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TECHNICAL ANNEX

FOR A PROPOSED GRANT

**IN THE AMOUNT OF SDR71.4 MILLION
(US\$112 MILLION EQUIVALENT)**

TO THE

ISLAMIC REPUBLIC OF AFGHANISTAN

FOR A

NATIONAL EMERGENCY RURAL ACCESS PROJECT

(NERAP)

November 14, 2007

Sustainable Development Department
Afghanistan Country Management Unit
South Asia Region

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CURRENCY EQUIVALENT

(As of October 31, 2007)

Currency Unit	=	Afghani
US\$1	=	49.8 AFN
SDR1	=	US\$1.56936

GOVERNMENT FISCAL YEAR

March 21 – March 20

ABBREVIATIONS AND ACRONYMS

ARTF	Afghanistan Reconstruction Trust Fund	MRRD	Ministry of Rural Rehabilitation and Development
CDC	Community development council	MTR	Mid-term review
CDP	Community development plan	NEEP	National Emergency Employment Program
DA	Designated Account	NCU	National Coordination Unit
DAB	Da Afghanistan Bank	NEEP1	National Emergency Employment Project 1
EC	European Commission	NEPA	National Environmental Protection Agency
EMP	Environmental and Social Management Plan	NEEPRA	National Emergency Employment Project for Rural Access
ESMF	Environmental and Social Management Framework	NERAP	National Emergency Rural Access Project
FA	Float Account	NGO	Nongovernmental organization
FMA	Financial management agent	NPP	National Priority Program
GoA	Government of Afghanistan	NPV	Net present value
I-ANDS	Interim Afghanistan National Development Strategy	NRAP	National Rural Access Program
IBRD	International Bank for Reconstruction & Development	NRVA	National Risk Vulnerability Assessment
IC	Implementation Consultant	NSP	National Solidarity Program
IDA	International Development Association	OP	Operational policy (World Bank/IDA)
IMF	International Monetary Fund	PDO	Project development objective
IP	Implementation Partner	PEFA	Public expenditure and financial accountability
ISN	Interim Strategy Note	PFM	Public financial management
JSDF	Japan Social Development Fund	PDCU	Program Development and Coordination Unit
LIWP	Labor-intensive Works Project	PIU	Program implementation unit
M&E	Monitoring and evaluation	PRTs	Provincial reconstruction teams
MIS	Management information system	SDU	Special Disbursement Unit
MoF	Ministry of Finance	UNOPS	United Nations Office for Project Services
MPW	Ministry of Public Works		

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ISLAMIC REPUBLIC OF AFGHANISTAN
Proposed NATIONAL EMERGENCY RURAL ACCESS PROJECT
TECHNICAL ANNEX

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A. BACKGROUND AND STRATEGY

1. Project Rationale

1. The parliamentary and provincial elections of November 2005 brought the culmination of the political transformation for Afghanistan that had commenced with the Bonn Agreement in 2001, forming the basis for state-building and development in a country emerging from nearly three decades of conflict and political turmoil.

2. Afghanistan's progress in many sectors has been impressive: development of road networks has reduced travel times and improved rural access; school enrolments have reached historic highs; health facilities are gaining outreach; thousands of rural communities have been mobilized for development; commercial banks have opened up for business; and microfinance programs have extended services to thousands, mainly women. Real GDP, excluding poppy production, is preliminarily estimated to grow by 8 percent in 2006/07 (SY1385) after increasing by 29 percent in 2002/03, 16 percent in 2003/04, 8 percent in 2004/05, and an estimated 14 percent in 2005/06 (SY 1384). However, the situation is far from normalized and Afghanistan has not fully emerged from conflict. There is concern that the security situation is deteriorating in many parts of the country and that it is hampering development efforts, particularly in education and health.

3. Nearly 80 percent of Afghanistan's people live in rural areas. The incidence of rural poverty remains high as the country recovers from the long-term effects of the nearly thirty years of conflict and a recently ended six-year drought. One of the sources of rural poverty is lack of rural access, which constrains the transition from opium poppy cultivation to licit rural livelihoods, and thus the World Bank has supported the provision of rural roads to improve rural accessibility.

4. The proposed project, which would be called the National Emergency Rural Access Project (NERAP), will help to improve accessibility, integrating the village economy with regional and national markets, leading to better allocation of resources, technology transfer, and higher productivity and outputs. It may also facilitate the expansion of rural non-farm activities. Households who can diversify their income sources will become less economically vulnerable and less dependent on opium poppy cultivation.

2. Government Strategy

5. The Transitional Islamic State of Afghanistan launched the National Emergency Employment Program (NEEP) in 2002 as one of four National Priority Programs designed to provide targeted social protection for vulnerable groups throughout the country and to rebuild the rural road infrastructure.

6. Today the National Rural Access Program (NRAP), earlier known as NEEP, is the Government's comprehensive rural access program. NRAP covers all 34 provinces. It is a multi-donor program executed jointly by the Ministry of Rural Rehabilitation and Development (MRRD) and the Ministry of Public Works (MPW). The United Nations Office for Project Services (UNOPS), as Implementation Partner (IP) provides support for project implementation.. Works are carried out by local contractors and communities.

7. In addition to NRAP, the Ministry of Rural Rehabilitation and Development itself implements rural access activities with funding from the European Commission (EC) and the Counter-Narcotics Trust Fund (CNTF), and, for Helmand Province, from the UK Department for International Development. The rural roads sector also receives funding from the provincial

reconstruction teams but on an autonomous basis that complements the peacekeeping operations in Afghanistan.

8. Financing for NRAP has come mainly from IDA grants, the Japan Social Development Fund (JSDF), and donor contributions that are channeled through the Afghanistan Reconstruction Trust Fund (ARTF). The government has provided funds from the World Bank funded Programmatic Support for Institution Building project. Donors contribute to NRAP because of its proven delivery record, its ability to reach all provinces, and its flexibility, through the implementing agencies, to respond to donors' geographical preferences. Donors include AUSAID (Australian Aid), CIDA (Canadian International Development Agency), DFID (Department for International Development), and USAID (United States Agency for International Development); their funding all follows the same arrangements—which facilitates donor coordination and allows implementation efficiencies.

Figure 1: Overview and timeline of funding for Rural Access

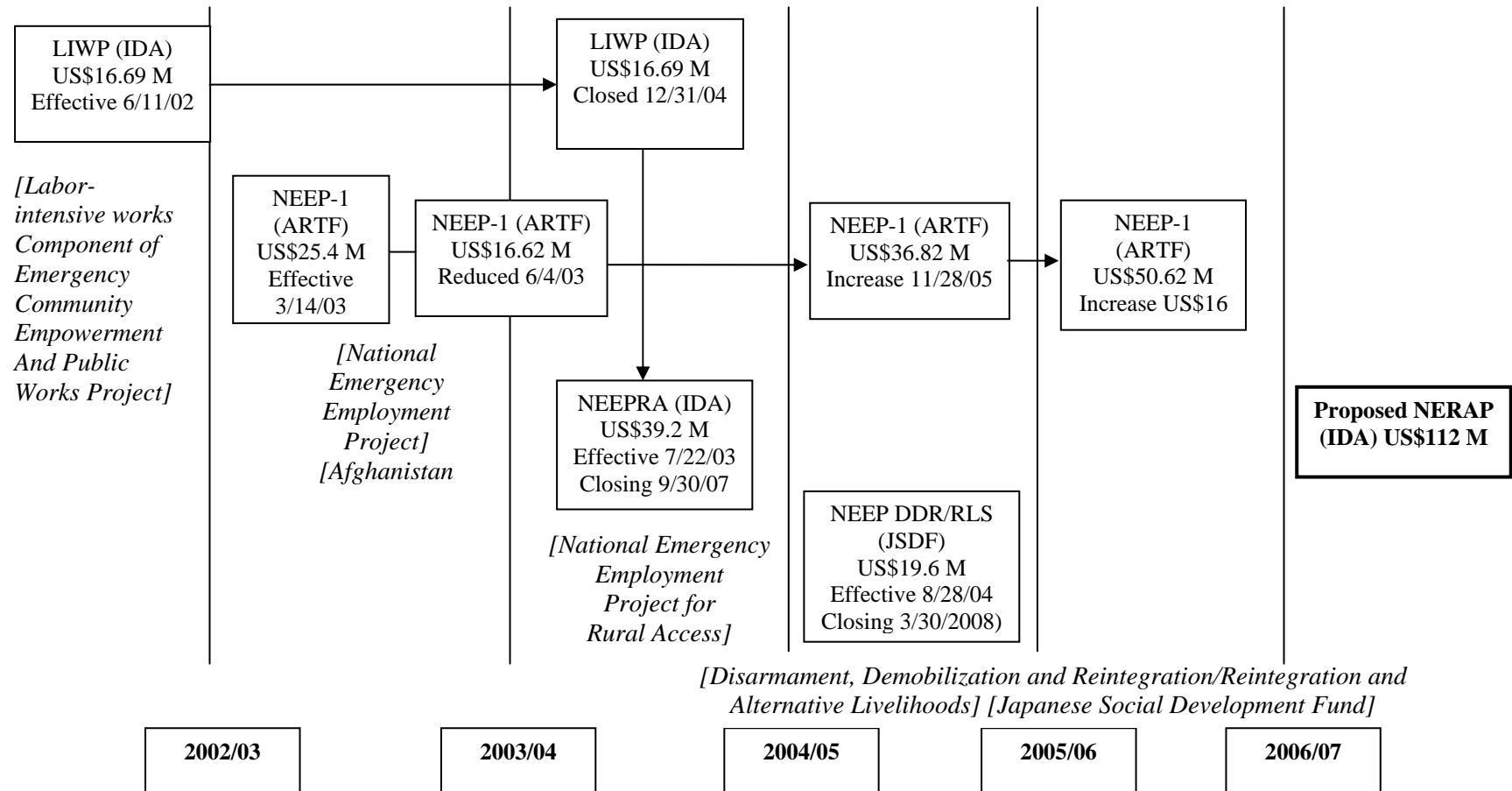


Table 1: Financial Contributions as of August 2007

Donor	Amount (US\$ million)	Implementing Partner
ARTF-NEEP 1	16.6	UNOPS
EC	10.6	MRRD
JSDF	19.6	UNOPS
PSIB	15.0	UNOPS
WB-LIWP	14.2	UNOPS
WB-NEEPRA	39.2	UNOPS
USAID through UNDP	3.1	UNOPS
CNTF ^a	5.3	MRRD
DFID (for Helmand)	15.4	UNOPS
ARTF-NEEPRA	36.2	UNOPS
JSDF - LIWP	2.0	CARE
Total	177.2	

Source: NRAP Quarterly Progress Report, June 2007.

^a MRRD is not involved in counter-narcotics operations but receives funding for road rehabilitation from CNTF in cases where road building and the employment NERAP brings are believed to be of strategic significance to delivering counter narcotics outcomes.

9. NRAP is expected to require a budget of about US\$500 million over the next five years to achieve the objectives of the Afghanistan National Development Strategy (ANDS) to be finalized in March 2008. CIDA, EC, Sweden, and USAID have already indicated their interest to provide additional funding through the ARTF. It is hoped that other donors will make significant contributions towards that objective and the majority is expected to flow through the ARTF. Donors contribute to NRAP because of the proven delivery record, its ability to reach all provinces, and its flexibility, through the implementing agencies, to respond to geographical preferences of the donors. Due to varying donor budget cycles and payment procedures, the timing of contributions is unpredictable, making it necessary to frequently amend the grant agreement and the IP contract.

10. The Government's program has been implemented through four major projects assisted by the World Bank:

- The *Emergency Community Empowerment and Public Works Project* (2002-04; IDA funding US\$16.78 million) which provided employment in rural areas at a minimum wage, as a safety net, through the sustainable rehabilitation of irrigation capacity and provincial and district-level roads.
- The *National Emergency Employment Program-1* (2002-ongoing, planned closing date March 31, 2008, with Afghanistan Reconstruction Trust Fund (ARTF) funding of US\$51.9 million) was launched to provide bridge funding until the:
 - *National Emergency Employment Program for Rural Access (NEEPRA)* was prepared (2003-closed September 30, 2007; IDA funding US\$39.2 million). Both of these projects were initially designed to provide targeted social protection and strengthen key rural access infrastructure, so as to improve the livelihoods of the rural poor through: (i) emergency short-term employment on labor-based works; and (ii) technical assistance for program implementation.

- The *National Emergency Employment Program for Reintegration and Alternative Livelihood* (2004-08; Japan Social Development Fund Grant, US\$19.6 million, administered by the World Bank) supports the reintegration of ex-combatants into society and also contributes to the Government's Alternative Livelihood Program in poppy producing areas. It seeks to create opportunities for employment and development of vocational training and business management skills for the beneficiaries.

11. Government also provided funds from the World-Bank funded Programmatic Support for Institution Building (PSIB) project. These contributions have been implemented in accordance with the project documents formulated for NEEPRA.

12. The achievements of NEEP/NRAP up to August 31, 2007 have been impressive: the program has improved nearly 10,000 km of roads in all 34 provinces. It has created more than 13 million labor days and has provided tangible benefits to the rural population in the form of wages and improved infrastructure. Results are summarized in the tables below:

Table 2: Provincial Distribution of NRAP

Region	Disbursements (US\$)	Population	KM of road improvements	Disbursements per capita (US\$)
Badakhshan	9,862,683	805,000	476	12.25
Central Highlands	9,494,372	1,356,100	840	7.00
East	7,279,047	2,147,600	888	3.39
Kabul	18,150,112	4,976,000	1,677	3.65
North	10,745,699	3,165,800	1,379	3.39
North-East	9,811,020	2,422,800	1,262	4.05
South	8,921,676	2,465,500	956	3.62
South-East	12,457,908	2,364,000	1,690	5.27
West	5,208,946	2,393,600	471	2.18
Total	91,931,462	22,096,400	9,638	4.16

Source: NRAP Monthly Progress Report, updated August 31, 2007.

Note: Central Highlands: Bamyan, Wardak, Daykundi; East: Nangarhar, Laghman, Kunar, Nuristan; Kabul: Kabul, Parwan, Logar, Kapisa, Panjshir; North: Balkh, Samangan, Saripul, Faryab, Jowzjan; North East: Kunduz, Baghlan, Takhar; South: Kandahar, Nimroz, Zabul, Urozgan, Helmand; South East: Paktiya, Paktika, Khost, Ghazni; West: Herat, Ghor, Farah, Badghis.

13. In its early days, the program was more diverse than it now is. In addition to financing the rehabilitation of rural roads, funding was provided for 748 irrigation schemes, 965 wells, 89 water reservoirs and water supply networks, 95 schools, 15 clinics, 135 shelters, 41 other buildings, and 29 plant nurseries. In addition to road rehabilitation, NEEPRA financed the rehabilitation of eight provincial airfields and the construction of the MRRD headquarters in Kabul. The bulk of funding, however, has been for roads and associated structures. Tables 2 and 3 give details of achievements.

Table 3: NRAP Achievements as of August 31, 2007

Activity	Total
Km of road rehabilitated since inception	9,638
Km of road rehabilitated since March 2005	1,902
Km of ongoing road construction	451
Labor days generated since inception	13,600,868
Labor days generated since March 2005	3,663,838
Running meters of structures completed since inception	57,854
Running meters of structures completed since March 2005	45,655
Number of bridges under construction	14
Running meters of bridges under construction	408
Number of bridges built since March 2005	34
Running meters of bridges built since March 2005	977
Number of bridges completed since inception	103
Running meters of bridges completed since inception	1,305
Number of districts targeted	293
Number of provinces targeted	34
Contracts issued since the start of the program	2,001

Source: NRAP Quarterly report, June 2007 updated August 31, 2007

14. While NEEP was initially intended to provide a safety net, in practice the activities were not as well targeted to the vulnerable as expected: nearly four out of five poor households had no workers employed in the program, and nearly one in five of the workers who were employed came from relatively wealthy households. An analysis of NRVA 2005 data shows that 78 percent and 76 percent of the poorest households were not participating in cash-for-work or food-for-work programs respectively. The same data also showed that 17 percent of the participants in the cash-for-work programs and 16 percent in the food-for-work programs came from the richest 20 percent of households. See Appendix 15: Evidence from NRVA 2005 for the findings of the analysis. Reasons why targeting did not succeed as well as hoped, include the complexity of Afghan rural society, the exclusion of women from public works, and the absence of social mobilizers who could have facilitated the process.

15. By providing better rural access, NRAP is making a significant contribution to achieving the overall vision of the Islamic Republic of Afghanistan, to “consolidate peace and stability through just, democratic processes and institutions, and to reduce poverty and achieve prosperity through broad based and equitable economic growth.”

16. The government is defining an Afghanistan National Development Strategy (ANDS), which is to be finalized in March 2008. The need for long-term engagement by the international community in Afghanistan was reaffirmed at a high-level donor conference, held in London in January 2006, which launched the “post-Bonn” agenda for the country. A significant feature of this agenda is the Afghanistan Compact concluded between the government and the donors, which identifies 27 benchmarks to be achieved within the next five years. The benchmarks are drawn from the government’s Interim Afghanistan National Development Strategy (IANDS), which aims to “provide tangible benefits to the population.” Those that relate specifically to rural roads are: (i) by end-2010, provision of road connectivity would reach 40 percent of the country’s approximately 38,000 villages, thereby increasing access to markets, employment, and social services; and (ii) Afghanistan will have a fiscally sustainable system for road maintenance by end-2007. Certainly the achievement of the second benchmark is not yet in sight.

17. The Government does not have yet a well-defined rural access policy and strategy. The World Bank and other donors have maintained a dialogue with the Government on the options that could make NRAP even more effective. Based on a rural access policy review that the World Bank carried out in June 2007, Government is assessing its options and it is expected that the guiding principles of a rural access policy will be proposed during a policy workshop to be held in Kabul in late 2007. A rural access policy and strategy would then be developed during the first year of the proposed project with the support and assistance of specialized consultants. This policy formulation work would also help the Government to ensure that the strategies that MRRD and MPW are currently defining under the ANDS process explore synergies between rural development and rural access.

18. Government also intends to use the late 2007 policy workshop to launch the next phase of NRAP, based on a realistic estimate of donor funding. Though NRAP thus far has successfully mobilized funds, donors' varying budget cycles have meant that the timing of contributions has been unpredictable, leading to frequent amendments of grant agreements and of the contract of the Implementation Partner. Government intends to make the approach more systematic by intensifying its relationships with donors.

19. Over the next five years NRAP is expected to require a budget of US\$500-550 million equivalent, to achieve the objectives of the ANDS. This estimate includes the cost of a backlog of maintenance activities from the current phase of the program. The NRAP budget is expected to be financed through IDA, ARTF, JSDF, and other bilateral resources. CIDA, EC, Sweden, and USAID have already indicated their interest in providing additional funding through the ARTF and it is hoped that other donors will follow.

20. The poppy economy presents a formidable challenge to development and security. Government is committed to mainstreaming efforts to counter poppy production through all its national programs. Experience from other opium producing countries such as Pakistan, Thailand, and Laos shows that high costs of transporting legal goods are a major constraint on moving out of opium poppy cultivation and that improving rural access serves to reduce these costs and to facilitate trade, as well as making law enforcement easier. Using labor-intensive methods of road construction will ensure that NRAP also generates legal job opportunities in poppy growing areas. A mapping exercise carried out during project preparation identified the localities of proposed roads in relation to poppy growing areas. The World Bank Guidelines, "Treating the Opium Problem in WB Operations in Afghanistan," have been adapted for the proposed project and are also intended to provide a framework for NRAP.

B. BANK RESPONSE AND STRATEGY

1. The Rural Access Policy Note

21. The World Bank has supported NEEP/NRAP since its inception and considers that the projects are making a successful contribution to rural development in Afghanistan. Following the government's October 2006 request to expand World Bank support to NRAP, the Bank began preparing the proposed project by undertaking a sector policy review, which it shared with the government and key stakeholders in July 2007.

22. Government and the World Bank agree that the key problems affecting the provision of rural access are the following: First, a national priority program is being implemented without a

policy framework. Second, there is no effective coordination between the providers and beneficiaries of access infrastructure, and the prioritization of rural road investments is not sufficiently transparent or impact-oriented. Local, district, and provincial authorities, ministries that rely on rural roads (education, health, agriculture, etc.), and the provincial reconstruction teams need to be more systematically involved in decision making. Efforts to achieve this need to be complemented by the development of a knowledge base on rural access needs and the state of the road network. Third, MRRD and MPW need to determine the most efficient and effective delivery mechanism for rural access, to distinguish their own core functions from functions that they could outsource, and to decide on the appropriate level of deconcentration (i.e. how many of their staff should be posted in the provinces, with what functions). Fourth, based on the technical standards the program is now using, the average cost of rural road rehabilitation in Afghanistan is US\$55,000 per km of secondary roads for MPW and US\$29,000 per km of tertiary roads for MRRD. With the currently available annual funding estimated at US\$35 million and a rural road network estimated to be bigger than 100,000 km, it could take up to a century to upgrade the entire network. An approach that is targeted to providing basic year-round access at the lowest acceptable level of service, and uses modern labor-based methods, whose costs per kilometer are lower, might be more appropriate. Labor-intensive methods would create more jobs for wage laborers and increase the opportunity costs to households of using labor for opium poppy cultivation. Fifth, investments have not been accompanied by a strategy and funding for maintenance. Finally, so far no consideration has been given to gender aspects in rural access.

23. The Bank's sector policy review made five recommendations for short-term implementation, with support from the proposed project: (i) define a national rural access policy and then formulate a multi-year program for investment and maintenance of secondary and tertiary rural roads; (ii) set up a coordination mechanism for planning and implementation that brings together different levels of government, ministries, donors, and the provincial reconstruction teams; (iii) give priority to defining a strategy for rural road maintenance and its implementation; (iv) strengthen the decision making processes for investment in rural roads: further develop the bottom-up planning and prioritization process, introduce decision making tools for road prioritization and investment programming, and make investment programming more transparent and better protected from the influence of pressure groups; and (v) adopt an approach of providing basic year-round access at lower unit costs than the current approach, so as to benefit more people, and develop appropriate local technical specifications for this purpose.

24. Other recommendations, which need to be addressed in the medium term, are to: (i) clarify the institutional responsibilities of MPW and MRRD and implement administrative reforms in these ministries, such as appropriate deconcentration and pay-and-grading; (ii) introduce modern labor-based techniques and make these the instrument of choice for rural road improvements, particularly for the tertiary road network; (iii) enhance the capacity of the public and the private sectors through pragmatic and targeted interventions; and (iv) assess gender needs in access provision.

2. Rationale for Bank Involvement

25. In May 2006, the World Bank Board of Executive Directors discussed a new Interim Strategy Note (ISN) for Afghanistan, which guides the Bank Group's engagement for the ensuing two years, and is aligned with the Interim National Development Strategy (IANDS). The ISN envisages a grant program of up to US\$540 million over those two years, which is in line with the World Bank's five-year pledge of US\$1.2 billion made at the January 2006 London Conference. Under the ISN, the World Bank priorities are: (i) building the capacity and accountability of the state, (ii) improving rural licit livelihoods and promoting the rural economy, and (iii) supporting

the growth of a formal, modern, and competitive private sector. The proposed project is fully aligned with ISN, which states the Bank's intention to make additional funding available for infrastructure and rural development (p. 32).

26. The implementation of the IDA-funded rural access projects in Afghanistan has been successful despite difficult circumstances. The projects have helped to improve the delivery of services and access to markets across the country. In the process, a local contracting industry has emerged and is providing job opportunities in remote areas. The Bank has promoted a dialogue between donors and the government on policy matters, and the government is ready to engage in formulating a strategic program to address the key sector issues. Seeing the convergence of interest in the sector, the World Bank is in a key position to support this policy formulation process and to lead in the use of a programmatic approach by government and its development partners for rural access provision.

27. Security is deteriorating across the country, and particularly in the southern and eastern regions, where project staff have become casualties or received threats and warnings. In addition, criminal activities against staff, contractors, and offices are increasing. The escalation of the insurgency is one of the major risks of the proposed project. A security analysis was carried out during preparation which focused on the risks and mitigation measures that would apply to the project. Strong community involvement was seen as a key factor to ensure their ownership and their ability to provide safe passage to project and contractor staff. Lessons from the ongoing projects show that often the communities are able to provide reliable security intelligence and that they are sometimes able to reach agreement with anti-government elements to ensure safe passage. A mapping exercise was carried out which shows the risk level associated with each road. Ministries will update these maps and provide them to project staff on a regular basis.

28. If the security situation deteriorates further, implementation would be shifted to a community-contracting approach, so-called Level 1 contracts, which require minimal technical works. Such contracts require a higher degree of social mobilization but can be carried out with less technical input and supervision. The advantage would be that Government services could still be delivered and a light Government development footprint can be maintained throughout the country.

29. The security situation would also limit the Bank's ability to carry out supervision of works because many sites would be inaccessible. Bank would make use of third party reports, technical audits commissioned by the Government, and community feedback. Such a three-prong strategy is considered sufficient and would be supplemented, wherever possible, by direct supervision.

3. Lessons Learned and Reflected in the Design of the Program and the Project

30. Several key lessons have emerged from operations in a fragile state such as Afghanistan, and from the implementation of NRAP itself. First, project implementation in a conflict affected environment, requires flexibility in deploying and re-deploying staff; good understanding of local social structures; an ability to work with community leaders to ensure access to project sites and security; good capacity to manage and supervise community-based contracting, which, in volatile areas, might be the most appropriate solution and the provision of visible benefits to the population through short lead times, employment creation, and quality infrastructure. Second, rapid rotation of staff on both the client and the Bank sides increases the need for robust fiduciary systems; but it is difficult to attract to the country quality staff who can develop and update such systems. Third, the capacity of client staff is weak and capacity building efforts need be targeted to those staff involved in project implementation rather than to general capacity building for the

ministries. Experience in Afghanistan with provision of generalized technical assistance has had limited success because it was not linked to measurable performance improvements.

31. In addition, the Bank's FY07 Quality of Supervision Assessment provided two valuable recommendations: First, "Keep it simple!" Countries emerging from conflict generally face considerable damage to institutional capacity, social capital and relations, economic conditions and infrastructure, coupled with large numbers of donors and NGOs chasing projects and government attention. Under these circumstances, projects during the initial reconstruction period need to be kept as simple as possible, focusing on one or two key objectives and minimizing the institutional demands on incipient public sector administrations. Second, management expectations need to be realistic. Risk is inherently higher in these contexts, and expectations need to be adjusted in line with what can be reasonably achieved in the initial reconstruction phase.

C. DETAILED PROJECT DESCRIPTION

1. Project Objective

32. The project development objective (PDO) of the proposed project, derived from the overarching program objective of NRAP, is to provide year-round access to basic services and facilities in the rural areas of Afghanistan covered by the project. This will be achieved through rehabilitation and maintenance of rural access infrastructure by contracting with the private sector and, to a lesser extent, with the communities. The achievement of the PDO will enhance the well being of the population and promote equitable licit economic growth in the country.

33. The key indicators for monitoring the achievement of the PDO include:

- After completion of a road, travel time of beneficiaries living along the improved road to the first available schools, health care facilities and administrative services would be reduced by 30%.
- After completion of a road, the number of trips taken by beneficiaries living along the improved road to district centers would increase by 30%.
- Prices of key consumption and production commodities at beneficiary villages would be within 15% of the price in the nearest town.

34. Further, though reductions in opium poppy cultivation will depend on a number of different factors outside the scope of the project, it is proposed to monitor the impact that the completion of project interventions has on agricultural diversity in areas where opium poppy is currently grown.

2. Project Description

35. The estimated total cost of the proposed project is US\$137 million. The IDA grant allocation of the proposed project is US\$112 million equivalent and the Government has committed itself to finance the remaining US\$25 million from its own resources or from donor funding. This 36-month project would finance about 20-25 percent of the total estimated cost of the NRAP in the next five years.

36. The lending instrument proposed is the Emergency Recovery Grant (OP 8.50) which, under the ISN, has been used for World Bank initiatives in Afghanistan. Although IDA's new operational policy on rapid response (OP 8.00) is in effect, since the project the Project Concept Review meeting took place before March 1, 2007, the previous OP 8.50 is applied to ensure continuity in project processing.

37. The proposed project builds on the successful design and implementation of the previous IDA-funded projects. So far, project implementation has largely been the responsibility of the Implementation Partner. At this point there is no feasible alternative to this approach, but the proposed project will explicitly aim to reduce the ministries' dependence on technical assistance, as detailed in the Project Implementation section below. Before the project's mid-term review, the Bank team will reassess the capacity of ministry staff with a view to increasing their responsibility for implementation. Additionally, the proposed project will aim to involve local communities by liaising with social inclusion officers in the different stages of sub-project design and implementation, in order to leverage their local knowledge, improve delivery, enhance security, and avoid delays due to land disputes.

3. Project Components

38. The proposed project has three components: (A) improvement of secondary roads by the Ministry of Public Works (MPW); (B) improvement of tertiary roads by the Ministry of Rural Rehabilitation and Development (MRRD); and (C) institutional strengthening, project management and program development. Details of the project components and activities included in each component are presented in Appendix 2: Detailed Project Description and costs are detailed in Appendix 3: Summary of Project Costs.

39. **Component A.** Improvement of secondary roads (US\$78.2 million including contingencies and taxes of which IDA will finance US\$53.2 million equivalent). This component to be implemented by MPW has four sub-components: (i) rehabilitation and reconstruction of about 1,075 kilometers of secondary rural roads (about 770 km under IDA financing and some 305 km under GOA financing). MPW's overall investment program was agreed at appraisal and 80% are considered confirmed. Some road works will be implemented under retroactive financing. The investment program is presented in Attachment 1 of Appendix 2. The road selection was largely based on discussed and agreed criteria which are shown in attachment 3 of Appendix 2. These include increasing access to isolated populated villages, many of which may be highly poppy dependent, to the road network to facilitate delivery of public and social services and access to markets. IDA funding complements the ongoing programs financed under ARTF and takes into account as much as possible global equity parameters to ensure balanced investment proposals between the secondary and tertiary roads and equity amongst regions, provinces and districts. This component includes also (ii) financing a provisional amount of US\$2.5 million equivalent (base cost) to address emergency repair works to roads and bridges following natural disasters such as heavy snow, rocks falls, landslide and rocks blockage, heavy rains and flooding. Specific criteria were defined at appraisal (covering e.g. proven exceptional event, re-opening of roads to link isolated areas, blockage of heavy traffic road without possibility of road deviations) and will be included as eligibility criteria for emergency maintenance in the legal agreement; (iii) environmental and social sector management, monitoring and evaluation, this includes provisions for monitoring the updated Environmental and Social Management Framework (ESMF) and activities that involve community participation; and (iv) project implementation assistance: services of an implementation consultant and financial contribution to incremental operating expenses required to run the program implementation unit of MPW, including project allowances for civil servants.

40. **Component B.** Improvement of tertiary roads (US\$52.1 million including contingencies and taxes of which IDA will contribute US\$52.1 million equivalent). This component to be implemented by MRRD has five sub-components: (i) rehabilitation and reconstruction of about 925 kilometers of tertiary rural roads. The project will aim at promoting the development of a professional labor-based contracting industry which is particularly suited for tertiary road improvements. MRRD's investment program was agreed at appraisal and is considered 80% confirmed, see Attachment 2 of Appendix 2. A part of the rehabilitation program will be carried out under retroactive financing. The road selection was largely based on discussed and agreed criteria. These include increasing access to isolated populated villages, many of which may be highly poppy dependent, to the road network to facilitate delivery of public and social services and access to markets. IDA funding complements the ongoing programs financed under ARTF and takes into account as much as possible global equity parameters to ensure balanced investment proposals between the secondary and tertiary roads and equity amongst regions, provinces and districts; (ii) financing a provisional amount of US\$2.5 million equivalent (base cost) to address emergency repair works to roads and bridges following natural disasters such as heavy snow, rocks falls, landslide and rocks blockage, heavy rains and flooding. Specific criteria were defined at appraisal (covering e.g. proven exceptional event, re-opening of roads to link isolated areas, blockage of heavy traffic road without possibility of road deviations) and will be included as eligibility criteria for emergency maintenance in the legal agreement; (iii) carrying out a routine maintenance program mainly on the already rehabilitated roads under the NEEP1 and NEEPR which will cover the initial estimated financing need for a period of twelve to eighteen months (some US\$7 million equivalent base costs). MRRD is currently carrying out a maintenance pilot operation consisting of eight roads covering 53 km which includes routine, periodic and emergency maintenance and the results obtained are promising. Communities were contracted to carry out routine and periodic maintenance works and contractors were hired for the emergency works. It was agreed during appraisal to implement this sub-component through the National Solidarity Program (NSP) which leverages synergies of these two priority programs. The Facilitating Partners (FP) of the NSP will provide technical advice to the communities and the Community Development Councils (CDC) will be the entry point for community contracting for routine maintenance works; (iv) environmental and social sector management, monitoring and evaluation, this includes provisions for monitoring the updated Environmental and Social Management Framework (ESMF) and activities that involve community participation; and (v) project implementation assistance: services of an implementation consultant and financial contribution to incremental operating expenses required to run the project implementation unit of MRRD.

Table 4: NERAP- Rehabilitation works proposed – Summary per ministry

**Islamic Republic of Afghanistan
NERAP**

**Rehabilitation works - Summary per Ministry
(Base costs in US\$ million)**

Ministry	Cost	Km*	Rm**	Av. Unit Cost (Km)
Secondary Roads (Ministry of Public Works)	58.3	1,081	658	0.054
Tertiary roads (Ministry of Rural Rehabilitation and Development)	27.0	929	8,201	0.029
Total	85.3	2,010	8,859	0.042

* km: length of road to be rehabilitated

** Rm: running meters of culverts, retaining walls and bridges to be rehabilitated

41. **Component C.** Institutional strengthening, project management and program development (US\$6.7 million including contingencies and taxes of which IDA will contribute US\$6.7 million equivalent). This component, to be implemented by MRRD in coordination with MPW, has three sub-components: (i) Rural roads management system including support for: (a) the development of a rural access strategy and its implementation through a national prioritized investment program for the next five years to be presented to the donors by Mid Term Review; this will include an assessment as to how NERAP may be able to maximise the Counter Narcotics Outcomes of its interventions; and (b) the setting up of maintenance mechanism, maintenance programming for the short and medium term and support for its first year of implementation, and routine and emergency maintenance works. In addition and in conformity with the road management strategy, this sub-component will also finance (ii) capacity building activities for staff who will be tasked to manage the rural road sector, e.g. road network management (identification of a core rural road network, definition of appropriate service levels, data collection and analysis, and appropriate economic appraisal techniques), public procurement, financial management, upgrading of engineering skills, reporting, and geographic information systems. The project will finance internships for at least 100 engineering students and ten community development/social inclusion students annually. It is also planned to develop a program for managerial level staff who would receive on-the-job training in roads agencies in other countries. This sub-component will also include capacity building for contractors (national works contractors and engineering firms) which would target on-the-job training and business skills (bidding, contract management and community contract management, conflict resolution, works organization, and technical aspects); and (iii) Project management, monitoring and evaluation and analysis of data for reporting purposes.

4. Risks

42. The proposed project is a high risk – high reward operation. While some of these risks can be mitigated through measures incorporated in project design, others can only be closely monitored and adjusted to, on a continuous basis.

43. Security is deteriorating across the country, and particularly in the southern and eastern regions, where project staff have become casualties or received threats and warnings. In addition, criminal activities against staff, contractors, and offices are increasing. The escalation of the insurgency is one of the major risks of the proposed project.

44. The key operational risks are presented below, while Appendix 9: Security Risk Assessment and mapping of roads provides a more comprehensive security risk analysis. Appropriate mitigation measures have been incorporated in the project design to address these risks.

- *Risk that security conditions will deteriorate further, not just in the south and east where it is virtually impossible to operate, but more widely throughout the country.* Until 2006 the level of conflict in the country was generally manageable and did not slow down the rural roads program. But in early 2006 the situation started to deteriorate and NRAP had to adjust its delivery mechanism. In certain areas, contractors and national/international staff are no longer able to work. Mitigation measures include taking into the area's risk level in roads selection (see Appendix 9: Security Risk Assessment and Mapping of Roads which shows that 75% of the proposed roads proposed are in low risk areas; working closely with the Community Development Councils (CDCs) or shurahs to ensure community commitment and ownership, negotiate for safe working conditions or switching to community-based contracting. Such contracting will be for basic road improvement and will not require advanced engineering skills. Contract modalities will be advertised in public places for community members to have easy access to this information and to ensure transparency..
- *Risk that qualified national staff and contractors will not be available.* Afghanistan has a very limited skills base due to the prolonged conflict and the slow return of qualified people. The scarce availability of qualified engineers, fiduciary specialists, and technical staff is exacerbated by a crowding out effect from the emerging private sector and generously funded donor projects. Mitigation measures include an implementation unit that can offer reasonably competitive salary and benefits packages, an attractive work environment and on the job training through components A and B. The number of qualified contractors is low and international companies are not setting up permanent local subsidiaries. The market is beginning to be saturated by donor funding and contractors are hesitant to work in higher risk areas. The project will aim to mitigate these risks by tailoring procurement packages that are compatible with contractor capacity and by building up the contracting industry through management and technical training provided under component C.
- *Risk that Ministry of Public Works and Ministry of Rural Development prefer to set up separate rural roads department, duplicate efforts, and fragment sector coordination.* Currently MRRD and MPW have divided their interventions on rural roads based on a memorandum of understanding (MOU) but the detailed responsibilities should be clarified. So far, coordination is reasonably well ensured by the PDCU but the unit is a rather weak structure and MRRD has already set up a Rural Roads Department. This might lead to an unnecessary increase of cost at the management level and uncoordinated interventions, esp. at district level. Mitigation measures have been built into the project design. Component C includes technical assistance for a rural access strategy and framework which i.a. will make recommendations on realignment network responsibilities in view of local (rural) connectivity (MRRD) and strategic connectivity (MPW). Strong leadership is necessary to ensure coherent sector planning and management, development and applications of standards to avoid over-investments, etc.

- *Risk that ministries will resist the downsizing of personnel.* Under previous projects MPW and MRRD have taken advantage of relatively liberal staffing policies. An account in June 2007 showed that 700 staff were on the payroll of the NEEP cluster. Staff included international consultants, national consultants, and civil servants from all positions. Over time, several layers of project management were created, for example MPW and MRRD program coordinators, chief and deputy chief coordinators of the Program Management and Coordination Unit (PDCU), director and deputy directors of the project implementation units of MRRD and MPW. The national consultants in the central and regional PIUs have national counterparts who presumably are there for capacity building purposes. Some staff work full time on the program, some work part time, and other do not contribute at all. Agreement was reached during project preparation that under the proposed project staff levels would be adjusted to the requirement of the actual workload. Only staff contributing to the program should be on the payroll and a normative yearly ratio of staff cost to works has been agreed for both ministries during appraisal.
- *Risk on poor Governance and lack of anti-corruption measures.* Afghanistan is considered a high risk fiduciary country. Each project is designed to make adequate arrangements to minimize the risk of corruption and to promote the establishment of good governance systems in the concerned line ministries. The public works sector is generally considered a high risk environment and interviews with staff and contractors were carried out during project preparation to learn lessons from the ongoing projects, funded by the World Bank and other donors. The interviews confirmed that corruption is a problem outside the NEEP cluster. Furthermore a review of project management capacity in MRRD, focused on the PIU, highlighted the need to further strengthen the governance system in the ministry. Global experience on community based contracting has shown that when communities manage funds there is a high level of transparency and good record keeping. The routine maintenance component would be implemented through the CDCs. The proposed project will put in place transparency, accountability and anti-corruption mitigation measures (see Appendix 14: Action Plan for Enhancing Transparency and Accountability). These include mainly but not limited to: (i) outsourcing of key steps in the procurement and contract management process to an Implementation Consultant, (ii) technical and financial audits, and (iii) community information and reporting back, and World Bank supervision. In the past, communities have received little or no information on the cost of road works and it is proposed to provide them with information on costs, design and material quantities.

D. INSTITUTIONAL ARRANGEMENTS AND PROJECT IMPLEMENTATION

1. Institutional Set up

45. The NEEP cluster of projects and the Government's NRAP has been successfully implemented by the PDCU with the support of an implementation partner (IP). The PDCU coordinates the program on behalf the Ministry of Public Works (MPW) and the Ministry of Rural Rehabilitation and Development (MRRD) with the help of two program implementation units (PIUs). The PDCU had a far reaching mandate of joint budgeting, planning and programming, and reporting to Government and the donors but many of these functions have only been partially fulfilled. The two ministries have cooperated reasonably well on rural roads but the work programs have been carried out in parallel, as should be expected.

46. In the interest of strengthening the coordination between line ministries and to set the course for sustainable rural road management, it was agreed to dissolve the PDCU and to retain the PIUs for project implementation. At a latter stage, the MRRD PIU might be mainstreamed into the Rural Roads Department recently created within the ministry or even absorbed into a roads agency, if such an entity was to be created. The figure in Appendix 5: Implementation Arrangements presents the proposed institutional set up clearly distinguishing the responsibilities for project oversight, coordination and monitoring; and implementation and management.

2. Implementation Arrangements

Implementation Period

47. *Project implementation period.* The proposed project would be implemented over three years and four fiscal years (World Bank) from January 1, 2008 to December 31, 2010.

Capacity of the Government to Execute the Project

48. As noted above, government has expressed a strong interest to take over responsibility for program and project implementation from the Implementation Partner. To accomplish this, transition arrangements are needed to empower staff and improve their decision making capacity. Further, in the interest of enhancing the government's presence throughout the country, ministries consider it essential to be given greater visibility. The World Bank, appreciating the interest of the ministries, in particular MRRD, in taking over responsibility for project implementation, has proposed an arrangement that seeks to match the ministries' expectations while ensuring that the Bank's fiduciary requirements can be met. During project preparation, it was agreed with the government that the services of an Implementation Consultant will be required to ensure the smooth and rapid implementation of the project. The IC recruitment is a condition of effectiveness. The IC is being recruited on a competitive basis and will support both ministries, as described below. The terms of reference of the IC clearly reflect the goal of preparing the ministries to take full responsibility, and include specific on-the-job training targets for the ministries' staff. For the ministries to take full responsibility for implementation from the IC will require the definition of permanent institutional arrangements for rural roads management, such as a functional rural roads department or agency. In addition to the IC, a Capacity Building Consultant will be engaged to assist in the development of a rural roads management system and formal training of staff. These are described below and detailed in Appendix 5: Implementation Arrangements.

Program and Project Implementation and Management Structure

49. *Project oversight.* An inter-ministerial Steering Committee (SC), chaired by the Minister of Finance (or his representatives) and comprising ministers (or their delegates) of MPW, MRRD, and other line ministries involved as the main beneficiary ministries in the project (agriculture, basic education, health, counter narcotics etc.), will be responsible for the overall policy, strategic planning and project oversight and for integration with other rural development programs. Donors will be permanent members of the SC. Other observers such as local authorities, donors, and experts may be invited to attend the SC meetings as required. The SC will meet twice a year and on an ad hoc basis when required. To facilitate the work of the SC, the National Coordination Unit (see below) will function as the secretariat.

50. *Project coordination and monitoring.* The following institutional arrangements have been agreed upon, taking account of the emergency nature and strategic importance of the project and

the still limited capacity of the ministries for fiduciary, technical and monitoring aspects. These arrangements are expected to ensure that funds disburse quickly, multi-sector objectives are reached, and transparency is maintained.

51. A small and efficient National Coordination Unit (NCU) is being set up by ministerial decree in the Ministry of Finance and will be responsible for the overall coordination of NRAP, including the proposed IDA-funded project. In particular, the NCU will ensure donor coordination, which will be a key element of a sustainable multi-year programmatic approach. It will also work in coordination with the program implementation units and other relevant ministries and agencies involved in rural development. The unit will be headed by the National Coordinator—a full-time project administrator (a senior project management specialist, the recruitment on a competitive basis is ongoing) who will be responsible for day-to-day coordination of the project. The unit will (i) monitor and evaluate the overall project implementation and provide regular consolidated reports on progress to the SC; (ii) assure steady progress in accordance with an implementation schedule reviewed and approved by the World Bank; (iii) monitor the contract obligations of the IC and the Capacity Building Consultant to ensure adequate and smooth transfer of skills to national staff, and (iv) ensure the maintenance of a high ethical standard and transparency. The NCU will also serve as the secretariat of the SC.

52. To assist with coordination, a working group chaired by the National Coordinator and composed of the focal points of beneficiary ministries and implementing bodies (PIUs and IC) will be established. This working group will meet regularly, and at least monthly, to ensure adequate technical coordination and communication between ministries and implementing entities at the implementation level.

53. *Project management and implementation.* At this stage and based on the assessment of ministries capacities, it is proposed that: (i) MPW will implement Component A. For the civil works part, it will delegate most of the implementation responsibilities to the IC which will be in charge of implementing the investments under the overall responsibility of MPW. Non-works activities will also be implemented by the IC until the MTR, while MPW is building its capacities with the support of the required expertise (initially recruited under PPF financing) and training of the newly recruited fiduciary staff; (ii) MRRD will implement activities under; (i) Component B; and (ii) in coordination with MPW, Component C. For the civil works part, it will delegate most of the technical and fiduciary responsibilities to the IC which will be in charge for the implementation of the investments under the overall responsibility of MRRD. Non-works activities will be managed by the PIU/MRRD and implemented by the functional departments of MRRD with the support of the required expertise (initially recruited under PPF financing) and training of the newly recruited fiduciary staff. The agreed upon responsibilities of the IC are detailed in Appendix 5: Implementation Arrangements. Prior to the mid-term review the Bank's team will reassess the capacity of the ministry's staff and, if possible, the role of the Implementation Consultant will be reduced.

3. Procurement

54. With Donor assistance, Afghanistan has made considerable efforts to establish the Legal and Regulatory Framework for public procurement over the last five years. A new Procurement Law, reflecting international best practice in public procurement was enacted in November 2005 replacing the earlier procurement regulations. While it provides a very modern legal system for procurement, effective implementation of the law may encounter difficulties in the current weak institutional structure and capacity of the Government. A Procurement Policy Unit (PPU) has now been established under MoF to ensure the implementation through the creation of secondary

legislation, standard bidding documents, provision of advice and creation of the necessary information systems for advertising and data collection. “Rules of Procedure for Public Procurement” which details the better implementation of the Procurement Law has been issued by MoF as circular number PPU/C005/1386 dated April, 12 2007. The Procurement Appeal and Review mechanism is in place and the Manual of Procedures for “Procurement Appeal and Review” has been issued by MoF as circular number PPU/N001/1385 on March 18, 2007.

55. The special Procurement Commission, comprising Ministry of Justice and Ministry of Economy, under the chairmanship of Minister of Finance approves high value contracts. The current thresholds levels for: (i) Civil Works more than US\$ 500,000, (ii) Goods more than US\$ 100,000; (iii) Consultants more than US\$ 200,000 and all contracts following Direct Contracting or Single Source Selection Procedure independent of value. These thresholds are now being reviewed with consideration for an upward revision thus decentralizing the authority to MoF.

56. In the absence of adequate capacity to manage procurement activities effectively, some interim arrangements have been put in place to improve the procurement management of the country. A central procurement facilitation service, ARDS PU has been established under the supervision of Ministry of Economy.

57. The Bank and the Government have agreed on a program for country wide procurement reform and capacity building, leading to the transition from centralized to decentralized procurement services. The Bank funded Public Administration Capacity Building project (PACBP) is the primary instrument for implementing the program to strengthen capacity of the line ministries to manage public procurement in an effective, transparent and accountable manner. The envisaged radical changes to the procurement management environment expected from the new law also require the urgent implementation of a comprehensive human resources and capacity development program. The implementation of the procurement reform component of the PACBP should be considered with due priority to ensure that fiduciary standards are further enhanced and that capacity is developed in the Government to maintain these standards. A three year contract for procurement capacity building is in place under PACBP. This assignment should result in development of critical mass of procurement professionals through intensive and extensive training. The consultant’s TORs include the development of an accreditation system for procurement professionals. In addition, the law, procedures, procurement appeal, and review mechanisms need wide dissemination to the civil society to enhance transparency and accountability.

58. The proposed project will be implemented by two separate PIUs under the MRRD and MPW. The staff of the PIUs have limited experience in handling procurement under IDA financed projects, in particular civil works and it was therefore agreed with the Government that implementation (including procurement and financial management) of the civil works, which are the major part of the proposed project will be the responsibility of the IC. In order to strengthen the capacity of both ministries, training programs and recruitment of individual international procurement specialists have already started (under PPF financing) and will be continued during the project.

