



July 2021

THIRD ASSURANCE REPORT

A Study of Transparency and Accountability in
Public Infrastructure Projects

CoST – The Infrastructure Transparency Initiative Afghanistan

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TABLE OF CONTENT

ACRONYMS AND DEFINITIONS.....	iv
ABOUT COST	viii
THE RESEARCH TEAM	ix
ACKNOWLEDGEMENT	x
FOREWORD.....	xi
EXECUTIVE SUMMARY.....	1
Key Findings.....	1
Recommendations.....	4
CHAPTER 1: INTRODUCTION TO RESEARCH	7
1.1. Situation Analysis.....	9
1.2. Research Design	10
1.3. Research Methodology.....	11
1.3.1. Literature Review	12
1.3.2. Data Sample Selection	12
1.3.3. Data Collection	17
1.3.4. Site Visit	17
1.3.5. Data Analysis	17
1.3.6. Consultation and Report Development.....	18
CHAPTER 2: PROJECT DATA DISCLOSURE.....	20
2.1. infrastructure Data Disclosure	22
2.2. Scope of Assessment	23
2.3. Proactive Data Disclosure	23
2.3.1. Distinction of Project-Level and Contract Level Data Disclosure	25
2.4. Reactive Data Disclosure	29
CHAPTER 3: PROCUREMENT MANAGEMENT	33
3.1. Scope of Assessment	35
3.2. Bid Competition Level	35
3.3. Tendering Process	38
3.3.1. Tendering Duration.....	38
3.3.2. Bid Evaluation Period.....	39
3.3.3. Contract Award Period	40
3.3.4. Contract Start Period	41

3.4. Cost Estimation	43
CHAPTER 4: CONTRACT MANAGEMENT	45
4.1. Scope of Assessment.....	47
4.2. Schedule Management.....	47
4.3. Cost Management.....	49
4.4. Modifications Management	51
4.5. Financial Management	52
CHAPTER 5: PROJECT CASE STUDIES	55
5.1. Projects Disclosing Data.....	57
5.2. Projects Not Disclosing Data	84
CHAPTER 6: KEY FINDINGS AND RECOMMENDATIONS	87
ANNEXES	97
LIST OF INTERVIEWS	101
BIBLIOGRAPHY	103

LIST OF FIGURES

Figure 1: A Snapshot of Contract Progress Monitoring System (CPMS) dashboard on AGEOPS online platform...	22
Figure 2: Data points to be disclosed proactively by PEs at each project stage	24
Figure 3 : The proactive data disclosure rate by each PE	25
Figure 4: Stages of an infrastructure project data disclosure with distinction of project-level data and contract-level data.....	27
Figure 5 CoST Afghanistan data point for reactive data disclosure	29
Figure 6 The overall and PE-specific reactive data disclosure rate	30
Figure 7: The overall, project level and contract level reactive data disclosure rate by each project	31
Figure 8 : Number of bid documents distributed and bids participated by PEs.	37
Figure 9 : The overall and project-specific tendering duration	38
Figure 10 : PE-specific tendering duration	39
Figure 11 : Project-specific bid evaluation period.....	40
Figure 12: Project-specific contract award period	41
Figure 13 : Project-specific contract start period	42
Figure 14 : Project-specific variation rate between estimated cost and contracted cost	43
Figure 15 : Project-specific time overrun.....	48
Figure 16 : PE-specific time overrun	49
Figure 17: Project-specific cost overrun	50

Figure 18: PE-based cost overrun	51
Figure 19: Overall number, frequency and type of modifications	52

LIST OF TABLES

Table 1 Lists of 11 PEs and their 219 disclosed projects which are considered for type one data sample (proactive data disclosure)	13
Table 2 List of selected 20 infrastructure projects considered for type two data sample (reactive data disclosure)	15
Table 3 Number of bidding documents distributed, bids participated and the level of participation in the bidding process	36

LIST OF CHARTS

Chart 01: Sources of project selections for type two data sample (reactive data disclosure)	14
Chart 2 : Mapping of a project cycle under the OC4IDS standard	28

ACRONYMS AND DEFINITIONS

ADB	Asian Development Bank
AFN	Afghan Currency
AGEOPS	Afghanistan Government Electronic & Open Procurement System
ARA	Afghanistan Railway Authority
ARDS	Afghanistan Reconstruction and Development Services
AT	Assurance Team
ATL	Access to Information Law
AUWSSC	Afghanistan Urban Water Supply and Sewerage Corporation
BoQ	Bill of Quantity
CAA	Civil Aviation Authority
CDC	Community Development Council
CMO	Contract Management Office
CoST	CoST – the Infrastructure Transparency Initiative
CRIDA	Capital Region Independent Development Authority
CSO	Civil Society Organization
DABS	Da Afghanistan Breshna Shirkat
GIRA	Government of Islamic Republic of Afghanistan
ICB	International Competitive Bidding
IDB	Islamic Development Bank
IDS	Infrastructure Data Standard
IFB	Invitation for Bid
JV	Joint Venture
KM	Kabul Municipality
KUTEI	Kabul Urban Transport Efficiency Improvement
LICB	Limited International Competitive Bidding
MAIL	Ministry of Agriculture, Irrigation and Livestock
MEC	Independent Joint Anti-Corruption Monitoring and Evaluation Committee
MEW	Ministry of Energy and Water
MCIT	Ministry of Communication and Information Technology
MoE	Ministry of Education
MoEc	Ministry of Economy
MoJ	Ministry of Justice
MoPH	Ministry of Public Health
MoT	Ministry of Transport
MoU	Memorandum of Understanding
MoUDL	Ministry of Urban Development and Land

MRRD	Ministry of Rural Rehabilitation and Development
MSG	Multi-Stakeholder Group
MSWG	Multi-Stakeholder Working Group
NCB	National Competitive Bidding
NPA	National Procurement Authority
NPC	National Procurement Commission
NTA	National Technical Assistant
NUG	National Unity Government
NTP	Notice to proceed
OCP	Open Contracting Partnership
PE	Procuring Entity
PPE	Personal Protection Equipment
PPU	Procurement Policy Unit
PWD	Public Works Directorate
SSM	Single Source Method
TI	Transparency International
ToR	Terms of Reference
UN	United Nations
USD	United States Dollar
WB	World Bank
PH	Public Health
NDC	National Development Company
TUTAP	Turkmenistan-Uzbekistan-Tajikistan-Afghanistan-Pakistan project
EPC	Engineering, Procurement and Construction
RoW	The right of way
CASA	Central Asia South Asia

DEFINITION

Project	Project is the term for delivery of a set of infrastructure assets in a specified location, generally under a single managing entity (Project owner) and budget authority
Contract	Contract is a legal or official binding agreement to deliver a set of activities within the terms specified in the agreement between a procuring entity and a contractor or consultant. According to CoST, a construction project is expected to comprise of multiple contracts for delivering the facility
CoST IDS	CoST Infrastructure Data Standard (CoST IDS) is the disclosure standard applied by CoST. The CoST Afghanistan IDS requires 63 data points or 'items' to be disclosed at key stages of an infrastructure project cycle, including identification, preparation, completion, procurement and implementation.
Disclosure	Disclosure is a process focused on ensuring that information about the purpose, scope, costs and execution of infrastructure projects is open and accessible to the public, and that it is disclosed in a timely, accurate and consistent manner. The procuring entities should ensure that the information is accessible and open to the public domain.
Disclosure Portal	Website, online system and any other open and accessible platform that procuring entities use for disclosure of information in the public domain.
Proactive Disclosure	Proactive disclosure relates to information that CoST requires project owners and procuring entities to disclose at specified stages during the project cycle. The information, in a clear and usable format, is disseminated through a public medium, such as an online portal, that is open and accessible to a wide range of stakeholders.
Procuring Entities	Procuring entity is the entity responsible for procuring a publicly funded infrastructure project, signing and administering a public contract. Examples include entities such as the Ministry of Transport, Kabul Municipality and etc.
Reactive Disclosure	Reactive disclosure relates to additional information that project owners and procuring entities are required to make available to any eligible person or entity upon request. Reactive disclosure involves making the additional information available to the requesting party in a usable form, in an accessible place and under a specified set of conditions.
OC4IDS	The Open Contracting for Infrastructure Data Standards (OC4IDS) is a new infrastructure transparency standard which will help to support scalable disclosure and

hugely effective monitoring of all infrastructure project stages, including identification, preparation, implementation and delivery. It combines OCP's guiding principles of open contracting and open data with CoST's specific knowledge on what to disclose during the project cycle.

The OC4IDS provides clear guidance to governments on what information to disclose and more importantly how to disclose, at each stage of an infrastructure project. This will help ensure public money is spent well from inception to completion, and in the future, potentially operation, maintenance and beyond. (To read more about this standard click [here](#))

ABOUT COST

CoST—the Infrastructure Transparency Initiative (CoST) is the leading global initiative on improving transparency and accountability in public infrastructure projects. CoST works with government, private sector and civil society to promote the disclosure, validation and interpretation of data from infrastructure projects. This helps to inform and empower citizens and enables them to hold decision-makers to account.

CoST works globally with members spanning four continents. In addition to working with CoST members at the national level, CoST works internationally with key anti-corruption organizations to facilitate the global exchange of experience and knowledge on transparency and accountability in public infrastructure. CoST's international partners include, Article 19, Open Contracting Partnership, Transparency International and Hivos.

Following the recommendation (no. 5.9, second biannual report, 2013) by the Monitoring and Evaluation Committee (MEC), the Islamic Republic of Afghanistan joined the CoST initiative in October 2013 through the Ministry of Economy and officially launched the programme in the country in 2016. Since then, the initiative works with government entities, private sector and civil society to improve transparency and accountability in public infrastructure projects.

THE RESEARCH TEAM

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Ahmadullah Mauj (Lead Researcher) is an experienced civil engineer holding a bachelor degree from Kabul Polytechnic University. In 2009, he attended a fellowship in Germany and developed a pre-feasibility study on 'Bio-Energy in Afghanistan'. His career has spanned around project management, inspection and integrity of construction projects across Afghanistan. Mr. Mauj has overseen assessment of around 500 infrastructure projects with an estimated worth of over 800 million USD as part of the partnership between Integrity Watch Afghanistan and the Special Inspector General for Afghanistan Reconstruction (SIGAR). His involvement with CoST Afghanistan started in 2015 when he facilitated the establishment of national secretariat and managed the research for 'Scoping Study'. Mr. Mauj led the research process and report development for the Third Assurance Report.

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The secretariat thanks H.E. Dr. Karima Hamid Faryabi, minister of Economy of the Islamic Republic of Afghanistan and chairperson of the CoST Afghanistan Multi Stakeholder Group (MSG), for her tremendous support and remarkable advisory to the development of this report. Also, it is grateful to the innate assistance provided by the MSG members and observers, partners from government, civil society and private sectors for their invaluable feedback on the research process and first draft of this report.

The secretariat would like to sincerely recognize the services of host organization of CoST Afghanistan, Integrity Watch Afghanistan, for providing the essential administrative and logistical support throughout all the research stages of producing this report. The secretariat also would like to appreciate Mr. Norville Connolly, the Deputy Executive Director of Integrity Watch Afghanistan, for peer-reviewing this report. A special thanks goes to GiZ Afghanistan-Open Policy Advisory Fund (OPAF) for bestowing confidence on CoST and granting financial assistance to the development, publication and launch of this report, without which it would have been a major challenge.

FOREWORD

Infrastructure development is essential to robust economic growth and the attainment of Sustainable Development Goals (SDGs) by all nations. Over the past two decades, the Government of Afghanistan and its international partners have made substantial investments in the Afghan infrastructure sector in order to boost the economy and raise the national standards of living. The launch and completion of several large-scale infrastructure projects such as Salma Dam, CASA-1000 Project, Tutap 500 kV Project, Shorabak Dam, Pashdan Dam, Kamal Khan Dam, Hairatan Railway, National Ring Road (Highway 1), provincial and rural roads, and numerous other highway construction projects are some examples of infrastructure development in Afghanistan. These development projects have reinvigorated the Afghan private sector, enhanced regional connectivity, and improved the lives of the Afghan people overall.

Despite notable progress, however, the Afghan national infrastructure sector is in need of significantly more investment from the Afghan government and its international development partners. The outbreak of the COVID-19 pandemic has further magnified the need for infrastructure development and additional investment. The Afghan healthcare system, as well as healthcare systems all over the world, have been overwhelmed and overburdened by increased demand for hospitals, medical professionals, medical equipment, and respiratory apparatuses. The exigent need to contain the spread of the contagion and treat the infected compelled the Afghan government to make the infrastructural expansion and improvement of its healthcare system one of the cornerstones of its national development projects in order to tackle these monumental healthcare problems. Besides the problems facing the Afghan healthcare system, inadequate access to reliable and sustainable infrastructure, including roads, clean water supply, improved sanitation, and electricity remain persistent challenges impeding Afghanistan from reaching its full economic and development potential. These problems are exacerbated by lack of transparency and accountability in the implementation process of infrastructure projects, which has led to inefficient use of public money and increased opportunities for corrupt practices.

In order to address these challenges and maximize returns on infrastructure investment, especially as the Afghan economy recovers from the aftermath of the Covid-19 pandemic, the Afghan government and its international development partners need to ensure the efficient, transparent, and accountable utilization and expenditure of resources. Ensuring transparency and accountability will increase the level of trust among, and foster good faith between, all stakeholders involved in the infrastructure sector in Afghanistan. The CoST Assurance Report is one of the main instruments of ensuring transparency and accountability. The initiative launched its first and second Assurance Reports in 2018 and 2019 on eight and twenty infrastructure projects, respectively. The reports disclosed project information and highlighted challenges faced during project preparation and implementation stages. These two reports resulted in concrete actions taken by stakeholders to address these challenges and be better prepared for future projects by improving their work practices. This, the Third CoST Assurance Report (2021), seeks to capitalize on past achievements and further improve the infrastructure sector in Afghanistan.

In the preparation of this report, 229 public infrastructure projects worth more than USD 1 billion have been reviewed. Out of the 229 projects, twenty projects from five entities have been selected to examine the level of reactive data disclosure and to conduct a thorough analysis of the procurement and management processes.

The findings of this report indicate that the average proactive¹ disclosure level has slightly decreased compared to 2019. However, the level of reactive disclosure has improved by 9 percent, which demonstrates increased responsiveness and openness to information disclosure requests. The report's findings also indicate that infrastructure procurement and management need to be improved. Factors such as incomplete survey and design, land acquisition, lengthy tendering duration, and issues related to payments to contractors are only a few challenges hindering the successful completion and delivery of quality infrastructure projects in the country. On average, 46 percent time overruns and 10 percent cost overruns were observed for the selected sample of infrastructure projects. The tender process of the selected projects took 205 days, while international good practice standards recommend it should not exceed 120–150 days (4–5 months).

The Third CoST Assurance Report makes specific recommendations to all stakeholders for addressing these challenges. I encourage procurement entities and other stakeholders to take into consideration the findings and recommendations of this report and take necessary action to improve infrastructure governance and management in the country.

On behalf of the Multi Stakeholder Group (MSG), I want to extend my gratitude to GIZ/OPAF and Integrity Watch Afghanistan for their financial and technical support. I want to thank the Assurance team and National Secretariat for their hard work preparing this report. I also want to thank Ministry of Rural Rehabilitation and Development, Ministry of Urban Development and Land, Da Afghanistan Breshna Sherkat, and Kabul Municipality for their active participation in the process of preparing this report and for granting the Assurance team unrestricted access to project documents. Finally, I want to thank all MSG members from government, civil society, and the private sector for their input and support that led to the finalization of this report.

Dr. Karima Hamed Faryabi

Minister of Economy and CoST Afghanistan MSG Chair

July 2021

¹ For definition of terms please refer to acronyms and definition section

EXECUTIVE SUMMARY

The government of Afghanistan joined CoST initiative in October 2013 in order to increase transparency and accountability in the infrastructure sector. CoST Afghanistan is steered by a Multi-Stakeholder Group (MSG), comprised of government, civil society and private sector representative agencies, which is chaired by the Ministry of Economy (MoEc). CoST strives for increased transparency and value for money in the infrastructure sector through its four features: multi-stakeholder approach, disclosure, assurance and social accountability.

This report is the outcome of the third assurance process carried out by CoST Afghanistan. The aim of this report is to assess the public disclosure of all infrastructure projects data by Procuring Entities (PEs) on the Afghanistan Government Electronic and Open Procurement System (AGEOPS) online platform and, to review the openness and efficiency of procurement and management processes of selected infrastructure projects. The major activities for developing this report were conducted during September 2020 and May 2021 based on the CoST International Assurance Manual and the CoST Afghanistan Disclosure Manual.

This report covered 229 public infrastructure projects procured worth of over USD 1 billion. 219 infrastructure projects, procured during the FY1398 (2019/2020), were identified from AGEOPS between April 2020 to May 2020 for determining the level of proactive data disclosure. In addition, 10 more projects were included into the research sample from the lists provided by MSG and government agencies. Out of the total number of projects, 20 projects were selected for finding out the level of reactive data disclosure and for conducting an analysis of the procurement and management processes.

Key Findings

The overall rate of proactive data disclosure was recorded at 32%. This rate represents the level of completeness of data disclosed proactively by PEs on AGEOPS against the CoST Afghanistan's 63 public disclosure data standards. The 3.8% decline of overall proactive data disclosure rate in this report compared to the second assurance report may be linked to the lack of sufficient capacity at the PEs for data disclosure, lack of disclosure of project-level data and release of some missing data by NPA as a document rather than a data point, among other reasons.

There is no proactive disclosure of project-level data. As there is no clear distinction between the concepts of a project and a contract in the Afghanistan procurement system, therefore, the CoST project-level proactive disclosure data points are not collected and published by the PEs. The data disclosed on AGEOPS is mainly contract-level, with few voluntary project-level facts. On the other hand, CoST Afghanistan has been discussing the adaptation of a new data disclosure model, the Open Contracting for Infrastructure Data Standards (OC4IDS), which offers a more consistent and efficient data package to the public.

The overall rate of reactive data disclosure stood at 66%. This rate shows the level of completeness of data disclosed reactively to the research team by PEs in comparison to CoST Afghanistan 27 reactive disclosure data standards. The 9% increase in overall reactive disclosure rate of this report compared to the second assurance report might be due to increased responsiveness and openness of PEs. However, there was no single data released by Operational Unit of Administrative Office of the President (AU-AOP) for the 4 four CoVID-19 emergency response infrastructure projects, despite using various communication requests and leverages.

The bid competition level sits within the range of optimum number of bids to be participating for a tender. This rate is derived from the ratio of average bids participated to bid documents distributed. On average 6 bid offers participated in the bidding process while 33 bid documents were distributed, which shows a 33% increment compared to the second assurance report. Da Afghanistan Brishna Shirkat (DABS) projects distributed the most bid documents with an average of 68 followed by the Kabul Municipality (KM), the Ministry of Rural Rehabilitation and Development (MRRD) and the Ministry of Urban Development and Land (MUDL).

Most bids participated for MRRD projects with an average of 8 followed by the projects of MUDL, KM and DABS. The increase in bid documents distribution can be attributed to online availability of the bid documents by some PEs such as DABS and KM but also to the initiatives undertaken by the PEs, NPA and CoST Afghanistan for improving and incentivizing tendering for public infrastructure projects. Other contributing factors may have been the overall shrinking of infrastructure tenders by sources other than government of Afghanistan.

The average tendering duration was recorded at 205 days, which still shows a decline of 131 days compared to the second assurance report. The DABS projects followed by KM and MRRD experienced the most prolonged tendering process while MUDL projects had an optimal tendering process. The major reasons for lengthy tendering were noted as delays in the bids' evaluation, the date of contract award and the date of beginning work.

1. Most of the bids of DABS, MRRD and KM projects were evaluated beyond the optimum timeframe (up to or beyond 60 days) while the bids of MUDL projects were mostly evaluated within the optimum timeframe (up to 30 days).
2. The average delay period between the completion stage of bids evaluation and date of contract award was 100 days. The projects of DABS followed by KM and MRRD experienced significant delays between the completion stage of bids evaluation and date of contract award. However, MUDL projects had comparatively limited delays.
3. DABS projects followed by most of the MRRD projects recorded the longest period between date of contract award and date of beginning the work (issuance of NTP-Notice to Proceed). In contrast, all MUDL and KM projects, except Urfani Road project, were issued NTP immediately after the award of contract.

The consistent delay in the tendering duration of DABS projects can be justified by the fact that large power projects are of very special procurement nature and highly influenced by political and social circumstances. However, the delays in the rest of the projects are, among other reasons, rooted in lengthy traditional bureaucratic procedures.

Almost all the selected sample of infrastructure projects were overestimated than the contracted cost. The difference between estimated and contracted costs varied from 2% to 32% yet, in most cases, did not exceed the overestimation limit predicted in the rules of procedures of public procurement. However, such consistent trend of overestimation can have adverse effects on the level of bid competition because the bid evaluation criteria are set based on the estimation costs of projects.

On average, a 46% time overrun and a 10% cost overrun were experienced, which in comparison to the second assurance report shows a 18.3% decline in delay period and 6.2% increase in costs. Overall, 12 projects experienced time overruns where MUDL projects experienced an average 96% time overrun

followed by the projects of KM, DABS and MRRD. In addition, the projects of all PEs, except MRRD, experienced cost overruns. DABS projects with an average of 17% held the highest rate of cost overruns followed by the projects of KM and MUDL.

Though, there were external reasons explain some overruns i.e., the outbreak of the CoVID-19 pandemic, changes in government taxes, and extreme weather conditions. However most overruns were, among other reasons, caused due to poor survey and design, inappropriate land acquisition and resettlement plans, insufficient oversight as well as inefficient and vague procedures for processing of change orders and payments.

Delayed payments to contractors challenged timely completion of projects and bid competition levels.

According to the private sector representatives and data of some projects, the payments process of contracts took on average between 3 to 5 months, though, some projects of KM and DABS experienced optimal contract payment processing. Representatives of the PEs and the private sector indicated the delay in issuance of payment certificates by PEs as well as the lengthy transaction for payments by MoF as the two common reasons for delayed payments across the projects.

Most local firms suffered from low capacity and lack of a constructive dialogue with government. According to project data and the interviews conducted, the insufficient knowledge of public procurement at the PEs sometimes led to submission of incomplete and invalid bids. Also, poor project management capacity, in-particular to strategies and skills for risk management, quality management and communication, among others, contributed the most to challenges faced by contractors and the private sector, as a whole.

Insufficient engagement and oversight by civil society observed. The data disclosed on AGEOPS and the legal provisions in support of access to information are strong tools for civil society to promote transparency and accountability in the public infrastructure projects. However, there was very limited involvement of civil society in planning and monitoring of the selected sample of infrastructure projects.

Recommendations

1. **To address the lower rate of proactive data disclosure,** it is recommended to the PEs to increase capacity for disclosing more and regular data of public infrastructure projects. It is suggested that the National Procurement Authority (NPA) facilitate the amendment of the rules of procedures of public procurement for explicitly conditioning the proceedings of procurement and contract

management processes contingent on updated and accurate data disclosure by the PEs on AGEOPS. Also it is proposed that the NPA release to AGEOPS the missing data points/fields required by the CoST Afghanistan proactive data disclosure standards.

2. **To address the lack of proactive disclosure of project-level data**, it is recommended that the MoE lead, in collaboration with the MoF, AOP, NPA and relevant legislative entities, the process of defining the concepts of a project and a contract in accordance with the Open Contracting for Infrastructure Data Standards (OC4IDS), which is a comprehensive and infrastructure-specific data standard. Subsequently, it is recommended that the NPA incorporate the OC4IDS data disclosure model for AGEOPS, in close coordination with relevant agencies.
3. **To address the lack of reactive data disclosure by PEs**, it is recommended that the Access to Information Commission (AIC) regularly track the public requests for information and, apply sanctions and legal proceeding on the PEs which are found not to be abiding by the laws and procedures for public data disclosure. This measure can assist in increasing the level of responsiveness and accountability of PEs.
4. **To further increase participation of local firms in public tenders**, it is recommended that the PEs demonstrate some flexibility in the bid evaluation criterion for public infrastructure projects by replacing the “similar projects” requirement with “similar works” and increasing the duration of annual turnover from “5 years” to “10 years”. Also, it is suggested that local firms are encouraged to form joint-ventures with international firms in order to qualify for large infrastructure projects i.e., dams, power transmission, national highways.
5. **To tackle overestimation of projects**, it is recommended that PEs devise a modern and better method for cost estimation and, take necessary measures to minimize overestimation in public infrastructure projects. Overestimation can unnecessarily restrict the number of bidders in a bidding process in public infrastructure projects.
6. **To address consistent overruns in projects**, it is recommended that PEs redefine detailed processes for comprehensive project identification and preparation stages built upon the lessons drawn from the typical and constant challenges in the conduct of the survey, design, cost estimation, scheduling and land acquisition preparation. It is also suggested that the PEs redesign

a comprehensive contract oversight mechanism which would define improved roles, resources, methods and means of monitoring and inspection by the PEs or their consultants.

7. **To resolve the challenge of delayed payments,** it is recommended that PEs upgrade, in collaboration with MoF and NPA, the existing traditional method of payments to contractors with an online payment processing mechanism so that contracts can be better monitored and smoothly paid. The timely and effective process of payments can increase trust in public tenders as well as avoid unnecessary delays and increased costs.
8. **To build the capacity and support the private sector,** it is recommended that the Afghanistan Builders Association (ABA) and Society of Afghan Engineers (SAE) develop regular initiatives for local firms in order to develop their procurement and management knowledge and skills. It is also suggested that the ABA organize regular meetings on public infrastructure projects for exchange of experiences and concerns between firms, contractors, the PEs, NPA and MoF.
9. **It is recommended that Civil society promote social accountability in public infrastructure projects.** It is recommended that civil society develop programs which utilizes the publicly disclosed data and provide assurance to the public on openness and effectiveness of the procurement and infrastructure management systems, on a regular basis. Also, it is recommended that civil society advocates for the implementation of the recommendations of CoST Afghanistan's assurance reports.

CHAPTER 1: INTRODUCTION TO RESEARCH



Assurance team presenting the assurance process and research methodology to CoST Multi Stakeholder Group (MSG)

15 October, 2021 – Ministry of Economy – Kabul, Afghanistan

Overview

This chapter briefly discusses the role and state of infrastructure development in Afghanistan. It provides an overall perspective of the recent initiatives embarked on by the government and civil society for promoting disclosure of infrastructure data for increasing transparency and accountability. A major part of this chapter explains the research methodology and processes undertaken for developing this report.

1.1. Situation Analysis

Infrastructure development is a key prerequisite and priority for achieving economic prosperity while most of the Global Sustainable Development Goals (SDGs) imply improvements in the infrastructure sector¹. A recent research by the Global Infrastructure Hub estimates that there is a \$97 trillion investment needed globally to meet the SDGs by 2040, but investments are likely to fall short of this amount by as much as \$18 trillion². The CoST experience shows that a further 10–30% of this amount could be lost due to mismanagement and inefficiency of investments³.

In Afghanistan, as per the National Infrastructure Plan (NIP 2017-2021), on average 45% of the national development budget is spent on infrastructure development. It is estimated that the money spent in infrastructure development amounts approximately to \$800 Million each year, of which, on-budget includes \$600 million and off-budget includes \$200 million⁴. Yet despite many improvements since 2001, Afghanistan endures a severe infrastructure deficit.

According to the Afghanistan Living Conditions Survey, conducted in 2016 and 2017, only 36% of the population has access to safe drinking water nationally, including 75% of urban households but only 25% of rural households. Only 31% of the population is connected to the electric grid, the primary source of electrical power in urban areas with penetration at 92%, but reaching only 13% in rural areas. Only 63% of the rural population lives within 2 km of an all-season road, and road density is estimated at a low 15 per 100 square kilometers of territory, below densities achieved by Afghanistan's neighbors⁵.

