

# AFGHANISTAN

## HOUSING PROFILE



Ministry of  
Urban Development and Housing  
Islamic Republic of Afghanistan

UN  HABITAT

## AFGHANISTAN HOUSING PROFILE

Prepared by Michael Majale in collaboration with the Ministry of Urban Development and Housing.

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## LIST OF ABBREVIATIONS AND ACRONYMS

ABA	Afghanistan Builders Association
ABA LCP	Afghanistan Builders Association-Lab Certification Programme
ACTED	Agence d'Aide à la Coopération Technique Et au Développement (Agency for Technical Cooperation and Development)
AFD	Agence Française de Développement (French Development Agency)
AFN	Afghan Afghani (National Currency of Afghanistan)
AHGA	Afghanistan Holding Group
AISA	Afghanistan Investment Support Agency
ALCS	Afghanistan Living Conditions Survey 2013 – 2014
AMA	Afghanistan Microfinance Association
AMICS	Afghanistan Multiple Indicator Cluster Survey
AMRB	Afghanistan Mortgage and Reconstruction Bank
ANDMA	Afghanistan National Disaster Management Authority
ANDS	Afghanistan National Development Strategy
ANSA	Afghan National Standards Authority
ARAZI	Afghanistan Independent Land Authority
AREDP	Afghanistan Rural Enterprise Development Programme
AUPP	Afghanistan Urban Peacebuilding Programme
AUWSSC	Afghanistan Urban Water and Sewerage Supply Corporation
BoP	Bottom of the pyramid
CARE	Cooperative for American Relief Everywhere
CAWSS	Central Authority for Water Supply and Sewerage Corporation
CBLAR	Community Based Land Adjudication and Registration
CBO	Community-based organization
CBSO	Community-based savings organization
CDC	Community Development Council
CDHRI	Cairo Declaration on Human Rights in Islam
CHF	Common Humanitarian Fund
CLUIP	Community Led Urban Infrastructure Programme
CMCP	Construction Management Certification Programme
CoM	Council of Ministers
CoP	Community of practice
CRI	Climate Risk Index
CRIDA	Capital Region Independent Development Authority
CSO	Central Statistics Organization
DABM	Da Afghanistan Breshna Moassassa
DABS	Da Afghanistan Breshna Sherkat
DCDA	Deh Sabz City Development Authority
DMM	Deputy Ministry of Municipalities
DU/ha	Dwelling units per hectare
FBO	Faith-based organization
FDO	Finance Development Organization
FMBF-A	First Microfinance Bank of Afghanistan
FoAC	Future of Afghan Cities
GDMA	General Directorate for Municipal Affairs
GDP	Gross Domestic Product
GHS	Global Housing Strategy
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GoIRA	Government of Islamic Republic of Afghanistan

Ha	Hectares
HMF	Housing microfinance
I-ANDS	Interim Afghanistan National Development Strategy
IDLG	Independent Directorate of Local Governance
IDP	Internally displaced person
IFC	International Finance Corporation
IOM	International Organization for Migration
IRC	International Rescue Committee
IS	Islamic State
JICA	Japan International Cooperation Agency
KIS	Kabul Informal Settlements
LAS	Land Allocation Scheme
LGAF	Land Governance Assessment Framework
LIVE-UP	Local Integration of Vulnerable Excluded and Uprooted People
LML	Land Management Law
LoGO	Local Governance Project–Afghanistan
LRMP	Land Records Modernization Project
LTERA	Land Titling and Economic Restructuring in Afghanistan
MAIL	Ministry of Agriculture, Irrigation and Livestock
MEW	Ministry of Energy and Water
MFI	Microfinance institutions
MGSP	Municipal Governance Support Programme
MISFA	Microfinance Investment Support Facility for Afghanistan
MoCI	Ministry of Commerce and Industries
MoE	Ministry of Education
MoF	Ministry of Finance
MoJ	Ministry of Justice
MoMP	Ministry of Mines and Petroleum
MoPH	Ministry of Public Health
MoPW	Ministry of Public Works
MoRR	Ministry of Refugees and Repatriation
MoU	Memorandum of Understanding
MRRD	Ministry of Rural Rehabilitation and Development
MUDA	Ministry of Urban Development Affairs
MUDH	Ministry of Urban Development and Housing
NEPA	National Environmental Protection Agency
NGO	Non-governmental organization
NHP	National Housing Programme
NLP	National Land Policy
NPP	National Priority Programmes
NRC	Norwegian Refugee Council
NRVA	National Risk and Vulnerability Assessment 2011-12
NSP	National Solidarity Programme
NSS	National Spatial Strategy
NUP	National Urban Policy
O&M	Operation and maintenance
OCHA	Office for the Coordination of Humanitarian Affairs
OIC	Organisation of the Islamic Conference
PDP	Provincial Development Plan
PPP	Public private partnership
ROSCA	Rotating Savings and Credit Association



SBU	Strategic Business Unit
SCG	Savings and Credit Group
SDG	Sustainable Development Goal
SHG	Self Help Group
SIGAR	Special Inspector General for Afghanistan Reconstruction
SME	Small and Medium Enterprise
SNGP	Sub-national Governance Policy
SoAC	State of Afghan Cities Programme
U-NPP	Urban National Priority Programme
UN	United Nations
UN-Habitat	United Nations Human Settlements Programme
UNAMA	United Nations Assistance Mission in Afghanistan
UNHCR	United Nations High Commissioner for Refugee
UNICEF	United Nations International Children's Emergency Fund
US\$	United State Dollars
USACE	United States Army Corps of Engineers
USAID	United States Agency for International Development
VSLA	Village Savings and Loans Association
WHO	World Health Organization
WSS	Water Sector Strategy

# GLOSSARY

**Gozar** Neighbourhood

**Grawee** Housing finance mechanism whereby the owner leases their housing unit to a tenant for a fixed-period of time in exchange for a lump sum, upfront payment to be fully returned to the borrower upon conclusion of the term

**IDP** Person who has been forced to flee their homes suddenly or unexpectedly in large numbers, as a result of armed conflict, internal strife, systematic violations of human rights or natural or made-man disasters; and who are within the territory of their own country

**Jerib** Land measurement unit equal to 0.2 hectares or 2000 square meters.

**Kuchi** A nomadic ethnic group in Afghanistan

**Mahr** A mandatory dower or “marriage portion”, in the form of land, other property or a sum of money, which a husband provides to his wife upon marriage.

**Murabeha** Islamic housing finance mechanism whereby a third-party purchases housing and the borrower pays rent at a premium over an agreed upon term to own the unit at conclusion of the housing loan

**Musharikah** Islamic housing finance mechanism whereby the borrower purchases partnership stakes from the owner until achieving complete ownership of the housing unit

**Quran** The main religious text of Islam considered by Muslims as a revelation from God.

**Shar’ia** Islamic law and moral code based on Qur’an, Sunnah and jurisprudence

**Sunnah** The way of life prescribed as normative for all Muslims based on the teachings and practices of Prophet Muhammad and authoritative interpretations of the Qur’an.

**Tazkera** Personal identification document (ID card).

**Wakil-i-Gozar** Gozar representative. A person chosen to represent a community to resolve disputes, represent the interests of the community and articulate the community’s issues to government officials.

**Woluswal** District governor, usually appointed by the provincial governor.

## FOREWORD



The National Unity Government of Afghanistan has recognized the crucial importance given to the urban sector, and housing in particular, in meeting Afghanistan's development challenges. And just as with the State of Afghan Cities report, through which UN-Habitat and the Government of Afghanistan contributed to further close the data gap on urbanization trends in Afghanistan, so also does this Afghanistan Housing Profile provide practitioners and policy-makers alike with a comprehensive assessment of housing sector data to guide our next steps.

Increasing urban population growth brought about by the influx of Internally Displaced Persons, an ever increasing number of returnees and rural migrants, in addition to natural population growth itself, have made the provision of adequate housing for all Afghans one of the most crucial challenges facing our country today.

Based on a series of consultations, site visits and desk research, the Profile provides comprehensive information and analysis crucial for the development of a National Housing Policy and Programme under Pillar 2 of the Urban National Priority Programme (U-NPP), which will seek to address the underlying barriers in delivering sustainable low- and middle-income housing at scale. The multi-faceted nature of these barriers is exemplified by the Profile's wide-ranging depiction of all major housing inputs from sustainable land supply, to affordable housing finance, to the provision of local materials and labour, in addition to the institutional, legal and regulatory frameworks governing them.

All of this should impress upon us that delivering adequate housing to all Afghans will require a concerted effort at a national scale, guided by sound data, a deliberate channelling of resources, and a recognition of housing's multiple benefits for the social, economic, cultural and environmental well-being of our citizens. With the support of both domestic and international resources, strategic investments into the housing sector offer a way to invigorate the economy, create employment opportunities and make best use of domestic resources, most importantly the resilience and optimism of our people.

We therefore acknowledge the contribution of all individuals and organizations consulted in the making of this report and look forward to working with you all on making these structural transformations possible, for this and future generations.



H.E Sadat Mansoor Naderi

Minister of Urban Development and Housing

# FOREWORD

I am delighted to present the Afghanistan Housing Profile, a document which examines the housing sector from all angles, as a first step towards developing a comprehensive policy response to housing challenges.

The Afghanistan Housing Profile is an important tool for examining policy, legislative and regulatory responses, and developing concrete housing projects. These interventions must be aimed at multiple levels, from building a housing finance market which caters to the actual needs and capacities of Afghans, to making use of both non-collateralized lending as well as commercial products, and building Afghans' trust in the system. They will have to target the reintegration of returnees and IDPs at an enormous scale, in a way that opportunities are created and sustainable communities are built.

Supported by the Municipal Governance Support Programme (MGSP) of the European Union, and the invaluable inputs and expert guidance of the Ministry of Urban Development and Housing (MUDH), this is truly an Afghan publication, made possible by the close collaboration of a host of national actors from line ministries, independent agencies, private sector associations, and academia and civil society. UN-Habitat is proud to have been able to support this process through the financial assistance of the Swedish International Development Cooperation Agency (SIDA) and the United Nations Development Account.



I welcome the decision of the Government of Afghanistan to put Housing at the Centre of the country's future development, through the publication of the Afghanistan Housing Profile. This document reflects the commitment of the Government of Afghanistan to evidence-based policy-making and building long-standing partnerships. This is the essence of UN-Habitat's Global Housing Strategy, and we are grateful to have found an exemplary champion in the Government of Afghanistan. It is a model for other countries to follow.

I would finally like to express my appreciation and gratitude to all those who have contributed to this report, and recognise the Government of Afghanistan in its efforts towards the realization of the Right to Adequate Housing for all Afghans.

A handwritten signature in black ink, appearing to read 'Joan Clos', with a stylized, flowing script.

Dr. Joan Clos

Executive Director, UN-Habitat

## SUMMARY INDICATORS

Indicator	Value	Year
Population number (estimates)	29,200,000	2017
Population growth rate	2.4%	2013
Population density	45.7 people/km <sup>2</sup>	2012
Urban composition	26%	2013
Average household size	7.3	2011
Net migration rate	1.83/1,000 population	2014
People with disabilities %	2.7%	2005
Age distribution	46.6% under 15	2013
Life expectancy at birth	61 years	2013
Under-five mortality	97/1,000 live births	2013
Maternal mortality	400/100,000 live births	2013
Malnutrition prevalence (GAM)	18%	2012
HDI ranking (value)	171 (0.465)	2015
Corruption Perceptions Index ranking (value)	172 (12)	2014
People below the poverty line	35.8%	2011
National Poverty Line in Afghanistan (2005): USD 1.24 per day		
Hunger Index ranking (value)	-	-
World Risk Index ranking (value)	40 (9.55)	2015
Gender Inequality Index ranking (value)	149 (0.705)	2013
Literacy rate	38.2%	2015



## KEY MESSAGES

<p><b>Afghanistan's formal housing sector is unable to supply affordable housing at sufficient scale to meet the need arising from the growing number of urban low-income and poor households.</b></p>	<ul style="list-style-type: none"> <li>• Afghanistan currently has an annual national urban housing need of 41,704 units, but this number is projected to increase to 43,956 units for the period 2020-2025. The gap between housing need and supply for housing is very large, and with rapid urbanisation is growing by the year.</li> <li>• The evidence shows that the Afghan Government, despite some notable initiatives, has not been able to meet the demand for housing; and that it does not currently have the financial capacity to provide subsidised housing to the poor or middle-income groups at scale.</li> <li>• It is proposed to develop a National Housing Programme (NHP) as one component of 'twin track' approach under the proposed National Housing Strategy (NHS). The NHP is proposed as a flagship programme under the Urban National Priority Programme (U-NPP) and should directly or indirectly address the housing needs and affordability levels of all the income segments.</li> </ul>
<p><b>The housing conditions of the majority of Afghans are generally very poor if benchmarked against the criteria for adequate housing</b></p>	<ul style="list-style-type: none"> <li>• Afghan cities are faced with widespread informal settlements, which are characterized by severely inadequate housing conditions and account for 70% of the urban housing stock.</li> <li>• The Government has taken some positive steps towards addressing the challenge of informal settlements—including the White Paper on Tenure Security and Community Based Upgrading in Kabul and the Informal Settlements Upgrading Policy—that should be finalised and implemented.</li> <li>• Informal settlement upgrading should be prioritized as one of the two components of the 'twin track' approach of improving and preventing informal settlements, which it is recommended to be adopted under the proposed National Housing Strategy (NHS).</li> </ul>
<p><b>The construction sector has benefitted substantially from the massive investment in infrastructure rehabilitation and construction since 2002; but it now experiencing the impact of the reduction in international development assistance.</b></p>	<ul style="list-style-type: none"> <li>• Afghanistan has suffered greatly from protracted war and conflict; However, over the past decade of massive international engagement, the construction sector has tremendously benefited from the massive international assistance.</li> <li>• The growth of the construction sector has been driven largely by international contracts or sub-contracts, whereby larger, generally foreign-owned firms have been awarded public contracts, many of which have been subcontracted to smaller Afghan companies.</li> <li>• International investment is now decreasing and the adverse consequences are being felt in many sectors, including the construction sector.</li> <li>• The huge demand for housing in the five city regions and ten provincial capital municipalities, and in particular the need for affordable housing, presents a great opportunity for the construction sector.</li> <li>• The capacity of local construction firms has not been fully utilized owing to the dominance of large foreign-owned construction companies. However, the reduction in international development and the proposed National Housing Programme (NHP) presents a great opportunity to fully utilize their capacity.</li> </ul>

<p><b>The majority of Afghans have minimal access to housing financing. As a result, most Afghans finance home purchase or improvement through personal savings—or to a lesser extent—informal loans from family and friends.</b></p>	<ul style="list-style-type: none"> <li>• Issues persist in the development of Afghanistan’s mortgage market because of potential borrowers having low and irregular incomes, as well as informal housing having no or inadequate documentation.</li> <li>• There are few housing microfinance (HMF) and community savings organizations providing non-collateralized loans at the local level for incremental housing construction and home improvements.</li> <li>• Despite limited financing options for housing in Afghanistan, the growth of both Community-Based Savings Organizations (CSBOs) and Micro-Financing Institutions demonstrate the potential to develop an effective and sustainable housing finance sector to meet the country’s affordable housing needs in terms of financing.</li> </ul>
<p><b>Afghanistan is faced with the major challenge of ensuring an adequate and timely supply of land to meet the fast increasing demand for urban housing</b></p>	<ul style="list-style-type: none"> <li>• Many of the urban challenges facing Afghanistan have a clear land dimension which impacts on housing. They include tenure insecurity in informal settlements in which the majority of urban poor, IDPs and returnee’s households live; limited access to well-located serviced land for housing for low and middle-income households; inefficient use of land; and land grabbing.</li> <li>• The procedure of converting land to residential use is cumbersome and protracted. However, there are plenty of cases across the country where urban land has been converted to residential use through land grabbing.</li> <li>• A widespread phenomenon in Afghanistan’s largest cities is a large number of vacant plots—the result of over a decade of land grabbing and the rapid rise of a speculative real-estate market.</li> <li>• If properly planned, residential land use can be optimized by densifying housing development through infill construction on available vacant plots. The available vacant plots can potentially meet the need for urban land for housing in the coming decades.</li> </ul>
<p><b>Afghanistan’s construction industry is very heavily dependent on imported building materials—despite the country being well endowed with building materials sources.</b></p>	<ul style="list-style-type: none"> <li>• Despite being well-endowed with sources of building materials, Afghanistan has very limited building material production capacity. Most of the cement and timber, and all steel, sanitary fixtures and other building components and fixtures are imported.</li> <li>• The fact that the majority of building materials are currently sourced from outside Afghanistan and the consequent possibility for import substitution offers significant economic opportunities.</li> <li>• Environmentally sound production, supply and use of local building materials and affordable construction methods, as well as import substitution, should be promoted and supported.</li> </ul>

## BRIEF INTRODUCTION TO THE COUNTRY

### 1.1 HISTORY, DEMOGRAPHY, ECONOMY AND GOVERNANCE

#### HISTORY

Afghanistan, a mountainous landlocked country covering an area of about 652,000 km<sup>2</sup>, has a long history of invasion, civil war and political instability. Its strategic location at the crossroads of Central Asia, South Asia and the Middle East has led to a turbulent history, which has been defined geopolitically, first as a buffer zone between competing empires and then by strife among internally warring factions.

In the 19th century, Afghanistan was the centre of the “Great Game”—the competition between the British and Russian empires for control of Central Asia—resulting in the First, Second and Third Anglo-Afghan Wars of 1838-42, 1878-80 and 1919 respectively. On 8th August 1919, the Treaty of Rawalpindi was signed, through which Britain formally recognized the sovereignty and independence of Afghanistan.

In 1979, the Soviet Union invaded Afghanistan to support the Communist regime, triggering a long and destructive war that ended in 1989. After a subsequent series of civil wars, the capital city, Kabul, fell to the Taliban, a radical extremist movement that emerged in 1994 to end the country’s civil war and anarchy, in 1996. The Taliban were toppled from power by the United States-led invasion in 2001.

The United Nations (UN)-sponsored Bonn Conference in November-December 2001 created a framework for governance in Afghanistan as well as a process for political reconstruction, which included the writing of a new constitution, which was adopted in January 2004. December 2004 saw Hamid Karzai become the first democratically elected president and served for two terms that ended in 2014. Despite progress toward building a stable central government, a resurgent Taliban and continuing provincial instability—particularly in the south and the east—remain serious challenges. The tenuous security situation has been worsened by Islamic State (IS) militants.

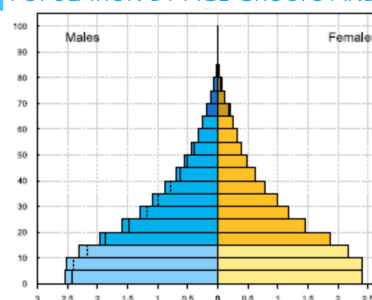
The many decades of war and internal conflict have taken a devastating toll on the housing stock in Afghanistan. Indeed, over half of the rural and urban housing stock has been either partially or completely destroyed,<sup>3</sup> resulting in a huge need for new housing, specially in urban areas.

