



USAID
FROM THE AMERICAN PEOPLE

AFGHANISTAN

KABUL CITY INITIATIVE (KCI)

QUARTERLY REPORT (NO. 1)

OCTOBER 1 – DECEMBER 31, 2010



January 14, 2011

This publication was produced for review by the United States Agency for International Development and was prepared by Tetra Tech ARD

This report was prepared for the United States Agency for International Development, Contract No. EPP-I-00-04-00035-00 Kabul City Initiative (KCI) Project under the Sustainable Urban Management Indefinite Quantity Contract II (SUM II IQC)

Principal contacts:

Scott Johnson Chief of Party, Tetra Tech ARD, Inc. Kabul, Afghanistan

Adrienne Raphael Project Manager, Tetra Tech ARD, Inc. Burlington Vermont

Implemented by:

Tetra Tech ARD/KCI
Green Village BC-3-18
Supreme Road
Kabul, Afghanistan

Tetra Tech ARD
P.O. Box 1397
Burlington, VT 05402
Tel: 802-658-3890

**AFGHANISTAN KABUL
CITY INITIATIVE (KCI)
QUARTERLY REPORT (NO. 1)
OCTOBER 1 – DECEMBER 31, 2010**

JANUARY 14, 2011

DISCLAIMER

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

CONTENTS

CONTENTS.....	i
ACRONYMS	iii
1.0 QUARTER 1 HIGHLIGHTS	2
1.1 Overall quarter 1 achievements	2
1.2 Overall quarter 1 issues and resolution	2
2.0 CLIN 1 ACHIEVEMENTS.....	3
2.1 CLIN 1 QUARTER 1 ACHIEVEMENTS AND TARGETS	3
2.1.1 Develop a three Year Municipal Management and Capacity Improvement Plan	3
2.1.2 Build Human Capacity	4
2.1.3 Develop Standard Operating Procedures (SOPs).....	5
2.1.4 Implement a Municipal IT Strategy	6
2.1.5 Improve Project Management	7
2.1.6 Increase Public Participation	8
2.2 Quarter 1 Issues and resolution	9
3.0 CLIN 2 ACHIEVEMENTS.....	10
3.1 CLIN 2: QUARTER 1 ACHIEVEMENTS AND TARGETS	10
3.1.1 Improve Kabul Parks and Greenery	10
3.1.2 Improve Kabul City Sanitation.....	11
3.1.3 Improve Kabul City Streets	14
3.1.4 Commercial Area Improvement	15
3.1.5 Rehabilitate KABUL City Facilities	15
3.1.6 Establish at least one Private Public Partnership.....	16
3.2 ISSUES AND RESOLUTION.....	16
4.0 CLIN 3 ACHIEVEMENTS.....	18
4.1 CLIN 3: QUARTER 1 ACHIEVEMENTS AND TARGETS	18
4.1.1 Revenue Collection and Financial Management.....	19
4.1.2 Accounting and Financial Management.....	20
4.1.3 Improve Property Tax Register	20
4.2 CLIN 3: QUARTER 1 ISSUES AND RESOLUTION.....	22
5.0 Q2 ACTIVITY FORECAST	23
5.1 CLIN 1: QUARTER 2 FORECAST	23
5.2 CLIN 2: QUARTER 2 FORECAST	23
5.3 CLIN 3: QUARTER 2 FORECAST	24
5.4 MONITORING AND EVALUATION: QUARTER 2 FORECAST	24
6.0 FINANCIAL SUMMARY	25

ACRONYMS

AUCC	Afghan Urban Consulting Company
ASI	Adam Smith International
CLIN	Contract Line Item Number
COA	Chart of Accounts
CO	Contracting Officer
COP	Chief of Party
COTR	Contracting Officer Technical Representative
DCOP	Deputy Chief of Party
DG	Director General
DM	Deputy Mayor
GIRoA	Government of the Islamic Republic of Afghanistan
KCI	Kabul City Initiative
KM	Kabul Municipality
LTTA	Long Term Technical Assistance
NRC	National Research Council
PMP	Project Management Plan
RFA	Request for Approval
STTA	Short Term Technical Assistance
SOP	Standard Operating Procedure
TA	Technical Assistance
TOR	Term of Reference
USACE	US Army Corps of Engineers
USAID	United States Agency for International Development
WG	Working Group

PREFACE

The Kabul City Initiative (KCI) supports the Kabul Municipality and its Mayor in three important ways: 1) KCI increases the capacity of city officials to manage the city's resources, both human and material, to improve the level of services, to enable the participation of Kabul citizens in the determination of services to be provided, and to communicate with citizens so they are aware of the improvements and credit the city administration with these accomplishments; 2) KCI assists the city staff to markedly improve the level and quality of services provided; and 3) KCI increases the ability of the city to generate its own revenues so as to fund the increased level of services that new management capacity makes possible.

As a result of KCI, Kabul City citizens will experience consistently improving services provided by a steadily improving city workforce and management. The improved services will be supported by a stronger locally derived revenue base. The public will credit the Kabul City administration with the improvements, become more supportive of Kabul City government and therefore more likely to participate and to take an active part in improving the urban environment for all.

The Kabul City Municipality is a unique government entity in Afghanistan consisting of a central administration and 22 administrative districts. KCI has embedded its project leadership and half its staff with the Mayor and his deputies at the Kabul Municipality, in each of the 22 districts, and in all of its operating departments. KCI staff is now working side by side with city officials on a daily basis.

Per Task Order EPP-I-05-04-00035-00, section F.6 page 2, this Quarterly Report is a brief presentation of the results and activities of the first quarter of KCI implementation that:

- Describes the plan for the reporting period (as stated in the annual work plan);
- Assesses overall progress to that date in relation to agreed upon performance indicators for the quarter;
- Describes the specific accomplishments of the Contractor during the quarter including information on all activities, both ongoing and completed, by component, and geographically by district; and,
- Highlights any issues or problems that are affecting the delivery or timing of services provided.