Furthermore, the quality of infrastructure in Afghanistan is generally poor. According to the World Bank's Logistics Performance Index, Afghanistan has been consistently ranked in the bottom quintile for the quality of its infrastructure for trade and transport⁶. In response to these shortcomings, the government has

¹ The Economist Intelligence Unit, 2019, The Critical Role of Infrastructure For The Sustainable Development Goals, available from: <https://www.unops.org/news-and-stories/publications/the-critical-role-of-infrastructure-for-the-sdgs>

² Global Infrastructure Hub, available at: <https://outlook.gihub.org/>

³ CoST-the Infrastructure Transparency Initiative, available from: <http://infrastructuretransparency.org/why-cost/>

⁴ National Infrastructure Plan (2017-2021), Ministry of Finance, P.06, available at: <http://policymof.gov.af/home/wp-content/uploads/2019/01/Natioal-Infrastructure-NPP.pdf>

⁵ Central Statistic Organization, Afghanistan Living Conditions Survey (2016 – 2017), available at: <https://www.ilo.org/surveyLib/index.php/catalog/2114/download/17907>

⁶ Connecting to Compete 2016, Trade Logistic in the Global Economy, The Logistic Performance Index and its indicators, P.38-54 available at: <https://documents.worldbank.org/curated/en/819531467075312039/pdf/106646-WP-P157496-PUBLIC-LogisticsPerformanceIndexLPI.pdf>

taken a series of measures to improve the public infrastructure development. In 2014, a central agency was established for reforming and facilitating procurement processes, the National Procurement Authority (NPA).

The NPA has undertaken several initiatives including the launch of an online procurement portal, the Afghanistan Government Electronics and Open Procurement System (AGEOPS), in 2018 and electronic tendering (e-tendering) in 2020. Currently, the data of more than 5000 contracts including goods, services and works are proactively disclosed on the mentioned national online portal. This is considered a huge step in institutionalizing the disclosure process and public engagement in the delivery of infrastructure projects.

Afghanistan joined the Infrastructure Transparency Initiative or CoST in 2013 based on a recommendation of the Joint Anti-Corruption Monitoring and Evaluation Committee (MEC). CoST Afghanistan is led by a Multi-Stakeholder Group (MSG), administered by a national secretariat and modeled after the CoST International features and standards. It aims to improve the value for money spent on public infrastructure by increasing transparency and accountability in the delivery of public sector construction projects. This helps to create a business environment in which corruption is less likely to occur and drives improvements in management and efficiency.

CoST's approach is based on the four core features of 1) Disclosure, 2) Assurance Process, 3) Multi Stakeholders Group (MSG) and 4) Social Accountability. Committing to the CoST features require project owners and Procuring Entities (PEs) to disclose the infrastructure projects data into the public domain. The CoST assurance process helps MSG and the public to interpret the disclosed information, identify issues of interest or potential concern and deliver key messages regarding the infrastructure sector transparency and accountability. Ultimately, CoST improves value for money and provides better quality infrastructure and services.

1.2. Research Design

Since mid-2016, CoST Afghanistan has produced two assurance reports on public infrastructure projects. In September 2020, the MSG commissioned a research team, the Assurance Team (AT), to produce this report, the third assurance report. This report aims to provide an overview of the state of transparency and accountability in the infrastructure sector in Afghanistan. This report intends to assess the level of proactive

and reactive data disclosure of 229 public infrastructure projects worth of over USD 1 billion and, review the openness and efficiency of procurement and management processes as well as provide recommendations for issues of potential concern in selected 20 infrastructure projects.

The research for this report was conducted between September 2020 and May 2021, though initial data collections were performed between April 2020 to May 2020. The research for this report was focused on quantitative-based method, a qualitative approach was exercised as well. The research entailed literature review, desk research, field research, interviews, data analysis, consultations and report development. The AT scope of work and work plan were mainly guided by the terms of reference and the inception report, both endorsed by the MSG.

This report is prepared in six chapters with annexes. Chapter one provides an introduction to the research and its methodology. Chapter two highlights the level and completeness of data disclosure of 219 projects based on CoST Afghanistan disclosure standards. Chapter three reviews specific areas in the procurement processes of a sample 20 projects selected for this report. Chapter four looks at key issues related to management of the sample 20 projects. The last chapter concludes the findings of this report and provides recommendations for improvements.

The original version of this report was produced in the English language therefore, in case of any variations or inconsistency in the official translations of this report, the English report will have precedence and credibility.

1.3. Research Methodology

This research was designed after the Assurance Manual developed by CoST International⁷ and the Disclosure Manual was approved by the CoST Afghanistan MSG. This research constituted the following 5 main stages: 1) Literature Review and Inception Report, 2) Sample Selection, 3) Data Collection (Desk Research, Site Visits and Interviews), 4) Data Analysis and 5) Consultation and Report Development. Annex 1 demonstrates the steps at each stage of the research process.

⁷ CoST – the Infrastructure Transparency Initiative, Assurance Manual, 2020 available at: <https://infrastructuretransparency.org/wp-content/uploads/2020/09/Assurance-Manual-FINAL.pdf>

1.3.1. Literature Review

This research briefly reviewed the infrastructure sector management in Afghanistan in order to acquire an updated context analysis and understanding of the role of infrastructure development in the national economy. The AT reviewed the existing literature related to the actors, the amount of spending, mechanisms of funding, the procurement and project management structures and legislations as well as policy documents relevant to the infrastructure sector. The gathered information informed the rest of research processes including tools and methods for collection and analysis of the data as well as the overall narrative of the report.

1.3.2. Data Sample Selection

This research selected the following two types of data samples:

Type One Data Sample (*for Proactive Disclosure Assessment*): This research selected the infrastructure projects which were procured during the FY1398 (2019) and published proactively on AGEOPS. The AT found that during April 2020 to May 2020 a total of 11 PEs disclosed the data of 219 infrastructure projects which were either completed or under construction. Projects which were either in the state of being suspended, stopped or cancelled were not considered for selection, therefore, the total of disclosed projects selected for type one data sample does not equal to the sum of ongoing and completed projects listed on AGEOPS in the given period. Table 1 lists the PEs and their infrastructure projects disclosed on AGEOPS.

Table 1 Lists of 11 PEs and their 219 disclosed projects which are considered for type one data sample (proactive data disclosure)

No.	Procuring Entity		# of Projects Disclosed	# of On-going Projects	# of Completed Projects	Total Value of Disclosed Projects (AFN)
1	Ministry of Transport (MoT)	National Road Authority	26	24	0	32,816,139,961.0
		Highway Transportation Authority	-	-	-	
		Civil Aviation Authority	1	1	0	
		Afghanistan Railway Authority	-	-	-	
2	National Water Affairs Regulation Authority (NWARA)		9	8	0	23,138,344,063.0
3	Ministry of Rural and Rehabilitation Development (MRRD)		52	51	0	4,177,163,805.74
4	Ministry of Public Health (MoPH)		8	7	0	728,440,880.15
5	Ministry of Education (MoE)		48	44	4	866,071,978.17
6	Ministry of Urban Development and Land (MUDL)		2	2	0	151,059,172.75
7	Urban Water Supply and Sewerage Corporation (UWSSC)		7	4	0	2,821,849,132.25
8	Capital Region Independent Development Authority (CRIDA)		3	3	0	578,296,534.99
9	Da Afghanistan Breshna Shirkat (DABS)		8	6	0	5,310,322,078.03
10	Kabul Municipality (KM)		10	6	0	1,702,411,788.95
11	Ministry of Agriculture, Irrigation and Livestock (MAIL)		45	40	0	183,748,578.72
Total Disclosed Projects			219	196	5	72,473,847,973.8
Total Value of Disclosed Projects (USD) ⁸						953,603,262.81

Type Two Data Sample (for Reactive Disclosure Assessment): This research selected 20 infrastructure projects for in-depth assessment of their entire project life cycle including project identification, preparation, procurement, implementation and completion stages based on the data disclosed upon request, reactively, from respective PEs during September 2020 and May 2021. The AT and MSG proposed 17 and 3 infrastructure projects, each respectively, which were approved at the MSG meeting No. # 30 on 15 October 2020.

The AT suggested 10 projects which were disclosed on AGEOPS for FY1398 and matched a preset criterion taking in consideration the project value, geographical location, accessibility level and infrastructure type. An additional 3 projects were chosen from the list of projects requested from PEs that

⁸ Currency exchange rate: 1 USD=76 AFN

were procured during FY1398 and matched the mentioned criterion. Moreover, in the wake of the current pandemic a lot of public funds were allocated for renovation and construction of health infrastructure and facilities therefore, the AT also proposed 4 COVID-19 pandemic response infrastructure projects for this report.

The MSG, on the other hand, recommended 3 projects for this report due to their potential concerns as well as social and economic importance. Chart 1 shows the sources of project selections for type two data sample.

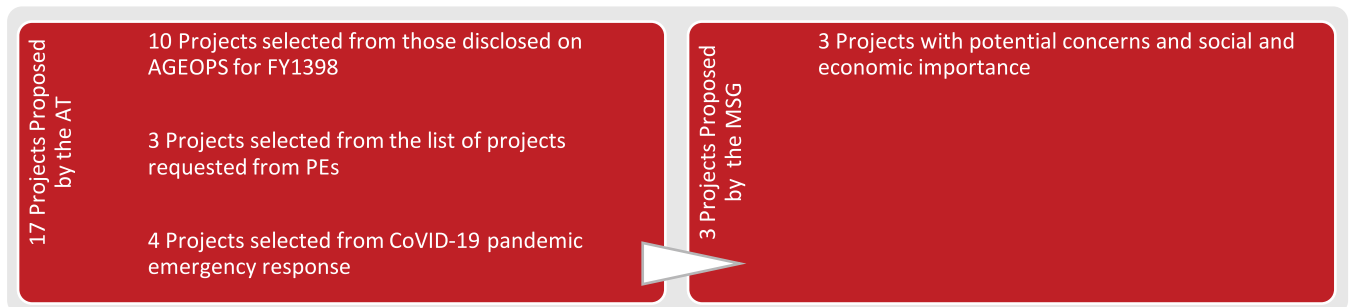


Chart 01: Sources of project selections for type two data sample (reactive data disclosure)

The 20 infrastructure projects selected for type two data sample were associated with the following 5 PEs, each bearing 4 projects and presented under Table 2.:

1. Ministry of Rural and Rehabilitation (MRRD)
2. Ministry of Urban Development and Land (MUDL)
3. Da Afghanistan Breshna Shirkat (DABS)
4. Kabul Municipality (KM)
5. Ministry of Public Health (MoPH)

Table 2 List of selected 20 infrastructure projects considered for type two data sample (reactive data disclosure)

No.	Project Name	Infrastructure Type	Location	Status	Original Contract Cost (AFN)	Source of Selection
Ministry of Rural Rehabilitation and Development (MRRD)						
1	Construction of 2.37 Km Concrete Road from Nangarhar Road to Mayoben Complex in Behsud District	Concrete Road	Nangarhar	Ongoing	35,599,400.00	AGEOPS
2	Construction of 6.7 Km Concrete Road with its Substructure in Doabgi Mazar	Concrete Road	Badakhshan	Ongoing	91,147,975.00	AGEOPS
3	Construction of 51m RCC Bridge including 1.6 Km Gravel Road In Eshkasho, Khenj District	Bridge and Road	Panjshir	Ongoing	19,042,050.00	AGEOPS
4	Construction of Water Supply Network in Shahidan District of Bamyan City	Water Supply	Bamyan	Ongoing	45,875,663.00	AGEOPS
Ministry of Urban Development and Land (MUDL)						
5	Construction of a 24-Classroom Female High School with its Accessories in District #6 of Herat City	School	Herat	Ongoing	27,164,939.00	PE
6	Administrative Building of Kapisa Province	Building	Kapisa	Ongoing	32,664,950.00	PE
7	Balkh University Medical (Faculty) Building	Building	Balkh	Suspended	115,351,786.4	MSG
8	Construction of Medical Drugs and Products Quality Laboratory	Building	Kandahar	Suspended	94,308,800.0	MSG
Da Afghanistan Breshna Shrekat (DABS)						
9	Design, Preparation, Installation, Operation and Testing Of 220/20 KV Double Circuit Jalalabad (Nangarhar) to Asadabad (Kunar)	Transmission Line	Kunar	Ongoing	2,306,123,090	AGEOPS
10	5 MW Solar Power Plant Installation	Renewable Energy	Ghor	Waiting	815,400,000.0	AGEOPS
11	500 KV Power Transmission Line from Central Asia to South Asia (CASA 1000)	Transmission Line	National	Ongoing	17,111,616,866.0	PE
12	500 KV Power Transmission Line from Dasht-e Alwan (Baghlan) to Arghandi (Kabul)	Transmission Line	National	Ongoing	8,977,921,686.0	MSG
Kabul Municipality (KM)						
13	Construction of 2.654 Km of Urfani road in District 13	Road	Kabul	Ongoing	250,751,820.85	AGEOPS
14	Construction of 3.96 Km Asphalt Road with its Drainage Structures (Lot 12) and Interconnection Road of Qargha to Company Street via Spenkaly Square	Asphalt Road	Kabul	Completed	288,465,920.00	AGEOPS

No.	Project Name	Infrastructure Type	Location	Status	Original Contract Cost (AFN)	Source of Selection
15	Construction of the Elongation of 40 Meter Street of Dasht-e-Barchi To Qandahari Street with Length of 3.791 Km in PD#13	Asphalt Road	Kabul	Ongoing	284,983,554.10	AGEOPS
16	Construction of Asphalt Road with Length of 2.2 Km and its Drainages, Lot #11 from Qala-e-Najarha Square to Chaharahe Sarwar Kayenat and Khwaja Bughra Squares	Asphalt Road	Kabul	Completed	211,963,483.0	AGEOPS
Ministry of Public Health (MoPH)						
17	Construction of 200-Beds Hospital for CoVID-19 Patients in Herat Province	Building	Herat	Ongoing	78,332,125.00	CoVID-19 Projects List (NDC)
18	Construction of 100-Beds Hospital for CoVID-19 Patients in Nimroz Province	Building	Nimroz	Ongoing	78,332,125.00	
19	Construction of 50-Beds Hospital for Treatment and Care of CoVID-19 Patients in Shahnar Area of District 12	Building	Kabul	Ongoing	55,000,000.00	
20	Fundamental Repairs of 100-Beds Hospital in Takhar Province	Building	Takhar	Ongoing	14,773,478.00	CoVID-19 Projects List (NPA)
Total Cost of Projects (AFN)					30,934,819,711.35	
Total Cost of Projects in USD⁹					407,037,101.47	

⁹ Currency exchange rate: 1 USD=76 AFN

1.3.3. Data Collection

The data required for type one sample (219 infrastructure projects) was gathered from AGEOPS while the data for type two sample (20 selected infrastructure projects) was obtained upon request from the respective PEs. The requests to PEs included release of a list of data points and documents in accordance to the CoST Afghanistan Disclosure Manual which would allow assessment of specific concepts in procurement and management processes of the selected projects, both at the project-level and contract level. In case there was any data missing or needed, additional requests for data were submitted to the respective PEs.

1.3.4. Site Visit

The AT performed site visits to 10 of the selected 20 infrastructure projects in order to verify some of the disclosed data, interview with provincial officials, gather the opinion of the local community and project beneficiaries as well as note any significant areas of concern or deemed as red flag issues. Lack of project data, insecurity, weather conditions and travel constraints were the limitations against visiting a number of projects while a few other projects did not require any site visit.

The AT developed questionnaires as well as checklists for site visits based on the available project data. During the site visits, observations from the data management and quality control processes, site safety practices, scope of community engagement and overall project delivery were made. GPS-embedded and date and time stamped photographs were taken from various components and activities of the projects as evidence. Also, interviews with local officials or project beneficiaries were conducted and transcribed in order to gather perceptions, grievances and feedback on project planning, procurement and construction.

1.3.5. Data Analysis

The data gathered for both type one and two of selected samples for this report was compiled, cleaned and processed in the following two phases:

Phase one – Proactive data disclosure assessment: The AT determined the level of completeness of the data of 219 infrastructure projects disclosed proactively on AGEOPS against the 63 public disclosure data

points set by CoST Afghanistan Disclosure Manual which encompasses the data across all the five stages of an infrastructure project both on project level (i.e. Project identification and preparation, project completion) and contract level (i.e. procurement/award, implementation and completion). As a result of this exercise, the AT analyzed the average of proactive data disclosure by each PE and assessed consistency between the project level and contract level data.

Phase two – Reactive data disclosure assessment: In this phase, the vast data of the selected 20 infrastructure projects gathered during the data collection and site visit stages of the research was sorted, cleaned and processed in order to determine the level of responsiveness and completeness of the data disclosed by PEs against the 27 reactive disclosure data points set by CoST Afghanistan Disclosure Manual which encompasses the data across all the five stages of an infrastructure project both on project level and contract level. Also, the issues of potential concern related to the procurement and management processes of the selected projects were analyzed and the key messages for each PE and/or project were developed.

1.3.6. Consultation and Report Development

In accordance to the research flow chart presented in Annex I, the AT performed formal interviews with representatives of respective PEs and private sector in order to incorporate the views and responses of all engaged parties and produce a balanced and inclusive report. The first draft of the report was shared with the MSG, PEs, GIZ-OPAF and CoST International for consultation and feedback. The AT received responses to the report findings and recommendations which were dully addressed and incorporated into the final report. The final draft was presented to MSG for review and got approved at MSG meeting #32 on 23 May 2021.

Summary

Since 2001, infrastructure development has been a key element of governance in Afghanistan for achieving economic prosperity and improving services delivery. It has consistently secured a very large part of the national budget and international assistance in the past 2 decades. Despite a lot of progress, the access and quality to basic infrastructure remain very poor according to several researches and global standards. CoST Afghanistan, as a multi-stakeholder platform, with set standards for data disclosure strives to increase transparency and accountability by conducting periodic assurance process on the public infrastructure projects and report to the public.

This report is developed as a result of the assurance process conducted on public infrastructure projects worth of over USD 1 billion. The research for this report was based on the CoST International Assurance Manual and CoST Afghanistan Disclosure Manual and performed in 6 stages. The AT studied the existing literature on the infrastructure sector management in Afghanistan and developed an inception report. A total of 229 public infrastructure projects were selected for this report, where 219 projects procured during FY1398 (2019/2020) were picked from AGEOPS and 10 additional projects were chosen from other sources i.e. MSG and government agencies.

The AT visited 10 projects across Afghanistan and made observations, performed interviews and photographed various elements and activities of the projects as evidence. The data gathered was then compiled, cleaned and processed in two phases. In order to determine the level of completeness of proactive data disclosure by PEs the data of 219 infrastructure projects was matched against the CoST Afghanistan 63 public disclosure data standards. The data provided by PEs for the selected projects was matched against the CoST Afghanistan 27 reactive disclosure data standards in order to determine the level of completeness of reactive data disclosure and afterwards analyzed for efficiency of the procurement and management processes.

To conclude the research process, the AT performed interviews with different stakeholders and gathered comments and feedback on the draft report which were incorporated into the final draft. This report was reviewed and approved by the CoST Afghanistan MSG at MSG meeting #32 on 23 May 2021.

CHAPTER 2: PROJECT DATA DISCLOSURE



“Assurance report team member during documents review”

November, 2021 – Ministry of Rural Rehabilitation and Development (MRRD)
Kabul, Afghanistan

Overview

“Confidentiality” has been used as a prominent pretext for increasing government secrecy and control across the world. “Disclosure”, to the contrary, opens the government to public, increases transparency and accountability of public affairs and enhances social trust. This chapter discusses the state of data disclosure in the infrastructure sector of Afghanistan in two dimensions; proactive (voluntarily) disclosure and reactive (requested) disclosure.

2.1. Infrastructure Data Disclosure

The Organization for Economic Co-operation and Development (OECD) defines public disclosure as “the act of making information or data readily accessible and available to all interested individuals and institutions”. In Afghanistan, the legal framework for data disclosure of public infrastructure projects is regulated by provisions in the constitution, procurement law, access to information law and public financial management and expenditure law, among others¹⁰.

The Government of Afghanistan also has international commitments for promoting open and good governance including adopting of global data disclosure practices and standards e.g. the Infrastructure Transparency Initiative (CoST) and the Open Contracting Partnership (OCP). In light of these, the PEs have been publishing some level of public infrastructure projects for years now, however in a ‘scattered’ and ‘duplicated’ manner on various online platforms¹¹.

In 2018, NPA launched a central online platform, AGEOPS¹², which among other functions, offers the proactive publishing of procurement and contract data of all types of public procurement i.e. services, goods and works including design, construction and supervision of infrastructure projects. The launch of AGEOPS facilitated an unprecedented disclosure of a bulk of data by PEs, according to one estimate the data of more than 5000 contracts, which enables public scrutiny and awareness related to procurement and management of infrastructure projects. As once

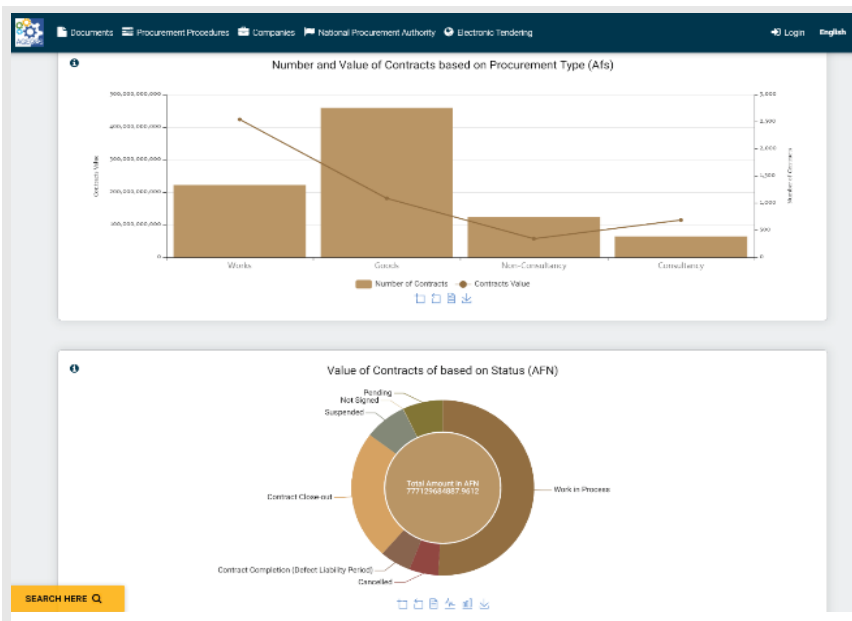


Figure 1: A Snapshot of Contract Progress Monitoring System (CPMS) dashboard on AGEOPS online platform

¹⁰ CoST – the Infrastructure Transparency Initiative Afghanistan, Scoping Study, March 2017, P. 06, Available at: http://cost.af/english/wp-content/uploads/2018/01/Scoping-Study_English_print.pdf

¹¹ CoST – the Infrastructure Transparency Initiative Afghanistan, Second Assurance Report, P.1, P.45, 2019 available at: www.cost.af

¹² National Procurement Authority, Afghanistan Government Electronic and Open Procurement System available at: <https://ageops.net>

indicated by an NPA executive, ‘AGEOPS created a data revolution in Afghanistan’. Figure 1 shows a snapshot of the Contract Progress Monitoring System dashboard on AGEOPS as of March 2021.

Although the scale and quality of infrastructure-related data published on AGEOPS have evolved significantly overtime and due to the tireless efforts of the NPA, data disclosure has been institutionalized at PEs to a great extent, yet there is a lot of room for improvement. In midst of the existing reform programs and advocacy, the CoST assurance process, since its first report in 2017, has assisted the government and other stakeholders to measure how far the legal and international obligations particularly CoST features (Multi-Stakeholder Approach, Disclosure, Assurance and Social Accountability) are met by PEs and suggests how the functional, systematic and institutional challenges identified in the infrastructure sector can be addressed.

2.2. Scope of Assessment

The CoST assurance process strives to highlight the gaps pertaining to completeness and reliability of the infrastructure-related disclosed data and offer constructive recommendations to both the operators and developers of AGEOPS. The data disclosure by PEs is assessed by the CoST data standard in two dimensions; a. proactive disclosure and b. reactive disclosure¹³. This report records the infrastructure-related data published proactively on AGEOPS as well as the project-specific data which each PE provided to the AT upon formal request. The analysis of the co-relations, trends and areas of concern in the acquired data is presented in the following sections of this chapter.

2.3. Proactive Data Disclosure

The CoST Afghanistan Disclosure Manual endorsed by MSG in August 2017 sets 63 Infrastructure Data Standards (IDS) for proactive data disclosure by PEs throughout the five stages of a construction/infrastructure project life cycle. The number of set data points for proactive data disclosure at each stage of an infrastructure project is presented in Figure 2. For a detailed list of all 63 data points set for proactive disclosure see Annex 2.

¹³ CoST – the Infrastructure Transparency Initiative Afghanistan, Disclosure Manual, 2017, available at: <http://cost.af/english/wp-content/uploads/2018/01/Disclosure-Manual-design-English-final.pdf>

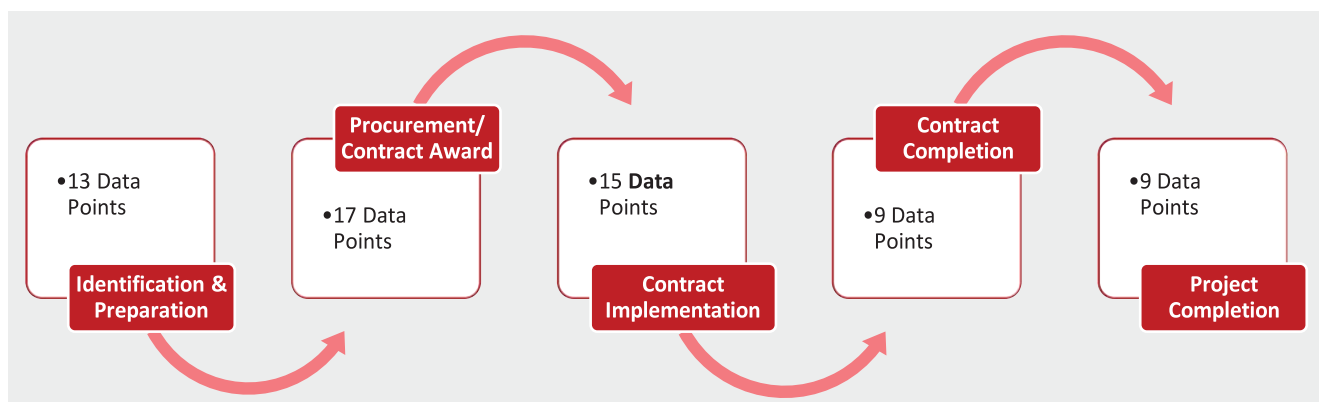


Figure 2: Data points to be disclosed proactively by PEs at each project stage

Reviewing the completeness of the data points disclosed proactively by PEs against the CoST Afghanistan 63 public disclosure data standards provided an average of 32% compliance which shows 3.8% decline compared to the previous assurance report¹⁴. The average of the contract-level proactive disclosure of infrastructure project data was recorded as 45% while no project-level data was released. Among the PEs, Capital Region Independent Development Agency (CRIDA) scored the highest by proactively disclosing 47% while Ministry of Urban Development and Land (MUDL) scored the lowest with 41% proactive disclosure rate.