59. Procurement for the project will be administrated in accordance with the World Bank’s “Guidelines: Procurement under IBRD Loans and IDA Credits” dated May 2004, revised October 2006 “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” dated May 2004, revised October 2006 and the provisions stipulated in the Financing Agreement. In addition the The World Bank’s “Guidelines on Preventing and Combating Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants” dated October 15, 2006 has been shared

with the recipient. The Bank's Standard Bidding Documents, Requests for Proposals, and Forms of Consultant Contract will be used. Civil works and goods following National Competitive Bidding (NCB) procedures shall be procured using the agreed Standard Bidding Documents (SBDs) for Afghanistan. In case of conflict/contradiction between the Bank's procurement procedures and any national rules and regulations, the Bank's procurement procedures will take precedence as per the Article 4(3) of the Procurement Law of the Islamic Republic of Afghanistan dated October 2005. The general description of various procurements under different expenditure categories are described in Appendix 6: Procurement Arrangements.

4. Financial Management, Disbursement and Audit

60. In Afghanistan's public sector, financial resources are, by and large, being used for their intended purposes as authorized by a budget that is processed with transparency and has contributed to aggregate fiscal discipline. This is the judgment that emerges from a public financial management performance-rating system recently developed for Afghanistan by the Public Expenditure and Financial Accountability (PEFA) multi-agency partnership program, which includes the World Bank, IMF, EC, and other agencies.

61. Financial management and audit functions for the proposed project utilize country systems centralized in the Ministry of Finance and will be undertaken through the financial management and audit agents contracted under the ongoing Public Administration Capacity Building Project. This project is the primary instrument for continuing to strengthen Afghanistan's country systems and other fiduciary measures that have been put in place for ensuring the transparency and accountability of funds provided by the Bank and other donors. The Financial Management Agent is responsible for helping the MoF maintain the accounts for all public expenditures, including IDA-financed projects, and for building capacity within the government offices for these functions.

62. At the project level, both the implementing line ministries, MPW and MRRD, will use the Implementation Consultant (the recruitment of the IC is a condition of effectiveness) to perform the key financial management functions. Before the mid-term review, the Bank will assess the capacity of the finance departments of both ministries, and if this is found satisfactory, they will assume full responsibility for the financial management functions. To help achieve this aim, the financial management capacity of both ministries will be strengthened from the start of the project by the recruitment of FM professionals, regular training, and provision of a financial management system. The IC will use a computerized accounting system, satisfactory to IDA, to maintain relevant accounting records and generate the required periodic reports on project activities.

63. Quarterly financial monitoring reports will be prepared by the IC/MRRD/MPW finance departments. Consolidated project reports will be prepared, reviewed, and approved by the MoF, supported by the Financial Management Agent.

64. The Ministry of Finance (MoF) will open and maintain a single, segregated Designated Account (DA) for US\$16 million at Da Afghanistan Bank (the country's central bank) in the name of the project on terms and conditions satisfactory to IDA. From the DA, an advance of about US\$6 million will be made available to a separate account, the Float Account (FA), managed by the IC for facilitating prompt payment under those parts of the project (largely works components and the routine maintenance component) that the IC manages. Monthly withdrawal applications and expenditure reporting will be submitted. Financial management arrangements for the project are detailed in Appendix 7: Financial Management Arrangements.

Fund Flows and Disbursement

65. Fund management for the project will follow existing procedures which allow for the advance to the Float Account managed by the Implementation Consultant. As with all public expenditure, all payments under the project will be routed through MoF. The Financial Management Agent will assist the MoF in executing and recording project payments. The Designated Account will be operated by the Special Disbursement Unit (SDU) in the Treasury Department of MoF and the Float Account will be managed by the IC. MRRD/MPW will request the SDU for payments from Designated Account funds. In addition to payments from DA funds, MRRD/MPW will be able to request the SDU to make direct payments to consultants or consulting firms and advances to the Float Account, and to request special commitments for contracts covered by letters of credit. The Float Account will fund expenditures on works and routine maintenance grants via transfer to the block grants account under the National Solidarity Project. Such requests will follow World Bank procedures. All withdrawal applications to IDA will be prepared and submitted by MoF.

66. Disbursement management arrangements for the proposed project will follow standard World Bank procedures and be based on the best funds-flow arrangements possible, while working within the government's centralized payment system. The ongoing NEEP/NRAP experience shows that continued improvement in communication, planning, and troubleshooting between MRRD, Finance and Treasury, and the Special Disbursement Unit remains a priority, while for MPW, basic disbursement capacity building is a priority. While the SDU will retain final authority over payment approvals, so as to ensure a smooth flow of funds, MRRD will need to be more proactive in managing its disbursements, ensuring better communication links with Treasury and World Bank counterparts, and improving transaction monitoring (exception reporting). The building blocks of basic disbursement capacity will have to be built within MPW.

Accounting and Reporting

67. A Financial Management sub-manual section of the Project Implementation Manual will be prepared by the IC, within three months of its appointment, documenting the financial management arrangements for the proposed project. The sub-manual will outline guidelines for project activities and establish a project financial management system in accordance with standard Afghan Government policies and procedures. This will include use of the Chart of Accounts developed by the Financial Management Agent (FMA) to record project expenditure. Project accounts will be consolidated centrally in MoF, through the SDU and supported by the FMA. Consolidated project financial statements will be prepared for all sources and uses of project expenditures.

Audit of Project Funds

68. The Auditor General, supported by the Audit Agent, is responsible for auditing the accounts of all IDA-financed projects. Annual audited project financial statements will be submitted within six months of the close of GOA's fiscal year. The related projects, NEEP and NEEPRA have no over due audit reports and key issues raised in previous audit reports on these projects have been resolved satisfactorily.

Retroactive Financing

69. NRAP faces an acute shortage of operational funds, as the result of the delays in implementation and in ARTF funding. The Ministry of Finance has indicated its readiness to

provide bridge financing until the proposed IDA grant becomes available and has made a budget inscription of US\$25 million for MRRD and US\$16 million for MPW for this purpose. The Government and IDA have agreed to continue with the ongoing implementation arrangements, on an improved basis, and to use the current Implementation Partner, UNOPS to administer the retroactive financing for ongoing activities. World Bank policy gives an eligibility period of up to 12 months prior to signing and for up to 40 percent of Grant proceeds. For NERAP it is expected that the required period will be seven months prior to signing and the amount will be around US\$18 million or 16 percent of the proposed grant. This amount has been established as the ceiling for retroactive financing under the project, at the Government's request.

70. The World Bank received on July 31, 2007 a formal request from the Ministry of Finance for retroactive financing, including the amount, period, and nature of the activities (works, services, operating expenses). Following the analysis of staffing under NEEPRA, Government and the Bank have agreed on a revised staffing list which is limited to staff actually working for the program.

5. Monitoring and Evaluation

71. The monitoring and evaluation (M&E) system for the NERAP is intended to provide information to the relevant stakeholders on project implementation performance, process, outputs, and outcomes. The monitoring information should also be used as a decision-making tool by the project implementers. To track whether the NERAP is meeting its objectives, key performance indicators have been developed (See: Appendix 1: Results Framework and Monitoring). Regular supervision and a mid-term review will be conducted by IDA to measure the achievements against these key indicators.

72. The project M&E system will be based on the following six aspects (see Appendix 8: Monitoring and Evaluation Arrangements for details): (a) implementation monitoring, (b) post-implementation monitoring, (c) community participatory monitoring, (d) baseline survey and impact evaluation, (e) Mid term review and (f) an external evaluation study at the end of the project.

73. The MPW PIU will be responsible for monitoring implementation of component A, while MRRD PIU will monitor components B and C. The M&E focal points of both PIUs will be responsible for coordinating the M&E tasks, liaising with the IC, as well as regional M&E staff and provincial engineers in the collection and reporting of the required data. The monitoring data will be continuously updated and consolidated quarterly for provision to the Bank and will be made available to coincide with the World Bank implementation support missions of the project.

Community Participatory Monitoring

74. Reflecting that focus will be placed towards the community-led management and maintenance, community participatory monitoring will be introduced. The social inclusion unit will ensure the participation of beneficiary communities in the implementation and monitoring of Level 1 contracts.

Baseline Survey and Impact Evaluation

75. A baseline study will be carried out with the help of the Vulnerability Assessment Unit (VAU) of MRRD in early 2008. The baseline survey will collect household level information on transport and travel needs, income and expenditures patterns, asset ownership, cropping patterns

(including opium poppy cultivation) employment as well as access to markets, health and education services. In order to identify the effects of NERAP projects on outcomes and to generate evidence-based recommendations on how the structure of the program may be adapted to more efficiently meet program goals, a rigorous impact evaluation of project effects and related interventions will be implemented across the life-cycle of the project.. The impact evaluation will focus on estimating two core effects: (i) Project Effects; and (ii) Effect of Complementary Input Interventions (CII) (See Appendix 8: Monitoring and Evaluation Arrangements, for details).

Mid-term Review

76. A mid-term review (MTR) will be conducted during the second year of the project, around June 30, 2009, in order to evaluate progress toward the project and program objectives and to identify measures to improve performance if needed.. The steering committee through the NCU will be responsible for preparing the necessary documentation for the review and for planning the MTR meeting. The review will evaluate progress in reaching the NERAP and program objectives, and will identify measures to improve performance if needed. Prior to the mid-term review, a new capacity assessment of technical and fiduciary management capacities of the ministries will be carried out by the World Bank in order to assess the options to transfer additional responsibilities to the ministries. As appropriate, the Government will contract a consultant (from grant proceeds) to review and assess progress in implementing the project and to assist in preparing the necessary documentation for the review. Specialists will review the community based contracting and participatory processes and assess the environmental and social impacts of investments, both individually and cumulatively, and the adequacy of safeguard procedures agreed for the project. The MTR will also review efforts to ensure good governance and reduce risk of corruption.

77. Whilst recognising that reductions in opium poppy cultivation will depend on a number of different factors outside the scope of this programme consideration will be given to looking at the impact the completion of road works has on agricultural and income diversity in areas where opium poppy is currently grown.

External Evaluations

78. At the end of the third year and as input to the Project Implementation Completion and Results Report, an external evaluation will assess NERAP's impact and provide program-wide recommendations. The evaluation will specifically assess whether the target set in Appendix 1: Results Framework and Monitoring achieved at the end of the project, based on findings from the analytical works, the impact evaluation and monitoring records during the project. An independent external evaluation will also be carried out to evaluate the performance of the Implementation Consultant and the Capacity Building Consultant.

Management Information System

79. A full-fledged MIS is already established and is functioning reasonably well at MRRD's PIU, while that of MPW's PIU needs further improvement. Neither system is used as a management tool at the present. During the life of the project, a fully functioning MIS will be established at both PIUs (no later than June 30, 2008). It is further envisaged that both systems shall integrate the National Rural Network Information, which will allow the PIUs to monitor implementation progress as part of the national rural access program and to report on progress towards the targets set by the ANDS.

E. ECONOMIC ASPECTS AND JUSTIFICATION

1. Project Benefits

80. Since investments for NERAP will take place under OP 8.50, as such no formal economic appraisal is required. Nonetheless preparations are being made to conduct an economic appraisal as part of a mid-term evaluation. This is deemed sensible for a number of reasons. First it will strengthen the evidence-base of investment decision making by exposing the benefits as well as cost consequences. Second the attempt to undertake economic appraisal during preparation has exposed weaknesses in the basic data collection procedures of both MRRD and MPW. These extend to traffic classification and counting; traffic forecasting; road maintenance costing; and knowledge of vehicle operating, safety reduction and time costs. Steps to address these weaknesses are underway and will be further developed as part of project capacity building measures in NERAP. Third it has become apparent that ministry staff has little knowledge of economic appraisal concepts and procedures. These weaknesses too are being addressed as part of ongoing and planned capacity building measures under NERAP. Fourth the preparations for economic appraisal have revealed inconsistencies in the procedures and standards used by the two ministries. These will be addressed as part of project coordination arrangements so that there are a single national set of procedures and standards. Finally, Government is making very substantial investments in rural access and a more formal and rigorous investment analysis would be beneficial.

81. The approach to economic appraisal (see details in Appendix 4: Economic Aspects) is to seek to apply accepted international norms and procedures. Cost-effectiveness assessments will be re-examined so that they are applied only to roads with traffic levels below 50 vehicles per day (vpd) and not to all investments as at present. There also needs to be consistency between the cost-effectiveness criteria used by the two ministries. Currently MPW uses an influence area, and thus population, that is three times that used by MRRD and well above international norms. This issue will also be examined as part of project coordination arrangements. Formal economic analysis will be initiated on all roads suitable for appraisal using the simplified Road Economic Decision (RED) model, which is recommended for roads with an average daily traffic (ADT) in the range of 50-200 vpd. This is likely to cover most of the road works proposed by MRRD and some of those in the portfolio of MPW. Appraisal can be done using default values, but efforts are underway to source Afghan parameters as far as this is practicable in the time available.

82. For roads carrying more than 200 vpd RED is not normally recommended and HDM4 would be substituted. At present it is not envisaged that the scale of investment in roads carrying more than 200 vpd under NERAP justifies the expense of calibrating HDM4 for conditions in Afghanistan. As a default procedure use will be made of the HDM4 results from the MPW road master plan study, which yielded a simple graphical indication of thresholds of economic viability against AADT for different road improvement options.¹ Low volume gravel, minor gravel and minor paved options gave internal rates of return of over 15% above 125, 150 and 200 vpd respectively.

83. Field visits and close interaction with ministry staff have confirmed the inability of the ministries to carry out economic evaluation of proposed road improvements in time for appraisal. It is therefore proposed that systems and capacity will be put in place in the ministries so that an economic evaluation of some roads can be carried out in time for the mid-term review.

¹ Ministry of Public Works (2006): *Master plan for road improvement project*. Final Report, April.

84. While detailed cost benefit calculations have not been carried out as part of this emergency project preparation, international experience has shown that maintenance and rehabilitation of rural roads and cross-drainage structures have a very high rate of return. The component A for secondary rural access infrastructure will primarily focus on removal of key access bottlenecks while component B for tertiary rural access infrastructure will primarily focus on rehabilitation of critical links to address landlocked areas and bring connectivity . These will primarily be repair and restoration of bridges, causeways, and culverts—all with minimum 10 year initial service life—and thus will provide high life-cycle returns despite the still existing risks of low and irregular routine maintenance in the future. It is expected that at least 1,750 km of secondary and tertiary roads and 8,800 running meters bridges and cross-drainage structures will be rehabilitated under this project.

85. Improved accessibility will help integrate the village economy with the regional and national markets. It will also lead to better allocation of resources, technology transfer and realization of higher productivity and outputs. It may also facilitate expansion of rural non-farm activities. Diversification of household income sources will minimize the household vulnerability risks and reduce the dependency on opium poppy cultivation as a livelihood strategy.

2. Sustainability

86. Two constraints on the sustainability of project benefits are a shortage of timely funding for road maintenance and a shortage of staff capable of managing the road networks. Very little road maintenance has been done so far, despite an allocation that was made available to both ministries. Given the government's weak capacity to raise revenues and direct a reliable stream of funding to maintenance, it appears more realistic to make external funding available for maintenance and to identify workable mechanisms to carry out routine rural road maintenance.

87. The proposed project includes funding for emergency maintenance by both ministries as well as funding for routine maintenance by MRRD. Emergency maintenance will be done by contractors using efficient procurement arrangements. Routine maintenance of tertiary roads will be contracted through the community development councils that were set up by the National Solidarity Program. This approach has several benefits for sustainability: (i) it uses local-level institutions that have already shown themselves able to manage public funds transparently; (ii) the rural roads already rehabilitated will be maintained in a cost-effective manner; and (iii) money will be injected into the rural economy, directly benefiting the rural population and poppy-growing areas, and raising the opportunity cost of allocating labor to poppy cultivation.

88. Capacity building in Afghanistan has had only modest success and it would appear that international technical assistance has not always been used effectively. Unlike in the ongoing rural road projects, where UNOPS provides both capacity building and implementation assistance, the proposed project will employ consultants specifically qualified for capacity building (while the Implementation Consultant will provide on-the-job training). Such a differentiation of on-the-job and formal training is expected to lead to better defined capacity building efforts. There is an acute shortage of practical training for university students and it is proposed to continue providing internships for students. Further, no university training to a master's degree level in engineering is currently available in Afghanistan and the proposed project includes a scholarship program.

89. A third aspect of sustainability, which is beyond the project's sphere of influence, is security. Based on experience in NEEpra, the project will seek to involve communities to a large extent to ensure their ownership and to make use of their much needed knowledge about

anti-government elements operating in the project zones. Such information is vital for project and contractor staff to gauge the risk level.

F. ENVIRONMENTAL AND SOCIAL SAFEGUARDS

90. In preparation of the proposed project, the Government commissioned an assessment of the implementation NEEpra's Environmental and Social Management Framework (ESMF). This included an audit of a representative sample of road works to assess to what extent NEEpra's ESMF was implemented, identify existing gaps and capacity constraints, and review appropriateness of the institutional arrangements. The assessment concluded that: (i) the ESMF is not sufficiently mainstreamed and project staff are not fully aware of the existence and importance of such a framework and (ii) the absence of effective implementation arrangements for the ESMF regarding sub-project preparation and execution, reporting, monitoring and documentation might have caused delays in addressing concerns and problems.

91. Based on this assessment the Government prepared an update of the ESMF which should enhance the quality of the road works, see Appendix 11: Environmental and Social Management Framework. The ESMF complies with the World Bank environmental and social safeguard policies as well as the Afghanistan's environmental laws and regulations, prepared by the National Environmental Protection Agency (NEPA).

1. Environmental and Social Impact and Safeguards

92. *Existing Social Safeguards Issues:* while land acquisition has indeed taken place under NEEpra, it is not possible to estimate the scale and impacts of it. No formal process of land transfer or compensation has been adopted. On the basis of community consultations, the assessment concluded that there has been voluntary transfer of assets even by vulnerable groups. It is assumed that for the majority of the roads rehabilitated, the average land required for donation has been small and has not marginalized any of the landowners. The lack of documentation, however, has led to unavailability of even tentative information on average land acquisition on the basis of voluntary donation. Additionally, the assessment raises issues regarding weak community consultations - i.e. lack of community involvement in planning of road alignment and width, damage to community structures due to improper alignments - and hence no documentation of community concerns and agreed mitigation measures.

93. *Existing Environmental Safeguards issues:* there are some problems with slope stabilization and erosion control, prevention of land slides in sloping areas, cutting of trees and lack of tree plantation measures along the roads. Furthermore, there is a lack of proper guidelines and concern for occupational health and safety of workers, traffic safety during construction and operation. The new ESMF provides mitigation measures for these issues.

94. The Project is an Environmental Category B (partial assessment). The principles governing social and environmental management will be applied through the updated Environmental and Social Safeguards Framework prepared for the NERAP (see Appendix 11: Environmental and Social Management Framework). The assessment carried out by the Government envisages that the World Bank OP/BP 4.01 (Environmental Assessment), OP/BP 4.12 (Involuntary Resettlement), Natural Habitats OP/BP 4.04 and the OP/BP 4.11 (Physical Cultural Resources) could be triggered. The NERAP ESMF has been updated to take into account these World Bank policies and their requirements.

95. The updated ESMF is applicable to all activities financed by NERAP, and includes (i) key policy principles for social and environmental management, (ii) tools to guide the screening of road works for significant social and environmental impacts, and to assist in the mitigation of such impacts, (iii) procedures to ensure that these principles and tools are appropriately applied, and (iv) guidelines and an action plan for capacity building and monitoring. This updated Framework will be operationalized through the proposed Project's arrangements for implementation, capacity building and monitoring.

2. Potential Environmental and Social Impacts

96. *Environmental and Social Impacts.* NERAP is expected to have mostly positive impacts on the general livelihood, socio-economic situation and market accessibility of the beneficiaries, including on the local environment and health conditions. No adverse environmental impacts due to the location of the rural roads are anticipated because the agreed upon list of roads respects the provisions of the ESMF negative list: no archaeological, historical, or protected heritage monuments; natural habitats or nature reserves; or reserve, protected or unclassified forest areas are situated close to the selected roads. The potential negative impacts, if not properly mitigated, with respect to the biophysical environment, would mainly be effects on water resources, soil erosion, slope stability and aesthetic values of landscape, pollution of air/river courses and impact on flora and fauna.

97. Particular attention will have to be given to the mitigation measures to be implemented during the rehabilitation works period in particular regarding: temporary road diversion that may affect people's property and safety; soil erosion, clearing of vegetation, slope instability, operation of quarries and borrow pits; discharge of sewage and other fluid waste from construction camps, and spillage of pollutants (fuel, oil), as well as traffic safety and occupational health and safeguard of workers.

98. In general, impacts are expected to be those associated with the rehabilitation of rural roads and reconstruction of very small infrastructure (i.e. culverts, stream crossings, retaining structures etc.). Such impacts will be addressed by incorporating standard environmental operating procedures into the project implementation manual, contract documents, technical training courses, and monitoring systems. Appropriate Environmental Codes of Practice (ECOPs) will be developed to address environmental issues at design, implementation and maintenance stages. Contractors will be responsible for applying these ECOPs as well as carrying out preliminary environmental screening.

99. *Land Acquisition and Resettlement* The activities to be undertaken under the proposed project involve rehabilitation of existing secondary and tertiary roads and other related rural access infrastructure that may involve only minor land acquisition and will not have any other adverse social impacts, but on the contrary is expected to have significant positive social impacts regarding improved livelihoods. No activities that require involuntary land acquisition or the acquisition of land requiring the resettlement or compensation of more than 200 people will be supported. Consequently, no Resettlement Action Plan is required under the proposed project. The voluntary donation or compensated contribution of land for subproject activities will be guided by the "Guidelines for Land and Asset Acquisition, Entitlements and Compensation" included in the Framework.

100. The sub-project screening will ensure inclusion of local minorities and that no groups are excluded from project benefits due to ethnic and religious affiliation. Employment opportunities within the projects will be available on an equal basis to all; based on professional competence,

irrespective ethnic or religious group affiliation. In all road improvements which require consultations with local communities or beneficiaries, gender-separated consultations will be conducted to elicit the views of the female population, along with that of the male population.

101. *Mine Risk Management.* Road works will not be undertaken without appropriate mine-risk management. A procedure for mine risk management was developed under the ongoing project and has been included into the updated ESMF for NERAP. All risk assessment and clearance tasks shall be implemented in coordination with the United Nations Mine Action Center for Afghanistan (UNMACA).

102. *Cultural Property.* Chance archeological finds will be recorded in project monitoring formats, the implementing agency will secure the artifact, and the Archeological Committee will be informed of the find. Should the continuation of work endanger an archeological site, project activities will be suspended until a solution is found. Further information is given in the Attachment 3 of Appendix 11: Environmental and Social Management Framework.

103. *Disclosure of the Environmental and Social Management Framework (ESMF):* The Government (MRRD and MPW) prepared an Executive Summary of the updated ESMF in the local languages (Dari and Pashto) which has been disclosed to stakeholders in the relevant locations. The English version of the ESMF was disclosed, prior to appraisal, in the World Bank Infoshop. Discussions are under way with Government to mainstream the ESMF for all NRAP funding. Experience from the ongoing program, which already has an acceptable ESMF, shows that it is not the framework but the implementation that gives difficulties. Therefore each ministry has appointed a focal officer who will be trained in safeguards and who will be tasked with a systematic follow-up of these issues. In addition, a series of workshops will be held for project staff.

3. Safeguards Management Performance and Follow-up

104. The NERAP ESMF specifies Environmental Mitigation Measures (EMM), Environmental/Social Checklists for screening of road works (Category B), along with Environmental Audit Forms. The Focal Officers should create and operationalize a reporting mechanism on the status of the ESMF implementation and identify gaps and problems in this regard. They should also mainstream, with the help of the project management team, the ESMF in the whole project cycle. This reporting system functionality will be an indicator of whether the ESMF is working or not.

105. The National Environmental Impact Assessment, promulgated by the National Environmental Protection Agency (NEPA) of Afghanistan under its current regulations may require compliance with its regulation and in certain cases, NEPA certification might be needed.

Appendix 1: Results Framework and Monitoring

PROJECT DEVELOPMENT OBJECTIVE	PROJECT OUTCOME INDICATORS	USE OF PROJECT OUTCOME INFORMATION
To enable the rural population to benefit from year round access to basic services and facilities in the rural areas of Afghanistan covered by the project ²	<ul style="list-style-type: none"> • Reduced travel time of beneficiaries living along the improved road to first available schools, health care facilities as well as administrative services • Increased no. of trips taken by beneficiaries living along the improved road to first available schools, health care facilities as well as administrative services • Reduced difference in price of key consumption³ and production commodities⁴ between the beneficiary villages and the nearest town⁵ 	Use this information to ascertain if NERAP is on track in increasing access to basic services and facilities. Assess if NERAP is on schedule in contributing to ANDS targets.
INTERMEDIATE OUTCOMES	INTERMEDIATE OUTCOME INDICATORS	USE OF INTERMEDIATE OUTCOME INFORMATION
Intermediate Outcome I		
Secondary and tertiary roads are improved, repaired and maintained, ensuring the balanced investments between the secondary and tertiary roads and equity amongst regions and the compliance with the social and environmental safeguards	<ul style="list-style-type: none"> • km of secondary and tertiary rural roads rehabilitated • rm⁶ of drainage structures (culvers, retaining walls, washes and bridges) rehabilitated • No of labor days generated from level 1 and 2 road rehabilitation 	<p>To verify satisfactory progress and appropriateness of the implementation strategies.</p> <p>Based on the verified outcomes, to take appropriate corrective measures.</p> <p>To ensure that the program is heading towards a desirable direction and the national plan is effectively implemented.</p>

² The PDO is derived from the overarching program objective of NRAP.

³ Wheat and kerosene oil

⁴ Fruits and vegetables

⁵ Trend of price change will be compared with the control groups

⁶ Running meters

Intermediate Outcome II		To ensure that local communities are consulted and involved in the design of the road maintenance works
Roads which were rehabilitated under NRAP maintained properly with the involvement of the communities	<ul style="list-style-type: none"> • km of rural roads rehabilitated under NRAP and maintained by the communities • No. of CDCs/community based organizations which have participated in the road maintenance • No. of labor days generated from road maintenance 	
Immediate Outcome III		
Rural road management system established	<ul style="list-style-type: none"> • A rural access policy and strategy is in place by the MTR • An maintenance scheme, to be prepared by MRRD, is in place by the end of 2nd year 	
Capacity built at national and provincial level	<ul style="list-style-type: none"> • No. of engineering/social development students who successfully complete internships with NERAP • An improved and interactive M&E system established in each PIU along with an improved MIS by the MTR 	

2. Arrangements for Results Monitoring

Outcome Indicator	Baseline (early 2008)	Cumulative Target Values			Data Collection and Reporting		
		Year 1	By MTR	End of Project	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
% of reduction in travel time of beneficiaries living along the improved road to first available schools, health care facilities and administrative services	To be established by baseline survey		At least 15 %	At least 30 %	Twice: early 2008 and input for ICR	Baseline survey	Vulnerability Analysis Unit of MRRD under guidance from Harvard research team
% of increase in the no. of trips taken by beneficiaries living along the improved road to first available schools, health care facilities as well as administrative services	To be established by baseline survey		At least 15 %	At least 30 %	Twice: early 2008 and input for ICR	Baseline survey	Vulnerability Analysis Unit of MRRD under guidance from Harvard research team
% of difference in price of key consumption and production commodities between at beneficiary villages and in the nearest town	To be established by baseline survey		At most 10 %	At most 15 %	Twice: early 2008 and input for ICR	Baseline survey	Vulnerability Analysis Unit of MRRD under guidance from Harvard research team

Diversification of cropping patterns and income sources of beneficiaries living along the improved road	To be established by Baseline					Baseline Survey	Vulnerability Analysis Unit of MRRD under guidance from Harvard research team
Intermediate Outcome I							
Km of secondary rural roads rehabilitated	0	175	425	770	Quarterly	MPW MIS	MIS Dept
Km of tertiary rural roads rehabilitated	0	200	575	925	Quarterly	MRRD MIS	MIS Dept
Running meters of culverts, retaining walls and bridges to be rehabilitated for secondary roads	0		350	650	Quarterly	MPW MIS	MIS Dept
Running meters of culverts, retaining walls and bridges to be rehabilitated for tertiary roads	0	2,000	5,500	8,200	Quarterly	MRRD MIS	MIS Dept
No. of labor days generated by MPW through rehabilitation work	0	330,000	780,000	1,080,000	Quarterly	MPW MIS	MIS Dept

No. of labor days generated by MRRD through rehabilitation work	0	250,000	675,000	1,025,000	Quarterly	MRRD MIS	MIS Dept
Intermediate Outcome II:							
Km of rural roads, rehabilitated under NRAP, maintained by the communities	53	3,000	4,000	If funding available after MTR 7,000 Km per year	Quarterly	MRRD MIS	MIS Dept
No. of CDCs/community based organizations which manage rural road maintenance	0	2,500	5,800		Semi-annually	MRRD MIS	MIS Dept
No. of labor days generated through community-led maintenance	7,950	450,000	1,050,000		Quarterly	MRRD MIS	MIS Dept
Intermediate Outcome III:							
A rural access policy and strategy is in place by the MTR	None existent		Strategy developed		Mid-term	MTR	MRRD
An maintenance scheme is in place by the end of 2 nd year	None existent		Mechanism in place		Mid-term	MTR	MRRD
No. of engineering, social development students who successfully complete internships with NRAP	0		At least 70	At least 120	Mid-term	MTR	NCU

An improved and interactive M&E system established at each PIU along with an improved MIS	MRRD MIS exist, but MPW is yet to establish		Fully integrated MIS in place		Mid-term	MTR	MRRD and MPW PIUs
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Appendix 2: Detailed Project Description

1. The estimated total cost of the project is US\$137 million. The IDA grant allocation of the proposed project is US\$112 million equivalent and GoA committed itself to finance the remaining US\$25 million from its own resources or from the ARTF. The project would thus finance about 20-25 percent of the total estimated cost of the NRAP in the next four years. The proposed project builds on the successful design and implementation of the ongoing IDA projects, NEEP1 and NEEPRA, which has been particularly strong on infrastructure delivery. Project implementation is being carried out with the assistance of a project implementation partner (IP). At this point there is no feasible alternative to this approach but the proposed project will aim to decrease the dependence on the Implementation Consultant (IC) in line with permanent institutional arrangements for rural roads management, such as a rural roads department or agency. These arrangements have been clearly defined during project preparation and were finalized during project appraisal. The terms of reference of the IC include specific on the job training targets for the unit in charge of the management of the rural road network (see Appendix 5: Implementation Arrangements). Additionally the project will aim to involve local communities and social inclusion officers in the different stages of sub-project design and implementation in order to leverage from their local knowledge, improve delivery, enhance security, and avoid delays i.a. due to land disputes.
2. The lending instrument proposed is the Emergency Recovery Grant (OP 8.50) which currently applies to all World Bank initiatives in Afghanistan. The Islamic Republic of Afghanistan requested on July 29, 2007 to use the retroactive financing facility provided under OP 8.50 which allows for one year retroactive financing and an amount of up to 40 percent of the intended financing amount. Government has proposed retroactive financing of up to \$21.3 million. It is unlikely that the ministries will be able to disburse this much. Furthermore it is preferably to remain under the contract ceilings of the Implementation Partner and it is therefore suggested to limit the retroactive financing to around US\$18 million or 16 percent of the proposed grant amount.
3. The detailed project components and activities included in each component are presented below:
4. **Component A. Improvement of secondary roads (US\$78.2 million including contingencies and taxes of which IDA will finance US\$53.2 million equivalent).** This component implemented by MPW includes four sub-components. Sub-component 1 (US\$67.4 million of which IDA will finance US\$42.4 million equivalent) is for rehabilitation and reconstruction of about 1,075 kilometers of secondary rural roads. The proposed investment program, which was agreed upon at appraisal is presented in Attachment 1 to this appendix. US\$ 12 million have been earmarked by the Government for the high priority Bamyan to Doshi road. This road will receive primarily treatment of choke points and improvement of structures. The road selection was largely based on discussed and agreed criteria (see attachment 3 of this appendix) These include increasing access isolated populated villages, many of which may be highly poppy dependent, to the road network to facilitate delivery of public and social services and access to markets.. But it has become clear that these criteria need to be further refined and selection needs to become more transparent. The multiple changes to the proposed investment program since the preparation mission in February 2007, clearly illustrate that prioritization is not entirely based on fixed criteria. IDA funding complements the Government's ongoing rural road program and takes into account as much as possible global equity parameters to ensure balanced investment proposals between the secondary and tertiary roads and equity amongst regions, provinces and districts.

5. Sub-component 2 (US\$2.8 million) addresses emergency repair works to roads and bridges following natural disasters such as heavy snow, rocks falls, landslides, heavy rains and flooding. Specific eligibility criteria that are simple and realistic have been defined at appraisal (covering e.g. proven exceptional event, re-opening of roads to link isolated areas, blockage of heavy traffic road without possibility of road deviations). These criteria will be included in the Financing Agreement to trigger this type of investment.

6. Sub-component 3 (US\$0.2 million) will finance the environmental and social management plan, monitoring and evaluation; this includes provisions for monitoring the updated Environmental and Social Management Framework (ESMF) and activities that involve community participation.

7. Sub-component 4 (US\$7.7 million) consists of project implementation support to finance the services of an implementation consultant (IC) to implement the works, financial contribution to incremental operating expenses required to run MPW's program implementation unit (PIU) and support to implement the non-works part of component A.

8. **Component B.** (US\$52.1 million including contingencies and taxes of which IDA will contribute US\$52.1 million equivalent). This component will be implemented by MRRD and includes five sub-components. Sub-component 1 (US\$31.5 million) is for rehabilitation and reconstruction of about 925 kilometers of tertiary rural roads. The project will aim at providing basic rural access and promoting the development of a professional labor-based contracting industry, a method which is particularly well suited for improvement of tertiary roads. The average current investment level of \$29,000 per kilometer is considered to be very high and an effort should be made during this project to adopt a basic access approach. The proposed investment program was agreed at appraisal and is presented in attachment 2 of this appendix. The road selection was largely based on discussed and agreed criteria which are shown in attachment 3 of this appendix. These include increasing access isolated populated villages, many of which may be highly poppy dependent, to the road network to facilitate delivery of public and social services and access to markets. As is the case for MPW, the criteria needs to be refined and investment decisions need to be supported by decision making tools and become more transparent. IDA funding complements The Government's ongoing rural road program and takes into account as much as possible global equity parameters to ensure balanced investment proposals between the secondary and tertiary roads and equity amongst regions, provinces and districts.

9. Sub-component 2 (US\$2.8 million) will address emergency repair works to roads and bridges following natural disasters such as heavy snow, rocks falls, landslide and rocks blockage, heavy rains and flooding. Specific eligibility criteria that are simple and realistic have been defined at appraisal (covering e.g. proven exceptional event, re-opening of roads to link isolated areas, blockage of heavy traffic road without possibility of road deviations). These criteria will be included in the Financing Agreement to trigger this type of investment.

10. Sub-component 3 (US\$8.0 million) will launch a routine maintenance program mainly on the already rehabilitated roads under the NRAP and will cover the initial estimated financing need for a period of twelve to eighteen months. MRRD is currently carrying out a maintenance pilot operation consisting of eight roads covering 53 km. This includes routine, periodic and emergency maintenance and the results obtained so far appear to be promising. Communities were contracted to carry out routine and periodic maintenance works and contractors were hired for the emergency works. It was agreed during appraisal to implement this sub-component

through the National Solidarity Program (NSP) which leverages synergies of these two priority programs. The Facilitating Partners (FP) of the NSP will provide technical advice to the communities and using the Community Development Councils (CDC) as the entry point for community contracting for routine maintenance works.

11. Sub-component 4 (US\$0.4 million) makes provisions for the environmental and social management plans, monitoring and evaluation; this includes provisions for monitoring the updated Environmental and Social Management Framework (ESMF) and activities that involve community participation.

12. Sub-component 5 (US\$9.4 million) includes project implementation support: services of an implementation consultant to implement the works and financial contribution to incremental operating expenses required to run the project implementation unit of MRRD and implement the non works part of component B.

NERAP- Rehabilitation works proposed – Summary per ministry

Islamic Republic of Afghanistan NERAP

Rehabilitation works - Summary per Ministry (Base costs in US\$ million)

Ministry	Cost	Km*	Rm**	Av. Unit Cost (Km)
Secondary Roads (Ministry of Public Works)	58.3	1,081	658	0.054
Tertiary roads (Ministry of Rural Rehabilitation and Development)	27.0	929	8,201	0.029
Total	85.3	2,010	8,859	0.042

* km: length of road to be rehabilitated

** Rm: running meters of culverts, retaining walls and bridges to be rehabilitated

13. **Component C. Institutional strengthening, project management and program development (US\$6.7 million equivalent including contingencies and taxes).** This component will be implemented by MRRD in coordination with MPW and includes three sub-components. Sub-component 1 (US\$0.6 million) foresees setting up a rural roads management system including support for: (a) the formulation of a rural access strategy and its implementation through a national prioritized investment program and proposed institutional and financial systems for the next five years to be presented to the donors by the project’s mid-term review (MTR); this will include an assessment as to how NERAP may be able to maximise the Counter Narcotics Outcomes of its interventions; and (b) the setting up of maintenance mechanism, maintenance programming for the short and medium term and support for its implementation, in complement to the routine and emergency maintenance works foreseen under component A and B.

14. Sub-component 2 (US\$2.8 million) will finance capacity building activities for staff who will be tasked to manage the rural road sector, e.g. road network management (identification of a core rural road network, definition of appropriate service levels, data collection and analysis, training on most adapted cost benefit analysis models), public procurement, financial management, upgrading of engineering skills, reporting, community contracting and social inclusion tools, and geographic information systems. The project will continue to finance internships for at least 100 engineering with NRAP and 10 community development/social inclusion students. It is also planned to develop a program for managerial level staff who would receive on-the-job training in roads agencies in other countries. This sub-component will also include capacity building for contractors (national works contractors and engineering firms) which would target on-the-job training and business skills (bidding, contract management and community contract management, works organization, and technical aspects). Four areas of training needs exist within both ministries: (i) core capacities in technical and engineering; (ii) broad-based training in environmental and social safeguards; (iii) contractor training; and (iv) general skills in Computer and English literacy for staff of the concerned ministries. For the capacity building effort three avenues will be introduced: (i) Short-term and long-term training in the key areas of technology, engineering and management to be offered through certificate, diploma, and master's degree programs. Students will be competitively selected for all types of training. Given the lead time needed (especially for admission into longer-term degree programs), a training calendar spanning the duration of the program will be developed. (ii) Short, broad based training in specific subject matters will be facilitated by the National Skills Development Program (NSDP). For example, training programs for contractors in the areas of preparing bid-documents, procurement training, etc. can be facilitated by the NSDP which can help advertise, identify, and select appropriate local or international training providers, be involved in curriculum development and standards setting. (iii) Basic English and Computer Literacy for ministry staff will be achieved by implementing a voucher program for staff with pre-identified training institutions in Kabul and in other major cities where such facilities exist in the private market. In more, remote areas this may need to be offered in collaboration with institutions of other ministries or through in-house programs.

15. Sub-component 3 (US\$3.3 million) will cover project management support, financing the operating costs of the National Coordination Unit (NCU), support to monitoring and evaluation, audits and fiduciary support services for MPW and MRRD, preparation of the Mid Term Review and technical expertise to support the Steering Committee.

Islamic Republic of Afghanistan
Ministry of Rural Rehabilitation and Development & Ministry of Public Works
NERAP

List of road works proposed for IDA Grant and GOA financing
(Base costs in US\$ million)

Region	IDA and GOA financing - MPW (Estimated)				IDA financing - MRRD (Estimated)				IDA financing - MPW & MRRD (Estimated)				Cost per Km	
	No of Villages	Km	Rm	COST	No of Villages	Km	Rm	COST	No of Villages	Km	Rm	COST	MPW	MRRD
Badakhshan Total	0	111	15	9.6	67	54	82	1.3	67	165	97	10.9	0.086	0.024
Central Highlands Total	0	24	82	2.4	181	127	1,202	3.8	181	152	1,284	6.2	0.100	0.030
East Total	0	34	58	1.8	181	75	1,932	3.8	181	109	1,990	5.6	0.053	0.051
Kabul Total	0	135	0	9.3	263	132	1,159	3.4	263	267	1,159	12.7	0.069	0.025
North Total	0	307	0	8.5	113	137	273	3.9	113	444	273	12.5	0.028	0.029
North East Total	0	216	259	16.2	163	95	1,582	3.3	163	311	1,841	19.4	0.075	0.034
South Total	0	5	0	0.3	72	70	345	1.2	72	75	345	1.5	0.050	0.017
South East Total	0	146	204	7.0	148	105	650	2.9	148	251	854	9.8	0.048	0.027
West Total	0	102	40	3.3	144	135	976	3.4	144	237	1,016	6.7	0.032	0.025
Grand Total Afghanistan	0	1,081	658	58.3	1,332	929	8,201	27.0	1,332	2,010	8,859	85.3	0.054	0.029

Attachment 1 – List of roads MPW

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List of MPW proposed roads for IDA Grant and GOA financing

S.No	Region	Province	District	From	To	RoadType	Surface Option	IDA - MPW (Estimated)				
								Duration	No of Villages	KM	RM	COST
1	Badakhshan	Badakhshan	Wakhan	Rehabilitation works from	Pamir	Provincial Capital to	Gravelling	11		8		400,000
2	Badakhshan	Badakhshan	Fayzabad	Construction of RCC		District Center to District		22			15	150,000
3	Badakhshan	Badakhshan	Baharak, Khash,	Rehabilitation of Road	Baharak via khash Jurm	Provincial Capital to	Gravelling	9		53		5,000,000
4	Badakhshan	Badakhshan	Fayzabad	From Fayzabad	Kofab (Yaftal)	District	Gravelling	9		50		4,000,000
Badakhshan Total										111	15	9,550,000
5	Central Highlands	Daikundi	Daikundi	Khrqul	Daykundi Road	District to District	Gravelling	9		24		1,922,315
6	Central Highlands	Bamyan	Waras	Construction of Warzang		District to District		13			50	300,000
7	Central Highlands	Wardak	Besood	Damardagha Bridge		District to District		12			32	200,000
Central Highlands Total										24	82	2,422,315
8	East	Laghman	Mahtariam Baba	Construction of RCC		District to village		6			8	41,972
9	East	Kunar	Shigal	Construction of Road	Lochay Bazar	Provincial Capital to	Gravelling	10		20		600,000
10	East	Kunar	Chapadara	Construction of Kanday		Provincial Capital to		17			50	400,000
11	East	Laghman	Mahtariam Baba	Rehabilitation of Road	Qarghahi	Provincial Capital to	Double Bituminous	22		14		750,000
East Total										34	58	1,791,972
12	Kabul	Kabul	Paghman	Rehabilitation of road	Qala-e-Atam	Provincial Capital to	Asphalt	12		10		964,261
13	Kabul	Logar	Charkh	Rehabilitation of road	Pole Alam	District to District	Asphalt	12		23		3,653,635
14	Kabul	Panjshir	Shotol	Rehabilitation of road	Shotol	Provincial Capital to	Gravelling	19		28		831,000
15	Kabul	Panjshir	Deh Manjor	Rehabilitation of Road	Deh Manjor	District to District	Gravelling	22		24		900,000
16	Kabul	Logar	Khoshi	Rehabilitation of Road	Kotal Surki	Provincial Capital to	Gravelling	22		51		3,000,000
Kabul Total										135		9,348,896

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List of MPW proposed roads for IDA Grant and GOA financing

S.No	Region	Province	District	From	To	RoadType	Surface Option	IDA - MoPW (Estimated)				
								Duration	No of Villages	KM	RM	COST
17	North	Saripul	Sangcharak	Rehabilitation of road	Gosphandi	District to District	Gravelling	8		11		432,034
18	North	Saripul	Sangcharak	Rehabilitation of Road	Sang Charak District	District to District	Gravelling	10		28		593,650
19	North	Samangan	Dara-e-Suf	Maintance of Excesting	Dara-e-Suf district	District to District	Gravelling	10		31		199,936
20	North	Balkh	Marmul	Rehabilitation of Soltan	Tangy Shaydan	District to District	Gravelling	23		19		600,000
21	North	Balkh	Charkent	Rehabilitation of Marmul	Charkent District C	District to District	Gravelling	21		30		542,586
22	North	Jowzjan	Mardyan	Rehabilitation of Road	Qarqeen Balkh Road	Provincial Capital to	Gravelling	19		45		600,000
23	North	Samangan	Aybak	Rehabilitation of Aybak	Sarbagh Village	Provincial Capital to	Gravelling	19		24		800,000
24	North	Samangan	Aybak	Rehabilitation of Road	Taykhonak	District to District	Gravelling	23		35		950,491
25	North	Saripul	Saripul	Rehabilitation of Takzar	Ab Kalan Vilalge	District to District	Gravelling	17		38		827,251
26	North	Jowzjan	Shibirghan	Rehabilitation of Road	Darzab	Provincial Capital to	Gravelling	16		47		3,000,000
North Total										307		8,545,948
27	North East	Kunduz	Chardara	Steel Truss Bridge, 114 m,		District to District		12.7			114	136,024
28	North East	Kunduz	Qala -e- Zal	Construction of steel truss		Provincial Capital to		12			120	519,734
29	North East	Baghlan	Nahrin	Rehabilitation works from	Khost Fring road	District to District	Double Bituminous	8		5		300,000
30	North East	Baghlan	Shibar	Rehabilitation of Road	Doshi	Provincial Capital to	Gravelling	12		160		12,000,000
31	North East	Takhar	Chal	Construction of Chal	Construction of Chal	District to District	Gravelling	25			25	200,000
32	North East	Takhar	Bangi	Rehabilitation of Road	Ishkamish	Provincial Capital to	Gravelling	19		51		3,000,000
North East Total										216	259	16,155,758
33	South	Uruzgan	Dihrawud	Dehrawood District	Muktab	District Center to Village	Double Bituminous	9		5		250,000
South Total										5		250,000

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List of MPW proposed roads for IDA Grant and GOA financing

S.No	Region	Province	District	From	To	RoadType	Surface Option	IDA - MoPW(Estimated)					
								Duration	No of Villages	KM	RM	COST	
34	South East	Ghazni	Gelan	Gelan	Kohna Deh (Angory	District to District	Gravelling	8		40		1,405,407	
35	South East	Khost	Dowamanda	Construction of				13			160	643,587	
36	South East	Ghazni	Malistan	Rehabilitation of Road	Jaghori	District to District	Gravelling	9		34		1,000,000	
37	South East	Ghazni	Jaghori	Construction of Almato				18			8	64,000	
38	South East	Pakika	Sar Hawza	Construction of Parow				26			20	130,000	
39	South East	Paktiya	Ahamad Khil	Construction of Shiwat				23			16	128,000	
40	South East	Paktiya	Jani khil	Rehabilitation of Road	Jani Khail	District to District	Gravelling	23		20		600,000	
41	South East	Paktiya	Jaji	Rehabilitation of Road	Kotal Gawy	Provincial Capital to	Gravelling	22		52		3,000,000	
South East Total										146	204	6,970,994	
42	West	Badghis	Qadis	Rehabilitation of road	Qala-i-Naw	Provincial Capital to	Gravelling	10		40		1,286,274	
43	West	Herat	Pashton Zarghon	Rehabilitation of road	Pashton District Centre	Provincial Capital to	Double Bituminous	10		37		912,520	
44	West	Badghis	Qala-e-Naw	Construction of Qala-i-	Construction of Qala-i-			10			40	287,624	
45	West	Ghor	Saghar	Rehabilitation of Road	Dehekhan	District to District	Gravelling	19		25		800,000	
West Total										-	102	40	3,286,418
Grand Total										-	1,081	658	58,322,303

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List of MRRD roads for IDA Grant