During the first quarter KCI submitted a draft work plan and PMP for an 18 month period at the verbal request of USAID. Budget and contract modifications are anticipated in the second quarter to align with the approved work plan. In this Q1 report, targets and achievements are reported against the base period (18 months).

The KCI Contract stipulates that reporting is to be done by district. In Quarter1 however, with limited exceptions, work has been focused on the municipality as a whole or upon departments, with limited district-specific work taking place and this report presents limited district-specific data. District-specific activities will increase and future quarterly reports will disaggregate data by district.

1.0 QUARTER 1 HIGHLIGHTS

1.1 OVERALL QUARTER 1 ACHIEVEMENTS

- Two days after arriving in Kabul, the KCI Project Launch team met with Mayor M. Yunus Nawandish and two days afterwards engaged in a half day briefing with the 50 senior leaders of the Kabul Municipality.
- Project activities began and staff were hired prior to the mobilization suspension and RFA shutdown due to the security controversy. Limited activities continued to allow rapid recovery when the order was lifted.
- When the suspension was lifted, KCI and Kabul senior staff held a joint, two-day work planning workshop to establish a common vision for KCI and agree on specific activities and outcomes for the first year.
- All key staff mobilized, 42% of CCN positions filled.
- Working relationships were established with the Mayor, all three Deputy Mayors and all department heads.
- Expat staff and supporting CCN staff are embedded at Kabul Municipality, service departments and district offices. Physical improvements have been made to accommodate KCI staff.
- Two Task Forces were established and nine Working Groups appointed by the KM administration. Organizational meetings were held, SOW approved, and KM priorities are being translated into project concepts. Mayor and KM staff have supported the process.
- The Technology and Communications Assessment was completed.
- The Organizational Assessment of 16 departments in 22 districts is underway and 80% complete at the end of the quarter.
- The Citizen Survey is underway as of the end of the quarter.

1.2 OVERALL QUARTER 1 ISSUES AND RESOLUTION

Overall Issue	Resolution
Presidential PSC Decree leads to KCI mobilization suspension and RFA shutdown	During shutdown KCI conducted preparatory work and rapidly responded when ban was lifted on

2.0 CLIN 1 ACHIEVEMENTS

CLIN 1 activities fell into two broad categories in Q1: establishing baselines and establishing the structure in which to develop and implement a Municipal Management and Capacity Improvement Plan (MMCIP).

2.1 CLIN 1 QUARTER 1 ACHIEVEMENTS AND TARGETS

To establish baselines in a timely manner KCI deployed three short-term technical advisers (STTA) during Q1: 1) to assess the organizational and management capacity of Kabul Municipality; 2) to assess the use of technology and information systems; and 3) through KCI subcontractor National Resource Center (NRC), to conduct a public opinion survey to inform and measure project performance in improved public trust and satisfaction with the Kabul Municipality.

The longer term effort to develop and implement the MMCIP was advanced by hiring nine capable Afghan professionals to embed in the Kabul Municipality to support the MMCIP. Those professionals who were on board by December 1 participated in the joint Work Planning workshop with our counterparts from the Kabul Municipality and shortly thereafter helped the Kabul Municipality organize the Municipal Management and Capacity Improvement Task Force and six Working Groups (Procedures, Project Management, Training, ICT, Public Participation and Compensation) to develop and implement the Municipal Management and Capacity Improvement Plan with support from KCI.

2.1.1 DEVELOP THREE-YEAR MUNICIPAL MANAGEMENT AND CAPACITY IMPROVEMENT PLAN

KCI will deliver a written Municipal Management and Capacity Improvement Plan that is being developed in partnership with the Kabul Municipality. Central to the CLIN 1 strategy is to link a strategic plan for increasing municipal salaries with reform of human resource management, including a robust process of consulting with citizens about the cost, benefits and affordability of salary increases. Understanding that salary increases require visible improvements in performance and results, the strategic approach includes: revising targeted regulations and procedures with a particular emphasis on streamlining licensing and fee collection procedures that directly touch citizens; developing department by department training plans and individual manager training plans that are driven by the requirement for specified skills and tasks that can be observed and evaluated; improving project management skills; and increasing the participation of targeted stakeholders groups such as women, youth, and businesses in municipal decision making.

To achieve this, KCI has formed a Task Force and six Working Groups comprised of more than 50 top managers and technicians from the Kabul Municipality. The Plan will include measurable milestones and time lines. KCI will support the Task Force and the six Working Groups to implement the Municipal Management and Capacity Improvement Plan which will contribute to achieving targeted outputs in improved

procedures, number of staff trained, the number of public education campaigns and media and outreach activities promoting improvements in the Kabul Municipality.

Base Period Output Description	Q1 Activities and Status
Define membership of overarching Task Force and six Working Groups	Completed
TORs approved and meeting schedule set	Completed
Deliver training to Working Group members in assessment techniques, M&E and Media and Outreach	Training to begin in Q2
Assess with KM officials the feasibility of a “Future Leaders” internship program for 50 young men and women	To begin in Q2
Within their TORs Working Groups establish priorities based on the results of assessments and public opinion surveys	To begin in Q2
Implement Working Group activities	To begin in Q2
Monitoring and oversight meetings with Task Force	The Task Force met twice in Q1

2.1.2 BUILD HUMAN CAPACITY

In the joint work planning work shop, Kabul Municipal officials emphasized the need to raise salaries for the workforce as central to their effort to build human capacity. Through support to both a Training Working Group and a Compensation Working Group, KCI will introduce performance-based management, which in turn should contribute to improved service delivery. KCI will to support the Compensation Working Group in conducting a series of public meetings to win citizen buy-in for salary increases; this will contribute to the target of 125 town hall or other public meetings. KCI will also support the Training Working Group in the implementation of a Quality Service Improvement Program (QSIP) to develop performance standards and create a customer-oriented municipal culture which will contribute to the target of four departments with technical and professional employees demonstrating improvements in job performance and the target of 210 staff trained in core administrative functions. Two sets of activities support this subcomponent and are reported on below.