According to the interviews with representatives of PEs and NPA, a major reason for low level of proactive data disclosure can be linked to lack of sufficient capacity at Pes, absence of legal requirements and distinction for release of project-level data. Although, the AT found that AGEOPS, the source of data gathered for proactive data disclosure assessment, releases a few data sources (e.g., documents) which may contain some project-level data but since they are not disclosed as a data point/field which can be easily captured therefore such data is not considered as disclosed and so lowers the overall rating. The level of proactive data disclosure by each PE is presented in Figure 3.

¹⁴ CoST – the Infrastructure Transparency Initiative Afghanistan, The 2nd Assurance Report <http://cost.af/english/wp-content/uploads/2019/11/CoST-Afghanistan-2nd-Assurance-Report-English-2019.pdf>

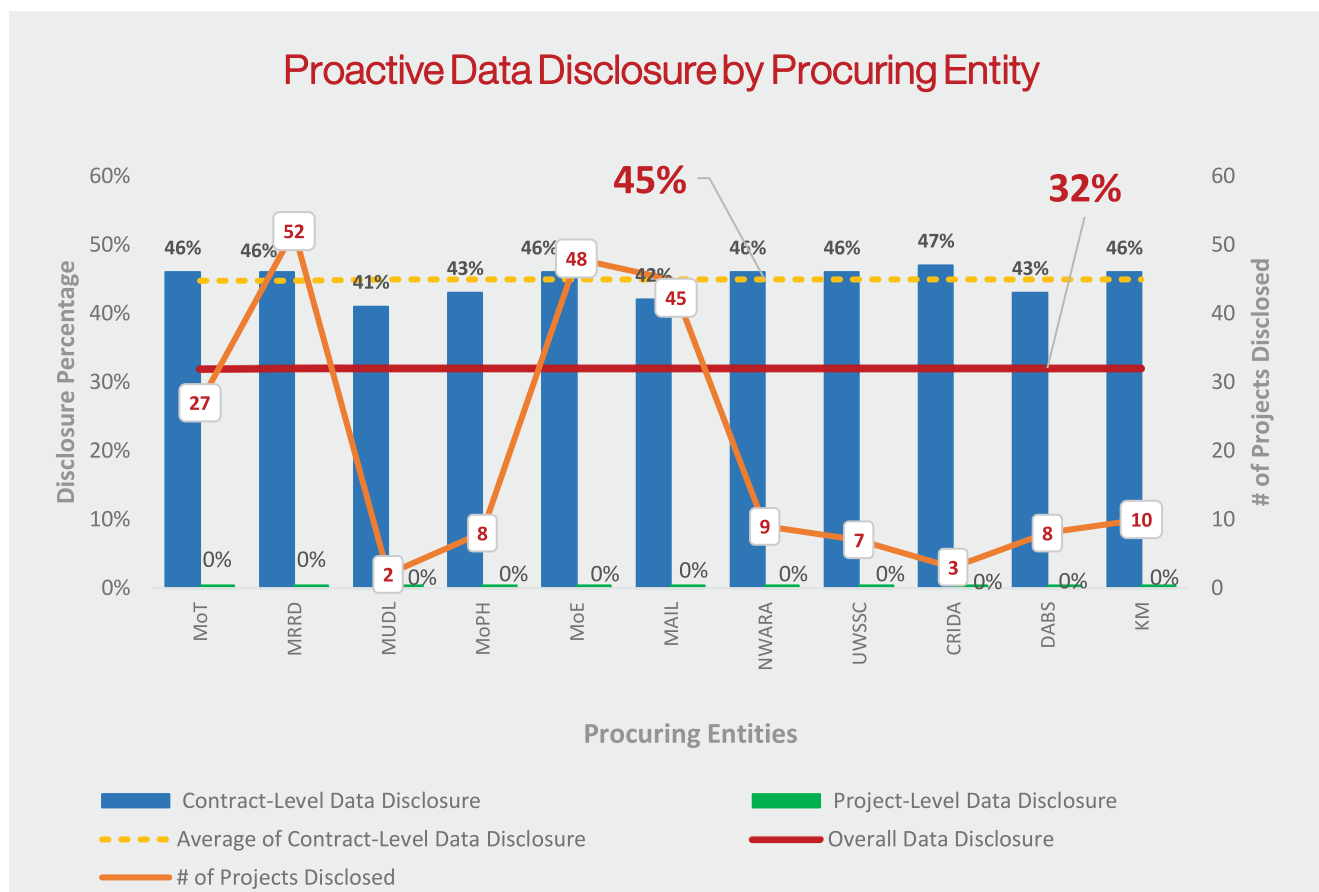


Figure 3 : The proactive data disclosure rate by each PE

2.3.1. Distinction of Project-Level and Contract Level Data Disclosure

None of the 11 PEs, which proactively disclosed data of infrastructure projects, published any project-level data. The lack of project-level data disclosure is mainly because of the indistinct nature and legal framework of project management in Afghanistan which neither defines or distinguishes project-level data and the data of several contracts of a project. Per the status quo, several contracts of a single project are disclosed as separate projects. Such a scattered and inconsistent set of contract-level data can facilitate the feed of incomplete, outdated and misleading data to the public and have adverse effects on the transparency and accountability of infrastructure projects.

A palpable example in this context would be the on-going 225 Million USD regional energy transmission project administered by DABS, CASA1000, which at least has a contract for design and construction and another for supervision. Until preparation of this report the data of mentioned contracts was not disclosed on AGEOPS and, even if it is ever published each of these two contracts would be presented as individual

projects. Neither DABS, as the PE, nor AGEOPS, the data platform, are legally bound to disclose the data of both contracts under the CASA1000 project heading or code. This lack of linkage between the contracts of same project can keep the data unsynchronized at several portals, narrowing public scrutiny as well as the opportunity to challenge the use of data by public and other stakeholders.

The following is an analysis of the legislation relevant to proactive data disclosure which shows that project-level data disclosure is not obligated:

- The procurement law foresees proactive disclosure at two stages of the procurement process only: the procurement announcement and the winner (bid) announcement.
- The Access to Information Law, requires all government entities to release proactively the following contractual and organizational data on an annual basis into the public domain: contracts, national and international protocols and memorandums of understanding, policies, strategies and work plans, among others.
- Public financial management legislation requires the disclosure of National Budgets once approved by the National Assembly which ensures indirectly that data points like a projects' estimated cost, funding source and project (final) approval dates are made publicly available.

Alternatively, according to CoST, a construction project is expected to comprise of multiple contracts for delivering a facility. CoST defines a “project” as “the delivery of a set of infrastructure assets in a specified location, generally under a single managing entity (project owner) and budget authority” while a “contract” is “a legal or official binding agreement to deliver a set of activities within the terms specified in the agreement between a PE and a contractor or consultant”. Therefore, a complete set of project data would comprise one set of projects data and multiple sets of contract data.¹⁵

CoST International principles set five stages for delivery of a construction/ infrastructure project where substantial data is generated and has to be disclosed to the public. CoST categorizes the data points related to beginning and end of a project (project level data) into two stages, the project identification and preparation stage and the project completion stage. The data points pertaining to the contracts (contract level data) are categorized into three stages of procurement/contracting, contract implementation and contract completion. These three contract stages are part of the overall project data disclosure stages.

¹⁵ CoST – the Infrastructure Transparency Initiative Afghanistan, Disclosure Manual, 2017, available at: <http://cost.af/english/wp-content/uploads/2018/01/Disclosure-Manual-design-English-final.pdf>

The five stages of project-level and three stages of contract-level data disclosure stages of a construction/infrastructure sector are depicted in Figure 4.

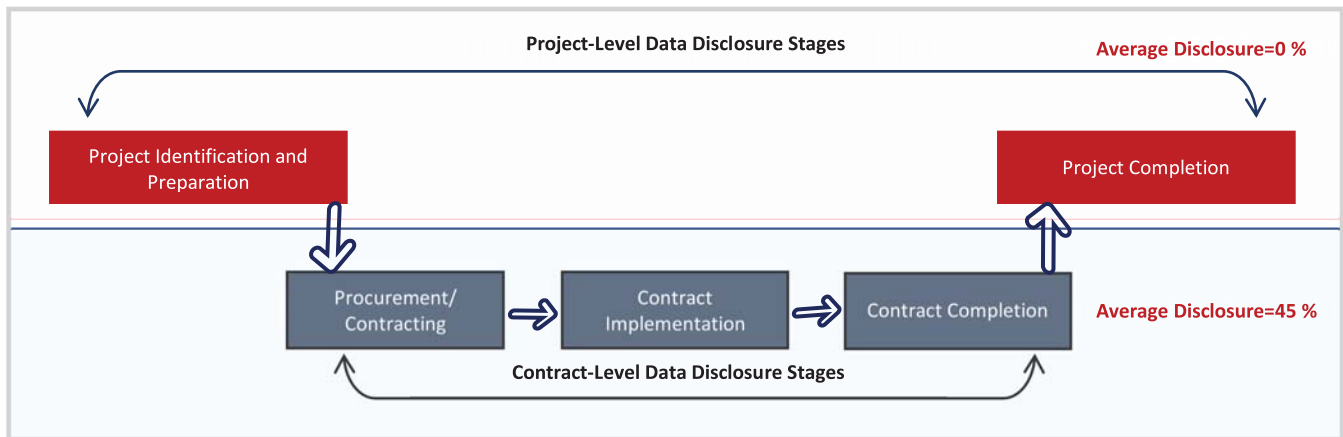


Figure 4: Stages of an infrastructure project data disclosure with distinction of project-level data and contract-level data

Recently, CoST and its sister organization, OCP, developed a new data disclosure standard, the “Open Contracting for Infrastructure Data Standards” or (OC4IDS). This comprehensive standard combines the advantages and features of Open Contracting Data Standards (OCDS) with the CoST existing standard, the Infrastructure Data Standards (IDS), promoting the publishing of both project-level and contract-level data and supporting scalable disclosure and highly effective monitoring of all the stages of an infrastructure project. The OC4IDS provides clear guidance to governments on what information to disclose and more importantly how to disclose, at each stage of an infrastructure project

The MSG of CoST Afghanistan which is chaired by the MoEc and is comprised of several key ministries and government bodies has discussed the adaptation of OC4IDS at MSG meeting# 25 on 6th of August 2019. Subsequently, the MSG meeting# 29 on 13 of July 2020 formed a committee of the representatives of key agencies to formally follow up on implementation of OC4IDS. In addition, the CoST national secretariat has conducted several lobbying meetings and developed a concept note for accelerated implementation of OC4IDS in Afghanistan.

However, the implementation of OC4IDS is hindered by the lack of a legal base for disclosure with a distinction of contract data and project data. If OC4IDS, as piloted by other CoST member countries¹⁶, is applied to the project management system of Afghanistan, all the contracts under a specific project would

¹⁶ CoST – the Infrastructure Transparency Initiative Ukraine, Road data open to the public with CoST Ukraine’s turbocharged analytics dashboard, available at: <https://infrastructuretransparency.org/news/oc4ids-implemented-in-cost-ukraines-turbocharged-data-portal/>

be linked through a “project identifier” in machine readable format. Including project identifiers in contracting data would make it possible to link the data of design, construction, supervision, operation and maintenance contracts of a single infrastructure project. Chart 2 maps how the benefits of OCDS and IDS are combined and covered in a project cycle under the OC4IDS standard.

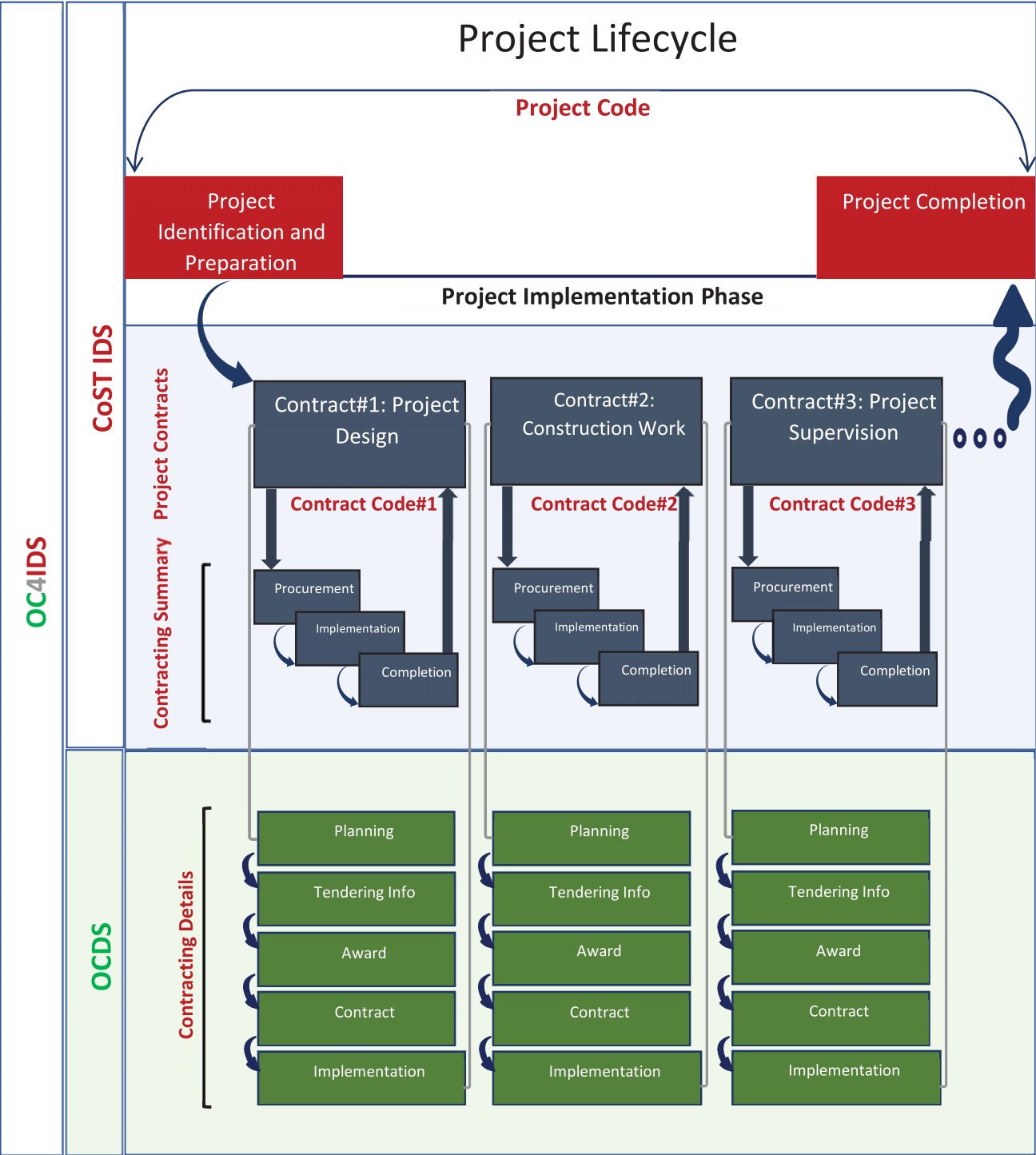


Chart 2 : Mapping of a project cycle under the OC4IDS standard

2.4. Reactive Data Disclosure

Reactive disclosure encompasses additional data which infrastructure project owners and PEs are permitted to disclose to the public at any time upon request. The legal framework for this civil exercise is laid down in the constitution of Afghanistan which allows citizens to ‘have the right of access to information from state departments in accordance with the provisions of the law’.¹⁷ Also, the Access to Information Law instructs that the requests submitted for reactive data disclosure have to be responded to within 10 days for ordinary citizens, 3 days for journalists and 1 day for information pertaining to security and freedom of individuals¹⁸.

On the other hand, the Procurement Law sets the boundary for reactive disclosure of infrastructure projects to the explanation on the choice of procurement procedure, details of participant bidders, offers’ prices, summary of the bid assessment, proceedings and decisions, any clarifications to bidders, explanation on the reasons for offers rejection or bids cancellation, legislative documents of procurement and other information in procurement rules of procedures.¹⁹

In view of the existing legal provisions, the CoST Afghanistan disclosure manual has identified 27 data points to be reactively disclosed by PEs, both on project-level and contract-level, when requested. However, all the set data points are not clearly defined in the Afghan legal framework for data disclosure but there is significant data to be closely monitored for disclosure and reported through the CoST assurance process. Out of the set 27 data points for reactive disclosure, there are 14 designated to project-level (project

Project Identification and Preparation

- Multi-year Programs and Budget
- Project brief or Feasibility Study
- Environmental and Social Impact Assessment
- Resettlement and Compensation Plan
- Project Officials and Roles
- Financial Agreement
- Procurement Plan
- Project Approval Decision

Project Completion

- Implementation Progress Reports
- Budget Amendment Decision
- Project Completion Report
- Project Evaluation Report
- Technical Audit Reports
- Financial Audit Reports

Contract Procurement

- Contract Officials and Roles
- Procurement Method
- Tender Documents
- Tender Evaluation Results
- Project Design Report

Contract Implementation

- Contract Agreement and Conditions
- Registration and Ownership of Firms
- Specifications and Drawings

Contract Completion

- List of Variations, Changes, Amendments
- List of Escalation
- Quality Assurance Reports
- Disbursement Records or Payment Certificates
- Contract Amendments

Figure 5 CoST Afghanistan data point for reactive data disclosure

¹⁷ Constitution of Afghanistan, Chapter 2, Fundamental Rights and Duties of Citizens, Article 50, available at: <https://www.mfa.gov.af/constitution/chapter-two-fundamental-rights-and-duties-of-citizen.html>

¹⁸ Access to Information Law (2015), Article 8, PP.11-12, available at: <https://www.aic.gov.af/en/legal-docs>

¹⁹ Afghanistan Procurement Law, Article 45, P.23.

identification/preparation and completion stages) while 13 data points are specified for contract level (procurement/contracting, implementation and completion stages). Figure 5 demonstrates the data points set by CoST Afghanistan disclosure manual for disclosure by PEs upon request (reactively).

Amidst the 5 PEs selected for reactive disclosure assessment, the data of only 4 projects (belonging to CoVID-19 emergency response infrastructures) owned by MoPH were not disclosed. MoPH claimed that the ministry did not possess any of the requested data regarding the mentioned 4 projects since they were procured and administered by the Operational Unit of the Administrative Office of President (AU-AOP). CoST requested the project data from AU-AOP but neither received response to the formal letter by CoST Afghanistan MSG nor the complaint filed at www.askforinfo.af, the online data inquiry platform of Access to Information Commission (AIC).

In spite of this, the overall average score of reactive data disclosure against the CoST Afghanistan 27 reactive disclosure standards among all the 20 selected

infrastructure projects stood at 66% which shows a 9% increase from the previous assurance report. Among all the 5 participating PEs in reactive data disclosure rating, DABS scored 88% for the highest and the most cooperative reactive disclosure of both project-level and contract-level data. MRRD and KM scored second and third respectively for providing most of the requested project data. MUDL provided most of the project data but did not respond to the final request for projects data. MoPH and AU-AOP, on the other hand, scored the lowest for not providing any of the requested data. Figure 6 depicts the reactive data disclosure rate for each procuring-entity and their overall average.

GOOD CASE PRACTICE

For this report, in contrary to the previous assurance report, MUDL responded positively and timely to the CoST requests for disclosure of project data which demonstrates an increased accountability towards access to information.

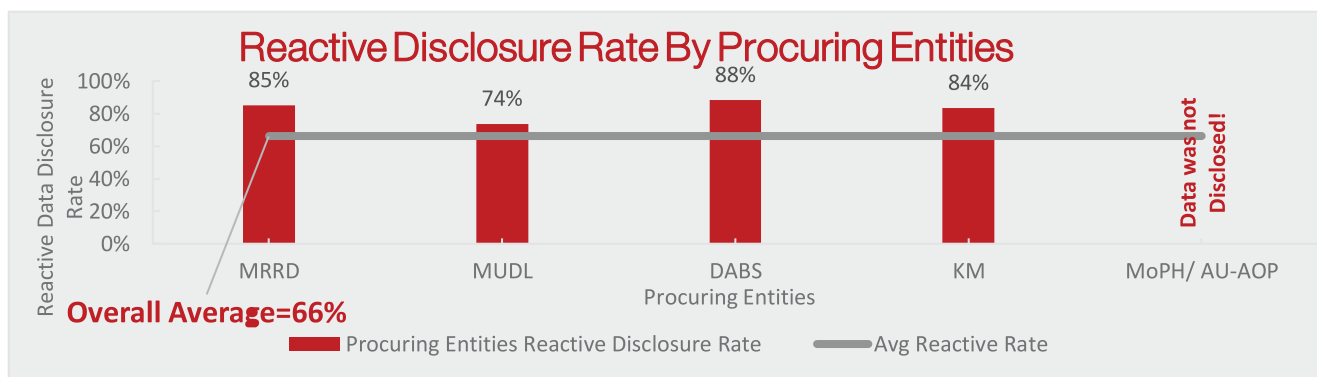


Figure 6 The overall and PE-specific reactive data disclosure rate

Of all the 20 projects, 3 projects by DABS offered 100% of the requested contract-level data securing the highest reactive contract-level data disclosure rate. At the same time, CASA1000 project by DABS offered 55% of the requested contract-level data which was the lowest among all. DABS, despite being the administrating PE, claimed that the agency had ‘minimum involvement’ in the procurement of the CASA1000 project and therefore could not access nor provide the requested data by CoST. Similarly, project level and contract level reactive data disclosure rate by each project is calculated and depicted in Figure 7.

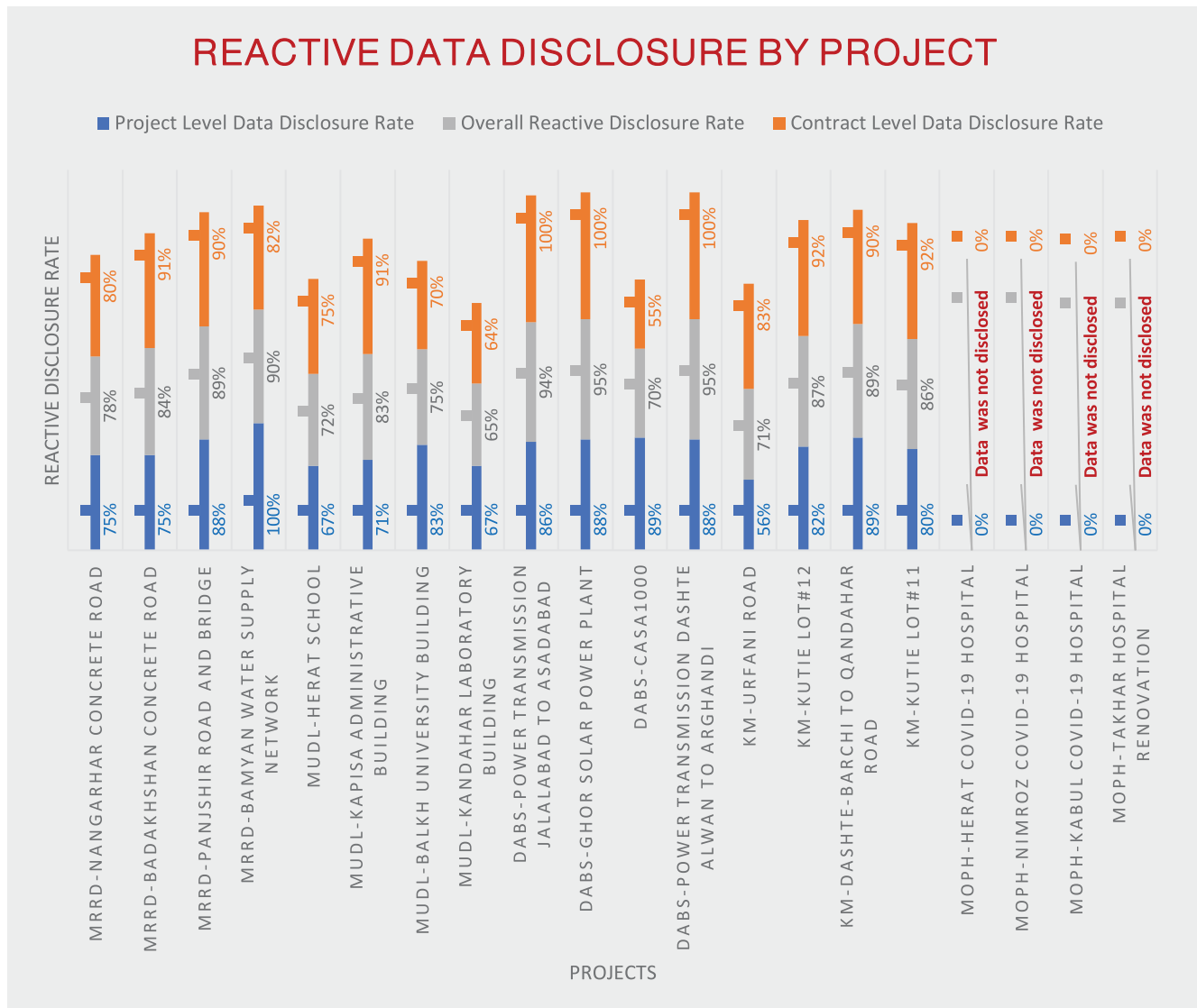


Figure 7: The overall, project level and contract level reactive data disclosure rate by each project

Summary

This chapter briefly discussed the existing legal framework and the progress made so far pertaining to the data disclosure of public infrastructure projects. Adoption and revision of legislations such as the Access to Information Law and the launch of a central online procurement platform, AGEOPS, were noted as one of the prominent enablers of the unprecedented data disclosure in Afghanistan. Additionally, the CoST four features, in-particular the assurance process, were found complementary to the on-going reforms for increasing the integrity of the infrastructure sector.

A considerable part of this chapter described how the data disclosure assessment was performed and what were its key findings. In accordance with the CoST guidelines, the disclosure assessment was performed on both proactive (voluntarily) data and reactive (requested) data available to the AT. The proactive disclosure assessment, which was founded on the data published on AGEOPS in a given period, depicted a 3.8% decline compared to the previous assurance report which can be mainly due to the lack of sufficient capacity and oversight at PEs and release of some data sources by NPA rather than data points, among other reasons.

The reactive disclosure assessment, which was based on the data published by PEs in response to the CoST requests, showed a 9% increase compared to the previous assurance report. While DABS scored 88% for the highest and most cooperative reactive disclosure of both project-level and contract-level data, AU-AOP did not release a single piece of data relating to the MoPH-owned four CoVID-19 emergency response infrastructure projects. Overall, the response rate of PEs to reactive data disclosure requests was higher which might be rooted in increased awareness about access to information and enhanced accountability towards civil society.

The data disclosure assessment also revealed once again that all the publicly disclosed data by PEs is contract-level only. Due to the lack of legal arrangement, PEs and AGEOPS do not distinguish between the project-level and contract-level data and publish the data of several contracts of a single project as individual projects. CoST and OCP jointly developed a new data standard, OC4IDS, which can assist the government on what data to disclose and more importantly how to disclose, at each stage of an infrastructure project so it is linked, updated, machine readable and user-friendly.

CHAPTER 3: PROCUREMENT MANAGEMENT



Herat COVID 19 Hospital
February 2021 – Herat, Afghanistan

Overview

Procurement is the key stage in a project to increase value for money and initiate the works according to the projected plan. This stage involves announcement, opening and evaluation of tenders until the contract is awarded and the contractor is notified to commence the physical work at the project site. CoST reviewed in this report how far the tendering process is open, compliant and efficient.

3.1. Scope of Assessment

CoST views procurement as the second stage of a project, succeeding the project identification and preparation stage, and the first stage of a contract, preceding the contract implementation stage. Ideally, there can be several procurement stages in a project as there can be several contracts for a single project. However, this is not the case entirely in this report because project and contract are not distinguished as such in the Afghanistan project and procurement management system.

