA and ARAZI) for inclusive municipal governance	6.1 Technical assistance and on-the job training to Municipal Finance Department of GDMA to better monitor and enforce property registration and <i>safayi</i> taxation in target cities																			
	6.2 <completed in year 1>																			
	6.3 Support GDMA to develop and implement a National Guideline on Municipal Finance (Managing Local Assets), based on outcomes of Activity 2.4																			
	6.4 <completed in year 1>																			
	6.5 <completed in year 1>																			
	6.6 <completed in year 1>																			
	6.7 Technical assistance to Afghan Land Authority (and GDMA) to improve urban land management, in line with Output 1 (property registration)																			
	6.8 In parallel to Activities 3.1 - 3.3, technical assistance to Strategic Development Planning Unit of MUDA for Strategic Planning for LED																			
	6.9 Support MUDA and GDMA to develop of national guidelines, based on lessons learned from Output 3, for strategic planning for LED to promote replication and up-scaling																			
	6.10 <completed in year 1>																			
Output 7 Improve data and information for urban planning, policymaking and municipal governance	7.1 Technical assistance to MUDA to undertake a <i>Afghanistan Land and Housing Profile</i> , incl: stakeholder mobilization, research and fieldwork, participatory review, publication and launch.																			
	7.2 Undertake a results-orientated evaluation of urban upgrading and property registration; to contribute to policy and the development of realistic implementation action plans for informal settlements upgrading policy																			
	7.3 Provide logistical and networking support, aligned to property registration process, to the roll-out of the EU-funded <i>E-Tazkera</i> project in target cities.																			
	7.4 Develop EU visibility campaign for the programme; Develop campaign materials including one-time and regularly-produced materials; Distribute materials and other visibility products to stakeholders; Undertake project inauguration and handover ceremonies for selected projects																			

1.4. Sustainability of the action

1.4.1 Expect impact and its sustainability

The **expected impact** is to increase sustainable municipal revenues and strengthen urban management for inclusive service delivery and local economic development. **Quantitatively**, the Action aims to directly impact 9 Municipalities and 61 *Nahias* (Districts); 302,000 households with improved property/tenure security; 60,400 businesses with improved tenure security and 10,700 with business licences; and harness a potential *safayi* revenue income of over 10 million USD per annum for service delivery in cities in line with SMAPs and CIPs.

The expected **social impact** is to improve de-facto tenure security for households in target cities (est. 2.7 million people) and improve citizen engagement and social contract with municipality, thus improving social solidarity contributing to local and national peace-building and state building. Expected **economic impacts** include a XX USD per annum revenue increase for municipalities from *safayi* taxation, as well as increased urban economy activity from improved investment in productive infrastructure in target cities in line with strategic urban plans and CIPs.

Policy-level sustainability is promoted through the alignment of the Action with existing and forthcoming *national frameworks and systems*, including: (i) GDMA guidelines for property registration, *safayi* taxation; and municipal finance; (ii) the Constitution of Afghanistan, Sub-National Governance Policy and draft Municipal Law which call for municipal elections which require an up-to-date property inventory and demarcated municipal boundaries, to which the Action will directly contribute; (iii) the Informal Settlements Upgrading Policy, including technical assistance to finalisation, and then, after approval by cabinet (out of programme scope), policy implementation which will directly draw on the MGSP-supported citywide property inventory, and improved strategic urban planning capacities and plans; (iv) production of government-led and owned Land and Housing Study/Profile that will support development of a urban land and housing policy; (v) production of Guidelines for Strategic Municipal Action Planning and Capital Investment Planning, based on lessons learned from the Action, for replication in other cities.

Specifically, the **technical sustainability** of the action and impact is promoted through: (i) utilising the existing Integrated Financial Management System (IFMS) already established as the standard by GDMA for municipal revenues and property registration; (ii) Targeted technical capacity development activities to municipality *tashkeel* staff throughout whole project cycle, so they can replicate the improved *safayi* system and sub-project planning and implementation using central fiscal transfers (as H.S. Ghani pledged) and local Municipal revenues; (iii) providing practical examples of how strategic urban planning can be used to implement priority projects by municipalities to stimulate local economic development; improve municipal-citizen relations; promote public and private sector investment; and improve coordination with line departments for improved service delivery in cities; (iv) working with existing community structures (Gozars) (officially recognised as local-level governance structure) and linking them with authorities, thus opening up opportunities of replication of actions and ensuring community ownership and therefore continued maintenance of physical projects implemented through block grants.