#### DEMOGRAPHY

Afghanistan has never had a complete nationwide census of its population. The last attempt to conduct a national population census in 1979, just before the Soviet invasion, was aborted because of the security situation. Consequently, only 67% of the districts were covered,<sup>4</sup> with this partial count estimating the population at 15.5 million. Based on recent growth estimates, the 2015 population was 32 million—about double the figure quoted in 1979.<sup>5</sup>

With a fertility rate at 5.3 per woman, Afghanistan is not only one of the youngest countries in the world, but also has one of the world’s fastest population growth rates at 2.8%. About two thirds (63%) of the population is below the age of 24, as Table 1 and Figure 1 show.<sup>6</sup> Nearly one in two (44%) Afghans under the age of 15; and one out of four (79%) of Afghans below 35. Approximately one in three (32%) is between 15 and 35 years of age.<sup>7</sup> Youth (between 15 and 24) constitute nearly a quarter of the total population (21.2%)—with a slightly higher proportion in urban areas (23.6%) than in rural areas (17.8%).<sup>8</sup>

FIGURE 1 POPULATION BY AGE GROUPS AND SEX



Source: United Nations, 2015

TABLE 1 POPULATION COMPOSITION

	2015
Total population (thousands)	32 527
Population density (persons per square km)	50
Percentage of population under age 15	44.0
Percentage of population age 15-24	21.2
Percentage of population age 15-64	53.5
Percentage of population aged 65	2.5
	<b>2010-2015</b>
Annual rate of population change (percentage)	3.0
Total fertility (children per woman)	5.13
Under-five mortality (5q0) per 1,000 live births	99
Life expectancy at birth (years)	59.8

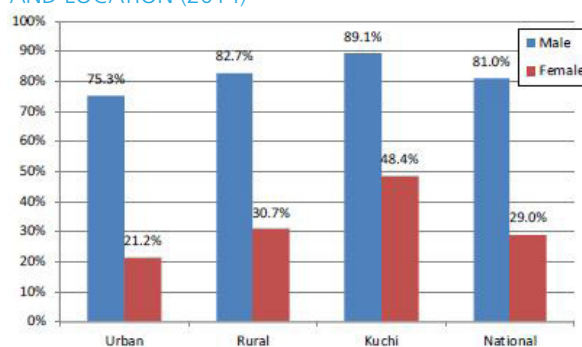
Source: United Nations, 2015

A very young age structure such as that in Afghanistan produces a situation in which a relatively small proportion of the population in the economically most productive age group 15-64 has to provide for a substantial proportion of the population in the dependent ages below 15.

Afghanistan has a very high dependency ratio: for every 100 persons in the working age 15-64 years, there are 104 persons in the less productive ages of under-fifteen and 65 and over, who are dependent on them for subsistence and income. This implies a heavy burden for the working population in Afghanistan, especially in light of the highly unfavourable labour market opportunities and income conditions. This challenge is further compounded by the fact that women are largely excluded from the labour market,<sup>9</sup> as Figure 2 shows. This, to a significant degree, affects household composition as well as housing options and affordability.

There are many different ethnic groups in Afghanistan. Pashtuns make up the largest ethnic group, followed by Tajiks, Hazaras, and Uzbeks, with the remainder comprised of Aimak, Baloch, Turkmen and other groups. Pashto and Dari are the official languages; but smaller groups speak more than 70 other languages and numerous dialects. Muslims account for 99% of the population of Afghanistan, with approximately 80% to 85% practicing Sunni Islam while 15% to 19% are Shia.<sup>10</sup> There are no public Christian churches in Afghanistan.<sup>11</sup> This has significant implications for the application and respect of statutory, customary and Shar'ia (Islamic) law and international human rights law, as explained in Chapter 3.0.

FIGURE 2 LABOUR FORCE PARTICIPATION BY GENDER AND LOCATION (2014)



Source: CSO, 2015<sup>12</sup>

## GOVERNANCE

The Constitution of Afghanistan,<sup>13</sup> promulgated in 2004, has created a unitary, centralized formal governance structure. In this framework, the central government controls policy, fiscal and administrative powers in its relationship with the sub-national government. Pursuant to the Constitution, the three traditional branches of governance—legislature, executive and judiciary—form the foundation of the national level government.<sup>14</sup>

However, Article 137 of the Constitution directs that the government “shall transfer necessary powers... to local administrations in order to accelerate and improve economic, social as well as cultural matters, and foster peoples’ participation in developing national life.” It further sets out important principles for achieving good governance at sub national level. These principles are operationalized through the Sub-national Governance Policy<sup>15</sup> (SNGP), which provides a framework for sub-national government aimed to facilitate achievement of the primary goal of the Government, which is: “to improve the overall well-being of its citizens.”<sup>16</sup>

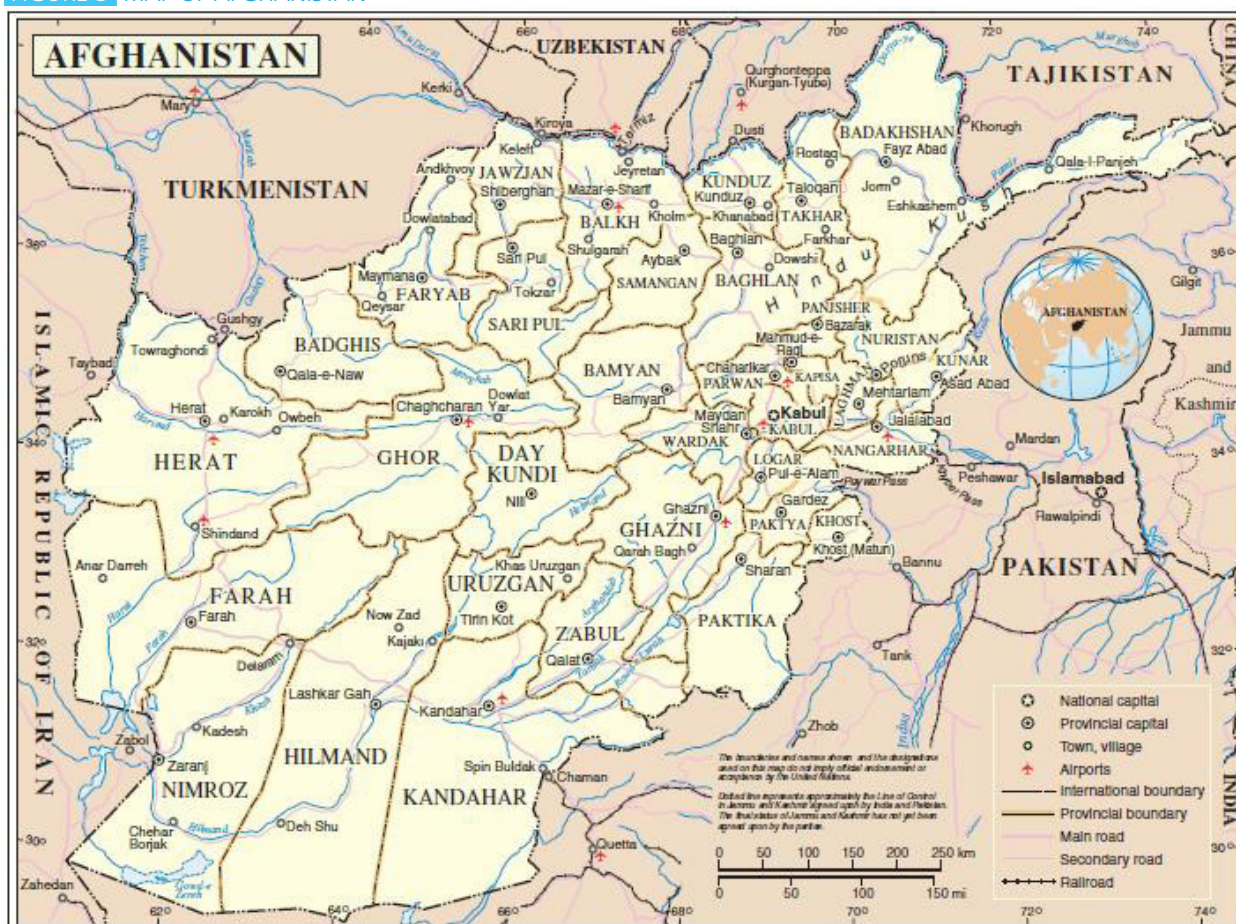
Afghanistan is administratively divided into 34 provinces, as shown in Figure 3, each of which is governed by a Provincial Governor and Provincial Council. In total, these provinces contain 374 districts and over 120 municipalities. The administrative and political structure of national and sub-national governance is summarized in Table 2 and presented in more detail in Annex 1.

Afghanistan’s serious internal security threats make representative governance and service delivery extremely challenging. The quality of service delivery in provinces and districts tends to decline in proportion to their remoteness and levels of lawlessness, underscoring the need for greater attention to be paid to peripheries.<sup>17</sup> Poor governance and service delivery have also been



been contributory factors to the inadequate housing conditions in informal settlements, which account for 70% of the housing stock.<sup>18</sup>

FIGURE 3 MAP OF AFGHANISTAN



Source: United Nations<sup>19</sup>

TABLE 2 ADMINISTRATIVE AND POLITICAL STRUCTURE OF NATIONAL AND SUB-NATIONAL GOVERNANCE

	Government Administration	Elected and Traditional Citizen Representation
Central Government	<ul style="list-style-type: none"> <li>• President</li> <li>• Ministries</li> </ul>	<ul style="list-style-type: none"> <li>• Parliament</li> </ul>
Provincial Government	<ul style="list-style-type: none"> <li>• Governor</li> <li>• Ministry Departments</li> <li>• Chief of Police</li> </ul>	<ul style="list-style-type: none"> <li>• Provincial Council</li> <li>• Provincial Development Committee</li> <li>• Sectoral Council</li> </ul>
District Government	<ul style="list-style-type: none"> <li>• Woluswal</li> <li>• Ministry Departments</li> <li>• Chief of Police</li> </ul>	<ul style="list-style-type: none"> <li>• Traditional Jirga/Shura</li> <li>• District Development Assembly</li> </ul>
Municipal Government	<ul style="list-style-type: none"> <li>• Mayors</li> </ul>	<ul style="list-style-type: none"> <li>• Elections have not taken place</li> </ul>
Village Government	<ul style="list-style-type: none"> <li>• Schools and Health Clinics</li> </ul>	<ul style="list-style-type: none"> <li>• Traditional Jirga/Shura</li> <li>• Community Development Councils (CDCs)</li> <li>• Sectoral Councils</li> <li>• Malik/Arbab</li> <li>• Mirab</li> <li>• Khans/Nawabs</li> </ul>

Source: The Asia Foundation, 2007 #203



## ECONOMY

Afghanistan's economy has seen significant improvement since 2002-03. This is in large part because of the infusion of international aid, the rapid growth of the service sector and, to a lesser extent, the development of the industrial sector. These developments should however be seen in the context of the country's economic meltdown during decades of war and conflict. The country is consequently highly dependent on security and development aid, which accounted for about 70% of the national budget during the period 2013-14.<sup>20</sup> In addition to the high level of poverty, the country face many other challenges. These include fulfilling the right to an adequate standard of living of its citizens currently lacking access to adequate water, sanitation and housing; to adequate healthcare; and to decent jobs; as well as strengthening the rule of law and reducing weak governance, insecurity and criminality.<sup>21</sup>

In spite of numerous challenges, the economy has sustained one of the highest Gross Domestic Product (GDP) growth rates among the neighbouring countries, with per capita income rising from US\$123 in 2001/02 to US\$300 in 2005/2006 and US\$726 in 2015. The total national GDP rose from US\$18 billion in 2011 to US\$23 billion in 2015, and real GDP growth is projected to increase to 3.1% and 3.9% in 2016 and 2017<sup>22</sup> —with substantive participation of the construction sector. From 2002 to 2014, the GDP of the construction sector increased more than tenfold from US\$127,000 to US\$1.56 million, offsetting an overall decline in industry growth.<sup>23</sup> Between 2003 and 2013, the GDP share of the construction sector more than doubled from 5% to 11%, as shown in Table 4. This reflects the economic opportunity that housing provision can bring to Afghanistan. In addition,

higher per capita incomes can offer opportunities for a growing housing market if the right policies and interventions are implemented.<sup>24</sup>

Afghanistan is completely landlocked, bordered by Iran to the west; by the Central Asian States of Turkmenistan, Uzbekistan, and Tajikistan to the north and northeast; by China at the easternmost top of the Wakhan Corridor; and by Pakistan to the east and south. It has road connections with most of its neighbouring countries, as shown in Figure 3, which are vitally important to the economy.<sup>25</sup> It is connected by road to two of the main sources of import of construction materials, Pakistan and Iran.<sup>26</sup>

It is however difficult to draw an accurate picture of the Afghan economy owing to the predominance of the informal and undocumented economy, and severe data limitations in the prevailing fragile security situation.<sup>27</sup>

## SECURITY AND DEVELOPMENT AID

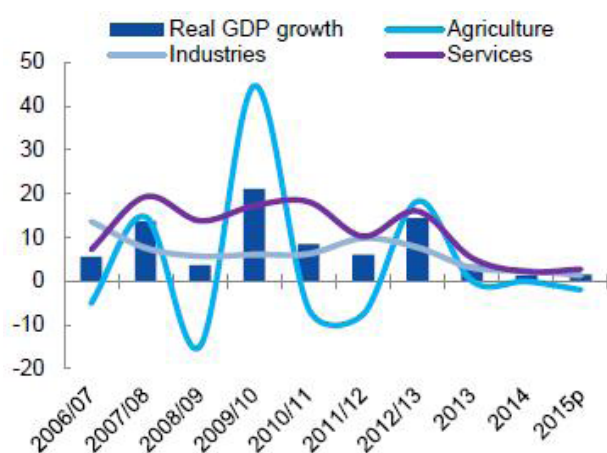
In 2013, total security and development aid was estimated at about US\$9 billion, accounting for approximately 45% of GDP—down from about 60% of GDP in 2009. Aid continues to finance a large part of security costs as well as large parts of essential services including education, health, infrastructure investment, and the government administration—meaning that it finances large parts of economic activity and employment. The high aid flows have encouraged not only aid dependence, but also waste and corruption. Still, at the 2012 Tokyo Conference, the international community committed to continue providing significant but declining aid through the next decade. Thus, total security and development aid is expected to gradually decline as a share of GDP to about 25% by 2018, posing a serious risk to sustainable socio-economic development.<sup>28</sup>

TABLE 3 GROSS DOMESTIC PRODUCT

GDP	Actual	Q1/16	Q2/16	Q3/16	Q4/16	2020
GDP Annual Growth Rate	2.10	2	2.1	2.1	<b>2.1</b>	<b>6</b>
GDP (US\$ billion)	20.03	21.1	21.1	21.1	21.1	25.6
GDP per capita (US\$)	413.43	425	437	448	460	468
GDP per capita PPP (US\$)	1876.64	1929	1981	2033	2085	2127

Source: <http://www.tradingeconomics.com/afghanistan/forecast>

FIGURE 4 SECTORIAL CONTRIBUTIONS TO GDP GROWTH



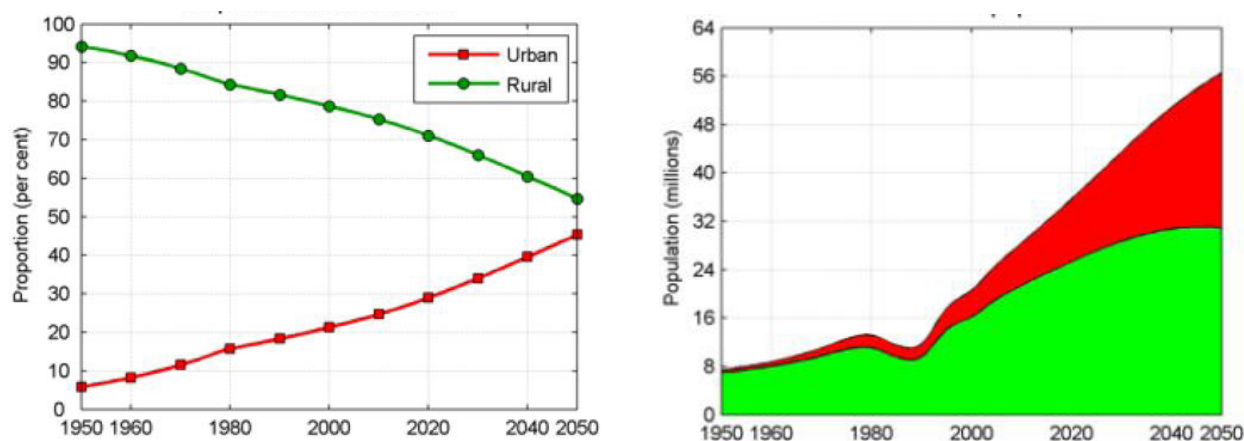
Source: World Bank, 2016a, p.3<sup>29</sup>

TABLE 4 SECTOR SHARES IN GDP, PERCENTAGE

Sector	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Agriculture	42.9	35.7	36.6	34.9	35.4	29.2	33	29.6	28.7	26.4	25.6		
Mining, manufacturing and utility	16.6	17.0	16.0	15.2	13.8	13.8	12.4	12.7	12.4	11.9	11.4		
Construction	5.0	7.6	9.2	11.0	10.4	11.2	10.2	10.6	11.0	10.8	11.0		
Other industry	11.6	12.2	13.8	13.2	12.8	14.3	15.0	17.1	17.4	19.2	18.5		
Transport, storage and communication	12.6	13.6	11.6	12.4	14.4	17.1	17.2	20.6	20.8	22.6	23.6		
Wholesale, retail sale, restaurants and hotels	9.6	9.3	8.8	8.2	8.1	8.1	7.5	7.6	7.8	8.8	8.3		
Services (total)	35.2	38	36.5	37.2	38.1	43.8	44.6	48.5	48.3	52.3	53.9		

Source: UNESCAP, 2015

FIGURE 5 RURAL AND URBAN POPULATION GROWTH



Source: UNDESA

## 1.2 URBANISATION AND CURRENT URBAN ISSUES

Afghanistan is still a predominately rural society with an estimated 76% of the population living in rural areas. This situation is however rapidly changing. Afghan cities are growing at an estimated rate of around 4% per year, one of the highest in the world; and the urban population is expected to continue to grow at an average of 3.14% up to 2050. In 1950, only one out of every twenty Afghans lived in cities.<sup>30</sup> In 2015, 8.5 million or one out of every four (27%) Afghans lived in cities; and by 2060 one in two—50% of the population—will live in cities, as the projections in Figure 5 show. In absolute numbers this equates to at least 320,000 additional urban dwellers, or 43,800 households,<sup>31</sup> every year<sup>32</sup> that will require housing.

Afghanistan's urban centres are quite evenly distributed spatially across the country; but Kabul, the capital city is also the city where an estimated 41% of urban dwellers live. Kabul and the four regional hubs of Herat, Jalalabad, Kandahar and Mazar-i-Sharif, together account for 69% of the urban population in the 34 provincial capitals listed in Table 5. At the opposite end of the spectrum are urban villages with small populations and largely agricultural based economies, and with low urbanization pressure.<sup>33</sup>

Cities and towns are expanding to accommodate rising numbers of rural-urban migrants, internally displaced persons (IDPs) and refugee returnees. There has been considerable rural to urban migration over the last ten years, with the relative security in cities, livelihood opportunities, access to services and education being strong 'pull factors'.<sup>34</sup> These 'pull factors' have similarly attracted large numbers of IDPs to move to cities. In addition, over 5.8 million Afghan refugees have returned to the country since 2002, of whom around 49% have settled in urban areas, with Kabul, the capital and largest city, being the primary destination.<sup>35</sup> The population of Kabul is growing at an average rate of 5% per year, which represents a yearly increase of 15,000 to 20,000 households.<sup>36</sup>

The urbanisation process in Afghanistan has been variously characterized by progress, stagnation and regression.<sup>37</sup> However, Afghanistan's current very low level of urbanization provides the opportunity for a spatially balanced and inclusive regional development approach, and to guide urban growth in an environmentally sensitive manner. The planning and design of cities can play an important role in economic

development and job creation, as well as preventing the proliferation of informal settlements and 'climate-proofing' and 'future-proofing' cities, building the resiliency of the urban population and infrastructure to cope with and overcome current slum conditions and a changing climate in the future.<sup>38</sup> This is in addition to curtailling informal, unplanned sprawl by facilitating orderly and inclusive urban growth through planned city extensions, densification and infill, and new urban centres and nodes.<sup>39</sup>

In the face of anticipated continued relatively rapid urban population growth, it is proposed to develop a National Spatial Strategy (NSS) as part of a National Urban Policy (NUP) and in alignment with the Urban National Priority Program (U-NPP). A NSS could help achieve 'Balanced Sustainable Development', in among other ways, by increasing economic opportunities; promoting regional balance; promoting compact urban growth; strengthening rural-urban linkages and increasing connectivity; protecting agricultural and fragile ecological zones; and creating resilient and inclusive cities and settlements.<sup>40</sup> This is discussed further in Chapter 11.0

### 1.2.1 URBAN POVERTY AND URBAN INEQUALITY

In 2007–08, 36% of Afghans were poor—that is, more than one in three did not have the purchasing power to satisfy basic food and non-food needs. In 2011–12, the proportion of the population living below the national poverty line remained the same 36%,<sup>41</sup> as Table 6 shows. The poverty gap has likewise remained the same. However, as can be seen in Table 7, in 2007–08, 18% of those living below the national poverty line were to be found in urban areas; but this figure rose to 24% in 2011–12—showing a marked increase in urban poverty.