Assess training needs; design and implement demand-driven training activities

Base Period Output Description	Q1 Activities and Status
Conduct baseline organizational assessment to inform individual training plans for municipal managers	Field survey work was completed in Q1; analysis and presentation of findings to be completed in early Q2
Train working group participants on how to conduct individual skills assessments against job descriptions and how to measure effectiveness (uptake) of training programs	To be completed in Q2 in cooperation with the Civil Service Commission

Assess municipal and market salary structures and develop strategies and plans for implementing municipal-wide salary increases

Base Period Output Description	Q1 Activities and Status
Obtain and analyze current market data on non-governmental salaries for various types of municipal jobs	To be implemented in Q2

2.1.3 DEVELOP STANDARD OPERATING PROCEDURES (SOPS)

This subcomponent is working:

1. To revise or develop the regulations and procedures needed to improve service delivery in Solid Waste Management, improvements to parks and greenery, and maintenance of streets and public buildings; and
2. To revise or develop the regulations and procedures for licenses, permits, tax bills, and other documents that touch the daily lives of citizens. In Q1 KCI coordinated closely with the CIDA-funded Afghanistan Technical Assistance Program (ATAP) project.

By the end of the contract base period, KCI will have improved administrative systems through the adoption of nine new or improved standard operating procedures (SOPs) and/or regulations formulated with public consultations.

Base Period Output Description	Q1 Activities and Status
Implement baseline organizational assessment	Field survey work was completed in Q1; analysis and presentation of findings to be completed in early Q2

2.1.4 IMPLEMENT A MUNICIPAL IT STRATEGY

This subcomponent supports the design and implementation of the Kabul Municipality's strategic plan for providing administrative, management, and technical employees' information and communication technology tools and systems that can measurably improve productivity, increase transparency and facilitate decision making. KCI has distributed data cards to top managers and technicians in to provide interim internet access as the ICT Working Group considers a long-term strategic approach to connectivity.

Base Period Output Description	Q1 Activities and Status
Develop minimum standards of computer literacy required for municipal staff to receive computer equipment (computer "driver's license")	Working Group developed a proposal to adopt the International Computer Driver's License standards. The Task Force will consider the proposal in Q2.
Build upon existing CSC computer training curriculum to include training of department-based trainers and use of Linux operating system and Open Office software suite (as they have no annual licensing fees)	To be evaluated in Q2
Identify training opportunities for municipal IT staff in procurement, M&E, and network administration	Training to begin in Q2

Assess electricity supply at municipal satellite offices and produce procurement documents for needed electrical upgrades and backup sources of power (solar power, batteries and UPS, and/or generators) necessary to protect and service computer equipment	Assessment completed in Q1; procurement to take place in Q2
Train the trainer training for departmental point persons	To begin in Q2
Deliver computer training in cooperation with CSC with follow on on-the-job training provided by embedded mentors	To begin in Q2

2.1.5 IMPROVE PROJECT MANAGEMENT

This subcomponent supports CLIN 2 and 3 by developing the project management skills needed to ensure improved budgeting and budget implementation by developing staff competency in project design, project budgeting, and monitoring and evaluation of project implementation. The Project Management Working Group has identified an existing internationally-recognized training curricula and certification program on project management (from the Project Management Institute) that can be offered to key municipal staff involved in KCI projects as practical exercises.

These activities will contribute to the KCI's targeted outcome of four departments with technical and professional employees demonstrating improvements in job performance and 222 staff trained in core administrative functions and/or service management and operations.

Base Period Output Description	Q1 Activities and Status
Review CSC and other available project management curricula on Proposal Writing, Project Design, Project Budgeting and M&E	Completed. Working Group opted for an internationally recognized project management training program.

Evaluate existing project management training opportunities in Afghanistan or overseas	Working Group decided to propose that the Kabul Municipality utilize the Project Management Institute's training and certification program and standards in cooperation with a local university. Task Force will consider in the proposal in Q2.
Adapt and augment project management curricula; train trainers	Translation of training materials and training of trainers to begin in Q2

2.1.6 INCREASE PUBLIC PARTICIPATION

This subcomponent supports CLINs 2 and 3 by improving the quantity and quality of news coverage of the Kabul Municipality, particularly concerning the provision of essential services and infrastructure; by providing public information that educates citizens about the cost of service delivery and the need for tax compliance; by improving the communication between the municipality and citizens, particularly women and youth, so that service delivery can be better tailored to citizens' needs and willingness to pay; and by conducting public education campaigns to engage citizens in improving municipal services through proper trash disposal, awareness of the needs to keep drainage canals free of debris and to participate in the greening of Kabul through the planting and/or watering of trees.

KCI will conduct 200 communications or outreach activities that highlight improved municipal capacity, improved services or new systems for revenue generation or land registration and five public education campaigns to promote public participation in civic activities.

Base Period Output Description	Q1 Activities and Status
Conduct a public opinion survey to inform pro-gram priorities and to establish a baseline of citizen trust and satisfaction	Survey instrument was finalized and field researchers were trained in Q1. Data collection and analysis will be completed in Q2
Support Working Group members to survey service delivery departments for public education/behavior change needs	Completed. Working Group has identified the Sanitation Department as the highest priority for public education support

Support Working Group to design and implement a series of three-month public education campaigns for women on top public education and behavior change needs to be approved and monitored by the MNCBIP Task Force	Campaigns to begin in Q2
Support Working Group to develop contact list of Kabul civil society organizations, youth clubs, CDCs, Shuras	Working group members have resisted the idea of working through CSOs. To date the Working Group has been more focused on one-way communications such as a municipal radio station, a printing press, and trucks with loud speakers