Nevertheless, the scope of procurement assessment in this report includes analyzing and processing the 5 data points for each contract, as identified by the CoST Afghanistan Disclosure Manual to be provided by PEs (as reactive disclosure) They are: contract officials and roles, procurement method, tender documents, tender evaluation results and the project design report. The trends and areas of concerns identified in this report include analyzing the level of bid competition, the variance of the estimated and contracted costs, the length of the periods for bid evaluation, the contract award, the issuance of the notice to proceed (contract start) and the overall tendering process.

3.2. Bid Competition Level

The level of competition in the bidding process is derived from the ratio of average bids participated to the bid documents distributed. CoST Afghanistan analyzes the bid competition level to gauge the public trust of the procurement process and whether value for money is increased for the infrastructure projects. Assessing the tender evaluation results (or as referred to, the bid evaluation report) of the 20 projects found that on average 6 bids participated in the bidding process against an average of 33 bid documents distributed which is definitely within the range of optimum bids to be participating for a tender.

On average, the bid competition level was recorded as 6 bids participated per project which in comparison to the second assurance report shows a 33% increment. This increase can be attributed to the online availability of the bid documents by some PEs such as DABS and KM but also triggered by the initiatives undertaken by the PEs, NPA and CoST Afghanistan for improving and incentivizing tendering for public infrastructure projects. The overall shrinking of infrastructure tenders by sources other than government of Afghanistan, among other reasons, might have contributed too.

In addition, it is worth noting that the disparity in the level of average bids participated and bid documents distributed coincides with the concerns shared by the representatives of private sector with the AT. “Prolonged tendering duration” and “strict bid evaluation criterion”, according to one umbrella organization representing the private sector, among others reasons, have “discouraged” potential local bidders to not bid for public projects.

Project data available to the AT also suggested that some flexibility in the bid evaluation criterion would certainly boost local firms to bid for public projects. The private actors in the infrastructure sector have been advocating for replacing “similar projects” requirement with “similar works” and increasing the duration of annual turnover from “5 years” to “10 years” in the bid evaluation criterion for large public projects and, the PEs propose to local firms to form joint-ventures with international firms in order to qualify for large infrastructure projects i.e. dams, power transmission, national highways.

Table 3 present the number of bid documents distributed, bids participated and the level of participation in the bidding process in the selected sample of infrastructure projects. The disproportionality of the distributed bid documents and participated bids is more apparent when up to 57 bid documents were distributed for 3 road construction projects of KM in Kabul city and up to 8 bids participated. On the other hand, for 3 power projects of DABS in various provinces up to 101 bid documents were distributed yet 3 to 6 bids participated.

Table 3 Number of bid documents distributed, bids participated and the level of participation in the bidding process

No	Project	# of Bid Documents Distributed	# of Bids Participated	Level of Participation
1	MRRD-Nangarhar Concrete Road	10	8	80%
2	MRRD-Badakhshan Concrete Road	6	3	50%
3	MRRD-Panjshir Road and Bridge	18	11	61%
4	MRRD-Bamyan Water Supply Network	22	10	45%
5	MUDL-Herat School	12	6	50%
6	MUDL-Kapisa Administrative Building	14	8	57%
7	MUDL-Balkh University Building	18	6	33%
8	MUDL-Kandahar Laboratory Building	9	4	44%

No	Project	# of Bid Documents Distributed	# of Bids Participated	Level of Participation
9	DABS-Power Transmission Jalalabad to Asadabad	101	4	4%
10	DABS-Ghor Solar Power Plant	77	3	4%
11	DABS-CASA1000	Not Disclosed	Not Disclosed	Not Disclosed
12	DABS-Power Transmission Dasht e Alwan to Arghandi	26	6	23%
13	KM-Urfani Road	5	4	80%
14	KM-KUTIE Lot#12	68	3	4%
15	KM-Dasht-e-Barchi to Qandahar Road	57	8	14%
16	KM-KUTIE Lot#11	47	5	11%
17	MOPH-Herat COVID-19 Hospital	Not Disclosed	Not Disclosed	Not Disclosed
18	MOPH-Nimroz COVID-19 Hospital	Not Disclosed	Not Disclosed	Not Disclosed
19	MOPH-Kabul COVID-19 Hospital	Not Disclosed	Not Disclosed	Not Disclosed
20	MOPH-Takhar Hospital Renovation	Not Disclosed	Not Disclosed	Not Disclosed
Average		33	6	37%

Among all the 5 PEs assessed in this report, DABS by distributing an average of 68 bid documents stood at the highest, followed by KM, MRRD and MUDL respectively. In contrast, MRRD by attracting on average 8 participating bids ranked the highest followed by MUDL, KM and at last DABS. Figure 7 illustrates the average of bid documents distributed and bids participated by each PE.

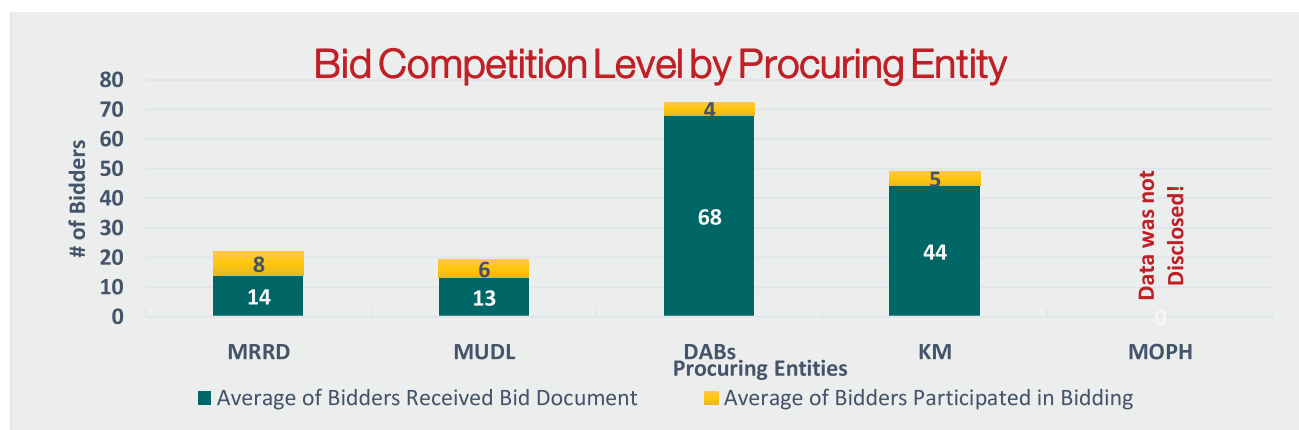


Figure 8 : Number of bid documents distributed and bids participated by PEs.

3.3. Tendering Process

3.3.1. Tendering Duration

CoST Afghanistan considers the tendering duration as a marker of how far the tender has been efficiently and rightfully processed so the contract can be initiated on-time and the vulnerabilities and risks to corruption are minimized. The tendering duration is calculated from the date of announcement of Invitation for Bidding (IFB) until the date of contract award.

The average tendering duration for the 20 projects was noted as 205 days while normally it should not exceed 120–150 days for both National Competitive Bidding (NCB) and International Competitive Bidding (ICB). This tendering duration still shows a slight improvement and a decline by 131 days compared to the previous assurance report.

The longest tendering duration was 1144 days for the ICB bidding of CASA-1000, which according to DABS was due to complexity of this regional power project and the “minimum involvement” the agency had in its procurement. Moreover, the lowest tendering duration was recorded 81 days for the MUDL project in Kandahar Province. Figure 9 demonstrates the overall and project-specific tendering duration.

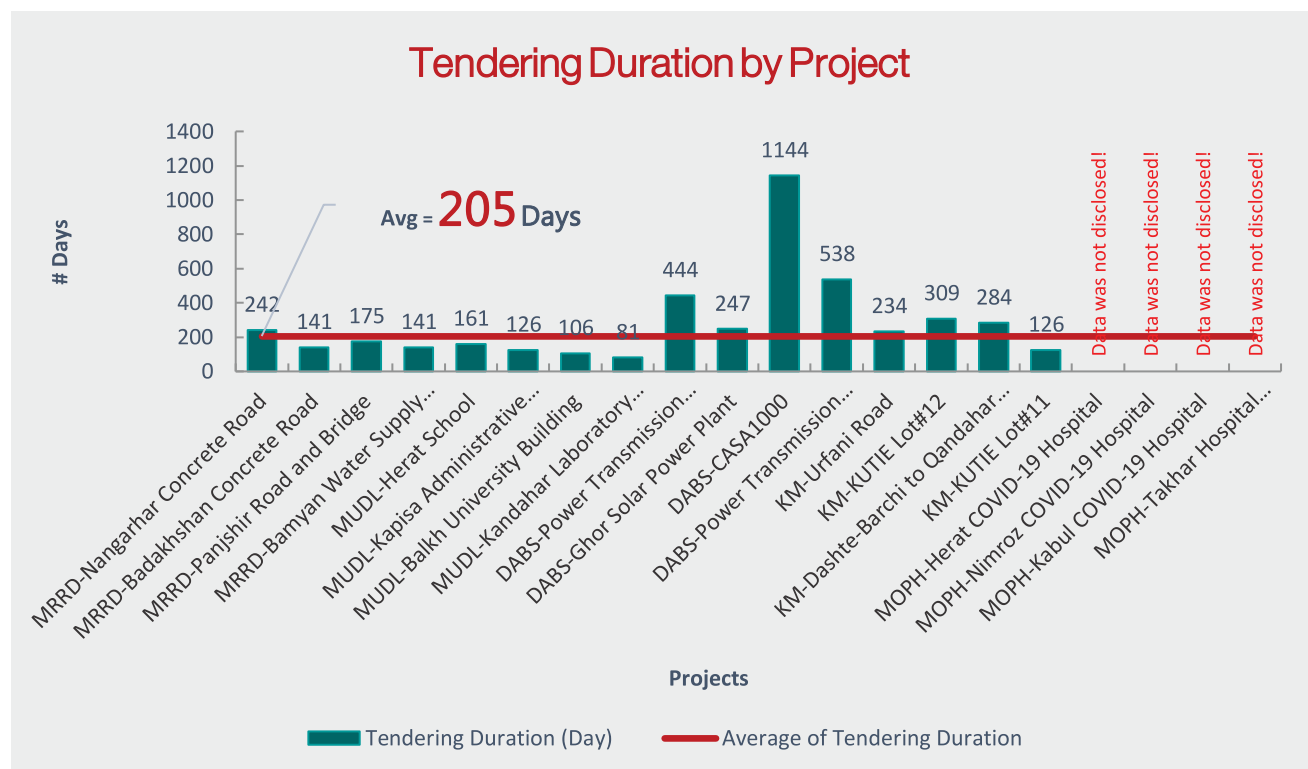


Figure 9: The overall and project-specific tendering duration

A comparison of tendering duration among the 5 PEs identified DABS with an average tendering duration of 593 days and with the most prolonged tendering process, mainly because large power projects are of very special procurement nature and highly influenced by political and social circumstances. However, for other projects KM and MRRD with an average 238 days and 175 days, respectively, secured the second and third longest tendering duration while MUDL with an average tendering duration of 119 days experienced an optimal tendering process. Figure 10 depicts the tendering duration by each PE.

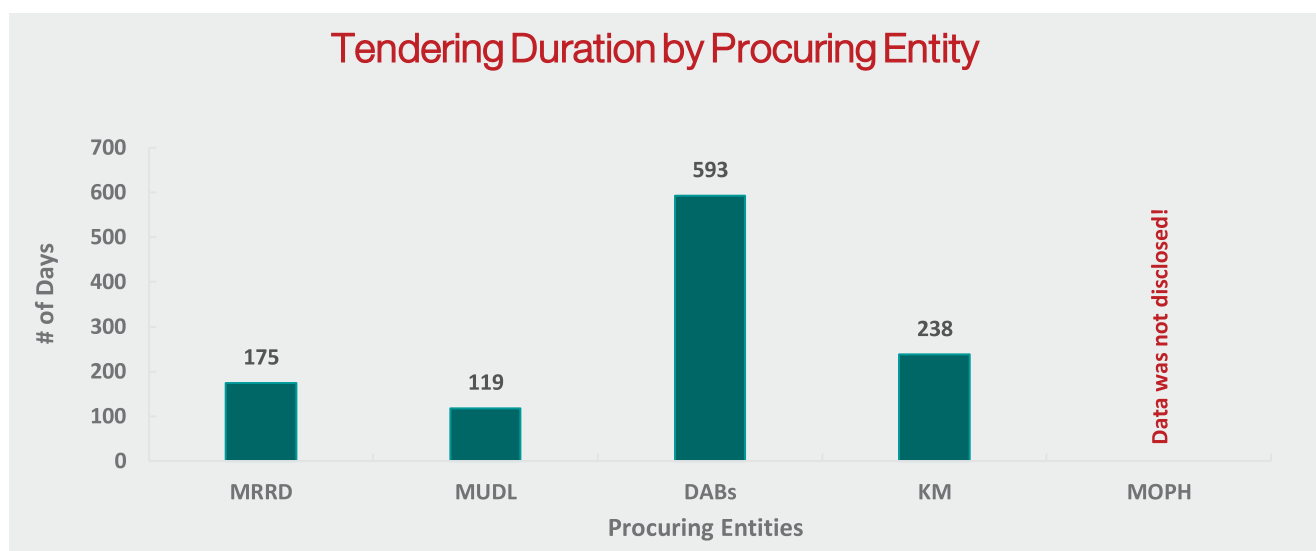


Figure 10 : PE-specific tendering duration

3.3.2. Bid Evaluation Period

Following the completion of bid opening process, the opened bids are submitted to the bid evaluation committee for assessing the offers and identifying the qualified bidder. According to the Afghanistan procurement regulations, the bid evaluation committee should evaluate the offers within maximum of 30 days from the bid opening. However, the PEs can extend this period once for another 30 days if there

GOOD CASE PRACTICE

The KUTEI project of KM documented impartiality and confidentiality of the bid opening and evaluation committee members through a form, the “No Conflict of Interest Agreement” form.

are reasonable justifications for delays in the bid evaluation process. This report found both projects within 30 days bid evaluation period range, which are referred to as “optimum time frame”, and those evaluated within more than 30 days are referred to as the “beyond optimum”.²⁰

²⁰ Afghanistan procurement regulation, clause 2 under article 40, P.17.

As illustrated in Figure 11, the longest evaluation period was accounted 179 days for the DABS Jalalabad to Asadabad Power Transmission project while the bid evaluation period of MRRD Badakhshan Concrete Road took only 16 days. Overall, the bids of MUDL projects were evaluated almost within the “optimum range”. Most of the bids of DABS projects were evaluated “beyond the optimum range” and that’s understandable because the nature, complexity and procurement methods i.e. ICB, double envelope of these projects is way different from other projects included in this assessment. Additionally, 75% of MRRD and 50% of KM projects fell under “beyond the optimum” category crossing over the 30 days range of bid evaluation period.

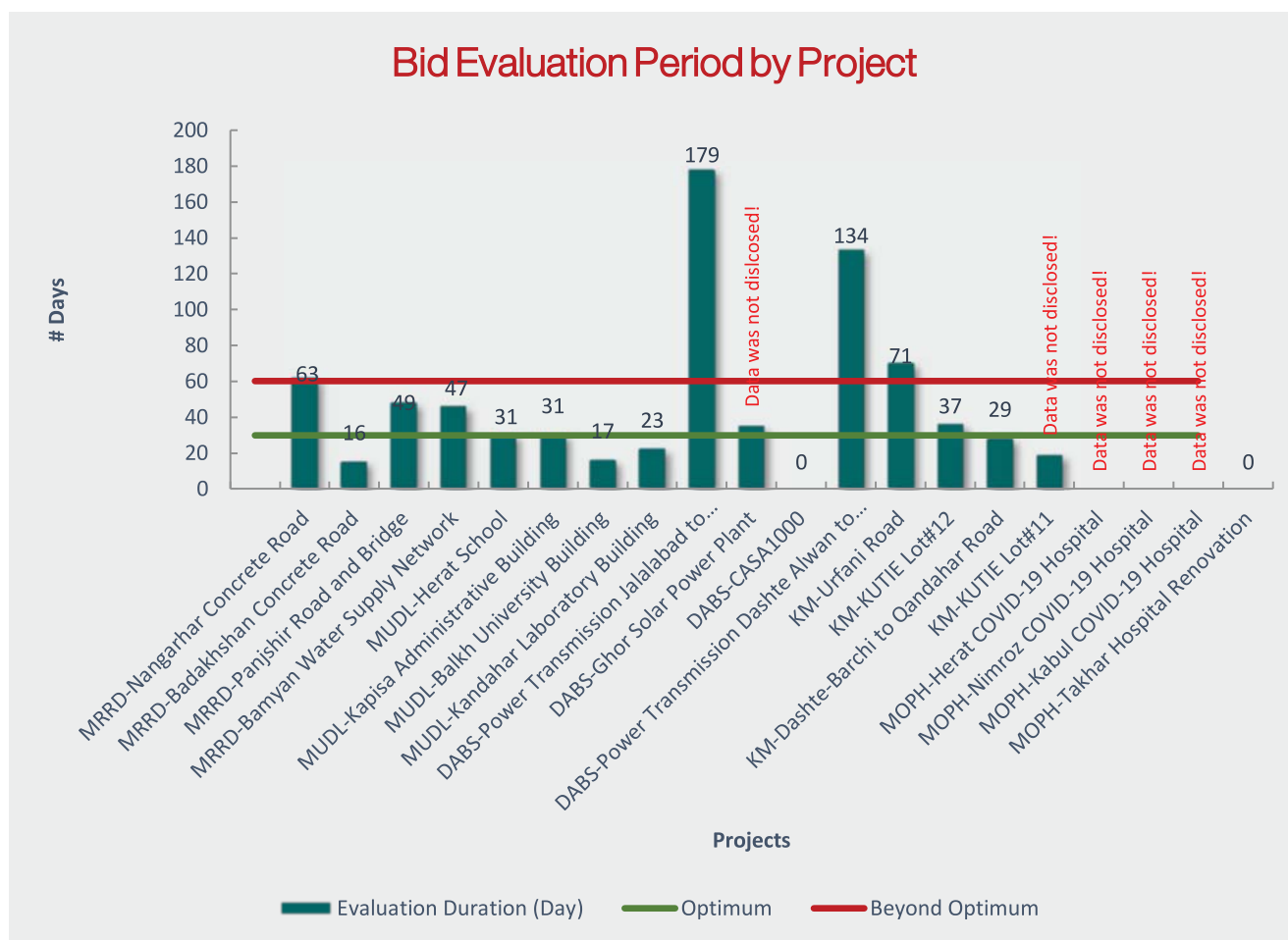


Figure 11 : Project-specific bid evaluation period

3.3.3. Contract Award Period

This report identified a new trend which was delay in the period between the bid evaluation completion to the contract award. This delay postponed the initiation of most of the projects. The average delay period between the bid evaluation completion to contract award was 100 days. As indicated in Figure 12, the KM

Lot#12 project had the most delayed period with 226 days while the MUDL Kandahar province project emerged as a best-case practice with 22 days period towards the contract award.

The delayed period in the processes until contract award flags potential misuse and vulnerabilities to corruption by the PE and other middle-men. The reasons noted for such delays were found as lengthy traditional bureaucratic processes as well as winter breaks which defers the contract award until the budget for next financial year is processed by the MoF. Among the 5 PEs, MUDL projects on average spent comparatively the shortest period up to the contract award while DABS projects spent the longest period followed by KM and MRRD.

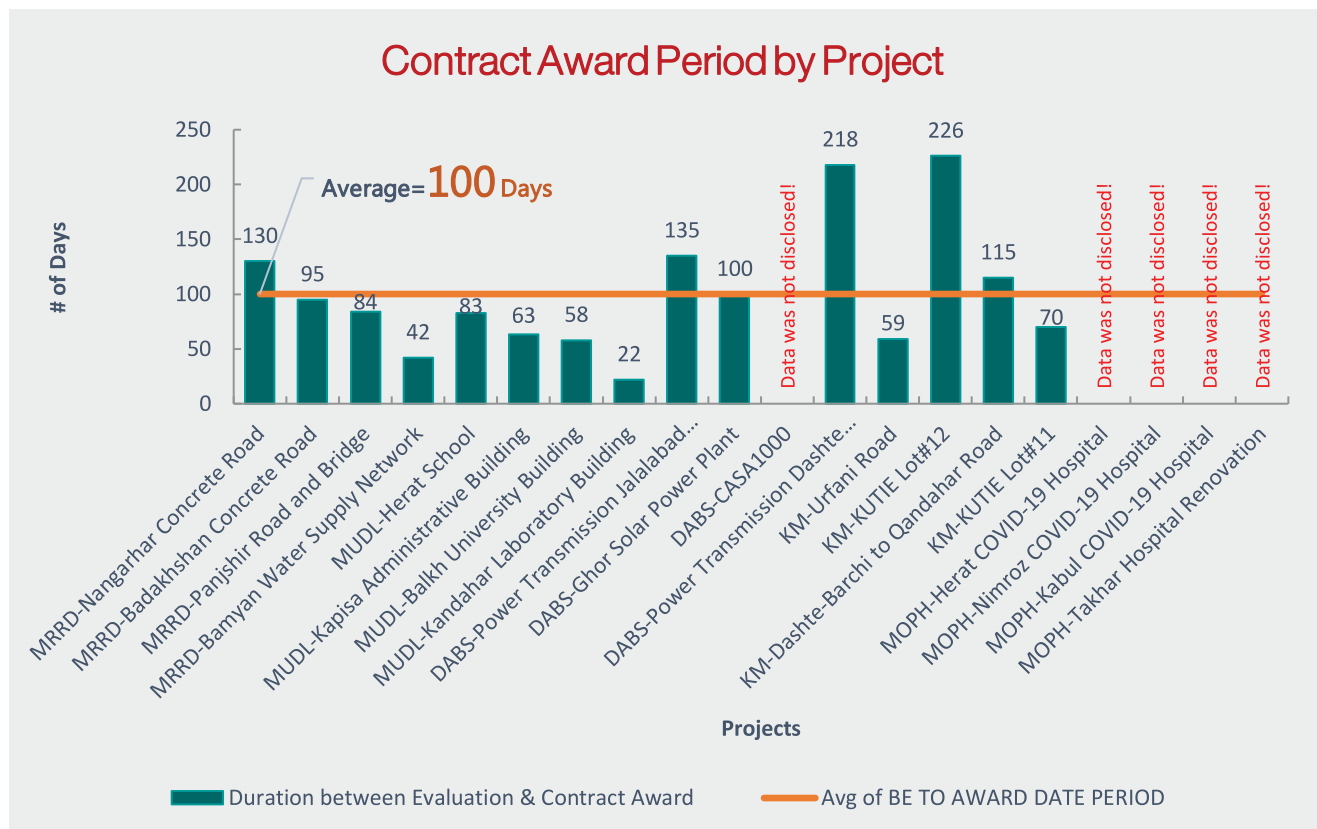


Figure 12: Project-specific contract award period

3.3.4. Contract Start Period

In accordance with the procurement procedure, the PE shall give contractor, through the issuance of Notice to Proceed (NTP), the right of access to, and possession of, all parts of the project site within the time (or times) stated in the contract²¹. This report found that the issuance of the NTP for most of the

²¹ National Procurement Authority, Standard Bidding Document for Procurement of Large Work, Clause 2.1 Right of Access to the Site, P.94

projects was quite time consuming which affected beginning of projects on-time and increased the risks and vulnerabilities to corruption. As per the interviews with procurement specialists, the contract physical work usually starts within 7–14 days after the contract is awarded however, the duration is decided in the contract by the PEs. As illustrated in Figure 13, all the KM projects, except the Urfani Road project, were issued the NTP within a short period after the contract award. The mentioned road project had its NTP issued 278 days or almost 10 months after the contract award.

The NTPs for MUDL projects were issued immediately after the award of the contract although the duration between the issuance of NTP and the contract award varied for MRRD projects ranging from 9 days for the Bamyan water supply project to 113 days for the Panjshir road and bridge project. The longest duration between contract award and actual commencing of the work was found for DABS projects i.e. the NTP for CASA-1000 was issued 467 days after the contract was awarded and this delay was mostly due to the specific terms and conditions in the contracts for NTP issuance which the PE, in this case DABS, could not fulfil within the projected timeframe.

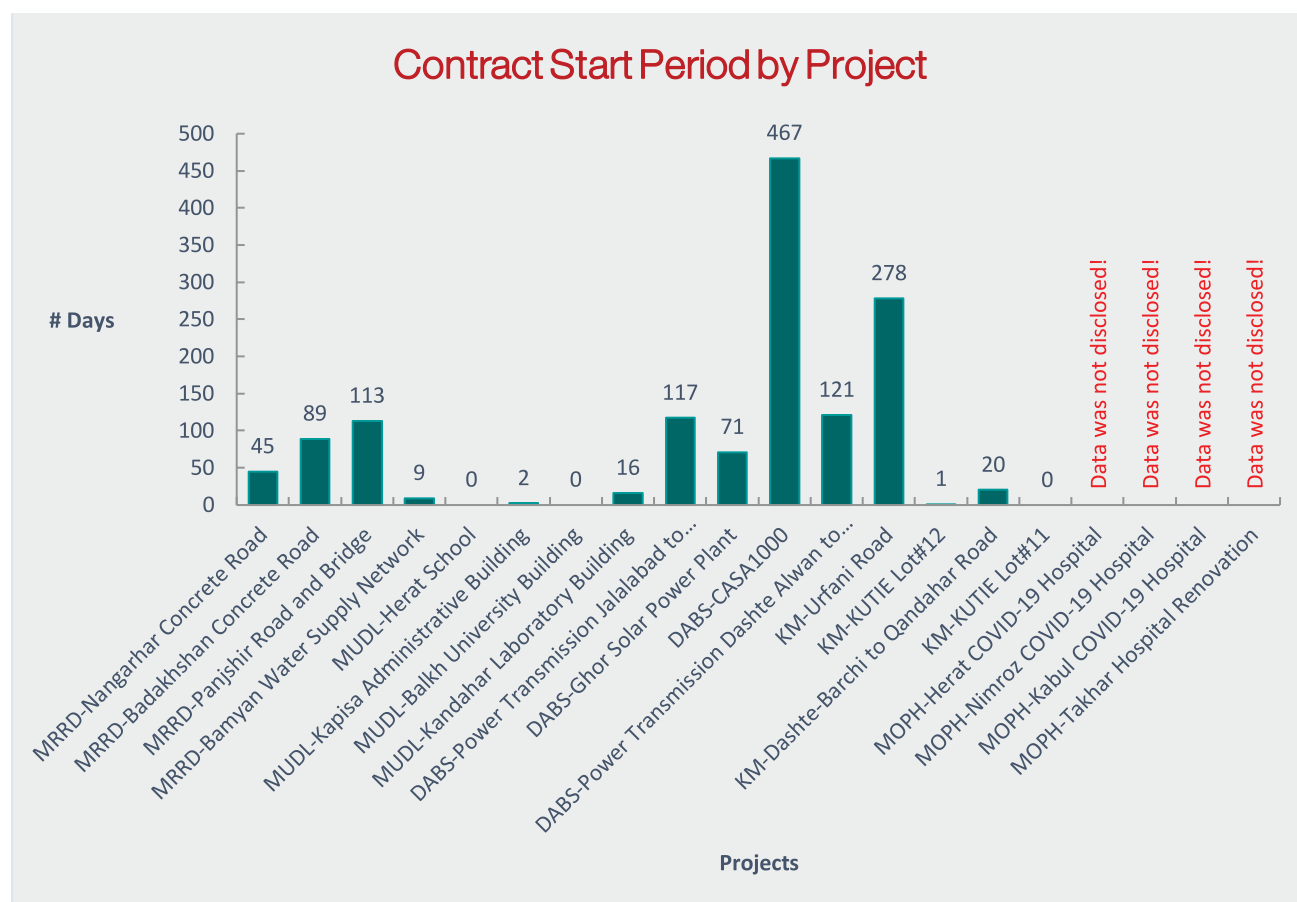


Figure 13 : Project-specific contract start period

3.4. Cost Estimation

Prior to commencement of the procurement of an infrastructure project, the PE performs an engineering or primary cost estimation during the project preparation stage. The primary cost estimation is the determinant of bid evaluation criteria such as “value of similar projects”, “annual turnover” and “financial capability” a qualified bidder should possess. This report observed that all the projects were overestimated compared to the cost they were awarded which are depicted in Figure 14, although it did not, in most cases, exceed the overestimation limit set in the procurement procedure²².