The Global Multidimensional Poverty Index (MPI) has three dimensions—living standards, health and education—and 10 indicators, as shown in Figure 7. In Afghanistan 58.8% of the population are multidimensionality poor (or 'MPI poor') while an additional 16.0% live near multidimensional poverty.<sup>42</sup> Figure 6 shows the proportion of the population that is poor and deprived in each indicator; Figure 7 shows the level of these same deprivations in rural and urban areas, together with the national aggregate.

**TABLE 5 AFGHANISTAN'S 34 PROVINCIAL CAPITAL CITY TYPOLOGIES**

City Type	Characteristics	Cities	Land Area (Km2)	Population (000's) @7.5	Population (000's) @9	Number of Dwelling Units
Capital City	Political, administrative, educational and financial centre of the country; at least six times the population size than the next largest cities (Regional Hubs) and under considerable urban growth pressure due to in-migration and urban expansion.	Kabul	1,049	2,970,713	3,564,855	396,095
Regional Hub	Historic cities that dominate the northern, western, and southern regions; connected through trade and sub-culture to neighbouring countries. Surrounded by large and fertile agricultural plains. Have strong and relatively diversified economies including robust construction, manufacturing and services sectors. Under considerable urbanisation pressure.	Herat	182	673,425	808,110	89,790
		Mazar-i-Sharif	83	582,113	698,535	77,615
		Kandahar	273	464,265	557,118	61,902
		Jalalabad	122	296,895	356,274	39,586
Trading and Transit Hub	Smaller provincial capital cities that are strategically located on the ring road or borders and are commercial transit points, often between districts and the Regional Hubs and/or Capital City. Smaller populations than the Regional Hubs and lower urbanization pressure.	Lashkar Gah	384	230,318	276,381	30,709
		Kunduz	112	224,078	268,893	29,877
		Taluqan	107	215,183	258,219	28,691
		Pul-i-Khumri	181	184,395	221,274	24,586
		Sheberghan	73	146,333	175,599	19,511
		Zaranj	48	134,085	160,902	17,878
		Maimana	35	124,200	149,040	16,560
		Ghazni	57	119,483	143,379	15,931
Provincial Centre	Cities that, due to their geography and positioning, mainly serve their surrounding provincial area. They are also important trading and distribution hubs, especially for the agricultural sector. Lower urbanization pressure.	Khost	71	88,403	106,083	11,787
		Charikar	30	80,033	96,039	10,671
		Faiz Abad	159	79,538	95,445	10,605
		Tarinkot	41	59,670	71,604	7,956
		Gardez	62	58,868	70,641	7,849
		Qala-i-Naw	28	53,438	64,125	7,125
		Aybak	32	52,373	62,847	6,983
		Asad Abad	92	47,625	57,150	6,350
		Sar-i-Pul	30	42,563	51,075	5,675
		Qalat	48	40,965	49,158	5,462
		Farah	29	39,743	47,691	5,299
		Bamyan	35	33,263	39,915	4,435
		Mehterlam	14	27,458	32,949	3,661
		Ferozkoh	26	26,055	31,266	3,474
Urban Village	Small towns that are little more than villages in terms of their population size and urban form (e.g., scattered villages) with low urbanization pressure.	Mahmood Raqi	40	42,075	50,490	5,610
		Bazarak	91	20,603	24,723	2,747
		Pul-i-Alam	38	19,095	22,914	2,546
		Nili	94	14,955	17,946	1,994
		Sharan	59	13,043	15,651	1,739
		Maidan Shahr	33	11,888	14,265	1,585
		Paroon	4	1,373	1,647	183

Source: GoIRA, 2015

TABLE 6 POVERTY TRENDS BY SURVEY YEAR

Poverty indicators	Survey year Q1/16	
	2007-08	2011-12
Poverty Headcount	36.3	35.8
Poverty Gap	7.9	8.4

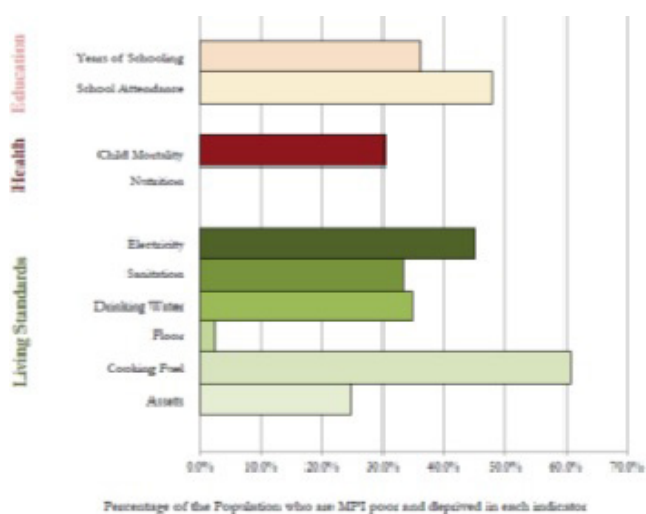
Source: World Bank, 2015d

TABLE 7 POVERTY HEADCOUNT AND POVERTY DISTRIBUTION BY AREA OF RESIDENCE

	Poverty Headcount		Distribution of the Poor		Distribution of the Population	
	2007-08	2011-12	2007-08	2011-12	2007-08	2011-12
Urban	28.9	27.6	16.68	18.27	20.91	23.65
Rural	38.2	38.3	83.32	81.73	79.09	76.35

Source: World Bank, 2015d

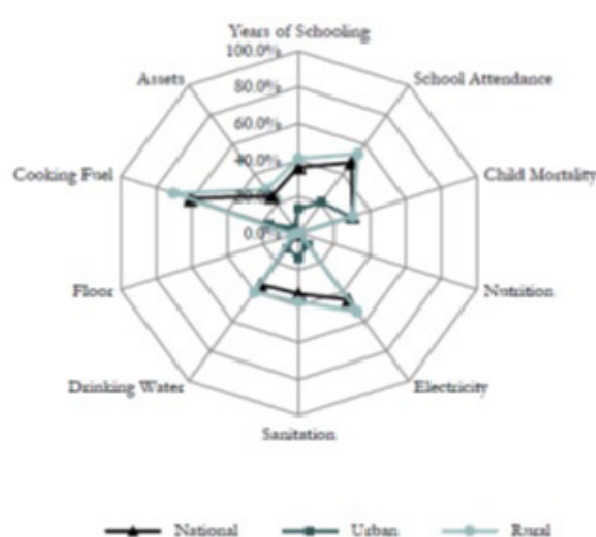
FIGURE 6 CENSORED DEPRIVATIONS IN EACH INDICATOR



Source: OPHI, 2016, p.3

Four out of five poor Afghans live in rural areas, as shown in Table 7. While the urban-rural poverty gap has remained stable over time, the absolute number of urban poor has increased by 240,000 individuals owing to rural-to-urban migration.<sup>43</sup> Indeed, the ‘urbanization of poverty’—the fact that a rapidly increasing proportion of poor Afghans are now living in cities and towns—is a growing challenge. The last decade has seen an increase in both poverty and inequality in urban areas, owing in part to a lack of planning and management of the urbanisation process coupled with the rapid growth of cities. A

FIGURE 7 PERCENTAGE OF THE POPULATION WHO ARE MPI POOR AND DEPRIVED



study conducted in 2014<sup>44</sup> found that urban poverty is on the rise and that the urban poor are becoming poorer, with 78.2% of urban households living below the poverty line of 1,710 AFA (US\$30) per person per month. Urban poverty is pervasive, with little stratification within urban populations or across cities.<sup>45</sup> It is manifested most conspicuously in the proliferation and expansion of informal settlements in which the overwhelming majority of urban households live.



## 1.3 HOUSING AS A BASIC NEED, HUMAN RIGHT AND AS AN ECONOMIC SECTOR

### BASIC NEED

Adequate housing is a basic need and a human right recognized by several international human rights instruments. Adequate housing as a basic need plays an important role in the well-being, health, safety, and overall quality of life of families and individuals. Housing also provides a location from which people can access employment opportunities as well as engage in income generating activities.<sup>46</sup> Indeed, the Government's Strategy and Policy for Anti-Corruption and Administrative Reform<sup>47</sup> asserts that having a house can help individuals settle down in a fixed location and plan for their future.

### HUMAN RIGHTS

The Government of Afghanistan has ratified all the major human rights treaties and conventions, including the International Covenant on Economic, Social and Cultural Rights (ICESCR), which enshrines the right to adequate housing as a component of the right to an adequate standard of living.<sup>48</sup> Adequate housing as defined by the UN Committee of Economic, Social and Cultural Rights (CESCR)<sup>49</sup> includes: (a) legal security of tenure including legal protection against forced evictions; (b) availability of services, materials, facilities and infrastructure; (c) affordability; (d) habitability; (e) accessibility for disadvantaged groups;<sup>50</sup> (f) location and (g) cultural adequacy. These criteria are defined in Annex 2. The Constitution of Afghanistan<sup>51</sup> affirms that the Government will fulfil its obligations under the international human rights instruments to which it is party.

The Constitution does not however explicitly mention the right to adequate housing; but in Article Fourteen (14), it affirms that:

“The state shall adopt necessary measures for provision of housing and distribution of public estates to deserving citizens in accordance with the provisions of law and within financial possibilities.”

The Cairo Declaration on Human Rights in Islam (CDHRI),<sup>52</sup> adopted in Cairo in 1990 by the member states of the Organisation of the Islamic Conference (OIC), of which Afghanistan is one, contains provisions on most economic, social and cultural rights. Article 17(c) places a duty on the State to ensure the right to a decent living, including food, clothing, housing, education, medical care and all other basic needs. The CDHRI has, however, yet to be accepted by the UN.

Failure to address the right to adequate housing creates inequalities and social stratification, including income and wealth disparities, insecurity, segregation and discrimination—as is currently the case in urban Afghanistan.

### ECONOMIC SECTOR

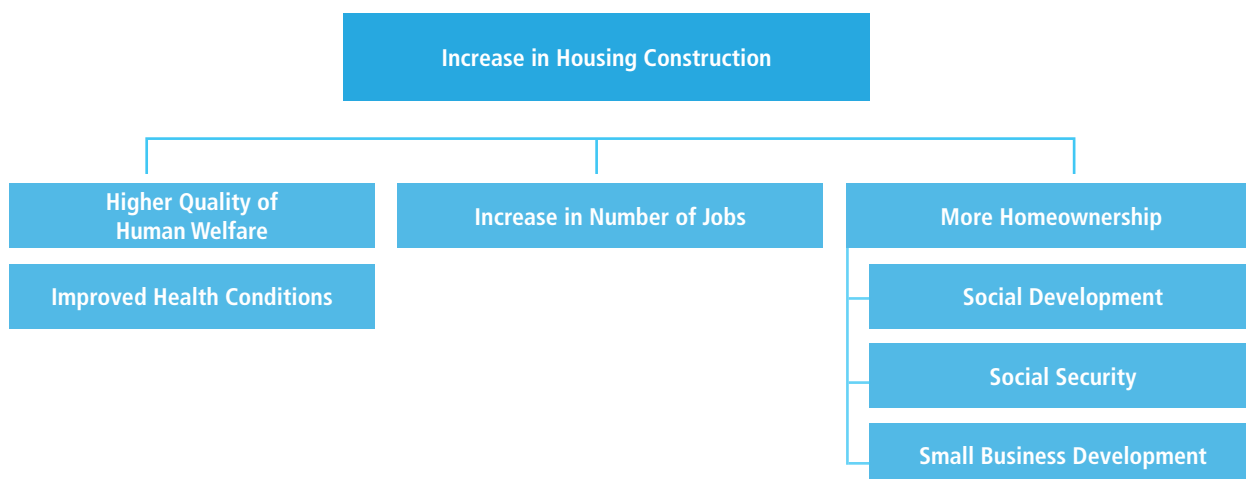
Housing represents one of the most important assets a household can own—not only in terms of saving rent and the potential for using it productively, but also in securing a foothold in the urban economy. In Afghanistan, households are willing to undergo hardship and risk to own their homes; and to invest scarce resources in housing development and improvement, even if not in conformity with the legal and regulatory framework. For example, in Kabul alone, investments in informal housing are estimated to amount to as much as US\$1.3 billion.<sup>53</sup>

Housing is a key economic sector, the performance of which is critical both in its own right and also because of its link with broader economic and social goals. Housing investment typically accounts for between 2-8% of Gross National Product (GNP), with housing-related services accounting for an additional 5-10% of GNP. Annual expenditure on housing thus accounts for between 7% and 18% of GNP. Government housing policies consequently have a very significant impact on the performance of the housing sector, and hence on the economy as a whole.<sup>54</sup> The creation of more and better quality housing has impacts on the economy and the welfare of households, as shown in Table 8 and Figure 8.

There are important spin-off or multiplier effects from housing construction, in terms of both primary inputs and employment. Construction creates demand for building materials and labour—and employment is created for both skilled and poorer, unskilled workers.<sup>55</sup> Indeed, the construction sector in Afghanistan accounts for a significant proportion of casual and daily jobs.<sup>56</sup> Housing is also connected to the land market and a range of professional services—from planners, architects, engineers, real estate brokers and lawyers, to assessors and advertisers. Such professionals are growing in number, with many of them finding employment because of the growing real estate market, in particular in Kabul.

The evidence also suggests that housing finance helps develop the financial sector (contributing to economic growth) and is in turn also helped by financial sector development.<sup>57</sup> Housing finance can also bring economic opportunity to households. By expanding access to secured credit collateralized by housing, housing finance can release household wealth for other diversified investments, unlocking the power of so-called “dead capital.”<sup>58</sup> A properly functioning titling system and housing finance products can thus play a role in creating economic opportunity.<sup>59</sup> Figure 8 illustrates the links between housing and economic, social, and political aspects; and Table 8 summarizes the benefits of housing to the occupants and to the economy

FIGURE 8 LINKS BETWEEN HOUSING AND ECONOMIC, SOCIAL, AND POLITICAL ASPECTS



Source: Doling et al., 2013, p.6

TABLE 8 BENEFITS OF HOUSING TO THE OCCUPANTS AND TO THE ECONOMY

Benefits to the Economy	Benefits to Occupants
<ul style="list-style-type: none"> <li>• Construction multiplier. Housing construction and improvements, and the transactional activities of buying and selling housing, generate economic activity with multiplier effects for the economy.</li> </ul>	<ul style="list-style-type: none"> <li>• Health and human welfare. More and better housing increases the welfare of housing occupants. The evidence points specifically to improved health conditions, but there are other benefits such as less stress and increased security, especially for children and women.</li> </ul>
<ul style="list-style-type: none"> <li>• Employment generation. Construction and home improvement generate demand for professional, skilled, semi-skilled, and unskilled labour.</li> </ul>	<ul style="list-style-type: none"> <li>• Social and political stability and engagement. Greater homeownership may increase civic engagement and stability and build social capital through the creation of a property-owning society with a stake in the local and national community.</li> </ul>
<ul style="list-style-type: none"> <li>• Small business aspect. Housing provides a place of employment for many micro and small businesses and can be used as collateral to secure a loan. It also provides direct benefits to the occupants in the same way.</li> </ul>	<ul style="list-style-type: none"> <li>• Social security aspect. Purchase of a housing unit can provide an asset from which to generate security in old age.</li> </ul>

Source: After Doling et al., 2013<sup>60</sup>

## 1.4 CROSS-CUTTING ISSUES

### GENDER AND YOUTH

According to the Central Statistics Organization, Afghanistan had an estimated population of 29.2 million in 2016/2017, of whom 51.3% were males and 48.7% females. The Constitution of Afghanistan, under Article 22, affirms that: “The citizens of Afghanistan, man and woman, have equal rights and duties before the law”, and prohibits any kind of discrimination. While Afghan women face constitutional equality, they face legal inequality. There are a number of substantive differences between civil law, Islamic Law and customary law; and also the informal justice system, which tends to grant women even less rights.<sup>61</sup> Afghan women are thus typically denied their legal rights to inheritance and their land,

property and housing rights by cultural, traditional and societal pressure.<sup>62</sup> Indeed, unmarried and widowed women cannot rent a house if they do not have a male chaperone.<sup>63</sup> Housing is essential to women as it is the place where they carry out their critical societal role pertaining to reproductive, economic and community managing activities.<sup>64</sup>

Afghanistan in 2015: A Survey of the Afghan People<sup>65</sup> an annual survey that gathers the opinions of Afghan women and men on issues of paramount importance to their country’s social, economic, and political development—found the two main problems that Afghan women, specifically, face to be: (i) education and illiteracy (cited by 20.4% of respondents) and unemployment/lack of job opportunities (11.3%). The percentage of Afghans citing lack of women’s

rights as a problem faced by women increased from 6.2% in 2014 to 8.7% in 2015, suggesting a rise in awareness of women's rights.

The literacy rate among Afghan women is indeed very low, with only one in five women aged 15-24 being able to read and write. The literacy rate among rural women is more than three times lower than in urban areas; furthermore, the rate among women in the poorest households is 10 times lower than their counterparts in the wealthiest quintile. The low literacy rate, coupled with cultural and societal norms, has significant adverse implications for their triple role.<sup>67</sup>

As explained earlier, Afghanistan has one of the youngest populations in the world—with 44.0% of the population under 15 years of age and nearly 80% of the total population under 35 years.<sup>68</sup> Youth (those aged 15 to 24) experience exclusion on many fronts, including access to education and jobs, and participation in governance and decision-making.<sup>69</sup> According to the Afghanistan Living Conditions Survey 2013 – 2014 (ALCS 2013-14),<sup>70</sup> the youth unemployment rate in 2013-14 was 27%—with a much higher rate for females (41%) than males (22%). Unemployed youth constituted 28% of the total unemployed population. Unemployment is the most commonly cited problem facing youth (71.4%) in Afghanistan in 2015: A Survey of the Afghan People<sup>71</sup> followed by illiteracy (26.5%), a poor economy (15.9%), lack of higher education opportunities (15.3%), and drug addiction (14.2%).<sup>72</sup>

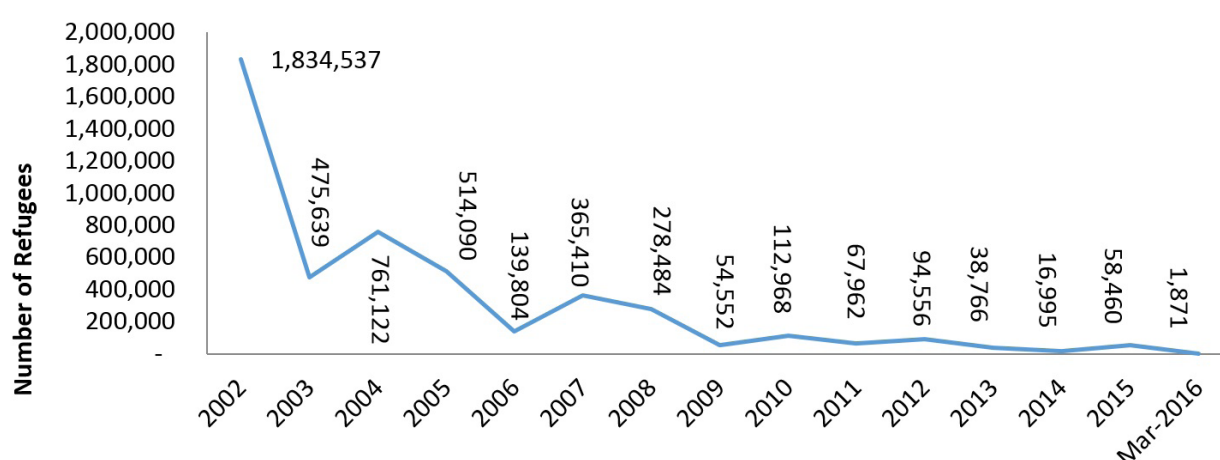
## INTERNALLY DISPLACED PERSONS (IDPS) AND RETURNEES

The decades of conflict that have plagued Afghanistan have forced millions of its people—one-third of the population—to leave their land, their homes and their country.