S.No	Region	Province	District	From	To	RoadType	IDA - MRRD (Estimated)				
							Duration	No of Village	KM	RM	COST
1	Badakhshan	Badakhshan	Ishkashim	District Center	Sorkh Dara	District Center to Village	11	15	17	15	185,000
2	Badakhshan	Badakhshan	Khwhahan	Khwhahan	Sabz Dasht (Section 2)	District Center to Village	11	12	8	18	210,000
3	Badakhshan	Badakhshan	Ragh	District Center	Kandiam Paskakhan	District Center to Village	12	10	13	49	325,000
4	Badakhshan	Badakhshan	Eshkashim	Eshkashim	Keranuminjan	District Center to Village	18	30	16		600,000
Badakhshan Total								67	54	82	1,320,000
5	Central	Bamyan	Waras	Safid Gaw Ulia Road	Waras	District to Main Road	17	22	37	178.9	1,110,000
6	Central	Diakundi	Shahristan	Giro-i-Ulia	Giro-i-Sufla	District to Main Road	12	20	6.8	73.8	290,000
7	Central	Diakundi	Shahristan	Shahristan	Kotali Darwaza	District to Main Road	12	20	10.55	73.8	330,000
8	Central	Diakundi	Sangi Takht	Sangi Takht	Khedir Road	District to Main Road	15	52	34.69	520	640,000
9	Central	Ghor	Lal Wa Sarjantal	Garmab	Chaghcharan	District to Main Road	12	16	19.3	143.1	470,000
10	Central	Ghor	Chaghcharan	Chaghcharan	Charsada	District to Main Road	12	35	18.94	69.7	450,000
11	Central	Ghor	Lal Wa Sarjantal	Construction of 4 bridges	total 120 m, each 30 m	District to Main Road	12	16		143.1	500,000
Central Highlands Total								181	127.28	1202.4	3,790,000
12	East	Kunar	Nari	Hazar Gul	Bridge	Village to Main Road	12	4		110	180,000
13	East	Kunar	Chapa Dara	Digal, Gulsalak, Majid	Jay Kandi Village	Village to Main Road	12	15	11		330,000
14	East	Kunar	Asmar	Asmar Road	Barikot	District to District	13	8	10	299.7	430,000
15	East	Laghman	Mihtarlam	Mehtarlam	Construction of 200 culverts	Village to Village	10	61		216.7	300,000
16	East	Laghman	Alingar	Chinchar Brige	Bridge Construction	Village to Main Road	24	21		100	480,000
17	East	Laghman	Alingar	District Center	Shinkary	District Center to Village	14	21	11.2	484.9	450,000
18	East	Nangarhar	Goshta	Khugakhil, Anargay	Construction of protection Wall	Village to Village	5	3		200	45,500
19	East	Nangarhar	Achin	District Center	Miakanoo	District Center to Village	12	6	11.06	284.3	350,000
20	East	Nangarhar	Goshta	Zyaratwak	Wali Kandu	Village to Village	5	3	11.12	200	450,000
21	East	Nuristan	Wama	Stop	kantiwa	District to Main Road	12	6	10		300,000
22	East	Nuristan	Waygal	Wagal	Joda Kotal	District to Main Road	12	18	10.55		360,000
23	East	Nuristan	Waygal	2 Bridges		District to Main Road	12	15		36	150,000
East Total								181	74.93	1931.6	3,825,500

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List of MRRD roads for IDA Grant

S.No	Region	Province	District	From	To	RoadType	IDA - MRRD (Estimated)					
							Duration	No of Villages	KM	RM	COST	
24	Kabul	Kabul	Dih Sabz	Saraki Umomi	Bakhtiaran	Village to Main Road	9	26	9.50	423.2	365,000	
25	Kabul	Kabul	Paghman	Company Main Road	Fazel Big	Village to Main Road	2	1	0.9	6	35,000	
26	Kabul	Kabul	Bagrami	District Center	Benihisar	Village to Main Road	9	17	12		335,000	
27	Kabul	Kabul	Dehsabz	Tarakhil Bazar	Masjid Jami	Village to Village	4	5	2.35		29,913	
28		Kabul	Guldara	Guldar bazar	Kadulla	District Center to Village	10	7	4.5	90	106,000	
29	Kabul	Kabul	Chardehi	Tangi Sayedan	Lalandar	Village to Village		22	15		390,000	
30	Kabul	Kapisa	Kapisa	Provincial Capital	Karataz Village	District Center to Village	6	20	6	90	120,000	
31	Kabul	Logar	Charkh	Charkh Bazar	Near to Kharpechak Pass	District Center to Village	9	26	5		200,000	
32	Kabul	Logar	Kharwar	District Center	Kandar Khail	District Center to Village		18	12		360,000	
33	Kabul	Logar	Baraki Barak	Barakibark	Bridge Construction	District Center to Village	9	12		15	85,000	
34	Kabul	Logar	Baraki Barak	Main road	Baraki Rajan	Main road to Village	4	10	6.15		115,000	
35	Kabul	Panjsheer	Hisa-I-Awali	Ahriv Road		Village to Main Road	6	6	4		120,000	
36	Kabul	Panjsheer	Hesa Sewom	Ghuchi Village	Foot Bridge (suspention)	Village to Main Road	12	1		60	125,000	
37	Kabul	Panjsheer	Bazarak	Aorow Bridge		District to Main Road	18	3		60	118,000	
38	Kabul	Panjsheer	Paryan	Paryan	Adib village	Village to Main Road		6	4		120,000	
39	Kabul	Parwan	Salang	Qalatak	Du Ab	District Center to Village	12	30	29		300,000	
40	Kabul	Wardak	Maydan Shahr	Maidan Shahr	Sad Morda (2nd Part)	District to Main Road	9	50	7.9	143	135,000	
41	Kabul	Wardak	Day Mirdad	District Center	Tajik Market	District to Main Road	16	3	13.6	272	295,000	
Kabul Total								263	131.9	1159.2		3,353,913
42	North	Balkh	Alburz	Dashti Lalamaidan	Guza Sufla	Village to Village	12	10	12		300,300	
43	North	Balkh	Hairatan	Hairatan	Kaldar Road	District Center to Village	12	3	10	2	360,000	
44	North	Faryab	Almar	District Center	Tajik Village	District Center to Village	18	7	15	21	400,000	
45	North	Jawzjan	Mingajik	District Center	Qazalyaq Qara Dook Village	District Center to Village	18	8	19.6	30	485,000	
46	North	Jawzjan	Fayzabad	Char Bagh	Mamlook & Shahsalim	District Center to Village	12	3	10	50.5	300,000	
47	North	Samangan	Dara-I-Sufi Bala	Dara-i-Sufe	Aybak	Provincial Capital to	12	13	20		600,000	
48	North	Samangan	Ruyi Du Ab	District Center	Kularkharm	District Center to Village	14	21	14	112	390,000	
49	North	Sari Pul	Kohistanat	District Center	Charas and Pogan	District Center to Village	12	15	10		300,000	
50	North	Sari Pul	Gusfandi	Aq Gunbad Village	Kariz Village	Village to Village	10	6	8	57	240,000	
51	North	Sari Pul	Center	Center	Charbagh	District Center to Village	10	12	8		240,000	
52	North	Sari Pul	Center	Center	Charbagh	District Center to Village		15	10		300,000	
North Total								113	136.6	272.5		3,915,300

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List of MRRD roads for IDA Grant

S.No	Region	Province	District	From	To	RoadType	IDA - MRRD (Estimated)				
							Duration	No of Villages	KM	RM	COST
53	North East	Baghlan	Puli Hisar	Tergaran	Kutali Parandi	District to Main Road	6	7	6.5	888	375,000
54	North East	Baghlan	Khost Wa Firing	Surkh Pari	Sachi Village	District to Main Road	6	10	12	212	310,000
55	North East	Kunduz	Qalay-I-Zal	District Center	Halqa Gool	District to Main Road	9	8	10	296.2	310,000
56	North East	Kunduz	Dashti Archi	Saraki Afghani	Imam Saheb	District to Main Road	7	5	8.1	46	253,000
57	North East	Kunduz	Kunduz	Kob	Hazrat Sultan	Provincial Capital to	4	15	10		190,000
58	North East	Takhar	Taluqan	Taluqan	Bridge	District to Main Road	18	15		30	150,000
59	North East	Takhar	Warsaj	Pastab Bridge	-	District Center to Village	18	16		30	150,000
60	North East	Takhar	Ishkamish	Ishkamish	Barka Road	District to Main Road	12	9	12.3		335,000
61	North East	Takhar	Farkhar	farkhar		Bridge	21	15		50	300,000
62	North East	Takhar	Ishkamish	Ishkamish	Khost Wa Fring	District to District	10	30	25		442,500
63	North East	Takhar	Rustaq	Rustaq			12	18	11		300,000
64	North East	Takhar	Taluqan	Qarluq Bridge			12	15		30	150,000
North East Total								163	94.9	1582.2	3,265,500
65	South	Kandahar	Arghistan	Arghaistan	Marof	District to Main Road	12	20	30	109.2	300,000
66	South	Kandahar	Reg	Center	Qaryai Sardar Mohd Khan	District to Main Road	12	7	20	86.1	300,000
67	South	Nimroz	Chakhansur	Chakhan	lashejawen	District to Main Road	12	30	10	150	300,000
68	South	Zabul	Shinkay	District Center	Safaid Auw	District to Main Road	12	15	10		300,000
South Total								72	70	345.3	1,200,000
69	South East	Ghazni	Malistan	Chelbakhtoo	Sherdagh (2 nd part Malistan)	District to Main Road	12	22	10		240,000
70	South East	Ghazni	Jaghatoo	Charagari	Sari Aab Village	District Center to Village	18	22	20		600,000
71	South East	Ghazni	Ajristan	Sangar	Kotali Khone	Village to Village	12	15	10		200,000
72	South East	Khost	Qalandar	Sandia	Tour Khor	District to Main Road	11	13	8.9	20	230,000
73	South East	Khost	Dowamanda	Dowa manda	Spera Road	District to Main Road	13	17	17	58	300,000
74	South East	Khost	Tani	Sor Koat	Wocha Mina	District to Main Road	12	10	11.5		440,000
75	South East	Paktika	Sharan	Koat Wal	Kaki Kalay	District to Main Road	7	21	7.3	172	310,000
76	South East	Paktya	Gardez	Gardez	Ibrahimkhail	Provincial Capital to	7	18	10	200	280,000
77	South East	Paktya	Lija Ahmad Khel	Sarkai Malang	Machalgho	Village to Village	7	10	10	200	250,000
South East Total								148	104.7	650	2,850,000

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78	West	Badghis	Ab Kamari	District Center	Toora Shaikh	District Center to Village	12	4	14.2	221.5	410,000
79	West	Farah	Farah	Darabad	Tawizak	Provincial Capital to	12	7	11	9.9	285,000
80	West	Farah	Pusht Rod	Dorahi	Nali Dasht	District Center to Village	12	14	13.3	18.8	232,000
81	West	Farah	Lash Wa Juwayn	Markaz	Park Hebala	District Center to Village	15	13	13.4	70.5	370,000
82	West	Hirat	Pashtun Zarghun	Pashtoon Zarghon	Tagja	District Center to Village	11	45	21	550.3	670,000
83	West	Hirat	Ghoryan	Gharyan	Zandajan	District to District	12	14	22.1	4	430,000
84	West	Hirat	Gulran	Kushk Rabat Sangi	Dahanae Zulfeqar	District to Main Road	9	6	13	100.9	225,000
85	West	Hirat	Gozara	Mirdaud	Poshti Koh Mula Yasin	Main Road to Village	12	23	15		450,000
86	West	Hirat	Enjil	Nawin		Main Road to Village	16	18	12		360,000
West Total								144	135	976	3,432,000
Grand Total (86 roads, 12 sub-projects L1)								1,332	929	8,201	26,952,213
52 Level 1 Contract									137		3,497,314
Retroactive Financing Total (25 roads, 56 contracts)								453	268.7	2,377	8,391,300

Attachment 3 - Criteria for sub-project selection

- **Group 1. Former priorities**
 - **Criteria 1. Former priorities still not financed from the Provincial Planning Process (PPP) of June 2003.** MRRD had launched a bottom-up PPP nationwide in June 2003. During this exercise the district representatives, in consultation with the communities, identified four priority projects per district based on the agreed criteria among the representatives.
 - **Criteria 2. Former priorities still not financed from the NEEP provincial planning exercise of September 2004.** In September 2004 NEEP organized a planning workshop in twelve provinces affected by drought to identify priority roads to be rehabilitated selected on agreed criteria among the district representatives using the pair-wise ranking method at the district level.
- **Group 2. Communities' requests**
 - **Criteria 3.** Direct requests from the communities. Community Requests (CR) channeled through the planning departments of MPW and MRRD.
 - **Criteria 4.** Community requests (CR) channeled through other administrative instances (e.g. local authorities, Governors, members of Parliament) often with peace and reconciliation objectives in strategic areas.
- **Group 3. Consolidation works to sustain previous rural road investments**
 - **Criteria 5.** Consolidation works for roads that were rehabilitated under National Emergency Employment Project for Rural Access (NEEPRA) (drainage, upgrade works, surfacing of road with double-bituminous surface treatment, etc).
 - **Criteria 6.** Completion of road works which were only partially funded under NEEPRA, for example an access road leading to a NEEPRA-funded bridge.
- **Group 4. Connectivity for isolated areas**
 - **Criteria 7.** Access of isolated populated villages many of which may be highly poppy dependent to the road network to facilitate delivery of public and social services and access to markets.
- **Group 5. Complementarities with other social and rural development projects**
 - **Criteria 8.** Complementarities with e.g. NSP, irrigation and agriculture investments

Appendix 3: Summary of Project Costs

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Table A
Components Project Cost Summary

<u>Project Components</u>	(US\$ Million)				
				%	%/Total
	Local	Foreign	Total	Foreign Exchange	Base Costs
A. Improvement of secondary roads (MPW)	42.4	27.5	69.9	39	57
B. Improvement of tertiary roads (MRRD)	33.0	13.5	46.5	29	38
C. Institutional strengthening, project management and program development	2.4	3.7	6.2	37	5
Total Baseline costs	77.8	44.8	122.6	37	100
Physical Contingencies	2.9	1.5	4.4	35	4
Price Contingencies	7.4	2.6	10.0	26	8
Total Project costs	88.1	48.8	137.0	36	112

Note: Figures may not add up to total due to rounding

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Annex 3

Table B

Components Project Cost Summary

<u>Project Components</u>	(US\$ Million)				
				%	%
	Local	Foreign	Total	Foreign Exchange	Base Costs
A. Improvement of secondary roads (MPW)					
1. Secondary road works for some 1050 km	36.6	23.2	59.8	39	49
2. Emergency maintenance works	1.3	1.3	2.6	49	2
3. Environmental and social plan, monitoring and evaluation	0.1	0.1	0.2	46	0
4. Implementation support (IC and PIU staff)	4.3	2.9	7.2	40	6
Subtotal Improvement of secondary roads (MPW)	42.3	27.5	69.8	39	57
B. Improvement of tertiary roads (MRRD)					
1. Tertiary road works for some 925 km	21.1	6.8	27.8	24	23
2. Emergency maintenance works	1.3	1.3	2.6	49	2
3. Routine maintenance works	4.9	2.1	7.0	30	6
4. Environmental and social management plan, monitoring and evaluation	0.2	0.2	0.3	46	0
5. Implementation support (IC and PIU staff)	5.5	3.3	8.8	37	7
Subtotal Improvement of tertiary roads (MRRD)	33.0	13.5	46.5	29	38
C. Institutionnal strengthening, project management and program development					
1. Rural Roads management system	0.2	0.3	0.5	57	0
2. Institutional capacity building	0.9	1.6	2.5	65	2
3. Project management support	1.3	1.8	3.2	58	3
Subtotal Institutionnal strengthening, project management and program develop	2.4	3.8	6.2	61	5
Total Baseline costs	77.8	44.8	122.6	37	100
Physical Contingencies	2.9	1.5	4.4	35	4
Price Contingencies	7.4	2.6	10.0	26	8
Total Project costs	88.1	48.9	137.0	36	112

Note: Figures may not add up to total due to rounding

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Annex 3

Table C

Components Project Cost Summary

	(AFN Billion)			(US\$ Million)			% Foreign Exchange	% Total Base Costs
	Local	Foreign	Total	Local	Foreign	Total		
A. Improvement of secondary roads (MPW)								
1. Secondary road works for some 1050 km	1.8	1.2	3.0	36.6	23.2	59.8	39	49
2. Emergency maintenance works	0.1	0.1	0.1	1.3	1.3	2.6	49	2
3. Environmental and social plan, monitoring and evaluation	0.0	0.0	0.0	0.1	0.1	0.2	46	0
4. Implementation support (IC and PIU staff)	0.2	0.1	0.4	4.3	2.9	7.2	40	6
Subtotal Improvement of secondary roads (MPW)	2.1	1.4	3.5	42.3	27.5	69.8	39	57
B. Improvement of tertiary roads (MRRD)								
1. Tertiary road works for some 925 km	1.0	0.3	1.4	21.1	6.8	27.8	24	23
2. Emergency maintenance works	0.1	0.1	0.1	1.3	1.3	2.6	49	2
3. Routine maintenance works	0.2	0.1	0.3	4.9	2.1	7.0	30	6
4. Environmental and social management plan, monitoring and evaluation	0.0	0.0	0.0	0.2	0.2	0.3	46	0
5. Implementation support (IC and PIU staff)	0.3	0.2	0.4	5.5	3.3	8.8	37	7
Subtotal Improvement of tertiary roads (MRRD)	1.6	0.7	2.3	33.0	13.5	46.5	29	38
C. Institutionnal strengthening, project management and program development								
1. Rural Roads management system	0.0	0.0	0.0	0.2	0.3	0.5	57	0
2. Institutional capacity building	0.0	0.1	0.1	0.9	1.6	2.5	65	2
3. Project management support	0.1	0.1	0.2	1.3	1.8	3.2	58	3
Subtotal Institutionnal strengthening, project management and program development	0.1	0.2	0.3	2.4	3.8	6.2	61	5
Total Baseline costs	3.8	2.2	6.1	77.8	44.8	122.6	37	100
Physical Contingencies	0.1	0.1	0.2	2.9	1.5	4.4	35	4
Price Contingencies	0.4	0.1	0.5	7.4	2.6	10.0	26	8
Total Project costs	4.4	2.4	6.8	88.1	48.9	137.0	36	112

Note: Figures may not add up to total due to rounding

Islamic Republic of Afghanistan
posed National Emergency Rural Access Project-NERAP

Annex 3

Table D

Project Components by Year -- Totals Including Contingencies
(US\$ Million)

	Totals Including Contingencies				
	2008	2009	2010	2011	Total
A. Improvement of secondary roads (MPW)					
1. Secondary road works for some 1050 km	7.5	21.3	25.1	13.5	67.4
2. Emergency maintenance works	-	1.0	1.4	0.4	2.8
3. Environmental and social plan, monitoring and evaluation	0.0	0.1	0.1	0.0	0.2
4. Implementation support (IC and PIU staff)	2.8	2.5	2.2	0.2	7.6
Subtotal Improvement of secondary roads (MPW)	10.3	24.9	28.7	14.2	78.1
B. Improvement of tertiary roads (MRRD)					
1. Tertiary road works for some 925 km	6.0	7.5	13.0	5.0	31.5
2. Emergency maintenance works	-	1.0	1.4	0.4	2.8
3. Routine maintenance works	-	3.9	4.1	-	8.0
4. Environmental and social management plan, monitoring and evaluation	0.0	0.1	0.2	0.1	0.4
5. Implementation support (IC and PIU staff)	3.4	3.1	2.7	0.2	9.4
Subtotal Improvement of tertiary roads (MRRD)	9.4	15.6	21.4	5.7	52.1
C. Institutionnal strengthening, project management and program development					
1. Rural Roads management system	0.3	0.2	0.1	-	0.6
2. Institutional capacity building	-	1.6	1.3	-	2.8
3. Project management support	1.7	0.9	0.6	0.2	3.4
Subtotal Institutionnal strengthening, project management and program developmen	1.9	2.7	2.0	0.2	6.8
Total Project costs	21.6	43.2	52.1	20.1	137.0

Note: Figures may not add up to total due to rounding

Islamic Republic of Afghanistan
Proposed National Emergency Rural Access Project-NERAP

Annex 3

Table E

Financial Summary

(In US\$ million equivalent)

(US\$ million)	IMPLEMENTATION PERIOD					Total
	2008	2009	2010	2011	Total	
Total Financing Required						
Project Costs						
Investment Costs	21.6	32.7	57.7	25.1	137.0	100%
Other Investment Costs GOM Budget						
Recurrent Costs						
Total Project Costs	21.6	32.7	57.7	25.1	137.0	100%
Total Financing	21.6	32.7	57.7	25.1	137.0	100%
Financing						
Proposed IDA contribution	21.6	31.1	44.5	14.8	112.0	82%
GoA		1.6	13.1	10.3	25.0	18%
To be Financed						
Total Project Financing	21.6	32.7	57.7	25.1	137.0	100%

Islamic Republic of Afghanistan
Proposed National Emergency Rural Access Project-NERAP
Annex 3
Table F
Components by Financiers - Totals Including Contingencies
(US\$ Million)

	IDA		Government of Afghanistan		Total	
	Amount	%	Amount	%	Amount	%
A. Improvement of secondary roads (MPW)						
1. Secondary road works for some 1050 km	42.4	63	25.0	37	67.4	38
2. Emergency maintenance works	2.8	100	0.0	0	2.8	3
3. Environmental and social plan, monitoring and evaluation	0.2	100	0.0	0	0.2	0
4. Implementation support (IC and PIU staff)	7.6	100	0.0	0	7.6	7
Subtotal Improvement of secondary roads (MPW)	53.1	68	25.0	32	78.1	47
B. Improvement of tertiary roads (MRRD)						
1. Tertiary road works for some 925 km	31.5	100	-	-	31.5	28
2. Emergency maintenance works	2.8	100	0.0	0	2.8	3
3. Routine maintenance works	8.0	100	-	-	8.0	7
4. Environmental and social management plan, monitoring and evaluation	0.4	100	0.0	0	0.4	0
5. Implementation support (IC and PIU staff)	9.4	100	0.0	0	9.4	8
Subtotal Improvement of tertiary roads (MRRD)	52.1	100	-	-	52.1	47
C. Institutionnal strengthening, project management and program development						
1. Rural Roads management system	0.6	100	0.0	0	0.6	1
2. Institutional capacity building	2.8	100	0.0	0	2.8	3
3. Project management support	3.4	100	0.0	0	3.4	3
Subtotal Institutionnal strengthening, project management and program development	6.8	100	-	-	6.8	6
Total Disbursement	112.0	82	25.0	18	137.0	100

Note: Figures may not add up to total due to rounding

Appendix 4: Economic Aspects

NERAP - Proposed Economic Appraisal approach and development

1. *Purpose:* Currently selection and prioritization of road projects is informed by community participation and cost-effectiveness criteria, but different approaches are adopted by the two main ministries – MPW and MRRD. Political influence is fairly dominant in project selection. There are also overlaps in the network responsibilities of the two ministries which further cloud selection certainties.
2. Investments for NERAP will take place under OP 8.50 conditions and so do not formally require an economic appraisal. Nonetheless all preparatory activities are being made to conduct an economic appraisal as part of the project mid-term review. This is deemed sensible for a number of reasons. First it will strengthen the evidence-base of investment decision making by exposing the benefits as well as cost consequences. Second the preparations for economic appraisal have exposed weaknesses in the basic data collection procedures of both MRRD and MPW. These extend to traffic classification and counting; traffic forecasting; road maintenance costing; and knowledge of vehicle operating, safety reduction and time costs. Steps to address these weaknesses are underway and will be further addressed as part of project capacity building measures in NERAP. Third it has become apparent that ministry staff has little knowledge of economic appraisal concepts and procedures. These weaknesses too are being addressed as part of ongoing and planned capacity building measures under NERAP. Fourth the preparations for economic appraisal have revealed inconsistencies in the procedures and standards used by the two ministries. These will be addressed as part of project coordination arrangements so that there is a single national set of procedures and standards.
3. *Implementation:* The approach to economic appraisal is to apply accepted international norms and procedures. Cost-effectiveness assessments will be re-examined so that they are applied only to roads with traffic levels below 50 vehicles per day (vpd) and not to all investments as at present. There also needs to be consistency between the cost-effectiveness criteria used by the two ministries. Currently MPW uses an influence area, and thus population, that is three times that used by MRRD and well above international norms. This issue will also be addressed as part of project coordination arrangements. Formal economic analysis will be initiated on all roads suitable for appraisal using the simplified Road Economic Decision (RED) model, which is recommended for roads with an ADT in the range 50-200 vpd. This is likely to cover most of the projects proposed by MRRD and some of those in the portfolio of MPW. Appraisal can be done using default values, but efforts are underway to source Afghan parameters as far as this is practicable in the time available.
4. For roads carrying more than 200 vpd RED is not normally recommended and HDM4 would be used. In Afghanistan the present level of investment for secondary roads carrying more than 200 vpd, however, does not justify calibrating HDM4 for local conditions. Roads which are considered as strategic by the military might receive considerable higher investment per km but no economic appraisal would be carried out for these roads. Therefore as a default procedure use will be made of the HDM4 results from the MPW road master plan study, which yielded a simple graphical indication of thresholds of economic viability (IRR) against AADT for different road improvement options.⁷ Low volume gravel, minor gravel and minor paved options gave IRR's > 15% above 125, 150 and 200 vpd respectively.

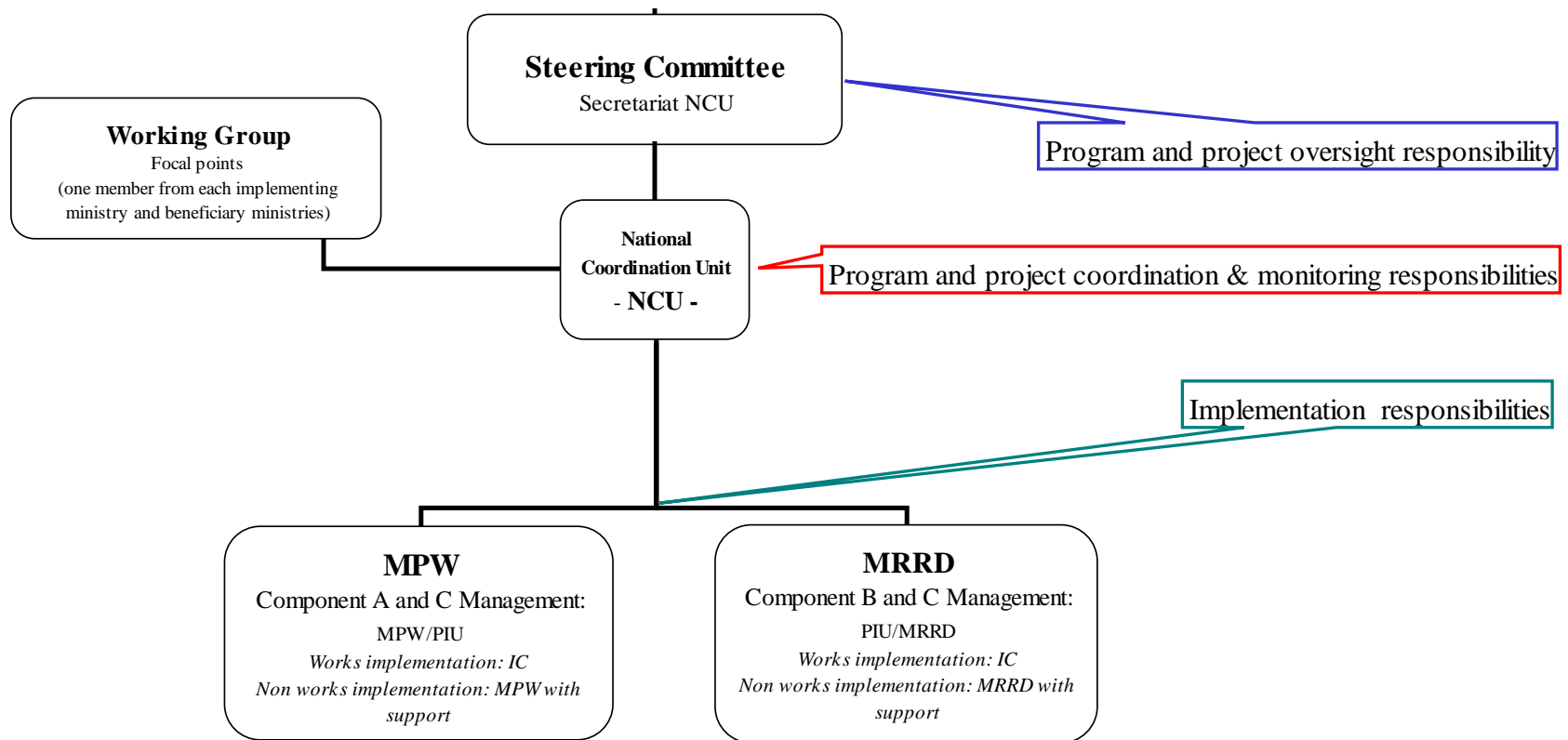
⁷ Ministry of Public Works (2006): *Master plan for road improvement project*. Final Report, April.

Appendix 5: Implementation Arrangements

Institutional set up and Arrangements

1. The NEEP cluster of projects and the Government's NRAP has been successfully implemented by the PDCU with the support of an implementation partner (IP). The PDCU coordinates the program on behalf the Ministry of Public Works (MPW) and the Ministry of Rural Rehabilitation and Development (MRRD) with the help of two project implementation units (PIUs). Even if the PDCU had a far reaching mandate of joint budgeting, planning and programming, and reporting to Government and the donors, most of the implementation work has actually been carried out by the PIUs. The two ministries have cooperated well on rural roads but the work programs have been carried out in parallel, as should be expected.
2. In the interest of improving coordination between line ministries and to set the course for sustainable rural road management, it was agreed to dissolve the PDCU, which is not anymore justified and to retain the PIUs which in fact operate as program and not project units. At a latter stage, the MRRD PIU might be mainstreamed into the Rural Roads Department which was recently created in the ministry. There is also the possibility that a road agency might be created which could absorb both PIUs. The Figure below presents the proposed institutional set up, clearly distinguishing responsibilities for project oversight, coordination and monitoring; and implementation and management.

Figure 1: Proposed NERAP institutional arrangements



Implementation Arrangements

A. Implementation period

3. *Project implementation period.* The project will be implemented over three years and four fiscal years from January 1, 2008 to December 31, 2010.

B. Capacity of the Government to Execute the Project

4. Government has expressed a strong interest to take over the responsibility for program and project implementation from the Implementation Partner. Transition arrangements are needed to empower staff and improve their decision-making capacity. In the interest of establishing the presence of Government throughout the country, ministries consider it essential that they are given greater visibility and that the perception is corrected that non-governmental organizations are the main actors of change in Afghanistan. The World Bank, appreciating the interest of the ministries, in particular MRRD, to take full responsibility for project implementation, has aimed to propose an arrangement that corresponds to the expectations of the ministries while ensuring that the fiduciary requirements of the World Bank can be met. During project preparation, agreements have been reached with the Government on the implementation arrangements for the project and it was agreed that the services of an Implementation Consultant (IC) will be required to ensure the smooth and rapid implementation of the project. These are described below:

C. Program and project implementation and management structure

Program and project implementation and management structure

5. *Project oversight.* An inter-ministerial Steering Committee (SC), chaired by the Minister of Finance (or his representatives) and comprising ministers (or their delegates) of Public Works, Rural Rehabilitation and Development and sectoral ministries involved as the main beneficiary ministries in the project (including agriculture, basic education, health, counter narcotics), is responsible for the overall policy, strategic planning and project oversight and for integration with other rural development programs. Government has decided to invite donors to be permanent observers on the SC Other observers such as local authorities, and experts could be invited to attend the SC as required. The SC will meet regularly, at least twice a year and on an ad hoc basis when required. To facilitate the work of the SC, a National Coordination Unit (NCU) will be put in place at the Ministry of Finance that would be responsible for secretariat support to the SC and for reporting to the government and the donors involved in the sector.

6. *Project coordination and monitoring.* Given the emergency nature of the project, the strategic importance of the project, which is an initial step to a larger program, the large number of activities, to be completed within a short time frame, and the still limited capacity of the government on coordination and monitoring aspects, the following institutional arrangements have been agreed to ensure that funds disburse quickly, multi-sector objectives are reached, and transparency is maintained.

7. A small and efficient national coordination unit (NCU) will be set up by ministerial decree within the Ministry of Finance (to be established no later than January 1, 2008) and will be responsible for overall coordination of the entire NERAP project and program. The NCU will in particular ensure donor coordination which will be a key element of a sustainable and smooth multi-year programmatic approach. It will be headed by a full-time project administrator (a

senior project management specialist to be recruited on a competitive basis according to World Bank guidelines) who will be responsible for day-to-day coordination of the project. The NCU works in coordination with the Program Implementation Unit (PIU) of MPW and MRRD and other relevant ministries and agencies involved in rural development. Its main function is to monitor and evaluate the overall project implementation and to report the consolidated progress to the SC. It is also responsible for (a) assuring steady progress of execution in accordance to an implementation schedule reviewed and approved by the World Bank, (b) regular reporting to the SC, (c) monitoring implemented activities included in the contracts of the international implementation consultant (IC) and capacity building consultant (CBC) to ensure adequate and smooth transfer of skills to the national staff, and (d) ensuring that a high ethical standard and transparency is maintained throughout the process.

8. To ensure better coordination, a Technical Working Group chaired by the NCU and composed of the focal points of beneficiary ministries and implementing bodies (IC and PIUs of MPW and of MRRD) will be established prior to project effectiveness. This working group will meet on a regular basis and at least monthly in order to ensure adequate technical coordination and communication between ministries and implementing entities at the implementation level.

9. *Project management and implementation.* At this stage and based on the assessment of ministries capacities, it is now proposed that: (i) MPW will implement component A. For the works part, it will delegate most of its implementation responsibilities to an IC, (to be selected and recruited prior to project effectiveness) which will be in charge of and responsible for the implementation of the investments under the overall responsibility of MPW. Part of Non works activities under Component C will be implemented by MPW with the support of the required expertise (to be recruited under PPF financing, if these recruitments fail the responsibility for non-works will be assigned to the IC); (ii) MRRD will implement activities under component B and part of Component C. For the works part, it will delegate part of its technical and fiduciary responsibilities to an IC (to be selected and recruited prior to project effectiveness) which will be in charge of and responsible for the implementation of the investments under the overall responsibility of MRRD. Non works activities will be managed by PIU/MRRD and implemented by the functional departments of MRRD with the support of the required expertise (to be recruited under PPF financing) and training of the newly recruited staff. The two tables below summarize the distribution of responsibilities between the IC and the ministries for the works implementation of components A and B.

**Table 1: Distribution of responsibilities in MPW implementation mechanism
Works implementation mechanism component A**

Responsibilities	MPW/PIU	IC
day-to-day management of NERAP	X	
coordinate and supervise the implementation of the infrastructure works	(X)	X
sub-projects identification, prioritization and selection	X	(X)
Reviewing and/or preparing designs, cost-estimates and Bills of Quantities	(X)	X
Review and/or reparation of tender documents	(X)	X
Approval of tender documents	(X)	X
Issuing of tender documents	X	X
Evaluation of bids	(X)	X
Recommendation for awards	(X)	X
Pre-award review	(X)	X
Award	(X)	X
Signature of contract	X	

Implementation and supervision of sub-projects, including quality and quantity control and contract administration	(X)	X
Preparation of payment	(X)	X
Payment to contractors (co-signatures)	X	X
Certification of Completion of Work	(X)	X
Overall management of the ongoing works.	(X)	X
Technical and financial monitoring of the contracts in conformance with the project performance indicators	(X)	X
Monitoring of the environmental and social aspects by the sub-contractor	(X)	X
IC Staff Management and counterparts coordination	(X)	X
Counterparts and PIU staff involved with IC management	X	(X)
Operations	(X)	X
Contract and Project Financial Management	(X)	X
Reporting to the Bank	X	(X)

Note: X Primary Responsibility
(X) Secondary Responsibility

**Table 2: Distribution of responsibilities in MRRD implementation arrangement
Works implementation mechanism component B**

Responsibilities	MRRD/PIU	IC
day-to-day management of NERAP	X	
coordinate and supervise the implementation of the infrastructure works	X	X
sub-projects identification, prioritization and selection	X	
Reviewing and/or preparing designs, cost-estimates and Bills of Quantities	(X)	X
Review and/or preparation of tender documents	X	(X)
Approval of tender documents	(X)	X
Issuing of tender documents	X	X
Evaluation of bids	(X)	X
Recommendation for awards	(X)	X
Pre-award review	(X)	X
Award	X	X
Signature of contract	X	
Implementation and supervision of sub-projects, including quality and quantity control and contract administration	(X)	X
Preparation of payment	(X)	X
Payment to contractors (co-signatures)	X	X
Certification of Completion of Works	(X)	X
Overall management of the ongoing works.	(X)	X
Technical and financial monitoring of the contracts in conformance with the project performance indicators	X	X
Monitoring of the environmental and social aspects by the sub-contractor (including recruitment and employment procedures)	X	(X)
IC Staff Management and counterparts coordination	(X)	X
Counterparts and PIU staff involved with IC management	X	(X)
Operations	(X)	X
Contract and Project Financial Management	(X)	X
Reporting to the Bank	X	(X)

Note: X Primary Responsibility
(X) Secondary Responsibility

The scope of services of the IC is determined by the above-mentioned implementation mechanisms for works and includes:

- D1: **For MPW**, the Consultant will be responsible for the execution (and training on the job of counterparts designated by MPW) of all tasks necessary for the implementation of works foreseen under component A as per Table D1 below, from the engineering studies to the certification of completion of the works. The Consultant will also assist and support MPW (Optional) in setting up and managing efficient and sustainable procurement and financial management systems for the non works project activities which will be implemented by MPW.
- D2: **For MRRD**, the Consultant will be responsible for the execution (and training on the job of counterparts designated by MRRD) of all tasks necessary for the implementation of rehabilitation works foreseen under component B as per Table D2 below, from the engineering studies to the certification of completion of the works. The Consultant will

also assist and support MRRD (Optional) in setting up and managing efficient and sustainable procurement and financial management systems for the non works project activities which will be implemented by MRRD.

1. Two lots for the Consultancy Services are envisaged which could eventually lead to two separate contracts for MPW and MRRD.

D. 3 Procedures manuals

1. Within three months after the signature of the contract, the Consultant will submit to MPW and to MRRD and for IDA's approval: (a) a manual of administrative, accounting, and financial procedures (including the procurement sub-manual and Financial management sub-manual with the specification of the accounting software which is proposed and should meet the World Bank requirements), consistent with the legal documents included in IDA's Financing Agreement, and the Bank's procurement, disbursement, and financial management guidelines; (b) a project implementation plan and manual which include the details of activities, timelines and procedures to be followed in executing the project. The procurement plans proposed for the project will also be reviewed by the consultant who should commit himself to the updated key target dates that he proposes and updated regularly.
2. The UNOPS LIPW Project Implementation Manual (PIM) may be used as a basis for the development of the NERAP Project Implementation Manual.

D 4. Procurement, contract management and work supervision

3. The following specific activities will be carried out by the IC for each sub-project in full compliance with the procurement and project management procedures agreed upon during the project preparation, with procedures defined in the Grant Agreement and with IDA guidelines. In the main, the activities have been defined in Table D1 et D2 and include *inter alia*:
 - Survey of the works
 - Preparing designs, cost-estimates and Bills of Quantities
 - Preparation and approval of tender documents on the basis of sample bidding documents agreed upon during the project evaluation
 - Publication of Specific Procurement Notice in the newspaper and website
 - Issuing of tender documents
 - Evaluation of bids
 - Recommendation for awards
 - Award of contract
 - Implementation and supervision of sub-projects, including quality and quantity control and contract administration
 - Payment to contractors
 - Technical and financial monitoring of the contracts in conformance with the project performance indicators
 - Monitoring of the social targeting by the contractor/sub-contractor (including recruitment and employment procedures)
 - Certification of Completion of Work
 - Overall management of the ongoing works.

4. The IC shall also identify goods and equipment necessary for the execution of the project within its own contract (to be also procured according to the World Bank guidelines and procedures) at the Start of the Consultancy.

For Works supervision, the tasks involved shall include but not limited to:

- Issuing the order to commence the works;
- Approving Contractor's work program, method statements, material sources, etc;
- Preparing and /or approving working drawings, approving the setting out of the works, and instructing the contractors;
- Comprehensive supervision of project implementation activities carried out by the contractor to ensure complete compliance with the drawings, technical specifications and various stipulations contained in the Contract Document;
- Approving the Contractor's detailed work program, the plant and machinery deployment schedule, contractor's superintendence, personnel etc;
- Approving the Construction Methods proposed by the Contractor for carrying out the works to ensure that these are in conformity with the sub project's technical requirements, implementation schedule , environmental and social management framework (ESMF), as well as safety of works, personnel and the general public;
- Taking measurement and keep measurement records;
- Maintaining records, correspondence and diaries;
- Preparing and issuing reports as defined subsequently;
- Certifying work volume and recommending interim certificates for progress payments;
- Processing the contractor's claims;
- Maintaining consolidated project accounts, and preparing financial statements;
- Certifying completion of part or all of the works;
- Ensuring timely completion of all works;
- Identification of specific events that may impact negatively on the works (quality, contract price, delays, etc.), evaluation of these impacts and propose any course of action to mitigate these impacts;
- Associating himself with the tests being carried out by staff of the Contractor and, undertaking additional tests as necessary to ensure the quality of works;
- Reviewing the test results/certificates of all construction material and or sources of material and undertaking additional tests as necessary to assess the quality of works;
- Preparing updated and additional drawings as required during the contract period and their timely issue to the contractor;
- Carrying out detailed checking and verification of the setting out data for the work including lines, levels and layout to ensure conformity with the working drawings;
- Ensuring taking requisite samples during execution and promptly advising the contractor about the result;
- Carrying out regular inspection of the Contractor's Plant, Machinery, installation, etc and ensuring they are adequate and are in accordance with the terms and conditions of the contract;
- Evolving and implementing a system for the quality assurance of the works. The system of control of quality of material and completed works shall also include sampling method and criterion and acceptance criteria;
- Ensuring that road safety issues identified at the design stage are properly addressed during construction, and conducting a road safety audit at every stage;
- Preparation of complete records and reports on tests performed by him and checking the Contractor's as built drawings for the works;

- Provide the employer with complete records and reports for defending Contractor's Claims before Adjudicator/Arbitrator

D 5. Other responsibilities

5. The Consultant is also requested to perform regularly (at least on a quarterly basis) the consolidation of works and non works for MPW and MRRD and to present the project for reporting purposes. The Consultant will also be requested to take the responsibilities for the regular production of the FMR (Financial Monitoring Reports) as per World Bank requirements and guidelines.

D 6. Reporting:

6. The Consultant will submit in five (5) printed copies and in electronic format the following reports to MPW, according to formats to be agreed upon one month after the signature of the contract:

- Monthly progress reports, giving an overview of the physical and financial progress of all schemes;
- Quarterly progress reports, giving an overview of the total project budget and expenditure, the overall progress compared to the agreed indicators, milestones achieved during the quarter, the main problems and constraints and a concise work plan for the next quarter;
- Annual Work Plans, whereby the first annual work plan contains an overall work plan for the full project;
- Financial Monitoring Report (FMR) or Interim Un-audited Financial Reports (IUFRs)
- Updating of Procurement Plan;
- Completion Report, at the end of the project;
- Ad hoc reports, as from time to time requested by the MPW and/or MRRD. The contractor is expected to maintain a database with all ongoing road works, in order to facilitate these reports.
- **Subproject Works Progress Monitoring and Subproject Completion Report**
The Consultant will prepare the following reports:
 - **Monthly Progress Report** with tables standardized to be submitted by the tenth day of the following month,
 - **Ad hoc and special reports** to be submitted within reasonable delays on working incidents, technical issues, etc. arising during progress of works;
 - **Quarterly report** shall be submitted by the 15th day of the following quarter. Two copies of this report shall be sent to IDA. This report shall include:
 - i. Physical and financial progress achieved and the projected progress for the forthcoming period,
 - ii. Problems encountered and corrective measures taken or recommended.
 - iii. Staff assigned by the Consultant, type of inputs and duration and the proposed input of key personnel for the next quarter,
 - iv. The Contractor's personnel and Plant and Machinery used, a list of Equipment and materials not in use during the previous period and their comparison with original planning;

- v. Records of the meetings regarding contract administration and decisions taken, Mobilization of resources (Consultant's and Contractor's) for the forthcoming period,
 - vi. Approval/ changes in Works program if any, delays anticipated, and action proposed.
 - o **Works Completion Report** after the provisional acceptance of works. This shall include the observations and recommendations of the supervision team, the actual works carried out, detailed costs of the works and actual quantities compared to planned works, approved variations, and recommendations on any unsettled Contractor's Claims. The report shall also include a detailed break down on the Contractor's final Contract sum (cost of wages, cost materials used, cost of plant and machinery, depreciation costs, taxes, etc.).
 - o **The Provisional Final Report** to be submitted not later than one (1) month after the provisional acceptance of work. The Client/Employer will provide comments and observations within a period of one month after receipt of the report and the Consultant shall finalize the report within one month after receipt of any comments. The final report shall be submitted in ten (10) copies.
 - o **The Subproject Completion Report** shall be submitted after final handing over of the works.
7. The MPW and MRRD will provide the following inputs:
- Free access to all land for which access is required for the performance of the services;
 - Office space for national HQ and regional offices, and equipment newly procured under the NEEpra project;
 - Counterpart personnel: MPW and MRRD will supply counterpart staff. These counterpart staff will take part in all activities mentioned above. The Consultant is expected to give on-the-job training to these counterpart staff.
 - Access to all data and documents requested by the contractor, unless these documents are confidential in nature.

D 7: IC Contract Review

8. The Client will arrange for an independent review of contract compliance on an annual basis or as needed

Appendix 6: Procurement Arrangements

1. Country Context

1. The Bank has gained substantial experience and understanding of the procurement environment in Afghanistan through its involvement in the interim procurement arrangements put in place through Emergency Public Administration Project (EPAP) as well as with the institutions such as Afghanistan Reconstruction and Development Services (ARDS) that is holding the current responsibility for government's procurement administration. As part of the broader review of Afghanistan's Public Finance Management (PFM) system, the Bank recently carried out an assessment of the procurement environment in the country based on the baseline and performance indicators developed by a group of institutions led by the World Bank and Organization for Economic Co-operation and Development (OECD)/Development Assistance Committee (DAC).

2. The first key issue identified through the procurement assessment was the need for ownership and a champion in the Government for reform, deepening of capacity, ensuring integrity in the operation of procurement systems, and promoting sound procurement among ministries.

3. A new Procurement Law has been adopted in November 2005 which radically transforms the legal and regulatory framework for the procurement administration of Afghanistan. While it provides a very modern legal system for procurement, effective implementation of the law may encounter difficulties in the current weak institutional structure and capacity of the Government. A Procurement Policy Unit (PPU) has now been established under MoF to ensure the implementation through the creation of secondary legislation, standard bidding documents, provision of advice and creation of the necessary information systems for advertising and data collection. "Rules of Procedure for Public Procurement" which details the better implementation of the Procurement Law has been issued by MoF as circular number PPU/C005/1386 dated April, 12 2007. The Procurement Appeal and Review mechanism is in place and the Manual of Procedures for "Procurement Appeal and Review" has been issued by MoF as circular number PPU/N001/1385 on March 18, 2007.

4. In the absence of adequate capacity to manage procurement activities effectively, some interim arrangements have been put in place to improve the procurement management of the country. A central procurement facilitation service, ARDS has been established under the supervision of Ministry of Economy. The Bank and the Government has agreed on a program for country wide procurement reform and capacity building, leading to the transition from centralized to decentralized procurement services. The Bank funded Public Administration Capacity Building project (PACBP) is the primary instrument for implementing the program to strengthen capacity of the line ministries to manage public procurement in an effective, transparent and accountable manner. However, the implementation of the procurement capacity building strategy has not made any significant progress yet due to lack of coordination and delays in decision making within the Government. The envisaged radical changes to the procurement management environment expected from the new Law also require the urgent implementation of a comprehensive human resources and capacity development program. The implementation of the procurement reform component of the PACBP should be considered with due priority to ensure that fiduciary standards are further enhanced and that capacity is developed in the Government to maintain these standards.

5. A Consultant has been mobilized under the PPU/MoF to carryout the capacity Building which focuses on systematic training of staff of ministries in public procurement. The assignment includes conduct of training programs to private sector. The consultant has completed the training needs assessment and the program for training of trainers has begun.

Part A. General

6. The proposed project will be implemented by MPW and MRRD. MPW will be responsible for the implementation of improvements to secondary roads (US\$78.2 million of which IDA will finance US\$53.2 million equivalent) and MRRD will be responsible for the improvements to tertiary roads (US\$52.1 million) both components focusing to improve the rural access. The institutional component is US\$6.8 million.

7. The Procurement administration of the project would be carried out in accordance with the World Bank's "Guidelines: Procurement under IBRD Loans and IDA Credits" dated May 2004, revised October 2006, "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated May 2004, revised October 2006 and the provisions stipulated in the Financing Agreement. The World Bank's "Guideliens on Preventing and Combating Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants dated October 15, 2006 has been shared with the recipient. The general description of various procurements under different expenditure categories are described below. For each contract to be financed by the Grant the different procurement methods or consultant selection methods, the need for prequalification, estimated costs, prior review requirements, and time frame are agreed between the Grant Recipient and the Bank project team are described in the Procurement Plan agreed with the Government at appraisal and finalized during negotiations. This Procurement Plan will be updated at least annually or at lesser time intervals as required to reflect the actual project implementation needs and improvements in the institutional capacity.