However, the consistent trend of such overestimation would not be free of any adverse effects on the level of bid competition since the higher the estimated cost the higher bid evaluation criteria would have to be. Among the projects, the variation between estimated and contracted costs differed from as low as 2% for the MRRD project of Badakhshan Concrete Road to 32% for MUDL Herat School project. However, this variation was negative as -0.1% only for DABS project of CASA – 1000.

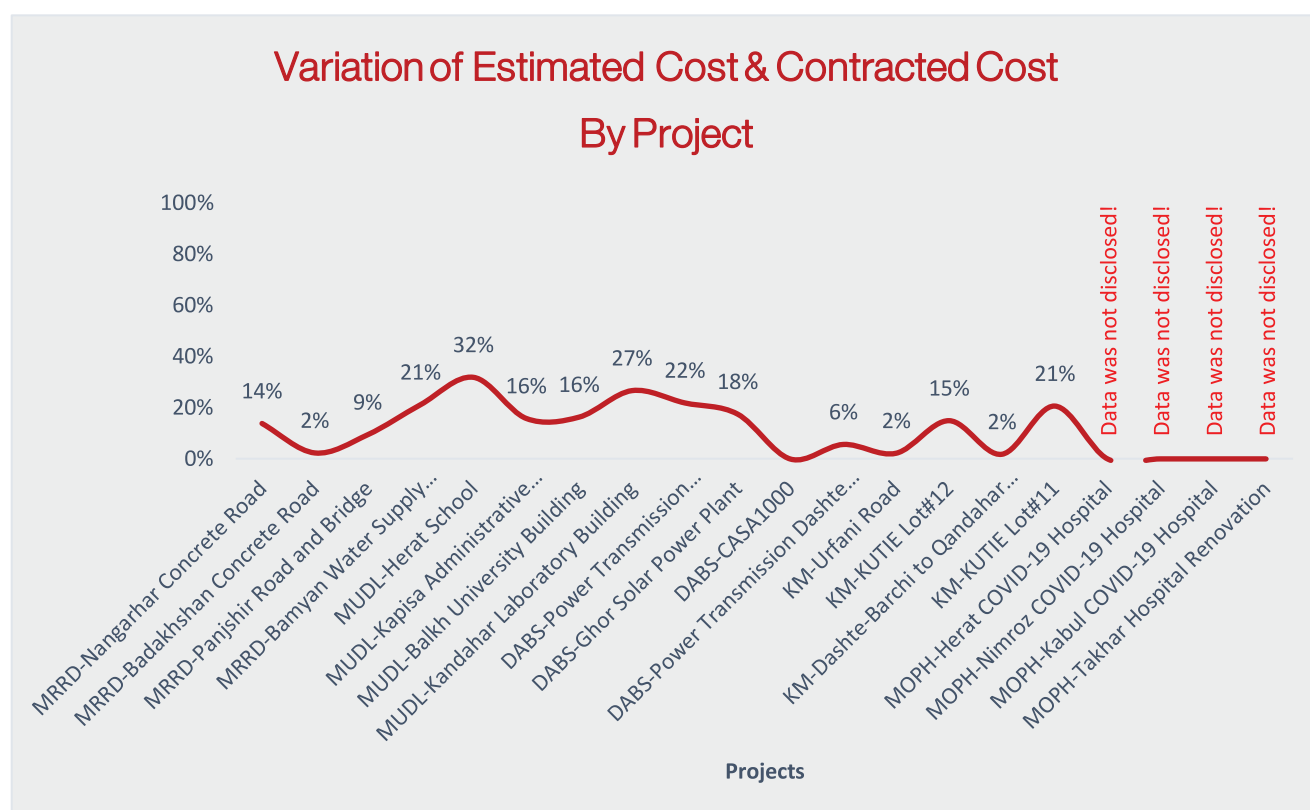


Figure 14 : Project-specific variation rate between estimated cost and contracted cost

²² Procurement regulation, Clause 3 under article 51, P.22.

Summary

Chapter 3 analyzed the trends and areas of concerns derived from 5 data points disclosed (as reactive disclosure) by PEs for each respective contract. The data points included the details of contract officials and roles, procurement method, tender documents, tender evaluation results and project design report. This report found that the level of bid competition was on average 6 bids per project which in comparison to the previous assurance report shows a 33% increment. Yet, considering the participation level of 37% in bidding process, prolonged tendering duration and strict bid evaluation criterion which among other reasons may contribute to discouraging potential bidders to not submit bids for the received bid documents.

The second factor analyzed was the tendering duration as a marker of how far the tender has been efficiently and rightfully processed so the contract can be initiated on-time and the vulnerabilities and risks to corruption are minimized. The average tendering duration for the 20 projects was 205 days which shows a slight improvement and a decline by 131 days compared to the previous assurance report. Bid evaluation as one of the overall tendering processes lasted within the range of best case practice which is under 30 days for the MUDL projects while most of the bids of DABS projects were evaluated in the range of worst case practice which is up to 60 days and beyond.

Another factor in the tendering processes which was the identified prolonged duration between the bid evaluation completion to contract award. The delayed period in the processes until contract award flags potential misuse and vulnerabilities to corruption by the PE and other middle-men which was on average 100 days. Among the PEs, MUDL projects on average spent the short period towards award contracts while DABS projects spent the longest period followed by KM and MRRD.

The last but not least element in the tendering processes which affected beginning of projects on-time and increased the risks and vulnerabilities to corruption was the issuance of the NTP, without which the contractor could not commence the physical work on site. The longest duration between issuance of NTP was found for DABS projects while MUDL projects were issued NTP immediately after the award of contract.

CHAPTER 4: CONTRACT MANAGEMENT



Assurance team members during a site visit
February 2021 – Panjshir, Afghanistan

Overview

Delays and increased costs are one of the most prominent global challenges towards completion of infrastructure projects. There are inevitable external factors in a project life cycle which adversely affect the duration and budget of projects. Fortunately, there are internal factors pertaining to the planning and management processes which can be influenced and ensure timely and within-budget project completion. This chapter discusses the state of time extensions, cost increment and payment delays in the selected infrastructure projects and how have they occurred.

4.1. Scope of Assessment

According to CoST, implementation is the second stage of a contract preceding the completion stage once the procurement stage is completed and a contract is awarded. The scope of contract management assessment in this report includes analyzing and processing the following data points to be provided by PEs (as reactive disclosure) in accordance to the CoST Afghanistan Disclosure Manual: 3 data points for contract implementation (contract agreement and conditions, registration and ownership of firms, specifications and drawings), 5 data points for contract completion (list of variations, changes, amendments, list of escalation, quality assurance reports, disbursement records or payment certificates and contract amendments) and 6 more data points for project completion (implementation progress reports, budget amendment decision, project completion report, project evaluation report, technical audit reports and financial audit reports).

The trends and areas of concerns identified in this report include analyzing delays in time, payments and increase in costs and modifications of each contract and discussing the overall areas of concern in the contract management processes.

4.2. Schedule Management

Delay in completion of infrastructure projects is a common global phenomenon therefore it has been reviewed consistently by CoST Afghanistan as a key indicator for schedule management. To find out a delay period, the end date agreed in a contract is weighed against the actual or expected end date of a contract. If the delay period is more than 1 day, the contract is considered time overrun.

As demonstrated in Figure 15, there was an average of a 45.7% time overrun noted in the selected infrastructure projects which in comparison to the second assurance report shows a 18.3% decline in delay period. Out of all the 16 projects which provided the requested data, 12 projects experienced time overruns and processed contract modifications for time extensions. The MUDL project in Kandahar recorded the highest time overrun with 197% and the MRRD project in Badakhshan enjoyed a time overrun of 5.6% which was the least among all the selected projects. Interestingly, the MRRD project in Panjshir was completed before the end date agreed in contract and therefore experienced no time overrun.

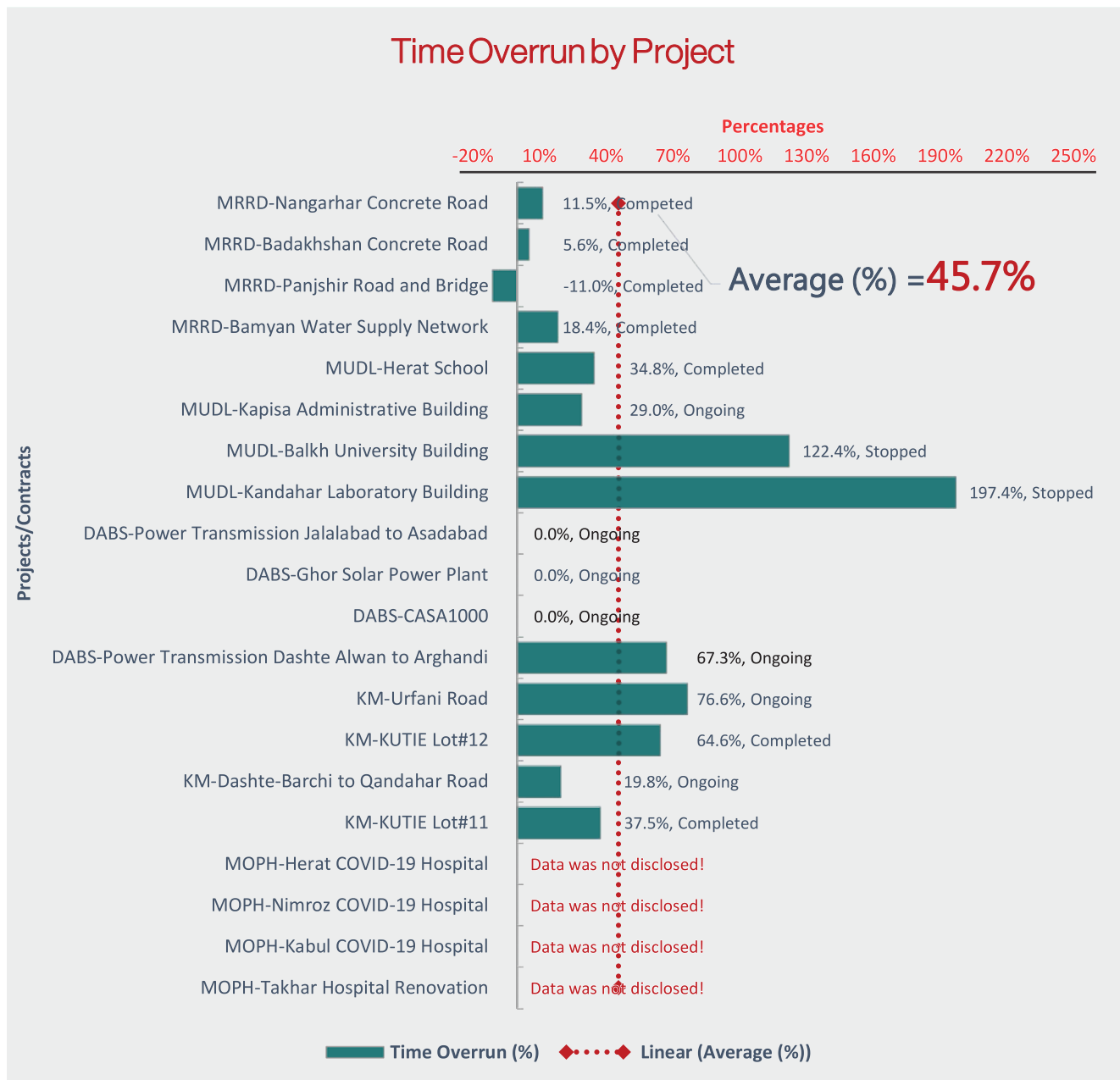


Figure 15 : Project-specific time overrun

Among the PEs, MUDL experienced an average 96% time overrun followed by KM, DABS and MRRD with 48.6%, 16.8%, 11.8% respectively. Figure 16 demonstrates the average time overrun rate by each PE. The assessment indicated that the top-5 reasons for time overruns in the selected infrastructure projects included changes in project scope, the rise of the Covid-19 pandemic, extreme weather conditions, challenges in land acquisition and resettlement and poor performance of the contractor. Although the possibility of a pandemic and weather conditions can hardly be predicted, however factors such as project

scope change, land acquisition disputes and common contractor constraints which have contributed to extensive and persistent time overruns among the PEs, without any distinction, are widely acknowledged and criticized.

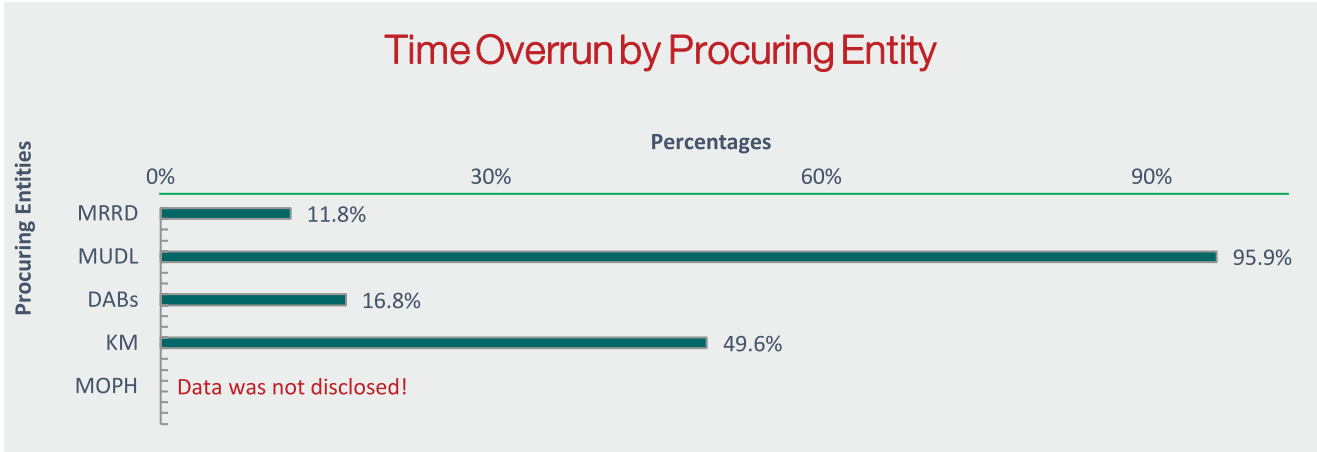


Figure 16 : PE-specific time overrun

4.3. Cost Management

Increased cost in completion of infrastructure projects is another common challenge faced across the world. Since the first assurance report, CoST Afghanistan has been evaluating cost increments and its surrounding factors as key markers of cost management in projects. Cost overrun occurs when unexpected costs that exceeds the agreed contract amount and is calculated by matching up the agreed

GOOD CASE PRACTICE

The KUTEI-funded projects of KM paid the contractor based on the unit price agreed in contract. Each invoice would be priced and verified for the amount of work measured in units rather than percentage of work.

contact cost to the actual or committed contract cost. CoST Afghanistan has found consistent cost overrun in infrastructure projects a factor increasing vulnerabilities to corruption and

mismanagement.

On average 10% cost overruns were reported in the selected infrastructure projects which is a 6.2% increase compared to the second assurance report. As illustrated in Figure 17, there were 5 newly started and stopped projects while 7 projects experienced cost overruns and processed contract modifications for cost extensions. The Dashte Alwan to Arghandi power transmission line project relating to DABS

recorded the highest costs overrun with 52% while none of the MRRD projects experienced a cost overrun, in fact their actual costs were decreased mainly due to decreasing the scope of projects.

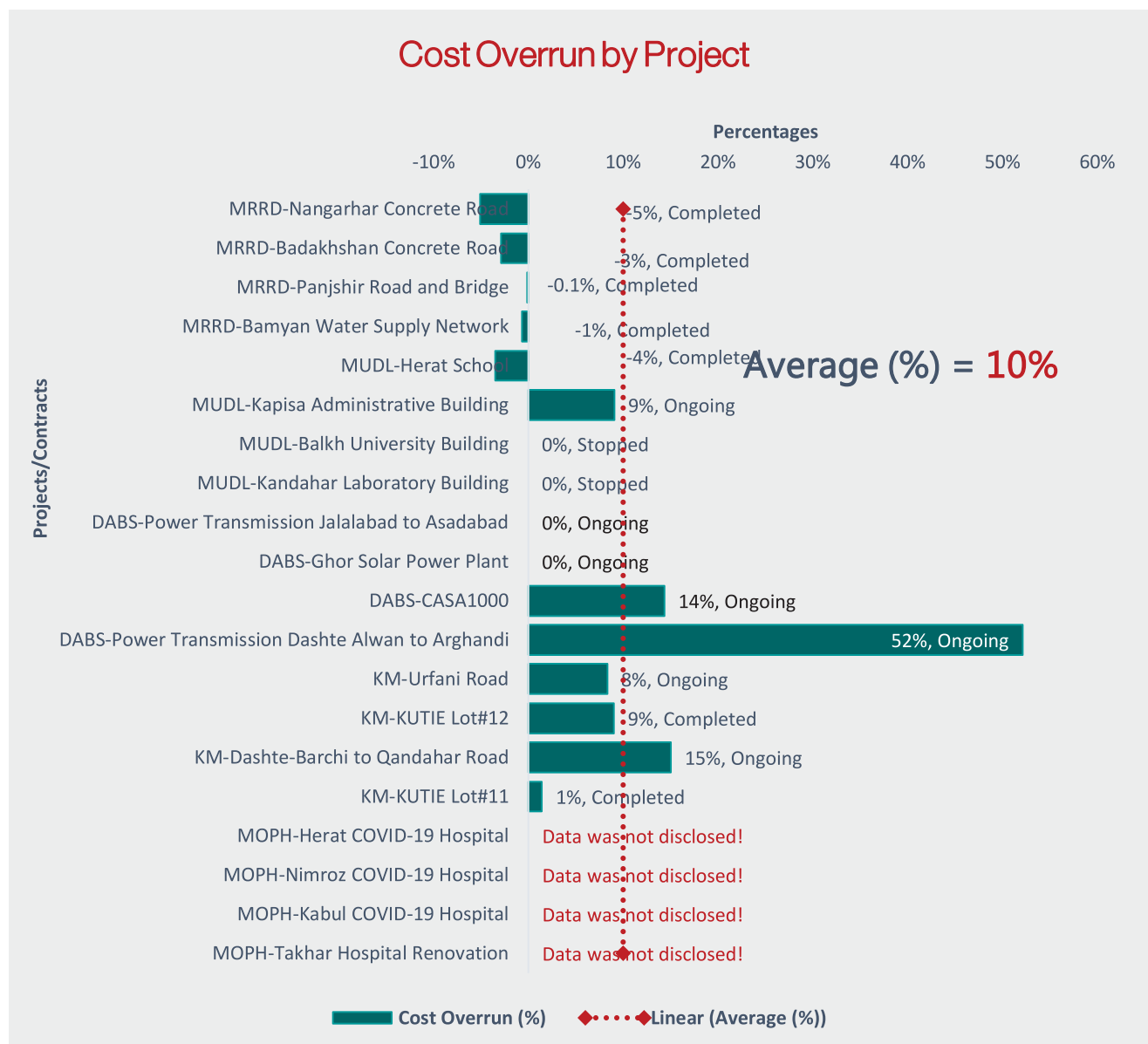


Figure 17: Project-specific cost overrun

All the PEs, except MRRD, experienced cost overruns where DABS with an average of 17% stood at the highest rate of cost overruns followed by KM and MUDL with 8% and 3%, respectively. Figure 18 depicts the average cost overrun rate by each PE. Costs overrun causes huge financial losses for the government. The top-3 reasons identified in the assessment for cost overruns in the selected infrastructure projects included changes in project scope, inaccurate and incomplete project survey and design and also recent changes made by government in the Business Receipt Tax (BRT).

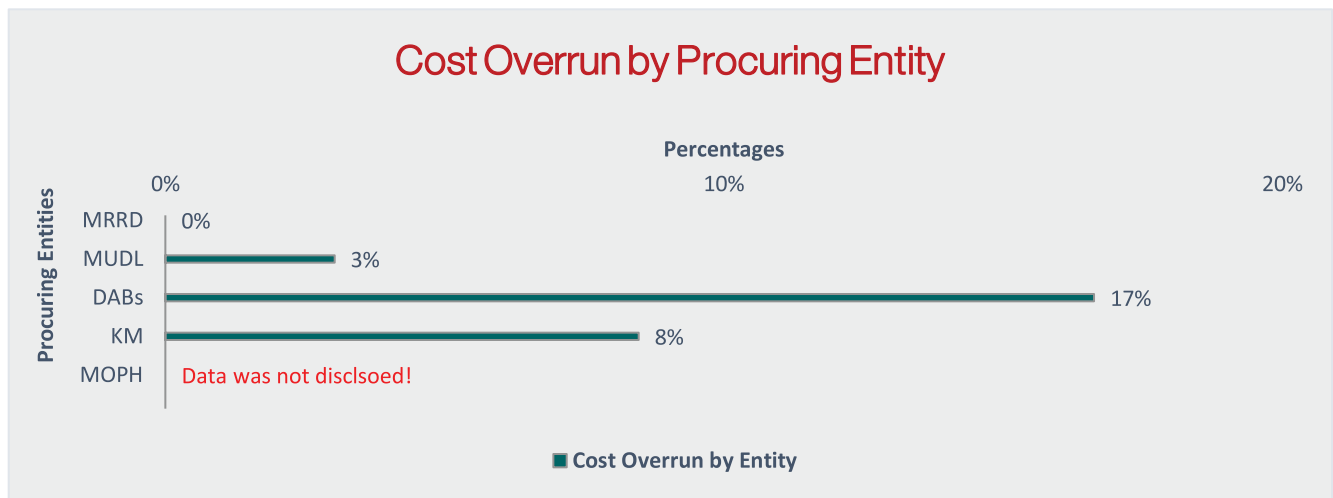


Figure 18: PE-based cost overrun

4.4. Modifications Management

Modifications to project scope and design are a de facto cause of time overruns and cost overruns in infrastructure projects. In this report, CoST Afghanistan reviewed modifications and changes made to the contracts of selected projects. Figure 19 categorizes the projects sustaining modifications and describe the types and frequency of modifications. 13 projects in different stages underwent several contractual modifications pertaining to time, cost and scope changes. A total of 16-time modification, 16-cost modifications and 15-scope modifications were noted in the selected projects. Analysis of the contract

GOOD CASE PRACTICE

The KUTEI-funded projects of KM performed daily inspection of the project activities while donor-funded projects of DABS carried out a regular Third-Party Monitoring (TPM) to allow verifying and monitoring of the completed works of the project in real-time.

modifications showed that the root causes of most of the time, cost and scope amendments in the selected projects lay in the identification and preparation stages of a project such as survey, design and technical specification.

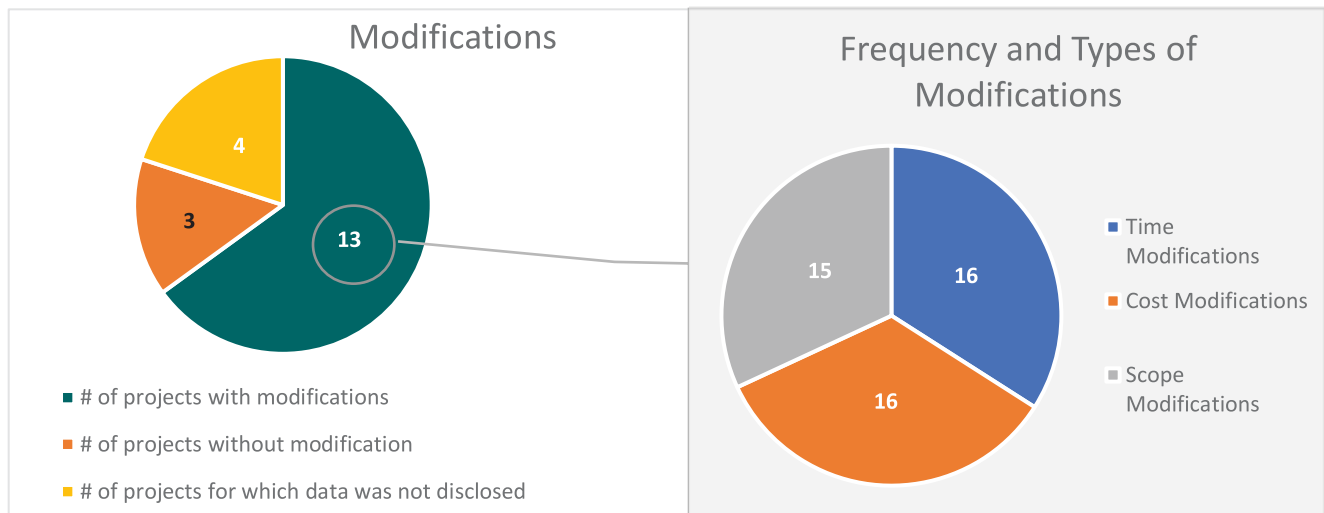


Figure 19: Overall number, frequency and type of modifications

4.5. Financial Management

Delays in payments to contractor have been reported by CoST Afghanistan previous assurance reports and private sector representatives for several years now. CoST Afghanistan could access the payments of a few contracts and interviewed some contractors and PEs of the selected projects for this report and found that delayed payments in 2 instances have led to suspension of projects. Based on the general terms of a public contract, the contractor should get paid within 28 days after submission of invoice. However, the private sector representatives claimed that the payment process of contracts takes on average between 3 to 5 months. CoST Afghanistan review of the available yet limited payment data of contracts also seconded this claim to a great extent.

Interviews with the PEs revealed that the unavailability of funds even for projects which have clear budgetary commitments from the government has delayed contract payments. This report found at least 2 projects which MoF could not pay on time despite having a committed fund in the respective National Budget. A more common reason, claimed by the PEs and private sector, for delays in payment to contractors was found to be verification of the claimed compensation and delays in the transaction by the MoF. Reviewing the procedures in-place for PEs to verify the invoices submitted by contractors also showed that the issuance of certificate of payments is a troublesome process and extremely vulnerable to corrupt practices. However, the scope of this report did not encompass to review the MoF process for payment proceedings to public contractors.

Summary

This chapter offered a review of the data points disclosed by the PEs related to contract implementation, contract completion and project completion stages. The mentioned data points allowed for studying the instances of exceeding an expected or allowed time and cost for a contract, referred as overrun. The overall rate of overrun was derived by calculating the average of differentials of agreed and actual figures (either duration or cost) of contracts of the selected projects. This report found that consistent overruns adversely affected the completion of projects and increased risks and vulnerabilities pertaining to corruption and mismanagement.

The overall rate of time overruns stood at 45.7% which showed an 18.3% decline comparison to the second assurance report. 12 projects processed contract time extensions where MUDL experienced an average 96% time overruns followed by KM, DABS and MUDL with 48.6%, 16.8% and 11.8%, respectively. Additionally, the overall rate of cost overruns was recorded as 10% which shows a 6.2% increase compared to the second assurance report. Only 7 projects processed contract cost increment because there were 5 newly started and stopped projects. DABS with an average of 17% stood at the highest rate of cost overruns followed by KM and MUDL with 8% and 3%, respectively, while MRRD did not experience any cost overruns at all.