The United Nations High Commissioner for Refugee (UNHCR) estimates that by the end of December 2015, there were at least 11.2 million people living in displacement because of conflict and violence. This number includes around 384,480 individuals/63,432 families displaced in 2015—an increase of 96% compared with 2014.<sup>73</sup> IDPs face difficulties in meeting specific needs resulting from their displacement, especially accessing water, food, adequate housing and employment.<sup>74</sup> More than half of IDPs live in urban areas.<sup>75</sup> Urban IDPs tend to live in informal settlements, as shown in Figure 10, dispersed among other groups of urban poor including returning refugees and rural-urban migrants—all of whom face the threat of forced eviction.<sup>76</sup>

According to UNOCHA, in 2016, more than 244,125 undocumented returnees and 370,102 registered refugees returned to Afghanistan from Pakistan alone.<sup>77</sup> One half (50%) of Afghan refugees are children; and approximately one quarter of the returnees are youth (aged 16 to 25 years).<sup>78</sup> This has significant implications in terms of the dependency ratio and the consequent housing need. Contrarily, according to UNHCR the number of voluntary repatriations has gone down.

FIGURE 9 ANNUAL VOLUNTARY REPATRIATION TREND, MARCH 2002 – MARCH 2016



Source: UNHCR, 2016, p.2

The official discourse on displacement is focused on ‘return’ (to the location of origin) as the only viable and sustainable solution—but the overwhelming majority of IDPs and returnees in cities are not willing to return to their original provinces and villages. As a partial consequence, about 60% of Afghan returnees are not fully reintegrated into their communities and live far below the standards of other residents of those communities in terms of livelihood, access to land tenure, access to basic services, housing, recognition of rights, and protection.<sup>80</sup> Indeed, the top three

priority needs identified by returnees, in order, are: (i) shelter; (ii) access to land; and (iii) livelihoods.<sup>81</sup> Around 15% of the returnee population have become secondary migrants moving to urban areas of the country, primarily in search of sustainable livelihoods and food security;<sup>82</sup> and thereby contributing to the country’s rapid urbanization. Rising poverty and unemployment in urban centres are among the key factors preventing them from reintegrating into society, and leading to many living in inadequate housing in informal settlements.

FIGURE 10 AN IDP CAMP IN KABUL.



With one in three Afghans having been displaced at some point in their lives, resolving access to land and housing for returnees and IDPs can potentially significantly improve the security situation of millions of ordinary Afghans. The international development community can play an important role by increasing support to relevant UN agencies, non-governmental

organizations (NGOs) and Afghan authorities to better coordinate and implement reintegration programmes. However, these programmes need to be independent of political agenda, and go beyond transitory support to comprehensively address the entrenched land and property problems.<sup>83</sup>



## NATURAL DISASTERS AND CLIMATE CHANGE

Afghanistan has a varied geography, which includes plains and grasslands in the north, a central mountain core, fertile mountain valleys in the east, and deserts and semi-deserts in the west and southwest.<sup>84</sup> It also has a climate of extremes—summers are hot and dry, while winters are cold with heavy snow. For example, temperatures in Zaranj city in Nimroz Province can rise to over 50 degrees Celsius, while temperatures in Ferozkoh city in Ghor Province can drop to as low as -45 degrees Celsius in winters.<sup>85</sup>

Afghanistan's geography and climate make the

country vulnerable to a range of natural disasters and climate change. The frequency and regularity of natural disasters such as droughts, floods, landslides and avalanches are evidence of the significant challenges that Afghanistan is facing in adapting to current climatic conditions. Table 9 shows the deadliest and most costly natural disasters that have occurred from 1900 to 2015. The most frequent are floods, with 86 internationally reported events that have cost more than US\$ 400 million, making it the most costly hazard for Afghanistan. However, the deadliest disasters are earthquakes, which have resulted in widespread destruction of residential buildings as shown in Figure 11, and the deaths of over 11,400 people to date.<sup>86</sup>

FIGURE 11 EARTHQUAKES HAVE LED TO NUMEROUS BUILDING COLLAPSES ALL ACROSS THE COUNTRY



TABLE 9 DEADLIEST AND MOST COSTLY DISASTERS IN AFGHANISTAN FROM 1900 TO 2015

Disaster type	Events count	Total deaths	Total affected	Total damage ('000 US\$)
Drought			6,558,000	142,250
Earthquake	31	11,427	629,616	54,060
Epidemic			246,945	0
Extreme temperature	7	1,934	370,952	10
Flood			1,440,251	404,000
Landslide	20	1,641	309,582	0
Storm	3	126	5	0

Source: PPrevention Web and UNISDR, 2015

The *Global Climate Risk Index 2016*<sup>87</sup> ranked Afghanistan second amongst the countries most affected by the impacts of weather-related loss events (storms, floods, heat waves etc.), with a Climate Risk Index (CRI)<sup>88</sup> score of 10.67 for 2014. Specific urban climate change impacts in Afghanistan include:

- Increased water resources scarcity from extended droughts, and sandstorms in dryland cities.
- Changing patterns of precipitation in inland and high altitude cities, potentially leading to minor flooding.
- Extreme, intense rain events resulting in severe flooding and landslides.
- Heatwaves/heat-islands' owing to the increased impermeable surfaces and thermal characteristics of the built environment, and the concentration of human activity.
- Deteriorating air quality as a result of air pollutants reacting to increasing temperatures.<sup>89</sup>

The impacts of future climate change together with rapid urbanization and population growth will likely increase vulnerability and undermine urban resilience of Afghanistan. It is imperative therefore that climate change adaptation, including disaster risk management, underpin future urban planning and housing development.



## CHAPTER END NOTES

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5. <http://worldpopulationreview.com/countries/afghanistan-population/>
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23. World Bank (2015c)
24. May et al. (2008)
25. GoIRA (2015)
26. Lister and Karaev (2004)
27. ICMPD (2013), p.6.
28. World Bank (2016b)
29. World Bank (2016a)
30. United Nations (2015c)
31. *The average household size in Afghanistan is 7.5 persons, with three to four children under age 15. Some 37 % of households have ten people or more. Male-headed households are the norm in Afghanistan, with only around one percent headed by women* CSO (2014a)
32. UN-Habitat (2014a)
33. GoIRA (2015)
34. *A survey of rural to urban migrants in the five major cities found that 90% had no intention of leaving the city* GoIRA (2015).
35. GoIRA (2015)
36. Rabani (2014)
37. See Boyer (2006) for an expose of the impact of political events on urbanization from the 1950's up to the fall of the Taliban in 2001.
38. UN-Habitat (2015a)
39. UN-Habitat (2015b)
40. UN-Habitat (2016f)
41. *Average per capita shortfall below the poverty line as a proportion of that line, aggregated for all poor.*
42. UNDP (2015)
43. World Bank (2015d)
44. Hall (2014)
45. Hall (2014)
46. *Home-based enterprises (HBEs) involve varied skills and resources, and may use small or considerable parts of the dwelling, despite the limited space available for all activities. HBEs mobilize resources effectively and make a significant contribution to the local economy* Majale (2004)
47. GoIRA (2006b)
48. *Other international human rights treaties and conventions in which the right to adequate housing is enshrined and to which*

*Afghanistan is signatory include: the Universal Declaration of Human Rights (1948); the International Covenant on Economic, Social and Cultural Rights (1966); the International Convention on the Elimination of All Forms of Racial Discrimination (1965); the Convention on the Elimination of All Forms of Discrimination Against Women (1979); the Convention on the Rights of the Child (1989); the Convention Relating to the Status of Refugees (1959); and the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families (1990). See also UN-Habitat (2016a)*

49. CESC (1991)
50. *Disadvantaged groups, as identified by CESC (1991), include the elderly, children, the physically disabled, the terminally ill, HIV-positive individuals, persons with persistent medical problems, the mentally ill, victims of natural disasters, and people living in disaster-prone areas.*
51. GoIRA (2004)
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54. World Bank (1993)
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56. ILO (2012)
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58. De Soto (2000)
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60. Doling et al. (2013)
61. World Bank (2005b)
62. Nijssen (2011)
63. *Women Consultation Workshop - Report on U-NPP, Kabul City, 9th March, 2016.*
64. *Women's triple role refers to: (i) their reproductive role, which comprises the childbearing/rearing responsibilities and domestic tasks undertaken by women; (ii) their productive role, which comprises work done for payment in cash or kind; and (iii) their community managing role, which comprises activities undertaken at the community level, as an extension of their reproductive role (Moser (1993)*
65. Sadat et al. (2015)
66. CSO and UNICEF (2012)
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68. UN-Habitat (2016i)
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78. UNHCR (2012, (2015b)
79. UN-Habitat (2016c)
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83. Macdonald (2010)
84. Blood (2001)
85. GoIRA (2015)
86. PreventionWeb and UNISDR (2015)
87. Kreft et al. (2015)
88. *The Global Climate Risk Index (CRI) analyses the quantified impacts of extreme weather events, both in terms of fatalities and economic losses that occurred. The CRI examines both absolute and relative impacts to create an average ranking of countries in four indicating categories—(1) Number of deaths; (2) Number of deaths per 100 000 inhabitants; (3) Sum of losses in US\$ in purchasing power parity (PPP); and (4) Losses per unit of GDP. The countries ranking highest are the ones most impacted.*
89. GoIRA (2015)

# INSTITUTIONAL FRAMEWORK: KEY ACTORS IN THE HOUSING SECTOR

## 2.1 INTRODUCTION

The urban sector in Afghanistan is governed by a range of institutions at the national and sub-national level, as illustrated in Figure 14, which also play a key role in the housing sector. There are also a number of independent government agencies that play an important role in land supply, infrastructure and services delivery. The formal private sector and international development partners are other key actors in housing development and improvement in Afghanistan, as are the informal and household sectors. This chapter highlights the roles of these various actors.

## 2.2 CENTRAL GOVERNMENT

**Ministry of Urban Development and Housing (MUDH):** is a major player in the housing sector in Afghanistan. It is responsible for ensuring sound urban management, including facilitating access to housing for all Afghan citizens. In order to fulfil this responsibility, MUDH is mandated to formulate urban and housing policy and prepare five-year urban master plans and appropriate housing programmes and projects, as well as the Urban Management Sector portion of the National Development Budget. MUDH is also tasked with coordinating, monitoring and evaluating all projects in the urban sector, and reporting to donors, the Cabinet and the Ministry of Finance. The organizational structure of MUDH is illustrated in Figure 15. MUDH is currently heavily involved in apartment construction, as explained in Chapter 5.0. MUDH has recently initiated a National Housing Programme that will help strengthen the housing sector through policy interventions, strategy development, a national housing assessment and development of housing projects across the country subject to the availability of financial resources.

**Ministry of Refugees and Repatriation (MoRR)** is responsible for coordinating refugee and returnee affairs with other ministries and international organizations. MoRR is also the institutional focal point with responsibility for coordinating the implementation of the National Policy on Internally Displaced Persons<sup>1</sup> with Ministries, Afghanistan National Disaster Management Authority (ANDMA), provincial and municipal authorities, IDPs and affected communities, civil society, United Nations agencies, and other international organizations. MoRR is also the lead agency in the Afghan government's Land Allocation Scheme (LAS) that was launched in 2005. MoRR is however badly under-resourced and has been plagued by allegations of corruption for years.<sup>2</sup>

**Ministry of Finance (MoF)** is responsible for the implementation and execution of the budget; collection of taxes; organization and control of public expenditure; payments to the government; and the management of Custom Affairs. MoF also provides a range of services—such as budget formulation and budgetary allotment processing—to other government agencies, including MUDH.<sup>3</sup> However, MoF has in the past failed to approve and allocate MUDH's budget on time, thereby creating major challenges for MUDH in achieving targets.<sup>4</sup>

**Ministry of Public Works (MoPW)** is responsible for large road infrastructure, mostly outside city boundaries; but it also has responsibility for about 40 km of strategic highways inside Kabul city.<sup>5</sup>

## 2.3 LOCAL GOVERNMENT

Municipalities are established, in accordance with Article 141 of the Constitution of Afghanistan, “to administer city affairs”. Municipal administrations receive their mandate through the Municipal Law of 2000—which is currently under review and will be superseded by a new law in line with the Sub-national Governance Policy of 2010.<sup>6</sup> The two main purposes of municipal administrations are (i) to develop cities in an acceptable way to the citizens; and (ii) to provide urban services in an efficient and cost-effective manner. Municipalities also have a number of specific infrastructure and service delivery and housing-related functions under the Municipal Law, as explained in Chapter 3.2.

Local service delivery entities, such as community development councils (CDCs) and school management committees, sometimes help overcome service delivery deficiencies. However, use of such mechanisms may compromise the obligation of municipalities to carry out their legally mandated responsibilities.<sup>7</sup>

**Kabul Municipality** has far greater autonomy with respect to governance than other municipalities. It has the status of ministry, by which it is granted special dispensation for its operation. In particular, the President directly appoints the mayor and senior staff without the involvement of the Department of Local Government.<sup>8</sup> Its staff include the directors of various departments—such as urban planning, land acquisition, sanitation and Macrorayan departments—and the administrators of each of the city’s 18 districts.

Kabul Municipality owns, or is in a position to sell, significant amounts of “state” or “public” land throughout the city. The Municipality also has responsibility for, among other things, implementation of the city’s master plan; distribution of land plots for commercial and residential purposes; and housing construction and maintenance—and claims the revenue collection for all of these services. In an environment where land ownership is often disputed and the legal and regulatory framework ambiguous, there have been several allegations about the Municipality’s land dealings.<sup>9</sup> Indeed, a number of senior municipal officials have been relieved of their duties for alleged abuse of office.<sup>10</sup>

The Macrorayan Maintenance Department of Kabul Municipality aims to deliver services to the residents of Macrorayan apartment complexes, which are described in more detail in Section 5.3.1 and other related projects in Kabul city. The Department manages 12,000 privately owned apartments for 200,000 residents on eight properties. The department performs the following two major functions: (i) Provides services to residents of Macrorayan apartment complexes; and (ii) Maintenance and improvement of facilities in Macrorayan apartment complexes. In this regard, its major responsibilities include: ensuring adequate water supply; waste management; maintenance of buildings, such as electricity, plumbing, heating, painting and renovation; and maintenance of communal areas and facilities and amenities, such as green areas.

Overall, the Department carries out its responsibilities efficiently and effectively, and the Macrorayan apartment complexes are well maintained with well-functioning and reliable infrastructure and services. Macrorayan apartments are thus amongst the most desirable places to live in Kabul city.

**Community Development Councils (CDCs)** were introduced under the National Solidarity Programme (NSP). They are local bodies set up to make local decisions regarding development; and are hybrid bodies, structured like traditional shuras but formally sanctioned by the Government (Figure 12).<sup>11</sup>

Since 2001, over 645 male and female urban CDCs have been established,<sup>12</sup> with the support of UN-Habitat, as a governance structure at the community level in Kabul, Kandahar, Jalalabad, Mazar-e-Sharif, Herat, Charikar and Bamyan. The urban CDCs have played a key role in UN-Habitat’s support to municipalities to engage with communities to improve housing conditions through neighbourhood upgrading, primarily through infrastructure construction and improvement.<sup>13</sup>



FIGURE 12 A CDC MEETING IN PROGRESS.



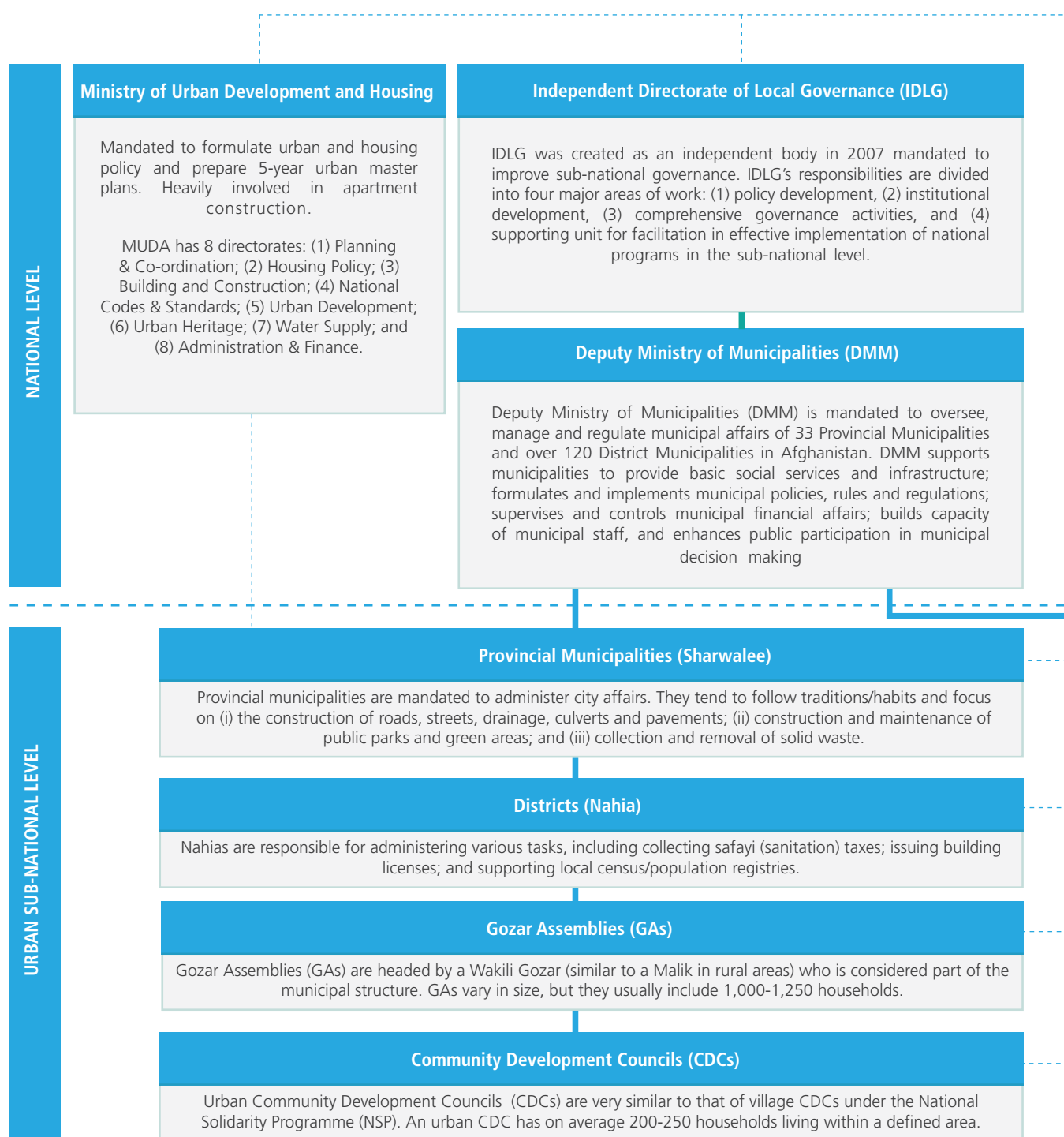
**Gozar Assemblies:** The smallest urban land administrative unit is the Gozar, which contains a minimum of 500 households. Gozar Assemblies (GAs) usually include 1,000-1,250 households, and are headed by a Wakil-i-Gozar (similar to a Malik in rural areas) who the municipality appoints and

pays (Figure 13). Wakil-i-Gozars handle the local administrative and management matters of the municipality, including registration of land, and are highly influential in the sale, purchase or registration of land and houses.<sup>14</sup>

FIGURE 13 A GOZAR ASSEMBLY MEETING.