Procurement of Works

8. **Component A Improvement of secondary roads** (US\$78.2 million of which IDA will finance US\$53.2 million equivalent): This component will be implemented by MPW and will include four sub components. Sub component 1- Improvement to secondary roads (US\$67.4 million of which IDA will finance US\$53.2 million equivalent): Around 45 roads, or 1075 km, have been identified to be improved, by gravelling, Double Bituminous Surface Treatment (DBST), Hot mixed Asphalt overlay and several bridges. There will be around 85 to 90 contracts. Contracts for several roads may be sliced and packaged to attract both small and medium scale contractors. The majority of the contracts (roads/bridges) are estimated to cost less than US\$ 1.0m. The remaining contracts would be up to US\$ 5.6 million. All contracts will follow NCB procedures. The recipient shall use the SBD (small works) revised May 2007 customized to Afghanistan. All the contracts will be reflected in the procurement plan. MPW has already invited bids for six contracts and four bids are under evaluation and more bidding documents are under preparation to procure works contracts under this component. During the retroactive financing period, IDA will review all the bidding documents/contract award recommendations in order to: (i) build the capacity of the staff; and (ii) ensure compliance to be eligible for retroactive financing.

9. The other three sub components are to: (i) facilitate emergency repair work (US\$ 2.8 million); as these are emergency activities there will be not be an agreed procurement plan. However IDA's no objection will be requested to carryout such works which are mainly caused by flood damages and similar natural calamities. As the estimated value of these contracts will be

less than US\$ 100,000, such contracts will be procured following shopping procedures. In the event that the estimated cost is more than US\$ 100,000 the qualified contractors may be selected from the data base and allowed to submit bids within a short period of time. (ii) Preparation of the social and environmental management plan (US\$ 0.3 million); and (iii) Project Implementation support consultancy split between component A and B.

10. Component B Improvement of tertiary roads (US\$52.1 million equivalent): This component will be implemented by MRRD and includes five sub components. Sub component 1-Improvements of tertiary roads (US\$31.5 m). There will be around 86 identified roads under this component to improve about 925 km of rural roads. There could be around 100 contracts, i.e. road works may be sliced and packaged to attract both small and medium contractors. Fifteen to 20 contracts will be implemented by communities under community contracting procedures and will have minor engineering requirements. All contracts, except community projects, will be procured following NCB procedures. The recipient shall use the SBD (small works) revised May 2007 customized to Afghanistan. All the contracts will be reflected in the procurement plan. Community Participation shall be carried out in accordance with paragraph 3.17 of the procurement guidelines and the procedures set out in the Project Implementation Manual. MRRD has already invited bids for 9 contracts, bids for 6 contracts are under evaluation and 3 more are under tender. During the retroactive financing period, IDA will review all the bidding documents/contract award recommendations in order to: (i) build the capacity of the staff; and (ii) ensure compliance to be eligible for retroactive financing.

11. The other four sub components are to: (i) facilitate emergency repair work (US\$2.8 million); as these are emergency activities there will not be an agreed procurement plan. However IDA's no objection will be requested to carryout such works which are mainly caused by flood damages and similar natural calamities. As the estimated value of these contracts will be less than US\$ 100,000, such contracts will be procured following shopping procedures. In the event that the estimated cost is more than US\$ 100,000 the qualified contractors may be selected from the data base and allowed to submit bids within a short period of time. The recipient shall use the SBD (small works) revised May 2007 customized to Afghanistan; (ii) routine maintenance program (US\$8 million) based on experiences from a 58-km pilot project that shows promising results; this sub-component will be implemented by contracting through the Community Development Councils which have been set up by the NSP; a procurement plan will be prepared and agreed upon; (ii) preparation of the social and environmental management plan (US\$ 0.3 million); and (iii) Project Implementation support consultancy.

Procurement of Goods:

12. Project will finance vehicles, computers, printers, scanners communication equipment, internet connectivity equipment, office equipment such as photocopy machines, fax machines, digital cameras, civil engineering equipment, engineering quality control equipment, software including software for project management and engineering design Depending on the nature of the goods, procurement methods such as ICB, NCB, Shopping and Direct Contracting procedures will be used. All contract estimated to cost US\$ 200,000 shall follow ICB procedures. The contracts estimated to less than US\$ 200,000 and more than US\$ 100,000. All contracts for goods estimated to cost less than US\$ 100,000 will be procured following shopping procedures in accordance with paragraph 3.5 of Bank's Procurement Guidelines. Off the shelf computer software and other goods meeting the requirements of paragraph 3. 6 of Bank's Procurement Guidelines shall be procured following Direct Contracting procedures with prior agreement with IDA independent of the value.

Selection of Consultants:

13. The major TA contract to be financed under the grant is the Project Implementation Consultant's assignment to support both MRRD and MPW. Several Assignments have been procured under the PPF. Short lists of consultants (firms) for services estimated to cost less than US\$100,000 equivalent per contract may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines. For services exceeding US\$200,000 or more QBS/QCBS shall be used as appropriately and for services estimated to cost less than US\$200,000, QCBS, CQS, Least Cost Selection, Fixed Budget Selection may be used. Individual selection of consultants shall be in accordance with Section V of Bank's Guidelines for Selection of Consultants. Single Source Selection of Consultants for firms and individuals would be allowed with prior agreement with IDA.

Staff Development:

14. The Grant will finance several study tours and in country workshops. Furthermore the grant will include training activities and a scholarship program for engineering.

Incremental Operational Costs

15. Incremental operational costs would be financed by the project would be procured using the implementing agency's administrative procedures consistent with the Afghanistan Procurement Law which were reviewed and found acceptable to the Bank.

Part B. Assessment of the agency's capacity to implement procurement.

16. The staff of the proposed PIUs of MRRD/MPW has limited experience in handling IDA financed projects and the experience tends to be limited to procurement of civil works. These will constitute the main procurement activities under the proposed project. Currently both ministries are implementing several donor financed projects with the assistance of UNOPS as the Implementation Partner (IP).

17. A procurement capacity assessment of both the ministries was carried out by Deepal Fernando (Senior Procurement Specialist) and the findings are separately summarized below.

18. Issues on procurement/implementation under the ongoing projects: The procurement actions under the ongoing projects (NEEP, NEEPRA, and the JSDF-funded Rural Alternative Livelihoods grant, RAL) are carried out by UNOPS as the IP on behalf of MPW and MRRD. Initially IDA agreed to allow UNOPS to use its own procedures to carry out procurement. Following an ex-post audit, however, it was decided the UNOPS should follow IDA procedures including the SBDs. Despite the input of the IP, delays were encountered in the preparation of bidding documents and in bid evaluations (60-120 days from the date of bid opening). Staff from the IP was involved in all stages of project implementation. It was noted that majority of the contracts had price modifications mainly due to quantity variations and it was established that this was due to inadequate surveys and designs. Several bids were cancelled due to unrealistic bid estimates. Most of the contracts had to be extended beyond the initial intended completion period because completion periods had been unrealistically short. IDA agreed to relax several post qualification criteria to promote wider participation by the local contractors in view of the post conflict nature of the country.

19. For the proposed project MRRD and MPW have agreed to: (i) minimize variations by carrying out proper surveys and designs. This will also prevent re-invitation of bids due to unrealistic estimates as seen under the on going project; (ii) allow more realistic time periods for completion of the works contracts with due consideration to contractor capacities, working season, security, and other constraints; (iii) complete bid evaluations within 30 days of bid opening; and (iv) reduce the number of members of the seven-member technical review committee constituted for review and approval system for bid evaluation report and contract award recommendations. It would be useful to develop a system to facilitate price adjustment which will have economic benefit to the client.

20. Procurement under the proposed Project: (a) MPW: The PIU will delegate most of the implementation responsibility including technical/financial tasks, to the IC. The IC will manage a float account to ensure timely payments. The surveys and designs and procurement actions will be carried out at the central level by the respective divisions (survey, design of roads, design of bridges, contracts) and the nine, already established, regional offices will be responsible to carryout construction supervision. The IC will provide oversight to the respective divisions of MPW to assure quality. The IC will have a competent procurement specialist to assist in all procurement actions. The contract division is responsible for preparation of bidding documents, issuing the same and technical evaluations. A committee comprising of three members will be responsible to review the technical evaluation reports prepared by contracts unit and approve contract award recommendations. Currently the contract unit is equipped with one international staff, contracts officer (recently attended a training program "Procurement under Bank Financed Project, India) and a contracts assistant. There are three vacancies in the unit for; (i) procurement assistant; (ii) contracts engineer (associate); and (iii) contracts member (clerk). These positions will be filled in the near future. Considering that the project is scheduled to be completed within four years from January 1, 2008, it was agreed that all contracts will be awarded by December 12, 2008. Several contracts under the project have around 24 months of intended completion periods.

21. MRRD: The PIU will delegate most of the implementation responsibility including technical/financial tasks to the IC. The IC will manage the special account to ensure timely payments. The surveys will be carried out by staff at the regional offices. Currently they are being assisted by the IP and the IC will continue provide technical expertise including quality control aspects of surveys and design. The designs will be carried out by the design unit and are reviewed by a screening team consisting of three members. Following approval of the technical designs and the BOQ the documents are passed on to the contract unit. The contract unit is headed by a Senior Contract Engineer (recently attended a training program "Procurement under Bank Financed Project, India), two contract engineers and one contract admin assistant and a contractor registration officer. This unit maintains a contractor registration system for contractors in the road and building sector which has been developed by MRRD. This is now being used by MPW/UNOPS and other agencies. In addition a data base has been created by MRRD to carryout computerized unit rate analysis work items. The unit rates for different work items can be updated dynamically based on the current market rates of labor/machinery and, materials.

22. MRRD has a Procurement division headed by a Director. This unit is carrying out procurement, logistics and contracts for MRRD.

23. However in order to strengthen the capacity the following seminars are planned or have already been conducted. It is also planned to translate the Guidelines: Procurement under IBRD Loans and IDA Credits and Guidelines: Selection and Employment of Consultants by World Bank Borrowers in Dari.

No.	Expected outcome / Activity Description	Estimated Duration	Estimated Start Date	Comments
1	Procurement Workshop: Introduction to NCB Bidding Document for civil works	½ day		One program already completed on 2/27/2007
2	Procurement Workshop: Bid Evaluation	5 days	September 2007	Completed but might be repeated
3	Procurement Workshop: Procurement of Goods	2 Days	March 2007	Completed but might be repeated
4	Selection of Consultants	1 day	October 2007	
5	Procurement of civil works under Bank financed projects/contract administration	5 days	September 2007	Already conducted

24. The procurement risk at the level could be considered as “Average”. In order to mitigate such high risks fiduciary safeguards including those related to procurement and social audit will be built in to the system and explained in the Project Implementation Manual (including sections on procurement and financial management).

Part C. Procurement Plan

25. The Grant Recipient, at appraisal, has developed a Procurement Plan for project implementation which provides the basis for the procurement methods. This plan has been agreed between the Grant Recipient and the Project Team on November 8, 2007 and is available. It will also be available in the Project’s database and on the Bank’s external website. The Procurement Plan will be updated in agreement with the Project Team annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

Part D. Frequency of Procurement Supervision

26. In addition to the prior review supervision to be carried out from Bank offices, the capacity assessment of the Implementing Agency has recommended one procurement review per year in the field to carry out post review of procurement actions and the compliance with the agreed procedures at community level. As the overall project risk for procurement is high, therefore, the percentage of contracts to be post reviewed will be 20%.

Part E. Social Audit

27. Institutional arrangements for social audit at the village level (CDC) or the Community Organization (CO) (contractor) as the case may be, will provide the framework needed to ensure that there are checks and balances and transparency in the procurement process including access to information related to procurement. The information related to procurement under the community contracts will be disseminated to the public. Such information will be provided in the notice board of the village mosque, CDC office/CO notice board. In addition the information is disclosed at large gathering of villagers at meetings. Experience has shown that social audit

including participatory and transparent process is the most powerful tool to ensure the funds are used for the purposes intended.

28. IDA proposes to carryout procurement review/audit of 5 % of the community contracts.

Part F. Retroactive Financing

29. IDA has provided a project preparation facility for the procurement of services under the proposed project. In addition it has been agreed the civil works components and the consultant's contracts procured in accordance with IDA Procurement Guidelines and Guidelines for the Selection of Consultant's will be eligible for retroactive financing. All expenditure under the current Management Support Agreement (MSA) with UNOPS for design, preparation, procurement and construction supervision including payments to contractors up to an amount of US\$18 million will be eligible for retroactive financing. In order to mitigate such risk IDA has agreed with the recipient to prior review all the civil works contracts independent of value and consulting contracts estimated to cost more than: (i) US\$50,000 for individuals; and (ii) US\$100,000 for firms.

Attachment 1

Details of the Procurement Arrangement involving International Competition

A Goods and Works and Non-Consulting Services

(a) List of contract Packages which will be procured following ICB and direct contracting:

1	2	3	4	5	6	7	8	9
Ref. No.	Contract (Description)	Estimated Cost US\$ (m)	Procurement Method	P-Q	Domestic Preference (yes/no)	Review by Bank (Prior / Post)	Expected Bid-Opening Date	Comments
1	7 no. vehicles, Diesel 4 slender Double Cabin Pickup 4WD)	0.210	ICB	NO	Yes	Prior Review	15-Apr-08	5 For MPW and 2 for MRRD All vehicles will be used in Regions
2	3 no. software Civel Cad and 1 no. primavera software	0.018	DC	NO	NO	Prior Review	01-May-08	For MPW
3	GIS Software	0.0160	DC	NO	NO	Prior review	01-May-08	For MPW and MRRD

(b) ICB/NCB Contracts for works estimated to cost above US\$500,000 equivalent per contract, for goods above US\$200,000 equivalent per contract and all direct contracting will be subject to prior review by the Bank. Communities may follow Direct Contracting procedures for sub projects in accordance with the project Implementation manual.

B. Consulting Services.

(a) List of Consulting Assignments with short-list of international firms/NGOs.

Ref. No.	Description of Assignment	Estimated Cost in US\$ (m)	Selection Method	Review by Bank (Prior / Post)	Expected Proposal Submission Date	Comments
Firms						
N/A	Implementation Consultant for MRRD and MoPW	7.560	QBS	Prior	27-Sep-07	Technical evaluation has been completed and working on draft evaluation report
MRRD/ WB/018 9/KBL/8 6	Support for Strategy definition (expertise in transport economy, rural road management and sociology) and Capacity Building for MRRD, MoPW and Private Sectors (Contractors and Engineering Firms)	3.253	QBS	Prior	1-March-08	EIO will be issued October 25, 2007
3	Technical Audits	0.300	QBS	Prior	15-Jan-09	
Individuals						
4	Policy development workshop facilitation labor based options.	0.030	SSS	Prior	25-Sep-07	The draft contract is prepared and will be sent to WB for NOL
MRRD/ WB/024 4/KBL/8 6	Project implementation manual	0.004	SSS	Prior	15-Oct-07	NOL for contract has been obtained from the Bank
MRRD/ WB/019 2/KBL/8 6	EMP and monitoring and evaluation of Safeguards aspects (3 years)	0.648	QBS	Prior	15-Jan-08	
5	Baseline survey (and repeater 18 to 24 months after)	0.324	QBS	Prior	1-Aug-08	

(b) Consultancy services estimated to cost above \$100,000 or equivalents per contract and all Single Source selection of consultants and estimated to cost US\$ 50,000 for individual for assignments will be subject to prior review by the Bank.

(c) **Short lists composed entirely of national consultants:** Short lists of consultants for services estimated to cost less than \$50,000 equivalent per contract may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

Procurement Plan

A General

A1 Project information:

Country: Afghanistan
 Recipient: Islamic Republic of Afghanistan
 Project Name: National Emergency Rural Access Project
 Project Implementing Agency: MRRD & MoPW

A2 Bank’s approval Date of the procurement Plan: November 7, 2007

A3 Date of General Procurement Notice: December 26, 2006

A4 Period covered by this procurement plan: 18 Months

B. Goods and Works and non-consulting services.

B1 Prior Review Threshold: Procurement Decisions subject to Prior Review by the Bank as stated in Appendix 1 to the Guidelines for Procurement:

	Procurement	Prior Review Threshold (\$)	Comments
1.	Goods	200,000 Equivalent or more	
2.	Works	500,000 Equivalent or more	
3.	Direct Contracting (Goods and Works)	All	Other than community contracting
4.	Community Contracts		

B2 Reference to (if any) Project Operational/Procurement Manual: IDA

B3 Any Other Special Procurement Arrangements:

B4 Procurement Packages with Methods and Time Schedule

[List the Packages which require Bank’s prior review first and then the other packages]

1	2	3	4	5	6	7	8	9	10
S#	Ref. No.	Contract (Description)	Estimated Cost (US\$)	Procurement Method	Pre-qualification (yes/no)	Domestic Preference (yes/no)	Review by Bank (Prior / Post)	Expected Bid-Opening Date	Comments
	Procurement :	Works (MoPW)							
1	MWP/WB/NERAP/NRHE/KNZ/033/C2/001/BR	Rehabilitation of Chardara Steel Truss Bridge, 114 m, Chardara District, Kunduz Province	136,024.43	NCB	NO	NO	Post	1-Sep-07	Under Evaluation
2	MWP/WB/NERAP/NRHE/KNZ/032/C2/001/BR	Construction of steel truss bridge at Qala -e-Zal river, 120 m, Kunduz Province	519,734.00	NCB	NO	NO	Post	17-Oct-07	Under Award
3	MPW/WB/NERAP/KBL/KBL/006/C2/001	Rehabilitation of road from Khwaja Mesafer - Qala-e-Atam, Asphalt Road , 9.65 Km, Kabul Province	964,261.46	NCB	NO	NO	Prior review	6-Oct-07	Under invitation
4	MPW/WB/NERAP/WEST/BDS/047/C2/001	Rehabilitation of road from Qadis - Qala-i-Naw (Lot-1), Gravel Road, 20 Km, Badghis Province	573,842.00	NCB	NO	NO	Prior review	1-Nov-07	Under bidding doc preparation
5	MPW/WB/NERAP/WEST/BDS/047/C2/002	Rehabilitation of road from Qadis - Qala-i-Naw (Lot-2) Gravel Road, 20 Km, Badghis Province	712,432.00	NCB	NO	NO	Prior review	1-Nov-07	Under bidding doc preparation
6	MPW/WB/NERAP/WEST/HRT/049/C2/001	Rehabilitation of road from Pashton Zarghon Airport - Pashton District Centre, Gravel Road , 37 Km, Hirat Province	912,520.00	NCB	NO	NO	Prior review	11-Nov-07	Under bidding doc preparation
7	MPW/WB/NERAP/KBL/LGR/010/C2/001	Rehabilitation of road from Charkh - Pole Alam (Lot-1) Asphalt Road , 12 Km, Logar Province	1,756,908.68	NCB	NO	NO	Prior review	14-Nov-07	Under bidding doc preparation
8	MPW/WB/NERAP/KBL/LGR/010/C2/002	Rehabilitation of road from Charkh - Pole Alam (Lot-2) Asphalt Road, 10.64 Km, Logar Province	1,896,727.37	NCB	NO	NO	Prior review	14-Nov-07	Under bidding doc preparation (Resettlement)
9	MPW/WB/NERAP/NTH/SRL/01021/C2/001	Rehabilitation of road from Sangcharak Centre - Gosphandi, Gravel Road, 11 Km, Saripul Province	432,034.15	NCB	NO	NO	Post	18-Nov-07	Under bidding doc preparation
10	MPW/WB/NERAP/CHL/DKI/001/C2/001	Khrqul to Daykundi Road (Lot-1), Gravel, 12 Km, Daikundi Province	987,079.61	NCB	NO	NO	Prior review	7-Nov -07	Under bidding doc preparation
11	MPW/WB/NERAP/CHL/DKI/001/C2/002	Khrqul to Daykundi Road (Lot-2), Gravel, 12.30 Km, Daikundi Province	935,235.19	NCB	NO	NO	Prior review	7-Nov-07	Under bidding doc preparation
12	MPW/WB/NERAP/EAST/LMN/004/C2/001/BR	Construction of RCC Bridge at Deh Malakh, Bridge, 8 M, Laghman Province	41,972.00	NCB	NO	NO	Post	21-Nov-07	Under bidding doc preparation
13	MPW/WB/NERAP/STHE/GHI/040/C2/001	Gelan to Kohna Deh Section- A (Angory Bazar) Road, Gravel, 20 Km, Ghazni Province	595,275.28	NCB	NO	NO	Prior review	10-Oct-07	Under invitation
14	MPW/WB/NERAP/STHE/GHI/040/C2/002	Gelan to Kohna Deh Section- B (Angory Bazar) Road, Gravel, 20 Km, Ghazni Province	810,132.19	NCB	NO	NO	Prior review	10-Oct-07	Under invitation
15	MPW/WB/NERAP/NRHE/BGN/031/C2/001	Rehabilitation works from Nahrin to Khost Fring road, Gravel, 5 Km, Baghlan Province	300,000.00	NCB	NO	NO	Post	14-Nov-07	Under design
16	MPW/WB/NERAP/STHE/KHT/041/C2/001/BR	Construction of Dowamanda Bridge, 160 M, Khost Province	643,587.00	NCB	NO	NO	Prior review	30-Sep-07	Under invitation

1	2	3	4	5	6	7	8	9	10
S#	Ref. No.	Contract (Description)	Estimated Cost (US\$)	Procurement Method	Pre-qualification (yes/no)	Domestic Preference (yes/no)	Review by Bank (Prior / Post)	Expected Bid-Opening Date	Comments
17	MPW/WB/NERAP/NTH/SRL/019/C2/001	Rehabilitation of Road from Sabzi Qala to Sang Charak District Center, Gravel, 28.30 Km, Saripul Province	593,649.86	NCB	NO	NO	Prior review	11-Dec-07	Under bidding doc preparation
18	MPW/WB/NERAP/EAST/KUN/003/C2/001	Construction of Road From Shigal District to Lochay Bazar, Gravel, 20 Km, Kunar Province	600,000.00	NCB	NO	NO	Prior review	30-Oct-07	Under bidding doc preparation
19	MPW/WB/NERAP/NTH/SMN/018/C2/001	Maintance of Excesting road surface choke pints from Guzar culvert to Dara-e-Suf District, Gravel 30.5 Km, Samangan Province	199,936.00	NCB	NO	NO	Post	10-Jul-07	Under Evaluation
20	MPW/WB/NERAP/NRHE/BGN/027/C2/001	Rehabilitation of Road from Dorahi Bamyam Shibar to Doshi (Phase 1 Lot 1), Gravel, 10 Km, Baghlan Province	750,000.00	NCB	NO	NO	Prior review	22-Dec-07	Under Survey
21	MPW/WB/NERAP/NRHE/BGN/027/C2/002	Rehabilitation of Road from Dorahi Bamyam Shibar to Doshi (Phase 1 Lot 2), Gravel, 10 Km, Baghlan Province	750,000.00	NCB	NO	NO	Prior review	22-Dec-07	Under Survey
22	MPW/WB/NERAP/NRHE/BGN/027/C2/003	Rehabilitation of Road from Dorahi Bamyam Shibar to Doshi (Phase 1 Lot 3), Gravel, 10 Km, Baghlan Province	750,000.00	NCB	NO	NO	Prior review	22-Dec-07	Under Survey
23	MPW/WB/NERAP/NRHE/BGN/027/C2/004	Rehabilitation of Road from Dorahi Bamyam Shibar to Doshi (Phase 1 Lot 4), Gravel, 10 Km, Baghlan Province	750,000.00	NCB	NO	NO	Prior review	22-Dec-07	Under Survey
24	MPW/WB/NERAP/NRHE/BGN/028/C2/001	Rehabilitation of Road from Dorahi Bamyam Shibar to Doshi (Phase 2 Lot 1), Gravel, 10 Km, Baghlan Province	750,000.00	NCB	NO	NO	Prior review	14-Jan-08	Under Survey
25	MPW/WB/NERAP/NRHE/BGN/028/C2/002	Rehabilitation of Road from Dorahi Bamyam Shibar to Doshi (Phase 2 Lot 2), Gravel, 10 Km, Baghlan Province	750,000.00	NCB	NO	NO	Prior review	14-Jan-08	Under Survey
26	MPW/WB/NERAP/NRHE/BGN/028/C2/003	Rehabilitation of Road from Dorahi Bamyam Shibar to Doshi (Phase 2 Lot 3), Gravel, 10 Km, Baghlan Province	750,000.00	NCB	NO	NO	Prior review	14-Jan-08	Under Survey
27	MPW/WB/NERAP/NRHE/BGN/028/C2/004	Rehabilitation of Road from Dorahi Bamyam Shibar to Doshi (Phase 2 Lot 4), Gravel, 10 Km, Baghlan Province	750,000.00	NCB	NO	NO	Prior review	14-Jan-08	Under Survey
28	MPW/WB/NERAP/NRHE/BGN/029/C2/001	Rehabilitation of Road from Dorahi Bamyam Shibar to Doshi (Phase 3 Lot 1), Gravel, 10 Km, Baghlan Province	750,000.00	NCB	NO	NO	Prior review	8-Feb-08	Under Survey

1	2	3	4	5	6	7	8	9	10
S#	Ref. No.	Contract (Description)	Estimated Cost (US\$)	Procurement Method	Pre-qualification (yes/no)	Domestic Preference (yes/no)	Review by Bank (Prior / Post)	Expected Bid-Opening Date	Comments
29	MPW/WB/NERAP/NRHE/BGN/029/C2/002	Rehabilitation of Road from Dorahi Bamyān Shībar to Doshi (Phase 3 Lot 2), Gravel, 10 Km, Baghlan Province	750,000.00	NCB	NO	NO	Prior review	8-Feb-08	Under Survey
30	MPW/WB/NERAP/NRHE/BGN/029/C2/003	Rehabilitation of Road from Dorahi Bamyān Shībar to Doshi (Phase 3 Lot 3), Gravel, 10 Km, Baghlan Province	750,000.00	NCB	NO	NO	Prior review	8-Feb-08	Under Survey
31	MPW/WB/NERAP/NRHE/BGN/029/C2/004	Rehabilitation of Road from Dorahi Bamyān Shībar to Doshi (Phase 3 Lot 4), Gravel, 10 Km, Baghlan Province	750,000.00	NCB	NO	NO	Prior review	8-Feb-08	Under Survey
32	MPW/WB/NERAP/NRHE/BGN/030/C2/001	Rehabilitation of Road from Dorahi Bamyān Shībar to Doshi (Phase 4 Lot 1), Gravel, 10 Km, Baghlan Province	750,000.00	NCB	NO	NO	Prior review	4-Mar-08	Under Survey
33	MPW/WB/NERAP/NRHE/BGN/030/C2/002	Rehabilitation of Road from Dorahi Bamyān Shībar to Doshi (Phase 4 Lot 2), Gravel, 10 Km, Baghlan Province	750,000.00	NCB	NO	NO	Prior review	4-Mar-08	Under Survey
34	MPW/WB/NERAP/NRHE/BGN/030/C2/003	Rehabilitation of Road from Dorahi Bamyān Shībar to Doshi (Phase 4 Lot 3), Gravel, 10 Km, Baghlan Province	750,000.00	NCB	NO	NO	Prior review	4-Mar-08	Under Survey
35	MPW/WB/NERAP/NRHE/BGN/030/C2/004	Rehabilitation of Road from Dorahi Bamyān Shībar to Doshi (Phase 4 Lot 4), Gravel, 10 Km, Baghlan Province	750,000.00	NCB	NO	NO	Prior review	4-Mar-08	Under Survey
36	MPW/WB/NERAP/CHL/BMN/050/C2/001	Construction of Warzang Bridge, 50 m, Bamyān Province	300,000.00	NCB	NO	NO	Prior review	28-Oct-07	Under bidding doc preparation
37	MPW/WB/NERAP/CHL/WDK/051/C2/001	Damardagha Bridge, 32 m, Wardak Province	200,000.00	NCB	NO	NO	Prior review	27-Nov-07	Under bidding doc preparation
38	MWP/WB/NERAP/BKN/BKN/026/C2/001	Rehabilitation works from Wakhan to Pamir Road, Gravel, 7.60 Km, Badakhshan Province	400,000.00	NCB	NO	NO	Post	17-Jan-08	Under design
39	MWP/WB/NERAP/BKN/BKN/022/C2/001/BR	Construction of RCC Shashdara Bridge, 15 M, Badakhshan Province	150,000.00	NCB	NO	NO	Post	10-Feb-08	Under Survey
40	MPW/WB/NERAP/WEST/BDS/046/C2/001/BR	Construction of Qala-i-Naw City Bridge, 40 M, Badghis Province	287,624.00	NCB	NO	NO	Post	5-Mar-08	Under bidding doc preparation
41	MPW/WB/NERAP/NTH/BLH/012/C2/001	Rehabilitation of Soltan Baba Alishir to Tangy Shaydan Road, Gravel, 18.70 Km, Balkh Province	600,000.00	NCB	NO	NO	Prior review	3-Feb-08	Under Survey
42	MPW/WB/NERAP/NTH/BLH/013/C2/001	Rehabilitation of Marmul district Center (Safid Rah) to Charkent District Center Road, Gravel, 29.60 Km, Balkh Province	542,586.00	NCB	NO	NO	Prior review	11-Mar-08	Under Survey

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S#	Ref. No.	Contract (Description)	Estimated Cost (US\$)	Procurement Method	Pre-qualification (yes/no)	Domestic Preference (yes/no)	Review by Bank (Prior / Post)	Expected Bid-Opening Date	Comments
43	MPW/WB/NERAP/KBL/PJR/037/C2/001	Rehabilitation of road from Jabilsaraj to Shotol, Gravel, 27.7 Km Panjshir Province	831,000.00	NCB	NO	NO	Prior review	16-May-08	Under Survey
44	MPW/WB/NERAP/STHE/GHI/038/C2/001	Rehabilitation of Road Between Malistan to Jaghori, Gravel, 34 Km, Ghazni Province	1,000,000.00	NCB	NO	NO	Prior review	6-Apr-07	Under design
45	MPW/WB/NERAP/STHE/GHI/039/C2/001/BR	Construction of Almato Bridge, 8 M, Ghazni Province	64,000.00	NCB	NO	NO	Post	2-Jun-08	Under Survey
46	MPW/WB/NERAP/WEST/GOR/048/C2/001	Rehabilitation of Road From Kamenj to Dehekhan, Gravel, 25 Km, Ghor Province	800,000.00	NCB	NO	NO	Prior review	19-Jun-08	Under Survey
47	MPW/WB/NERAP/NTH/JWN/014/C2/001	Rehabilitation of Road From Oqcha / Mardyan to Qarqeen Balkh Road, Gravel, 45 Km, Jowzjan Province	600,000.00	NCB	NO	NO	Prior review	4-Aug-08	Under Survey
48	MPW/WB/NERAP/EAST/KUN/002/C2/001/BR	Construction of Kandy Bridge, 50 M, Kunar Province	400,000.00	NCB	NO	NO	Post	29-Jun-08	Under Survey
49	MPW/WB/NERAP/STHE/PKA/042/C2/001/BR	Construction of Parow Bridge Sar Hawza, 20 M, Paktika Province	130,000.00	NCB	NO	NO	Post	9-Nov-07	Under Survey
50	MPW/WB/NERAP/STHE/PKY/045/C2/001/BR	Construction of Shiwat Bridge, 16 M, Paktiya Province	128,000.00	NCB	NO	NO	Post	30-Dec-07	Under bidding doc preparation
51	MPW/WB/NERAP/STHE/PKY/043/C2/001	Rehabilitation of Road from Chamkani to Jani Khail, Gravel, 20 Km, Paktiya Province	600,000.00	NCB	NO	NO	Prior review	4-Nov-07	Under bidding doc preparation
52	MPW/WB/NERAP/EAST/LMN/005/C2/001	Rehabilitation of Road from Mahtarlam Baba to Qarghahi , 14 Km, DBST, Laghman Province	750,000.00	NCB	NO	NO	Prior review	22-Feb-08	Under design
53	MPW/WB/NERAP/KBL/PJR/011/C2/001	Rehabilitation of Road From Dorahi Sarak Abdara to Deh Manjor, Gravel, 24 Km, Panjsher Province	900,000.00	NCB	NO	NO	Prior review	20-Jun-08	Under Survey
54	MPW/WB/NERAP/NTH/SMN/016/C2/001	Rehabilitation of Aybak District Center to Sarbagh Village Road, Gravel, 24 Km, Samangan Province	800,000.00	NCB	NO	NO	Prior review	21-May-08	Under Survey
55	MPW/WB/NERAP/NTH/SMN/017/C2/001	Rehabilitation of Road From Main road to Taykhonak, Gravel, 35 Km, Samangan Province	950,491.33	NCB	NO	NO	Prior review	30-Dec-07	Under bidding doc preparation
56	MPW/WB/NERAP/NTH/SRL/020/C2/001	Rehabilitation of Takzar to Ab Kalan Vilalge Road, Gravel, 38 Km, Saripul Province	827,251.00	NCB	NO	NO	Prior review	21-Jul-08	Under Survey
57	MWP/WB/NERAP/NRHE/TKR/035/C2/001/BR	Construction of Chal Bridge, 25 M, Takhar Province	200,000.00	NCB	NO	NO	Post	8-Nov-07	Under bidding doc preparation
58	MPW/WB/NERAP/SOUTH/URN/036/C2/001	Rehabilitation of Dehrawood District to Muktab Road, DBST, 5 Km, Urozgan Province	250,000.00	NCB	NO	NO	Post	6-Apr-08	Under bidding doc preparation
59	MWP/WB/NERAP/BKN/BKN/023/C2/001	Rehabilitation from Bagh-e-Mubarak to baharak via Khash jurm (Phase 1 Lot 1) 8.83 Km Gravel, Badakhshan Province	833,333.34	NCB	NO	NO	Prior review	31-Mar-08	Under Survey

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S#	Ref. No.	Contract (Description)	Estimated Cost (US\$)	Procurement Method	Pre-qualification (yes/no)	Domestic Preference (yes/no)	Review by Bank (Prior / Post)	Expected Bid-Opening Date	Comments
60	MWP/WB/NERAP/BKN/BKN/023/C2/002	Rehabilitation from Bagh-e-Mubarak to baharak via Khash jurm (Phase 1 Lot 2) 8.83 Km Gravel, Badakhshan Province	833,333.33	NCB	NO	NO	Prior review	31-Mar-08	Under Survey
61	MWP/WB/NERAP/BKN/BKN/023/C2/003	Rehabilitation from Bagh-e-Mubarak to baharak via Khash jurm (Phase 1 Lot 3) 8.83 Km Gravel, Badakhshan Province	833,333.33	NCB	NO	NO	Prior review	31-Mar-08	Under Survey
62	MWP/WB/NERAP/BKN/BKN/024/C2/001	Rehabilitation from Bagh-e-Mubarak to baharak via Khash jurm (Phase 2 Lot 1) 8.83 Km Gravel, Badakhshan Province	833,333.34	NCB	NO	NO	Prior review	19-May-08	Under Survey
63	MWP/WB/NERAP/BKN/BKN/024/C2/002	Rehabilitation from Bagh-e-Mubarak to baharak via Khash jurm (Phase 2 Lot 2) 8.83 Km Gravel, Badakhshan Province	833,333.33	NCB	NO	NO	Prior review	19-May-08	Under Survey
64	MWP/WB/NERAP/BKN/BKN/024/C2/003	Rehabilitation from Bagh-e-Mubarak to baharak via Khash jurm (Phase 2 Lot 3) 8.83 Km Gravel, Badakhshan Province	833,333.33	NCB	NO	NO	Prior review	19-May-08	Under Survey
65	MWP/WB/NERAP/BKN/BKN/025/C2/001	Rehabilitation of Fayzabd to Kufab Yafta (Lot 1) 10 Km Gravel, Badakhshan Province	800,000.00	NCB	NO	NO	Prior review	29-Jun-08	Under Survey
66	MWP/WB/NERAP/BKN/BKN/025/C2/002	Rehabilitation of Fayzabd to Kufab Yafta (Lot 2) 10 Km Gravel, Badakhshan Province	800,000.00	NCB	NO	NO	Prior review	29-Jun-08	Under Survey
67	MWP/WB/NERAP/BKN/BKN/025/C2/003	Rehabilitation of Fayzabd to Kufab Yafta (Lot 3) 10 Km Gravel, Badakhshan Province	800,000.00	NCB	NO	NO	Prior review	29-Jun-08	Under Survey
68	MWP/WB/NERAP/BKN/BKN/025/C2/004	Rehabilitation of Fayzabd to Kufab Yafta (Lot 4) 10 Km Gravel, Badakhshan Province	800,000.00	NCB	NO	NO	Prior review	29-Jun-08	Under Survey
69	MWP/WB/NERAP/BKN/BKN/025/C2/005	Rehabilitation of Fayzabd to Kufab Yafta (Lot 5) 10 Km Gravel, Badakhshan Province	800,000.00	NCB	NO	NO	Prior review	29-Jun-08	Under Survey
70	MPW/WB/NERAP/NTH/JWN/015/C2/001	Rehabilitation of Shibirghan to Darzab, (Lot 1) 11.75 Km Gravel, Jowzjan Province	750,000.00	NCB	NO	NO	Prior review	13-Aug-08	Under Survey
71	MPW/WB/NERAP/NTH/JWN/015/C2/002	Rehabilitation of Shibirghan to Darzab, (Lot 2) 11.75 Km Gravel, Jowzjan Province	750,000.00	NCB	NO	NO	Prior review	14-Aug-08	Under Survey
72	MPW/WB/NERAP/NTH/JWN/015/C2/003	Rehabilitation of Shibirghan to Darzab, (Lot 3) 11.75 Km Gravel, Jowzjan Province	750,000.00	NCB	NO	NO	Prior review	15-Aug-08	Under Survey
73	MPW/WB/NERAP/NTH/JWN/015/C2/004	Rehabilitation of Shibirghan to Darzab, (Lot 4) 11.75 Km Gravel, Jowzjan Province	750,000.00	NCB	NO	NO	Prior review	16-Aug-08	Under Survey
74	MPW/WB/NERAP/KBL/LGR/009/C2/001	Rehabilitation of road from Pol-e-Alam to Khoshi, to Kotal Surki, (Lot 1)12.83 Km Gravel, Logar Province	750,000.00	NCB	NO	NO	Prior review	5-May-08	Under Survey

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75	MPW/WB/NERAP/KBL/LGR/009/C2/002	Rehabilitation of road from Pol-e-Alam to Khoshi, to Kotal Surki, (Lot 2)12.83 Km Gravel, Logar Province	750,000.00	NCB	NO	NO	Prior review	5-May-08	Under Survey
76	MPW/WB/NERAP/KBL/LGR/009/C2/003	Rehabilitation of road from Pol-e-Alam to Khoshi, to Kotal Surki, (Lot 3)12.83 Km Gravel, Logar Province	750,000.00	NCB	NO	NO	Prior review	5-May-08	Under Survey
77	MPW/WB/NERAP/KBL/LGR/009/C2/004	Rehabilitation of road from Pol-e-Alam to Khoshi, to Kotal Surki, (Lot 4)12.83 Km Gravel, Logar Province	750,000.00	NCB	NO	NO	Prior review	5-May-08	Under Survey
78	MPW/WB/NERAP/STHE/PKY/044/C2/001	Rehabilitation of road from Kotal Surki to Kotal Gaawy, (Lot 1) 13.11 Km, Gravel. Pakiya Province	750,000.00	NCB	NO	NO	Prior review	3-Jun-08	Under Survey
79	MPW/WB/NERAP/STHE/PKY/044/C2/002	Rehabilitation of road from Kotal Surki to Kotal Gaawy, (Lot 2) 13.11 Km, Gravel. Pakiya Province	750,000.00	NCB	NO	NO	Prior review	3-Jun-08	Under Survey
80	MPW/WB/NERAP/STHE/PKY/044/C2/003	Rehabilitation of road from Kotal Surki to Kotal Gaawy, (Lot 3) 13.11 Km, Gravel. Pakiya Province	750,000.00	NCB	NO	NO	Prior review	3-Jun-08	Under Survey
81	MPW/WB/NERAP/STHE/PKY/044/C2/004	Rehabilitation of road from Kotal Surki to Kotal Gaawy, (Lot 4) 13.11 Km, Gravel. Pakiya Province	750,000.00	NCB	NO	NO	Prior review	3-Jun-08	Under Survey
82	MWP/WB/NERAP/NRHE/TKR/034/C2/001	Rehabilitation of road from Bangi to Ishkamish, (Lot 1) 12.75 Km, Gravel. Takhar Province	750,000.00	NCB	NO	NO	Prior review	18-Aug-08	Under Survey
83	MWP/WB/NERAP/NRHE/TKR/034/C2/002	Rehabilitation of road from Bangi to Ishkamish, (Lot 2) 12.75 Km, Gravel. Takhar Province	750,000.00	NCB	NO	NO	Prior review	18-Aug-08	Under Survey
84	MWP/WB/NERAP/NRHE/TKR/034/C2/003	Rehabilitation of road from Bangi to Ishkamish, (Lot 3) 12.75 Km, Gravel. Takhar Province	750,000.00	NCB	NO	NO	Prior review	18-Aug-08	Under Survey
85	MWP/WB/NERAP/NRHE/TKR/034/C2/004	Rehabilitation of road from Bangi to Ishkamish, (Lot 4) 12.75 Km, Gravel. Takhar Province	750,000.00	NCB	NO	NO	Prior review	18-Aug-08	Under Survey
	Total MPW		58.322.303						
	Procurement	Works MRRD							
1	RRD/WB/NERAP/BKN/BKN/012/C2/001	District Center to Sorkh Dara, Drainage Structures and Graveling (17 Km, from 0+000 to 17+000)	215,000	NCB	No	No	Prior Review	6-Dec-07	NOL Obtained Waiting for resurvey

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S#	Ref. No.	Contract (Description)	Estimated Cost (US\$)	Procurement Method	Pre-qualification (yes/no)	Domestic Preference (yes/no)	Review by Bank (Prior / Post)	Expected Bid-Opening Date	Comments
2	RRD/WB/NERAP/CHL/DKD/001/C2/001	Shahristan to Kotal Darwaza Drainage Structures and Graveling (10.55 Km, from 0+000 to 10+550)	450,000	NCB	No	No	Prior Review	30-Dec-07	Under Technical Checking
3	RRD/WB/NERAP/CHL/GHR/004/C2/003	Garmab to Cheghcharan (19.31 Km,)	600,000	NCB	No	No	Prior Review	01-Dec-07	NOL Obtained
4	RRD/WB/NERAP/CHL/BMN/002/C1/001-004	Safid Gaw Ulia to Waras (4 Cty Contracts)	119,000	DC	N/A	N/A	Prior Review	N/A	Community Contracts
5	RRD/WB/NERAP/CHL/BMN/002/C2/001	Safid Gaw Ulia to Waras Drainage Structures and Graveling (Section I 10.4 Km from 0+000 to 10+400)	450,000	NCB	No	No	Prior Review	7-Oct-07	Under evaluation Bid Opened on 7-Oct-07
6	RRD/WB/NERAP/CHL/BMN/002/C2/002	Safid Gaw Ulia to Waras Drainage Structures and Graveling (Section II 17.45 Km)	590,000	NCB	No	No	Prior Review	7-Oct-07	Under evaluation Bid Opened on 7-Oct-07
7	RRD/WB/NERAP/EAST/NRN/001/C1/001-010	Waygal to Joda Kotal Road (10.55 Km, Community Contracts)	300,000	DC	N/A	N/A	Prior Review	N/A	Community Contracts
8	RRD/WB/NERAP/EAST/KNR/001/C2/001	Azirgal Suspension Bridge (100 m)	200,000	NCB	No	No	Prior Review	15-Dec-07	sent for NOL
9	RRD/WB/NERAP/EAST/LMN/010/C2/001	Charchinar Bridge (100 m)	500,000	NCB	No	No	Prior Review	1-Jan-07	Under Total Station Survey
10	RRD/WB/NERAP/KBL/KAP/005/C2/001	Provincial Capital to Karataz Village Drainage Structures and Graveling (6 Km from 0+000 to 6+000)	220,000	NCB	No	No	Prior Review	11-Nov-07	Tendered on 09-Oct-07
11	RRD/WB/NERAP/KBL/PJR/002/C2/001	Aorow Bridge (60m)	200,000	NCB	No	No	Prior Review	2-Dec-07	Sent for NOL

1	2	3	4	5	6	7	8	9	10
S#	Ref. No.	Contract (Description)	Estimated Cost (US\$)	Procurement Method	Pre-qualification (yes/no)	Domestic Preference (yes/no)	Review by Bank (Prior / Post)	Expected Bid-Opening Date	Comments
12	RRD/WB/NERAP/KBL/KBL/020/C2/001	Kabul Bagram Highway through Bakhtiyaran to Deh Yahya Pump Station Drainage Structures and Graveling (Section I 5.1 Km, from 0+000 to 5+1000)	220,000	NCB	No	No	Prior Review	07-Oct-07	Under evaluation Bid Opened on 7-Oct-07
13	RRD/WB/NERAP/KBL/KBL/020/C2/002	Kabul Bagram Highway through Bakhtiyaran to Deh Yahya Pump Station Drainage Structures and Graveling (Section II 4.5 Km, from 5+100 to 9+600)	120,000	NCB	No	No	Prior Review	07-Oct-07	Under evaluation Bid Opened on 7-Oct-07
14	RRD/WB/NERAP/KBL/KBL/022/C2/001	Company Main Road to Fazal Big (0.9 Km from 0+000 to 0+900)	35,000	NCB	No	No	Prior Review	30-Dec-07	NOL Obtained
15	RRD/WB/NERAP/KBL/WRK/004/C2/005	Maidan Shahr to Sad Morda (2nd Part) – 7.9 Km Drainage Structures and Gravelling) 1 Lot	135,000	NCB	No	No	Prior Review	18-Dec-07	NOL Obtained
16	RRD/WB/NERAP/NRT/BLH/005/C2/001	Dashti Lalamaidan to Guza Sufla Drainage Structures and Graveling (12 Km, from 0+000 to 12+000)	280,000	NCB	No	No	Prior Review	29-Dec-07	NOL Obtained
17	RRD/WB/NERAP/NTH/FRB/009/C2/001	Almar to Tajik Village Road Drainage Structures and Graveling (11.5 Km, from 0+000 to 11+500)	230,000	NCB	No	No	Prior Review	24-Nov-07	NOL Obtained
18	RRD/WB/NERAP/NTH/SMN/003/C2/001	District Center to Kularkharm Drainage Structures and Graveling (14 Km from 0+000 to 14+000)	350,000	NCB	No	No	Prior Review	15-Jan-07	Under Technical Checking
19	RRD/WB/NERAP/NTH/SRL/003/C2/001	Kariz village to Aqgunbad Drainage Structures and Graveling (10 Km, from 0+000 to 10+000)	200,000	NCB	No	No	Prior Review	17-Nov-07	Tendered on 17-Oct-07
20	RRD/WB/NERAP/NTHE/KNZ/013/C2/001	District Center to Halqa Gool (10 Km Drainage Structures and Gravelling) 1 Lot	310,000	NCB	No	No	Prior Review	16-Jan-08	Under Technical Checking

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S#	Ref. No.	Contract (Description)	Estimated Cost (US\$)	Procurement Method	Pre-qualification (yes/no)	Domestic Preference (yes/no)	Review by Bank (Prior / Post)	Expected Bid-Opening Date	Comments
21	RRD/WB/NERAP/NRHE/KNZ/012/C2/001	Sarak-e-Afghani to Imam Sahib Drainage Structures and Graveling (8.1 Km, from 0+000 to 8+100)	190,000	NCB	No	No	Prior Review	12-Nov-07	Tendered on 09-Oct-07
22	RRD/WB/NERAP/NRHE/TKR/011/C2/001	Farkhar Bridge (50m)	300,000	NCB	No	No	Prior Review	3-Jan-08	NOL Obtained
23	RRD/WB/NERAP/STHE/PKY/004/C2/001-005	Sarkai Malang to Machalgho 5 Community Contract	150,000	DC	N/A	N/A	Prior Review	N/A	5 Community Contracts
24	RRD/WB/NERAP/STHE/PKY/004/C2/001	Sarkai Malang to Machalgho Drainage structure and gravelling) (05) Km, from 0+000 to 05+000Km	120,000	NCB	No	No	Prior Review	7-Jan-08	Under Technical Checking
25	RRD/WB/NERAP/STHE/PKY/004/C2/002	Sarkai Malang to Machalgho Drainage structure and gravelling) (05) Km, from 05+000 to 10+000Km	180,000	NCB	No	No	Prior Review	7-Jan-08	Under Technical Checking
26	RRD/WB/NERAP/STHE/KHT/005/C2/001	Dwamanda to Spera Drainage Structures and Graveling (Section I 7.8 km, from 0+000 to 7+800)	250,000	NCB	No	No	Prior Review	8-Jan-07	NOL Obtained
27	RRD/WB/NERAP/STHE/KHT/005/C2/002	Dwamanda to Spera Drainage Structures and Graveling (section II 9.2 Km, from 7+800 to 17+000)	290,000	NCB	No	No	Prior Review	8-Jan-07	NOL Obtained
28	RRD/WB/NERAP/STHE/PKA/005/C1/001-003	Kotwal to Kaki Kalay Earth works (3 Community Contracts)	89,500	DC	N/A	N/A	Prior Review	N/A	Community Contracts
29	RRD/WB/NERAP/STHE/PKA/005/C2/001	Kotwal to Kaki kalay Drainage Structures and Graveling (7.3 Km, from 0+000 to 7+300)	230,000	NCB	No	No	Prior Review	8-Dec-07	Under Technical Checking
30	RRD/WB/NERAP/WEST/BDS/012/C2/001	Qala-e-Now to Toora Sheikh Drainage Structures and Graveling (14.2 Km, from 0+000 to 14+000)	360,000	NCB	No	No	Prior Review	13-Dec-07	NOL Obtained