This report also analyzed contract modifications which were made to alter the project scope, design, duration and cost. 13 projects at different stages underwent a total of 47 modifications, where 15 were only intended for re-scoping the contracts. Time overruns and cost overruns comprised equal number of modifications in the selected projects and significantly contributed to delay in delivery of public services and incurred financial losses to the government. The drivers of such overruns involved the outbreak of Covid19 pandemic, extreme weather conditions, challenges in land acquisition and resettlement, changes made by government in the Business Receipt Tax (BRT), delays in payment to contractors, changes to contract scope, inaccurate and incomplete project survey and design as well as poor performance of the contractors.

Furthermore, the limited payment data of contracts made available to CoST Afghanistan seconded the private sector representatives claims that the payment process of contracts takes on average between 3

to 5 months. Interviews with the PEs and private sector representatives concluded that unavailability of funds even for projects which have clear budgetary commitments from the government and the processes for payment certificate issuance by PE and payment proceeding by MoF, have been the principal causes of delays in payment to contractors. CoST Afghanistan could confirm that verifying the invoices submitted by contractors is a troublesome process and extremely vulnerable to corrupt practices. However, reviewing the MoF processes for payment proceeding was beyond the scope of this report.

CHAPTER 5: PROJECT CASE STUDIES



Assurance team members during a site visit
December 2020 – Balkh, Afghanistan

Overview

This chapter presents case studies on the infrastructure projects which were selected for reviewing the reactive data disclosure rate and specific analysis of their procurement and management processes. The case studies encompass the key information gathered from the project documents provided by the PEs as well as the interviews and visual observations performed by the AT. As mentioned in the methodology section under Chapter 1, the AT could only perform site visits to 10 projects and therefore the information gathered from desk research is provided for the rest of the projects.

5.1. Disclosed Projects

01. Construction of Medical Drugs and Products Quality Laboratory Building			
Owner	Ministry of Public Health (MoPH)	Contract Award Date	October 11, 2017
Implementer	Ministry of Urban Development and Land (MUDL)	Contract Number	MUDH/1396/126
Location	Kandahar	Contractor	Kohkan Construction Company
Engineering Estimation	AFN 119,463,510.0	Contract Amount	AFN 94,308,800.00
Procurement Method	National Competitive Bidding (NCB)	Contract Start Date	October 27, 2017
Bid Announcement	July 22, 2017	Contract End Date	December 21, 2018
Level of Bid Participation	44% ²³	Contract Status	Stopped
Proactive Data Disclosure Level	Not Disclosed	Physical Progress	31%
Reactive Data Disclosure Level	65%	Financial Progress	11%
Project Scope	1. Building construction works, 2. Building Heat, Ventilation and Air Conditioning (HVAC) system, 3. Building water supply and sewer system, 4. Building electricity works.		
Key Concerns: 1. 200% time overrun. 2. Contract expired without agreeing on time extension. 3. No clear plan for completion after 27 months of delay. 4. Poor project preparation (survey and design). 5. Poor communication and coordination between MUDL and contractor.			
The project work has been stopped due to disputes between MUDL and the contractor over the confirmation of completed work, approval of change orders and contract payments. Exchange of letters between the parties showed the contractor claiming that its request for modification of a total of 29 items in project design was not responded clearly and timely by MUDL. MUDL, on the other hand, argued lack of work progress by the contractor. MUDL provincial officials, in wake of the continuous delays by the contractor, had also requested termination of the contract.			

²³ 4 bidders participated out of 9 bidders which received bid documents

The MUDL provincial officials in Kandahar listed poor financial capability of the contractor, long bureaucratic procedures for processing change orders and contract payments as the reasons for delays in the project completion. In between the mentioned disputes, the contract ended without agreeing on a time extension during its validity period and according to the contract terms no extension is possible anymore.



The assurance team member project site visit

Assurance Team discussing the project with provincial engineer

02. Construction of Balkh Medical University Building

Owner	Ministry of Higher Education (MoHE)	Contract Award Date	December 04, 2017
Implementer	Ministry of Urban Development and Land (MUDL)	Contract Number	MUDH/1396/172
Location	Balkh	Contractor	Kohkan Construction Company
Engineering Estimation	AFN 134,171,689.9	Contract Amount	AFN 115,351,786.4
Procurement Method	National Competitive Bidding (NCB)	Contract Start Date	December 13, 2017
Bid Announcement	August 29, 2017	Contract End Date	June 06, 2019
Level of Bid Participation	33% ²⁴	Contract Status	Stopped
Proactive Data Disclosure Level	Not Disclosed	Physical Progress	33%
Reactive Data Disclosure Level	75%	Financial Progress	20%

²⁴ 6 bidders participated out of 18 bidders which received bid documents

Project Scope	1. Building construction works, 2. Building Heat, Ventilation and Air Conditioning (HVAC) system, 3. Building water supply and sewer system, 4. Building electricity works.
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Key Concerns:

1. 123% time overrun.
2. Contract expired without agreeing on time extension.
3. No clear plan for completion after 20 months of delay.
4. Poor communication and coordination between MUDL and contractor.
5. Poor site management in-particular material storage.

The project work has been stopped due to disputes between MUDL and the contractor over the confirmation of completed work and contract payments. Interview with the contractor representative on the project site revealed that delays in processing of payments has caused delays in contract completion and eventually contract expiration. Exchange of letters between the parties showed that the contractor claims the second payment to have been processed within five months of the submission of invoice contradicting the contract terms which require MUDL to process the payment by confirming the claimed work within one month of invoice submission. MUDL, on the other hand, argued the amount of work claimed by the contractor for payment.

The MUDL provincial officials listed poor financial capability of the contractor and long bureaucratic procedures for processing contract payments as the reasons for delay in project completion which led to current impasse. In between the mentioned disputes, the contract ended without agreeing on a time extension during its validity period and according to the contract terms no extension is possible anymore.



The assurance team members at project site visit



Poor safety and storage of materials at project site

03. Construction of Kapisa Administrative Building

Owner	Independent Directorate of Local Governance (IDLG)	Contract Award Date	January 27, 2019
Implementer	Ministry of Urban Development and Land (MUDL)	Contract Number	MUDH/1397/W-457
Location	Kapisa	Contractor	Nawi Kohistan Construction and Road Company

Engineering Estimated Cost	AFN 37,825,812.5	Contract Amount	AFN 32,664,950.0
Procurement Method	National Competitive Bidding (NCB)	Contract Start Date	January 29, 2019
Bid Announcement	September 23, 2018	Contract End Date	September 26, 2020
Level of Bid Participation	57% ²⁵	Contract Status	Ongoing
Proactive Data Disclosure Level	Not Disclosed	Physical Progress	90%
Reactive Data Disclosure Level	83%	Financial Progress	79.16%
Project Scope	1. Building construction works, 2. Building Heat, Ventilation and Air Conditioning (HVAC) system, 4. Construction of water well and septic tank, 5. Building water supply and sewer systems, 6. Building electricity works.		
Key Concerns: 1. 29% time overrun. 2. 9% cost overrun. 3. Poor project preparation (survey and design). 4. Delay in contract payments.			
The project had two modifications which led to both extension of duration and increased cost of the contract. As a result of delayed access of contractor to the project site, changes in the GPS coordinates of the project location, variations in drawings and specification as well as late proceeding of second payment to the contractor, the contract completion date was revised to March 21, 2021. Moreover, due to modification of the scope of contract for including additional work and addressing errors in the survey and design of project the contract cost was increased to AFN 35,634,790.0.			

²⁵ 8 bids participated out of 14 bids documents distributed

04. Construction of 24 Classroom Fatha Girls High School with all Equipment in District 5 of Herat Province

Owner	Ministry of Education (MoE)	Contract Award Date	February 16, 2019
Implementer	Ministry of Urban Development and Land (MUDL)	Contract Number	MUDH/1397/W-218
Location	Herat	Contractor	Phoenix Development Construction Company
Engineering Estimation	AFN 35,822,220.8	Contract Amount	AFN 27,164,939.0
Procurement Method	National Competitive Bidding (NCB)	Contract Start Date	February 16, 2019
Bid Announcement	September 08, 2018	Contract End Date	August 09, 2020
Level of Bid Participation	50% ²⁶	Contract Status	Completed
Proactive Data Disclosure Level	Not Disclosed	Physical Progress	100%
Reactive Data Disclosure Level	72%	Financial Progress	100%
Project Scope	1. Building construction works, 2. Construction of 5-cubic meter water reservoir, 3. Construction of water well 4. Building water supply system, 4. Building electricity works.		

Key Concerns:

1. Delay in commencing the contract.
2. 35% time overrun.
3. Improper project preparation (survey and design)

Prior to the beginning of the construction works, the building was repositioned to a new location which was considered 'better' by the school management. An interview with the school principal and observations from the project site revealed that the constructed building cannot accommodate all the students and there are still several classes held in tents and over-crowded classrooms. The constructed building design did not include any toilets, laboratory room, gymnasium and sufficient administrative rooms. In addition, the school is located in a noisy

²⁶ 6 bidders participated out of 12 bidders which received bid documents

neighborhood and the installed windows are not designed to prevent noise pollution which disturbs the classes in-sessions.

Moreover, the award of acceptance letter to the winning bidder took 75 days (two and half months) which should normally not exceed one month. The project had two modifications which extended the contract completion date to February 13, 2021 due to the Covid-19 outbreak and changes in the project design. Upon completion, the project cost decreased to **AFN** 26,213,261.83 due to the activities de-scoped from the contract which led to a 4% cost underrun. Although, MUDL has issued the project completion certificate to the contractor, however the project is not officially handed over to MoE and school management for operation.



The assurance report team member during project site visit



Assurance Team discussing the project with provincial engineer and school manager

05. Water Supply Network Construction in Shahidan Village of Bamyan Capital Center

Owner	Ministry of Rural Rehabilitation and Development (MRRD)	Contract Award Date	August 27, 2019
Implementer	Ministry of Rural Rehabilitation and Development (MRRD)	Contract Number	MRRD-175/WATSIP-52/MOF-72/BMY/98
Location	Bamyan	Contractor	Khoshnam Khorasan Construction Company
Engineering Estimation	AFN 55,592,142.0	Contract Amount	AFN 45,875,663.0
Procurement Method	National Competitive Bidding (NCB)	Contract Start Date	September 05, 2019
Bid Announcement	April 08, 2019	Contract End Date	September 04, 2020
Level of Bid Participation	45% ²⁷	Contract Status	Completed
Proactive Data Disclosure Level	36%	Physical Progress	100%

²⁷ 10 bidders participated out of 22 bidders which received bid documents

Reactive Data Disclosure Level	90%	Financial Progress	100%
Project Scope	1. Preparation of the site, 2. Provision of site laboratory for testing materials, 3. Construction of water spring (source) protection structures, 4. Collection (spring) box structures, 5. Construction of Break Pressure Tank (BPT), 6. Construction of 130-cubic meter water reservoir, 7. Provision of pipes and fittings.		
Key Concerns: 1. 18.4% time overrun. 2. Bid evaluation conducted beyond 30 days, and no justification found in regards.			
This contract was awarded to the second lowest bidder though, the first lowest bidder could save up to AFN 14,249,394.14 but did not meet the similar project requirement set by the PE. The contract completion date was extended to December 04, 2020 due to outbreak of Covid–19 pandemic, cold weather condition and social problems, however, it was completed almost one week earlier on November 10, 2020. In addition, the contract cost was decreased to AFN 45,564,183.0 due to de-scoping of the contract.			

06. Construction of 2.37 KM Asphalt Surface Road and Drainage Structure from Kabul-Nangarhar Main Road to Mayobeen Complex, Behsud District, Nangarhar Province

Owner	Ministry of Rural Rehabilitation and Development (MRRD)	Contractor	Sangar Niazi Construction Company and Ural Construction Materials Company J V
Implementer	Ministry of Rural Rehabilitation and Development (MRRD)	Contract Amount	AFN 35,599,400.0
Location	Nangarhar	Contract Start Date	July 27, 2019
Engineering Estimation	AFN 40,525,490.0	Contract End Date	March 26, 2020
Procurement Method	National Competitive Bidding (NCB)	Contract Status	Completed
Bid Announcement	October 13, 2018	Physical Progress	100%
Level of Bid Participation	80% ²⁸	Financial Progress	100%

²⁸ 8 bidders participated out of 10 bidders which received bid documents

Contract Award Date	June 12, 2019	Proactive Data Disclosure Level	36%
Contract Number	RRD/MOF/NRAP/KBL/PJR/157/C2/001	Reactive Data Disclosure Level	78%

Key Concerns:

1. There is a 45 – days' time gap between contract award and actual start date. Usually, the work should be started immediately after awarding the contract.
2. It took 130 days to award the contract after completion of evaluation process, which should not normally exceed one month.
3. 11.5% delays in contract completion period.
4. 5% contract underrun due to scope changes.
5. The tendering process took 242 days (8 month) while best on good practices, it should not exceed 4 months.
6. Project scope was changed throughout the project due to error in survey and designs, but the changes were not documented and did not have formal amendments.

The project scope includes the following sections: 1. Site preparation, clearance and drainage, 2. Earth Works and gravel wearing course, 3. Pavement works, 4. Bituminous Surface Sealing Works, 5. Installing traffic signs, 6. Drainage structure work.

The contract was awarded to the 3rd lowest price bidder. Both the first and second lowest price bidders did not meet the bid evaluation criterions. The first lowest price bidder proposed a sub-contract as similar project that meet the requirement of contract condition in term of cost proportion but it was not accepted because there was a restricted contract condition that the similar project should be the same in terms of complexity, extent and nature therefore the sub-contract was not accepted as similar project. The first lowest bidder also did not meet the annual turnover criteria that was set in the contract condition. The second lowest bidder has met all the requirement but missed the financial declaration. Finally, the project awarded to the 3rd lowest bidder.

The contract physical work has been completed on April 23, 2020, one month later from due date, and therefore, the contractor was fined for this purpose. In addition, the contract cost decreased to AFN 33,791,544.5 as of work decrements.



The assurance team member discussing about the project with beneficiaries



The Assurance team member during project site visit

07. Construction of 6.7 KM Concrete Road with Drainage Structures in Doabgi Mazar Markzi and Sarmoza, Baharak District, Badakhshan Province

Owner	Ministry of Rural Rehabilitation and Development (MRRD)	Contractor	Uzair Marakesh Construction Company
Implementer	Ministry of Rural Rehabilitation and Development (MRRD)	Contract Amount	AFN 91,147,975.0
Location	Badakhshan	Contract Start Date	June 10, 2019
Engineering Estimation	AFN 93,264,705.0	Contract End Date	August 12, 2020
Procurement Method	National Competitive Bidding (NCB)	Contract Status	Completed
Bid Announcement	July 14, 2018 and October 23, 2018	Physical Progress	100%
Level of Bid Participation	50% ²⁹	Financial Progress	100%
Contract Award Date	March 13, 2019	Proactive Data Disclosure Level	33%
Contract Number	RRD/MOF/NRAP/BKN/BKN/194/C2/001	Reactive Data Disclosure Level	84%

²⁹ 3 bidders participated out of 6 bidders which received bid documents

Key Concerns:

1. There is 95 days' time gap between end of evaluation and contract award date.
2. It took 89 days to issue the NTP after the contract award.
3. The contract is re-bided with no reasonable evidence.
4. 5.6% delays in contract completion duration.
5. 3% cost underrun due to scope changes.
6. Project scope was changed throughout the project due to error in survey and designs, but the changes were not documented and did not have formal amendments.
7. Challenges in the operation and maintenance of project.

The contract scope includes the following main sections: 1) 6.7 km road work including extension of the road subgrade, earthwork (cutting and filling), 2) Construction of 63 culverts, 3) 2768 Meters retaining walls, 4) 260 Meters stone masonry canals and 3193 Meters RCC side ditches along the road.

The project has been announced twice. On the first announcement, a total number of 14 construction firms received bid documents, however, only 4 bidders participated in the bid opening session. As a result, Uzair Marakesh Construction Company, the second lowest bidder with an offer of **AFN 89,857,495.0** was qualified in the bidding evaluation process. The first lowest bidder with an offer of **AFN 73,981,520.0**, which is **AFN 15,875,975.0** lower than the qualified bidder, met all the requirement except similar project, and therefore, identified as unqualified bidder. It proposed a gravel paved surface wearing course as similar project while it was unqualified as the contract condition required similar project (concrete paved road) with similar complexity and nature.

The bid evaluation report was submitted to the MRRD authorities for approval, yet it was rejected justifying that due to increasing transparency and national interest the contract should be re-announced. The AT did not find any reasonable justification or evidence for re-bidding of the contract, while it can be figured out that the bid evaluation criterions could negatively influence the value for money in selection the qualified bidder.

On the second round of bid announcement, only 6 construction firms received bid documents of which 3 bidders participated in the bid opening. As a result of bid evaluation, the contract was awarded to Uzair Marakesh Construction Company, the same previous qualified bidder. However, in this round, the contract price has been increased to **AFN 91,147,975.0**, around 2 Million AFN increase in cost of the project. This project requires further investigation as it's highly prone to corruption practices.

The contract schedule was modified to October 12, 2020 due to Covid – 19 outbreak and weather condition, although it has been completed and handed over to MRRD provincial directorate on September 05, 2020, one month ahead of the revised schedule. Besides, the contract completion cost is decreased to **AFN 88,540,216.9** as of de-scoping and work decrement caused as a result of error in survey and design of project/contract.

Poor performance of community in term of project operation and maintenance was observed. Side ditches were filled with the wastes and banned the water flow which could damage the road bed where the water flow is blocked and it come over the road surface.



08. Construction of 51 M RCC Bridge Including 1.8 KM Gravel Road at Ashkashem Village of Khenj District of Panjshir Province			
<i>Owner</i>	Ministry of Rural Rehabilitation and Development (MRRD)	<i>Contractor</i>	Malik-e-Hajdar Road & Construction Company
<i>Implementer</i>	Ministry of Rural Rehabilitation and Development (MRRD)	<i>Contract Amount</i>	AFN 19,042,050.0
<i>Location</i>	Panjshir	<i>Contract Start Date</i>	August 25, 2019
<i>Engineering Estimation</i>	AFN 20,839,760.0	<i>Contract End Date</i>	May 15, 2020
<i>Procurement Method</i>	National Competitive Bidding (NCB)	<i>Contract Status</i>	Completed
<i>Bid Announcement</i>	November 10, 2018	<i>Physical Progress</i>	100%
<i>Level of Bid Participation</i>	61% ³⁰	<i>Financial Progress</i>	100%
<i>Contract Award Date</i>	May 04, 2019	<i>Proactive Data Disclosure Level</i>	29%
<i>Contract Number</i>	RRD/MOF/NRAP/KBL/PJR/157/C2/001	<i>Reactive Data Disclosure Level</i>	89%

³⁰ 3 bidders participated out of 6 bidders which received bid documents

Key Concerns:

1. The evaluation period took 49 days, while the AT did not access any documents justifying the reason for exceeding from normal duration of 30 days stated in procurement procedures.
2. The contract was signed 84 days (more than 3 months) later after end of evaluation process is completed.
3. Following the contract award, Issuance of NTP to the contractor has taken 113 calendar days (about 4 months), which is not a good practice.
4. The tendering process took 264 days, which normally should not exceed 120 days.
5. Poor community engagement and participation in implementation of the project.
6. Poor information flow between regional zone and MRRD provincial office.

The aim of the project is to construct 51 m RCC bridge (entails RCC Girders, RCC Deck Slab, Stone Masonry Abutments, Wing Walls, Protection Wall and Approach Road (Access Road)) along with 1.86 km gravel surfaced road (entails Cutting, Filling Subgrade Preparation) in Panjshir, Khenj district. The general scope of project includes following sections: 1. Site preparation, 2. Earth works and gravel wearing course, 3. Drainage structure work, 4. Structure supplementary work.

Interviews with the community showed a low level of community engagement and satisfaction with the implementation of project. The contractor handed over the project to MRRD provincial officials and regional zone authorities on April 16, 2020, one month ahead schedule without the presence of the community or members of CDC (Shura). Moreover, the project beneficiaries were not satisfied with the contractor performance in term of quality during the implementation stage and successful completion of project. Several sections of the road were partially damaged and local people claims that the contractor did not consider the thickness of gravel course and they even argue that no change was made to the previous road subgrade. In addition, errors in project survey caused missing of some structures in the design process. The river flows closed to the road and during the flooding seasons it can negatively affect the gravel road structure and might result to eradication of road bed in some sections due to non-consideration of Retaining walls and preventive measures.

Poor information flow between the provincial office, the relevant regional zone and the ministry was detected. Except from contract and drawings, no relevant data was found in the provincial directorate of Panjshir. Even the AT could not find any progress reports and project completion report with the provincial office. The provincial officials affirmed that they were not involved in the identification and preparation stages of the project and no data was shared with their units from the outlet except NTP and drawings. All the project data has been recorded in the regional zone in Parwan.



The assurance team member during site visit



The assurance team members checking project RFQ and project specification with the project site

09. Construction of Asphalt Road with Length of 2.2 Km and its Drainages, Lot #11 from Qala-e-Najarha Square to Chaharahe Sarwar Kayenat and Khwaja Bughra Squares

<i>Owner</i>	Kabul Municipality (KM)	<i>Contractor</i>	Conservable Construction and Faqir Mohammad Rahmani Construction (JV)
<i>Implementer</i>	Kabul Municipality	<i>Contract Amount</i>	AFN 211,963,483.0
<i>Location</i>	Kabul	<i>Contract Start Date</i>	March 04, 2019
<i>Engineering Estimation</i>	AFN 255,709,947.0	<i>Contract End Date</i>	March 03, 2020
<i>Procurement Method</i>	National Competitive Bidding (NCB)	<i>Contract Status</i>	Completed
<i>Bid Announcement</i>	October 29, 2018	<i>Physical Progress</i>	100%
<i>Level of Bid Participation</i>	11% ³¹	<i>Financial Progress</i>	100%
<i>Contract Award Date</i>	9-Mar-2019	<i>Proactive Data Disclosure Level</i>	33%
<i>Contract Number</i>	NPA/KM/97/W-2303/NCB	<i>Reactive Data Disclosure Level</i>	86%

³¹ 5 bidders participated out of 47 bidders which received bid documents

Key Concerns:

1. Acceptance letter sent to the qualified bidder within 36 days following the contract award notification because of delays in submitting performance guarantee, tax verifications and communication between NPA and project owner.
2. 37.5% delays in contract completion duration.
3. 1% cost overrun.

The project is an asphalt surfaced wearing course which is designed and implemented by Kabul Urban Transport Efficiency Improvement (KUTEI) Department of Kabul Municipality and the fund provided by the World Bank through the Afghanistan Reconstruction Trust Fund (ARTF). Project scope encompass the following sections1. Site works and earth works, 2. Drainages works, Culverts, Footpaths and Kerbs, 3. Supply and place gratings with galvanized paint 4. Concrete structure works, 5. Road Works, 6. Proving and laying thermoplastic road marking 7. Traffic Signals, 8. Street Lighting, 9. Galvanized Steel Street Lighting Poles and 10. Relocation of Existing poles.

The contract received 4 modifications (two for time and two for cost). At the contractor's request, the contract schedule first was extended to June 26, 2020 because emerging underground utilities hindered the work in the road alignments, additional work, weather condition, consultative Loya Jirga, as well as national holidays, and it was then revised to July 26, 2020 due to Covid – 19 outbreaks. In the meantime, the contract cost was initially increased to **AFN 220,165,441.74** due to scope changes as a result of additional work and finally it was decreased to **AFN 215,061,984.27** because of work deductions and adjustments based on secondary estimation.

The project physical work was completed and officially handed over to the project owner in July 18, 2020, one week ahead from revised schedule.

10. Construction of 3.96 KM Asphalt Road (Lot 12) Road 8, Road 6, Road H, Road I

<i>Owner</i>	Kabul Municipality (KM)	<i>Contractor</i>	Cakir Yapi Construction & Road Construction Company
<i>Implementer</i>	Kabul Municipality	<i>Contract Amount</i>	AFN 288,465,920.0
<i>Location</i>	Kabul	<i>Contract Start Date</i>	March 01, 2019
<i>Engineering Estimation</i>	AFN 331,518,964.0	<i>Contract End Date</i>	February 28, 2020
<i>Procurement Method</i>	National Competitive Bidding (NCB)	<i>Contract Status</i>	Completed
<i>Bid Announcement</i>	April 25, 2018	<i>Physical Progress</i>	100%
<i>Level of Bid Participation</i>	4% ³²	<i>Financial Progress</i>	100%

³² 3 bidders participated out of 68 bidders which received bid documents

<i>Contract Award Date</i>	February 28, 2019	<i>Proactive Data Disclosure Level</i>	31%
<i>Contract Number</i>	NPA/KM/97/W-2098/NCB (KM/WB/KUTEI/W/012)	<i>Reactive Data Disclosure Level</i>	87%
Key Concerns: 1. Acceptance letter sent to the qualified bidder within 195 days following the contract award notification. 2. 64.6% delays in contract completion period. 3. 9% cost overrun. 4. The tendering duration took 309 days for this contract, which normally should not exceed 120 days. 5. There is a 225 days' time gap between end of evaluation and contract award. Which is not a good practice in terms of project management.			
The project is designed by Kabul Urban Transport Efficiency Improvement (KUTEI) Department of KM and the fund for this project was provided by the World Bank through the Afghanistan Reconstruction Trust Fund (ARTF) grants. Project scope encompasses the following sections: 1. Site works and earth works, 2. Drainages works, Culverts, Footpaths and Kerbs, 3. Supply and place gratings with galvanized paint 4. Concrete structure works, 5. Road Works, 6. Proving and laying thermoplastic road marking 7. Traffic Signals, 8. Street Lighting, 9. Galvanized Steel Street Lighting Poles and 10. Relocation of Existing poles. As a good practice, the bid documents were publicly disclosed on NPA website so as it led to massive bid distribution and 68 bidders received bid documents without paying any fees, however, only 3 bidders participated in the bid opening. Communication between NPA and PE on getting approval from NPC was time consuming and caused delays in Tendering process. On the first round, the NPC rejected the tendering of this project and instructed the division of project into lots to engage more domestic companies in the bidding, however, after a while the NPC approved the project to the first qualified bidder based on the evaluation process. The contract received 5 modifications (three for time and two for cost). At the contractor's request the contract schedule first was extended to June 30, 2020 because of emerging underground utilities hindered the work in the road alignments, scope changes due to additional work and errors in survey and design, weather condition as well as unexpected holidays, and it was then revised to August 20, 2020 due to Covid – 19 outbreaks and Kabul Quarantine and the final extension was extended to October 20, 2020 as a result of Covid – 19 pandemic, blocking the borders and harbor for importing facilities of project. In the meantime, the contract cost was initially increased to AFN 328,228,834.89 due to scope changes as a result of additional work and finally it has been decreased to AFN 314,572,476.93 because of work deductions and adjustments based on secondary estimation. The project physical work was completed and officially handed over to the project owner Kabul Municipality.			