FIGURE 14 OVERVIEW OF KEY URBAN INSTITUTIONS AND MANDATES





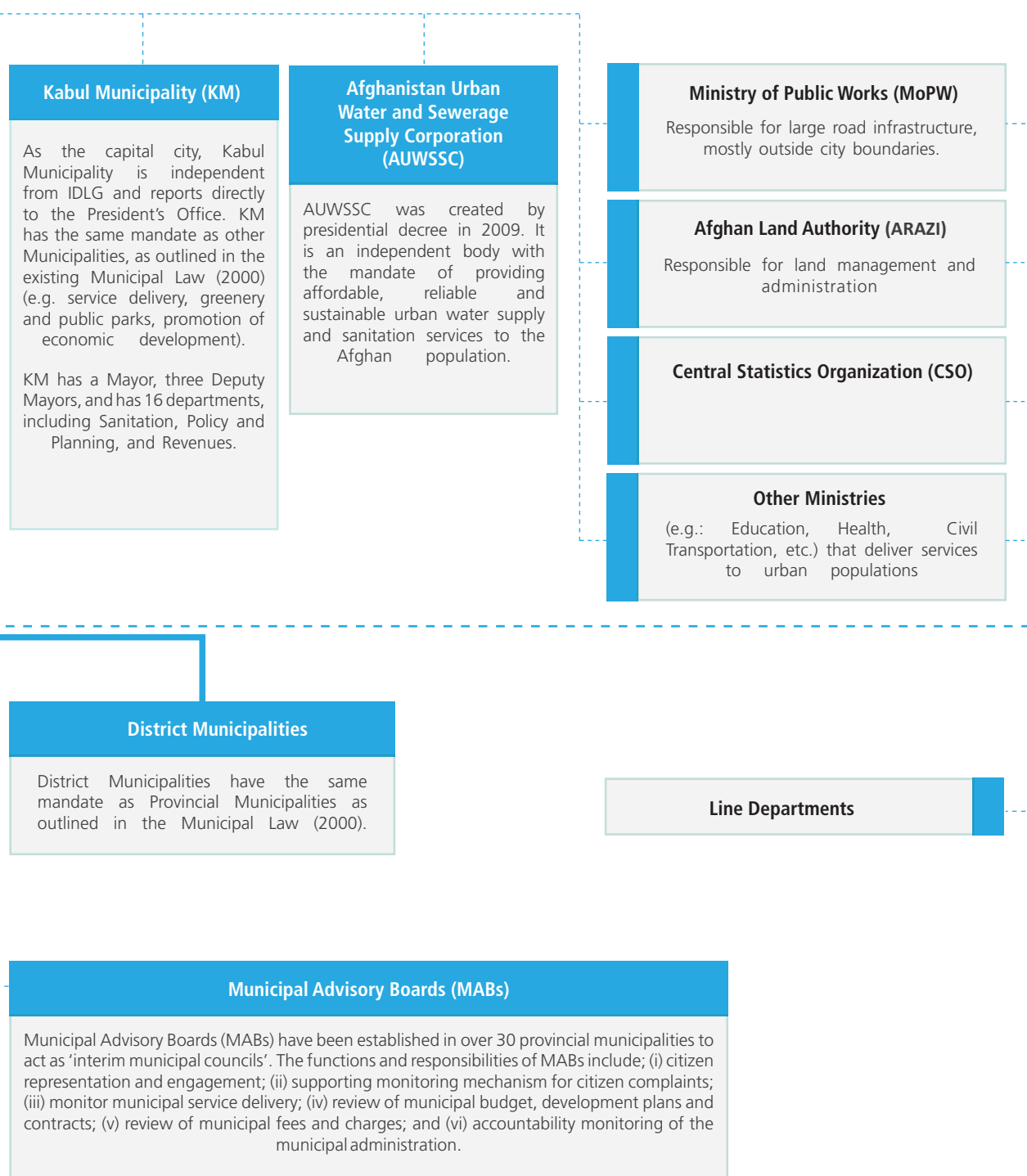
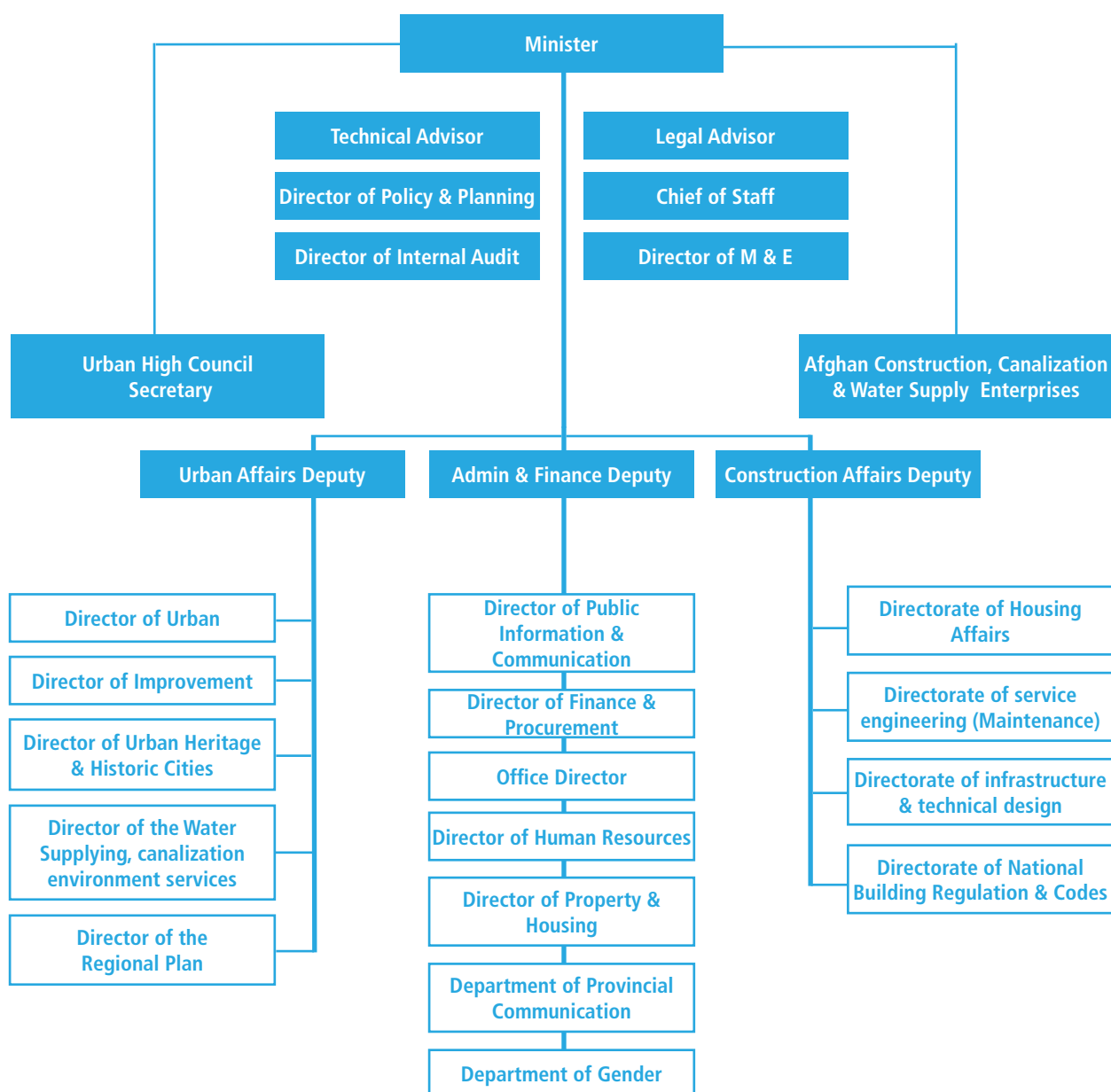


FIGURE 15 ORGANIZATIONAL STRUCTURE OF MINISTRY OF URBAN DEVELOPMENT AND HOUSING (MUDH)



Source: <http://mudh.gov.af/en/page/1878/1886>

## 2.4 INDEPENDENT GOVERNMENT AGENCIES

**Independent Directorate of Local Governance/ Deputy Ministry of Municipalities (IDLG/DMM):** is mandated to improve sub-national governance. IDLG's responsibilities fall under four areas: (i) policy development; (ii) institutional development; (iii) comprehensive governance; and (iv) facilitation of effective implementation of national programmes at the sub-national level. IDLG has an 'Assessment of Municipalities' database produced in 2013.<sup>15</sup> The top three priorities of IDLG are: (a) service delivery; (b) accountability; and (c) clear functions and mandates.<sup>16</sup>

**Afghanistan Independent Land Authority (ARAZI):** is responsible for managing state lands countrywide and providing land-related services to government institutions, municipalities, investors and individuals. It is also responsible for: (1) Land inventory; (2) Land registration through the land rights identification process; (3) Land rights identification and settlement of rights (also called "tasfia"); (4) Land transfer and exchange (primarily to other divisions of government); (5) Land leasing to the private sector; and (6) Land dispute resolution. ARAZI aims to be a "one stop shop" for land administration (survey cadastre, clearance, registration and dispute resolution)<sup>17</sup> and the management, lease and sale of state land.<sup>18</sup>

ARAZI has developed its own Gender Strategy, committing itself to actively support a gender-sensitive approach in both its external and internal operations.

A key challenge that ARAZI faces is its limited human and institutional capacity to effectively address the vast challenges of land administration and management. It is also constrained by a restrictive budget, which distorts priorities.<sup>19</sup>

**Capital Region Independent Development Authority (CRIDA)**, formerly Deh Sabz City Development Authority (DCDA), was established to create a safe urban environment and address the problems caused by population growth in the Capital Region, which comprises Kabul, Kapisa, Logar, Parwan and Wardak Provinces. It is mandated to do so in coordination with relevant urban sector agencies through planning, design and implementation of development projects. It also aims among other things to ensure effective utilization of existing land resources and poverty alleviation through development of the Capital Region. CRIDA's major responsibilities include development of residential cities; and upgrading of informal settlements and prevention of further development of illegal and unplanned settlements.<sup>20</sup>

**Afghanistan Urban Water Supply and Sewerage Corporation (AUWSSC)**: is mandated to provide affordable, reliable and sustainable urban water supply and sanitation services to the Afghan population, under the supervision of a board (comprising MUDH, Ministry of Finance; Ministry of Economy; National Environment Protection Agency; and Kabul Municipality). AUWSSC operates through a General Directorate in Kabul and Strategic Business Units (SBUs) in the six major cities; and depending on the volume of pre-planned work, maintains sub-SBUs in other provinces and districts.

**Da Afghanistan Breshna Sherkat (DABS)**: Incorporated on 4th May 2008 as an autonomous limited liability company wholly owned by the Government, DABS replaced Da Afghanistan Breshna Moassassa (DABM) as the national power utility. DABS operates and manages electric power generation, import, transmission, and distribution throughout Afghanistan on a commercial basis.

However, since its incorporation in 2008, DABS has had difficulty in providing sustainable service, especially in the south of the country. DABS

consequently engaged the International Finance Corporation (IFC) to advise on a performance-based public-private partnership (PPP), which resulted in the signing of the first-ever performance based PPP agreement in Afghanistan in August 2014.<sup>21</sup> Another challenge facing DABS is that it has to import much of the electricity it distributes, which has led to high prices for electricity. In May 2016, DABS increased prices by 25% in Kabul and 13 other provinces, citing the drastic depreciation of the Afghani against the US dollar as the reason for the hike.

## 2.5 THE FORMAL PRIVATE SECTOR

**Afghanistan Builders Association (ABA)**: was established in 2004 with the support of the United States Agency for International Development (USAID) and construction companies, ABA is the largest growing construction association in the country with over 500 members. ABA aims to be the collective proactive voice of the construction industry and to raise public awareness of the role it plays to so as to ensure legal and regulatory fairness for both the industry and consumers. Its membership includes construction companies, construction material production companies, construction machineries, engineering services and construction material testing laboratories. ABA provides training and capacity building, networking opportunities, and other events to link the Afghan construction sector to international companies and organizations looking to work in Afghanistan.<sup>22</sup>

**Private developers** play a significant role in urban housing delivery in Afghanistan. The majority are building multi-storey apartment complexes targeted at the high end of the market, as explained in more detail in Chapter 5.0

Private developers are expected to play a key role in housing development in the proposed Kabul New City (KNC). They will be obliged to incorporate affordable housing in any housing development they undertake in the KNC development. The assumption is that even if the provision of affordable housing is made compulsory by development guidelines, they will still make a profit, as the housing development in the new city is potentially highly lucrative.

**The Society of Afghan Engineers (SAE)**<sup>23</sup> is a voluntary initiative of Afghan architects and engineers and is operated on a non-profit basis. Its mission is "to provide connections among Afghan

professionals throughout the world and assist as technical consultants to both the governmental agencies and private sectors of Afghanistan.”

**The Society of Afghan Architects and Engineers (SAAE)**<sup>24</sup> was formed in January 2005 by a group of Afghan architects and engineers in Kabul and surrounding areas. Its mission is to “to advance the professions of architecture, engineering and related professions pertaining to the built environment for the sound and sustainable development of Afghanistan.” The members include architects, urban planners, and civil, mechanical, electrical and water supply engineers. SAAE plays a critical role in identifying the professions playing an influential role in the planning and design of the built environment in Afghanistan.

## 2.6 INTERNATIONAL DEVELOPMENT PARTNERS

The challenges that Afghanistan is facing with respect to infrastructure and services and housing shortages, which are largely a consequence of the continuous conflict that the country has endured, have attracted the involvement of the international development community, and a number of housing-related projects have been initiated, are on-going or have been completed in recent times.

**United Nations Human Settlements Programme, UN-Habitat.** Working in partnership with communities across Afghanistan since 1992, UN-Habitat has invested in providing basic services, including potable water, shelter and skills training. It has worked closely with the Government of Afghanistan and local authorities on a range of housing-related projects, which have included strengthening institutional capacity and providing policy support. UN-Habitat’s direct counterpart in the Government is the Ministry of Urban Development and Housing (MUDH).

**United Nations Development Programme (UNDP):** has been working in Afghanistan continuously since 1966 in close partnership with government, civil society and other national and international partners. UNDP is currently working with the Independent Directorate of Local Governance (IDLG) on the Local Governance Project–Afghanistan (LoGo), which aims to, among other things, make local-level planning and service delivery more accountable; and increase service delivery through piloting the provincial budgeting policy. Improved service delivery is catalytic

for housing development. Hence the project can potentially stimulate housing development in cities other than Kabul, where the bulk of new housing development is currently taking place—but which still accounts for about 40% of the total housing needs.

**United Nations High Commissioner for Refugee (UNHCR):** is working with government counterparts, UN agencies, and international and national NGOs to assist returnees, refugees, IDPs and other people in situations of vulnerability. UNHCR’s direct counterpart in the Government is the Ministry of Refugees and Repatriation (MoRR), but it also collaborates with nine other line ministries. Since 2002, the cornerstone of UNHCR assistance has been shelter assistance programmes explicitly targeting returned refugees and IDPs in areas of high return, through which over 225,000 shelters have been built benefiting over 1.35 million vulnerable Afghans.<sup>25</sup>

**Japan International Cooperation Agency (JICA).** The Kabul Metropolitan Development Cooperation Programme, JICA’s flagship programme in Afghanistan, sets out an ambitious action plan to help address some of Kabul challenges in water and sanitation, electrification, transportation, and urban planning and renewal, in partnership with the Afghan Government. JICA will participate in the development of a new city that will expand out of existing Kabul and is projected to accommodate and provide employment for 1.5 million people by 2025. Housing will be a key component of the new city, and will present a significant opportunity to apply innovative approaches to housing development.

**United Arab Emirates (UAE)** through Abu Dhabi Fund for Development: is financing the US\$ 179 million Qasabah Housing project in Kabul. The project is expected to be completed within three years.<sup>26</sup>

**The People’s Republic of China:** The Chinese government is financing the construction of 10,000 apartments country-wide under an “affordable housing” scheme. Construction of the first two phases, each of which comprised of 1,400 units in Kabul, is expected to begin in 2017.

**Qatar:** has signed an agreement to finance the construction of 1,000 housing units, with construction planned to commence before the end of 2016.

**International development partners:** while implementing their own respective housing



interventions have also set up a number of consultative groups, roundtables and other coordination mechanisms to provide housing-related-infrastructure and services and improve housing and living conditions in informal settlements. One such initiative is the Kabul Informal Settlements (KIS) Task Force, formed in 2010, which currently comprises 15 UN agencies and NGOs. By working collaboratively, the KIS Task Force is able to coordinate and streamline its members' interventions in Kabul's informal settlements, thereby optimizing resource allocation and utilization to the 52 informal settlements scattered around the city of Kabul.

## 2.7 INFORMAL AND HOUSEHOLD SECTORS

Private developers in illegal, semi-legal or informal land markets play an important role, as affirmed by The Study for the Development of the Master Plan for the Kabul Metropolitan Area<sup>27</sup> They have

provided housing plots in much greater quantities and at significantly lower cost than the public sector and legal private developers. The plots and houses they supply by them are more accessible and affordable for urban poor and low-income households. The informal sector also offers more flexible and affordable rental options for households that do not own a home in the city.<sup>28</sup> Indeed, in Kabul, up to 80% of transactions in the housing market are informal.<sup>29</sup>

The household sector is also play a key player in housing supply in Afghanistan. An estimated 60% of the households In Kabul and Jalalabad have built their own homes, underscoring the capacity of urban household in Afghanistan to construct cheap housing. This is comparable to an earlier estimation by UNICEF that about 80% of the new houses constructed in Kabul in the 1990s were self-built by households. However, a majority of these households have built their homes on land which they encroached upon, and for which they do not possess legal title.<sup>30</sup>

FIGURE 16 AN INFORMAL HILLSIDE SETTLEMENT IN KABUL.



## 2.8 BRIEF CONCLUSION

There is a wide range of institutional actors involved in housing delivery in Afghanistan. They include institutions at the national and sub-national level, as well as a number of independent government agencies that play an important role in land supply and infrastructure and services delivery. However, in many cases, there is an overlap of roles and responsibilities, as well as poor coordination between

these players. International development partners, on the other hand, are taking measures to coordinate their initiatives to provide housing-related-infrastructure and services and improve housing and living conditions, in particular, in informal settlements. The informal and household sectors are also key players in housing supply in Afghanistan, with the latter having built up to an estimated 80% of houses in Kabul.

1. GolRA (2013)
2. <https://www.amnesty.org/en/press-releases/2016/05/afghanistan-internally-displaced-by-conflict-doubled-in-three-years/>
3. See MoF website: <http://mof.gov.af/en/page/1148>.
4. See MUDH website: <http://mudh.gov.af/en/page/3555>.
5. World Bank (2014)
6. GolRA (2010)
7. Ellis and Roberts (2016)
8. RECS International Inc. et al. (2009)
9. Ittig (2005)
10. See, for example, <http://1tvnews.af/en/news/elections/22580-two-senior-kabul-municipality-officials-arrested>.
11. Lamb (2012)
12. In most cases there are separate male and female CDCs with the same geographic boundaries for each.
13. GolRA (2015); UN-Habitat (2014b)
14. Razaq (2013); World Bank (2007)
15. GolRA (2015)
16. <https://uncareer.net/vacancy/component-lead-municipalities-local-governance-logo-project-62672>
17. World Bank (2012b)
18. Peikar and Cooke (2016)
19. ARAZI (2014)
20. See CRIDA website <http://www.crida.gov.af>.
21. World Bank (2015e)
22. See ABA website at: <http://www.aba.af>.
23. See SAE <http://www.afghanengineers.org>
24. See SAAE website: <http://www.saae.org.af>.
25. Loschmann et al. (2014); USA for UNHCR (2015)
26. <http://president.gov.af/en/news/20329> and <http://www.tkg.af/english/reports/political/1657-officials-hijack-cheap-housing-project>
27. RECS International Inc. et al. (2009)
28. Mathema (2012)
29. Sugarman et al. (2011)
30. Schütte (2005)



## POLICY, LEGAL AND REGULATORY FRAMEWORKS RELATED TO HOUSING

### 3.1 POLICY CONTEXT

The policy, legal and regulatory framework governing the housing sector in Afghanistan is lacking in many respects. In particular, there is currently no national housing policy, though a draft is in preparation.

The Afghan government has however taken some positive policy measures to address the housing deficit that the country faces. It has primarily aimed to provide new serviced and unserviced land; improve security of tenure through land titling; support housing construction and improvement; promote access to affordable housing finance; and establish a housing subsidy programme for low- and middle-income households.<sup>1</sup> These measures are at various stages of implementation, mostly through development partner-supported projects and programmes.

The Government has also explored a private sector role in the housing sector, with some apparent successes, as is visible in Kabul in particular. However, policy interventions that involve allocation of free land to the private sector to help alleviate the housing shortage through free land need to be carefully considered and appropriately designed to avoid the well-known pitfalls.<sup>2</sup> Such policy interventions are often not effectively targeted at those most in need of housing support; and even if they are, in many cases do not reach the targeted beneficiaries for reasons of affordability.