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S#	Ref. No.	Contract (Description)	Estimated Cost (US\$)	Procurement Method	Pre-qualification (yes/no)	Domestic Preference (yes/no)	Review by Bank (Prior / Post)	Expected Bid-Opening Date	Comments
31	RRD/WB/NERAP/WEST/FAR/006/C2/001	Lashwa Jawand to park-e-Hebala Drainage Structures and Graveling (13.4 km, from 0+000 to 13+400)	430,000	NCB	No	No	Prior Review	6-Nov-07	Under re-Survey
32	RRD/WB/NERAP/WEST/HRT/005/C2/001	Pashtoon Zarghoon to Taghcha Drainage Structures and Graveling (Section I 11km, from 0+000 to 11+000)	400,000	NCB	No	No	Prior Review	03-Oct-07	Under evaluation Bid Opened on 3-Oct-07
33	RRD/WB/NERAP/WEST/HRT/005/C2/002	Pashtoon Zarghoon to Taghcah Drainage Structures and Graveling (section II 11 Km, from 11+00 to 21+000)	280,000	NCB	No	No	Prior Review	03-Oct-07	Under evaluation Bid Opened on 3-Oct-07
34	RRD/WB/NERAP/STHE/GZI/07/C1/001-004	Sangar to Kotal-e-Khoon Road Earthworks (4 Community Contracts)	119,500	DC	N/A	N/A	Prior Review	N/A	Community Contracts
35	RRD/WB/NERAP/STHE/GZI/07/C2/001	Sangar to Kotal-e-Khoon Drainage Structures and Graveling (10 Km, from 0+000 to 10+000)	100,000	NCB	No	No	Prior Review	15-Mar-08	Due to security reasons the project is transferred from retroactive financing to phase II
36	RRD/WB/NERAP/NTHE/BGN/003/C2/001	Surkhi Pari to Suchi village road Drainage Structures and Graveling (12 Km, from 0+000 to 12+000)	300,000	NCB	No	No	Prior Review	13-Mar-07	Due to security reasons the project is transferred from retroactive financing to

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S#	Ref. No.	Contract (Description)	Estimated Cost (US\$)	Procurement Method	Pre-qualification (yes/no)	Domestic Preference (yes/no)	Review by Bank (Prior / Post)	Expected Bid-Opening Date	Comments
									phase II
37	RRD/WB/NERAP/KBL/WRK/05/C2/001	Gilga to Tazek Market Drainage Structures and Graveling (7.9 Km from 0+000 to 7+900)	200,000	NCB	No	No	Prior Review	18-May-07	NOL Obtained but due to Security reasons it is transferred from retroactive financing to phase II
38	RRD/WB/NERAP/KBL/WRK/05/C2/002	Gilga to Tazek Market Drainage Structures and Graveling (5.7 Km from 7+900 to 13+600)	150,000	NCB	No	No	Prior Review	18-May-07	NOL Obtained but due to Security reasons it is transferred from retroactive financing to phase II
39		Ahriv Road (Drainage structure and graveling 4 km, 1 Lot)	120,000	NCB	No	No	Prior Review	11-May-08	
40		Kob to Hazrat Sultan (10km Earth work and Graveling) 3 Community +1 Lot	190,000	NCB	No	No	Prior Review	31-Mar-08	
41		District Center to Benihisar village (12 km Drainage structure and graveling)	335,000	NCB	No	No	Prior Review	26-Apr-08	
42		Kushk Rabat Sangi to Dahanae Zulfeqar (13 km Drainage Structures and Graveling)	225,000	NCB	No	No	Prior Review	6-May-08	

1	2	3	4	5	6	7	8	9	10
S#	Ref. No.	Contract (Description)	Estimated Cost (US\$)	Procurement Method	Pre-qualification (yes/no)	Domestic Preference (yes/no)	Review by Bank (Prior / Post)	Expected Bid-Opening Date	Comments
43		Guldar bazar to Kadula Village (4.5 Km, Drainage structures)	106,000	NCB	No	No	Prior Review	28-Mar-08	
44		District Center to Charbagh village (8 km Drainage Structures and Earth Work 1 Lot +4 Community contracts)	240,000	NCB	No	No	Prior Review	12-Apr-08	
45		Ishkamish to Khost Wa Fring (25 Km Earth work and Garvelling) 15 Community Contracts	442,500	NCB	No	No	Prior Review	N/A	
46		Khwhan to Sabz Dasht (Section 2) Drainage structures & Earthworks 8 km 1 Lot and 4 Community Contracts	210,000	NCB	No	No	Prior Review	2-Mar-08	
47		Giro-i-Ulia to Giro-i-Sufla 6.8 Km Drainage structure and gravelling 1 Lot	290,000	NCB	No	No	Prior Review	12-Mar-08	
48		District Center to Kandiam Paskakhan (13 km Drainage Structures and Gravelling) 1 lot	325,000	NCB	No	No	Prior Review	10-Feb-08	
49		Chaghcharan to Charsada (18.94 Km Drainage Structures and Gravelling) 1 Lot	300,000	NCB	No	No	Prior Review	18-Mar-08	
50		Qalatak to Du Ab (Drainage Structures and Gravelling)	300,000	NCB	No	No	Prior Review	21-Feb-08	
51		Hairatan to Kaldar Road (10 km Drainage Structures and Gravelling) 1 Lot	360,000	NCB	No	No	Prior Review	22-May-08	
52		Dara-i-Sufe to Aybak (20 Km Drainage Structures and Graveling) 2 Lots	600,000	NCB	No	No	Prior Review	27-May-08	
53		Ishkamish to Barka Road (12.3 Km Drainage Structures and Gravelling) 1 Lot	335,000	NCB	No	No	Prior Review	17-May-08	
54		Rustaq Road (11 Km Drainage Structures and Gravelling) 1 Lot	300,000	NCB	No	No	Prior Review	16-Feb-08	

1	2	3	4	5	6	7	8	9	10
S#	Ref. No.	Contract (Description)	Estimated Cost (US\$)	Procurement Method	Pre-qualification (yes/no)	Domestic Preference (yes/no)	Review by Bank (Prior / Post)	Expected Bid-Opening Date	Comments
55		Gharyan to Zandajan (22.1 Km Drainage Structures and Gravelling) 2 Lots	430,000	NCB	No	No	Prior Review	21-Feb-08	
56		Tangi Sayedan to Lalandar (15 Km Graveling and Drainage Structures) 1 lot	390,000	NCB	No	No	Prior Review	10-Feb-08	
57		Tarakhil Bazar to Masjid Jami (2.35 Km Earthwork) 1 Community Contract	29,913	NCB	No	No	Prior Review	N/A	
58		Pastab Bridge (30 m RCC Bridge) 1 Lot	150,000	NCB	No	No	Prior Review	11-Jun-08	
59		District Center to Qazalyaq Qara Dook Village (19.6 Gravelling) 2 Lots	485,000	NCB	No	No	Prior Review	22-May-08	
60		Paryan to Adib village (4 km Drainage Structures and Gravelling) 1 Lot + 2 Community Contracts	120,000	NCB	No	No	Prior Review	1-Jun-08	
61		Ghuchi Village, 60 m Foot Bridge (Suspension) 1 Lot	125,000	NCB	No	No	Prior Review	26-Jun-08	
62		Char Bagh to Mamlook & Shahsalim (10 Km Drainage Structures and Gravelling) 1 Lot	300,000	NCB	No	No	Prior Review	29-Jun-08	
63		District Center to Charas and Pogan (10 Km Drainage Structures and Gravelling) 1 Lot	300,000	NCB	No	No	Prior Review	27-May-08	
64		Qarluq Bridge (30 m RCC Bridge) 1 Lot	150,000	NCB	No	No	Prior Review	6-Jun-08	
65		Mirdaud to Poshti Koh Mula Yasin (15 Km Drainage Structure and Gravelling) 2 Lots	450,000	NCB	No	No	Prior Review	4-Jun-08	
66		District Center to Charbagh (10 Km Drainage Structures and Earthwork) 1 Lot	300,000	NCB	No	No	Prior Review	11-Jun-08	
67		Construction of 4 bridges (143.1 m RCC	500,000	NCB	No	No	Prior	21-Jun-08	

1	2	3	4	5	6	7	8	9	10
S#	Ref. No.	Contract (Description)	Estimated Cost (US\$)	Procurement Method	Pre-qualification (yes/no)	Domestic Preference (yes/no)	Review by Bank (Prior / Post)	Expected Bid-Opening Date	Comments
		Bridges) 4 Lots					Review		
68		Sangi Takht to Khedir Road (34.69 Km Drainage structure and gravelling) 3 Lots	640,000	NCB	No	No	Prior Review	11-Jul-08	
69		Nawin (12 Km Gravelling) 1 Lot	360,000	NCB	No	No	Prior Review	6-Jul-08	
70		Eshkashim to Keranuminjan (16 Km Drainage Structures) 3 lots	600,000	NCB	No	No	Prior Review	17-Jul-08	
71		Taluqan (30m RCC Bridge)	150,000	NCB	No	No	Prior Review	22-Jul-08	
72		Khugakhil, Anargay (200 m Protection Wall)	45,500	NCB	No	No	Prior Review	24-Jul-07	
73		Gardez (Prov Capital) to Ibrahimkhail (10 km Drainage Structures and Gravelling) 1 lot + 4 Community Contracts	280,000	NCB	No	No	Prior Review	17-Jul-08	
74		Mehtarlam (Construction of 200 culverts) 216.7 m Drainage structure, 3 Lots	300,000	NCB	No	No	Prior Review	26-Jul-08	
75		District Center to Kandar Khail (12 Drainage structure and gravelling) 1 Lot	360,000	NCB	No	No	Prior Review	6-Aug-08	
76		District Center to Miakanoo (11.06 Km Drainage structure and gravelling) 1 Lot	350,000	NCB	No	No	Prior Review	11-Aug-08	
77		Stop to Kantiwa (10 Km Drainage structure and gravelling) 1 Lot	300,000	NCB	No	No	Prior Review	16-Aug-08	
78		Darabad to Tawizak (11 Km Drainage structure and gravelling) 1 Lot	285,000	NCB	No	No	Prior Review	16-Aug-08	
79		Barakibark (15m RCC Bridge Construction) 1 Lot	85,000	NCB	No	No	Prior Review	26-Aug-08	
80		Logar Main road to Baraki Rajan (6.15 Km Earth work and Gravelling) 4 Community Contracts	115,000	NCB	No	No	Prior Review	N/A	

1	2	3	4	5	6	7	8	9	10
S#	Ref. No.	Contract (Description)	Estimated Cost (US\$)	Procurement Method	Pre-qualification (yes/no)	Domestic Preference (yes/no)	Review by Bank (Prior / Post)	Expected Bid-Opening Date	Comments
81		District Center to Shinkary (11.2 Km Drainage structure and gravelling) 2 Lots	450,000	NCB	No	No	Prior Review	3-Aug-08	
82		Chelbakhtoo to Sherdagh (2nd part Malistan) – 10 Km Drainage structure and gravelling 1 Lot	240,000	NCB	No	No	Prior Review	31-Aug-08	
83		Tergaran to Kutali Parandi (6.5 Km Drainage structure and gravelling)	375,000	NCB	No	No	Prior Review	5-Sep-08	
84		Charagari to Sari Aab village (20 Km Drainage structure and gravelling) 2 Lots	600,000	NCB	No	No	Prior Review	11-Sep-08	
85		Charkh Bazar to Kharpechak Pass (5 Km gravelling) 1 Lot	200,000	NCB	No	No	Prior Review	16-Sep-08	
86		Sandia to Tour Khor (8.9 Km Drainage structure and gravelling) 1 lot	230,000	NCB	No	No	Prior Review	21-Sep-08	
87		Digal, Gulsalak, Majid Kot to Jay Kandi Village (11 km Drainage structure and gravelling) 2 Lots	330,000	NCB	No	No	Prior Review	26-Sep-08	
88		Waigal 2 Bridges (36m RRC) 2 lots	150,000	NCB	No	No	Prior Review	1-Oct-08	
89		Dorahi to Nali Dasht (13.3 Km Drainage Structures and Gravelling)	232,000	NCB	No	No	Prior Review	6-Oct-08	
90		Zyaratwak to Wali Kandu (11.12 Km Drainage Structures and Gravelling) 2 Lots	600,000	NCB	No	No	Prior Review	11-Oct-08	
91		District Center to Qaryai Sardar Mohd Khan (20 Km Drainage Structures and Gravelling) 2 Lots	300,000	NCB	No	No	Prior Review	17-Oct-08	
92		District Center to Safaid Auw (10 Km Drainage Structures and Gravelling) 2 Lots	300,000	NCB	No	No	Prior Review	22-Oct-08	
93		Sor Koat to Wocha Mina (11.5 Km gravelling) 2 Lots	440,000	NCB	No	No	Prior Review	27-Oct-08	

1	2	3	4	5	6	7	8	9	10
S#	Ref. No.	Contract (Description)	Estimated Cost (US\$)	Procurement Method	Pre-qualification (yes/no)	Domestic Preference (yes/no)	Review by Bank (Prior / Post)	Expected Bid-Opening Date	Comments
94		Asmar Road to Barikot (Drainage structure and Earth work)	430,000	NCB	No	No	Prior Review	1-Nov-08	
95		Arghaistan to Marof (10 Km Drainage Structures and Gravelling) 1 Lot	300,000	NCB	No	No	Prior Review	6-Nov-08	
96		Chakhan to Lashejawen (10 Km Drainage Structures and Gravelling) 2 Lots	300,000	NCB	No	No	Prior Review	11-Nov-08	
	Total works MRRD		27,618,913						
	Goods: MRRD/MPW								
	1	7 no. vehicles (Diesel 4 slender Double Cabin Pickup 4WD)	0.210	ICB	NO	Yes	Prior Review	15-Apr-08	5 For MPW and 2 for MRRD All vehicles will be used in Regions
	2	3 no. software Civel Cad and 1 no. primavera software	0.018	DC	NO	NO	Prior Review	01-May-08	For MPW
	3	GIS Software	0.160	DC	NO	NO	Prior review	01-May-08	For MPW and MRRD
	4	2 set of Survey equipment (Total Station, automatic level, , GPS, testing materials) – Several Packages	0.150	IS	NO	Yes	Post Review	15-May-08	1 set for MRRD and 1 set for MPW
	5	18 kits of Quality Control equipments (DCP, Slum Cone, Scientific Calculator, Slides Calipers, Rubber Mallet)	0.036	IS	NO	NO	Post Review	15-Feb-09	5 for MoPW and 4 for MRRD
	6	42 Computers, printers, accessories	0.090		NO	NO	Post Review	30-May-08	25 For MRRD and 17 for MPW which

1	2	3	4	5	6	7	8	9	10
S#	Ref. No.	Contract (Description)	Estimated Cost (US\$)	Procurement Method	Pre-qualification (yes/no)	Domestic Preference (yes/no)	Review by Bank (Prior / Post)	Expected Bid-Opening Date	Comments
				NS					includes regional offices also
	7	Communications (VHF radio, telephone set, mobile set, thuraya)	0.090	NS	NO	NO	Post Review	30-Apr-08	for MRRD and MPW
	8	Office furniture (chairs, tables, file cabinet,	0.046	NS	NO	NO	Post Review	1-Aug-08	for MRRD
	9	Comm/Internet/VOIP, accessories (server, vsat etc.)	0.450	NCB	NO	NO	Prior Review	25-Apr-08	MRRD and MPW
	10	17. No. Photo copy machine	0.045	NS	NO	NO	Post Review	5-Apr-08	6 for MRRD and 11 for MoPW including region offices
	11	10 no. digital camera	0.003	Shopping	NO	NO	Post Review	15-Apr-08	for MoPW
	Total Goods		1.298						

C Selection of Consultants

C1 Prior Review Threshold: Selection decisions subject to Prior Review by Bank as stated in Appendix 1 to the Guidelines Selection and Employment of Consultants:

	Selection Method	Prior Review Threshold (\$)	Comments
1.	Competitive Methods (Firms)	More than 100,000 Equivalent	
2.	Individual Consultant	More than 50,000 Equivalent	
3.	Single Source (Firms)	All	
4.	Single Source (Individual)	All	

C2 Short list comprising entirely of national consultants: Short list of consultants for services, estimated to cost less than \$50,000 equivalent per contract, may comprise entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

C3 Any Other Special Selection Arrangements:

C4 Consultancy Assignments with Selection Methods and Time Schedule

1	2	3	4	5	6	7
Ref. No.	Description of Assignment	Estimated Cost (US\$)	Selection Method	Review by Bank (Prior / Post)	Expected Proposals Submission Date	Comments
Firms						
N/A	Implementation Consultant for MRRD and MoPW	7.560	QBS	Prior	27-Sep-07	Technical evaluation has been finalized and working on draft evaluation report
MRRD/WB/0189/ KBL/86	Rural Road Strategy definition and Capacity Building for MRRD, MoPW and Private Sectors (Contractors and Engineering Firms) including Support for Strategy definition (expertise in transport economy, rural road management and sociology)	3.253	QBS	Prior	1-March-08	EoI launched October 25, 2007
MRRD/WB/0192/ KBL/86	EMP and monitoring and evaluation of Safeguards aspects (3 years)	0.648	QBS	Prior	15-Jan-08	
2	Baseline survey (and repeater 18 to 24 months after)	0.324	QBS	Prior	1-Aug-08	
3	Technical Audits	0.300	QBS	Prior	15-Jan-09	
	Financial audits of the project	0.162	QCBS	Prior	01-June-09	

	Preparation Consultancy	0.180	CQS	Prior	recruited	RDN Finance
Individuals						
MRRD/WB/0192/ KBL/86	EMP and monitoring and evaluation of Safeguards aspects (3 years)	0.648	Individual	Prior	15-Jan-08	
2	Baseline survey (and repeater 18 to 24 months after)	0.324	Individual	Prior	1-Aug-08	
MRRD/WB/0190/ KBL/86	National Coordinator (one year renewable)	0.068	Individual	Prior	30-Nov-07	
5	National Consultants expertise for NCU	0.060	Individual	Prior	01-June-08	
6	International consultant expertise for NC	0.090	Individual	Prior	01-June-08	
7	Mid Term Review consultants	0.180	Individual	Prior	15-Jul-09	
8	IC contract technical and financial annual review	0.150	Individual	Prior	20-Jan-09	
MRRD/WB/01991 /KBL/86	HR Consultant for MRRD and MoPW	0.120	Individual	Prior	1-Dec-07	
MPW/WB/NERA P/Consultants/001	Procurement Consultant for MoPW	0.180	Individual	Prior	31-Aug-07	Draft evaluation report is ready and will be sent to Bank for NOL
MPW/WB/NERA P/Consultants/002	Financial Management Consultant for MoPW	0.180	Individual	Prior	31-Aug-07	Draft evaluation report is ready and will be sent to Bank for NOL
MRRD/WB/0136/ KBL/86	Procurement Specialist for MRRD	0.180	Individual	Prior	29-Aug-07	NOL for evaluation report has been obtained from bank and contract negotiation is going on
MRRD/WB/0137/ KBL/86	Financial Management Specialist for MRRD	0.180	Individual	Prior	29-Aug-07	Preparing draft evaluation report for Bank's NOL
9	Communication Experts	0.096	Individual	Prior		
	Safeguards Consultant	0.015	Individual	Prior	recruited	Mr. Anand
	Technical review of Road works	0.050	Individual	Prior	recruited	Mr. Dragon
MRRD/0192/NER AP/PPF	Chief Coordinator	0.022	Individual	Prior	recruited	Mr. Khair Mohammad Ghazi
MRRD/NERAP/P PF-2	Head of PIU	0.020	Individual	Prior	Terminated	Mr. Wahidullah Azizi
MRRD/0194/NER AP/PPF	Head of PIU/ MPW	0.020	Individual	Prior	recruited	Mr. Sher Mohammad Kamin
MRRD/0196/NE RAP/PPF	Program Support Officer	0.013	Individual	Prior	recruited	Mr. Sher Noory
MRRD/0195/NER AP/PPF	Deputy Head PIU/MRRD	0.019	Individual	Prior	recruited	Abdul Sattar Salim
MRRD/AFG/AFN /0131	Head of PIU	0.20	Individual	Prior	30-Sept-07	Short listing has been finalized
4	Policy development workshop facilitation labor based options.	0.030	SSS	Prior	25-Sep-07	The contract has been drafted and will be sent to Bank for NOL
MRRD/WB/0244/ KBL/86	Project implementation manual	0.004	SSS	Prior	15-Oct-07	NOL for contract has been obtained from the Bank
	Total Consultancy Services	14.304 m				

D Implementing Agency Capacity Building Activities with Time Schedule

D1. In this section the agreed Capacity Building Activities. In addition to the program conducted by IDA, it is proposed that MRRD/NSP staff involved in the procurement activities of the MRRD/NSP to be nominated to participate at international level training programs for goods/works and consulting services.

No.	Expected outcome /Activity Description	Estimated Cost	Estimated Duration	Start Date	Comments
1	Training in Procurement of civil works (one each from MRRD/MPW)	20,000	Three weeks	TBD	

D2 Agreed Procedures for National Competitive Bidding

In order to ensure economy, efficiency, transparency and broad consistency with the provisions of Section I of the Procurement Guidelines, the following criteria shall be followed in procurement under National Competitive Bidding procedures:

- (i) Standard bidding documents approved by the World Bank shall be used.
- (ii) Invitations to bid shall be advertised in at least one (1) widely circulated national daily newspaper and bidding documents shall be made available to prospective bidders, at least twenty eight (28) days prior to the deadline for the submission of bids.
- (iii) Bids shall not be invited on the basis of percentage premium or discount over the estimated cost.
- (iv) Bidding documents shall be made available, by mail or in person, to all who are willing to pay the required fee.
- (v) Foreign bidders shall not be precluded from bidding.
- (vi) Qualification criteria (in case pre-qualifications were not carried out) shall be stated on the bidding documents, and if a registration process is required, a foreign firm determined to be the lowest evaluated bidder shall be given reasonable opportunity of registering, without any hindrance.
- (vii) Bidders may deliver bids, at their option, either in person or by courier service or by mail.
- (viii) All bidders shall provide bid security or a bid security declaration form as indicated in the bidding documents. A bidder's bid security or the declaration form shall apply only to a specific bid.
- (ix) Bids shall be opened in public in one place preferably immediately, but no later than one hour, after the deadline for submission of bids.
- (x) Evaluation of bids shall be made in strict adherence to the criteria disclosed in the bidding documents, in a format, and within the specified period, agreed with the Association.
- (xi) Bids shall not be rejected merely on the basis of a comparison with an official estimate without the prior concurrence of the World Bank.

- (xii) Split award or lottery in award of contracts shall not be carried out. When two (2) or more bidders quote the same price, an investigation shall be made to determine any evidence of collusion, following which: (A) if collusion is determined, the parties involved shall be disqualified and the award shall then be made to the next lowest evaluated and qualified bidder; and (B) if no evidence of collusion can be confirmed, then fresh bids shall be invited after receiving the concurrence of the World Bank;
- (xiii) Contracts shall be awarded to the lowest evaluated bidders within the initial period of bid validity so that extensions are not necessary. Extension of bid validity may be sought only under exceptional circumstances.
- (xiv) Extension of bid validity shall not be allowed without the prior concurrence of the World Bank (A) for the first request for extension if it is longer than eight (8) weeks, and (B) for all subsequent requests for extensions irrespective of the period.
- (xv) Negotiations shall not be allowed with the lowest evaluated or any other bidders.
- (xvi) Re-bidding shall not be carried out without the World Bank's prior concurrence; and
- (xvii) All contractors or suppliers shall provide performance security as indicated in the contract documents. A contractor's or a supplier's performance security shall apply to a specific contract under which it was furnished

Appendix 7: Financial Management Arrangements

Country Issues

1. The Bank has gained substantial experience and understanding of the financial management environment in Afghanistan through the large number of projects under implementation over the past four years. The Public Administration Capacity Building Project (PACBP) is the primary instrument to continue and enhance the fiduciary measures put in place during the past years to help ensure transparency and accountability for the funding provided by the Bank and other donors.
2. A PFM performance rating system using 28 high-level indicators that was developed by the Public Expenditure and Financial Accountability (PEFA) multi-agency partnership program was applied in Afghanistan in June 2005. PEFA is comprised of the World Bank, IMF, EC, and several other agencies. The system is structured around six core dimensions of PFM performance: i) budget credibility, ii) comprehensiveness and transparency, iii) policy-based budgeting, iv) predictability and control in budget execution, v) accounting, recording, and reporting, and vi) external scrutiny and audit. Afghanistan's ratings against the PFM performance indicators generally portray a public sector where financial resources are, by and large, being used for their intended purposes. This has been accomplished with very high levels of support from international firms; this assistance will continue to be needed over the medium term if these ratings are to be maintained. There is also much room for improvement.
3. In spite of undeniable gains made in reconstruction since the end of 2001, the challenges facing Afghanistan remain immense; not least because of the tenuous security situation in the region and continued prevalence of a large illegal and illicit economy. The policy framework benchmarks have not yet been fully costed so various priorities are funded through the annual budgeting process. The rising costs of the security sector constitute the major constraint on attainment of fiscal sustainability. With regard to executive oversight, the national assembly will play an increasingly active role. All in all, the new national strategy has created high expectations of the executive which could prove to be quite difficult to meet.
4. The public sector, in spite of considerable efforts to reform its core functions, remains extremely weak outside of Kabul. The lack of qualified staff in the civil service and the absence of qualified counterparts in the government after 30 years of war and conflicts is a binding constraint. Delays in reforming the pay structure and grading of civil servants have severely crippled the public administration of the country. Domestic revenues lag behind expenditures by a factor of ten to one. Large-scale corruption could emerge to undermine the government's efforts to enhance aid flows through national accounts. Capacities to track expenditures and monitor expenditure outcomes have improved, but they need rapid and substantial strengthening if progress toward the attainment of national development targets is to be monitored. Currently, 75% of external revenues bypass government appropriation systems.
5. The World Bank is financing a Financial Management Advisor to assist the Ministry of Finance, an Audit Advisor to assist the Control and Audit Office, and a Procurement Advisor to assist in Procurement-related activities. Also an Internal Audit function is being developed within the Ministry of Finance with World Bank financing. USAID, and earlier the Indian Aid Assistance Program, is financing a team of consultants and advisors to assist the Da Afghanistan Bank in local as well as foreign currency operations. The activities carried out under the existing Public Administration projects have helped the Government to ensure that appropriate fiduciary

standards are maintained for public expenditures, including those supported by the Bank and the donor community.

6. Progress has been slower than expected in shifting from operations support provided by the three Advisors to capacity development and knowledge transfer to the civil servants. Given that, is expected that the Advisors will continue to be required for the medium term. Challenges still remain in attaining the agreed upon fiduciary standards and also to further enhance them. And to make matters more complex, the regulatory environment in Afghanistan has advanced significantly in the past three years. Unfortunately, even mastery of basic skills in the early environment does not fully qualify the civil servants to work effectively in the new emerging environment.

Risk Assessment and Mitigation

7. The table below identifies the key risks that the project may face and indicates how these risks are to be addressed. The overall FM risk rating is high but the residual risk rating after application of the mitigating measures is substantial.

<i>Risk</i>	<i>Risk Rating</i>	Risk Mitigation Measures		Condition of negotiations, Board or Effectiveness (Y/N)
Inherent Risk				
Country Inherent Risk	M	Source - PFM study	M	N
Project Financial Management Risk	H	Minimize use of Designated Account, maximize direct payments to consultants; key fiduciary functions to be performed by an Implementation Consultant	S	N
Perceived Corruption	H	Government commitment, internal controls and new internal audit will help to reduce the high level of perceived corruption	S	N
Overall Inherent Risk	H		S	
Control Risk				
1. Weak Implementing Entity	S	Utilization of the services of an Implementation Consultant. Presence of qualified and experienced professionals in MRRD and MPW to support the implementation of the non-works activities. Setting up of a National Coordination Unit that will be	M	N

<i>Risk</i>	<i>Risk Rating</i>	Risk Mitigation Measures		Condition of negotiations, Board or Effectiveness (Y/N)
		<p>responsible for overall project/program coordination. This unit will be headed by a full time and qualified project administrator.</p> <p>Oversight functions to be performed by an inter-ministerial Steering Committee, chaired by the Minister of Finance.</p>		
2. Funds Flow	S	<p>Payments will be made to consultants, Suppliers, etc. from the Designated Account (DA) by SDU-MoF or from the Float Account (FA) for those activities managed/ supervised by the IC. In addition to payments out of DA funds, the implementing entities can also request the SDU to make i) direct payments from the Credit Account to contractors, consultants or consulting firms, and ii) special commitments for contracts covered by letters of credit. These payments would only be made by SDU after due processes and proper authorization from the respective component implementing entities.</p>	M	N
3. Budgeting	S	<p>A budget committee will be appointed to coordinate the preparation of annual work plan and the derivation of annual budget there from. It will include representatives from MRRD, MPW, NCU and the IC, and shall report to the inter-ministerial Steering Committee.</p>	M	N
4. Accounting Policies and Procedures	S	<p>Will follow international standards. Project accounting procedures and details of the FM arrangements will be documented in an FM sub-manual to be prepared by the IC and approved by the Bank</p>	M	N

<i>Risk</i>	<i>Risk Rating</i>	Risk Mitigation Measures		Condition of negotiations, Board or Effectiveness (Y/N)
5. Internal Audit	H	Newly-created internal audit department will review project internal control systems	S	N
6. External Audit	H	Will be audited by CAO with support from Audit Advisor	S	N
7. Reporting and Monitoring	H	Strengthening the SDU is a priority under the new FM Advisor contract, to provide information that will comply with agreed format of financial reports. This will be facilitated by the computerized accounting system that will be utilized by the Implementation Consultant to maintain records and generate required reports.	S	N
Overall Control Risk	H		S	
Detection Risk	S	Adequate accounting, recording, and oversight will be provided in project procedures. Accounting/Recording/oversight by SDU – MoF of all advances/M-16 supported by Financial Management Advisor.	M	N
Risk rating: H=high risk; S=substantial risk; M=modest risk; L-low risk				

Strengths and Weaknesses

Strengths

8. The Government provides assurance to the Bank and other donors that the measures in place to ensure appropriate utilization of funds will not be circumvented. The Government support for PACBP is strength in itself to enhance financial management in Treasury operations, public procurement, internal audit in the public sector, and external audit by the Auditor General. A specific strength of the project is that this is a follow-up project, and that it already has a number of mechanisms in place which will significantly reduce the financial risks associated with a large national program.

Weaknesses and Action Plan

9. The main weakness in this project, as in many others in Afghanistan, is the ability to attract suitably qualified and experienced counterpart staff especially for Financial Management. The utilization of an Implementation Consultant, additional staff to be funded by the project, together with intensive training programs included in this project, is expected to strengthen the fiduciary arrangements.

Action Plan

Significant Weaknesses	Action	Responsible Agent	Completion Date
Shortage of qualified and experienced FM staff	Appointment of an Implementation Consultant.	MRRD & MPW	Before effectiveness
Project internal controls and procedures need to be defined	Financial Management sub-manual developed	Implementation Consultant	Within three months of IC's appointment
Interim reports need to include required information	Un-audited interim financial report formats confirmed	IDA/MoF/MRRD/MPW	Done before negotiations

Implementing Entity

10. The project will be implemented by the Ministry of Public Works and the Ministry of Rural Rehabilitation and Development. Both implementing line ministries will utilize the same Implementation Consultant to perform the key financial management functions, however, at mid-term review, Bank will assess the capacity of the finance department of both ministries, and if found satisfactory, they will assume full responsibility of the financial management functions. In order to achieve this aim, the FM capacity of both ministries would be strengthened from project inception, by the recruitment of relevant FM professionals, regular training and provision of required FM system.

11. *Project oversight.* An interministerial Steering Committee (SC), chaired by the Minister of Finance (or his representatives) and comprising ministers (or their delegates) of Public Works, Rural Rehabilitation and Development and sectoral ministries involved as the main beneficiary ministries in the project (agriculture, basic education, health), will be responsible for the overall policy, strategic planning and project oversight and for integration with other rural development programs. Observers such as local authorities, donors, financing agencies representatives and experts would be invited to attend the SC as required. The SC will meet regularly, at least once per semester and on an ad hoc basis when required. To facilitate the work of the SC a small secretariat will be put in place at the Ministry of Finance that would be responsible for coherence with the NERAP program and for reporting to the government and the donors involved in the sector.

12. *Project coordination and monitoring.* Given the emergency nature of the project, the strategic importance of the project, initial step to a larger program, the large number of activities, to be completed within a short time frame, and the still limited capacity of the government on coordination and monitoring aspects, the following institutional arrangements have been agreed

to ensure that funds disburse quickly, multisectoral objectives are reached, and absolute transparency is maintained.

13. A small and efficient national coordination unit (NCU) will be set up by ministerial decree within the Ministry of Finance and will be responsible for overall coordination of the entire NERAP project and program. The NCU will in particular ensure donor coordination which will be a key element of a sustainable and smooth multi year programmatic approach. It will be headed by a full-time project administrator (senior project management specialist to be recruited on a competitive basis) who will be responsible for day-to-day coordination of the project. The NCU works in coordination with the concerned departments and/or the Program Implementation Unit (PIU) in MPW and MRRD and the other relevant ministries and agencies involved in rural development. It has the main function of monitoring and evaluation of the overall project implementation and reporting consolidated progress to the SC. It is also responsible for (a) assuring steady progress of execution in accordance to an implementation schedule reviewed and approved by the World Bank, (b) regular reporting to the SC, (c) monitoring implemented activities included in the contracts of the international implementation consultant (IC) and capacity building consultant (CBC) to ensure adequate and smooth transfer of skills to the national staff, and (d) ensuring that a high ethical standard and transparency is maintained throughout the process.

14. To ensure better coordination, a Technical Committee chaired by the NCU and composed of the focal points of beneficiary ministries and implementing bodies (IC and PIU in the case of MPW, DRR and IC in the case of MRRD) will be established prior to project effectiveness. The Coordination Committee will meet on a regular basis and at least monthly in order to ensure adequate technical coordination and communication between ministries and implementing entities at the implementation level.

15. The Implementation Consultant shall have qualified and experienced financial management staff, and will work closely with the Director of Finance, MRRD and the Director of Planning, MPW to carry out day-to-day financial management operations of the project, preparation of M-16 forms (payment orders), project coding sheet, B27 allotment form and overall contract and project management. Detailed working relationships between the IC and MRRD/MPW finance departments, IC's FM reporting requirements, staffing, systems and other FM arrangements will be included in the IC's contract.

Budgeting

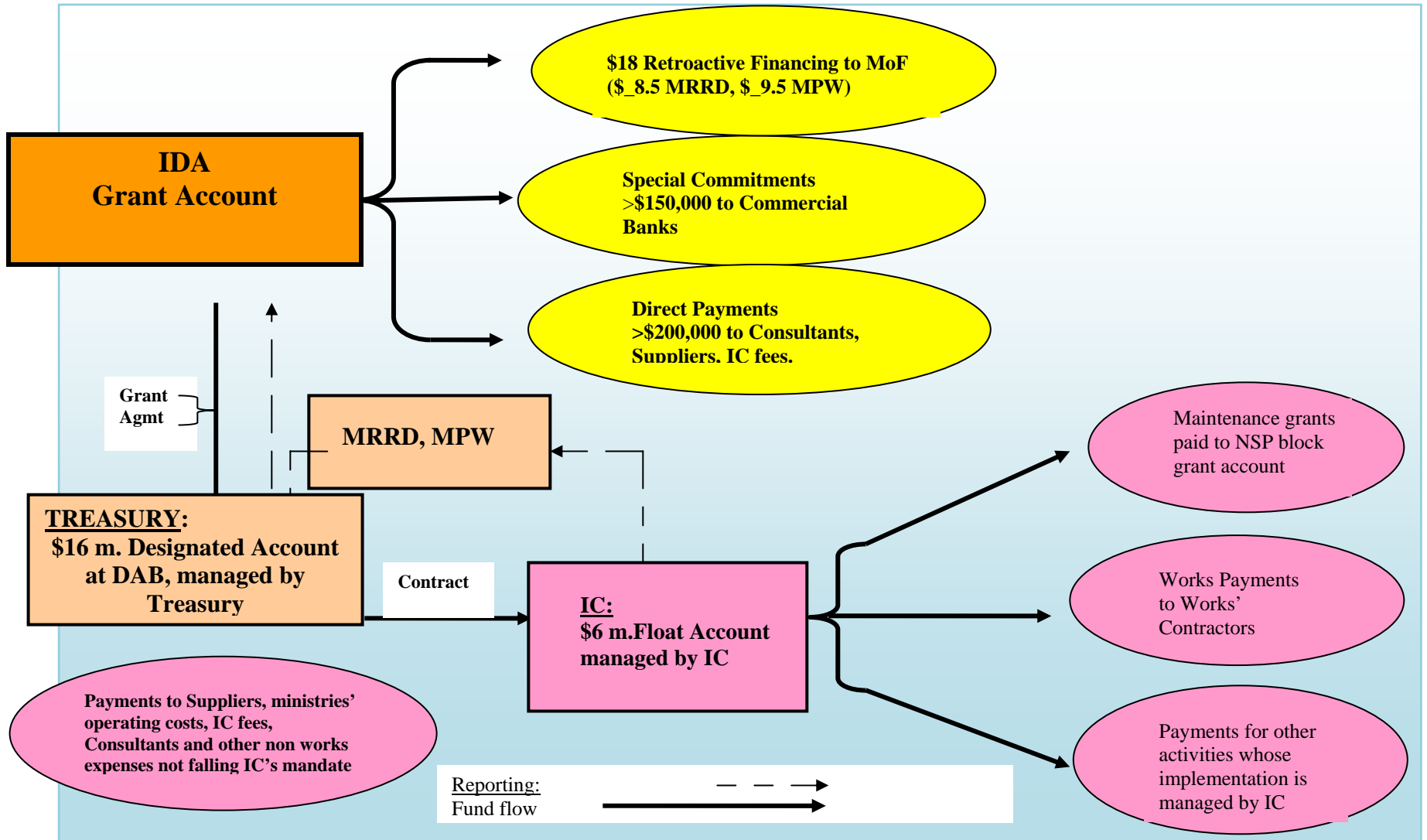
16. A budget committee will be appointed to coordinate the preparation of annual work plan and the derivation of annual budget. This committee will be made up of representatives from the MRRD, MPW, NCU and the IC, and shall report to the inter-ministerial Steering Committee. The Budget Committee shall also coordinate quarterly budget reviews to ensure adequate budget discipline and control. The committee will be responsible for ensuring that project expenditures for each fiscal year are captured in the Governmental Development budget of that fiscal year. The MRRD and MPW must get approvals from the presidential office and the parliament and attach them to B27 and PCS forms at the time of requesting yearly allotments for contracts under the project to avoid delays in payment processing.

Funds Flow

17. The standard funds flow mechanism in Afghanistan, similar to other ongoing projects, will be followed in this project. Project funds may be advanced to the Designated Account (DA) to be opened at the Da Afghanistan Bank (DaB) and operated by the Special Disbursement Unit (SDU) in the Treasury Department of MoF. Requests for payments from the DA will be made to the SDU by the MRRD and MPW when needed. From the DA an advance of not more than US\$ 6million will fund a 'float account' (FA) to be managed by the IC and from which payments will be made for all activities and works supervised by the IC. .

18. Retroactive financing of up to US\$18 million is envisaged for project-related expenditures related to start-up activities during the 7 months prior to signing of the Grant agreement. Retroactive financing can be disbursed only after the grant becomes effective.

FUND OF FLOWS CHART



Legal requirements for authorized signature

19. Ministry of Finance has authorization to authorize disbursement from the Grant. Specimen signatures of authorized signatories in MoF are on file with the Bank.

Accounting

20. The SDU will maintain a proper accounting system of all expenditures incurred along with supporting documents to enable IDA to verify these expenditures. The FM staff of the IC, MPW and MRRD will: i) supervise preparation of supporting documents for expenditures, ii) prepare payment orders (Form M16), iii) obtain approval for M-16s by the Minister or Deputy Minister depending on the payment amount, and iv) submit them to the Treasury Department in MoF for verification and payment. Whilst original copies of required supporting documents are attached to the Form M16, the project is required to make and keep photocopies of these documents for records retention purposes. The FM Advisor in the MoF/SDU will use the government's computerized accounting system, AFMIS, for reporting, generating relevant financial statements, and exercising controls.

21. The IC, MRRD and MPW FM staff will maintain essential project transaction records using computerized accounting system/Excel spreadsheets and generate required monthly, quarterly, and annual reports.

22. The FM sub-manual, to be prepared by the IC within three months of appointment, and to be approved by the Bank, will include: i) roles and responsibilities for all FM staff, ii) documentation and approval procedures for payments, iii) project reporting requirements, and iv) quality assurance measures to help ensure that adequate internal controls and procedures are in place and are being followed.

23. The FM sub-manual will also establish project financial management in accordance with standard Afghan government policies and procedures including use of the government Chart of Accounts to record project expenditures. The use of these procedures will enable adequate recording and reporting of project expenditures. Overall project accounts will be maintained centrally in SDU, which will be ultimately responsible for recording of all project expenditures and receipts in the Government's accounting system. Reconciliation of project expenditure records with MoF records will be carried out monthly by the IC together with MRRD and MPW.

Internal Control & Internal Auditing

24. Project-specific internal control procedures for requests and approval of funds will be described in the FM sub manual including segregation of duties, documentation reviews, physical asset control, and cash handling and management.

25. The Head of the FM Department of MRRD and MPW will be responsible for coordinating FM activities of their respective project components with the SDU.

26. Annual project financial statements will be prepared by SDU/MoF detailing activities pertaining to the project as separate line items with adequate details to reflect the details of expenditures within each component.

27. The project financial management systems will be subject to review by the newly-established internal audit directorate of the MoF, according to programs to be determined by the Director of Internal Audit using a risk-based approach.

External Audit

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

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

Responsible Agency	Audit	Auditors	Date
MoF, supported by Special Disbursement Unit	SOE, Project Accounts and Designated Account	Auditor General	Sep 22

30. The related projects, NEEP and NEEPRA have no over due audit reports; key issues raised in these projects previous audit reports have been resolved satisfactorily.

Financial Reporting

31. Financial Statements and Project Reports will be used for project monitoring and supervision. Based upon the FM arrangements of this project Financial Statements and Project Reports will be prepared monthly, quarterly, and annually by the IC together with MRRD and MPW. These reports will be produced based on records kept on the IC’s computerized accounting system and MRRD/MPW’s Excel spreadsheets after due reconciliation to expenditure statements from SDU (as recorded in AFMIS) and bank statements from DAB.

32. The quarterly Project Reports will show: (i) sources and uses of funds by project component, and (ii) expenditures consolidated and compared to governmental budget heads of accounts, the project will forward the relevant details to SDU/DBER with a copy to IDA within 45 days of the end of each quarter. The government and IDA have agreed on a pro forma report format for all Bank projects; a final customized format for NERAP will be agreed prior to project negotiations.

33. The annual project accounts to be prepared by SDU from AFMIS after due reconciliation to records maintained at the project, will form part of the consolidated Afghanistan Government Accounts for all development projects. This is done centrally in the Ministry of Finance Treasury Department, supported by the Financial Management Advisor.

Disbursement Arrangements

34. Disbursements procedures will follow the World Bank procedures described in the *World Bank Disbursement Guidelines and the Disbursement Handbook for World Bank Clients (May 2006)*. Table 1 shows the allocation of IDA proceeds in a single, simplified expenditure category and Table 2 presents the expected co-financing. The single category for “goods, works, consultancy services, training, and operating costs” is defined in the financing agreement. Project funds will be disbursed over 36 months. The closing date of the project will be December 31, 2010 with a final disbursement deadline four months after the closing date.

35. During this additional 4-month grace period, project-related expenditures incurred prior to the closing date are eligible for disbursement.

Table 1: IDA Financing by Category of Expenditure (US\$ million)

Expenditure Category	Amount of the Grant Allocations (US\$)	Financing Percentage (including taxes)
Goods, works, consultants’ services, training, Routine Maintenance Grants, and Incremental Operating Costs	111,500,000	100 %
(2) PPF Refinancing	500,000	
Total		-

Table 2: Estimated Co-financing (US\$ million)

IDA	ARTF	JSDF	Beneficiaries	Total
112	388			500

36. **Summary Reports.** Summary reports in the form of Statements of Expenditure will be used for payments from the Designated Account to contractors and suppliers for expenditures on contracts above US\$25,000; all training programs and operating costs regardless of whether Bank procurement prior review is required or not. For all payments on contracts > \$25,000 from the DA to contractors and suppliers, source documentation is required. For advances/reimbursements to the FA (see below) an expenditure report, prepared by the IC in accordance with procedures agreed with the MRRD and MPW constitutes the sufficient supporting documentation. Source documentation for payments transacted by the IC is not envisaged. If it becomes necessary to support the IC’s expenditure reporting with contractor documentation, that additional support may be requested subject to the disbursement letter being modified.

Designated Account

37. The legal agreement will contain provisions allowing for a single designated account that may be opened at DAB in US dollars for a maximum amount of US\$ 16 million. The SDU will manage payments from and new advances/reimbursements to the DA. Cash advances may be

taken from the Designated Account, and held and managed by either MPW or MRRD. These agencies' controls for holding, accounting, and preparation of Statements of Expenses (SOEs) have been satisfactorily assessed. New cash advances will only be made when all other prior cash advances have been justified through submission of SOEs to the SDU. Monthly expenditure reporting for payments made from the designated account is required.

38. **Float Account.** Out of proceeds of the DA, an advance of approximately an amount of US\$ 6 million will be made to the IC-managed float account (FA). Conditions for the FA will be spelled out in the consultant contract and the FM sub-manual. From the FA, payments to contractors for roads works will be authorized by the IC, subject to necessary approvals being obtained from MPW and MRRD, as outlined in the project FM sub-manual. Disbursement of routine maintenance grants to the NSP blocks grant account will also be made from the FA, as will payments for all other IC-supervised activities. The IC should submit a monthly expenditure report to MPW and MRRD for approval and then for their submission to SDU so that the FA-financed expenditures can be included in the monthly DA reimbursement application and expenditure reporting. The basis for the advance to the FA will be the IC's contractual financial provisions – and multiple advances may be made up to the agreed contractual ceiling. The IC-prepared expenditure report is considered a source document. In line with lightened fiduciary requirements under OP 8.50, supporting documentation in remote locations that cannot feasibly be routed to Kabul is not required. Thus, the Bank will accept the IC's expenditure reporting by itself as an acceptable basis for disbursement. Contractors' source documentation (on site in provinces) is not required to support the IC expenditure report. The IC's fees may not be paid out of the FA. No bank statement or reconciliation of the FA is required. The advance to the FA will be reflected on the DA reconciliation statement.

39. **Direct Payments.** Third-party payments (direct) and Special Commitments will be permitted for amounts exceeding US\$ 200,000 and US\$ 150,000 respectively. All such payments require supporting documentation in the form of records (copies of invoices, bills, purchase orders, etc.). Issuance of SCs is unlikely. With direct payments, the Bank will apply this minimum flexibly when implementation needs or urgent payment priorities override strict application of the minimum threshold – provided however that expenditure reporting on the DA is being submitted on a regular monthly basis.

40. **Disbursement for Routine Maintenance Grants.** Under the Routine Maintenance Component, IDA will finance block grant disbursements, channeled through the NSP block grants account and ultimately channeled through communities similar to the flow of funds on the National Solidarity Project. In this regard, IDA is financing the grant and the underlying documentation attesting to the Routine Maintenance Grant would be the grant financing agreement to be retained either at the community/village level or elsewhere if community/village level document retention is not feasible. Disbursement of Routine Maintenance Grants would be reported on via submission of a statement of expenditure.

41. **Preparation of Withdrawal Applications.** MRRD and MPW will prepare Summary Reports (Statements of expenditures) for expenditures paid from the DA and will review/approve the expenditure reports prepared by the IC for expenditures paid from the FA and forward those reports to the SDU for further processing and consolidation as a reimbursement application. The SDU will review withdrawal applications for quality and conformity to Treasury procedures, and then obtain signature. Selected IC, MRRD, MPW and SDU finance staff will be registered as users of the World Bank Web-based Client Connection system, and take an active hand in managing the flow of disbursements.