1.4.2 End of project vision/exit strategy

The **vision** is that by the end of the Action:

- Target municipalities have increased human and institutional capacity to continue to implement the improved *safayi* system, though this requires strong political leadership (central and local level) and international development oversight to maximise revenues and ensure their complete transparent and accountable use;
- Municipal capacities (of *tashkeel* staff, plus systems and procedures) in planning, civil engineering, sub-project monitoring and reporting, procurement, and citizen engagement have increased and are used to implement other LED projects with on-budget resources;
- Line departments in target cities finance and implement sub-projects from the SMAP and CIPs through their on-budget resources; thus ensuring the plans *are used* to guide investments, improve service delivery and targeting, and coordinate government actions at city level;
- Local stakeholders have increased awareness and knowledge of strategic municipal action planning, and see the value of this approach to guide urban development (rather than only traditional Masterplans), thus increasing the likelihood of a government-led 5-yearly action planning process;
- MUDA and IDLG guide and support municipalities in property registration/*safayi* taxation, urban planning (SMAP and detailed planning), and improve citizen engagement, in the target cities plus promote replication of the MGSP components in other provincial capitals;
- The programme data, experiences and partnerships directly support the development and implementation of a national urban development programme that is more than simply infrastructure investment but centred on improving municipal governance.

The Action will conclude after three years. Table 3 outlines three scenarios for the end of the Action.

Table 3: End of Action vision/exit strategy

Scenario		End of Action vision / exit-strategy
<i>Scenario One:</i> Likely case - Business as usual with some noticeable gains	Relative political and economic stability allows for smooth programme implementation and the achievement of the outputs. While there are measurable improvements in the absorptive capacity, political will, and revenues of Municipalities, systems and <i>Tashkeel</i> capacities are fragile, and without international support/oversight a purely Afghan-led replication/continuation is not guaranteed.	Programme components are continued either through a National Urban Development Programme, or a Phase 2 of the Action supported by international community (2018-2020), with continued capacity improvements, engagement of government, and an improved enabling environment (e.g. municipal elections held). Phase 2 lays the foundations for purely Afghan-led replication from 2020+
<i>Scenario Two:</i> Medium case - Deterioration	Political, economic and social deterioration with weakened central and local government control over territory; economic deterioration /recession; limited political will for improved municipal 'good governance'; reduced support by international community; even more rapid urbanisation as Afghans migrate to cities for their relative safety and security.	In the absence of political will for effective local governance future support could focus on service delivery through communities for building improved solidarity and stability from 'bottom-up' to sustain gains made over past 13 years (e.g. in gender, community solidarity, education and health, etc.) and reduce negative impacts of continued rapid urbanisation.
<i>Scenario Three:</i>	Government authority and legitimacy is significantly reduced; AGEs make considerable gains and consolidate power	Completely re-assess future support and relevance of municipal governance programming.

Worse case: - Failed state	and territory; economic meltdown with severe impacts on households, especially the urban poor; limited accessibility of development actors in certain areas;	
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The Action has been designed to promote **Scenario One**, which is most likely, through: (i) contribution to and alignment with national frameworks; (ii) national-ownership, especially from central level (GDMA and IDLG); (iii) not 'parallel structures' or capacity substitution but capacity development of *Tashkeel* staff; (iv) strong involvement of the Action in the development and implementation of a national urban development programme, with the hope the programme components are integrated into a national programme thus fully-'nationalised' and continued. Technically, equipment purchased under the Action will be officially handed over to government counterparts to ensure system continuity (e.g. computers for property registration GIS staff).

1.4.3 Possibilities for replication and extension of the action

The Action has significant potential for **replication to all other Provincial Municipalities** in Afghanistan. IDLG/GDMA and MUDA are the lead central Ministries who can lead the replication process, hence their strong role in the Action. Replication will be directly fostered through Activities 3.1 - 3.2, including the Action's contribution to improved national frameworks and programmes (mentioned above).