**The National Policy on Internally Displaced Persons<sup>3</sup>** is arguably one of the most important policies given the prevailing historical and current security situation. It provides a framework for ending displacement and achieving local integration and sustainable solutions for internally displaced persons (IDPs). The Policy, under Clause 7.1.3, recognizes the “Right to Adequate Housing and Access to Land” as basic rights of IDPs. The Afghanistan Housing, Land And Property Task Force (HLP TF) and Kabul Informal Settlements (KIS) Task Force are two important co-ordinated efforts that are working

to implement the policy and ensures that the rights of IDPs are fulfilled with some degree of success.

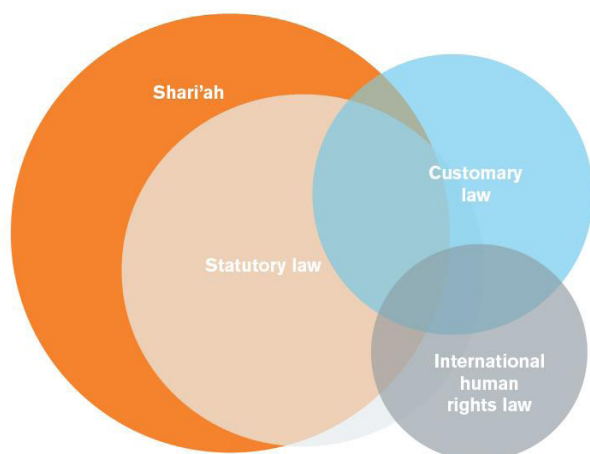
**The Urban National Priority Programme (U-NPP)** was developed by the Urban Sector, led by MUDH, in alignment with Sustainable Development Goal 11 (SDG 11), which aims to make cities and human settlements inclusive, safe, resilient and sustainable. The U-NPP is founded on three key pillars: (1) Strengthen Urban Governance and Institutions; (2) Ensure Adequate Housing and Access to Basic Services for All; and (3) Harness Urban Economy and Infrastructure. The U-NPP combines a two-pronged strategy: (i) a participatory and inclusive approach to enhance people’s sense of ownership; and (ii) a technical approach that uses quantitative and qualitative data to prioritize the country’s urban agenda.<sup>4</sup>

Drafting of the **Informal Settlements Upgrading Policy** was completed in 2013 and it received technical endorsement. The Policy aims to upgrade informal areas in the major cities where technically feasible, within the framework of urban planning, through a combination of tenure regularization and infrastructure provision and improvement. But for various reasons the Policy, which was spearheaded by MUDH and the Independent Directorate of Local Governance (IDLG)/ General Directorate for Municipal Affairs (GDMA),<sup>5</sup> has yet to be presented to Cabinet for approval.<sup>6</sup>

### 3.2 LEGAL FRAMEWORK

Afghanistan has a complex legal system composed of competing legal frameworks, including statutory law, Shari’a and customary law. In addition, Afghanistan is also legally bound by international human rights law as it is signatory to a number of international human rights treaties and conventions.<sup>7</sup> The complexity of the interrelationship between these legal frameworks is graphically illustrated in Figure 17. The legal regime first recognizes statutory law, then religious law where statutory law is silent, and finally customary law.<sup>8</sup>

FIGURE 17 RELATIONSHIP BETWEEN APPLICABLE LEGAL FRAMEWORKS IN AFGHANISTAN



Source: NRC, 2014, p.37

*The main housing related legal instruments include the following:*

**The Constitution of Afghanistan,**<sup>9</sup> under Article Six, affirms the obligation of the state to protect human rights; but it does not explicitly guarantee the right to adequate housing. However, Article Fourteen affirms that the Government will, in accordance with the provisions of the law and within financial possibilities, take measures to provide housing for deserving citizens. This provision requires that the Government have adequate resources to provide such housing, and that it also ensures that deserving citizens are the beneficiaries. The Constitution does not, however, define who is a deserving citizen.<sup>10</sup>

**The Civil Law of the Republic of Afghanistan (Civil Code)**<sup>11</sup> of 1977 provides a detailed overview of property rights, but the Government has not effectively enforced these. The Civil Code provides that all Afghan men and women may acquire and own property, unless limited by the law. However, in practice,<sup>12</sup> women rarely own land, and if they do, their ownership is usually restricted by customary practices. For example, although the Civil Code, and indeed also Islamic Law, provide that women are entitled to inherit property, customarily, the husband pays the wife's family bride price which terminates her family's obligations to her.<sup>13</sup>

**The Land Management Law (LML)** of 2008 sets forth the basic framework for land administration and management in Afghanistan. The LML vests all land management and ownership-related affairs in the Ministry of Agriculture, Irrigation and Livestock (MAIL).

The LML initially mandated the Ministry of Agriculture, Irrigation and Livestock (MAIL) to manage all landownership-related matters. This responsibility was however transferred to the Afghanistan Independent Land Authority (ARAZI) in 2010. The Law has yet to be amended to reflect this change; but it is on the Ministry of Justice (MoJ) list of legislative priorities.

**The Municipal Law** of 2000 assigns a broad set of housing related responsibilities to municipal administrations. In particular, it gives them powers to expropriate land, to allocate land for housing, and to participate in the construction of housing. It also charges them with responsibility for constructing and maintaining infrastructure, including water supply sources—but the latter has since been transferred to AUWSSC. In addition, the permits municipalities to collect revenues from charges, such as taxes and fees. Municipal revenue sources thus include: cleaning (Safayi) tax;<sup>14</sup> business license fees; rental and sale of real estate, including land, sale of movable properties; and penalties. The Municipal Law thus has very significant implications for urban housing development and improvement.

**The Mortgage Law** gives foreclosure rights to the banks. It provides sufficient details for the procedures and particulars required for a mortgage property to be sold and repossessed by a lender. It was expected to boost mortgage lending, but that has not happened for a number of reasons: (i) at a fundamental level, an interest-based mortgage product contradicts the Shar'ia Law; meaning that, in effect, the Mortgage Law contradicts Islamic Law. (ii) There are currently several forms of land/ property ownership, of which only Shari—which covers mapped areas and constitutes about 10% of all properties nationwide—can be challenged in a court of law. The other forms of title, namely Urfi and Community titles, cannot be challenged in court and are therefore not accepted by banks as collateral.<sup>15</sup> These anomalies limit the scope of the Mortgage Law and need to be addressed.

**The White Paper on Tenure Security and Community Based Upgrading in Kabul**<sup>16</sup> is another important policy initiative on informal settlements which has not been finalized. Drafted in 2006, the White Paper described the prevailing situation with regard to informal settlements. It also proposed spatial planning and management; principles and norms for land use; land titling and legislative measures to improve tenure security; and upgrading programmes to improve the existing situation in informal settlements. The propositions and recommendations

remain valid; and the White Paper should therefore be reviewed in the light of the current reality.

### 3.3 REGULATORY FRAMEWORK

A key contributory factor to the growing housing deficit in Afghanistan is the lack of an effective regulatory framework. This is evidenced by the fact that there are no enforceable building codes, nor is there any regulations to follow that integrate the principles of sustainable architecture in the country.<sup>17</sup> The construction of buildings, roads, highways, and bridges has, to date, generally been guided by foreign codes and standards.<sup>18</sup>

However, **the Afghanistan Building Codes (ABC)** Project, funded by Harakat-AICFO and carried out from July 2010 to September 2015, was designed to provide the basis for safe and sustainable building design and construction practices, and improve competition in the construction sector. The key achievements of the project include the development of the following four national building codes:

- 1) **Architectural Code**
- 2) **Structural Code**
- 3) **Urban Development Code**
- 4) **Highway and Street Code including Bridge Design Standards**

All four codes have been approved by the Advisory Board and Supreme Council of Standards; and all four are to be translated in to Dari and Pashto, the two official languages. The Afghan National Standards Authority (ANSA) will have overall responsibility for enforcing the implementation of codes.

**The Building Standards Policy**, prepared by Kabul Municipality's Department of Urban Planning, is intended to provide the basis for the future development of rules, regulations and building codes for Kabul, City. The policy applies to the Department of Urban Planning and all other departments involved in the city planning in Kabul City<sup>19</sup> However, it is yet to be implemented fully and effectively.

### 3.4 BRIEF CONCLUSION

The policy, legal and regulatory framework governing the housing sector in Afghanistan is lacking in many respects—especially because there is currently no national housing policy, a circumstance which is due to be addressed as a draft is currently in preparation by MUDH. The Constitution of Afghanistan does not explicitly guarantee the Right to Adequate Housing, but it affirms that the Government will take measures to provide housing for deserving citizens. In this regard, there are two important policy initiatives that have not been finalized, but which would potentially impact significantly on the living conditions and lives of the low-income and urban poor majority living in formal settlements. These are Informal Settlements Upgrading Policy and the White Paper on Tenure Security and Community-Based Upgrading in Kabul.

## CHAPTER ENDNOTES

1. Ministry of Urban Development (2007) cited in May et al. (2008)
2. May et al. (2008)
3. GoIRA (2013)
4. MUDH (n.d.)
5. GDMA has been superseded by the Deputy Ministry of Municipalities (DMM).
6. GoIRA (2015)
7. NRC (2014)
8. Giovarelli et al. (2013)
9. GoIRA (2004)
10. Sugarman et al. (2011)
11. RoA (1944)
12. USAID (2012)
13. Giovarelli et al. (2013)
14. *Safayi tax is levied annually on persons or property users against the delivery of municipal services. It is calculated as a percentage of the assessed value of the land and the physical improvements on it. Although commonly associated with solid waste management, it is used to provide other public facilities and services such as provision of public latrines; road repair and improvement; construction of footpaths and drains; road lighting; bus stops; and maintenance and improvement of parks and recreational areas* UN-Habitat (2016d)
15. Mathema (2012)
16. MOUD (2006)
17. Sharifzai et al. (2016)
18. Kabul Municipality (n.d.)
19. Kabul Municipality (n.d.)

## HOUSING NEED IN URBAN AREAS

### 4.1 SITUATION ANALYSIS

In 2016/17, Afghanistan had an estimated population of 29.2 million, and this number is projected to increase to 43.9 million in 2030 and 56 million in 2050.<sup>1</sup> This growth, much of which will be in urban areas, will compound the existing urban and housing challenges, especially in the five largest cities—Kabul, Herat, Maar-i-Sharif, Kandahar and Jalalabad.

Afghanistan has an estimated total of about 3.6 million households; which implies an average household size of 7.4 persons. Despite having fewer children under 15 year of age, urban households are similar in size to rural households, as can be

seen in Table 10—which is contrary to the general observation that urban households are smaller than rural ones. One explanation for this could be the limited supply of urban housing—most of which is located in Kabul—which is the destination point of most rural-to-urban migrants, IDPs and returnees, which compels them to move in with relatives rather than establish an independent household. This argument is supported by the finding of the National Risk and Vulnerability Assessment 2011-12 (NRVA)<sup>2</sup> that there are more extended and multigenerational households in urban areas than rural areas.

TABLE 10 HOUSEHOLDS, BY RESIDENCE, AND BY SELECTED HOUSEHOLD STRUCTURE INDICATORS

Selected household structure indicators	Urban		Rural		Kuchi			
	000's	%	000's	%	000's	%	000's	%
<b>Household size</b>								
1-3 persons	68.3	8.4	240.4	9.2	20.2	10.0	328.9	9.1
4-6 persons	273.8	33.5	867.9	33.3	69.7	34.4	1,211.4	33.4
7-9 persons	296.4	36.2	936.5	35.9	71.3	35.3	1,304.2	35.9
10-13 persons	141.4	17.3	445.7	17.1	33.8	16.7	620.8	17.1
14 persons or more	38.0	4.6	119.0	4.6	7.3	3.6	164.2	4.5
Total	817.8	100.0	2,609.4	100.0	202.3	100.0	3,629.5	100.0
<b>Averages</b>								
Household size	7.5		7.4		7.2		7.4	
No. of children 0-14	3.1		3.7		3.8		3.6	
No. of elderly 65 and over	0.25		0.16		0.17		0.18	
<b>Share of</b>								
Children 0-14	42.0		50.1		53.0		48.4	
Elderly 65 and over	3.3		2.2		2.3		2.5	

Source: CSO, 2014

## 4.2 HOUSING NEED AND DEMAND

Rapid urbanization and population growth have resulted in housing need far outstripping housing supply in Afghanistan. The Government and the private sector have been unable to develop and supply housing at sufficient scale to meet the need for affordable housing for the steadily growing number of urban low-income and poor households. Indeed, a study to identify needs, requirements, prerequisites, recent investments in the housing sector, and public demand for housing finance in the major cities of Herat, Jalalabad, Kabul, Kandahar, and Mazar-i-Sharif found that 94% of low-income residents need new or improved housing.<sup>3</sup>

Formal housing supply currently meets only 5-10% of the total housing need and is unaffordable for 90-95% of the population. Assuming a 4% annual urban population growth—natural population increase plus rural-urban migration plus IDPs plus returnees—between 2015 and 2019, and 3.5% from 2020 to 2025, the national urban housing need is currently 41,704 units per year, and will increase to 43,956 units annually for the period 2020-2025, as shown in Table 11. These figures do not include the current backlog of housing and the need to improve current dwellings.

The relatively high percentage of young people is further increasing the housing need. With the youngest

population in the world—an estimated 57% of the population<sup>4</sup> is under the age of 18—the urban housing need is expected to increase even more as young people begin to seek jobs and start families in cities.<sup>5</sup>

The numbers in Table 11 underscore the timeliness of the housing profiling process and the formulation of a national housing strategy and national housing programme to address the growing housing need and demand, in particular for affordable housing for the urban low-income majority.

## 4.3 BRIEF CONCLUSION

Rapid urbanization and population growth in Afghanistan have resulted in a drastic increase in housing need. The formal housing sector is unable to supply affordable housing at sufficient scale to meet the need arising from the growing number of urban low-income and poor households. There is currently an annual national urban housing need of 41,704 units, but this number is projected to increase to 43,956 units for the period 2020-2025. The young population is a key factor in the increasing housing need. Effectively addressing the growing housing need in Afghanistan will require the formulation and implementation of a comprehensive strategy.

TABLE 11 PROJECTED HOUSING NEED 2015-2025

	Urban dwellings			Annual housing need 2015-2019	Annual housing need 2020-2025
	2015	2020	2025		
Kabul	396,095	481,910	572,358	17,163	18,090
Regional Hubs	268,893	327,149	388,551	11,651	12,280
Trading and Transit Hubs	128,558	156,410	185,767	5,570	5,871
Provincial Centres	136,712	166,331	197,549	5,924	6,244
Urban Villages	32,209	39,187	46,542	1,396	1,471
<b>TOTAL</b>	<b>962,467</b>	<b>1,170,988</b>	<b>1,390,767</b>	<b>41,704</b>	<b>43,956</b>

Note: Estimated annual urban population growth 4% between 2015 and 2020, and 3.5% between 2020 and 2025 (assuming declining fertility. In addition, the existing housing stock needs to be improved and in some cases be replaced).

Source: GoIRA, 2015, p.93



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## CHAPTER ENDNOTES

1. *United Nations (2015b)*
2. *CSO (2014b)*
3. *Harakat (2014)*
4. *GoIRA (2015)*
5. *Roy and Hua Qin (2015)*

## HOUSING SUPPLY

### 5.1 HOUSING CONDITIONS

The housing situation of a population is often a direct reflection of the socio-economic development and prevailing circumstances in a country. The housing conditions of the majority of the Afghan population can be characterized as overall poor if benchmarked against the criteria for adequate housing explained in Chapter 1.3—which include security of tenure; quality of building materials and construction; access to basic infrastructure and services; habitability; and affordability. There are also significant differences between urban and rural communities.<sup>1</sup> The situation is made all the more worse by three decades of war and conflict, which have resulted in the destruction of over half of the urban housing stock and a similar proportion of the rural housing. It is estimated that about one million houses have been destroyed either by direct impact of war or by natural disasters countrywide.<sup>2</sup>

The majority (86%) of the current urban housing stock in Afghanistan can be classified as ‘slum’ based on the UN-Habitat definition of not fulfilling one or more of the following criteria: (i) security of tenure (ii) access to a safe water source, (iii) improved

sanitation; (iv) durable, structurally sound housing materials; and (v) adequate living space. The lack of access to adequate, legal and formal land and housing is a key driver of conflict, fostering socio-spatial exclusion and urban inequality, and undermining government legitimacy and state-building efforts.<sup>3</sup>

The housing conditions in which IDPs live are poorer than those of the broader category of urban poor. This is largely because of restrictions on development interventions of a more permanent nature.<sup>4</sup> As Table 12 shows, about 60% live in a tent, temporary shelter or shack. The poorest households in IDP settlements live in patchwork tents made from waste fabric stitched together, which provide very little protection from the harsh winters. Some of these are to be found on sites within affluent host communities where wealthy households live in massive, expensive mansions, as can be seen in Figure 23. While the share of IDPs living in the most precarious housing conditions, tents, is decreasing over time, 61% still live in temporary housing conditions (temporary shelter, shack, camp) after more than 5 years.<sup>5</sup>

TABLE 12 DWELLING CHARACTERISTICS, BY SAMPLE AND DURATION OF SETTLEMENT

	NRVA urban poor	IDPs	1 year or less	(1,2]	(2,5]	more than 5 years
Single family house	49	35	36	32	43	30
Part of a shared house	45	4	5	5	6	1
Separate Apartment	-	0	-	-	1	1
Tent		14	20	11	22	8
Temporary shelter/shack/camp	5	46	39	47	28	61
Other	1	1	-	5	1	-

Source: World Bank, 2011, p.33

### 5.1.1 TENURE AND OCCUPANCY

According to the *Afghanistan Living Conditions Survey 2013-14*,<sup>6</sup> the majority of Afghan households own the housing units in which they live. Table 13 shows the distribution of households by tenancy status in urban and rural areas and in Kuchi settlements.

Owned dwellings include dwellings that have been inherited or provided by family; purchased dwellings; and dwellings constructed by the household. In rural areas, almost all households (95%) own their dwelling compared to three in four (73%) in urban areas.

**TABLE 13** HOUSEHOLDS, BY TENANCY STATUS OF THE DWELLING, AND BY RESIDENCE TYPE (IN PERCENTAGES)

Residence	Inheritance or from family	Purchased dwelling	Constructed dwelling	Tenant (renting)	Own—given free, charity	Other	Total
National	50.6	12.5	23.2	5.9	2.6	5.2	100.0
Urban	29.0	26.6	14.8	21.2	2.3	6.2	100.0
Rural	60.3	6.5	26.0	1.1	2.4	3.7	100.0
Kuchi	16.1	30.8	23.9	0.4	7.8	21.0	100.0

Source: CSO, 2016, p.205

Table 14 shows the type of dwelling unit, occupation, age and municipal tax status of dwellings in Afghanistan as found in the Community Led Urban Infrastructure Programme (CLUIP) baseline survey. As can be seen, the majority of households (76%) live in single family dwellings; and more than half of the housing stock (56%) is 10 years old or more. The majority of households have a land title or safayi payment certificate (municipality tax notebook).

In the Afghan context, the safayi certificate is a community-based record of ownership and property tax document. In the absence of a land cadastre, the safayi system is dependent on onsite surveys. The objective of the Safayi Tax Billing and Collection System is to enable municipalities to maximize tax collection and use this to deliver more and better

public services.<sup>7</sup> The safayi system has proven to be an efficient and cost-effective intervention with multiple benefits. It not only increases municipal revenues—estimated at least US\$ 27 million per year for Kabul alone<sup>8</sup>—but also improves land administration, increases tenure security, and stimulates local economic development, especially in informal settlements.<sup>9</sup> The Municipal Governance Support Programme (MGSP), in which MUDH and ARAZI are key partners, is using the safayi system as a first step towards granting residents of informal settlements full land title within five years. This approach, rather than focusing on immediate granting of full title, recognizes the continuum of land rights, which is a more cost effective and sustainable way of providing security of tenure to informal settlement residents, at scale.