Financial Management Covenants

- MoF shall submit audited financial statements for the project within six months of the end of each fiscal year. The Project's audit report will cover the financial statements, the Designated Account, and SOEs, in accordance with terms of reference agreed with the Association.
- Un-audited project interim financial reports will be submitted by MRRD/MPW on a quarterly basis to the World Bank and a copy to SDU-MoF within 45 days after the end of each quarter.

Supervision Plan

42. During project implementation, the Bank will supervise the project's financial management arrangements. The team will:

- Review the project's quarterly un-audited interim financial reports as well as the project's annual audited financial statements and auditor's management letter.
- Review the project's financial management and disbursement arrangements (including a review of a sample of SOEs and movements on the Designated Account and bank reconciliations) to ensure compliance with the Bank's minimum requirements.
- Review agency performance in managing project funds to ensure that it is timely, accurate, and accountable. Particular supervision emphasis will be placed on asset management and supplies.
- Review of financial management risk rating and compliance with all covenants.

Conclusion

43. The FM arrangements, including the systems, processes, procedures, and staffing are adequate to support this project - subject to implementation of the items listed in the action plan.

Appendix 8: Monitoring and Evaluation Arrangements

Main Objectives:

1. The monitoring and evaluation (M&E) system for the project is intended to provide information to the relevant stakeholders on project implementation performance, process, outputs, and outcomes. The main purpose of the monitoring system is to provide timely feedback to key decision makers, so that lessons can be learnt on a real time basis and corrective measures initiated when necessary.
2. The project's M&E system will be based on the six components: (a) implementation monitoring, (b) post-implementation monitoring, (c) community participatory monitoring, (d) a baseline survey and an impact evaluation, (e) Mid term review, and (f) an external evaluation study at the end of the project. In addition, as an activity of Component C, studies will i.a. be conducted in order to establish rural roads management system and maintenance mechanism.
3. To assess whether the NERAP is meeting its objectives, key performance indicators have been developed (See Appendix 1: Results Framework and Monitoring). Regular supervision and a mid-term review will be conducted by IDA to measure the achievements against these key indicators.

B. Institutional Arrangement for M&E

4. The MPW PIU will be responsible for monitoring Component A, while MRRD PIU will monitor Components B and C. The M&E focal points of both PIUs will be responsible for coordinating the M&E tasks, liaising with the IC, as well as regional M&E staff and provincial engineers in the collection and reporting of the required data. The monitoring data will be continuously updated and consolidated quarterly for provision to the Bank task team, and will be made available to coincide with the supervision missions of the project. The PIUs will develop reporting forms and propose them to the NCU coordinator based on the indicators in the Appendix 1: Results Framework and Monitoring⁸, which will be then used in each PIU reporting.

C. Implementation Monitoring

5. The primary objective is to monitor the progress of the projects based on the measurable outcome/outputs as listed in the Appendix 1: Results Framework and Monitoring.
6. The provincial engineers will continue to be responsible for the implementation monitoring, focusing on inputs, process and output level, using the project roads as well as benefiting communities as the basic unit of monitoring. The provincial M&E staff will prepare a brief monthly field report on the implementation status.
7. At the regional office level, the regional M&E staff will prepare a monthly report based on the provincial report, which will be then submitted to each PIU.
8. At the national level, the M&E focal point of each PIU will consolidate the reports from the regional office and will feed the information into the Management Information System. The M&E focal points will prepare quarterly progress reports, which will then be consolidated by each PIU, with support from the IC, as the overall program report. The report will be submitted to

⁸ A provision will be made to hire short-term consultant to develop reporting forms, if necessary.

the NCU, while its summary will be distributed to key stakeholders, including the Steering Committee and donors. Moreover, the M&E focal points will visit the project roads directly on random sample basis for cross checking of the reports submitted.

C. Post-implementation monitoring

9. The objective of this monitoring is primarily to assess the sustainability of the road works after completion of works. During the liability period (6 months to 1 year), this will be carried out by the provincial and regional M&E staff, who will follow up with the contractors immediately if there is any deficiencies observed. The technical sustainability of the road improvements will remain a major challenge. Under NERAP, a strategy for maintenance will be developed and routine maintenance will be contracted to CDCs. It is expected that the post-implementation monitoring will be introduced in line with the strategy.

D. Community participatory monitoring

10. Reflecting that focus will be placed towards the community-led management and maintenance, community participatory monitoring will be introduced. The social inclusion unit will ensure the participation of beneficiary communities in the implementation and monitoring of Level 1 projects. Community participation will ensure better accountability of contractors, road user groups and the PIUs staff, thus creating transparency on the use of funds, while ensuring community engagement and appropriate targeting of the poorest households in Level 1 road rehabilitation and maintenance.

11. The social inclusion unit will use the CDC as the entry point (where a CDC does not exist any other existing community based organizations will suffice) for undertaking community based participatory monitoring to (i) assess progress based on a few and simple selected key process and output indicators; and (ii) conduct regular social audits to provide brief quantitative reports on the community perceptions and social results including the potential impact on crop diversification, generated by the road access. The social inclusion unit will prepare (i) a monthly report on the findings and submit this to the regional office; (ii) conduct at least 3 social audits per-quarter and; (iii) provide quarterly progress reports regarding level 1 works and community participation..

E. Baseline Survey and impact evaluation

12. It is proposed that a baseline study will be carried out with the help of the Vulnerability Assessment Unit (VAU) of MRRD, which has extensive experience from the administration of the National Risk and Vulnerability Assessment (NRVA) and from participation in the NSP impact evaluation. Key data will include accessibility, local price levels, traffic counts, road passability and travel times. Data collection for the baseline study will take place in early 2008. The baseline survey will collect household level information on transport and travel needs, income and expenditures patterns, asset ownership, income and crop diversity, employment as well as access to markets, health and education services. The survey is administered at the household level in order to capture the distribution of transport costs and benefits from transport improvements across different socioeconomic groups and across genders. Recognising the role the development of the road network can play in improving access to markets for labour and agricultural commodities the survey will also look at current levels of diversification of income and cropping patterns.

13. NRAP has so far not carried out an impact evaluation and has relied on anecdotal evidence to argue that interventions have a positive impact on the rural population. To remedy this situation, NERAP will undertake a rigorous impact evaluation of its projects. In order to identify the effects of NERAP projects on outcomes of interest and to generate evidence-based recommendations on how the structure of the program may be adapted to more efficiently meet program goals, a rigorous impact evaluation of project effects and related interventions will be implemented across the life-cycle of the project. The impact evaluation will focus on estimating two core effects: (i) Project Effects; and (ii) Effect of Complementary Input Interventions (CII).

14. *Project Evaluation:* The Project Evaluation seeks to provide evidence-based recommendations to the Government and donors on the efficacy of project activities. The methodology for the Project Evaluation is centered on the identification of a control group (communities which do not receive road improvements through NERAP) and a treatment group (communities which do receive road improvements through NERAP) prior to the start of the works. In order to limit contamination of estimated effects by selection biases⁹, it is important that communities of treatment and control groups face, on average, an identical probability of being included in the project. Given that the investment plan for NERAP is mostly fixed and that randomized selection of treatment areas are potentially precluded, -which could mitigate the selection bias problem - a control group will have to be identified through statistical matching algorithms, such as propensity-score matching or synthetic-matching. These statistical techniques can create artificial control groups from a combination of existing villages in the sample. The baseline will be significantly larger than subsequent follow up surveys in order to ensure adequate balance of general characteristics across treatment and control groups and avoid mismatches between treated and control units. Project effects will be estimated by a comparison of outcome means across treated and control villages, before and after NERAP.

15. *Complementary Input Intervention (CII) Evaluation:* The CII Evaluation seeks to provide evidence-based recommendations to the Government on the efficacy of bundling complementary interventions with road rehabilitation projects. The feasibility of carrying out such an evaluation has not yet been established. If feasible, the NERAP CII Evaluation will focus specifically on interventions related to Intermediate Means of Transport (IMTs). It is envisaged that the Evaluation Team will partner with organizations involved in micro-credit, such as Micro Finance Investment for Afghanistan (MISFA) to randomly allocate such IMT investments to units receiving NERAP projects and areas not receiving NERAP projects. This does not mean that IMTs will be included in the proposed project but the Evaluation Team will try to identify partners who are interested in working in parallel with the project. The CII Evaluation will then employ difference-in-difference estimators to identify whether improvements in accessibility in rural areas are conditional on the provision of road rehabilitation schemes, IMT-related investments, or both.

F. Mid-term Review

16. During the second year of the project and no later than June 30, 2009, a mid-term review will be conducted in order to assess whether the NERAP is achieving the objectives as planned, and to initiate corrective measures if deemed necessary. Prior to the mid-term review, a new assessment

⁹ Selection bias occurs if treatment groups tend to be from areas with high growth potential or high traffic density. These areas could have grown faster even in the absence of the road rehabilitation leading the impact evaluation to over-estimate the impact of roads;. Alternatively, if treatment areas tend to cover predominantly low income groups for whom road availability is one of many binding constraints on poverty alleviation, the result would be an under estimation of the average impact of road rehabilitation in rural areas.

of overall management and fiduciary aspects management capacities of the ministries will be carried out. As appropriate, the government will contract a consultant (from grant proceeds) to review and assess progress in implementing the project and to assist in preparing the necessary documentation for the review. The steering committee through the NCU will be responsible for preparing the necessary documentation for the review and for planning the midterm review meeting. The midterm review will evaluate progress in reaching the NERAP and program objectives, and will identify measures to improve performance if needed. Careful attention will be paid to the performance in managing the technical and fiduciary aspects by the ministries in order to analyze the ways and means to transfer additional responsibilities to the ministry if deemed acceptable. Special attention will also be paid in addressing environmental and social issues and in designing and implementing the various activities. Specialists will assess the environmental and social impacts of investments, both individually and cumulatively, and the adequacy of safeguard procedures agreed for the project. The MTR will also review efforts to ensure good governance and reduce risk of corruption.

G. External Evaluation

17. At the end of the three years, an external evaluation will assess NERAP's impact and provide recommendations for the rest of the implementation of the program. The evaluation will specifically assess whether the target set in Appendix 1: Results Framework and Monitoring have been achieved at the end of the project, based on findings from the analytical works, the impact evaluation and monitoring records during the project. An independent external evaluation will also be carried out to evaluate the contract compliance of the Implementation Consultant (annually) and the performance of the Capacity Building Consultant.

H. Management Information System (MIS)

18. A full-fledged MIS is already established and is functioning reasonably well at the MRRD PIU, while that of the MPW PIU needs further improvement to function more effectively. Neither of the two systems is currently used as a management tool but rather serves as data collection points. During the NERAP, the MIS of both PIUs will be improved and it is further envisaged that both systems shall integrate the National Rural Network Information. This integration would allow the PIUs to overlook the progress of the project as a national program and to monitor the progress towards the targets set by the IANDS.

19. In addition to this the PIUs will incorporate the community level participatory monitoring indicators and collection into the MIS and reporting.

20. It needs to be ensured that the data collected will be analyzed and be used to inform management decisions at both ministry and NCU level.

Appendix 9: Security Risk Assessment and mapping of roads

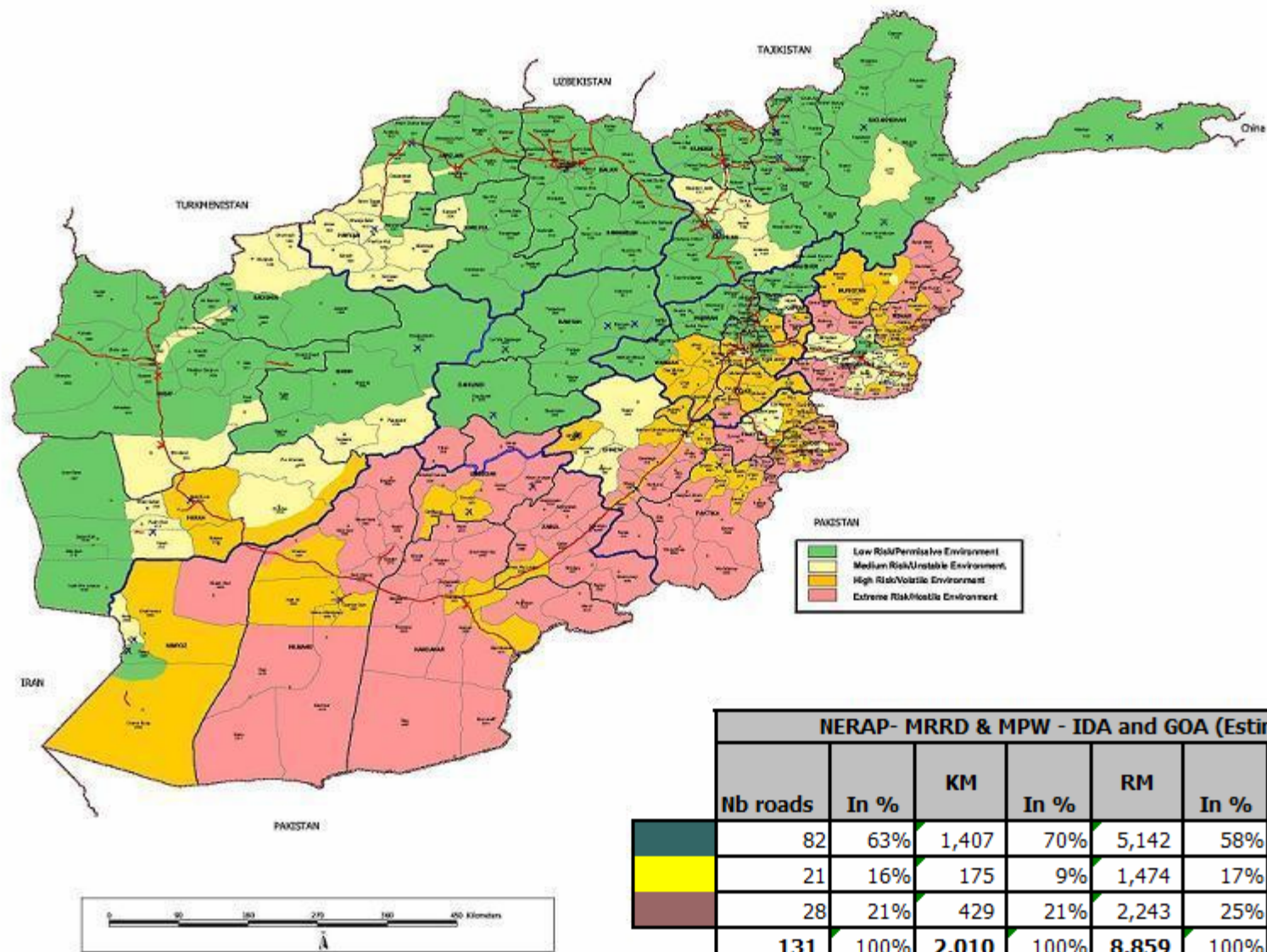
1. The security situation in Afghanistan remains fluid and is currently deteriorating. Careful consideration was given during project preparation to the possible consequences if the insurgency and criminal activities increase further. An analysis was carried out using the UN's Program Accessibility Map of September 2007 which categorizes the country into three areas: low, medium, and high risk. The proposed roads were ranked according to their security risk and those roads in the high risk areas were reprogrammed for the second half of the project, on the assumption that security will improve.
2. Following this ranking, about 63% of construction sites would be in low risk, 10% in medium, and 20% in high risk areas. Given the increasing overlap between opium production and insecurity this means that some of the areas with the most intensive opium poppy cultivation cannot currently be prioritised by the programme. Nevertheless districts in which opium poppy cultivation has been widely grown (and may be return to in the future) such as in Balkh, Badakhshan and Nangarhar are already identified to receive assistance. The ministries will keep the risk assessment up to date and would make adjustments as necessary. Even within an area the level of threat can vary substantially and local intelligence is vital. Therefore the communities would be much better informed about the project than has been the case so far and every attempt must be made to built good relationships with the villagers who will often be the guarantors of staff safety.
3. Government is determined to deliver services across the country and the project would adapt its implementation in order to be present even in less secure areas. In those localities, the preferred delivery mechanism would be Level 1 contracts which require less outside presence and bring direct cash benefits to the communities.
4. The Bank's ability to supervise the construction sites either directly or through consultants is substantially limited. Even if a construction site would be considered safe, the approach routes might lead through high risk areas. It is likely that the Bank would have to rely on third party auditors for verification. Community verification would also be used and an effective complaints mechanism would be put in place that would highlight irregularities and grievances.

		NERAP- MRRD - IDA (Estimated)							
		Nb roads	In %	KM	In %	RM	In %	Cost in million US	In %
Security level 1 Low risk		54	63%	600	65%	4,746	58%	18.0	67%
Security level 2 Medium risk		15	17%	112	12%	1,450	18%	3.7	14%
Security level 3 High risk		17	20%	217	23%	2,005	24%	5.3	20%
Total		86	100%	929	100%	8,201	100%	27.0	100%

		NERAP- MPW - IDA and GOA (Estimated)							
		Nb roads	In %	KM	In %	RM	In %	Cost in million US	In %
Security level 1 Low risk		28	62%	807	75%	396	60%	41.4	71%
Security level 2 Medium risk		6	13%	63	6%	24	4%	3.2	5%
Security level 3 High risk		11	24%	211	20%	238	36%	13.7	24%
Total		45	100%	1,081	100%	658	100%	58.3	100%

		NERAP- MRRD & MPW - IDA and GOA (Estimated)							
		Nb roads	In %	KM	In %	RM	In %	Cost in million US	In %
Security level 1 Low risk		82	63%	1,407	70%	5,142	58%	59.4	70%
Security level 2 Medium risk		21	16%	175	9%	1,474	17%	6.9	8%
Security level 3 High risk		28	21%	429	21%	2,243	25%	19.0	22%
Total		131	100%	2,010	100%	8,859	100%	85.3	100%

CORRECT AS AT 24 SEPTEMBER 2007

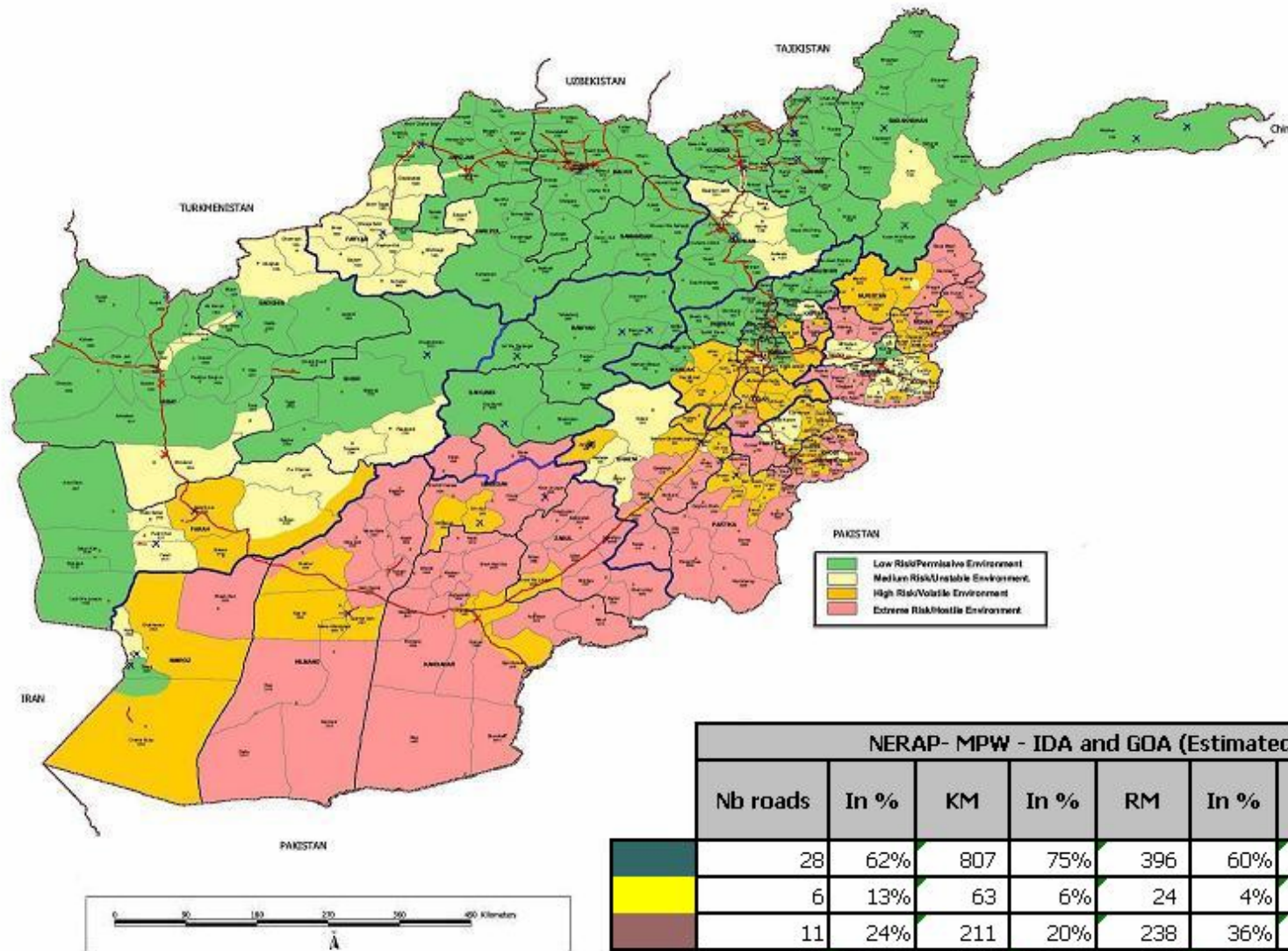


PAKISTAN

- Low Risk/Permissive Environment
- Medium Risk/Unstable Environment
- High Risk/Volatile Environment
- Extreme Risk/Hostile Environment

NERAP- MRRD & MPW - IDA and GOA (Estimated)								
	Nb roads	In %	KM	In %	RM	In %	Cost in million US	In %
	82	63%	1,407	70%	5,142	58%	59.4	70%
	21	16%	175	9%	1,474	17%	6.9	8%
	28	21%	429	21%	2,243	25%	19.0	22%
	131	100%	2,010	100%	8,859	100%	85.3	100%

CORRECT AS AT 24 SEPTEMBER 2007

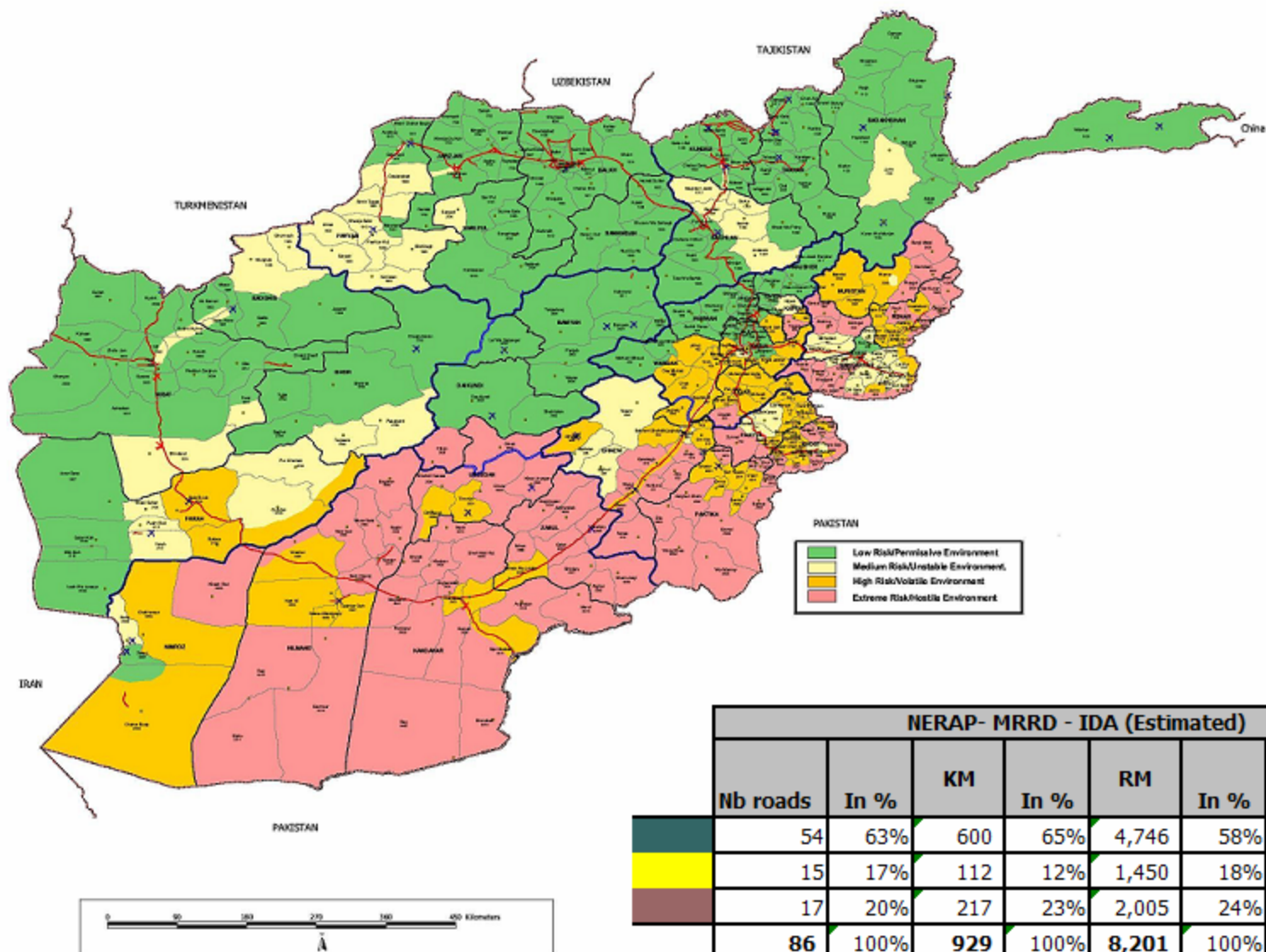


Color	Environment Description
Green	Low Risk/Permissive Environment
Yellow	Medium Risk/Unstable Environment
Orange	High Risk/Volatile Environment
Red	Extreme Risk/Hostile Environment

NERAP- MPW - IDA and GOA (Estimated)								
	Nb roads	In %	KM	In %	RM	In %	Cost in million US	In %
Green	28	62%	807	75%	396	60%	41.4	71%
Yellow	6	13%	63	6%	24	4%	3.2	5%
Orange	11	24%	211	20%	238	36%	13.7	24%
Red	45	100%	1,081	100%	658	100%	58.3	100%

Prepared By: M. Moneer

CORRECT AS AT 24 SEPTEMBER 2007



NERAP- MRRD - IDA (Estimated)								
	Nb roads	In %	KM	In %	RM	In %	Cost in million US	In %
	54	63%	600	65%	4,746	58%	18.0	67%
	15	17%	112	12%	1,450	18%	3.7	14%
	17	20%	217	23%	2,005	24%	5.3	20%
	86	100%	929	100%	8,201	100%	27.0	100%

Appendix 10: Communications Strategy

Introduction

1. A communication strategy for the National Rural Access Program (NRAP) has been prepared by the Public Relations and Communications Unit (PRCU) of the PDCU. The strategy draws from previous experience of NRAP-PDCU. The communication strategy serves as a working reference tool, in order to raise awareness and identify key audiences, strengthen successful working relationships and secure future funding for NRAP.
2. This strategy is consistent with, and aims to achieve objectives of the Government of the Islamic Republic of Afghanistan (GoA) and its commitments as expressed in the Afghanistan National Development Strategy (ANDS), and is an example of coordination and consistent intra- and inter-ministry communications.
3. Adopting a carefully considered communication strategy, to build public consensus and ownership of the program remains an important element for the success of the NERAP and NRAP program as a whole. Widespread communication of the program's objectives to the beneficiaries, and to the Afghan population as a whole, is crucial to facilitate project implementation. Through a well designed communication strategy, the local communities would be made aware of the Government's efforts to create vital links between the villages, the markets and primary services, such as health clinics and schools. Local signboards and information dissemination about the project implementation would also improve the accountability of local authorities and facilitate the communication among the stakeholders.

Background

4. The Afghan population is widely dispersed and predominantly rural, with a rich and varied culture. Communication activities must consider local language, cultural, religious, tribal, and gender norms. News travels most often by word of mouth in person and often at the mosques, or by cell phone, significantly aided by radio news programming. Radio ownership is estimated at 83% and television ownership at 37%. Television access is increasing as electrification branches out from the major cities and is quite popular, but power is usually limited to a few hours a day. Internet availability is estimated at 6%. Newspapers are rarely available outside of provincial and district capitals and most are perceived to have political bias. The national literacy rate is estimated at 37% for men and 10% for women, lower in rural Afghanistan¹⁰. Afghans prefer to listen to dramas ahead of other programming options. Afghan women have less access to radio than men, even if the radio is within their own homes, thus half of the population have little to no access to government communication. In order to ensure that security is provided at the sub-project sites and that the infrastructures can be built, it is important that local communities are well informed about the potential benefits of the project.

Objectives

5. The communication strategy aims at improving the cost-efficiency and impact of the project's communication activities and would mainly focus on (i) Communication to enhance projects effectiveness to achieve the intended operational results, (ii) Communication to ensure

¹⁰ Afghan Media - Three Years After produced in May 2005 by USAID

transparency and accountability during project implementation, (iii) Communication for education, learning and dissemination of information to large audiences, (iv) Communication for effective coordination and cooperation, social and political mobilization, donors relations and institutional strengthening.

6. The NERAP communication strategy will aim at the following objectives:

- Ensure that the objectives of the program are well communicated and the project receives support from the beneficiary communities, government's stakeholders, as well as other donors. Improve understanding of the project's scope and objectives to a broad audience and ensure local as well as national support for the project's activities.
- Build trust and confidence in the GoA. All project phases are well documented; information on progress, delays, challenges and problems faced by the project or proposed works are communicated to the beneficiaries and stakeholders to ensure concerted solutions as well as maximum transparency and accountability.
- Create support for the Social Inclusion Unit's method of involving communities in the decision making and project implementation processes; and create conditions for the awareness, interest, comprehension and acceptance of the instrumental role that women play in community growth and development.
- Generate feedback from target and crucial audiences and channel this feedback to the decision makers.
- Inform the population on the employment opportunities generated by the project and the mechanisms to access these opportunities.
- Inform professionals about the project's standards and about educational opportunities available within the project.

7. The role of communication planning in NERAP, NRAP as well as for other programs implemented in Afghanistan, has significantly broadened. While ensuring that key messages about the program design and impacts are widely disseminated and clearly understood remains an important aim, other factors such as building trust, facilitating dialog among all stakeholders, donors and other key actors have come to the forefront of the communication needs. This implies that the objectives above will be achieved by setting up a two-way communication mechanism that goes beyond information dissemination.

Key message

8. All key messages of NERAP will be interpreted in Dari and Pashto and will reflect consistency in meaning. These messages will be effective as long as they are accurate and supported by action. These messages will be communicated through words, imagery and drama. These messages transmitted to the people will reinforce the importance of rebuilding of the road network and connecting Afghan villages to markets and services, as part of the reconstruction efforts and reconciliation process. These messages will reflect the shared vision, values and democratically-determined priorities of the people. Messages will be regularly reviewed to ensure consistency with the Ministries' strategies. The key message to be disseminated is: *NERAP's purpose is to rehabilitate rural roads which will jumpstart the legal rural economy, while targeting social protection groups, and building capacity within government ministries. Within the rehabilitation of rural roads, the most important goals are equity, connectivity, quality and sustainability.* Wherever possible emphasis will be given to the role NERAP plays in improving

access to government services such as health and education and in promoting the development of the legal (non opium) economy.

Main Activities

Internal Communications

9. Strong internal communications is a priority to support operations, build teamwork and to create a sense of shared mission. This will lead to consistent external communications. These communications can include ministerial visits to national and field offices, conferences and staff meetings, and e-mails. Meetings should end with a check-list to enforce timely follow-up on agenda issues. When field visits are made, the participants should follow up with a field report to be distributed to PIU and NCU staff members. These reports can be very brief to include key information and any necessary follow-up action to be taken.

Strategic Government Communications

10. NRAP must participate in the development of a strategic communication capacity with the MPW, MRRD and the GoA to ensure consistent networking. This networking must include internal and external communications.

Press Releases

11. These releases will be issued on a regular basis highlighting Programs' activities and holding media conferences as well as press events for sub-project inaugurations and commissioning. These press releases will be issued in Dari, Pushtu and English. The releases will be sent to all media by email. Press releases will include details of an event, when it was held and where; why the event is important to the public. Also, providing a quote from a senior official about the event is an effective tool. Facts and figures and who attended the event is important for the journalists, including brief background bullet-point facts such as information about the Program. Contact details, for questions and feedback must be included.

Newsletter

12. NRAP has an established newsletter "Road" that is published every two months and is distributed through the internet and by hard copy to its distribution list of government and donors. There are 650 recipients for the newsletter that includes 10 ministries, UN agencies, UNOPS regional offices, provincial directorate of the MRRD and MPW, Governors' offices, Donors, both houses of Parliament, some embassies, MPW, MRRD, Presidential Palace, the press, and two Chambers of Commerce. Input for the Newsletter comes from field visits, interviews, PIU reports, Social Inclusion Reports and regional offices of UNOPS. The newsletter "Road" will be re-vamped and incorporate new ideas and graphics to further enhance the final product.

News Bulletins

13. NRAP will initiate radio and TV bulletins on activities including inauguration or commissioning of works. News bulletins will also provide information or explanations in case of delays in works execution, funding and/or changes to project policies and/or other issues inherent to the project.

Media Liaison

14. NRAP representatives with strong communication skills in Dari, Pushtu and English will be identified, trained for media interviews on NRAP, provide interviews to national and foreign radio, television and print agencies and be prepared to respond to media queries.

Production of video, radio and print material

15. The Public Relations Communications Unit (PRCU) of NRAP has developed a popular weekly series “Village connecting to Village” (Deh bad eh rah darad) that has aired more than 200 episodes on government and private radio stations. The PRCU has also developed a plot TV version that could be aired weekly. NRAP’s PRCU is developing some additional scripts to include in the radio presentation including highly essential issues of NRAP rural projects. The program will aim at expanding the radio soap to TV, on at least a bi-weekly basis. The TV project will require sufficient funding and staff.

Media Channels

- Pamphlets – Pamphlets using pictures and written dialogue will show the process, timeline and opportunities for people within the community.
- Signs – Signs with NRAP logo and the project name will be posted near the project or at a frequented area in the community.
- Boards - Boards with project details for the community’s information will be made available at project site or at a convenient location, accessible by the beneficiaries.
- Posters – Posters will to be produced with pictures that are appealing to the community people and display the NRAP logo on them using the logo for image dissemination.
- Letterhead – The letterhead will display the NRAP logo to be designed in consultation by MRRD and MPW.

Media Monitoring

16. NRAP will have daily access to media monitoring of Dari, Pushtu and English radio, television and print news coverage about NRAP, MRRD and MPW. A clippings file has been established to include local and regional clippings of items printed in regional press.

NRAP Information Kit

17. Briefing packs, similar to a press kit, on NRAP’s activities are being produced to deliver key messages including donor contributions to the program. These briefing packs are necessary to inform the GOA and Donors of NRAP’s activities. Briefing packs are a very effective tool for presentations, events and fund-raising. The available data will be printed using graphics and photos to enhance the product and to attract the audience.

Community Outreach Events

18. These events will be held to inform rural communities of Ministry activities, gather feedback and encourage participation and debate on key issues.

Gender-focused communications

19. NRAP communications products must have the potential to reach all Afghans. News and drama programs must be timed to air when women will hear them. NRAP can interface with the Ministry of Women’s Affairs to find other effective mechanisms of communication.

Web-based communications

20. NRAP has established a website as of September 1, 2006, www.nrap.gov.af. Web-based communications will be focused through this website and can also include emails to facilitating partners and discussion forums. This website will be updated on a timely basis to include the most current information about projects and availability of employment to the afghan community. Although internet penetration is only 6% at this time, it is growing at a very steady rate in the country.

Principles

21. All communication sponsored or created by NRAP and NERAP will be communicated with integrity, ethics and transparency. The NRAP supports ethical communication standards in accordance with the rules of the Islamic Republic of Afghanistan. Transparency in all communication operations of NRAP will be strictly enforced.

22. NERAP will promote its purpose and contributions made to the Islamic Republic of Afghanistan, while not excluding its' partnerships. NRAP will promote the ideal of a stable and working government to the communities.

23. This national media campaign aims to increase overall public awareness about the NRAP program, its' ongoing activities and achievements to date, with specific emphasis on community awareness regarding the program's activities and achievements at the local level. NERAP will use the same strategic approach.

Analysis of media resources available in Afghanistan

24. National media are concentrated in Kabul, with radio and print agencies in all provinces. Television has a strong broadcast presence in most urban centers. National private radio and television agencies may air NRAP products for free if they are professionally produced, are consistently provided and are of current interest to the agencies. Radio and Television Afghanistan (RTA) which is government-owned will provide free access to NRAP projects because NRAP is part of the government. The presence of foreign media in Kabul is steadily declining; however, they are increasingly hiring local Afghan journalists to feed news to their agencies.

Press Contacts

Newspapers (English): Afghanistan Times, Kabul Times

Magazines (English): Afghan Scene Magazine published by Moby Capital Partners.

Newspapers (Dari/Pushtu): Anis Daily, Eslah Daily, Hewad Daily.

Radio stations: Radio Afghanistan, Radio Kilid, Azadi Radio, Voice of America, BBC, Good Morning & Good Evening Afghanistan Radio, Radio Voice of Freedom, And several free local radio stations

Television stations: RTA, Tolo TV, Lemar TV, Aina TV, Ariana TV, Afghan TV, Shamshad TV, and several local television stations

ISAF Radio & Television spots

25. NRAP has held meetings with ISAF TV Producers and has established a working relationship with ISAF for Television broadcasts. TV Journalists from ISAF have visited rural road sites in Kabul and Logar and have produced TV segments for distribution throughout Afghanistan. NRAP has also had meetings with ISAF Radio Group

Institutional arrangements

26. A Public Communication Unit (PCU) will be established in each of the two project's PIUs, one for MRRD and one for MPW, this arrangement will allow for differentiation of communication programs for secondary and tertiary roads. The two PCUs will work closely together and receive support from the communications units of the two line ministries of MRRD and MPW. The ministries have established respective offices of communications and these offices conduct regular meetings to share information.

27. The project's PCUs will work with other ministries to ensure good synergy. For communication purposes, cooperation will be established with the e.g. the ministries of Agriculture, Energy and Water, Interior, Counter Narcotics, Defense, Women Affairs, and Martyrs & Disable. Each subcomponent, including pertinent activities, will be managed by a communication specialist for the sector.

Coordination

28. Communication activities should not take place in isolation and must be coordinated with other MRRD and MPW communications departments' programs, government communication priorities, and with the international community. Communication about one government program should not seem to be in competition with other government programs. The NERAP benefits from a well developed production capability under NRAP and the ministries that can be used to the benefit the project as a whole, as long as responsibility and management is raised to the program's levels and the communication units are sufficiently staffed and resourced.

29. Public and internal communication to diverse audiences with different languages is complex and staff should be chosen with care. To ensure that the public receives accurate, current information, communicators must have up-to-date information about projects, activities and issues. The senior communication representative should be part of the management team.

Evaluation

30. It is the responsibility of the communicator to ensure the audience receives and understands what is being communicated. Evaluation should include whether or not the activity reaches the intended audience and if the information provided by different activities is consistent. The degree of success of communications can be measured in part by media monitoring analysis, and by formal and informal surveys. Websites and newsletters should invite feedback, and any meeting or conference can be a venue to ask the participants what they know of the communications activities and what they think about their impact.

Appendix 11: Environmental and Social Management Framework



ISLAMIC REPUBLIC OF AFGHANISTAN

Ministry of Rural Rehabilitation and Development (MRRD)

And

Ministry of Public Works (MPW)

National Rural Access Program (NRAP)

Executive Summary

Environmental and Social Management Framework

(ESMF)

NATIONAL EMERGENCY RURAL ACCESS PROJECT (NERAP)

July 2007

I. Background and the proposed NERAP:

1. The Government of Afghanistan (GoA) attaches a high priority to improving rural accessibility and has been promoting the reconstruction of rural access infrastructure since 2002. Originally known as the National Emergency Employment Program (NEEP) this effort was part of the Government's social protection agenda and aimed to create employment while also rehabilitating rural roads. In 2005 an external review recommended to shift the emphasis to the provision of quality rural roads while creating jobs when feasible. GoA accepted this recommendation and the program is now known as the National Emergency Rural Access Program (NRAP) which is being supported by IDA and several donors under the leadership of the World Bank.

2. The NRAP is executed jointly by the Ministry of Rural Rehabilitation and Development (MRRD) and the Ministry of Public Works (MPW) with implementation support provided by United Nations Office of Project Services (UNOPS) and has been ongoing since mid 2002. From inception and until the end of 2004 the programme was known as the national emergency employment programme (NEEP). In 2005 the focus broadened from that of a primarily employment generation programme to support local sustainable development through improvements in rural access infrastructure. Hence in 2005 the programme name was changed to the national rural access programme (NRAP).

3. Since its inception in 2002 under the Emergency Community Empowerment Project, NRAP has rehabilitated about 9,000 km of rural roads throughout the country to an all-weather standard and has connected 3,000 villages. The rural road network is estimated at 30,000 km and the works, to-date, have returned more than 25% of the network to maintainable condition. The program also provided around 13 million labor-days of employment. The program is working in all provinces and is adapting its operations to adjust to the difficult security situation. To reach the target of the Compact, an additional 4,000 km of rural roads need to be rehabilitated over the next three years and included in the maintainable network, resulting in an annual rehabilitation target of 1,350 km.

4. Based on the request from the GoA, WB/IDA together with the Government is preparing a new project of US\$137 million. The objective of the proposed National Emergency Rural Access Project (NERAP) is to provide year-round access to basic services and facilities in rural areas of Afghanistan covered by the project. This will be achieved through a private-sector led development and maintenance of rural access infrastructure. The achievement of PDO will contribute to enhance well-being and promote equitable economic growth in the country. The PDO is derived from the overarching program objective of NERAP.

5. **The National Emergency Rural access Project and Program (NERAP)** aims to enhance human security and promote equitable economic growth by ensuring year round access to basic services and facilities in rural Afghanistan by promoting local productive capacity, through a private sector led development of physical rural access infrastructure and employment creation for the poor. In doing so NERAP seeks to rehabilitate, reconstruct and maintain essential rural access infrastructure using appropriate labor based approaches thereby creating short term employment opportunities for the rural poor, nation-wide.

6. The proposed project components are:

Component A. *Improvement of secondary roads (US\$78.2 million equivalent including contingencies and taxes of which IDA will finance US\$53.2 million equivalent),* including rehabilitation and reconstruction of some 1050 kilometers of secondary rural roads; emergency repair works to roads and bridges following natural disasters such as heavy snow, rocks falls, landslide and rocks blockage, heavy rains and flooding; activities to implement and monitor the updated Environmental and Social Management Framework (ESMF); and the services of an implementation consultant and financial contribution to incremental operating expenses required to run the project implementation unit of MPW.

Component B. *Improvement of tertiary roads (US\$52.1 million equivalent including contingencies and taxes of which IDA will finance US\$52.1 million equivalent),* rehabilitation and reconstruction of some 925 kilometers of tertiary rural roads; emergency repair works to roads and bridges following natural disasters such as heavy snow, rocks falls, landslide and rocks blockage, heavy rains and flooding; routine maintenance of the previously rehabilitated rural roads; activities to implement and monitor the updated Environmental and Social Management Framework (ESMF) and Social Inclusion activities; and the services of an implementation consultant and financial contribution to incremental operating expenses required to run the project implementation unit of MRRD.

Component C. *Institutional strengthening, capacity building and project implementation assistance (US\$6.7 million equivalent including contingencies and taxes of which IDA will finance US\$6.7 million equivalent)* including the setting up of a rural roads management system (mostly consisting in the formulation of a rural access strategy and its implementation and the setting up and implementation of maintenance mechanism, maintenance programming for the short and medium term). In addition and in conformity with the road management strategy, this includes also capacity building activities for staff who will be tasked to manage the rural road sector and project management, monitoring and evaluation activities.

II. Objectives

7. This Environmental and Social Safeguards Framework provides general policies, guidelines, codes of practice and procedures to be integrated into the implementation of the proposed World Bank supported National Emergency Rural Access Project (NERAP). Consistent with existing national legislation, the objective of this Framework is to help ensure that activities under the proposed reconstruction operation will:

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

8. The ESMF comprises the following safeguard instruments: (i) Social Inclusion Framework (SIF), and (ii) the Environmental Mitigation Measures (EMM)/Environmental Management Plan (EMP).

III. Guiding principles, Policy, Legal and Administrative Framework

9. No significant environmental impacts are anticipated as the works proposed only involve repair and rehabilitation of existing rural roads and related access infrastructure. The project is not expected to have any land acquisition or other adverse social impacts, but on the contrary significant positive social impacts regarding improved livelihoods. The project is national in scope with a focus on vulnerable districts, and this will enable different ethnic groups to benefit from the project. Since the project involves repair and rehabilitation of existing roads, it will not impact historical or cultural artifacts. The project implementation manual will include project screening, planning and appraisal formats, which will record the environmental and social impacts and related mitigation measures for specific roads. Monitoring will include reporting on chance archeological finds. The project implementation manual will be based on the Environmental and Social Safeguards Framework agreed between the Government and the Bank.

10. *Environmental Impact Assessment regulations promulgated by National Environmental Protection Agency (NEPA):* As per the EIA regulation of NEPA, the transport projects are categorized as “A” and “B” activities depending on following features of the transport project: (i) Activity A: National or provincial highways or major roads with a total cost of US\$800,000 dollars, or more with the exception of maintenance, rebuilding or reconstruction of existing roads; (ii) Activity B: The construction or upgrading of national or provincial highways and roads (except maintenance, rebuilding or reconstruction of existing roads with a total cost of less than US\$800,000 dollars. However, there are another two categories of activities to which provisions of EIA regulations of NEPA are applicable, NERAP road works may fall in these categories: (iii) Activity creating adverse impact on Environmentally Sensitive Areas which relates to activities likely to have significant adverse impact on the environment of the area that has been determined by NEPA to be an environmentally sensitive area; (iv) Prohibited Activity: any other activity that is likely to have a significant adverse effect on the environment and which is determined by NEPA to be a prohibited activity. For above mentioned category of projects, project component will have to take “certificate of compliance” from NEPA after making application and fulfilling the statutory requirements of NEPA.

11. *Applicability to the NERAP project.* It is important to note that the most of the road works constituting the NERAP program are repair or rehabilitation of village, district and province roads type and do not belong to construction/upgrading of national, provincial or major road category and hence NEPA’s requirement of “certificate of compliance” is not required. Therefore, all road works are exempted from the requirement of “certificate of Compliance” from NEPA. However, where there is possibility for new construction of district roads and provincial roads, and/or rehabilitation of roads in environmentally sensitive areas as may be defined by the authority in future, NEPA provisions related to EIA regulation will be applicable.

12. *Land acquisition and resettlement.* The activities to be undertaken under the proposed project involve rehabilitation of existing secondary and tertiary roads that are not likely to involve any land acquisition or have any other adverse social impacts. No involuntary resettlement is anticipated. However, land acquisition, wherever required for subproject activities of NERAP program will be under taken as per the provisions of Afghanistan’s current Expropriation Land Law, enacted in 2000. The process will be further amended to meet the requirement of the Land Policy 2007 in Afghanistan which has been placed before cabinet and National Assembly for approval.

13. *World Bank Safeguard Policies which could be triggered:* The relevant safeguards for this project are mostly Environmental Assessment (OP4.01), Involuntary Resettlement (OP/BP4.12), Indigenous Peoples (OP/BP 4.20), Natural Habitats (OP/BP 4.04) and Physical Cultural Resources (OP/BP 4.11). For all five safeguard policies, the project design follows the criteria and norms laid down in the "Revised Guidance Note on Application of Safeguard Policies for the Afghanistan Program". Because individual subproject investments are not all known in advance, GoA will adopt a programmatic approach, with the following characteristics:

Table 1: World Bank Safeguard Policies applicable

S. N.	World Bank Policy	Applicable due to	Addressed by ESMF
1.	Environmental Assessment OP 4.01	<ul style="list-style-type: none"> ▪ Village road projects are likely to have impacts on environmental and social components as on water bodies, existing slopes in case of mountainous and hilly areas and on trees along the road 	<ul style="list-style-type: none"> ▪ Implementation of Environmental Mitigation Measures/Environmental management Plan (EMP) ▪ Social Inclusion Framework (SIF) to address the environmental and social issues
2.	Involuntary Resettlement OP 4.12	<ul style="list-style-type: none"> ▪ Project involves affect on assets and livelihood, impact on people belonging to ethnic and religious community. 	<ul style="list-style-type: none"> ▪ Preparation of SIF to address social impacts through enhanced community participation and providing options to mitigate losses
3.	Religious/ethnic groups and groups constituting minorities at local level	Project involves impact on people belonging to ethnic, religious and minority community.	<ul style="list-style-type: none"> ▪ Provisions to ensure that all projects have equity across religious/ethnic groups and inclusion of groups constituting minorities at local level
4.	Natural Habitats OP 4.04	<ul style="list-style-type: none"> ▪ Project entails a few alignment through natural water bodies 	Preparation and Implementation of EMP.
5.	Physical Cultural Resources OP 4.11	<ul style="list-style-type: none"> ▪ The project entails risk / damage to cultural properties and has likelihood of finding archeological properties 	<ul style="list-style-type: none"> ▪ Provisions made for relocation of cultural properties and protection of the same under the "Law on Preservation of Afghanistan's Historical and Cultural Heritage (2004)".