11. Construction of 2.654 Km of Urfani Road in District 13, Kabul

<i>Owner</i>	Kabul Municipality	<i>Contractor</i>	Babur Nabat Construction Company
<i>Implementer</i>	Kabul Municipality	<i>Contract Amount</i>	AFN 250,751,820.85
<i>Location</i>	Kabul	<i>Contract Start Date</i>	June 01, 2020
<i>Engineering Estimation</i>	AFN 256,290,384.75	<i>Contract End Date</i>	March 02, 2021
<i>Procurement Method</i>	Limited Local Bidding (LLB)	<i>Contract Status</i>	Ongoing
<i>Bid Announcement</i>	January 06, 2019	<i>Physical Progress</i>	29.14%
<i>Level of Bid Participation</i>	80% ³³	<i>Financial Progress</i>	29.14%
<i>Contract Award Date</i>	August 28, 2019	<i>Proactive Data Disclosure Level</i>	31%
<i>Contract Number</i>	NPA/KM/98/W-2417/LLB	<i>Reactive Data Disclosure Level</i>	71%

Key Concerns:

1. The evaluation process took more than two months which does not comply with the procurement regulation. According to decree 38, section 2 of Afghanistan procurement regulation, the bid evaluation committee should evaluate the offers within maximum 30 working days and present evaluation report for approval unless the line minister could extend the period once for another 30 days if there are justifiable reasons. However, the evaluation of this project exceeds from 60 days.
2. The contract is awarded within 59 days after evaluation process.
3. The tendering duration took 234 days for this project, which exceeds the normal practice of 120 days.
4. The Notice to Proceed letter was issued 278 days later after contract award.
5. 76.6% delays in contract completion, while the project is still in progress.
6. 8% cost overrun, while the project is still in progress.
7. Errors in survey and design of project and poor coordination between stakeholders caused additional work and changes in project scope.
8. Poor traffic management and site safety during the project implementation.
9. Social concern and land acquisition have adversely affected project implementation.

The project scope includes following sections: 1. Earth work and clearing, 2. Road work, 3. Concrete and Masonry Work, 4. Sie-Ditch and Culverts, 5. Street Lighting, 6. Traffic Control Device, 7. Bus Stops and 8. Project Landscaping.

The National Procurement Commission (NPC) recommended utilizing the Limited Local Bidding procurement method for this project. This method limits the level of participation as few construction firms are invited for the

³³ 4 bidders participated out of 5 bidders which received bid documents

bidding process. It also decreases the level of bid openness and is used while the project is complex and could be procured through a few suppliers or urgent issues. The AT did not find any satisfactory evidence for choosing this method of procurement. The project is highly and adversely influenced by land acquisition resulting from lack of Land Acquisition and Settlement Plan (LARP) in the earlier stage of project preparation.

The PE (Kabul Municipality) started the project procurement proceeding without a predetermined Land Acquisition and Resettlement Plan (LARP) due to urgency and verbal instruction of the 2nd Vice President to start the project procurement. The challenges caused by the Land Acquisition and Resettlement Plan (LARP) in early stage of project preparation resulted in the contractor receiving the NTP almost 10 months later following the contract award. In addition, the letters exchanged between internal departments of Kabul Municipality indicates that LARP issues was not only resolved in the project preparation but also it still remained as challenge during the project implementation. Several letters were exchanged between the Monitoring Directorate and Land Acquisition Department to address the LARP. However, the affected people still stopped the contractor from implementing part of the project, connecting with company bridge in District #13. Through several letters, the contractor reported that they were treated by the affected people and therefore the work has been stopped.

The project received three modifications (1 for time and 2 for cost). The contractor has requested a time extension for 7 months due to LARP issues, changes in BOQ and weather condition which was approved by PE. Meanwhile, the project cost was increased by AFN 271,679,024.70 through two cost amendments worth **AFN 8,295,240.0** (Approved both by PE and National Procurement Commission) and **AFN 12,631,963.85** (Approved by PE and waiting for NPC approval) due to changes in the BoQ and design of the project which caused from incomplete survey. However, the project is still in progress and LARP issues were not completely resolved.



The assurance team members during site visit



The assurance team member discussing the project with project's engineers and workers

12. Additional Work of Dasht-e-Barchi Road “40 meters”

<i>Owner</i>	Kabul Municipality	<i>Contractor</i>	Nawin Hakim Zadeh and Mohammad Naeem's Sons Construction companies
<i>Implementer</i>	Kabul Municipality	<i>Contract Amount</i>	AFN 284,983,554.1
<i>Location</i>	Kabul	<i>Contract Start Date</i>	3-Jul-2019
<i>Engineering Estimation</i>	AFN 290,102,099.0	<i>Contract End Date</i>	14-Dec-20
<i>Procurement Method</i>	National Competitive Bidding (NCB)	<i>Contract Status</i>	Ongoing
<i>Bid Announcement</i>	September 02, 2018	<i>Physical Progress</i>	50%
<i>Level of Bid Participation</i>	14% ³⁴	<i>Financial Progress</i>	39.94%
<i>Contract Award Date</i>	June 13, 2019	<i>Proactive Data Disclosure Level</i>	31%
<i>Contract Number</i>	NPA/KM/97/W-2351/NCB/Re-bid	<i>Reactive Data Disclosure Level</i>	89%

Key Concerns:

1. The contract is re-bided due to high bid evaluation criteria.
2. The contract is awarded 115 days (4 month) later following the bid evaluation date.
3. The tendering duration 284 days (9.5 months), which exceeds the normal practice of 120 days.
4. 19.8% delay in contract completion duration, while the project is ongoing.
5. 15% cost overrun; (The cost amendment is under process and sent to NPC for approval)

The project scope encompasses the following sections: 1. Repairing works, 2. Earth work, 3. Drainage work, 4. Footbath, 5. Pavement work, 6. Electric Lights, 7. Marking and traffic sign, 8. Bus parking and 9. Planting

The slow performance of the contractor was reported. The PE sent several reminders even warnings to the construction company mentioning slow progress in project activities and requested to accelerate the construction work in order to meet the project deadline, however, the project has not been completed yet.

The contractor requested two modifications (1 for time and 1 for cost). As of contractor request, the project duration was revised to March 29, 2021 due to weather condition, Covid – 19, and unexpected holidays. However, the dispute between Joint Venture (JV) during the implementation of project was another reason for slow performance and of contractor which influenced the project duration. In the meantime, scope changes made in BOQ due to errors in survey and design of contract, increased the cost of price to **AFN** 327,855,283.87. While writing this report, this cost amendment was approved by KM and sent to NPC for approval.

³⁴ 8 bidders participated out of 57 bidders which received bid documents

Lower community engagement during the early stage of project preparation is one of the main reasons for the great changes in the scope of project. While expressing happiness with the construction of the additional Barchi 40 m road, the community complains that their needs were not properly considered in the design of project. They believe that construction of existing canal crossing along the road path and directing the floods and rainwater during rainfall, is not included in the project scope, which is needed. Otherwise there could be damage to lands and the new constructed road. The request for construction of 300m canal which is part of cost amendments was approved by PE and sent to NPC for approval.



The assurance team members during site visit



The assurance team member discussing about project with project's manager

13. 500 KV Transmission line from Dasht - Alwan (Pul-e-Khumri) to Arghande(Kabul)

<i>Owner</i>	Da Afghanistan Breshna Sherkat	<i>Contractor</i>	KPTL & RGM JV
<i>Implementer</i>	Da Afghanistan Breshna Sherkat	<i>Contract Amount</i>	USD 118,130,548.52
<i>Location</i>	Baghlan-Kabul	<i>Contract Start Date</i>	October 06, 2016
<i>Engineering Estimation</i>	USD 124,800,000.0	<i>Contract End Date</i>	October 05, 2019
<i>Procurement Method</i>	International Competitive Bidding (ICB), Single Stage Two Envelopes	<i>Contract Status</i>	Ongoing
<i>Bid Announcement</i>	December 17, 2014	<i>Physical Progress</i>	90.4%
<i>Level of Bid Participation</i>	23% ³⁵	<i>Financial Progress</i>	79.8%

³⁵ 6 bidders participated out of 26 bidders which received bid documents

<i>Contract Award Date</i>	June 07, 2016	<i>Proactive Data Disclosure Level</i>	Not Disclosed
<i>Contract Number</i>	DABS/015/ICB	<i>Reactive Data Disclosure Level</i>	95%

Key Concerns:

1. The evaluation process took 134 days; however, the project is procured in accordance to the ADB procurement law using single stage double envelopes method of procurement.
2. The contract was awarded 218 days (7 months) following the evaluation completion.
3. The tendering duration for this project took 538 days (Almost 18 months), which according to good practices it should not exceed 150 days.
4. NTP issued to contractor 112 days (3.5 months) later after contract award.
5. 67.3% delays in project completion period; however, it is still ongoing.
6. 52% cost overrun.

Using the fund provided by the Asian Development Bank (ADB), Da Afghanistan Breshna Sherkat is the executive agency for the implementation of 500 KV transmission line from Northern region (Dasht e Alwan) to Southern Region (Arghandi). The aim of this project is to provide an EHV link from Pul-e-Khumri to Kabul to initially overcome the potential deficit between power transmission capacity to Kabul and Kabul regional demand, provide additional security of supply to the Kabul region, and provide a potential transmission corridor for energy rich countries to export power to energy deficient neighboring countries via the Afghanistan transmission system.

The project scope is building of 500 kilovolt (kV) transmission line straddling 238 kilometers across the Hindukush mountain range from the northern town of Dasht e Alwan to Kabul (Arghandi) in the south through constructing 688 power towers and supplemental structures of which 367 towers will be located in Baghlan, 176 towers in Parwan and 145 towers in Kabul. It will include a substation connecting to the grid in the capital, Kabul. It will also complement a separate with 400 MVA 500 / 220 kV substation to be built in the north by ADB under its Energy Sector Development Program. The project is further expected to optimize the use of the existing gas supply and electricity distribution infrastructure South West) and associated 500/220 kV substations.

The project schedule and cost have been modified several times. The project schedule first revised to September 26, 2020 due to changes in project scope from changes in route and requests from single circuit to double circuit. The contractor then submitted another time extension due to the Covid – 19 outbreak, security and Land Acquisition and Resettlement Plan (LARP) issues which revised the project schedule to October 10, 2021. As of recent reports, the security, particularly in Baghlan, and serious LARP issues through the route are the main challenges for implementation of this project. Resolving LARP issues is one of the main responsibilities of the procuring entities which should be swiftly executed with the assistance of contractors, once the project route is defined. This could avoid delays in project completion duration thus any reluctance could stop the contractor's work and lead to huge delays in project completion. Meanwhile, the project cost revised 3 time and increased to USD 179,739,735.00. The first revision was made as of changing the project route and deviation of single circuit

to double circuit. The second cost amendment was due to changes in Business Receipt Tax (BRT) and the 3rd cost increment was made due to changes in 220 Kv soil class.

14. CASA1000 Transmission Line			
<i>Owner</i>	Da Afghanistan Breshna Sherkat	<i>Contractor(s)</i>	Lot#1=Kalpataru Power Transmission Limited (KPTL) Lot#2&3=KEC International Limited
<i>Implementer</i>	Da Afghanistan Breshna Sherkat	<i>Contracts Amount</i>	Lot#1= \$ 66,900,000.00 Lot#2= \$ 85,426,375.52 Lot#3= \$ 72,826,478.70
<i>Location</i>	Kunduz-Nangarhar	<i>Contract Start Date</i>	Lot#1= February 22, 2020 Lot#2= February 22, 2020 Lot#3= March 23, 2019
<i>Engineering Estimation</i>	USD 225,000,000.0	<i>Contract End Date</i>	Lot#1= February 22, 2023 Lot#2= February 22, 2023 Lot#3= March 23, 2022
<i>Procurement Method</i>	International Competitive Bidding (ICB)	<i>Contract Status</i>	Lot#1= Ongoing Lot#2= Ongoing Lot#3= Ongoing
<i>Bid Announcement</i>	October 24, 2014	<i>Physical Progress</i>	Lot#1= 78.88% Lot#2= 56% Lot#3= 62.28%
<i>Level of Bid Participation</i>	Not Disclosed	<i>Financial Progress</i>	Lot#1= 37% Lot#2= 42% Lot#3= 41%
<i>Contract Award Date</i>	December 11, 2017	<i>Proactive Data Disclosure Level</i>	Not Disclosed
<i>Contract Number(s)</i>	Lot#1 CASA1000/AFG/TL/TW03/LOT-3/CA/- Lot#2 CASA1000/AFG/TL/TW03/LOT-1/CA/- Lot#3	<i>Reactive Data Disclosure Level</i>	70%

	CASA1000/AFG/TL/TW03/LOT-2/CA/		
Key Concerns: 1. Social problem in particular land acquisition and resettlement is significant concern in implementation of CASA-1000 through the route in all three contracts. 2. Security is considered as a major hurdle during the implementation of project. The National Public Protection Force (NPPF) contract is not signed; however, it is pending due to DABS logistic contract services to be provided to NPPF. 3. Covid – 19 outbreak has challenged project progress in several cases. 4. Delay in proceeding payments were reported by all contractors as their main concerns.			
The financing agreement entered between the Ministry of Finance and Da Afghanistan Brishna Shirkat from Government of Afghanistan and International Development Assistant, Department of the World Bank on April 24, 2015 to support the Governments of Afghanistan, Pakistan, Kyrgyzstan and Republic of Tajikistan is known as the CASA Agreement and the CASA 1000 project. The main purpose of this project is electricity transmission and trade from Central Asia to South Asia. The project consists of the following parts, of which following parts are within the territory of Afghanistan and may be financed pursuant to this agreement: Part A. Construction of High Voltage Transmission Infrastructure 1. High Voltage DC Transmission Line. Construction of about 750 km of 500 kV high voltage DC overhead transmission line to interconnect the electricity network of Tajikistan from the Sangtuda converter station to the Pakistan network, at the Peshawar converter station, and the Afghanistan network at the Kabul converter station. 2. High Voltage DC Converter Stations. Engineering design, construction, and commissioning of three high voltage DC converter stations: (i) Sangtuda converter station (1,300 MW) in Tajikistan, (ii) Kabul converter station (300 MW) in Afghanistan, and (iii) Peshawar converter station (1,300 MW) in Pakistan, including specialized AC and DC equipment. Part B. Technical Assistance and Project Implementation Support 1. High Voltage DC and High Voltage AC Owner's Engineers. Provision of consultancy services of two owner's engineers for the high voltage DC and high voltage AC portions of the Project, including for third-party monitoring and supervision during construction. 2. Environment and Social Management Support. Strengthening of the Project Implementing Entity's capacity to develop and supervise environmental and social safeguards documents, including country-specific Environmental and Social Impact Assessments and Resettlement Action Plans. 3. Audits, Financial and Revenue Management. Carrying out of annual audits of the Project accounts in the four Participating Countries, of entity audits of the Project Implementing Entities where such audits are not			

financed from other sources, and supporting transparent financial management of revenues generated by the Project, including the implementation of a financial management improvement program.

4. Project Management Support. Provision of (i) Project management support to Project Implementing Entities, including procurement and contract management, financial management, monitoring and evaluation of Project performance and results as well as Incremental Operating Costs; (ii) training and capacity building focusing on High Voltage DC operations and maintenance, and power dispatch; and (iii) commercial and legal advisory services on the commercial transactions.

5. Coordination. Strengthening of the Inter-Governmental Council through financing of technical, commercial and legal services and Incremental Operating Costs.

6. Project Communications. Carrying out of communications campaign and information-sharing activities directed at relevant stakeholders, particularly communities, within the Project area.

7. Capacity Building. Building capacity of personnel of the Project Implementing Entity and relevant government officials in order to develop a regional electricity market. In addition to committed fund by IDA, the government of Afghanistan is able to attract more funds for the execution of the CASA – 1000 and one of the top off-budget projects in 2019 is CASA 1000 which is mentioned before.

Project Overview

The total length of the transmission line in the territory of Afghanistan is about 570 km and it requires the construction of about 1395 towers, in which 570 will be angel towers and the remaining 825 will be suspension towers. The average size of each tower footing will be 10m x 10m (100 square meters). The average height of each tower will be about 35m. The right of way (RoW) of the transmission line will be 50 to 60m wide. The CASA-1000 will pass through 35 districts in seven provinces, i.e., Kunduz, Baghlan, Kapisa, Panjshir, Kabul, Laghman and Nangarhar. The districts through which the transmission alignment is passing are Kunduz, Imam Sahib, Cardura and Ali Abad in Kunduz province; Baghlani Jadid, Burka, Dih Salah, Nahrin, Khwaja Hijran (Jelga) and Puli Hisar in Baghlan province; Anaba, Bazarak, Dara, Hissa-i-Awal (Khenj), Paryan, Rokha, and Shotul in Panjshir province; Hesa Awal Kohistan, Hesa Duwum Kohistan, Mahmud Raqi, Nijrab and Tagab in Kapisa province; Surobi in Kabul province; Mihtarlam and Qarghayi in Laghman province; and Jalalabad, Surkh Rod, Bihsud, Chaparhar, Rodat, Bati Kot, Kot, Shinwar, Momand Dara and Dur Baba in Nangarhar province.

The CASA-1000 has been divided into following three contract packages (called as 'Lots') for the construction purposes:

Lot 1: This section passes through two provinces (Kunduz and Baghlan) and its length is 108.577 km. It includes the construction of 122 angle towers and 180 suspension towers. The design and construction of Lot 1 have been allotted to M/s. Kalpataru Power Transmission Limited (KPTL), India under Engineering, Procurement and Construction (EPC) contract basis.

Lot 2: This section traverses through two provinces (Panjshir and Kapisa), and its length is 189.33 km. It consists of 266 angle towers and 323 suspension towers. The EPC Contractor for this Lot is M/s KEC International Limited, India.

Lot 3: This section traverses through three provinces (Kabul, Laghman, and Nangarhar) and its length is 183.167 km. It consists of 182 angle towers and 322 suspension towers. The EPC contractor for this Lot is M/s KEC International Limited, India.

The total construction period of the project is about 3 years. Construction of each tower requires about 8 days (4 days for foundation and 4 days for erection) per one gang (a group of 20 to 25 workers) and the contractor will mobilize 5 such gangs for each Lot.

The project data is scattered and no integrated data can be found in disclosure portals. The data belonging to this project is either not disclosed or it is inconsistent. None of the project contracts is linked with each other. While looking at disclosure portals, finding consistent data on which all the relevant contracts of CASA – 1000 are disclosed is not available and may be impossible to obtain. The data shows that the construction of project is divided into 3 lots, each is a single contract and additionally, it has supervision and many other contracts alike. However, it is impossible to access the project data and all its relevant contracts through a quick search. This limit the users from receiving a complete data and requires numerous searches for each contract. , Essentially it will not allow access to users for the project data at all.

The desk review findings shows that Land Acquisition and Resettlement Plan (LARP) is one of the major challenges and concerns for contractors during the implementation of CASA transmission line throughout the route of project. As of the latest report submitted on February 2021, only 54 LARP cases were report in Pule Akhin and Hazrat Sultan in Kunduz province, lot#1 route. A total of 60 locations are under the LARP issue which need to be resolved at the earliest opportunity. “Our equipment’s such as Excavators, JCBs, Mixer machines along with 3 foundation teams are held up due to LARP issue in Kunduz Province”, the contractor reported. Furthermore, the contractor requested DABS to clear Land Acquisition and Resettlement Plan Issue at 216 locations in Baghlan Province which is under Private land. Similarly, in lot#2, it was reported that the construction activities at Kapisa had been stopped due to social Issues. Social issues are the biggest constraint in the Lot-2-line route, the lands have been categorized as government land by Arazi while the local people are claiming that these lands are their private property and hence, these social issues continue to delay the project work. The recent report from lot#3 also confirms the LARP issue in the project route. Several LARP issues were reported in 6 different sections throughout the project route that delayed the construction of foundations From May 2020. The LARP issues could greatly challenge the project implementation and stop the work progress until the issues which affect the project completion date are resolved.

The contractors were not paid in accordance with contract conditions. Delays in payments to contractors was reported as a main challenge for contractors. It has been mentioned that on an average it takes approx. 100 days to process payment after submission of an invoice. The contractor of lot#1 was concerned that a total of USD 9.3

million payments are overdue and stuck at various stages.³⁶ In addition, the same challenge is with lot#3, the contractor claimed that the first construction invoice had been submitted to DABS in November 2020, however it had not yet been paid (February 28, 2021).

As of February 2021, the project is ongoing and has not received any time modification in the 3 contracts, but the data shows if LARP concern are not resolved quickly, it could delay the project implementation. On the other hand, due to increases in the amount of taxes and duties, the contract costs have been increased to \$78,660,563.00 in lot#1, \$96,561,557.79 in lot#2 and \$82,282,950.02 in lot#2 respectively.

15. Design, Supply and Installation of 5 MW Hybrid Solar PV Power Plant at Ghor Province

<i>Owner</i>	Da Afghanistan Breshna Sherkat	<i>Contractor</i>	Shuangdeng Group Co. Ltd
<i>Implementer</i>	Da Afghanistan Breshna Sherkat	<i>Contract Amount</i>	USD 10,800,000.0
<i>Location</i>	Ghor	<i>Contract Start Date</i>	April 07, 2019
<i>Engineering Estimation</i>	USD 12,690,283.0	<i>Contract End Date</i>	March 31, 2021
<i>Procurement Method</i>	International Competitive Bidding (ICB)	<i>Contract Status</i>	Suspended
<i>Bid Announcement</i>	May 24, 2018	<i>Physical Progress</i>	2.5%
<i>Level of Bid Participation</i>	4% ³⁷	<i>Financial Progress</i>	12.5%
<i>Contract Award Date</i>	January 26, 2019	<i>Proactive Data Disclosure Level</i>	36%
<i>Contract Number</i>	NPA/MEW/97/W-2067/ICB	<i>Reactive Data Disclosure Level</i>	95%

Key Concerns:

1. The acceptance letter was issued 56 days latter following the contract award notification.
2. Following the NPC approval, it took 54 day to award the contact.
3. The tendering process took 247 days.
4. NTP was issued 71 days later after the contract award.

The project scope includes design, supply and installation of 5 MW Hybrid Solar PV power plants. The Hybrid system allows the performance of the project on cloudy days as it connected to diesel generators. Along with other items, the project key deliverables included installation of 16667 Solar PV Modules, 91 Solar Inverter, 6667

³⁶ Monthly Progress Reports, Lot#1, February 2020.

³⁷ 3 bidders participated out of 77 bidders which received bid documents

Batteries, 3 Diesel Generators and 6 Transformers. The project duration was estimated at two years of which as part of the contract condition, the contractor is required for operation and maintenance work for the project for one year.

Following the issuance of NTP, the contractor submitted the project design to the former Ministry of Energy and Water (MEW) officials, however, it was rejected with some comments from MEW board of reviewers.

Incorporating the comments, 90% design of project was approved by the MEW technical board but during this time the MEW was dissolved & divided into independent authorities called the National Water Affairs Regulation Authority (NWARA) and the National Energy Service Authority (NESA) and the project was transferred to DABs.

The approved project design was not accepted by the DABs technical board and it was rejected with new comments. The final comments from DABs on the design of project was submitted in mid-February and it is still not approved (at the time of writing this report).

Although, the project did not officially receive any time modification, but looking at the project duration and its component, it can be clearly established that it is behind schedule by more than one year and an extension of time may be being processed or requested because the project was supposed to be completed within two years, one year for design, supply and installation and one year for system operation and maintenance until March 2021. Thus, neither the design is finalized nor is the operation and maintenance are undertaken yet. As part of the contract key activities such as 1. Project Mobilization 2. Geotechnical studies and 3. Topographical studies were completed.

16. Procurement of Plant, Design, Supply installation, testing and commissioning 220 KV double circuit transmission line Jalal Abad to Asad Abad

<i>Owner</i>	Da Afghanistan Breshna Sherkat	<i>Contractor</i>	Kalpataru Power Transmission Limited (KPTL)
<i>Implementer</i>	Da Afghanistan Breshna Sherkat	<i>Contract Amount</i>	USD 29,949,650.52
<i>Location</i>	Nangarhar-Kunar	<i>Contract Start Date</i>	September 03, 2020
<i>Engineering Estimation</i>	USD 36,498,328.0	<i>Contract End Date</i>	August 24, 2022
<i>Procurement Method</i>	International Competitive Bidding (ICB)	<i>Contract Status</i>	Ongoing
<i>Bid Announcement</i>	February 20, 2019	<i>Physical Progress</i>	10.49%
<i>Level of Bid Participation</i>	4% ³⁸	<i>Financial Progress</i>	20%

³⁸ 4 bidders participated out of 101 bidders which received bid documents

<i>Contract Award Date</i>	May 09, 2020	<i>Proactive Data Disclosure Level</i>	29%
<i>Contract Number</i>	NPA/DABS/97W/2297/OCB	<i>Reactive Data Disclosure Level</i>	94%

Key Concerns:

1. The contract evaluation took 179 days (6 months).
2. There is 135 days' (4.5 months) time gap between evaluation.
3. The tendering process took 444 days (15 months).
4. NTP issued 117 days (4 months) later following the contract award.

The project will extend the national grid into the eastern provinces with a population of nearly 2 million and will allow the evacuation of domestic generation as well as the extension of TUTAP power interconnection towards Pakistan. The said project is approximately a 95 km 220 kV double circuit transmission line with the capacity of 300 MW along the Jalalabad and Kunar highway which is financed by the Asian Development Bank (ADB). The contract scope includes the detailed design, manufacturing, delivery, installation and commissioning of the transmission line. It will be connected to the 220/20 kV Sheikh Mesri Substation which was previously proposed by the consultant in the first phase of this task in its southern end and to Kunar substation in its northern end. The precise location of transmission towers will be determined at the detailed design stage by the turnkey contractor and the average distance between two transmission towers ranges from 200 – 225 meters. Whilst the approximate number of towers considered for this transmission line is 383. This proposed transmission line and substation would provide significant value addition to:

- Evacuate power from Laghman photovoltaic solar project.
- Provide sustainable power to Kunar province
- Strengthens supplies from 100 MW NAGHLU HYDROPOWER PLANT, 20 MW solar park in Naghlu and 40 MW solar park at Nangarhar Industrial park, and enable grid stability by interconnection.

The project executive agency (DABS) in response to H.E President's inquiry about performance of the contractor in case of implementing other contracts with the government of Afghanistan clarified that the contractor has had already two contracts comprising of CASA – 1000 and Dasht e Alwan to Arghandi 500 kV transmission line in progress and which are both behind schedule. Therefore, DABS through sending an official letter requested the NPC to approve this contract on condition that the contact commits to complete and deliver the project on the due date and including that a "no extension is available" in the approval decree.

As of recent data from project officials, the project is under design and the construction physical work has not been started yet.

5.2. Non Disclosed Projects

In March 2020, the World Health Organization (WHO) declared the emergence of a pandemic due to a new contagious virus, Covid-19. The virus compelled governments around the world, including of Afghanistan, to take emergency measures for the safety of citizens and treatment of patients. The government of Afghanistan allocated a big chunk of the National Budget to address the economic and healthcare challenges which emerged as a result of the epidemic. An enormous amount of the Covid-19 emergency response fund was allocated to construction and reconstruction of hospitals and healthcare centers around the country.

The government, in accordance with the provisions of the procurement law for exceptional circumstances, utilized the emergency procurement practices for the construction and goods contracts of Covid-19 emergency response fund. The government has claimed to have spent millions on building, equipping and reconstructing healthcare centers under this fund using a procurement practice which is very prone to the risks of corruption, mismanagement and waste. Since the efficiency and integrity of the healthcare centers are central for saving lives during the on-going pandemic, this report reviewed 4 infrastructure projects related to Covid-19 emergency response fund in order to address public on current spending concerns and draw lessons for future emergency contracting.

The assurance team approached Ministry of Public Health (MoPH), as the owner of public healthcare infrastructure in the country, to access the procurement and contract documents of 4 infrastructure projects related to the Covid-19 emergency response fund. The MoPH formally made the excuse that the ministry was 'not involved' in the preparation, procurement or implementation of the mentioned projects and referred CoST Afghanistan request for data disclosure to the Operational Unit of the Administrative Office of President (AU-AOP). The assurance team using several channels and leverages for communication, including issuance of official letters from the MSG, exchange of several official emails and applying on www.askforinfo.af (the online public data portal of Access to Information Commission-AIC), requested the data of mentioned projects.