2.2 QUARTER 1 ISSUES AND RESOLUTION

CLIN 1 Issue	Resolution
Presidential PSC Decree leads to KCI mobilization suspension and RFA shutdown; contracting the baseline public opinion survey delayed	During shutdown KCI did preparatory work on the survey instrument and the RFP, and rapidly released the RFP and awarded the survey contract as soon as the ban was lifted
Task Order requires, as performance management indicators, milestones from a Municipal Management and Capacity Improvement Plan (MMCIP) but Task Order also requires that the development of the plans be participatory	KCI submitted a PMP with the base period work plan without milestones from the MMCIP. Milestones will be added to the PMP after KCI and the municipal counterparts have had the opportunity to work jointly on developing the plans
While KCI and the Kabul Municipality share a common goal for improving news and information about the municipality, a difference of strategy emerged at the 1–2 December work planning session, with the Mayor advocating for a municipal owned and operated television and radio station and KCI proposing a strategy that increases news and information through the independent media by improving the municipality’s capacity to provide relevant and timely information to the journalists who work for existing news programs.	The Mayor agreed to support activities that increase news and information through the independent media that will be measured through a monthly media monitoring report. At the same time, KCI will conduct an assessment to determine if supporting a public access television and radio station could become a sustainable municipal activity.

3.0 CLIN 2 ACHIEVEMENTS

3.1 CLIN 2: QUARTER 1 ACHIEVEMENTS AND TARGETS

Working quickly to regain lost momentum due to the delay caused by the confusion surrounding the President’s Security Decree, KCI was able to engage the Departments of Sanitation, Streets, and Greenery. Among the achievements during Quarter 1:

- A Work Plan was developed in collaboration with DGs, District Managers, and Municipal Leadership that identified and prioritized activities to be accomplished under CLIN 2.
- Subcontractor AUCC (a small Afghan business) engaged all three Departments, undertaking an aggressive inventory of Municipal assets and equipment.
- AUCC was embedded in the Street Department.
- A Management Assessment of personnel and systems was completed.
- Equipment procurement was initiated to provide necessary computers, GPS units, cameras, and other tools.
- A preliminary list of nine public improvement projects amounting to approximately \$2.4 million in projects was developed.. This list includes:
 - Four Neighborhood Parks
 - One Major Park
 - Over 13 km of street gravelling
 - Over 2 km of ditch covering
 - A Solid Waste Transfer Station

A detailed review of CLIN 2’s progress follows.

3.1.1 IMPROVE KABUL PARKS AND GREENERY

KCI will construct or renovate ten neighborhood parks and one major Municipal Park, and develop a pilot urban landscaping project for Municipal roadsides and medians.

Base Period Output Description	Q1 Activities and Status
Prepare Inventory of existing and potential city parks and green areas	Underway—over 40 parks/green spaces identified
Design/ Construct/ Renovate Small	4 Neighborhood Parks identified—1 for

Neighborhood parks (gender-sensitive design)	Construction, 3 for Rehabilitation—pending KM Concept Approval
Design/ Construct/ Rehabilitate Major City Parks--(gender-sensitive design)	1 Major City Park Identified (Allahudin Park)—pending KM Concept Approval
Develop an Urban Landscaping Pilot Project for planting trees/shrubs and other landscaping materials	Recruitment for Consultant Underway
Facility Improvements	Improvements Underway—electrical wiring, heating, furniture complete
Construct small, fenced football/cricket facilities for youth/boys	Shar-e-Naw Park Sports Court pending KM Concept Approval
Procure tankers, lawn mowers - maintenance equipment for Greenery Dept.	Inventory of Existing Equipment nearing completion—will determine Municipal needs.
Implement small improvement projects (service structures)	No action
Procure small equipment and hand tools	Inventory of Existing Equipment nearing completion—will determine Municipal needs.
Procure other required Supplies	No Action

3.1.2 IMPROVE KABUL CITY SANITATION

Kabul Municipality’s Sanitation Department has three primary responsibilities: 1) the Department is responsible for the collection and disposal of trash from Kabul residents and businesses; 2) the Department is responsible for the construction and maintenance of the Municipal storm water drainage systems (most visibly street side ditches); 3) the Department is responsible for the limited collection of human waste from septic tanks, and while they share this duty with the private sector, the Municipality does collect this waste from most government buildings, and through the Macrorayons operates a small and ineffective sewage treatment facility-the only such facility in Kabul.

Trash Collection

Kabul Municipality has purchased trash compactors and large and small dumpsters. Unfortunately, due to a lack of management capacity, much of this equipment remains stored at the Sanitation Department, while residents pile trash in random dumpsites around the city. The lack of a Transfer Station is also crippling the Municipality’s ability to approach even modest levels of efficiency, as loads of trash must be delivered to the landfill by the collection trucks—a round trip journey that can be more than 40 km and that takes trucks and workers out of service for hours at a time.

KCI intends to work with the Municipality to complete two transfer stations, analyze the Municipal Trash Collection procedures and processes and amended them as necessary, initiate a privatized door-to-door trash collection pilot in one district, and work to improve the maintenance of Municipal vehicles and equipment.

Base Period Output Description	Q1 Activities and Status
Prepare an Inventory for existing and potential dumpsters	Underway—1,800 dumpsters are being located and logged with a GPS identifier which will allow the Municipality and KCI to establish a more efficient/effective collection methodology.
Trash Collection Strategy Development	Equipment is also being inventoried (90% complete) and this inventory will assist in improved assignments of Municipal assets.
Procure and mobilize Trash Collection Trucks and Trucks/Trailers	This activity awaits completion of the above assessments
Construction of a Transfer station	The Municipal design for a Transfer Station has been located and rejected as being inadequate. Alternative designs are under consideration.
Location, design and construction of 2nd Transfer Station	Anticipated to begin in Q3.
Location, design and construction of 2nd Transfer Station	Anticipated to begin in Q3.
Evaluation and Study of a compost system	Anticipated to begin in Q3.
Private sector contract to provide Door to Door trash collection in a pilot district	Anticipated to begin in Q2.
Private sector contract to repair machinery - study and implement	Anticipated to begin in Q2.
Study exchange tours to other countries for 20 people	Anticipated to begin in Q2.
Study and implement pilot program for solid waste recycling	Anticipated to begin in Q3.
Procure small equipment and hand tools	Existing equipment is 95% inventoried, list of needed items to be developed.
Procure other required Supplies	Anticipated to begin in Q2.