14. *Mine Risk Management.* Road works will not be implemented without appropriate mine-risk management. Current practice (evolved during field implementation) for managing mine risk have been robust. A GoA procedure for mine risk management (based on these practices) in

World Bank funded projects has been sent for approval of the Bank Safeguards. Once approved by the Bank and signed by GoA, this will become a part of the project safeguard framework. All risk assessment and clearance tasks shall be implemented in coordination with the Mine Action Center for Afghanistan (MACA). These procedures may need to be amended in the future, depending on evolving circumstances.

IV. Environmental and Social Management Framework (ESMF)

15. *Environmental and social safeguard measures.* Options to address the various environmental and social issues identified have been worked out based on review of good practices and requirement of compliance with the legal provisions. The analysis of options enabled the identification of measures to address the environmental and social issues. The measures have been finalized through stakeholder consultations, wherein inputs from the stakeholders including the executing agencies, line agencies and National Environment Protection Agency (NEPA) enabled the finalization of the suitable measures. The measures envisaged under the ESMF are implemented by the both ministries of MRRD and MPW.

16. *Screening of proposed road works.* A screening and review process for identification of sensitive roads with respect to environmental/social issues has been worked out. The screening exercise will be carried out by the PIUs prior to initiation of the project preparation activities. The screening exercise will be used as a tool to identify the severity of impacts of environmental and social issues, and thereby integrate their mitigation measures into the project preparation accordingly.

17. The screening criteria include:

Environmental factors such as;

- Sensitive areas, natural habitats, other state declared sensitive areas
- Felling of trees
- Clearance of vegetative cover
- Loss of productive agricultural land
- Cuts across perennial streams or surface water bodies
- Vulnerability to natural hazards, land slides/slips, soil erosion and,
- Environmental features as wet lands, protected ground water zone, etc

Social factors such as;

- Land availability
- Loss of structures
- Loss of livelihood
- Impacts on common property resources

18. The screening shall provide information on

- Categories of road works and inclusion in the project
- Categories of road works to be excluded in sensitive areas through exclusion criteria.

19. *Responsibilities for Safeguard Screening and Mitigation.* The two ministries will act as the implementing agencies for the proposed project, the Ministry of Reconstruction and Rural Development and the Ministry of Public Works. Each Ministry will be responsible for applying the safeguard screening and mitigation requirements to its own road works. Within each Ministry, a Safeguards Focal Point will be identified with responsibility for overseeing the implementation of the Environmental and Social Safeguards Framework. The National Coordination Unit (NCU) being supported under this project will ensure third-party tracking of implementation of the Framework.

Environment:

20. **Low Impact road works (L):** The environmental impacts will be of the type normally associated with standard rural road rehabilitation/ reconstruction. Where the expected impacts are small in scale, and can be mitigated through standard measures suggested in the Environmental Mitigation Measures (EMMs).

21. **Medium Impact road works (M):** Where impacts are larger and complex than Category 'L' projects requiring specific intervention, such as new construction projects, project in/adjacent to areas that are declared environmentally sensitive areas by NEPA or that have sensitive environmental features like passing through natural water bodies, flood prone areas, etc. there by requiring additional analysis and site specific environmental management plans. In such cases EMP will be prepared as part of Project Document (PD). The following aspects will be considered as **triggers** for the Medium impact road works thereby requiring preparation of EMP,

- a. Impacts on natural habitats,
- b. Vulnerability to natural hazards, land slides/slips
- c. Projects adjacent to(within 500 m) the environmentally sensitive area as declared by NEPA or areas as detailed out in exclusion list for this ESMF, and
- d. Projects in flood prone areas.

22. In addition to the preparation of the EMP for such projects, the PIU will undertake the particular road improvement in compliance with the statutory provisions for Environmental compliance by NEPA.

Social:

23. **Low Impact road works (L):**

- **Trigger:** The extent of the requirement for land width accretion is not significant and there is no or negligible impact on structures or loss of livelihood.
- Any extra land taken in such roads for the proposed improvements will be through community planning enabling a transparent process of land transfer and alignment finalization as laid down in the Social Inclusion Framework (SIF). This will involve community and village level government body (Shura/CDC) participation in finalizing the land requirement and alignment finalization giving due consideration to aspect of land, safety and scope for future development along the project Road Alignment.

24. **Medium Impact road works (M):**

- **Triggers:** Roads, wherein there is a potential for reasonable loss of land/assets and common properties.
- Prior to initiation of the project preparation activities of such subproject, PIU through community involvement will prepare R&R plan and land transfer process, which should be acceptable to the affected people.
- However if it found that there is a resentment of the communities towards the process of land transfer and R&R plan for the project. In such cases, the PIU through community planning will work out alternative alignments, design modifications to address social issues also taking into account aspects such as road safety and scope for future development.

- Road works where no scope exists for addressing the resettlement impacts through any of the mechanisms suggested in the SIF will be called as High impact project not to be taken up during that particular year and **put in exclusion list**.
- For such roads, the PIU will decide not to go forward with the proposed road improvement through a written communication to the Shura/CDC stating the reasons, and no further analysis or investigation will be undertaken. Such roads will be taken up in subsequent phases of the project, only after these issues are resolved by the communities /Shura/ CDC and there is a formal demand for the project to the PIU from the Shura/CDC as per the NERAP guidelines.

25. **Exclusion of roads.** The exclusion criteria have been worked out to identify activities that would result in serious environmental/social impacts and hence will not be considered for the NERAP project. Such road works shall include:

- Road works involving significant conversion or degradation of critical natural habitats. Including, but not limited to, any activity within:
 - Ab-i-Estada Waterfowl Sanctuary;
 - Ajar Valley (Proposed) Wildlife Reserve;
 - Dashte-Nawar Waterfowl Sanctuary;
 - Pamir-Buzurg (Proposed) Wildlife Sanctuary;
 - Bande Amir National Park;
 - Kole Hashmat Khan (Proposed) Waterfowl Sanctuary
- Road passing through designated protected areas, as Reserved forests, Protected forest
- Project will significantly damage non-replicable cultural property, including but not limited to any activities that affect the following sites:
 - monuments of Herat (including the Friday Mosque, ceramic tile workshop, Musallah complex, Fifth Minaret, Gawhar Shah mausoleum, mausoleum of Ali Sher Navaii, and the Shah Zadehah mausoleum complex);
 - monuments of Bamiyan Valley (including Fuladi, Kakrak, Shar-I Ghulghular and Shahr-i Zuhak);
 - archaeological site of Ai Khanum;
 - site and monuments of Ghazni;
 - minaret of Jam;
 - mosque of Haji Piyada/Nu Gunbad, Balkh province;
 - stupa and monastery of Guldarra;
 - site and monuments of Lashkar-i Bazar, Bost;
 - archaeological site of Surkh Kotal.
- Project requires involuntary acquisition of land, or the resettlement or compensation of more than 200 people.
- Roads types other than “province to district/district/village roads”

26. *Environmental Mitigation Measures (EMMs).* The summary of the environmental mitigation measures (EMMs) as described above are presented in table below, and will guide the environmental mitigation measures to be implemented by project engineers with support from the project implementation unit (PIU), contractors, and other parties concerned with mitigating possible environmental impacts of the road works.

Table 2: Environmental Mitigation Measures (EMM) and their coverage

Activities generating Impacts	Key Issues Addressed
Project Preparation (Planning & Design)	<ul style="list-style-type: none"> ▪ Incorporation of environmental concerns in project preparation to avoid impacts in construction and operation stages ▪ Avoidance of roads through sensitive(exclusion list) areas as reserved forests/sanctuaries/wetlands etc ▪ Compliance with legal requirements.
Site Preparation	<ul style="list-style-type: none"> ▪ Relocation of utilities, common property resources and cultural properties ▪ Avoidance of affect on roadside vegetation
Construction Camps	<ul style="list-style-type: none"> ▪ Avoidance of sensitive areas for location of construction camps ▪ Infrastructure arrangements for workers and construction equipment
Borrow Areas	<ul style="list-style-type: none"> ▪ Avoidance of agriculture lands as borrow areas ▪ Redevelopment of borrow areas
Topsoil Salvage, Storage & Replacement	<ul style="list-style-type: none"> ▪ Topsoil removal from areas temporarily/permanently used for construction ▪ Reuse of topsoil at areas to be revegetated and in agriculture lands
Quarry Management	Redevelopment of quarries in case new quarries are setup for the project
Water for Construction	<ul style="list-style-type: none"> ▪ Extraction of water in water scarce areas with consent of community ▪ Scheduling construction activities as per water availability
Slope Stability and Erosion Control	<ul style="list-style-type: none"> ▪ Slope stability along hill roads ▪ Protection of land on hill side from stability loss due to cutting ▪ Protection of lands on valley side from debris due to construction ▪ Adequacy of drainage for erosion control
Waste Management	<ul style="list-style-type: none"> ▪ Reuse of cut material in hill roads ▪ Safe disposal of wastes
Water Bodies	<ul style="list-style-type: none"> ▪ Avoidance from cutting due to alignment ▪ Protection of embankment slopes in case of alignment on embankments ▪ Rehabilitation of water body
Drainage	<ul style="list-style-type: none"> ▪ Conduct of hydrological investigations during project preparation ▪ Provision of longitudinal and cross drainage as per requirements ▪ Proper location of drainage outfall
Construction Plants & Equipment Management	Maintenance of machinery and equipment to avoid pollution
Public and Worker's Health & Safety	<ul style="list-style-type: none"> ▪ Provision of Personal ▪ Protective Equipment to workers ▪ Provision of basic necessities to workers ▪ Public safety while travel along construction sites ▪ Public safety during operation of the road
Cultural Properties	<ul style="list-style-type: none"> ▪ Avoidance of impacts due to project ▪ Protection of boundaries from impacts due to construction ▪ Relocation in case impacts are unavoidable
Tree Plantation	<ul style="list-style-type: none"> ▪ Avoidance of impact on trees ▪ For every single felled tree , two trees of local species will be planted by the project authorities ▪ Encourage growing of trees on roadside
Natural Habitats	<ul style="list-style-type: none"> ▪ Identification of natural habitats ▪ Management measures for roads passing through natural habitats (EMP) ▪ Structure of management plan

27. The Social Inclusion Framework (SIF) recommends resettlement and participation framework for NERAP Project.

28. *Resettlement Framework.* The Resettlement Framework outlines the principles and approaches to be followed in addressing and mitigating the social impacts due to the project. The regional PIU, in co-ordination with the Shura/CDC at the village level and project engineer of respective subproject will be responsible for the planning and implementation of resettlement framework addressing social issues. The principles adopted for addressing the social issues including land requirement in the project will be guided by the existing traditional approach followed by the community. Traditionally, communities of Afghanistan have been living as closely knit unit and decisions of community heads are treated as final. Resettlement issue shall be facilitated by the regional PIU through project engineer and regional SIO but with consent of the community heads. The most important issue will be documentation of these proceedings to avoid any communication gap in future. The resettlement planning involves the following tasks and subtasks:

Task 1:

- **Selection of Roads**, for widening/rehabilitation/ new construction
- **Dissemination of Project Information**, after selection of roads and prior to finalisation of the alignment through Transect Walk;
- **Finalisation of alignment** through community planning involving the local communities and provincial departments during Transect Walk Consultations;
- **Consultation with affected persons**, to communicate how concerns of the communities have / have not been incorporated into the project design through disclosure of outputs of Transect Walk;
- **Integrating R&R issues in project document**, ensuring that the designs for the NERAP roads are sensitive to social issues and have incorporated the social considerations;

Task 2:

- **Disclosure of process of land requirement and entitlement provisions**, to provide information to PAPs.
- **Serving Advance Notice**, for removal of encroachments and clearance of assets or standing crops;
- **Entering MoU with Ministry by Individual/Group Landowners**, to be coordinated by Regional PIU, which will submit a copy each to provincial governor and PIU at Kabul. This will ensure documented record of land donated or transferred to the ministry against certain compensation. In case of Projects where individual PAP s are not significant in terms of numbers and size of the land/asset loss, group MoU between particular Shura /CDC and Ministry can be signed. In such case, MoU paper shall contain name and signature of all the persons whose land/asset will be transferred to the ministry voluntarily.
- **Information Disclosure and Consultations before construction:** The community representative/contractor, as the case may be, shall, prior to mobilization of work, provide details of temporary impacts during construction such as disruption on existing pathway, increased pollution levels, possible damages to adjacent land due to movement of machinery and project completion date so that community is well aware of the project issues. Similar provision shall be made for separate consultation with women of the community.

29. *Impacts and Entitlements.* The resettlement framework for addressing various social impacts created by the project is summarized and presented in the Table below:

Table 3: Impact and Proposed Measures

Impact Category	Proposed Measures
<i>Title Holders</i>	
Land	<ul style="list-style-type: none"> ▪ Willingly transfer land by means of MoU to the ministry ,or ▪ Assistance/Support by the community for vulnerable PAPs through: (i) alternate land sites provided by community/CDC/Shura (ii) monetary compensation by the ministry
Structures	<ul style="list-style-type: none"> ▪ Willingly transfer assets by means of MoU to the ministry, or ▪ Assistance/support for asset creation by community and CDC/Shura or monetary compensation by the ministry
Common Property Resources	<ul style="list-style-type: none"> ▪ Relocation by Shura/community/CDC with technical inputs from PIU, or ▪ Reconstruction of asset by Shura/community/CDC with technical inputs from PIU
Customary Right Holders/Informal Settlements	
Land	<ul style="list-style-type: none"> ▪ Verification of land claim by majority vote of CDC/Shura ▪ Willingly transfer land by means of MoU to the ministry, or ▪ Assistance/Support by the community for vulnerable PAPs through: (i) alternate land sites provided by community/CDC/Shura or (ii) monetary compensation by the ministry
Structures	<ul style="list-style-type: none"> ▪ Willingly transfer assets by means of MoU, or ▪ Assistance/support for asset creation by community and CDC/Shura or monetary compensation by the ministry
<i>Serving Advance Notices:</i>	
<ul style="list-style-type: none"> ▪ Advance notice to removal of assets/standing crops and subsequent clearance; and ▪ Involvement of Shura/CDC/community in sensitization and clearance of land 	

30. *Monitoring and Audit of Social Inclusion.* The Social Inclusion Unit (SIO officers), regional monitoring officer and concerned CDC/Shura will be responsible for supervision of Resettlement and Rehabilitation (R&R) implementation and its progress. Safeguard specialist of the World Bank will undertake third part audit to verify the sanctity of the process being followed as per the provisions of SIF. The regional SIO/Monitoring officer in respective regional PIU will document the progress of implementation and send to PIU at Kabul on monthly basis. PIU at Kabul will document progress report and forward the same to MRRD/MPW.

31. *Grievance Redressal Mechanism.* A village level Grievance Committee will be set up in consultation with seniors of the community for resolving issues. Facilitated by regional SIO this committee will meet once in a month until implementation of SIF is completed and quarterly after initiation of the construction work for addressing grievances until the construction is completed. Members of CDC/Shura will not be eligible to join grievance redressal committee. All decisions will be taken on the basis of majority vote of the committee. Residual grievances will be addressed through a Grievance Redressal Committee at the province level, comprising of Regional SIO, Provincial Governor, and Head of concerned Shura/CDC. Representative of PAPs will be invited to be present during the proceedings of grievance redressal.

32. *Capacity Building and Monitoring Of Safeguard Framework Implementation.* As part of the capacity building that will be provided for implementation of the proposed project, the Safeguards Focal Points and relevant staff of the concerned Ministries will also receive training in

the application of the Safeguard Framework and specifically during the development and implementation of the road works. To assist in this capacity building, and to provide subsequent guidance and review of the application of the Framework, GoA will contract regularly specialist social and environmental services, and as part of its overall project implementation consultant's team. During supervision of these operations, the World Bank will assess the implementation of the Framework, and if required will recommend additional strengthening.

33. *Consultation and Disclosure.* This Environmental and Social Safeguards Framework reflects consultations with the principal NGOs and development partners participating in reconstruction activities in Afghanistan. It has been disclosed prior to appraisal by GoA in both Dari and Pushtu, as well as English, and it was made available at the World Bank's Infoshop. Since no other separate environmental or social assessments will be prepared for activities under the proposed project, no additional disclosure requirements will apply. In this regard, however, it is worth noting that GoA intends to make all project documentation publicly available through the Afghan Information Management System (AIMS) and on the websites of the ministries and the NCU.

Format 1: Public Announcements
(Prior to finalization of alignment/transect Walk)

Province:

Project ID:.....

District/Village:

- ❖ What is the Project and its salient features
- ❖ Benefits
- ❖ Which Agencies are involved
- ❖ What if resentment from community
- ❖ Need for additional land through Voluntary Land Donation
- ❖ Likely Impacts and Entitlements
- ❖ Date of Transect Walk
- ❖ Alignment Details along with map of alignment displayed
- ❖ Contact Person and Address (PIU and PRI)

Responsible Agency/Person: PIU (PE/RSIO), CDC/Shura (Head and other members)

Format 2:
Alignment Details for Disclosure
(Prior to finalization of alignment/transect walk)

Province:

Project ID:.....

District/Village:

Province:

District:

Village:

Name of Project alignment:

Total Length (km):

Connected Settlements:

•Starting Node/km:

•Ending Node/km:

Population Benefited Total:

Implementing Agency:

Name of Contact Person and Address:

Project alignment marked on schematic diagram with centerline & socio-environmental features:

Socio-environmental Features	Schematic diagram

Format-3
Memorandum of Understanding (MoU) for Individuals

The following agreement has been made on..... day of.....
between.....resident of, (the Owner)
And, (the Recipient).

1. That the Owner holds the transferable right ofjerib of land/structure/asset in.....
2. That the Owner testifies that the land/structure is free of squatters or encroachers and not subject to other claims.
3. That the Owner hereby grants to the Recipient this asset for the construction and development offor the benefit of the villagers and the public at large.

(Either, in case of donation:)

4. That the Owner will not claim any compensation against the grant of this asset.

(Or, in case of compensation :)

4. That the Owner will receive compensation against the grant of this asset as per the attached Schedule.
5. That the Recipient agrees to accept this grant of asset for the purposes mentioned.
6. That the Recipient shall construct and develop the.....and take all possible precautions to avoid damage to adjacent land/structure/other assets.
7. That both the parties agree that the.....so constructed/developed shall be public premises.
8. That the provisions of this agreement will come into force from the date of signing of this MoU.

Signature of the Owner:

Signature of the MRRD/MPW Officer (Recipient):

Witnesses:

1. _____
 2. _____
- (Signature, name and address)

Format 4
Memorandum of Understanding (MoU) for Group of Community Members

The following agreement has been made on..... day of..... between community members through Shura/CDC of(the Village/District)

And(the Recipient).Name of the community members are listed below.

1. That the Owners hereby grant to the Recipient this asset for the construction and development offor the benefit of the villagers and the public at large.
2. That the Owners will not claim any compensation against the grant of this asset.
3. That the Recipient shall construct and develop the.....and take all possible precautions to avoid damage to adjacent land/structure/other assets.
4. That both the parties agree that the.....so constructed/developed shall be public premises.
8. That the provisions of this agreement will come into force from the date of signing of this MoU.

Details of Community members donating voluntary:

S.N.	Name of Community Member	Land/asset details	Signature

 Signature of the Shura/CDC Head:
 (Recipient):

 Signature of the MRRD/MPW Officer

Witnesses:

1. _____

2. _____

(Signature, name and address)

Appendix 12: Community based contracts and Social inclusion activities

1. After a review of the initial project experience and the reorientation of the program from employment generation to rural access the National Emergency Rural Access Project (NERAP) will work towards empowering rural communities through the creation of year-round rural access, as accessibility in itself is not desirable but for the benefits it brings to the poor. Communities will be involved in the project through community based contracts and for routine maintenance of works. Similarly a key criteria for fund allocation for both secondary and tertiary roads will be the direct community requests channeled through the planning department of MPW and MRRD and other administrative instances.
2. When community contracts are awarded (i) the Community Development Councils (CDC) will be the entry point for community contracting for routine maintenance works and tertiary road construction where unskilled labor is required and at least one CDC member will be appointed to manage payments and monitor the sub-project. Where a CDC does not exist a select number of community members will be organized/elected to manage the contracts and labor selection); (ii) adopt productivity norms for wage payments and apply market rates for unskilled labor; (iii) engage the CDC or community to identify and prioritize the poorest households to engage in this work; (iv) ensure a transparent and systematic methodology is applied to sub-project selection and implementation;; and (v) CDCs will engage with the NRAP and/or NSP staff in monitoring of activities.
3. The World Bank will routinely supervise and report on the community based contracting modalities, participatory processes, and key issues arising from this form of contracting and ensure that CDCs/community members are developing a good understanding of managing funds provided under this project for maintenance purposes.

Community Based Contracting through CDCs

4. In November 2006, the President signed the CDC by-law which established the CDC as the social and development foundation at the community level, responsible for the implementation and supervision of development projects and linkage between the community, government and non-government organizations. In line with this NRAP will target and implement these contracts through the locally elected CDCs wherever they have been established. This will contribute to strengthening local ownership and the capacity of the CDC through participation in the creation of rural access.
5. Further to Government's commitment to facilitate CDC participation in development projects, NERAP will explore the possibility to use the fiduciary and implementation mechanisms that have been established by the National Solidarity Program (NSP) for Level 1 contracts. As this will be a new approach to the financial management of Level 1 contracts and staff (such as the community development and social inclusion officers) engaged in NRAP implementation will need to build their capacity to ensure correct application of transparent and accountable processes. This should be considered an integral part of the program's transition from IP to towards government ownership.
6. While the transition from the current financial and administration systems under NEEpra is taking place under NRAP the staff will explore and field-test the new systems through the more established CDCs they are already engaged with.

Capacity building

7. Communities will require training periodically on managing contracts, budgets, record keeping and on technical needs for road construction and maintenance. This would best be provided by the facilitating partners that are working with NSP as they have a past record in doing so.

8. Routine training should also be provided to the community development specialists/social inclusion officers who should be pro-active in suggesting specific training requirements and in acquiring funds from other sources for this purpose.

Productivity norms, wage rates and payment

9. Productivity-based wages that were established successfully under NEEPRA will continue under NERAP as they have now come to be accepted among the project beneficiaries, after some teething problems. Procurement and disbursement procedures should ensure that payments are made on time and wherever possible advance payments should be provided to communities. Under no circumstance should the payment procedures hold back funds or allow a community member to go into debt because of the time they have spent being employed under this project.

10. Initially under NEEP low but flat-wage rates were used to make the program self-targeting. However this did not attract the intended unskilled beneficiaries due to seasonal and regional variations in market wages and varying labor supply. Instead NEEP activities in most regions attracted able-bodied males and could be implemented only in non-winter months, as they competed with existing job opportunities such as in construction, agriculture, and poppy cultivation. Additionally, the flat wage rate originally used did not reflect the different productivity levels of individual workers.

11. The procedure for funding of community-based contracts should be decentralized so that the potential for delays in payments such as those experienced previously in the program will be substantially reduced. Furthermore the IC should provide advance payments directly to communities in-order to prevent any problems with slow payment, fund transfers or the laborer having to borrow money even though he/she is employed under the program.

Pro-poor labor selection (targeted population)

12. Targeting the poorest households in the selection of workers has proven to be a good practice. Where the project contracts communities, local market wage rates will be applied in joint collaboration with the CDC and the poorest households as identified through participatory wealth rankings will be targeted. Going forward advance payments can be made and the CDC will be responsible for managing and disbursing these funds according to workers outputs.

13. A trend that was initiated under NEEP-1 and NEEPRA and carried forward to NRAP is the use of wealth rankings that identify the poor within a village for work on the selected roads. The wealth rankings are produced by communities, reflecting their perceptions of poverty. This practice draws on participatory rural appraisal techniques, promotes ownership and transparency in recruitment and is in line with the current practices of the mobilized CDCs.

14. In meeting the project objectives to provide year-round access to basic services, communities will also be contracted on a performance basis, for maintenance and snow clearing activities under a similar participatory process that targets the poorest households.

Engaging communities in all stages of sub-project planning and implementation

15. In order to leverage on local knowledge and generate ownership of all works conducted under the program, engineers and social mobilization officers will inform and involve communities throughout the project cycle for L1 & L2 contracts. Where private contractors are involved a meeting with the CDC and/or communities living around the project site will be arranged prior to the start of the works.

16. Lessons from project implementation have demonstrated that increased participation of social inclusion officers and local communities in all stages of the program cycle regardless of whether they will be employed for this work (for L1 & L2 contracts) can optimize delivery, reduce unnecessary delays in the implementation of contracts and conflicts between communities and contractors, and reduce design flaws through incorporating local knowledge. This will also be a key element of the ESMF.

17. Communities would play an essential role to give advice on the security situation in their area. In the less secure areas, the ministries and the Implementation Consultant would use security intelligence to gauge the situation but often project and contractor staff would be dependent on the advice of the communities. It is therefore vital that the communities are as engaged and supportive as possible of the road rehabilitation.

Monitoring for community-based contracts

18. Social Inclusion officers from MRRD and IC will develop indicators and a monitoring plan in collaboration with the CDCs to supervise all phases of the community based contracts and to ensure that maintenance funds are spent appropriately.

19. Locally hired community mobilizers will be put in place (or the same people working on NSP will be used) to provide routine monitoring of labor selection processes, execution of community grants, labor attendance and all other activities that the communities will be engaged through this project on behalf of the regional social inclusion officers. Similarly grievances will be monitored routinely to reduce conflicts and potential delays in payments and project implementation due to adverse environmental and social impacts. In the less secure areas community-based contracting will also be monitored by communities.

Community based maintenance of rural access

20. To ensure that benefits and investments in this sector are sustained, communities will also be engaged to a select number of routine maintenance of works. Experience in Afghanistan has shown that communities are capable and willing to perform routine maintenance of both tertiary and secondary roads and infrastructure (such as drainage systems, culverts) as they see this as an endeavor towards maintaining a vital asset both socially and economically.

21. Investments in the rural roads and all-year access will be mainstreamed into project design, through a routine maintenance program carried out mainly for the already rehabilitated roads under NEEP/NRAP financed under IDA. A maintenance strategy will be developed jointly by MRRD and MPW which will incorporate findings from the rural maintenance pilot study.

22. MRRD will work in collaboration with the National Solidarity Program (NSP) to develop a joint mechanism using the Facilitating Partners (FP) to provide technical advice and use the CDCs as the entry point for community contracting for routine maintenance and winterization as well as engage the poorest households identified by the CDC or communities.

23. The maintenance activities carried out by communities will also provide year-round employment to some community members while generating year long and sustainable rural access benefits to the rural poor. In the winter of 2005/6, the NRAP Program Development & Coordination Unit (PDCU) allocated funds¹¹ to carry out emergency snow clearance activities in highly affected rural areas. These resources were channeled to the NRAP regional offices to enable the Provincial authorities to respond to the emergency snow clearing situations. The standard operating procedures developed for this will be reviewed and adopted to award winterization contracts to communities and facilitate the disbursement of funds through NRAP or NSP regional offices.

¹¹ Funds in the amount of USD200,000 were allocated from the NRAP budget.

Appendix 13: Poppy Cultivation

Afghanistan: National Emergency Rural Access Programme (NERAP)

Treating the Opium Problem¹²

A. Strategic Approach

The opium problem

Reducing opium production is one of the greatest challenges facing Afghanistan. Opium is central to the *macroeconomy*, contributing one third of GDP and significant support for aggregate demand and the balance of payments. In the *rural economy*, opium is a key livelihoods coping strategy for a quarter of a million farm families, most of them poor. In *security*, opium is fuelling warlordism and terrorism, and in *governance* the illegal economy is capturing or undermining state building efforts at all levels.

Government strategy

Government's strategy to reduce and ultimately eliminate opium from the Afghan economy comprises essentially three elements. The first is to *improve governance and the rule of law*, strengthening public institutions and mechanisms to control drugs, together with the development of responsible governance structures and "social contract" at all levels from the community up. The second is to *raise the general level of economic activity and services*, improving living standards and providing social protection. The third is to *emphasize in development programs specific components that can have a significant impact on farmer behavior*, with a focus on poorer farmers, laborers and more vulnerable areas.

World Bank approach

With this background, the World Bank's working approach to the opium problem is :

- to factor considerations of the opium problem into analysis and dialogue at all levels, including the macroeconomic dimension
- to support and engage in analytical work on the development dimensions of the drug problem in Afghanistan and associated options for addressing it
- to help support the development elements of Government's strategy through Bank-financed programs as appropriate
- to ensure that the Bank does not contribute in any way to the opium economy

Screening

Under this approach, the Bank proposes to screen all its activities, both operations and analytical and advisory work, to ensure that counter-narcotics aspects and potential are treated consistently and in a way that can make the maximum contribution to the national effort. The screening process will demonstrate to what extent the operation or activity:

1. contributes to the governance agenda

¹² This Appendix was prepared by David Mansfield, Consultant

2. maximizes synergies to deliver broad livelihoods impacts at the community and household level
3. maximizes more specific counter-narcotics impacts by area coverage and by addressing the poorer target groups, with components which strengthen and diversify legal livelihoods
4. identifies risks and develops an approach to ensure that Bank support “does no harm” or create risks to the Bank’s reputation.
5. contains a monitoring and reporting capability that can effectively track outcomes

B. Understanding the role of opium in livelihood strategies and devising appropriate development responses

Reasons for the “success” of poppy cultivation in Afghanistan

In Afghanistan’s current economic and political climate there are many advantages to cultivating opium poppy. It is a high value, low weight commodity, for which there is strong demand. There are sufficient returns at each stage of the value chain and well developed market linkages in terms of credit, purchase, transport and processing, all of which function well and flexibly, despite Afghanistan’s fractured infrastructure. Traders are willing to purchase at the farm gate for cash, often in advance of the harvest.

Opium poppy can be produced almost anywhere in the country, although it grows best in free draining sandy loam soils. It is so well suited to Afghanistan’s agro-climatic conditions that it produces higher than the global average yields of raw opium and morphine and maximizes returns to scarce irrigation water. This latter attribute and its marketability have proven crucial to those farmers with small landholdings and large families, particularly in remote areas where cultivation is becoming increasingly concentrated. For those farmers under current conditions there is no other crop that can provide the same returns; when opium declines in those areas, the opportunities for farming income for such households will also decline, driving people off the land.

With these advantages – and despite law enforcement efforts - opium poppy is a relatively low risk crop in many areas in what is generally a high risk environment – both for farmers and traders. The traditional credit system known as *salaam*, that provides an advance payment on an agreed amount of a future crop, has increasingly favoured opium poppy cultivation over other crops. In areas in which opium poppy has become entrenched, access to credit has become dependent on a farmer’s willingness to cultivate opium poppy. This willingness and the possession of the requisite skills to cultivate opium poppy have increasingly determined sharecroppers’ access to land. The rental value of land has become determined by potential opium yields rather than wheat productivity.

Uneven distribution of the considerable benefits of opium production

The economic advantages associated with cultivating opium poppy differ according to the assets farmers have at their disposal. For the relatively few large landowners opium poppy represents a high value crop that can accrue even greater value if it is sold after the harvest season when prices rise; as larger farmers have other income streams and liquid assets, they can achieve higher prices by selling later in the year. Moreover, landlords who make sharecropping arrangements for opium production can do even better: some inequitable sharecropping arrangements allow the landowner to take two thirds of the final opium yield, despite contributing only 20% of the total costs of production. Landlords may also make

advance purchases of opium at rates considerably less than the harvest price, which may generate further considerable windfall profits on the opium crop. These profits can then be reinvested in further diversifying assets and income sources or in the opium trade itself – an ascending spiral of wealth accumulation for the larger landowner.

The position for the land poor is quite different. For this group, opium poppy is not just a source of income. Opium poppy cultivation increases the opportunity to obtain land on a sharecropping or tenancy basis and draws on the labour supply of the household. It provides access to both cash income from poppy and, in the typical mixed cropping system practiced in Afghanistan - even amongst poppy growers - the means of producing food crops for household consumption. Without opium poppy cultivation, the opportunity to access land diminishes considerably, as happened in the province of Nangarhar in 2004/05.

Opium poppy cultivation also creates a demand for itinerant labour to assist in the weeding and harvesting of the crop. Based on UNODC's estimate that 193,000 hectares of opium poppy were cultivated in the 2006/07 growing season, the crop would have generated approximately 70 million days of employment, of which one third would have been daily wage labour opportunities. Where a household has more than one male able to follow the staggered weeding and harvesting seasons, the off-farm income generated from opium poppy can last up to five months and is typically higher than the on-farm income earned from cultivating the crop as a sharecropper.

Opium poppy also provides an important source of credit for the resource poor. In areas where opium cultivation is entrenched, it defines the 'creditworthiness' of the land poor. Without it, access to basic food items, agricultural inputs and funds for health care becomes severely constrained.

In addition to the above direct benefits, the cultivation and trade of opium has considerable and positive multiplier effects in the rural economy. Some estimates even suggest that for every hectare of opium poppy cultivated as many as 5.6 jobs are created in the rural non-farm economy.

Typology of opium farmers

For the purposes of the analysis in this paper, rural households involved in opium have been classified as (1) "better off" and not dependent; (2) less affluent and dependent; and (3) poor and highly dependent. As a general rule, Class (1) "better off" farmers have more diversified livelihood strategies. They reside in areas in close proximity to provincial or district centers, they cultivate a variety of crops including high value horticulture, and they have better access to land and irrigation, and to the commodity and labour markets. They are not dependent on opium for a decent living and could be considered to be "opportunistic producers", for whom application of the law is the primary instrument of drug control. More marginal farmers (Class 2) and the poor (Class 3, landless or with very small landholdings) are considered to be the target group for development programs that aim at contributing to the reduction of drug production. As such, poverty reduction and opium poppy reduction strategies are closely entwined. The characteristics of these three classes are summarized in Table 1 below.

Table 1: Typology of opium producing areas and farmers within them			
	Class 1 Not Dependent	Class 2 Dependent	Class 3 Highly Dependent
Access to markets/services/ Governance	<ul style="list-style-type: none"> • Close to district and provincial centers • Government can impose will with minimum reaction 	<ul style="list-style-type: none"> • Accessible but limited physical infrastructure 	<ul style="list-style-type: none"> • Remote • Government presence and service delivery limited • Government finds difficult to impose will beyond district centre
Land cultivated (winter+summer)	<ul style="list-style-type: none"> • Larger cultivable land (>15 jeribs) 	<ul style="list-style-type: none"> • Medium sized (>7.5 <15 jeribs) 	<ul style="list-style-type: none"> • Small cultivable <7.5 jeribs)
Irrigation	<ul style="list-style-type: none"> • Canal or main river 	<ul style="list-style-type: none"> • Canal and river but also karez and mountain spring 	<ul style="list-style-type: none"> • Karez and mountain spring,
Land Tenure	<ul style="list-style-type: none"> • Landlord • Owner cultivator 	<ul style="list-style-type: none"> • Owner cultivator • Tenant 	<ul style="list-style-type: none"> • Owner cultivator • Sharecropper
No. of Crops	<ul style="list-style-type: none"> • Double Crop 	<ul style="list-style-type: none"> • Double Crop but limited in summer 	<ul style="list-style-type: none"> • Single Crop
Cropping	<ul style="list-style-type: none"> • Diversified • Poppy 30%-50%. • wheat • vegetable for sale • Fruit/nuts for sale 	<ul style="list-style-type: none"> • Poppy 50%+ • Wheat • Vegetables –some for sale • Fruit/nuts –some for sale 	<ul style="list-style-type: none"> • Poppy 70%+ Wheat 20-30% vegetable solely for consumption
Population density	<ul style="list-style-type: none"> • 1 –1.5 per jerib 	<ul style="list-style-type: none"> • 2 –3 per jerib 	<ul style="list-style-type: none"> • 3.5 to 5 per jerib
Livestock	<ul style="list-style-type: none"> • Sale of dairy products and cattle 	<ul style="list-style-type: none"> • Some sale of dairy products 	<ul style="list-style-type: none"> • Goats/sheep • Dairy cow for milk products for household
Off farm	<ul style="list-style-type: none"> • Limited 	<ul style="list-style-type: none"> • Daily wage labour – poppy during harvest 	<ul style="list-style-type: none"> • Daily wage labour - mainly poppy throughout season
Non Farm	<ul style="list-style-type: none"> • Salaried (NGO, Govt), Trade, transport 	<ul style="list-style-type: none"> • Construction • Semi Skilled 	<ul style="list-style-type: none"> • Limited
Credit	<ul style="list-style-type: none"> • Accumulated debt marginal • Variety of sources of credit • Gives loans 	<ul style="list-style-type: none"> • Some accumulated debts • Variety of sources 	<ul style="list-style-type: none"> • Accumulate debts significant as proportion of total income • Opium only source of loans
Opium Sales	<ul style="list-style-type: none"> • Some time after Harvest 	<ul style="list-style-type: none"> • Pre harvest but some surplus 	<ul style="list-style-type: none"> • Pre harvest

Appropriate development responses

Opium poppy cultivating households are diverse and dynamic, and their decision as to how much land to dedicate to opium is influenced by a range of different factors – not just price. Policies and programmes that treat opium poppy farmers as homogenous will not only be ineffective, they could prove counter productive. It is necessary to work with the diversity that exists amongst opium poppy cultivators. Understanding the contribution of the different socio-economic groups involved in opium poppy cultivation and the multiple benefits (for example social, economic and political) they subsequently derive from their involvement in its growth are critical to identifying the entry points for developing effective strategies for the sustainable elimination of the crop in Afghanistan.

Development programs that offer farmers real livelihoods alternatives would need to have as many characteristics as possible that “mimic” the attractions of the opium economy, particularly for smaller and poorer farmers and laborers (Classes 2 and 3) for whom choices are very limited at present. Programmes need to avoid adopting a strategy of simply attempting to replace the relatively high level of income from opium as derived by the

resource-rich (Class 1 farmers). Interventions are needed that improve the access of smaller farmers (Class 2 and 3) to those assets to which they currently have access only through their willingness to produce opium poppy. ***Improving access to credit, land and off-farm and non-farm income opportunities to the poor should be a priority.*** For those farmers who are not economically reliant on opium poppy cultivation (i.e. Class 1 farmers), greater emphasis should be given to applying social and legal pressure.

Table 2: Development responses to counterbalance the advantages of the opium economy

Asset	Advantages of the opium economy	Development responses
Land	<ul style="list-style-type: none"> • Preferential access to land for sharecroppers with experience of poppy cultivation • Only poppy can pay the high land rents: in areas where poppy is concentrated the rentable value of land is inflated to such a point that farmers cultivating legal crops would not be able to meet their rent • High returns per unit of land, preferred crop for those with limited land holdings. 	<ul style="list-style-type: none"> • Increase agricultural land under irrigation (winter and summer seasons) • Promote high value horticulture and cottage level agro processing to provide value added • Increase income from livestock and by products • Develop non farm income opportunities, for example through skills development and development of market linkages
Water	<ul style="list-style-type: none"> • High return per unit of water, poppy particularly attractive in single crop areas • One of few crops to meet capital and recurrent costs of tubewells 	<ul style="list-style-type: none"> • Increase agricultural land under irrigation (summer and winter seasons) • Integrated approach to improving value added in farming through water efficient techniques/technologies and high value added production packages
Credit	<ul style="list-style-type: none"> • Advance payment on future crop facilitates purchase of agricultural inputs • Those that cultivate opium poppy, particularly the resource poor, are considered 'creditworthy'. They can access credit, including consumption credit, and are able to repay both seasonal and outstanding loans 	<ul style="list-style-type: none"> • Advance payments on other crops (orchards, onions, cumin) sometimes available, promote market linkages • Contract growing, including provision of agricultural inputs • Improve credit opportunities for consumption and investment through MISFA
Labour	<ul style="list-style-type: none"> • Labour intensive crop, significant labor opportunities created during weeding and harvesting periods • Maximizes use of unremunerated family labour, including women • Sharecroppers receive greater share of final crop when they cultivate opium than they do for legal crops • Food provided for those harvesting opium poppy 	<ul style="list-style-type: none"> • Develop labour intensive agro processing opportunities such as in dried fruit • Raise opportunity cost of family labour through expanding potential income earning opportunities for women, including livestock, poultry, dairy, agro processing etc • Develop non farm income opportunities • Cash For Work during periods of peak labour demand • Improve access to agricultural inputs for sharecroppers to allow greater share of larger final yield of legal crops .

C. Review of NERAP from a counter-narcotic perspective

1. Relevant parts of the project description

The project will be implemented over three years and four fiscal years (World Bank) from January 1, 2008 to December 31, 2010. The estimated total cost of the project is US\$137 million. The IDA grant allocation of the proposed project is US\$112 million equivalent and GoA committed itself to finance the remaining US\$25 million from its own resources or from donor funding. This project would finance about 20-25 percent of the total estimated cost of the NRAP in the next five years.

The project objective is “*to enable the rural population to benefit from year-round access to basic services and facilities in the rural areas of Afghanistan covered by the project*”. This will be achieved through rehabilitation and maintenance of rural access infrastructure by contracting with the private sector and, to a lesser extent, with the communities. The achievement of the PDO will contribute to enhancement of well-being of the population and promote equitable licit economic growth in the country.

Component A, Improvement of secondary roads (US\$78.2 million including contingencies and taxes of which IDA will finance US\$53.2 million equivalent). This component implemented by MPW includes four sub-components: (i) rehabilitation and reconstruction of about 1,050 kilometers of secondary rural roads (about 745 km under IDA financing and some 305 km under GOA financing). MPW’s overall investment program was agreed at appraisal and 80% are considered confirmed. Some road works will be implemented under retroactive financing.

Component B, Improvement of tertiary roads (US\$52.1 million including contingencies and taxes of which IDA will contribute US\$52.1 million equivalent). This component implemented by MRRD includes five sub-components: (i) rehabilitation and reconstruction of about 925 kilometers of tertiary rural roads. The project will aim at promoting the development of a professional labor-based contracting industry that is particularly suited for tertiary road improvements. MRRD’s investment program was agreed at appraisal and is considered 80% confirmed. A part of the rehabilitation program will be carried out under retroactive financing.

Component C, Institutional strengthening, project management and program development (US\$6.7 million including contingencies and taxes of which IDA will contribute US\$6.7 million equivalent). Three sub-components are envisaged: (i) Rural roads management system (ii) capacity building activities for staff who will be tasked to manage the rural road sector, and (iii) Project management, monitoring and evaluation and analysis of data for reporting purposes

Implementation

Implementation is the responsibility of the Ministry of Public Works (MPW) and the Ministry of Rural Rehabilitation and Development (MRRD). Overall coordination of the program lies with a Program Implementation Units (PIU) located in each of the two Ministries. At a latter stage, the MRRD PIU might be mainstreamed into the Rural Roads Department that was recently created in the Ministry. There is also the possibility that a road agency might be created which could absorb both PIUs.

2. How does the activity touch the target population or areas?

Review the activity description and assess the “interface” with the opium economy in terms of the target population, the causes of cultivation, the type of actions envisaged and the targeting, timing and geographic location in relation to opium production.

Experience from other opium producing countries such as Pakistan, Thailand and Laos has shown that improving rural access serves to reduce the transportation costs for the movement of legal goods and facilitate trade (a major constraint on moving out of opium poppy cultivation) as well as increase the Government ability to deliver services and enforce the rule of law. Labour intensive methods of road construction also generate legal employment opportunities in opium poppy growing areas.

NERAP is a national program but its roll-out across the entire country is constrained by the deteriorating security situation in many areas, particularly those where opium poppy cultivation is at its most prolific. This is reflected in the fact that currently only US\$ 1.45 million of the total US\$ 85 million available for sub projects proposed under Components A and B are to be implemented in the southern region (Helmand, Kandahar, Urizgan, Dai Kundi and Zabul) – a region which is responsible almost 70% of the total opium crop in 2007 and where there is the greatest coincidence between opium poppy cultivation and insecurity.

Despite this there are a number of sub projects proposed in districts in other regions of the country where opium cultivation could be considered extensive, or where the risk of widespread cultivation is relatively high (see Table 1). So far one quarter of the allocated funds for subprojects have been allocated to these areas.

NERAP’s coverage of opium poppy cultivating districts is relatively high with 46% of those districts in which sub projects are currently planned cultivating opium poppy in 2006 (the latest date for which district level figures were available at the time of appraisal). Even in those districts where opium poppy cultivation is considered ‘Low’ (between 0-500 ha), 3,650 ha of opium poppy was grown in 2006.

The significant reductions in opium poppy achieved in the north, north-east and central regions of the country in 2007 mean that NERAP’s coverage of opium producing districts would not be as high this year in comparison to 2006. However, experience in Afghanistan suggests such dramatic reductions in opium cultivation cannot be considered sustainable. Given NERAP’s more extensive coverage in the north, north-east and central regions it can play a key role in increasing government delivery in these areas and facilitating a more sustainable move from illicit to licit livelihoods.

Table: NERAP proposed roads by district in relation to opium production or vulnerability

Region	KM	RM	Value	Provinces	District	Opium production or vulnerability to cultivation
Badakshan	50	15	4,150,000	Badakshhan	Fayzabad	High
	53		5,000,000	Badakshhan	Baharak, Jurm, Khash	High
Central Highlands	17.35		620,000	Daikundi	Sharistan	High
East	11.06		350,000	Nangarhar	Achin	Medium (potential high)
		50	400,000	Kunar	Chapa Dara	Low (potential medium)
	47		3000000	Jawzjan	Sherberghan	Medium
	20		600,000	Samangan	Dara I Sufi Bala	Medium
	14		390,000		Ruyi Du Ab	Medium
	56		1,367,251	Sari Pul	Sari Pul	Low (potential medium)
	39		1025684		Sangcharak	Medium
	11		300,000	Takhar	Rustaq	Medium
	30		300,000	Kandahar	Arghistan	Medium (potential High)
	5		250,000	Uruzgan	Dihrawud	High
	11		285,000	Farah	Farah	Medium
	13.3		232,000		Pusht Rod	High
	13.4		370,000		Lash Wa Juwayn	Low (potential Medium)
West	19.3	143.1	970,000	Ghor	Lal Wa Sanjaral	Medium
	18.94		450,000		Chaghcharan	Medium
TOTAL	429,35		20,059,935			

Low: 0-500 ha

Medium 501 to 1500 ha

High – greater than 1500 ha

Given the geographic coverage and aims of NERAP it can play a fundamental role in establishing the conditions for reducing opium poppy cultivation. Primarily it will improve rural access through the improvement of secondary and tertiary roads. This is most likely to benefit better off farmers - landlords and owners of irrigated land (Class 1) who are more likely to reside in closer proximity to district centers and to existing roads and already be engaged in more diverse agricultural production and benefit from a range of different sources of income.

Where roads give access to more isolated populated villages (Criteria 7 of the criteria for road selection – Attachment 3) NERAP can benefit poorer and in some areas more opium dependent sections of the population. Whilst there are concerns about NERAP's capacity to employ the poorest sections of the community during the construction period there will be increased wage labour opportunities for those dependent on opium poppy (Class 2), and in some of the more isolated areas, those highly dependent on opium poppy (Class 3).

3. Does the activity promote governance and institution building?

Do governance and institution building under the activity create the possibility at some stage of development of responsible interaction between the state and the population on the subject of drugs? Within the governance and institutional set up of the activity, is there scope to conduct dialogue or transmit information, education and communication about drugs? What measures could improve the impact on governance?

The first element in Government's strategy against opium is to *improve governance and the rule of law*, strengthening public institutions and mechanisms to control drugs, together with the development of responsible governance structures and "social contract" at all levels from the community up (which will help promote local governance structures and other aspects of the national counter narcotics strategy). There is no empirical evidence linking any particular type of governance-enhancing intervention with reduced interest in the opium economy, but it is nonetheless likely that building institutions and dialogue and extending service provision can be effective in establishing social and legal norms.