**TABLE 14** TABLE 14: TYPE OF DWELLING UNIT, OCCUPATION, AGE AND MUNICIPAL TAX STATUS

#### TYPE OF DWELLING UNIT

Single family house	Part of a shared house	Apartment (shared or separate)	Tent	Temporary shelter/shack	Other
29,701	6,895	835	16	858	774
76%	18%	2%	0%	2%	2%

Source: CSO, 2016, p.205

### BASIS FOR OCCUPATION OF DWELLING

Inheritance or from family	Purchased dwelling	Constructed dwelling	Caretaker	Being relative or friend of owner	Own - given free, charity	Tenant (renting)	Mortgage	Other
7,832	14,218	9,240	166	405	56	5,714	1,315	133
20%	36%	24%	0%	1%	0%	15%	4%	0%

### BASIS FOR OCCUPATION OF DWELLING

Less than 2 years ago	2-4 years ago	5-9 years ago	10-19 years ago	20-29 years ago	Over 30 years ago	Don't know
1,802	3,301	8,226	11,310	5,164	5,618	3,658
5%	9%	21%	29%	13%	14%	9%

### WHETHER OR NOT HOUSE HAS LAND TITLE / MUNICIPALITY TAX NOTEBOOK

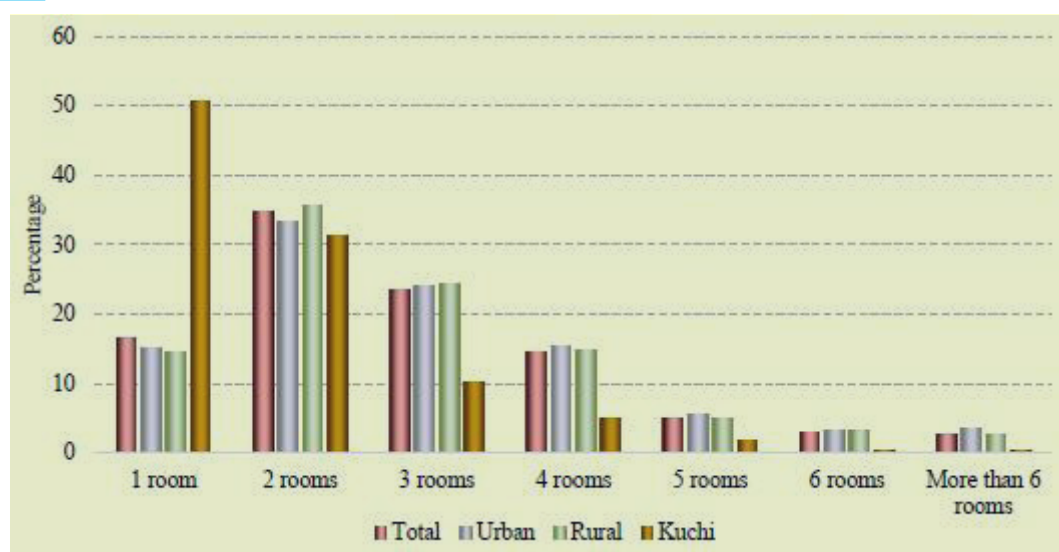
Land title			Municipality tax notebook		
Yes	No	Don't know	Yes	No	Don't know
29,027	3,522	6,530	25,435	6,123	7,521
74%	9%	17%	65%	16%	19%

Source: CLUIP Baseline Survey

The number of rooms per dwelling is similar in urban and rural areas. About one-third of dwellings have two rooms and around 40% have three or four rooms,<sup>10</sup> as Figure 18 shows. The majority of Kuchi households live in one tent. UN-Habitat defines overcrowding as three persons or more persons per room. According

to the ALCS 2013-14, the average number of persons per room nationally is around three, with similar occupancy rates in urban and rural areas. However, for the Kuchi population, the occupancy rate is around five persons per room. Overall, 43% of the Afghan population lives in overcrowded housing conditions.

FIGURE 18 HOUSEHOLDS, BY NUMBER OF ROOMS IN THE DWELLING, AND BY RESIDENCE TYPE (IN PERCENTAGES)



Source: ALCS 2013-14, p.208

## 5.1.2 HOUSING CONSTRUCTION MATERIALS

The most common form of housing in Afghanistan is the traditional mud house, which is characterized by external walls built of mud bricks and roofs constructed with wood and mud. Many houses are also constructed with stones and mud, particularly in rural areas and among the Kuchi population not living in tents. Housing built of concrete or fired

bricks are mainly found in urban areas and constitute only a very small proportion (about 7%) of the entire total housing stock.<sup>11</sup> The findings of the NRVA with respect to housing construction materials are presented in Table 15. These can be compared with the findings of the CLUIP baseline survey in Table 16

TABLE 15 HOUSEHOLDS, BY RESIDENCE AND CONSTRUCTION MATERIALS)

Construction material and dwelling durability	Residence			
	Urban	Rural	Kuchi	National
<b>a. Construction material of walls</b>	%	%	%	%
Fired brick/stone	20.8	3.6	1.0	7.3
Concrete	9.9	0.5	0.0	2.6
Mud bricks/mud	60.5	68.4	20.1	63.9
Stone/mud	8.4	26.4	8.1	21.4
Other	0.4	1.0	70.8	4.8
Total	100.0	100.0	100.0	100.0
<b>b. Construction material of roof</b>				
Concrete	17.0	1.2	0.0	4.7
Wood	28.0	26.8	4.4	25.8
Mud bricks/mud	51.7	69.7	24.3	63.1
Other	3.3	2.4	71.3	6.4
Total	100.0	100.0	100.0	100.0
<b>c. Construction material of floor</b>				
Mud/earth	53.6	94.5	100.0	85.6
Concrete/tile	44.8	4.6	0.0	13.4
Other	1.5	0.9	0.0	1.0
Total	100.0	100.0	100.0	100.0
<b>d. Durability of dwelling</b>				
Percentage durable	44.8	4.9	0.0	14.2

Source: NRVA 2011 – 2012, p.97<sup>12</sup>



TABLE 16 CLUIP BASELINE SURVEY FINDINGS ON HOUSING CONSTRUCTION MATERIALS

MAIN CONSTRUCTION MATERIAL OF THE EXTERIOR WALLS

Fired brick/stone	Concrete/cement	Mud bricks / mud	Stone/mud	Other
15,386	6,711	15,117	1,527	336
39%	17%	39%	4%	1%

MAIN CONSTRUCTION MATERIAL OF THE ROOF

Concrete (with metal)	Wood / wood with mud	Tin/metal	Girder with fired brick	Mud bricks	Other
10,944	11,946	2,794	6,636	6,372	360
28%	31%	7%	17%	16%	1%

MAIN CONSTRUCTION MATERIAL OF THE FLOOR

Mud/earth	Concrete/tile	Other
19,847	18,480	752
51%	47%	2%

Source: CLUIP Baseline Survey

## 5.2 HOUSING TYPOLOGIES

There are a range of formal and informal approaches to housing development and delivery in Afghanistan, which can be classified as ‘formal’ and informal,’ as distinguished by SoAC and shown in Figure 21 ‘Formal’ development refers to housing that has been developed on land that has been legally acquired, and constructed in compliance with official master plans and building regulations. It includes apartments, and detached or semi-detached dwellings. Municipalities are responsible for enforcing compliance, but few have the capacity to effectively do so.

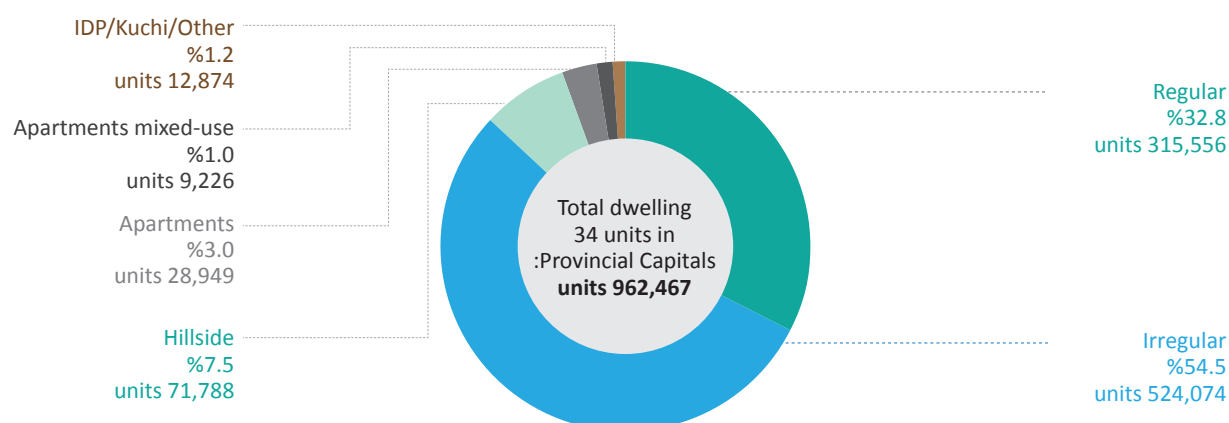
‘Informal’ housing developments are those that have been built on land that has not been acquired through the official process and do not comply with regulatory frameworks. They may be either ‘planned informality’ (regular layout but with no building permission, not in compliance with master plans/other planning schemes, and lacking formal land documentation) or ‘spontaneous’ (irregular layout and occupation, e.g. developments on hillsides). Informal development is typically characterized by irregular street and

plot layouts, inadequate basic infrastructure and services (water supply, sanitation, electricity, roads) and poor quality housing, construction-wise, especially in the initial stages of development.

According to SoAC, the urban housing stock comprises 962,467 dwelling units—much of which is irregular and spontaneous hillside housing (54% and 7% respectively) and 31% formal housing. The dominant housing typology is detached dwellings on individual plots with high walls. Apartments, which are mostly found in Kabul and the Regional Hubs, constitute only 4% of the national urban housing stock.<sup>13</sup>

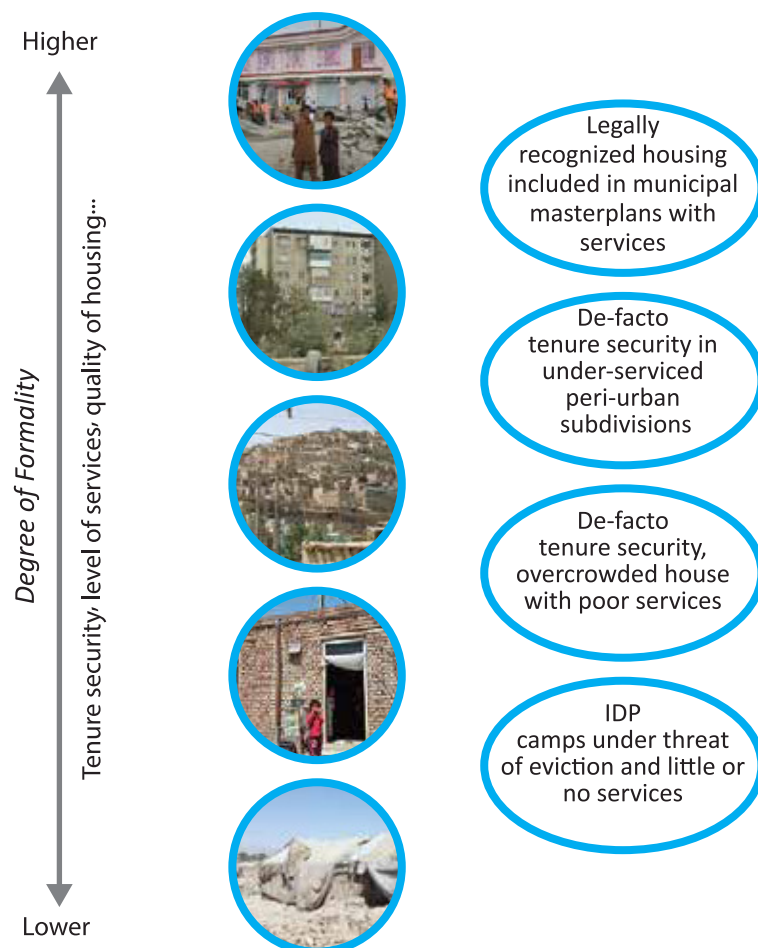
The range of housing conditions and typologies in Afghan cities can also be seen as a continuum—rather than a binary formal/informal divide—based on the degree of formality in terms of tenure security, access to services, quality of building materials and construction, etc., as illustrated in Figure 20. This conceptualization is useful for purposes of formulating appropriate policy and programme responses.<sup>14</sup>

FIGURE 19 URBAN HOUSING TYPOLOGIES IN AFGHANISTAN



Source: GoIRA, 2015, p.87

FIGURE 20 INFORMAL/FORMAL CONTINUUM OF HOUSING CONDITIONS



Source: UN-Habitat, 2015d

A common phenomenon in Kabul is housing development on large tracts of urban land that has been grabbed and subsequently subdivided and distributed or sold to individuals. Many such developments have some degree of spatial planning, such as regular street grid layouts; but they typically have inadequate services—in particular water and sanitation services. Other types of informal housing

development include land sold to individuals through informal transactions, or simply occupied without any transfer of ownership or agreement (squatting). The hillsides of Kabul, which account for about 18% of the total residential land, have been occupied for the most part in this way. Figure 22 shows the distribution of formal and informal residential areas in Kabul.

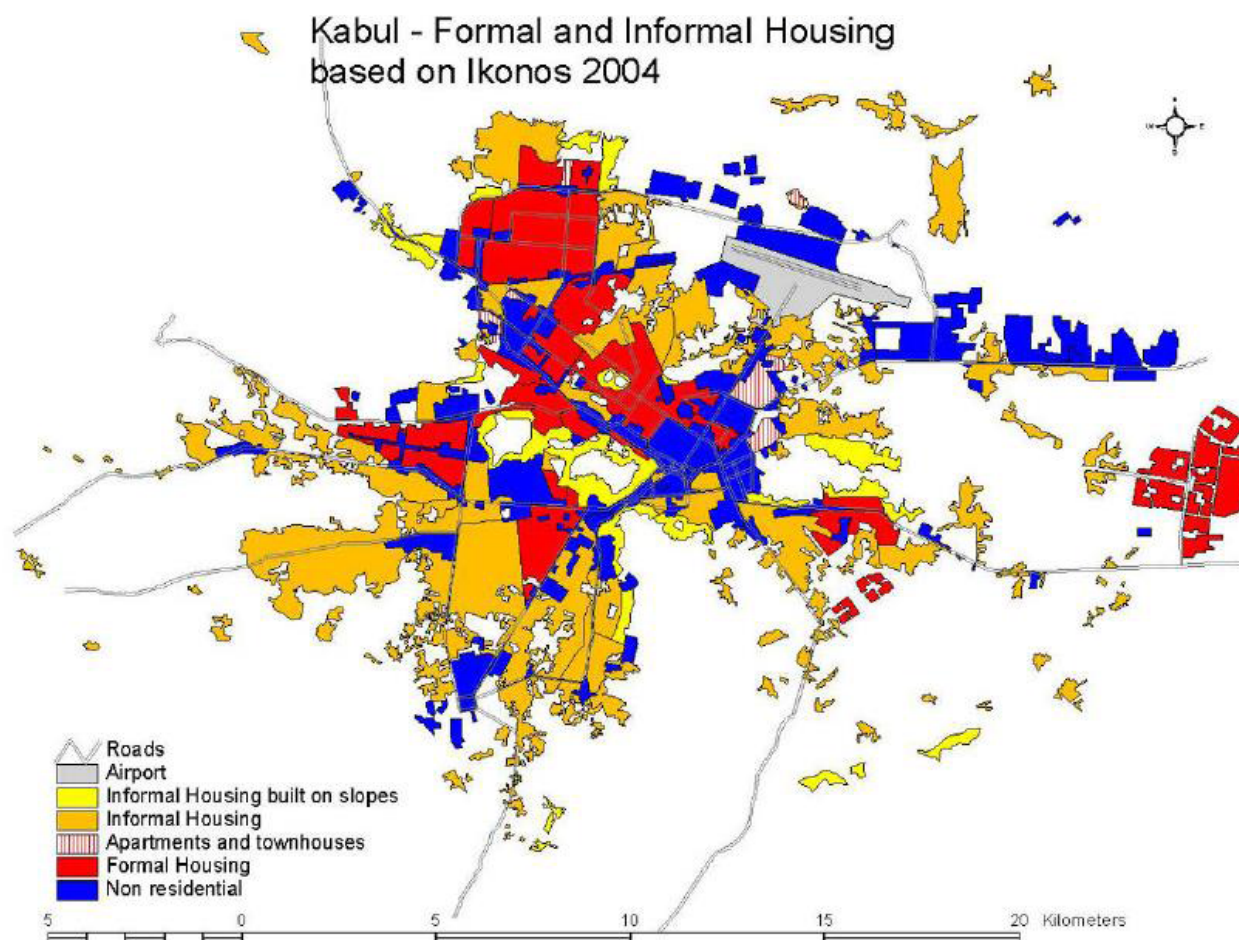
FIGURE 21 FORMAL AND INFORMAL RESIDENTIAL DEVELOPMENT TYPOLOGIES

FORMAL	<p><b>Detached Houses</b></p>  <p><i>E.g: Jalalabad, District 3</i></p> <ul style="list-style-type: none"> <li>+ Location, dwelling quality and flexibility (expansion, adjustments, incremental development, tenure security, access to services)</li> <li>- unaffordable e for low-income groups</li> </ul>	<p><b>Apartments</b></p>  <p><i>E.g: Kabul, District 8</i></p> <ul style="list-style-type: none"> <li>+ Location, dwelling quality, access to services, tenure security</li> <li>- Unaffordable for large majority of people</li> </ul>	<p><b>Government Land Development Schemes</b></p>  <p><i>E.g: Kunduz, District 5</i></p> <ul style="list-style-type: none"> <li>+ Affordable, incremental development, tenure security</li> <li>- Low level of services in initial stage of development, initial low densities</li> </ul>
	<p><b>Land subdivisions</b></p>  <p><i>E.g: Kandahar, District 12</i></p> <ul style="list-style-type: none"> <li>+ affordable</li> <li>- informally developed, tenure security unclear (e.g. grabbed land), locations sometimes not suitable for urban development, no or limited services</li> </ul>	<p><b>Spontaneous settlements</b></p>  <p><i>E.g: Kabul Hillside</i></p> <ul style="list-style-type: none"> <li>+ affordable, location, incremental development</li> <li>- minimal basic services, limited tenure security, difficult or costly to upgrade, no (emergency) vehicle access</li> </ul>	<p><b>Squatting</b></p>  <p><i>E.g: Kabul IDP camp District 5</i></p> <ul style="list-style-type: none"> <li>+ affordable, location, humanitarian assistance</li> <li>- no services, upgrading not permitted, poor dwellings, no tenure security and many areas under eviction pressure</li> </ul>
INFORMAL			

Source: GoIRA, 2015



FIGURE 22 FORMAL AND INFORMAL RESIDENTIAL DEVELOPMENT TYPOLOGIES



Source: Bertaud, 2005

The traditional courtyard house is the preferred typology for the majority (67%) of informal settlement residents, as explained in Box 1. Figure 24 compares the use of land on two plots of 390m<sup>2</sup>: the first contains a typical detached house on a 15m x 26m plot typical of formal subdivisions; the second contains a courtyard house on a 19.5 m x 20 m plot, as is commonly found in informal settlements. The design of the detached house leaves only two small front and back yards for a ground floor area of 165m<sup>2</sup>. By contrast, the courtyard design, shown on the second plot, allows a large courtyard of 10m by 14m and a much larger built area of 250m<sup>2</sup>. There are however

few, if any, courtyard houses in formal settlements.<sup>15</sup>

An additional advantage of the traditional Afghan courtyard house is that it can be easily subdivided between several households and is easily upgraded over time,<sup>16</sup> and can thus accommodate multi-family, multi-general households, which are still prevalent.<sup>17</sup> The building materials and construction techniques used in the courtyard house have several energy efficient thermal (cooling/heating) qualities.<sup>18</sup> The courtyard house thus reflects many principles of environmental, technological, economic, and socio-cultural sustainability.