Drainage

KCI will work with KM to establish a routine ditch cleaning program, and will provide the mechanized equipment necessary to efficiently maintain the trenches. Additionally,

steel grates will be installed in key areas that will keep trash out of ditches, increase safety for pedestrians and vehicles, and decrease citizen use of the polluted water from the ditch, thus decreasing illness. By the end of the base period, KM will have initiated a routine and mechanized ditch maintenance program and installed over 10 km of steel grates.

Base Period Output Description	Q1 Activities and Status
Covering of the road side ditches with steel grates	Identified over 2,900 meters of ditch to be covered-- pending KM Concept Approval
Cleaning Roadside ditches and canals with machinery	The ditches to be covered will also be cleaned prior.
Purchase of Equipment for Ditch Cleaning--Backhoes and Trucks	No action.

Human Waste Collection and Disposal

There is only a single sewage treatment plant in Kabul, a small facility that serves 7,000 apartments in the Macrorayons, and also treats sewage from a limited number of tankers that is dumped into a pipe leading to the plant. The plant itself is decrepit, and does no real treatment of the sewage. Otherwise, the sewage that is collected is disposed of in surrounding fields, on vacant lots, dumped in the river, or spilled onto the roadways at night. ‘Night soil’ from latrines often finds its way to vacant lots or is disposed of at the random trash dump sites around town.

This is a monumental issue, beyond the scope of KCI. Nonetheless, KM has expressed a desire to develop a limited strategy that might include an assessment and upgrade of the sewage treatment plant, licensing of private haulers to ensure proper disposal, scheduling and fee collection for the Sanitation Department’s tankers (they have purchased approximately ten new tankers that are sitting idle), and the construction of sewage drying lagoons which is beyond the scope of KCI.

During the base period, limited resources will be expended to explore creative and cost-effective solutions that will partially address the problem of waste disposal. The activities listed herein reflect an effort by KCI to be responsive to the needs expressed by KM at the joint work session December 1-2, 2010, but we do not view it as a commitment to action but a willingness to explore further.

Base Period Output Description	Q1 Activities and Status
Liquid waste collection and management by private sector.	Q3

Purchasing Machinery for the liquid waste collection and disposal	Q3
Repair the existing sewers feeding the Macrorayon wastewater treatment plant	Q4
Repair the existing sewers feeding the Macrorayon wastewater treatment plant	Q4
Upgrade Macrorayon Sewage Treatment Facility for Treatment of Tanker Waste	The facility has been visited but no further action has been initiated.
Implement Facility Improvements (buildings, sidewalks, etc.) at the facility	This reflects KM's request.

3.1.3 IMPROVE KABUL CITY STREETS

KCI will concentrate on the gravelling of streets, so that residents experience a basic level of maintenance. However, discussions continue with the KM's Mayor, who has a stated vision of having all city streets paved (by the Municipality and donors) in the next year. At this point, we plan to apply gravel, compacted to provide a level surface for cars. Streets will also be graded so that they drain, providing dry areas for walkers. This improvement will improve the surface for vehicles and pedestrians, eliminate mud in the street during the rainy season, and cut down on dust during the summer. It will also provide a base for future asphaltting of streets.

By the end of the base period, it is our intent to have graveled over 50 km of residential streets, to have purchased ten sets of maintenance and pothole patching equipment and trained city workers in its use so that routine street maintenance can be accomplished.

Base Period Output Description	Q1 Activities and Status
Preparation of an Inventory for existing asphalt, gravel and dirt roads and streets	Underway, complete in Q2
Improvement of third grade roads, residential area	Underway—13.7 km of residential streets for gravelling have been identified in District 12 and are pending Concept Approval by Kabul Municipality.
Procurement of machineries for 10 Asphalt patching crews	Tendering in Q2
Maintenance of Asphalt roads, pothole patching and repairing	Q3
Repair or Construction of side ditches for third grade road, residential area	Side ditches will be a part of the 13.7 km project above.

Establishment or improvement of a material testing laboratory providing services to the Municipality	Q2
Procurement and providing machineries for Maintenance and Work Department	An equipment/vehicle inventory is 80% complete, and will provide the basis for equipment purchases.
Study Tour to other country, Exchanging of experience with similar countries	Q3
Facility Improvements	Furniture and facility upgrades, including heating/ac has been installed. It has been determined that the building must be re-wired to meet basic safety needs.
Evaluate and Implement Street Lighting at Residential Intersections	Q2
Procure small equipment and hand tools	An equipment inventory is 80% complete, and will provide the basis for equipment purchases.
Procure other necessary Supplies	Q2

3.1.4 COMMERCIAL AREA IMPROVEMENT

KCI intends to identify one commercial area such as a vegetable market or other activity to work in a fully integrated fashion that will engage vendors and citizens to develop an orderly and safe area for commercial activity that can be used as a model for other areas throughout the city. By the end of the base period, KCI will have implemented one pilot project to improve a commercial area.

Location	Base Period Output Description	Q1 Activities and Status
District (TBD)	Identify and Provide a Comprehensive Upgrade to a Business Area to Provide a Model for Kabul Bazaars and Marketplaces	Q2

3.1.5 REHABILITATE KABUL CITY FACILITIES

KCI intends to provide basic upgrades to Municipal facilities to enhance the ability of KM and KCI staff to work productively. Safety improvements necessary to protect KCI staff, as well as a generator will be purchased for the Municipal Building; the Street Department will be rewired; other departments will be upgraded as well with wiring, lighting, heat and air conditioning.