The Action will **disseminate** programme progress and successes to other Municipalities to foster increased awareness with Mayors and Municipal Advisory Boards from other cities of the potential of *safayi* taxation, SMAP, etc. This will be achieved through: (i) side-events at national events (planned by GDMA and in other programmes, e.g. AUPP); (ii) support exchange visits between the target cities and the other cities (where requested); (iii) quarterly newsletters, press-releases, and the knowledge products on Municipal Finance/*Safayi* taxation shared with all 34 Provincial Municipalities.

1.4.4 Risk analysis and contingency plan

Table 2 outlines the main risks, and suggested mitigation measures.

Table 2: Risk analysis

Risk	Likelihood	Impact of risk	Explanation of rating	Risk mitigation/adaption strategies
National government in disarray/increasingly incapable/unwilling to engage/deliver	Med	Low	Regardless of what happens at the national level, Mayors and Municipalities will still exist and function as core partners	Scale back national engagement and focus on municipal and community components
Direct programme counterparts are not in a state, or capable to support programme implementation effectively	Med	Med	UN-Habitat existing presence and networks will improve smooth implementation prospects	Flexible programme design: can shift to other municipalities; communities;
Economic risks of further deterioration in the macro and urban economy due	Med	Med	The economic outlook is already weak and this will have implications for	Develop realistic SMAP and CIPs (not expensive 'wish lists'), including actions that

to political uncertainty and international troop draw-down			SMAP and CIP projects funded on-budget; plus ability of households to pay <i>safayi</i> taxation	may not cost much but can contribute to improved municipal-citizen engagement so part of the plans can still be implemented.
Weak absorptive capacity and institutional structures may limit possibilities for sustainable improvements to the <i>safayi</i> system	Med	Med	It is easy to survey properties, but more difficult to create sustainable capacity improvements for <i>safayi</i> tax collection and accountable expenditure in Municipalities.	Sign Protocols with Municipalities outlining roles and responsibilities; Assigning government staff to important roles; reporting on performance at GDMA level; adequate training of government members in the initial stage of the project.
Local security conditions in target cities deteriorate	Med	Med	Cities are still relatively safer than rural districts, yet if security deteriorate, activity delivery will be compromised	Flexible programme design; realistic implementation activities; national-staff-led implementation; follow security regulations.
Deteriorating national political/security environment with international presence reduced (e.g. UN-H international staff)	High	Low	UN-Habitat's national staff-led implementation	Reduce international staff requirements; further empower national staff; implement in cities where UN-Habitat has existing presence and other programmes
Funding is cut/does not materialise thus undermining UN-Habitat and raising false expectations	Low	Low	UN-Habitat only implements programmes when full funding is secured; and does not engage with partners until then.	Secure full commitment from donors with clear payment schedule so block grants are delivered as agreed with Municipalities
<i>Risks arising from programme implementation</i>				
Increased pressure on urban vulnerable and poor from urban action plans and <i>safayi</i> taxation	Low	Med	Through their involvement the poor/vulnerable may be placed at higher risk of eviction, discrimination, etc.	Develop and implement adequate 'do no harm' tools in SMAP and CIP procedures; sensitisation of stakeholders to issues;
Miss-use of sub-project funds; reinforcement of unequal power dynamics	Med	Med	Informal power dynamics might be empowered, having the reverse outcome than programme goal	Ensure representative and broad participation linked to conflict sensitivity analysis; adequate checks and balances of funds use.

1.4.5 Main pre-conditions and assumptions during and after implementation phase

The main pre-conditions and assumptions are that:

- Ministries, Provinces and Municipalities agree on the need to improve urban governance, land and property management, increase municipal revenues and to undertake participatory action planning to guide urban development investments and service delivery at the city level;