In the case of NERAP, road provision is one of the most visible signs of government delivering services. Not only directly through the improvement and building of roads but also through improving access and travel time for health and education provision. All three of these elements are key to demonstrating the government's capacity to improve the quality of life of the population, particularly in remote rural communities where opium poppy cultivation can be at its most concentrated and where linkages to the government may be at their most embryonic.

The projects communication strategy offers the opportunity to address the drugs issue in an indirect manner and through its various media outlets and interaction with communities can give emphasis will be given to the role NERAP plays in extending government, not only directly but through improving access to government services such as health and education, as well as *promoting the development of the legal (non opium) economy*.

4. Is there an impact on the standard of living and on livelihoods in general?

Does the activity contribute to improvements in living standards and incomes in drug producing areas or "vulnerable" areas? What measures could improve the impact on the standard of living? Is the activity coordinated with other development efforts to avoid overlap or gaps and to

achieve a critical mass of impacts on livelihoods at the local level that would increase the attractiveness of licit activity over opium production?

The second element in Government's counter narcotics effort is to *improve the general level of economic activity and services* to improve living standards and provide social protection. NERAP contributes to this goal improving project beneficiaries access goods and services, resulting in shorter travel times, reduced transportation costs and greater parity in commodity prices between areas.

In those areas in which opium poppy is grown NERAP can contribute to a general improvement in the standard of living of the rural population. It will also reinforce the message that the government is delivering services to these communities who often perceive themselves as neglected or ignored. The combination of physical infrastructure such as roads and improving access to social infrastructure in the form of health and education have been key to developing social contract between state and the rural population in other opium poppy producing countries such as Thailand and Pakistan. The provision of these services have been important entry points for the state in what had previously been ungoverned space and subsequently facilitated the development of legal opportunities. NERAP can play this strategic and catalytic role in gaining access (physical and political) to more isolated rural communities.

However, there are ways in which NERAP's impact on rural livelihoods could be increased. Primarily this is through improving synergies with other development programs. For example exploring how NERAP might be linked with other national programs both in the provision of government services, such as health and education, and in income generation such as EIRRP and EHLF. One mechanism by which achieves this would be by working through CDCs and CDC clusters, where these exist. Cooperative relations between NERAP and CDCs can not only provide an entry point to NERAP but can also enhance the status of the CDCs, as channels of information and cooperation on government development programs, able to bring benefits to the community. Where Provincial Development Councils exist and to the extent that they are effective, NERAP should also seek to work through that governance structure in order to create a responsible dialogue and to improve coordination of the delivery of development assistance.

The Inter Ministerial Project Steering Committee can also give strategic direction for achieving closer integration of NERAP with other rural development programs. Inclusion of the Ministry of Narcotics on the steering committee would also serve to give greater prominence to drugs a s across cutting issue within NERAP.

Are there direct impacts on the target population?

Are components of the activity likely to directly affect actual or potential drug producing households, and are these components adapted to maximize the chances of raising the opportunity cost of opium poppy cultivation and providing an alternative to opium? How can direct impacts be optimized? Is there a case for targeting actual or "at risk" opium producing areas and households by selection of project areas growing or at risk of growing opium, or by modifying the components to address the production systems of those engaged in the opium economy - or who might be? Is such targeting desirable, and if so, is it feasible?

The third element in Afghanistan's struggle against drugs is to *emphasize in development programs specific components that can have a significant impact on farmer behavior*, with a focus on poorer farmers, laborers and more vulnerable areas. As discussed above (Section B),

development programs that offer farmers real livelihoods alternatives would need to have as many characteristics as possible that “mimic” the attractions of the opium economy, particularly for smaller and poorer farmers and labourers for whom choices are very limited at present.

Improved rural access can help farmers gain better access to licit markets, reducing travel time and costs, reducing spoilage and thereby improving incomes. This impact will be the greater the more road improvements are linked to other programmes that promote diversification of both cropping patterns and incomes sources. Increasing access to reliable and efficient inputs and output markets, technology transfer and farming advice will allow farmers to manage the risks associated with transition into the licit economy and facilitate their move out of illicit crops. Poorer farmers will get less direct benefit, but share cropping and employment opportunities may increase as farming intensifies, to the extent that cropping patterns change from cereals to higher value crops.

In poppy producing areas there is a risk that smaller farmers and the landless (Classes 2 and 3) will be marginalized if there is a shift to licit cultivation. Where it occurs a transition from opium poppy cultivation to horticulture is likely to result in a lower demand for on farm and off farm labour and less land will be available under sharecropping arrangements. With limited legal livelihood opportunities in situ, there is a risk that smaller farmers will relocate to more remote areas in search of land where they can grow opium poppy. If downstream value added and job creation can be increased – for example, by agro-industrial processing or grading and packing for export – this could create considerably greater beneficial impacts for the poor and more vulnerable population, Classes 2 and 3, reducing the risk of “migration” of opium poppy cultivation.

Currently, insecurity constrains the programme focusing more on areas in which opium poppy cultivation is at its most intense. Also four fifths of the project budget that is to be allocated to sub projects has already been committed. Ensuring a geographic balance in project delivery is also critical for both the GoA’s wider goals and to ensure programmes do not inadvertently encourage opium poppy cultivation by being seen to focus greater amount of resources on opium producing areas – known as ‘perverse incentives’.

With regard to NERAP there is scope for increasing coverage in areas in which the security situation is still manageable but opium poppy cultivation is extensive or where its return is considered likely. Given the relative shortfall in projects in the south and the east this would be in keeping with the government’s position on geographic balance. For the 20% of funds for sub projects currently not committed priority should be given to increasing government delivery in the the largely central districts of Nangarhar (Mohamand Dara, Shiwar, Bati Kot and Nazian) where the security risk is considered ‘medium’; and in Helmand (Nad e Ali, Nawa Barakzai, Lashkargah) and Kandahar (parts of Spin Boldak and Arghandab) where the security risk is high. This could play a role in containing both the problem of opium poppy cultivation and growing insecurity

6. Is there a risk of harm?

Is there a risk that the activity may promote drug production and how can that risk be managed? Could interventions be timed, targeted and coordinated with other initiatives to reduce this risk?

Clearly an externality of improving roads for the transportation of goods and services is that those wishing to transport illegal goods, including narcotics, will also be able to use them. This however is not sufficient reason not to extend the network of rural roads. What is required is

effective controls on the movement of illegal goods along key transport routes, a responsibility of the MoI. However, establishing checkpoints responsible for searching vehicles for the movement of prohibited goods is not without risk. In some areas checkpoints have become associated with the imposition of ‘nuisance taxes’ that may in itself deter licit cultivation by increasing the transportation costs and thereby reducing the competitiveness of agricultural commodities.

Coordination with MoI to inform them of the timetable for improvements to key roads into opium poppy growing districts or in districts near the international borders would allow suitable law enforcement measures to be planned in advance. The inclusion of qualitative work, as part of the projects ongoing impact monitoring work through the Social Inclusion Unit, analyzing the effect improvements in rural access and the security measures enacted in response have on the movement of goods would highlight some of the constraints communities face in the transition from illicit to licit livelihoods.

Do monitoring, evaluation and reporting capture outcomes?

How would any agreed contribution of the activity to national drug control objectives be monitored and evaluated? How could an understanding of the movement between illicit and licit livelihoods be used to inform both operations and policy? How would any emerging risks be captured and reported?

There are clear indicators by which the results of NERAP will be measured. However, whilst recognising that reductions in opium poppy cultivation will depend on a number of different factors outside the scope of this programme consideration should also be given to looking at the impact the completion of a sub projects has on agricultural diversity in areas where opium poppy is currently grown. This should be included as part of the planned baseline work . It is clear that effects will be diffuse and hard to measure but more qualitative enquiry regarding the impact road improvements have on wider issues of governance and the move from illicit to illicit livelihoods should be integrated into the work of the Social Inclusion Unit in preparation for the MTR and the final evaluation.

Does the activity contribute to Afghanistan’s counter narcotics efforts?

Overall, to what extent does the activity contribute to Afghanistan’s strategy to reduce and ultimately eliminate the opium problem?

Rural roads contribute to the growth of the licit market economy and to governance, and so influence incentives for licit production. Direct poppy reduction impacts have not been measured but should be explored. In general, development of the market economy should create job opportunities for the poppy dependent, and development of rural access should contribute to the replacement of the poppy economy with licit livelihoods. In addition, rural access should increase governance, an important linkage in that as many as 108 districts out of 396 currently have no road access to their provincial capital.

NERAP’s coverage of opium poppy cultivating districts is relatively high with 46% of those districts in which sub projects are currently planned cultivating opium poppy in 2006. Despite security constraints there are also a number of sub projects proposed in districts in other regions of the country where opium cultivation could be considered extensive, or where the risk of widespread cultivation is relatively high.

However, impacts will be enhanced to the extent that: (1) NERAP can use the remaining 20% of its budget for subprojects that is currently unallocated to increase its coverage in opium poppy growing areas, where security allows; and (2) link with complementary activities to achieve more development impact, particularly for poorer farmers and the landless.

Can more impact be obtained through the activity?

What solutions could increase the contribution of the activity to Afghanistan's counter narcotics efforts? At what cost could those impacts be obtained, and what operational changes would be required?

- *There is scope for increasing coverage in areas* in which the security situation is still manageable but opium poppy cultivation is extensive or where its return is considered likely. Investing in these areas could play a role in containing both the problem of opium poppy cultivation and growing insecurity. The 20% of funds not yet committed under NERAP provide the resources for doing this. Currently given the projects limited coverage in the southern and eastern regions this would be in keeping with the government's position on geographic balance.
- *Maximize the use of direct contracting and of community labor*, and timing works in poppy producing or poppy vulnerable areas at times of peak labor demand for poppy (either to drain off labor or as cash for work in case of eradication). For example, works in Nangarhar and Helmand might be concentrated in the period February to May, and those in Badakhshan in May to July (coinciding with harvest time).
- *Communication Strategy*: Integrate the role NERAP is playing in extending government, not only directly but through improving access to government services such as health and education, as well as *promoting the development of the legal (non opium) economy*.
- *Improve development synergies by networking, coordination and joint programming at the local level, linking in to the extent possible with CDCs*. NERAP is one of a number of other National Priority Programs that provide services to farmers that are "vertical" in their delivery mechanism; a centrally financed and managed program delivering benefits to farmers without essential reference to other similar "vertical" efforts. Field studies show the effective outreach of many of these programs but also the uncoordinated response they provide to community needs and the general bewilderment of rural people at this welcome but haphazard delivery of assistance. The development impact – and hence the counter-narcotic impact – will be considerably enhanced if NERAP can join with other programs to be more demand driven and more coordinated in their response. The CDCs may provide a mechanism for coordination "bottom up" from the community level.
- *Link to other programmes in the area* particularly those targeting poorer farmers by extending the provision of credit, agricultural services, and vocational training. The specific potential for developing inter-linkages with these programmes in each NERAP area through CDC's and at higher levels (CDC clusters, District, Province) will need to be identified. In areas where opium poppy is being cultivated and the proposed sub project is being implemented in isolation from other sectoral interventions, follow up action with relevant line ministries and district and provincial development councils is recommended.

- The Inter Ministerial Project Steering Committee will give strategic direction for achieving closer integration of NERAP with other rural development programs. However, within the World Bank, there should be an explicit mandate to work up the synergies between NPPS at every level. Where other coordination mechanisms are effective – for example, Provincial Development Committees in some provinces – these should also be used.
- Inclusion of the Ministry of Narcotics on the steering committee would also serve to give greater prominence to drugs as a cross cutting issue within NERAP
- Monitoring and Evaluation: Whilst recognising that reductions in opium poppy cultivation will depend on a number of different factors outside the scope of this project consideration should be given to looking at the impact the completion of a sub projects has on agricultural diversity in areas where opium poppy is currently grown. This should be included as part of the planned baseline work. It is clear that effects will be diffuse and hard to measure but more qualitative enquiry regarding the impact road improvements have on wider issues of governance and the move from illicit to illicit livelihoods should be integrated into the work of the social inclusion unit in preparation for the MTR and the final evaluation.

Appendix 14: Action Plan for Enhancing Transparency and Accountability

1. Experience in implementing projects within Afghanistan has shown that fiduciary management is still an area of weakness with transparency and accountability being particularly poor giving rise to potential corruption and leakage of funds. Therefore it is recommended that an action plan to enhance reporting and management of finance within this project be prepared under the project.

2. The NERAP project anticipates two forms of delivery: contracting through National Competitive Bidding (NCB) and community-based contracting. It is expected that community-based contracting can be an option for those areas which are too insecure for national or international staff to work but where Government still wants to have a light development footprint. Such contracts will have few technical provisions and are therefore more adapted to tertiary roads. Technical supervision can be kept to a minimum whereas upfront social mobilization is very important. This two-pronged approach has different requirements to ensure transparency and accountability but both options fall under the management responsibility of the Implementation Consultant.

3. The objectives of the action plan should be to:

- Facilitate good financial management
- Enhance disclosure of information.
- Develop a creditable system to handle comments, suggestions and grievances with clearly defined incentives and remedies.
- Develop monitoring indicators for compliance to the above agreements and for impact on outcomes.

4. Under these broad themes a number of actions can be developed which will apply to both NCB contracts and community-based contracting. However, as is described below, the community-based contracts require a different approach to ensure appropriate governance in project delivery.

Financial Management

5. World Bank guidelines stipulate financial management regulations and these are covered in the relevant annex together with recommendations for continued capacity building in this area based on findings from previous projects.

Disclosure of Information

6. Disclosure of information and transparency of process has been proven a key element in reducing the opportunities for corruption and leakage of funds. As such the broad range of materials and media available in different areas of the country should be employed to ensure that civil society has access to information which can help mobilize oversight. This might include local posters, public, oral disclosure of pricing, bid values, works to be covered etc at local meetings, radio broadcasts and where appropriate website publication.

Comments, Suggestions and Grievances Handling System

7. A Comments, Suggestions and Grievances handling system, which includes maintaining a project log and filing to monitor status of follow up of each received comments, suggestions and grievances, will be established by the MPW/MRRD PIUs with assistance from the Bank; and the Bank will monitor the implementation of the system. The mechanisms will include provision for follow up investigations of substantial complaints by Internal Auditors, or third party audit to ensure independency and reliability of the system.
8. Recording and appropriate referral of all incoming grievances or complaints will be undertaken with each case generating an automatic, standard format report to the Bank.
9. The PIU will respond to all complaints, received from any source, within two weeks of receipt, with copy to the National Coordination Unit. A Comments, Suggestions and Grievances Handling component will be included on the future NCU website. This will be updated on a monthly basis.
10. For the complaint mechanism to function efficiently, the information concerning the alternative conduits for complaint (telephone 'hotline', dedicated email address and PO Box) shall be widely publicized. Public will be encouraged through web based campaigns, newspaper advertisements and displays on boards at visible locations, to provide information of any misconduct, misappropriation and grievance caused to any member of the public and seek to redress such grievance.
11. Any entity that is found to have misused funds, or not effectively carried out key elements of the anti-corruption plan, may be excluded from subsequent participation in the project being implemented under the Bank funding as well as for other works being carried out by the department. Information regarding such cases, where lessons are learned and funds are retrieved, will be widely published for information of the members of public. Strict procedures to ensure anonymity of informants will be enforced.
12. Tracking of the status of investigations and measures taken will be reported in monthly reports to management and the Bank. Complaints deemed possible serious infringements may be further investigated by the Bank.

- Disbursement policies and management of funds
- Security of funds
- Procurement and contracting
- Complaints processing and resolution
- Monitoring and evaluation

15. The policies formulated for NSP should be adopted in as far as they are appropriate for the individual CDCs delivering projects. .

Appendix 15: Evidence from NRVA 2005

Introduction

1. The purpose of this appendix is to report on access to road infrastructure in Afghanistan and analyze the incidence of rural roads implemented under the National Rural Access Program (NRAP) by using the 2005 National Risk and Vulnerability Assessment (NRVA). The NRVA 2005 is a multi-topic national household survey covers topics such as demography, housing infrastructure, assets and credit, agriculture and livestock, migration and remittances, assistance programs, shocks and coping strategy, and child and maternal health.

2. *Sampling and coverage of the NRVA 2005 data:* The survey covers 30,822 households in 2,597 communities. The data is representative at its analytical domains, which are the 34 provinces (and *kuchi* – a nomadic population) and 10 urban areas whose populations are larger than 10,000 households. In total there are 45 analytical domains. The survey teams also recorded the latitude, longitude, and altitude of each community, using Global Positioning System (GPS) device. This information allows us to link rural road project information to household survey data.

3. This appendix will start by looking at how the poor can access road infrastructure, and then shows linkages between better infrastructure and other outcomes such as employment and health. Subsequently, the NEEP and NRAP are analyzed, both in terms of its function as cash-for-work and infrastructure improvement programs, and in terms of allocation of rural roads.

Access to roads and transportation of the poor

4. Transportation is essential to poverty reduction efforts because it provides access to job opportunities, markets, and basic services. Connection to the outside world is also important for national unity and for central government to provide services to its people. The key indicator of access to road is the “access index”, which is defined as the percentage of households within 2 kilometers of an all-season drivable road¹. Table 1 shows that accessibility in rural areas is much lower than urban areas. Also, the gap between accessibility of the poor and non-poor in rural areas is higher than in urban areas (6 versus 2 percentage points). This suggests that poverty incidence in rural areas is correlated with lower access to all-weather roads.

5. Improvement of infrastructure can be implemented in many forms. Accessibility can be improved through construction and rehabilitation of rural roads as well. Access to road is fundamental to access to other services such as health

	Rural	Urban	Total
Non-poor	58	95	65
Poor	52	93	57
Total	56	94	62

Note: Kuchi's figures are not presented in this table, but are included in the total

¹ A caveat in terms of access index, there are two potential errors in the data collection. First, the community may not know the precise distance between community and the nearest drivable road. Furthermore, rounding the distance to the nearest kilometer could overestimate the access index, if the distance is more than 2 kilometers. Second, the concept of all-weather road or roads that are usable by vehicle all year may be different across communities. These problems can be addressed with better training and supervision in the next round of NRVA, to be implemented during 2007 and 2008.

care. NRVA 2005 data shows that communities with better accessibility, located closer to roads or markets, tend to have health workers in villages. Moreover, communities without health workers tend to be significantly poorer.

6. Is the availability of community health worker related to remoteness of rural communities? The distance to the nearest food market is a useful proxy for remoteness. In rural areas, 36 percent of households living in villages within 1 hour distance from the food market have community health workers in village, compared to only 23 percent of those who live more than 1 hour away from the food market (Table 2). Another measure of remoteness, distance from the nearest road, has a similar association with the presence of health workers in the community.

Time take to food market on foot in summer	Kuchi	Rural	Urban	Total
> 1 hour	15	23	67	23
1 hour or less	43	36	69	50
Total	23	28	69	37

Links between poverty reduction and road access

7. The spatial pattern of poverty is also likely related to spatial variation in attributes like accessibility to roads (an indicator of remoteness) and the penetration of markets. As in many countries, accessibility and poverty appear to be closely related.

8. Employment and occupation can explain the linkages between accessibility and improvement in living standard. The NRVA 2005 shows that households that engage in trade and services tend to be in higher consumption quintiles. Investigating further at attributes of households engaging in trade and services activities, it reveals that road access matters. Table 3 compares select characteristics of households involved in any trading and services activities with those who do not, separately for urban and rural areas. Overall, literacy is extremely crucial in participation. Literacy rate of heads of households engaged in trading and services are much higher than that of those who do not. Road access and existence of NSP program are also important, to a smaller extent, in rural areas. This is probably because availability of roads leads to better access to markets, which is necessary for trade and service activities. This finding is also consistent with the spatial pattern of poverty.

	% Head literate	% Road access	% NSP in community
Rural			
Not in T&S	20	55	34
In T&S	37	60	37
Total	24	56	35
Urban			
Not in T&S	46	94	11
In T&S	67	95	8
Total	58	94	9
Note: rural include Kuchi; road access is defined as community located within 2 kilometers of all-season road.			

NEEP as a cash-for-work program

9. According to NRVA 2005, only 4.4 percent of population participated in at least one of cash-for-work programs between the harvest of 2004 and the time of the survey (just after harvest 2005).² On average, those who did participate worked for around 30 days in the program during this period. The average daily wage rate is nearly AF 150, implying four days of labor are enough to earn income equivalent to the poverty line.³ According to NRVA 2005, at least 86 percent of households participating in a cash-for-work project reported payment was made on time (Table 4).⁴

Table 4: Summary of cash for work programs since the harvest of 2004 between harvests of 2004 and 2005

	All	NEEP	NSP
participation rate (%)	4.4	0.7	1.6
labor days spent on cash-for-work projects	32.3	42.9	32.2
daily wage rate	149.5	145.4	148.8
On time cash payment (% of households)	86.3	89.2	84.9

Source: Staff estimation based on NRVA 2005

10. **NEEP and NSP:** The National Emergency Employment Programme (NEEP) and the National Solidarity Program (NSP) are two major cash-for-work programs in Afghanistan. 0.7 percent and 1.6 percent of population participated in NEEP and NSP, respectively, between the harvests of 2004 and 2005. On average, participants spent 43 days and 32 days for NEEP and NSP during this period. For both projects, more than 80 percent of participants received cash payments on time. It should be noted that the rural road program has shifted its focus from being a cash for work program as implemented under NEEP to improving quality and durability of rural infrastructure (see Box 1).

11. **Size of the transfer from cash-for-work programs.** Table 5 indicates estimated average amounts of transfer from all cash-for-work programs to each participant.⁵ According to Table 5, cash-for-work programs provide quite a large amount of transfer to participants. For example, a typical cash-for-work program provides AF 4828 per participant, which corresponds to 80 percent of the average monthly household expenditure for a household of seven members. NEEP and NSP programs tend to provide 100 percent and 80 percent of the average monthly household expenditure to a participant, respectively. Since all these figures are per participant, a household with multiple participants can earn even more income from cash-for-work programs. Notably, the programs do *not* mandate that only one member of a household can participate.

Table 5: Size of transfers from cash-for-work programs			
	All	NEEP	NSP
Total amount from the cash-for-work project (Afs)	4828	6242	4790
The ratio to household monthly expenditures	0.81	1.04	0.80

Source: Staff estimation based on NRVA 2005
 Note: The total amount from cash-for-work per participant was calculated by multiplying the average daily wage rate with the average labor days (from Table 4). The monthly household expenditure for a household of seven members was calculated by multiplying average per capita consumption expenditure with seven

² NRVA 2005 can identify which households have at least one household member who participated in a cash-for-work program; however, there is no exact number of household members who participated in the program.

³ AF 593 is the poverty line used here.

⁴ There is an issue on consistency in coverage of programs between household and community questionnaires. Detailed discussions on this issue are included in Annex 3, section II.

⁵ The average transfer per participant is computed by multiplying the average daily wage with the average labor days spent on the programs

12. It is important to note here that the size of transfers shown above is likely to overstate the benefit or gains to participant households, since they do not take into account the opportunity cost or income foregone from participating in the program.

13. Table 7 illustrates how the income from cash-for-work programs contributed to participants and their families. It shows that most of the participants acknowledged benefits from the programs. More than 70 percent of households with program participants reported that transfers from cash-for-work programs increased their food consumption.

no program in area	59
didn't know there was a programme in the areas	20
no able bodied person	7
household members did not want to participate	10
household members were not selected by Male shura	2
household members were not selected by Female shura	0
household members were not selected by Male CDC	0
household members were not selected by Female CDC	0
household members were not selected by project manager from outside of the village	1

Source: Staff calculation using NRVA 2005

	All	NEEP	NSP
no benefit	7	7	4
bought more food	72	74	72
Paid for education	1	2	2
Paid medical expenses	7	6	9
Paid house rent	0	1	0
Paid off debts	7	4	8
invested in productive assets	0	1	0
improved literacy/education	0	0	0
income generating skills acquired	1	2	0
Other	4	5	6

Source: Staff estimation based on NRVA 2005

14. Reasons for not participating in any cash-for-work programs: According to Table 6, having no program in area is by far the most important reason for households not participating.

In addition, lack of awareness of the program appears to be a major reason why households did not participate in any cash-for-work programs.

15. On the other hand, program participation does not seem to be constrained by Shuras and CDCs. Along with most cash payments being paid on time, this suggests that the programs were implemented fairly well in the communities where they are placed. However, the analysis conducted here is still preliminary; and further work, especially with data on the implementation process recently collected by the government, may improve the understanding of effectiveness of implementation.

	labor days spend on cash-for-work program	Daily wage rate	Share of households with on-time cash payments	participation rate
Kuchi	48	135	67	0.9
Rural	31	148	86	5.1
Urban	51	174	91	2.1

Source: Staff estimation based on NRVA 2005

16. **Comparison across areas.** Program participation is very limited among Kuchi residents, at less than 1 percent (Table 8). The program participation in rural areas is 5 percent while that in urban areas is 2 percent. Participants from urban areas tend to spend more days for cash-for-work program, receive a higher daily wage rate, and receive on-time cash payments more frequently than those in other areas.

17. **Poverty and Cash-for-work program.** The incidence and impact cash-for-work programs among the poor are linked to the very limited participation rate on the one hand, and the relatively high benefits enjoyed by participants on the other.

18. As Table 9 indicates, the participation rate among the poor is higher than among the rich. The participation rate of the poorest quintile in the cash-for-work program is almost 40 percent higher than that of the richest quintile. Also, a poor participant spent more days in the program than a non-poor participant. A participant from the poorest quintile worked for nearly 30 percent more days than one from the richest quintile.

Table 9: Income groups and some indicators of cash-for-work program			
Consumption Quintile	working days	daily wage rate	participation rate (%)
Poorest	36.7	143	5.4
Q2	33.5	146	4.6
Q3	29.7	146	4.4
Q4	34.1	157	4.3
Richest	28.4	162	3.9

Source: Staff calculation using NRVA 2005
 Note: Income quintile was calculated using real per capita household consumption expenditures

19. On the other hand, an average daily wage rate of participants from the rich households is significantly higher than that of poor participants. According to Table 9, a participant from the richest quintile received 14 percent more than a one from the poorest quintile on the average.

20. This result may reflect the fact that richer participants have *higher bargaining power* that results in higher wages paid to them, as well as the fact that richer participants are *more likely to participate where (or when) the wages were higher*, because they have higher opportunity cost (or income foregone) of participation. In summary, since either or both of these phenomena may be occurring, it is difficult to interpret this simple correlation between poverty status of participants and wage rates.

Allocation and incidence analysis of NRAP: Evidence from combining NRVA and road maps

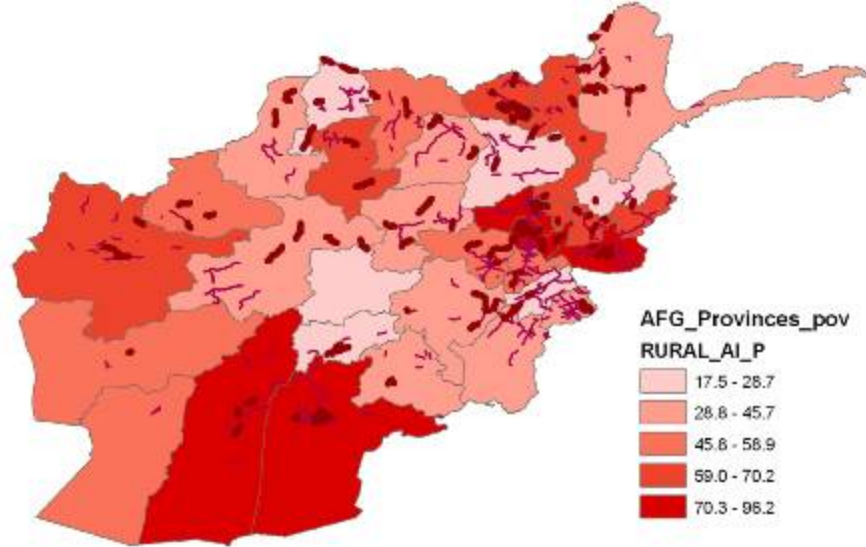
21. **Geographical allocation of NEEP and NRAP program implementation.** Figure 1 overlays the locations of rural roads built by NEEP and NRAP projects onto the province level map of rural accessibility index (see Box 1). Note that roads used in this analysis are those built from the inception of the project until November 2006.

There are two ministries that implement the rural road programs: Ministry of Rural Rehabilitation and Development and (MRRD) and Ministry of Public Work (MPW). The map includes road projects implemented by both agencies. It should be noted that MRRD roads include roads implemented under

EC, RAL and NEEP projects, while MPW roads shown here consist of roads under LIWP, NEEP, NEEPRA and NRAP.

22. The map shows that the program was concentrated in central and eastern regions of the country (densely populated areas) but also penetrated into many geographically isolated areas measured by the accessibility index constructed from NRVA 2005 data. It is worth noting that there has been no operation in Daykindy – one of the most disadvantaged provinces. This might be related to the fact that Daykindy has just separated from Uruzgan province (See Annex Table 1 for rural accessibility index at province level).

Figure 1 Map of rural accessibility index at province level and rural road project locations



Note: Project as of November 2006. Thick lines: MRRD roads; thin lines: MPW roads.

Incidence of NRAP roads and poverty

23. Combining project location with the NRVA 2005 data, it can be shown that the roads implemented under NEEP/NRAP—hence NRAP roads-- tend to be in areas where richer households are located. Table 10 shows percentage of households in each consumption quintile that are located within two kilometers of an NRAP road. Only 22 percent of households in the poorest group are close to any NRAP road. This figure rises steadily as we look at richer groups of households. The data also show that urban households tend to benefit from NRAP roads; proportional wise, more urban households are in catchments areas of NRAP roads than rural households. This finding is sensible since most rural roads are built to link rural villages to city centers.

Table 10 Percentage of households in catchments areas of any NRAP roads

Consumption Quintile	% HH in catchments areas
Poorest	22
Q2	30
Q3	34
Q4	35
Richest	37
Total	32

Note: 1) Roads considered are those built since inception to Nov, 2006.

24. It is also insightful to analyze incidence of NRAP roads within urban and rural areas. Table 11 breaks down sample household into rural and urban areas, as well as poor and non-poor households. The same definition of catchments areas is applied. It is clear that, for rural population, the poor benefit less from the rural roads under NRAP than their non-poor counterparts.

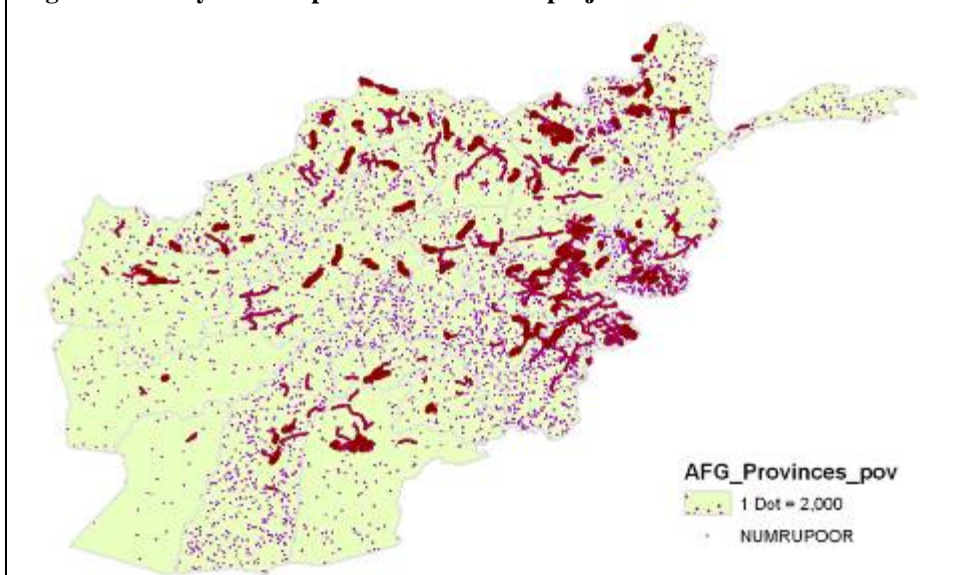
Table 11. Percentage of households in catchments areas by area and poverty status

	Rural	Urban	Total
Non-poor	32	48	35
Poor	22	54	25
Total	28	49	32

Note: 1) Roads considered are those built since inception to Nov, 2006. 3) Results of nomadic (kuchi) community are not presented separately due to its small sample size; Total figures include Kuchi population.

25. The relevant question is where the rural poor that have not been served by the program are. Figure 2 presents the relationship between location of rural poor and road network built by NEEP/NRAP. Each dot represents 2,000 poor people. Provinces with dense dots reflect high density of rural poor. This map is then overlaid by a map of rural roads built by NEEP/NRAP used in Figure 1. According to Figure 2, program implementation is not necessarily concentrated in areas with high density of rural poor. On the one hand, provinces like Khost, Nangahar and Laghman have high density of rural poor and are served by NEEP/NRAP projects. On the other hand, the programs have not had much presence in Helmand, Daykindy, Takhar, Paktika, and Ghazni where many of the rural poor reside. It should be noted that this analysis has not factored in the feasibility of road

Figure 2 Density of rural poor and rural road project locations



Note: Project as of November 2006. Thick lines: MRRD roads; thin lines: MPW roads. Number of rural poor is calculated at province level; 1 dot represents 2,000 poor rural persons; dots are placed randomly within respective provinces.

building. Topographical situation in some areas may not allow for the road to be built. Security is also another factor. This analysis could be improved immensely if a good Census data were available.

26. Conclusion. The NRVA 2005 data shows that rural roads program is important for poverty reduction efforts. It can improve high-return employment opportunity as well as health outcomes. On the other hand, the poor and the rural residence still trail behind in terms of access to road infrastructure. Combining knowledge of poverty profiles, poor areas, and project sites can help provide insights for the future projects to target the poor.

Annex

Table A-1 Percentage of households in catchments areas by urban-rural area

	% HH in catchments areas		
	MPW	MRRD	Any NRAP
Rural	23	9	28
Urban	40	13	49
Total	26	10	32

Note: 1) A household is in catchments area if its community is located within 2 kilometers of the NRAP road. 2) Roads considered are those built since inception to Nov, 2006. 3) Results of nomadic (kuchi) community are not presented separately due to its small sample size; Total figures include Kuchi population.

Table A-2 Percentage of households in catchments areas by urban-rural area ministry, area, and poverty status

		Rural	Urban	Total
Non-poor	MPW	26	38	29
	MRRD	10	14	11
	Any NRAP	32	48	35
Poor	MPW	17	49	21
	MRRD	7	10	7
	Any NRAP	22	54	25
Total	MPW	23	40	26
	MRRD	9	13	10
	Any NRAP	28	49	32

Note: 1) A household is in catchments area if its community is located within 2 kilometers of the NRAP road. 2) Roads considered are those built since inception to Nov, 2006. 3) Results of nomadic (kuchi) community are not presented separately due to its small sample size; Total figures include Kuchi population.

Table A-3 Percentage of households in catchments areas by consumption quintile

Consumption Quintile	% HH in catchments areas		
	MPW	MRRD	Any NRAP
Poorest	18	6	22
Q2	25	9	30
Q3	28	10	34
Q4	29	11	35
Richest	29	11	37
Total	26	10	32

Note: 1) A household is in catchment area if its community is located within 2 kilometers of the NRAP road. 2) Roads considered are those built since inception to Nov, 2006.

Appendix 16: Project Preparation and Supervision

Processing Schedule

	Planned	Actual
PCN Review	12/18/2006	12/21/2006
Initial PID to PIC	01/09/2007	12/27/2006
Initial ISDS to PIC	01/09/2007	01/22/2007
Begin Preparation	01/30/2007	01/30/2007
Appraisal	09/04/2007	08/12/2007
Negotiations	10/22/2007	11/08/2007
Board/RVP Approval	12/06/2007	
Planned Date of Effectiveness	01/01/2008	
Planned date of Mid-term Review	06/30/2009	
Planned Closing Date	12/31/2010	

Key Institution Responsible for Preparation of the Project. Program Development and Coordination Unit is the key implementing entity which coordinates the program on behalf MPW and MRRD with the help of two PIUs.

Bank Staff and Consultants who worked on the Project

Name	Title	Unit
Andrew Beath	Consultant	SASDT
Anna Cestari	Young Professional	SASDE
Asila Wardak Jamal	Consultant	SASDS
Asta Olesen	Sr. Social Development Specialist	SASDS
David C. Freese	Sr. Finance Officer	LOAFC
David Mansfield	Consultant	DFID
Deepal Fernando	Sr. Procurement Specialist	SARPS
Hasan Afzal Zaidi	Transport Specialist	SASDT
John D. Howe	Consultant	SASDT
Kenneth C. Okpara	Sr. Financial Management Specialist	SARFM
Liagat Butt	Program Assistant	LEGES
Mariam Haidary	Program Assistant	SACAF
Marianne Kilpatrick	Sr. Transport Specialist	SASDT
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Mohammad Arif Rasuli	Environmental Specialist	SASDN
Mohammad Qahir Haidari	Co Team Leader/Sr. Operations Officer	SASDT
Naila Ahmed	Consultant	SASDA
Rajesh Dongol	Program Assistant	SASDT
Ramy Rabenja	Consultant	SASDT
Sheila Braka Musiime	Sr. Counsel	LEGES
Susanne Holste	Co Team Leader/Sr. Transport Specialist	SASDT
Tawia Addo-Ashong	Sr. Transport Specialist	AFTTR
Venkatesh Sundaraman	Economist	SASHD
Zabiullah Ahrary	Team Assistant	SACAF

Bank Funds expended to date on Project Preparation

1. Bank Resources : US\$191,181.48
2. Trust Funds : Nil
3. **Total** : **US\$191,181.48 (as of October 4, 2007)**

Estimated Approval and Supervision Costs

1. Remaining costs to approval : US\$29,139.00
2. Estimated annual supervision cost : US\$85,000.00

Appendix 17: Documents in the Project File

A. Project's Background Documents

- (a) Environment and Social Management Framework, August 2007.

B. Bank Staff Documents

- (a) Project Information Document (PID), Appraisal Stage, August 27, 2007.
- (b) Integrated Safeguards Data Sheet (ISDS), Appraisal Stage, August 23, 2007.
- (c) Aide Memoire, Appraisal Mission, August 12 – 21, 2007.
- (d) A Policy Note on Rural Access in Afghanistan, June 2007.
- (e) Aide Memoire, Pre-appraisal Mission, June 13 – 24, 2007.
- (f) Aide Memoire, Preparation Mission, February 13 – 22, 2007.
- (g) Minutes of the Project Concept Note (PCN) Review Meeting, January 4, 2007.
- (h) Integrated Safeguards Data Sheet (ISDS), Concept Stage, December 15, 2006.
- (i) Project Concept Note, December 15, 2006.
- (j) Project Information Document (PID), Concept Stage, December 15, 2006.
- (k) Aide Memoire, Identification Mission, November 22 – December 9, 2006.

Appendix 18: Statement of Loans and Credits

<u>Active Projects</u>			IDA	Undisb.	Difference Between Expected and Actual Disbursements ^{a/}	
Project ID	FY	Project Name			Orig.	Frm Rev'd
P088719	2005	AF Investment Guarantee Facility	5.00	4.03	2.72	
P090928	2007	AF PSD Support Project	25.00	25.54	0.23	
P078936	2004	AF: Emer Irrig Rehab	65.00	39.99	12.62	6.88
P083720	2004	AF: Emergency Communications Development	22.00	3.85	2.87	
P098256	2006	AF: Hort. & Livestock Project	20.00	18.11	(3.28)	
P099980	2007	AF: Public Financial Management Reform	33.40	33.89		
P101502	2008	Afghanistan HIV/AIDS Prevention Project	10.00	10.11		
P078324	2003	Afghanistan Health Sector Emergency Reha	89.60	19.52	(17.32)	(4.13)
P098118	2006	Afghanistan: Natural Resources Devt	30.00	27.87	1.57	
P100935	2007	Avian Flu	8.00	8.23	0.33	
P097030	2007	Civil Service Reform Project	20.40	20.66		
P083964	2005	Education Quality Improvement Program	35.00	18.96	(1.72)	
P083906	2004	Emergency Customs and Trade Facilitation	31.00	3.49	1.89	
P083908	2004	Emergency Power Rehabilitation Project	105.00	80.29	50.64	(3.63)
P078284	2003	Emergency Transport Rehabilitation	153.00	14.94	(39.62)	(13.95)
P083919	2005	Kabul Urban Reconstruction Project	25.00	24.29	13.81	
P102288	2007	NSP II	120.00	24.00	(48.13)	
P082472	2003	Natn'l Emergency Emp. Prog for Rural	39.20	0.11	(2.41)	
P084736	2005	Public Admin Capacity Building Project	27.00	11.13	7.79	
P089040	2005	Strengthening Higher Education Program	40.00	36.19	0.64	
P087860	2006	Urban Water Sector	40.00	42.28	8.33	
Overall Result			943.60	467.48	(9.04)	(14.84)

AFGHANISTAN
STATEMENT OF IFC's
Held and Disbursed Portfolio
In Millions of US Dollars

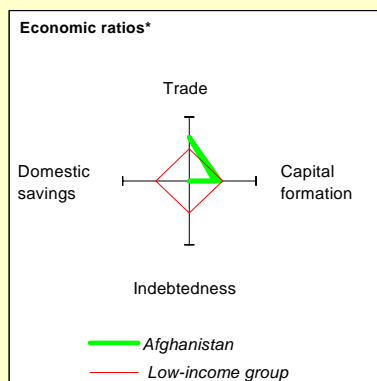
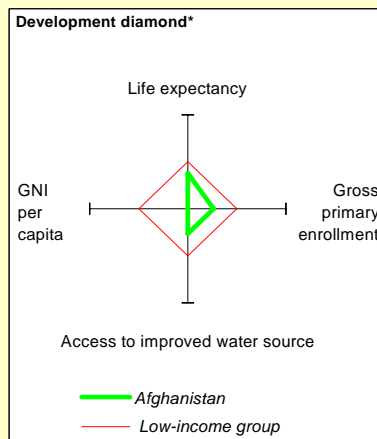
FY Approval	Company	Committed					Disbursed Outstanding				
		Loan	Equity	**Quasi Equity	*GT/RM	Participant	Loan	Equity	**Quasi Equity	*GT/RM	Participant
06/06/2006	Areeba afg. ltd	120	15	0	0	0	0	0	0	0	0
07/07/2007	Bab	0	3.03	0	0	0	0	3	0	0	0
03/03/2003	Fmba	10.5	3.46	0	0	0	0	3.46	0	0	0
04/04/2004	Tps (a)	0	0	28	0	0	0	0	23	0	0
Total Portfolio:		130.5	21.49	28	0	0	0	6.46	23	0	0

Appendix 19: Country at a Glance

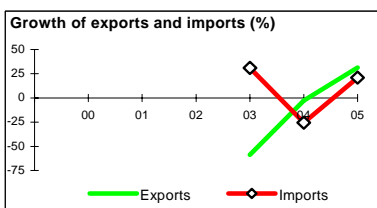
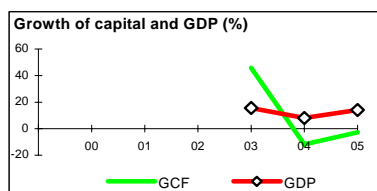
Afghanistan at a glance

1/5/07

POVERTY and SOCIAL	Afghanistan	South Asia	Low-income		
2005					
Population, mid-year (<i>millions</i>)	..	1,470	2,353		
GNI per capita (<i>Atlas method, US\$</i>)	..	684	580		
GNI (<i>Atlas method, US\$ billions</i>)	7.0	1,005	1,364		
Average annual growth, 1999-05					
Population (%)	..	1.7	1.9		
Labor force (%)	2.3	2.1	2.3		
Most recent estimate (latest year available, 1999-05)					
Poverty (<i>% of population below national poverty line</i>)	..	..	..
Urban population (<i>% of total population</i>)	24	29	31		
Life expectancy at birth (<i>years</i>)	45	63	59		
Infant mortality (<i>per 1,000 live births</i>)	165	66	80		
Child malnutrition (<i>% of children under 5</i>)	..	45	39		
Access to an improved water source (<i>% of population</i>)	40	84	75		
Literacy (<i>% of population age 15+</i>)	29	60	62		
Gross primary enrollment (<i>% of school-age population</i>)	54	110	104		
Male	..	116	110		
Female	..	105	99		
KEY ECONOMIC RATIOS and LONG-TERM TRENDS					
	1985	1995	2004	2005	
GDP (<i>US\$ billions</i>)	6.0	7.3	
Gross capital formation/GDP	31.1	25.0	
Exports of goods and services/GDP	11.5	12.4	
Gross domestic savings/GDP	-13.1	-18.2	
Gross national savings/GDP	-13.1	-18.2	
Current account balance/GDP	1.4	-1.0	
Interest payments/GDP	
Total debt/GDP	
Total debt service/exports	6.7	
Present value of debt/GDP	
Present value of debt/exports	
	1985-95	1995-05	2004	2005	2005-09
(<i>average annual growth</i>)					
GDP	8.0	14.0	..
GDP per capita
Exports of goods and services	-2.8	31.4	..



STRUCTURE of the ECONOMY	1985	1995	2004	2005
(<i>% of GDP</i>)				
Agriculture	37.2	36.1
Industry	24.4	24.5
Manufacturing	15.8	14.9
Services	38.3	39.4
Household final consumption expenditure	104.0	109.6
General gov't final consumption expenditure	9.1	8.6
Imports of goods and services	55.7	55.7
	1985-95	1995-05	2004	2005
(<i>average annual growth</i>)				
Agriculture	-17.1	11.3
Industry	32.4	16.4
Manufacturing	21.9	10.0
Services	34.6	14.3
Household final consumption expenditure	-5.0	20.3
General gov't final consumption expenditure	-7.7	14.0
Gross capital formation	-11.9	-2.7
Imports of goods and services	-25.7	20.9

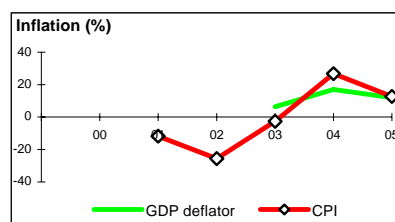


Note: 2005 data are preliminary estimates.

* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

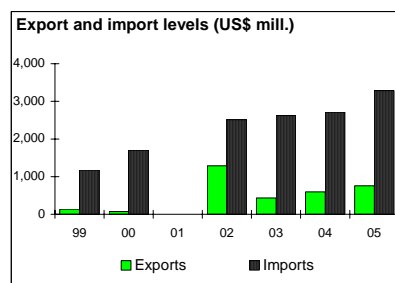
PRICES and GOVERNMENT FINANCE

	1985	1995	2004	2005
Domestic prices				
(% change)				
Consumer prices	26.7	12.7
Implicit GDP deflator	17.0	11.9
Government finance				
(% of GDP, includes current grants)				
Current revenue	9.5	9.8
Current budget balance	0.1	1.1
Overall surplus/deficit	-0.7	0.1



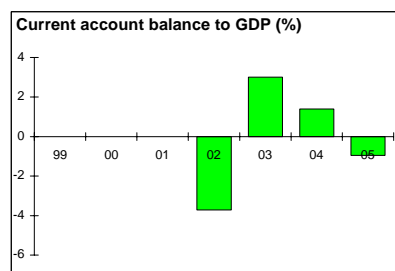
TRADE

	1985	1995	2004	2005
(US\$ millions)				
Total exports (fob)	592	755
Fresh fruits
Dried fruits
Manufactures
Total imports (cif)	2,713	3,280
Food
Fuel and energy
Capital goods
Export price index (2000=100)
Import price index (2000=100)
Terms of trade (2000=100)



BALANCE of PAYMENTS

	1985	1995	2004	2005
(US\$ millions)				
Exports of goods and services	668	..	1,720	1,705
Imports of goods and services	1,076	..	4,432	4,849
Resource balance	-408	..	-2,712	-3,144
Net income	21	..	8	27
Net current transfers	..	..	2,787	3,048
Current account balance	..	..	83	-70
Financing items (net)	..	..	381	448
Changes in net reserves	-26	..	-464	-378
Memo:				
Reserves including gold (US\$ millions)	611	..	1,283	1,662
Conversion rate (DEC, local/US\$)	50.6	..	47.8	49.7



EXTERNAL DEBT and RESOURCE FLOWS

	1985	1995	2004	2005
(US\$ millions)				
Total debt outstanding and disbursed	2,274	5,619	..	..
IBRD	0	0	..	..
IDA	0	0	..	..
Total debt service	47	89	..	..
IBRD	0	0	..	..
IDA	0	0	..	..
Composition of net resource flows				
Official grants	..	..	..	..
Official creditors	210	0	..	..
Private creditors	0	0	..	..
Foreign direct investment (net inflows)	..	..	..	..
Portfolio equity (net inflows)	..	..	..	..
World Bank program				
Commitments	0	0	..	..
Disbursements	0	0	..	..
Principal repayments	0	0	..	..
Net flows	0	0	..	..
Interest payments	0	0	..	..
Net transfers	0	0	..	..

INCLUDE MAP IBRD No. 35629