KCI intends to provide basic improvements to the Central Municipal Complex, and to the buildings housing Sanitation, Streets, and Greenery.

Base Period Output Description	Q1 Activities and Status
Assess Key Municipal Facilities and Upgrade as Necessary to Provide Electricity and Improve Productivity	Initiated in all buildings.

3.1.6 ESTABLISH AT LEAST ONE PRIVATE PUBLIC PARTNERSHIP

While public sector capacity lags, the private sector in Kabul is remarkably creative and resilient. KM has already identified Trash Collection as an area for privatization, and there are many other possibilities as well, including roadside/median sponsorship, park sponsorship, outsourcing for vehicle and equipment maintenance. KCI intends to work with the Municipality to establish one public-private partnership in KM.

Base Period Output Description	Q1 Activities and Status
Develop alliances between the City of Kabul and Private sector partners that add value to the services provided by the city of Kabul to its citizens	Initiate in Q2, complete in Q4

3.2 ISSUES AND RESOLUTION

CLIN 2 Issue	Resolution
Presidential PSC Decree leads to KCI mobilization suspension and hiring delayed.	The CLIN 2 Team Leader had mobilized before the suspension, and was able to work with a skeleton staff at AUCC to initiate work planning.
The onset of winter delays many public improvements until mid-March at the earliest.	Emphasis has been on plan preparation during the late fall/winter, so that implementation can take place just as soon as the weather breaks.

<p>The KM designed Transfer Station does not meet minimum standards.</p>	<p>KCI will redesign the Transfer Station. This will only result in a delay of 6-8 weeks, with construction planned for late spring.</p>
--	--

4.0 CLIN 3 ACHIEVEMENTS

CLIN 3 is tasked with improving revenue collections of the Kabul Municipality; improving its financial management capacity, performance and process; and developing an effective property registration system in support of broader and more effective property tax collections.

During this first Quarter the CLIN 3 team focused on planning, initial reviews of KM activities, establishment of teams and embedding staff in Municipality offices.

4.1 CLIN 3: QUARTER 1 ACHIEVEMENTS AND TARGETS

The ASI Revenue, Financial Management and Property Team has made substantial progress towards establishing an effectively embedded team that has cooperatively identified priority activities.

The Municipality's revenue collection departments are highly motivated and are actively pursuing improvements in the system. While some of the newly identified revenue sources may require legal authorities and significant performance increases to effectively exploit, others are within reach of the organization and should result in increased revenue collections in the medium term.

Property registration improvements have been initiated by the Afghanistan Land Consulting Organization. The ASI team's initiatives will direct, enhance and increase the level of this activity significantly.

The primary interface of the Revenue, Financial Management and Property Team with Kabul Municipality decision makers is through the work of a joint Planning Task Force. This Task Force is now functioning, and met twice during December and organized its activities into three Working Groups, one each for Revenue Improvement, Financial Management Improvement and Property Registration. The goal of the Task Force is to publish a comprehensive three year Revenue, Financial Management and Property Registration Improvement Plan.

Base Period Output Description	Q1 Activities and Status
Define and identify membership of Task Force and Working Groups	Completed
First meeting: set TOR, meeting schedule	Meetings scheduled and proceeding as planned. WG TORs under revision at request of KM participants.
Determine needed activities and set priorities	KM participants have brought a mix of activities for consideration, at different stages of development. Participation is high in initial stages of work.

4.1.1 REVENUE COLLECTION AND FINANCIAL MANAGEMENT

KCI intends to evaluate revenue collection activities and implement improvements resulting in increased revenue collections.

Base Period Output Description	Q1 Activities and Status
Conduct an overall business process review of the revenue collection system	Planned to begin activities in mid-January. Process mapping expert identified. On track for completion on or before Work Plan schedule.
Identify and implement new methods of revenue collection on existing sources	Early analysis of partial information indicates opportunities are available. Substantive work yet to begin, KM counterparts keen to support this activity.
Conduct a legal mapping study of new and existing revenue sources to their legal authorities	Initial work begun, several Laws and regulations identified and obtained. Legal translation well advanced. Legal staff hired. Anticipate completion on or before Work Plan schedule.
Analyze potential and cost benefit of revenue sources	Revenue sources identified. Quantification of results by revenue source not yet known. Cost of collections not quantified and detailed information not available. Anticipate some delay or difficulty in completing this objective according to schedule.
Identify new revenue sources external to the Municipality	KM counterparts have many ideas; KCI work indicates some high potential revenue sources not being realized. Practicality of implementing new sources unknown. Substantive work yet to begin.
Implement identified methods and improvements	Early analysis of partial information indicates opportunities are available. Anticipate some delay in beginning implementations.

4.1.2 ACCOUNTING, BUDGETING, AND FINANCIAL MANAGEMENT

KCI intends to implement improved and more transparent financial reporting, and establish plans for an effective MIS.

Base Period Output Description	Activities and Status
Conduct overall review of KM's financial framework	Planned to begin activities in mid-January. Process mapping expert identified. On track for completion on or before Work Plan schedule.
Complete a 3-year baseline analysis of historic revenue, expenditure vs. budgets	More investigation will be necessary to obtain required detailed financial information. Team now hiring local experts to work on this objective. Full completion of this activity may take longer than Work Plan schedule.
Implement computerized standard revenue reporting procedures	Initial investigations confirm significant need for standardization. On track to provide procedures but full uptake will be subject to laptop deployment and staff training in Districts.
Review and implement use of a Chart of Accounts	Substantial consultation completed and draft COA exists. Implementation of KM HQ procedures planned for January, to be followed by District field testing.
Implement a monthly bank account reconciliation protocol	Initial plan established. Full implementation in 22 District Offices may be subject to some delay.

4.1.3 IMPROVE PROPERTY TAX REGISTER

KCI will work to increase the number of parcels added or characterized in the Property Tax Register.