- Target Municipalities are fully supportive of the project and are willing to meaningfully engage in implementing its components, particularly the capacity development components;
- Insecurity and instability do not prevent participation and smooth project operation;
- Qualified and trained Afghan staff can be rehired or hired;
- Qualified international staff are found to support the project throughout its duration;
- Government counterparts are willing to meaningfully coordinate with each other (principally in action planning, and in sharing data for improved urban management).
- Mayors and Municipal staff are genuinely interested in working for the people of their city, improving their interaction with citizens, and demonstrating their performance to build an improved social contract;
- Citizens are willing to pay *safayi* taxes if their property is transparently recorded and they receive services for their taxes;
- Some national authority (currently GDMA, but this may change) is mandated to oversee and support Municipalities, and has the strong leadership - and mandate! - to hold Mayors and Municipal Officials accountable for programme progress;
- That MUDA, IDLG, ARAZI and Kabul Municipality are willing to engage with each other and develop improved national tools and approaches for improving SMAP, CIP, Municipal Finance and *safayi* taxation;
- The de-facto legitimacy of Gozar Assemblies (GAs) and their role in action planning and service delivery is established in adopted urban polices;

1.4.6 How sustainability will be secured after completion of the action

Sustainability will be secured after completion of the Action in each of its dimensions – physical, financial, institutional, environmental and at the policy level through the following:

Physical sustainability will be ensured through by: (i) including a maintenance plan in all Gozar and Municipal project proposals; (ii) forming a Gozar maintenance committee; (iii) earmarking financial resources for maintenance in municipal budgets; (iv) training local maintenance workers and municipal staff; and (v) designing and implementing appropriate, low-technology interventions that can be maintained/fixed locally and affordably by municipalities with limited technical and financial resources. For areas within municipal boundaries the projects are officially handed over to the Municipality whom then assume responsibility for O&M.

Financial sustainability will be ensured through: (i) improved municipal finance and revenue collection; (ii) improved municipal management, through improved planning methods and plans, that will increase the likelihood of private sector as well as donor investment; (iii) utilisation of existing IFMS system and ensuring GDMA includes maintenance and operational costs in annual budget; (iv) improved planning framework to encourage private commercial investment, employment creation, and stimulate local economic development.

Institutional sustainability will be ensured through: (i) increased municipal capacity that will result in better urban management, planning, revenue management and services delivery; (ii) demonstration of the benefits of local governance structures and municipal-community partnerships that will encourage greater use of such partnerships; (iii) policy support that will clarify the roles and responsibilities of stakeholder institutions, and provide a clearer framework for municipal operations.

Environmental sustainability will be ensured by: (i) improved living conditions through the various Gozar and municipal projects mainly aimed at improving basic services and infrastructure and promoting LED; (ii) feasibility studies and strategic planning of sub-project sites will ensure minimal environmental damage due to development interventions implemented as part of the SMAP and CIPs; and (iii) local, eco-friendly construction materials will be tested and utilised where possible.

Policies will be sustained through: (i) demonstration, through the experiences in target cities, of SMAP, CIP and increased revenues from *Safayi* taxation; (ii) community-municipal partnerships, promoting inclusive development and improved civic responsibilities, (iii) capable taskforce staff that can take a leading role in improved municipal governance; (iv) promote participatory planning techniques that engage a range of stakeholders, and are replicated in other cities under national leadership (MUDA and IDLG).

1.5. Logical Framework

Please fill in Annex C²⁹ to the Guidelines for Applicants.

²⁹ Explanations can be found at the following address: http://ec.europa.eu/europeaid/reports//index_en.pdf.

1.6. Budget, amount requested from the Contracting Authority and other expected sources of funding

Table 4: Summary budget for the Action

EA/ output	Item	Unit cost	Quantity	USD	Euro
2	Property registration	7	362,400	2,536,800	2,232,384
2	House number plates and street lights	4	362,400	1,449,600	1,275,648
2	Business licenses	10	10,750	107,500	94,600
1,2	MAB support and citizen engagement	15,000	8	120,000	105,600
2	Strategic Municipal Action Plans for LED	40,000	9	360,000	316,800
3	Municipal infrastructure (matching grants)	various		2,850,000	2,508,000
3	Gozar grants	various		1,925,000	1,694,000
1,2	Afghan Urban Observatory			200,000	176,000
2	Technical Assistance to Local Institutions/Municipal Cap Dev	50,000	9	450,000	396,000
1	Technical Assistance to MUDA, IDLG and ARAZI	200,000	3	600,000	528,000
1,2,3	Visibility and municipal outreach			80,000	70,400
1,2,3	Monitoring and Evaluation (incl. Audit)			200,000	176,000
	Total Deliverables			10,878,900	9,573,432
	Staff, Security and Operational Costs (22%)			2,393,358	2,106,155
	Total Costs			13,272,258	11,679,587
	Project Support Costs (7%)			929,058	817,571
	Grand Total			14,201,316	12,497,158

1.7. Applicant's experience

The following tables demonstrate UN-Habitat's experience in managing actions in the same sector and of a comparable scale to the one for which a grant is being requested.