Unfortunately, the assurance team could not access the most basic data regarding the 4 infrastructure projects related to Covid-19 emergency response fund. CoST Afghanistan performed site visits to 2 of the mentioned projects, in coordination with MoPH, and collected data by holding interviews and making visual observations. The case studies of the 2 visited projects are presented as follow:

Construction of 200-Beds Hospital for CoVID-19 Patients in Herat Province

The information relating to 200-bed Covid – 19 hospitals has not been shared with the assurance team. Even the project information is not shared with the MoPH at the ministry level or the Directorate of PH at provincial level. Observations by the assurance team at the project site shows that the project is not functioning well. Damage was observed in several parts of the project. In addition, due to the mislocating of bathrooms, a polluted environment exists when the wind blows into the buildings. The entrance of hospital is also not functioning properly. Above all, the project includes only a building structure and even basic medical equipment was not included in the project scope.

Although the project is completed and operating, it has not been officially handed over to Directorate of Herat Public Health because they avoided to accept that the project was substantially and successfully completed and claimed that they expressed their concerns regarding the defects of project though sending an official letter.



The Herat COVID 19 hospital



The assurance team member discussing about COVID 19 project with hospital personal

Fundamental Repairs of a 100-Beds Hospital in Takhar Province

The project was undertaken under the provincial Covid – 19 committee formed during the pandemic and procured through this committee in the governor's office. The survey of this hospital was carried out in a short period of time due to the urgency of the matter, and then a significant part of the hospital buildings were not repaired due to errors in underestimating the quantity of work in BoQ. According to the hospital management, out of three existing buildings which were supposed to be repaired in the hospital campus only one of them was repaired. Due to poor engagement of the project owner in the project preparation stage, several importance facilities such as Heat, Ventilation and Air Conditioning systems, septic tank and some other hospital structures were excluded from the scope of the project.

The hospital does not have the necessary equipment. At first, the hospital was not able to perform Polymerase Chain Reaction (PCR) testing, and after several months, the equipment needed for this test was provided to by an NGO, Agha Khan's office. In the initial stages, all the samples taken were sent to the Kabul to identify the suspects and later the results were announced.

The hospital does not have access to active ventilators. There are two ventilators in Covid-19 Hospital and both are non-operational due to technical problems or because of not fulfilling Covid – 19 patients need. Some medical beds were procured in Kabul and sent to Takhar Province to equip Covid hospitals while the health officials stated that none of them are appropriate for Covid patient and they were distributed to district medical centers. Lack of medical equipment is one of the problems facing this hospital. “The hospital is facing a shortage of ambulances, patient monitors, X-rays, etc. Medical equipment that can meet the needs of patients. “ said Health Officials in Takhar”



The assurance team member during site visit in Takhar



The assurance team member discussing about COVID 19 project with hospital personal

CHAPTER 6: KEY FINDINGS AND RECOMMENDATIONS



Assurance team members interviewing private sector representatives
April 2021 – Kabul, Afghanistan

Overview

In accordance with the objectives of the assurance process, this report intends to highlight areas of concern in particular with high risks of corruption, mismanagement, misuse and waste of public funds. Accordingly, the assurance process for this report gathered, verified and analyzed the findings and inputs from all sources and categorized them under the broader themes. Every finding is coupled with at least one recommendation which is based on consultations with stakeholders and backed by a literature review and experience.

The findings offer a perspective on the progress made during this assurance process for this report compared to the previous Assurance Reports as well as international good practices and CoST standards. Each recommendation is supported by the fundamental justification and the expected outcome. The recommendations are designed SMART (Specific, Measurable, Achievable, Realistic and Time-based). In addition, the recommendations largely address policy-related matters which have a broad impact on various factors and findings in the middle and long-run.

In accordance with the research methodology, a consultation process will be conducted on the draft report which will allow all the stakeholders to provide feedback and ask for clarification on any part of the report, in particular on Chapter 6: Findings and Recommendations. The final report will be produced at the end of this process to ensure the recommendations are owned and justified by almost all the engaged parties.

Moreover, individual project-specific recommendations are provided under each project case study in Chapter 5. However, the provided recommendations are not the only solutions or issues to be addressed but may resolve some of the major challenges for completion of the project and lesson learned for future initiatives. The overall findings and recommendations of this report are presented in the following table.

Key Finding	Recommendation
6.1. Data Disclosure	
6.1.1. Proactive Data Disclosure	
AGEOPS has enabled volunteer (proactive) release of a huge bulk of data to the public. According to one estimate the data of more than 5000 contracts has been disclosed which is an unprecedented and possibly an initiator of ‘a data revolution in Afghanistan’. Nevertheless, the data of infrastructure projects disclosed by the PEs on AGEOPS on average matched only 32% of the CoST Afghanistan proactive disclosure requirements. This disclosure rate shows a slight decrease by 3.8% compared to the previous assurance report. The decrease in proactive disclosure rate in this report might be, among other reasons, due to lack of sufficient capacity at the PEs for data disclosure, lack of disclosure of project-level data as well as varied presentation of data on AGEOPS e.g. release of a document rather than a data point/field.	The government of Afghanistan committed to adopting the CoST data standards long ago in order to facilitate an increased and improved disclosure of infrastructure data. The public can use the disclosed data to provide feedback to the government on the strengths, weaknesses, opportunities and vulnerabilities in the infrastructure sector. Therefore, it is recommended that: 1. The PEs increase capacity for disclosing more and regular data of public infrastructure projects. 2. The NPA amends the public procurement regulations for conditioning procurement and contract management proceedings contingent on updated and accurate data disclosure by the PEs on AGEOPS. 3. Also, the NPA to release on AGEOPS the missing data points/fields required by of CoST Afghanistan Infrastructure Data Standard (IDS) for proactive data disclosure.
According to CoST, an infrastructure project is expected to comprise multiple contracts i.e. feasibility study, design, build, operation and maintenance. However, there is no such clear distinction between the concepts of a project and a contract in the Afghanistan procurement system. The PEs, and AGEOPS accordingly, disclose mainly contract-level infrastructure data, with a few voluntary project-level facts. Therefore, the proactively disclosed data of the PEs did not score	CoST considers a set of projects data and multiple sets of contract data, as appropriate, good enough to provide a complete, updated and consistent data package to the public. Given that OC4IDS is a more comprehensive data standard and supports scalable and effective disclosure of both project level and contract level data therefore, it is recommended that: 1. MoEc to lead, in collaboration with MoF, AOP, NPA and relevant legislative entities, the process of defining the concepts of a

Key Finding	Recommendation
against the CoST Afghanistan project-level data disclosure requirements.	project and a contract in accordance to OC4IDS. 2. NPA incorporates the OC4IDS data disclosure model on AGEOPS, in close coordination with relevant agencies.
6.1.2. Reactive Disclosure	
On average, the data disclosed by the PEs for the selected sample of infrastructure projects on AGEOPS matched 66% of the CoST Afghanistan reactive disclosure requirements. This disclosure rate shows an increase by 9% compared to the previous assurance report and demonstrates increased responsiveness and openness towards access to information requests. Meanwhile, the OU-AOP did not release any requested data of the four CoVID-19 emergency response infrastructure projects despite using various communication requests and leverages.	To improve the level of responsiveness and enhance accountability of the PEs, the AIC is recommended to regularly track the public requests for information and apply sanctions and legal proceeding on the procuring entities which are found not abiding by the laws and procedures for public data disclosure.
6.2. Procurement Management	
6.2.1 Bid Competition Level	
The overall bid competition level for the selected sample of infrastructure projects sits within the range of optimum bids to participate for a tender. On average 6 bid offers participated in the bidding process while 33 bid documents, on average, were distributed. This report shows a 33% increment in comparison to the previous assurance report which can be due to the initiatives undertaken by CoST Afghanistan, NPA and the PEs for improving and incentivizing public tendering yet the general shrinking of the off-budget infrastructure tenders and online availability of the bid documents by some PEs, among other reasons, might have contributed too.	Bid competition level gauges the public trust on the procurement process and whether value for money is increased therefore it is recommended that: 1. The PEs demonstrate some flexibility in the bid evaluation criterion for public infrastructure projects by replacing the “similar projects” requirement with “similar works” and increasing the duration of annual turnover from “5 years” to “10 years”. 2. The procurement law should make it mandatory for international firms to partner with local firms and specify a share of partnership in order to qualify local firms for

Key Finding	Recommendation
DABS projects distributed the most bid documents with an average of 68 followed by KM, MRRD and MUDL respectively. Most bids participated at MRRD projects with an average of 8 followed by MUDL, KM and at last DABS. On the other hand, the private sector representatives claimed that “prolonged tendering duration” and “strict bid evaluation criterion”, among other reasons, have “discouraged” potential local bidders from bidding for public projects. Project data available to the AT also suggested that some flexibility in the bid evaluation criterion would certainly boost local firms to bid for public projects.	tendering in the next bid opportunities and acquire the requisite expertise, especially in large and complex infrastructure projects i.e., dams, power transmission, national highways.
6.2.2 Tendering Process	
The average tendering duration for the selected sample of infrastructure projects was recorded as 205 days yet, this report shows a decline of 131 days compared to the previous assurance report. The DABS projects followed by KM and MRRD were involved with the most prolonged tendering process while MUDL projects experienced an optimal tendering process. The major reasons for lengthy tendering processes were noted as delays in the bid evaluation, contract award and contract start processes which, according to the representatives of the private sector, enables a conducive environment for corruption and makes the bid securities longer which discourages future bidders. 1. Most of the bids of DABS, MRRD and KM projects were evaluated beyond the optimum timeframe (up to 60 days or beyond) while MUDL projects were mostly	Tendering duration is a marker of how far the tender has been efficiently and rightfully processed so the contract can be initiated on-time and the vulnerabilities and risks to corruption are minimized. The electronic tendering approach, which is already launched by the NPA on the AGEOPS platform, can promote efficiency and fairness in the procurement of public infrastructure projects and improve private sector trust over public tendering. Therefore, it is recommended that: 1. The NPA expands e-tendering features and services across all the PEs, in-particular for public infrastructure projects. 2. The PEs to fully adopt the e-tendering approach for public infrastructure projects and, reduce delays in processing of bid evaluation, contract award and issuance of NTP.

Key Finding	Recommendation
evaluated within the optimum timeframe (up to 30 days). - The average delay period between the bid evaluation completion to contract award was 100 days. DABS projects followed by KM and MRRD spent the longest period. MUDL projects spent comparatively the shortest period in comparison. - The longest duration between contract award and issuance of the NTP was found for DABS projects followed by most of the projects of MRRD. All MUDL and KM projects, except one (Urfani Road Project), were issued the NTP immediately after the award of contract. The delay in DABS projects tendering processes is understandable because large power projects are of very special procurement nature and highly influenced by political and social circumstances. However, the delays in the rest of the projects are rooted in lengthy traditional bureaucratic procedures, among other reasons.	
6.2.3 Cost Estimation	
Almost all selected sample of infrastructure projects were estimated more than the contracted cost. The difference between estimated and contracted costs varied from 2% to 32% yet, in most cases, did not exceed the overestimation limit set in the procurement regulation. However, such consistent trend of overestimation can have adverse effects on the level of bid competition and eventually value for money because the bid evaluation criterions are set based on the project estimation cost.	The primary cost estimation is determinant of bid evaluation criteria so the higher the estimated cost, the higher bid evaluation criteria would have to be. Overestimation can unnecessarily restrict the number of bidders in a bidding process therefore, it is recommended that the PEs devise a modern and better method for cost estimation and, take necessary measures to minimize overestimation in public infrastructure projects.

Key Finding	Recommendation
6.3. Contract Management	
6.3.1 Overruns	
Of the selected sample of infrastructure projects, 13 projects underwent at least 47 contractual modifications pertaining to time, cost and scope changes. The incurred time and cost modifications largely caused delays and increased costs, referred as overruns. 1. On average, 46% time overruns were noted for the selected sample of infrastructure projects which in comparison to previous assurance report shows a 18.3% decline in delay period. Overall, 12 projects experienced time overruns where MUDL projects experienced an average 96% time overrun followed by the projects of KM, DABS and MUDL. 2. In addition, on average 10% cost overruns were found for the selected sample of infrastructure projects which reveals a 6.2% increase compared to the previous assurance report. The projects of all PEs, except MRRD, experienced cost overruns. The DABS projects with an average of 17% held the highest rate of cost overruns followed by KM and MUDL. Though, there were external factors causing the modifications i.e. outbreak of the Covid-19 pandemic, changes in government taxes, and extreme weather conditions. However, the consistent root causes of most of the time, cost and scope amendments lay, among other reasons, in poor conduct of the identification and preparation stages of projects as well as inefficient bureaucratic	Consistent overruns for common reasons increase risks and vulnerabilities to corruption and mismanagement in public infrastructure projects. In fact, cost overruns cause huge financial losses for the government. Therefore, to complete projects within the given time, budget and scope it is recommended that: 1. The PEs redefine detailed processes for comprehensive project identification and preparation stages built upon the lessons drawn from the typical and constant challenges in conduct of the survey, design, cost estimation, scheduling and preparation of land acquisition and resettlement plan. 2. The PEs to redesign a comprehensive contract oversight mechanism with the goal to decrease overruns and increase efficiency. The mechanism should define improved roles, resources, methods and means of monitoring and inspection by the procuring entities or their consultants.

Key Finding	Recommendation
procedures during the contract implementation stage. Among all, changes in project scope, survey and design combined with land acquisition and resettlement disputes, delayed payments, insufficient oversight by PEs and poor performance of the contractors contributed extensively and persistently to the overruns.	
6.3.2 Payments	
According to private sector representatives, delay in payments to the contractors has been one of the key contributors for overruns and low interest in bidding in public infrastructure projects. The limited available data on contracts payments of the selected sample of infrastructure projects together with conducted interviews allowed the following conclusions to be drawn: 1. Two common processes, claimed both by the PEs and private sector, were found to be very troublesome and extremely vulnerable to corruption and mismanagement practices a) verification of the claimed compensation by PEs b) delays in transaction by MoF. 2. As claimed by the private sector representatives, the payment process of contracts took on average between 3 to 5 months. 3. The PEs noted unavailability of funds with MoF for projects with clear budgetary commitment from the government as a reason for delay in payments which was observed in at least 2 projects. 4. KUTEI-funded projects of KM and the DABS projects with supervisory consultants	Processing the contract payments in a timely and effective manner can increase trust in public tenders as well as avoid unnecessary delays and increased costs. Since each submitted invoice has to be verified by the PEs so a certificate of payment can be issued to MoF for further processing therefore, it is recommended to the PEs, in collaboration with MoF and NPA, to upgrade the existing traditional method of payments to contractors with an online payment processing mechanism such as those followed by some KM and DABS projects so contracts can be better monitored and paid smoothly.

Key Finding	Recommendation
experienced an optimal contract payment processing.	
6.4. Private Sector	
6.4.1 Capacity Development	
Review of the project data and interviews conducted with PE revealed that most private local firms lack sufficient knowledge of public procurement and project management: 1. This capacity deficit has led to low interest in public tendering or submission of incomplete and invalid bids despite meeting the minimum bid evaluation criterion. 2. During the contract implementation stage, it was noticed that several contractors which could not commence the work on-time, perform required risk management, administer properly the quality control procedures and maintain necessary communication with PE..	Participation of the private sector is crucial for development and increased value for money for public infrastructure projects. Since the government has been reforming the procurement and management processes for a better and broader partnership with private sector it is recommended to the Afghanistan Builders Association (ABA) and Society of Afghan Engineers (SAE) to develop regular capacity building initiatives for local engineering and construction firms in order to develop their public procurement and project management knowledge and skills. In-particular, the initiatives should result in increased bidding of local firms to public tenders and improved delivery of infrastructure projects.
6.4.2 Public-Private Dialogue	
Interviews conducted showed that the views of potential local bidders and the PEs were not bridged and remained very distant and uninformed from each other. This lack of communication had contributed to some mistrust and even impasse between contractors, the PEs and MoF.	ABA can play a constructive role in connecting the local firms and the PEs to begin a dialogue on mutual concerns and suggestions for improved procurement and management of public infrastructure projects. Therefore, it is recommended that ABA organizes regular consultation meetings among local firms, contractors, the PEs, NPA and MoF for making voices of all the engaged stakeholders heard.
6.5. Civil Society	
6.5.1 Social Accountability	
The data disclosed on AGEOPS and the legal provisions in support of access to information are strong tools to increase transparency and	It is recommended that civil society develop programs which utilizes the publicly disclosed data and provide assurance to the public on openness

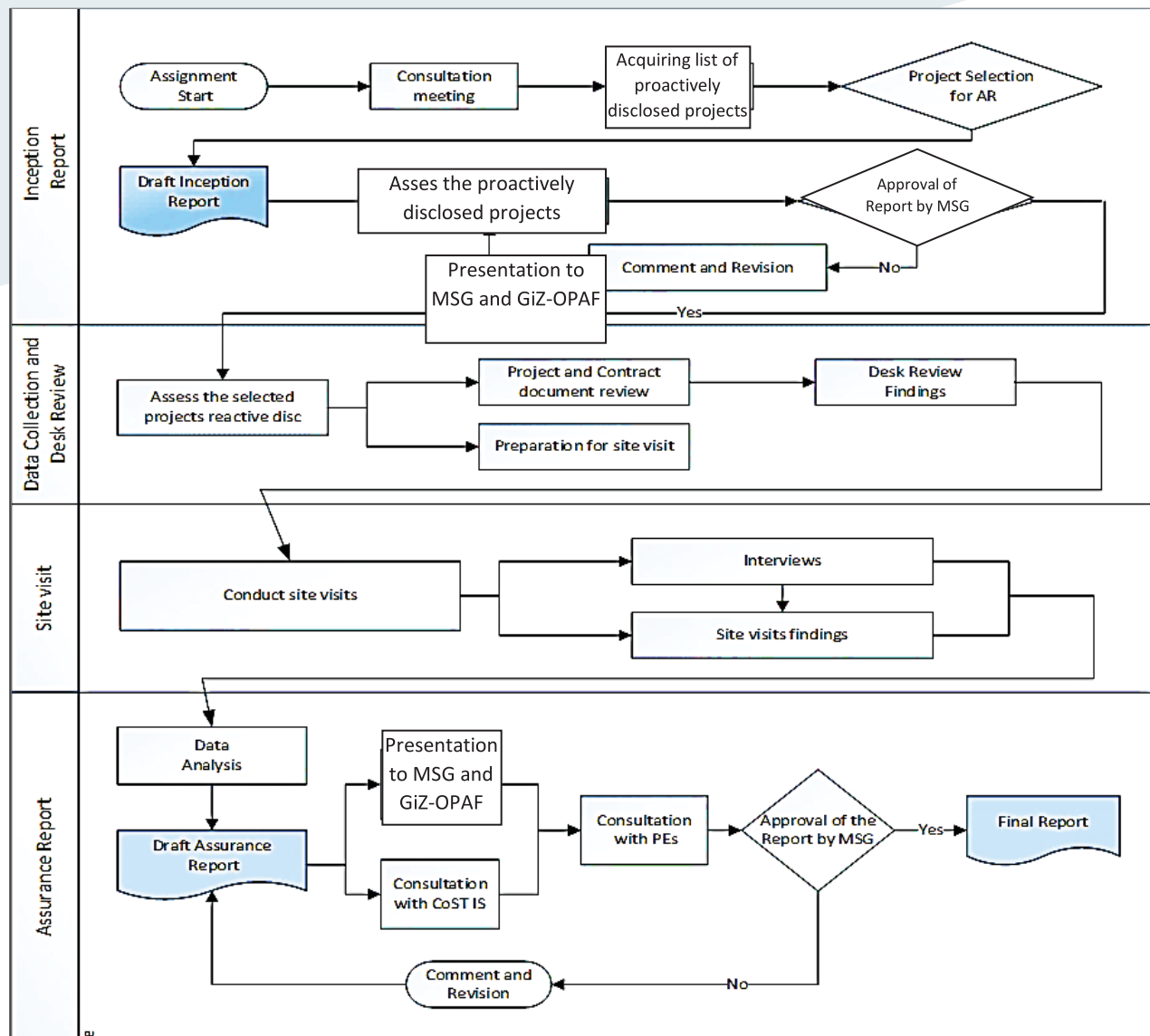
Key Finding	Recommendation
accountability of the public infrastructure projects. However, civil society engagement and oversight was rarely observed in the selected sample of infrastructure projects.	and effectiveness of the procurement and management systems, on a regular basis. Also, it is recommended that civil society advocate for raising voices and concerns of the citizens and increase stakeholder engagement in public infrastructure projects.

ANNEXES

Annex 1: Methodology

This research is mainly focused on quantitative-based method, yet the qualitative approach is considered as well.

The research has 4 main stages: 1) inception report 2) data collection and desk review 3) site visit 4) assurance report. Chart 2 demonstrates the steps in each stage of the research process.



Annex 2: Data Standard Items for Proactive Disclosure

Project Level Data Points	
End of Project Identification and Preparation phase	End of Project Completion phase
1. Date of disclosure 2. Methods of project selection (how has the government come up with the project) 3. Sector, subsector 4. Project title 5. Project Location 6. Project Purpose 7. Project scope (main output) 8. Environmental impact (if applicable) 9. Land and settlement impact (if applicable) 10. Funding sources 11. Project budget approval date 12. Project estimated value 13. Contact details	1. Date of disclosure 2. Project title 3. Procuring entity 4. Completion cost 5. Completion date 6. Scope at completion 7. Reference to audit and evaluation report 8. Safety measures (incidents & death) 9. Contact details
Contract Level Data points	
End of Procurement/Contract Award phase	At every 6 months of Contract Implementation
1. Date of disclosure 2. Contract title 3. Procuring entity 4. Procurement proceedings (general steps of procurement) 5. Contract type 6. Type and amount of bid security	1. Date of disclosure 2. Contract title 3. Procuring entity 4. Contractor/Consultant 5. Contract start date 6. Contract duration 7. Original contract price

7. Number of firms tendering	8. Contract physical progress status (%)
8. Contract Firm (Winner)	9. Description of project component
9. Cost estimate	10. Changes to contract scope with reasons
10. Contract Price (AFN)	11. Total payment effected
11. Date of procurement/project announcement	12. Details of Termination if applied
12. Date of contract award	13. Disputed issues & status
13. Contract Scope of Work	14. Safety measures (incidents & death)
14. Contract start date and duration	15. Contact details
15. Media used for procurement announcement	Contract Completion
16. Re-tendering: date and cause	1. Date of disclosure
17. Contact details	2. Contract title
	3. Procuring entity
	4. Escalation of contract Price
	5. Variation to contract duration
	6. Variation to contract scope
	7. Reasons for price changes
	8. Reasons for scope & duration changes
	9. Contact details

Annex 3: Data Standard Items for Reactive Disclosure of Information

Project Information	
Identification and Preparation phase	Project Completion phase
1. Multi-year program and budget 2. Project brief or feasibility study 3. Environmental impact assessment 4. Resettlement and compensation plan 5. Project officials and roles 6. Financial agreement 7. Procurement plan 8. Project approval decision	1. Implementation progress report 2. Budget amendment decision 3. Project completion report 4. Project evaluation report 5. Technical audit reports 6. Financial audit reports

Contract Information	
End of Procurement/Contract Award phase	Contract
1. Contract official and roles 2. Procurement method 3. Tender documents 4. Tender evaluation results 5. Project design report	1. Contract agreement and conditions 2. Registration and ownership of firms 3. Specifications and drawings
	Contract Completion
	1. List of variations, changes, amendments 2. List of escalation 3. Quality assurance reports 4. Disbursement records or payment certificates 5. Contract amendments

List of Interviews

1. Fahim Ahmadi, Director, Directorate of Procurement, Ministry of Rural Rehabilitation and Development, dated April 07, 2021
2. Abdul Samad, Procurement Officer, Directorate of Procurement, Ministry of Public Health, dated April 07, 2021
3. Ahmadullah Warik Norustani, Procurement Specialist, Directorate of Procurement, Ministry of Urban Development and Land, dated April 07, 2021
4. Safiullah Kamawal, Director, Directorate of e-tendering, National Procurement Authority, dated April 22, 2021
5. Abdullah Mohammadi, Director of Policy and Planning, National Procurement Authority, dated April 22, 2021
6. Mohammad Saber Hotak, System Analysis Specialist, AGEOPES Development Directorate, National Procurement Authority, dated April 22, 2021
7. Patyal Ghorzang, Procurement Consultant, National Procurement Authority, dated April 22, 2021
8. Aslam Khan Ahmadzai, System Analysis Assistant Specialist, AGEOPES Development Directorate, National Procurement Authority, dated April 22, 2021
9. Fawad Hakimi, Officer, Badghis Construction Company, Kabul, dated April 04, 2021
10. Hamed Bashardost, Director, Bashardost Construction Company, Kabul, dated April 04, 2021
11. Hamidullah Habibi, Director, Afghanistan Builders Association, Kabul, dated April, 2021
12. Hashemi, Board Member, Afghanistan Builders Association, Kabul, dated April, 2021
13. Mohammad Khalid Gardezi, Board Member, Afghanistan Builders Association, Kabul, dated April, 2021
14. Nesar Ahmad Salimi, Director, Foshanj Construction Company, Kabul, dated April 04, 2021
15. Samir Popal, Private Sector, Afghanistan Builders Association, Kabul, dated April, 2021
16. Sayed Hedayatullah Meyakhail, Director, Titan A Construction Company, Kabul, dated April 04, 2021
17. Shuaib Sahibzada, Director, RGM international Company, Kabul, dated April 04, 2021
18. Abdul Majid Muradi, Officer, Afghanistan Building Association, Kabul, dated April 04, 2021
19. Khairuddin Kherad, Director of Rural Rehabilitation and Development, Badakhshan, dated February 03, 2021
20. Abdul Nasir, Head of Programs, Directorate of Rural Rehabilitation and Development, Badakhshan, dated February 03, 2021
21. Mujtaba Khair Andish, Directorate of Rural Rehabilitation and Development, Badakhshan, dated February 03, 2021
22. Dr. Abdul Qayoum Hairat, Acting Director of Directorate of Public Health, Takhar, dated February 07, 2021

23. Abdul Jamil Frootan, Director of Covid – 19 hospital, Takhar, dated February 06, 2021
24. Kazimi, Head of Programs, Directorate of Rural Rehabilitation and Development, Panjshir, dated February 24, 2021
25. Ahmad Fahim, Provincial Engineer, Directorate of Rural Rehabilitation and Development, Balkh dated December 02, 2021
26. Ehsanullah, Provincial Engineer, Kabul Municipality, Kabul, dated December, 2020
27. Abdul Qaffar, Regional Manager, Directorate of Rural Rehabilitation and Development, Nangarhar, dated March 02, 2021
28. Amanullah Khashi, Provincial Engineer, Directorate of Rural Rehabilitation and Development, Nangarhar, dated March 02, 2021
29. Sulaiman, Provincial Engineer, Directorate of Rural Rehabilitation and Development, Nangarhar, dated March 02, 2021
30. Hares Arian, Director, Directorate of Urban Development and Land, Herat, Dated February 27, 2021
31. Edriss Alipoor, Provincial Engineer, Directorate of Urban Development and Land, Herat, Dated February 27, 2021
32. Dr. Mohammad Asif Kabir, Deputy Director, Directorate of Public Health, Herat, Dated February 27, 2021
33. Wahid Ahmad Habibi, Engineer, Directorate of Public Health, Herat, Dated February 27, 2021
34. Mohammad Hanif Hanifi, Director, Directorate of Urban Development and Land, Kandahar dated November 30, 2021

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