Base Period Output Description	Q1 Activities and Status
Identify counterparts working within the property tax area and establish a small working group	Completed
Establish a baseline of properties already characterized in the property tax system	The total number of properties in the computerized database in December, 2010 was confirmed as 9,000. Establishment of total number of paper registrations will require examination of records in 22 Districts and at Municipal Hall.
Undertake a wider review of the property taxation system that includes lessons learnt by other donor organizations or key reform actors	ASI property advisor has met with local projects and organizations involved in property related activities. This process will continue upon his second mobilization in Q2. On track for completion on or before Work Plan schedule.
The existing street naming and numbering program, will be assisted and augmented by integrating compatible activities	Initial inquiries made to determine the process, degree of activity and scope of the naming program. On track for completion on or before Work Plan schedule.
Undertake a review of existing mechanisms, procedures and methods of public engagement within the Municipality	A survey of District Office activities will be conducted to make this determination, and make recommendations. On track for completion on or before Work Plan schedule.
Increase the number of properties registered in the (computerized) Property Tax (Safa'i) system	This activity is dependent upon purchase and deployment of specialized equipment and trained staff. Activity is planned in January but may be slightly delayed. (See Issue at 4.2 below)

4.2 CLIN 3: QUARTER 1 ISSUES AND RESOLUTION

CLIN 3 Issue	Resolution
<p>Contractual annual outcome of 30% increase in overall property tax registrations may be impossible or highly impractical. Estimated extent of existing paper registrations estimated at 100,000. Practicality of registering an additional 30,000 households in one year is questionable and would require huge amounts of human resource beyond the current scope of the CLIN budget and organization. Registration process requires technical teams conducting personal visits to each new residence. Further, impact of such a program may tend to decrease citizen satisfaction with Municipality government.</p>	<p>We recommend revising the commitment to focus on digitized property registrations. A detailed submission on this topic was presented to COTR Mr. Owen Goldfarb by ARD on or about December 18th.</p>
<p>Difficulty in obtaining detailed revenue information from HQ Revenue Department showing historical District breakdown of revenues.</p>	<p>Ongoing. Efforts to obtain the required information through individual visits to all District Offices may be necessary, resulting in some delays.</p>

5.0 Q2 ACTIVITY FORECAST

During the second quarter, KCI will complete the recruitment and fielding of expat and local staff, particularly the Contracts Team Leader and the Gender Specialist. The processes necessary to develop and approve projects and the processes necessary to specify, bid, contract, administer and implement projects will be completed. The systems for recording and reporting activities to assure measurement of progress toward and achievement of project objectives according to the PMP will be completed.

5.1 CLIN 1: QUARTER 2 FORECAST

- Five new or improved procedures manuals, instructions or guidelines produced
- One department with improved administrative systems as demonstrated by the adoption of SOPs/regulations
- Customized training plans drafted for 382 employees
- 55 municipal staff using computers in their jobs
- One department with technical and professional employees demonstrating improvements in job performance
- 25 town hall or other public meetings held to increase transparency or popular participation
- 20 communications/outreach activities to the citizenry implemented concerning municipal capacity development and/or new and improved services, and
- 1 public education campaign conducted to promote public participation in civic activities

5.2 CLIN 2: QUARTER 2 FORECAST

- Establish a standard process for the pre-qualification of contractors, bidding, engineering estimates, selection and award for infrastructure projects
- Develop standard scopes of work (SOW) for roads, parks, sports parks, and transfer stations that can be used routinely
- Develop and select a location for the 2nd transfer station on property that is owned by the municipality
- Complete site selection and design for the pilot project for median improvements and greenery installation
- Establish a formal process for project selection approval, implementation and evaluation

5.3 CLIN 3: QUARTER 2 FORECAST

- Increasing the Revenue and Finance team by hiring additional local national staff for embedding in specific work areas. These staff will be working directly with KM staff supporting review and process mapping, identifying training needs, implementing process changes, doing on-job-training, as well as observing and reporting on staff activity.
- Implementation of a full Chart of Accounts which will facilitate consistent reporting of revenue and expenses and provision of accurate and complete financial information to stakeholders including Ministry of Finance (Budget) and others.
- Begin work on designing and implementing District revenue reporting procedures.
- Organizational expert Dave Evertsen to begin work on a KM financial framework process mapping initiative with the support of KM managers and ASI financial management experts.
- ASI legal experts will continue and accelerate work on the mapping of revenue sources against available legal authorities.
- Continue shared responsibility for work of the Revenue, Financial Management and Property Planning Task Force and its three working groups.
- ASI teams will visit some District Offices to review activities and conditions of operations, particularly with regard to revenue collections, property activities and financial processes.

5.4 MONITORING AND EVALUATION: QUARTER 2 FORECAST

During this reporting period our three CCN Monitoring & Evaluation (M&E) Specialists were hired and trained. They have also designed M&E instruments which they will employ as KCI projects are developed and implemented throughout the next quarter and subsequent quarters.

6.0 FINANCIAL SUMMARY

Budget Line Item	Approved Budget Base Period	Actuals Q1	Budget Minus Actuals Q1	% Budget Spent
CLIN 0001				
DIRECT LABOR	\$ 718,626.00	\$ 51,781.74	\$ 666,844.26	7%
FRINGE	\$ 74,182.00	\$ 15,506.98	\$ 58,675.02	21%
SUBCONTRACTS/ GUC	\$ 6,678,409.00	\$ 9,738.16	\$ 6,668,670.84	0%
ALLOWANCES	\$ 141,461.00	\$ 27,814.53	\$ 113,646.47	20%
ODCS	\$ 189,811.00	\$ 10,246.10	\$ 179,564.90	5%
ACTIVITY COSTS	\$ 407,000.00	\$ -	\$ 407,000.00	0%
SECURITY				
INDIRECT	\$ 635,041.00	\$ 38,159.43	\$ 596,881.57	6%
TOTAL ESTIMATED	\$ 8,844,530.00	\$ 153,246.94	\$ 8,691,283.06	2%
FIXED FEE	\$ 321,769.00	\$ 3,360.60	\$ 318,408.40	1%
TOTAL CLIN 1 COSTS	\$ 9,166,299.00	\$ 153,246.94	\$ 9,013,052.06	2%