Name of the applicant: UN-Habitat Afghanistan					
Project title:		Community-Based Municipal Support Programme (CBMSP)			
Location of the action	Cost of the action (EUR)	Role in the action: Coordinator, co-applicant, affiliated entity	Donors to the action (name)	Amount contributed (by donor)	Dates (from dd/mm/yyyy to dd/mm/yyyy)
Kabul, Jalalabad, Herat, Mazar, Kandahar	23 million USD	Coordinator (lead implementer)	Embassy of Japan	23 million USD	01/04/2013 to 31/03/2015
Objectives and results of the action		<p>CB-MSP aims to build the institutional capacity of municipalities to gradually manage their cities independently without relying on external funding and expertise. The programme consists of three activity areas: (1) Policy support at the national, local and community levels; (2) Organizational development and capacity building; and (3) Service delivery. <i>Key results include:</i></p> <ul style="list-style-type: none"> • Established well-functioning 155 Community Development Councils in the five cities and 24 Gozar Assemblies; • Over 350,000 direct beneficiaries have received improved living conditions; • Mobilisation of over 1 million USD in community contribution (cash or in-kind); • Improved capacity of national and municipal government counterparts in service delivery and city management; • Survey and registration of over 33,000 properties in four cities. 			

Name of the applicant: UN-Habitat Afghanistan					
Project title:		Community driven settlement upgrading to reintegrate returnees and IDPs			
Location of the action	Cost of the action (EUR)	Role in the action: Coordinator, co-applicant, affiliated entity	Donors to the action (name)	Amount contributed (by donor)	Dates (from dd/mm/yyyy to dd/mm/yyyy)
Kabul and Jalalabad	8.95 million	Lead/Coordinator	EU (AUP)	8.95 million	01/01/2012 to 31/12/2014
Objectives and results of the action		<p>The project is a continuation of previous EU funded projects in Kabul and Jalalabad, and the Land Allocation Scheme of Sheikh Mesri Township, and aims to support communities and local governments with reintegration of returnees and IDPs through community empowerment and access to basic infrastructure and services. <i>Key results include:</i></p> <ul style="list-style-type: none"> • Established well-functioning 60 Community Development Councils in Kabul and Jalalabad, and support to 30 (20 in Kabul and 10 in Jalalabad) mature CDCs; • Established well-functioning 6 Area Development Councils (ADCs) in Kabul and Jalalabad; • Six hundred extreme vulnerable families have improved dwelling conditions; • Community infrastructure projects implemented serving over 150,000 persons; • Employment and livelihoods opportunities for community members; 			

Name of the applicant: UN-Habitat Afghanistan					
Project title:		Reintegration of Returnees and IDPs (Internally Displaced Persons) through Policy, Planning and Targeted Assistance (“EC-7”)			
Location of the action	Cost of the action (EUR)	Role in the action: Coordinator, co-applicant, affiliated entity	Donors to the action (name)	Amount contributed (by donor)	Dates (from dd/mm/yyyy to dd/mm/yyyy)
Kabul and Jalalabad	8.95 million	Lead/Coordinator	EU (AUP)	8.95 million	01/03/2010 to 29/02/2012
Objectives and results of the action		<p>The objective was to support the reintegration of IDPs and returnees in Kabul and Jalalabad with improved infrastructure and community solidarity and cohesion. <i>Key results include:</i></p> <ul style="list-style-type: none"> • 10,041 households (123,832 residents) of previously organized communities in Kabul in districts 6 and 13; and 2,520 households (25,736 people) in districts 1, 2, 3 and 4 residents of Jalalabad neighbourhoods benefitted from improved infrastructure and continued mobilization support. • In total, 5,000 households (36,701 residents) of newly organized communities in Kabul; and 2,522 households (25,220 residents) of Jalalabad neighbourhoods benefitted from improved infrastructure and mobilization support. • 450 extreme vulnerable households received improved shelter. 			