CLIN 0002				
DIRECT LABOR	\$ 800,414.00	\$ 103,333.79	\$ 697,080.21	13%
FRINGE	\$ 132,466.00	\$ 13,120.02	\$ 119,345.98	10%
SUBCONTRACTS/ GUC	\$ 26,540,474.76	\$ 25,426.85	\$ 26,515,047.91	0%
ALLOWANCES	\$ 279,891.00	\$ 36,453.75	\$ 243,437.25	13%
ODCS	\$ 508,369.00	\$ 9,343.84	\$ 499,025.16	2%
ACTIVITY COSTS	\$ -	\$ -	\$ -	N/A
SECURITY				
INDIRECT	\$ 909,369.00	\$ 38,731.28	\$ 870,637.72	4%
TOTAL ESTIMATED	\$ 29,170,983.76	\$ 226,409.53	\$ 28,944,574.23	1%
FIXED FEE	\$ 954,045.00	\$ 8,027.19	\$ 946,017.81	1%
TOTAL CLIN 2 COSTS	\$ 30,125,028.76	\$ 226,409.53	\$ 29,898,619.23	1%

CLIN 0003				
DIRECT LABOR	\$ 327,443.00	\$ 15,776.45	\$ 311,666.55	5%
FRINGE	\$ 26,266.00	\$ 3,670.37	\$ 22,595.63	14%
SUBCONTRACTS/ GUC	\$ 3,044,100.00	\$ -	\$ 3,044,100.00	0%
ALLOWANCES	\$ 54,548.00	\$ 8,921.73	\$ 45,626.27	16%
ODCS	\$ 172,181.00	\$ 1,154.40	\$ 171,026.60	1%
ACTIVITY COSTS	\$ -	\$ -	\$ -	N/A
SECURITY				
INDIRECT	\$ 251,790.00	\$ 8,671.64	\$ 243,118.36	3%
TOTAL ESTIMATED	\$ 3,876,328.00	\$ 38,194.59	\$ 3,838,133.41	1%
FIXED FEE	\$ 141,257.00	\$ 10,942.56	\$ 130,314.44	8%
TOTAL CLIN 3 COSTS	\$ 4,017,585.00	\$ 47,971.39	\$ 3,969,613.61	1%

MANAGEMENT CLIN				
DIRECT LABOR	\$ 1,767,687.00	\$ 112,873.43	\$ 1,654,813.57	6%
FRINGE	\$ 306,920.00	\$ 37,549.97	\$ 269,370.03	12%
SUBCONTRACTS/ GUC	\$ -	\$ -	\$ -	N/A
ALLOWANCES	\$ 524,163.00	\$ 34,097.51	\$ 490,065.49	7%
ODCS	\$ 1,333,223.61	\$ 325,161.70	\$ 1,008,061.91	24%
ACTIVITY COSTS	\$ -	\$ -	\$ -	N/A
SECURITY				
INDIRECT	\$ 972,091.00	\$ 103,581.19	\$ 868,509.81	11%
TOTAL ESTIMATED	\$ 4,904,084.61	\$ 639,229.67	\$ 4,264,854.94	13%
FIXED FEE	\$ 286,312.00	\$ 16,149.23	\$ 270,162.77	6%
TOTAL MGT CLIN COSTS	\$ 5,190,396.61	\$ 642,985.05	\$ 4,547,411.56	12%

SECURITY CLIN				
DIRECT LABOR	\$ -	\$ -	\$ -	N/A
FRINGE	\$ -	\$ -	\$ -	N/A
SUBCONTRACTS/ GUC	\$ -	\$ -	\$ -	N/A
ALLOWANCES	\$ -	\$ -	\$ -	N/A
ODCS	\$ -	\$ -	\$ -	N/A
ACTIVITY COSTS	\$ -	\$ -	\$ -	N/A
SECURITY	\$ 892,885.34	\$ 58,194.46	\$ 834,690.88	7%
INDIRECT	\$ 13,393.00	\$ 872.91	\$ 12,520.09	7%
TOTAL ESTIMATED	\$ 906,278.34	\$ 59,067.37	\$ 847,210.97	7%
FIXED FEE	\$ 27,591.00	\$ 2,150.15	\$ 25,440.85	8%
TOTAL SEC CLIN COSTS	\$ 933,869.34	\$ 86,164.92	\$ 847,704.42	9%

TOTAL				
DIRECT LABOR	\$ 3,614,172.00	\$ 283,765.41	\$ 3,330,406.59	8%
FRINGE	\$ 539,834.00	\$ 69,847.34	\$ 469,986.66	13%
SUBCONTRACTS/ GUC	\$ 36,262,983.76	\$ 61,130.88	\$ 36,201,852.88	0%
ALLOWANCES	\$ 1,000,060.00	\$ 107,287.52	\$ 892,772.48	11%
ODCS	\$ 2,203,582.61	\$ 345,906.04	\$ 1,857,676.57	16%
ACTIVITY COSTS	\$ 407,000.00	\$ -	\$ 407,000.00	0%
SECURITY	\$ 892,885.34	\$ 58,194.46	\$ 834,690.88	7%
INDIRECT	\$ 2,781,683.00	\$ 190,016.45	\$ 2,591,666.55	7%
TOTAL	\$ 47,702,200.71	\$ 1,116,148.10	\$ 46,586,052.61	2%
FIXED FEE	\$ 1,730,972.00	\$ 40,629.73	\$ 1,690,342.27	2%
TOTAL	\$ 49,433,172.71	\$ 1,156,777.83	\$ 48,276,394.88	2%

USAID/Afghanistan
U.S. Embassy Cafe Compound
Great Masood Road
Kabul, Afghanistan
Tel.: (202) 216-6288
<http://afghanistan.usaid.gov>