FIGURE 23 HOUSING TYPOLOGIES

TEMPORARY HOUSING IN IDP CAMPS



HOUSING IN INFORMAL SETTLEMENTS IN KABUL



UPPER MIDDLE AND HIGH INCOME HOUSING IN KABUL



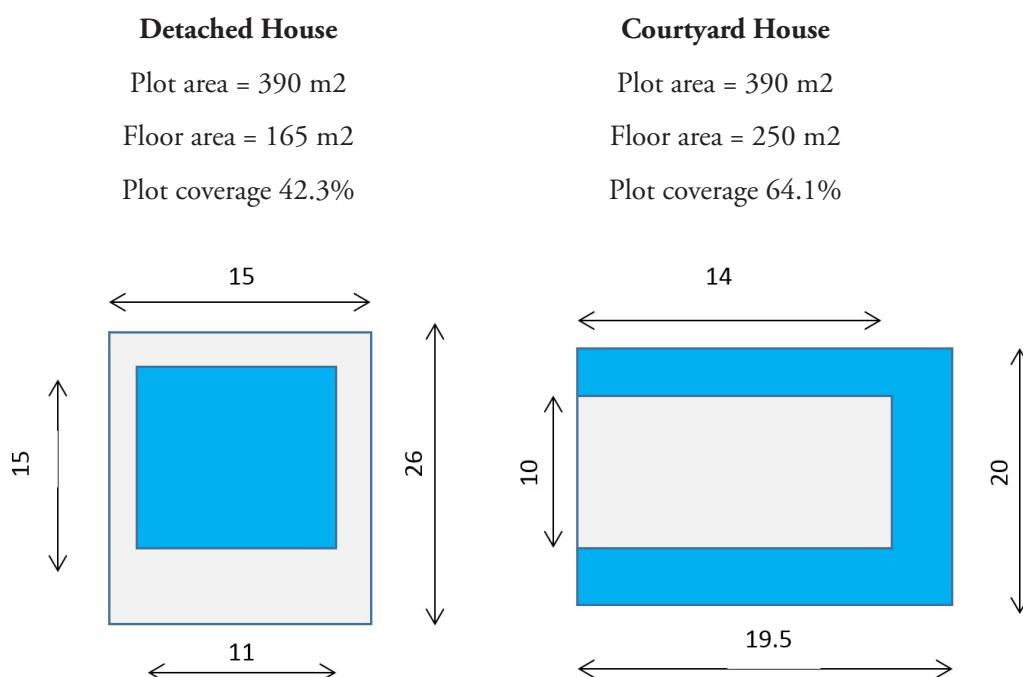
BOX 1 HOUSING TYPOLOGIES, PLOTS AND DENSITIES IN KABUL'S INFORMAL SETTLEMENTS

Housing densities in Kabul's formal residential areas are comparable to those in informal settlements. The traditional courtyard house is the preferred housing typology in informal settlements, comprising 66.6% of the housing stock; while the most commonly found typology in formal housing schemes is the detached house. The courtyard house design enables high plot coverage while maintaining good standards of habitability, ventilation and lighting. Typical plot sizes in courtyard houses range from 200 to 350 m<sup>2</sup> and are often bigger than formal plots—whereas in most other cities of the world informal plots are smaller. Housing densities in informal areas consequently reach 20–28 houses per hectare, which is comparable with the 22 houses per hectare or less in formal areas. While density, measured in persons per hectare, is higher in informal areas, densities are likely to vary from one dwelling to another, as well as over time within the same dwelling. This is because the courtyard design allows great variation in density—from one household per dwelling in a plot to one household per room in a dwelling. The average number of households per plot in informal settlements is 2.2, with an average household size of 7.5 persons.

Source: World Bank, 2005c



**FIGURE 24** COMPARISON BETWEEN THE LAND USE EFFICIENCY OF A DETACHED HOUSE AND A COURTYARD HOUSE



Source: World Bank, 2005<sup>19</sup>

## 5.3 CURRENT HOUSING STOCK AND SUPPLY

Current levels of public and private housing supply are very low in relation to housing need and effective demand, and cater mainly to the high-income sector. Formal housing standards are too high and unaffordable for the majority, and there is no housing finance system in place. Land for incremental, self-build housing—which would be an affordable option for low-income households—is either not available or provided in locations distant from services and livelihood opportunities.<sup>20</sup> As affirmed by the World Bank, “informal settlements represent an enormous private sector investment in housing.”<sup>21</sup> Indeed, a study of livelihood strategies of urban poor households in Herat, Jalalabad and Kabul found that housing is the most important physical asset for the poor in urban areas. Security of tenure and owning housing are the highest priorities of poor informal settlement residents, especially in view of continually rising rents, but even more so in gaining a secure footing in the urban economy.<sup>22</sup>

The gap between housing need and supply for housing is very large, and with rapid urbanisation is growing by the year.<sup>23</sup>

### 5.3.1 GOVERNMENT-LED HOUSING PROJECTS

In the 1970s and 1980s, during the Soviet-Afghan military cooperation, the Russians constructed the Macrorayan apartment complexes, as summarily described in Box 2. When first introduced, they were considered unsuitable by most Afghans. They are, however, now an extremely popular—and, indeed, even preferred – housing option. A commonly cited reason for their favoured status is the higher level of security such apartment complexes offer in comparison to a single family home. These units were priced at US\$5,000-6,000 in the 19780s-80s; but today can fetch up to US\$150,000, which translates into a price of US\$1,500/m<sup>2</sup>. The majority (up to 80%) of units in the Macrorayan apartment complexes are reportedly rented out.<sup>24</sup> The apartment buildings are in good condition and well-maintained by the Kabul Municipality’s Macrorayan Maintenance Department, as explained below.

From 2001 to 2012 there have been 13 housing government-led projects in Kabul in which donors have planned to build 19,747 apartments, but only 4,117 have been completed, with the remaining number still in the process. Data from

MUDH shows that 185,175 units (consisting of houses and apartments) were planned in Kabul, Herat, Mazar-i-Sharif, Kandahar and Jalalabad as townships (largely self-contained formal settlements, outside of and distinct from existing city areas) however only a tiny fraction have been built.

The apartments built by the Government, such as the 3,300 units in 'Shahrak-e- Amarat' township

in Kabul (Figure 25), have been distributed among government employees or other favoured individuals. The allottees are required to repay the cost of the house through a 15-year mortgage, although it appears that mortgage rates are below market rates, effectively subsidising these households.<sup>25</sup>

FIGURE 25 SHAHRAK-E-AMARAT GOVERNMENT APARTMENTS



Afghanistan's major housing project, Khwajah Rawash (Figure 26), was officially inaugurated by the President at the beginning of September 2016. The US\$94.3 million project was constructed over a period of four years on a 40-hectare site. Financed through government funding and an advance payment scheme, the project includes 78 residential

blocks with a total of 2,104 apartments.<sup>26</sup> This followed the inauguration in August 2016 of the Khushal Khan project by the Minister of Urban Development and Housing.<sup>17</sup> The project, which comprises of 312 apartments in eight 10-storey blocks with 10 stories, is presented in Table 17.

FIGURE 26 THE 2,104 UNIT KHWAJAH RAWASH HOUSING PROJECT



The inauguration of these two schemes notwithstanding, all evidence shows that the government, thus far, has not been able to meet the demand for housing, neither does it currently have the financial capacity to provide subsidised housing to the poor and low-income groups at scale. On the other hand, the entry of the Chinese into the housing construction sector, as explained in Box 3, may pose a threat to Afghan contractors due to

price undercutting and use of imported labour and materials, based on evidence in other developing countries where Chinese companies are currently building “affordable housing” projects. However, this is a threat that the Afghanistan Builders Association (ABA) is aware of, and are engaging with the MUDH on to try and ensure that local contractors are involved in the Chinese housing project.<sup>28</sup>

#### BOX 2 MACRORAYAN HOUSING

In the 1960s and 70s, Russian architects and planners were responsible for developing a number of residential neighbourhoods comprising of 4-5 storey apartment buildings. The apartment buildings were constructed of pre-fabricated concrete panels of approximate size of 3x4 metres hinged together.

The project was intended to house 10-50,000 middle income government officials. The financing arrangement was a minimum down-payment of 10% of the apartment price and an interest-free monthly payment plan. However, many high income households ended up moving into the apartments. A typical unit layout was made up of a living room, a kitchen, a bathroom, and 2-3 bedrooms. Some units had a dining room. Almost every unit had a balcony. There was hot and cold running water in all units. All units had hot water radiator heating but no air-conditioning. The apartment blocks were walk-up buildings with no elevator; with the internal staircases leading to two-units on each floor. There was no fire escape (second means of egress) which is a violation of the International Building Code (IBC) today. Many of these buildings were badly damaged during the 1990s civil war in Kabul.



Source: <http://www.azadarchitects.com/HousingResearch.html>



### 5.3.2 PRIVATE DEVELOPMENT

The most common type of housing currently being built by private developers for sale is apartments. These are typically 2-3 bedroom units, approximately 100-120m<sup>2</sup> in area, in 5-6 storey buildings. The units are priced in the US\$120,000 range, plus or minus 20%, depending on the location and public amenities provided within the development, rendering them unaffordable for the majority of Afghans. The developments are exclusive and in 'gated communities'.<sup>29</sup> In most cases, construction is financed with advance payments from the buyers.

There were over 12,000 apartments under construction, predominantly by private developers, in Kabul as of January 2015. This equates to more than 50% of the current occupied apartment stock of 22,900 units. This has resulted in an oversupply of apartments as increasingly more become available on the market, and prices in some developments are already beginning to go down.<sup>30</sup> However, despite the reduction in prices, the apartment housing stock remains unaffordable for the majority of Kabul citizens. The consequent likely slow-down of construction of new apartment complexes will

reduce job opportunities, especially for unskilled men and youth, in Kabul's extremely significant construction sector<sup>30</sup>—this in the face of the reduction in donor funding which is adversely impacting on the construction sector as a whole.

The most visible evidence of injustice for ordinary Afghans has been in the flourishing development of residential estates in many cities and towns. These shahrak or little cities as they are known, are private housing developments authorised by politicians and governmental officials, often on land that has been acquired through dubious means, like the finance for the construction of the housing thereon.<sup>32</sup>

### 5.3.3 RENTAL HOUSING

Rental housing developments—developments comprising only of rental housing units or a large number of rental housing units that are owned and managed by the developer—public or private, do not appear to be popular in Kabul. The only rental housing units available in the market are those that are rented out by individuals.<sup>33</sup>

#### BOX 3 OVERVIEW OF MAIN HOUSING PROGRAMMES/PROJECTS IN AFGHANISTAN

- **National Housing Programme:** The government has been working on a National Housing Programme to build 150,000 units in different parts of the country. According to MUDH, the countrywide programme will cover 157 locations. Some projects have been completed, some are under construction, and others are in the planning stage.<sup>34</sup>
- **Government/Municipalities Housing Programme:** about 450,000 plots were distributed under this programme on the condition that beneficiaries would build their own housing units. Unfortunately, houses were built only on 15% of the plots, and the remainder were either sold or are still unutilized. Such schemes however promoted land speculation in the market.
- **Housing Schemes for civil servants:** The Ministry of Education plans to implement a housing incentive scheme that will provide land to women teachers who live in or are willing to move to rural regions. This project has been under consideration since 2007-08 but there has been little progress. Implementation of such a programme could potentially address the affordable housing challenge facing low-income civil servants. For the programme to be a viable low-income housing solution there is need to develop a suitable finance facility to support construction of the housing and a suitable government subsidy programme (e.g., free land for construction purposes). Such an initiative could provide financial institutions a lower-risk housing finance option – the land offered as part of the scheme will be free of encumbrances, and the repayment capacity of government employees would be easily verifiable, with the repayments possibly directly deducted from clients' salaries.
- **New Kabul City:**<sup>35</sup> The multi-phased "mega-project," was conceptualised to address the acute housing shortage and unemployment facing Kabul's ever-increasing population through the development, in the long term, of 500,000<sup>36</sup> housing units for an eventual population of 3 million, and the creation of an estimated 500,000 jobs. The main implementing agency of land and primary/secondary infrastructure development is Dehsabz-Barikab City Development Authority (DCDA), while national/foreign

investors and the private sector will engage in development of tertiary infrastructure, urban development with housing and building construction through leases, sales and PPP (public-private partnership) arrangements. The “new city” project is divided into four phases, with 80,000 housing units to be built in Dehsabz south area in the first phase. MUDH plans to implement the project independently and transparently based on a corporate business model. Phase 2 comprising of 30,000 units was awarded to a local investor - Basir Omarzai. This parcel is already contracted and the land has been purchased from local owners.

- **ARIA City**, a neighbourhood of apartment blocks in the north of Kabul near the airport, is being constructed by a local real estate developer, Century Land Corporation (Figure 27). The project comprises multi-storey apartment blocks each with 45 two-to-six bedroom units built to international housing standards for high income households. Some buildings have already been completed and occupied. The neighbourhood has wide roads, community parks and child play areas, a mosque, primary school, and shopping area. The original price range was \$60,000-\$240,000 per unit, but prices increased following the successful launch of the project. Prices have however fallen since the announcement of the withdrawal of foreign troops. In the first phase, 20 apartment complexes were completed and all have been sold. The developer did not access any bank finance to construct the project, and there was no mortgage finance facility available for clients. Century Land Corporation has land to build up to 100 such apartment blocks, and is working on purchasing more land to construct a total of 360 blocks. Azizi Development is the largest developer in Afghanistan. Construction on their housing development of 15,000 apartment units is underway in Kabul's Kolola Pustha area (Figure 28).
- **The United Arab Emirates (UAE) through Abu Dhabi Fund for Development** is financing the US\$ 179 million Qasabah Housing project in Kabul city—also called Amarat Township. Inaugurated by President Hamid Karzai in May 2013, the project is expected to be completed within three years. The model affordable housing project comprises 111 five-floor buildings consisting of a total of 3,330 apartments, on 269 jeribs of land (54 hectares), with all public facilities such as mosques, clinic, kindergarten, canalization system, water supply system, asphalted roads and park. The contractors for the project are Trojan General Contracting, a consortium of 34 Afghan construction companies. According to MUDH, some 4,000 Afghan workers are employed on the project.
- The development offers 2, 3 and 4 bedroom apartments which are being sold at US\$ 450 per square metre. Allottees have to pay 10% of the cost in advance, and the rest within 20 years. The money from the sale of the apartments is to be used to finance the second phase of the project in Bagrami district.<sup>37</sup>
- **The People's Republic of China:** is financing the construction of 10,000 apartments in Kabul under an affordable housing scheme, which will be allocated to government officials who do not own homes on long-term instalments. The construction of the apartments at a cost of us\$ 79 million will be the second largest housing project after the Macrorayan apartment complexes that were also built in Kabul by the former Soviet Union in the 1970s and 80s. The project is expected to generate thousands of job opportunities.<sup>38</sup>
- **Turkish Developers** formed a joint venture with the MUDH and is building 15-story high-rise buildings with approximately 900 apartment units, as part of the Khwaja Rawish housing scheme.
- **Qatar:** MUDH has signed a Memorandum of Understanding (MoU) with a Qatar organization for the construction of 1,000 housing units.

Source: *After Enclude*, 2013 #90



FIGURE 27 THE ARIA CITY APARTMENT COMPLEX IN KABUL



FIGURE 28 AN APARTMENT BLOCK OF THE 15,000 UNIT AZIZI DEVELOPMENT PROJECT UNDER CONSTRUCTION IN KABUL





### 5.3.4 PUBLIC PRIVATE PARTNERSHIPS

There are no formal public-private partnerships in the housing sector in Afghanistan. However, it can be argued that the government inadvertently contributes to private sector housing provision through its inability to control the development of unregulated private housing estates (shahrak) and the expansion of informal settlements. It has argued that the government will have to recognize and regularize informal settlements and to legally allow the private sector to take the lead in the provision of middle and upper-income housing and to focus itself on creating an enabling environment for housing development and improvement.<sup>39</sup>

### 5.3.5 DEVELOPMENT PARTNERS

Development partners have also made a significant contribution to the housing stock through a range of shelter programmes, as shown in Table 18.

The UNHCR-supported Solutions Strategy for Afghan Refugees, to Support Voluntary Repatriation, Sustainable Reintegration and Assistance to Host Countries (Solutions Strategy) aims to improve the lives of returnees and the communities in which they live; and to establish conducive conditions for Afghan refugees still living outside the country to be able to envisage a voluntary and sustainable return.

UNHCR reports that in 2014, 3,890 shelter units were built, of which 2,956 were for returnees, 878 for IDPs, and 56 for the local population, benefiting altogether 23,340 individuals.<sup>40</sup> Of the 503 shelters built for returnees in the Central and Central Highlands Regions, about half (263) were constructed through the provision of cash-transfer approach.<sup>41</sup> This suggests that the cash transfer approach can be an efficient way of improving access to housing for people in situations of vulnerability—but only if the appropriate support mechanisms are in place.

#### BOX 4 UNHCR SHELTER MODEL

The UNHCR shelter assistance programme follows a self-help model in which beneficiaries build their own shelter following specific guidelines. The typical shelter design is a two-room unit with a corridor, and an external latrine. A one-room unit or an additional room to an existing unit has been introduced in recent years for emergency situations, mostly for IDPs and returnees in cities. The additional options allow greater flexibility to accommodate diverse geographical locations and beneficiary needs. The support package generally consists of essential construction materials, components and equipment—e.g., roof cladding, doors, windows, tools, etc. Cash grants are also available on a case-by-case basis should additional materials or labour be deemed necessary; but such assistance is very rare because of the risk of misuse.

*Source: Loschmann et al., 2014*

TABLE 18 SHELTER ASSISTANCE PROGRAMMES IN AFGHANISTAN

Organization	Size of Programme	Regions of Operations	Dates	Unit Cost (USD)	Remarks
<b>UNHCR</b>	220,000	All	2002 - 2012	1,800 to 2000	
<b>IOM</b> (International Organization for Migration)	1538	Northern Western Northwest	2009 - 2011	1,900	Stopped Only provides emergency shelter
<b>UN-HABITAT</b>	400 Central 200 Eastern	Central Eastern	2011 - 2014	1,100	Community- based approach
<b>UNDP</b>		Central (Aliceghan)		9,000	Stopped due to unsustainability
<b>UN-OCHA</b> (Office for the Coordination of Humanitarian Affairs)		Northern			Emergency Humanitarian Fund
<b>ACTED</b>		Northwest			
<b>CARE</b>	1025 shelters (2009-2011), incl. 200 shelters in Jawzjan. 30,000 shelters since 1999	Central (Alice Ghan) Northern (Jawzjan)	2009 - 2011	2,700	Flood-affected populations IP of UNDP in Alice Ghan
<b>CHF</b> (Common Humanitarian Fund)	1,700 shelters 1,500 shelter kits	Eastern (Jalalabad)	2009 - 2011	5,300	Urban focus Funded by USAID
<b>IRC</b> (International Rescue Committee)	715 shelters	Eastern (Jalalabad)	2009 - 2011		Programme stopped due to interruption of funding
<b>INTERSOS</b>		Northwest (Faryab) Central	2012		ERF Flood affected populations
<b>Islamic Relief</b>	175 shelters	Northern (Balkh)	2012	1,200	Natural-disaster affected population New Programme
<b>NRC</b> (Norwegian Refugee Council)	14,000 shelters since 2002; 2012 2,075 shelters	Central Eastern Western Northern	2012	1,200	Community- based Programme
<b>Shelter Now</b>	30,000 shelters in eleven years	Central Northeast Western	1998-2009		Stopped
<b>ZOA</b>	363 shelters	North (Sari Pul)	2012	1,900	Flood-affected populations

Source: Maastricht University and Samuel Hall (2013),



### 5.3.6 INFORMAL SETTLEMENTS

Access to adequate housing is a major challenge for most urban Afghans. As in many rapidly urbanising developing countries, a large proportion—over 70%—of urban poor and low-income households live in informal settlements, with limited access to urban services such as water, sanitation, waste collection and electricity.<sup>42</sup> Much of the housing-related infrastructure has been badly damaged by war and repeated earthquakes.<sup>43</sup> Millions live in fear of eviction because of tenure insecurity, which makes them reluctant to invest in housing improvements and feel socio-economically excluded from urban life and ignored by the Government.

Informal settlements can be classified into four categories based on the mode of land acquisition: (i) squatter settlements on public lands; (ii) settlements where most houses were built on privately owned land; (iii) settlements where most houses were built on grabbed land or land bought from land grabbers; and (iv) settlements where the legal situation is ambiguous.<sup>45</sup>

It is not only the poor who live in informal settlements. Indeed, the estimated share of the urban population living in informal settlements exceeds the share of the urban population living below the poverty line by 58 percentage points.<sup>46</sup> In Kabul, apart from poor households (earning less than US\$100 per month) and lower middle income households (earning US\$100-300 per month), even middle income households (earning between US\$300-\$1,500 per month) that cannot, for the most part, afford any formal sector housing are compelled to live in informal settlements.<sup>47</sup>

### INFORMAL SETTLEMENTS IN KABUL

Kabul, the capital and largest city in Afghanistan, faces particular problems with respect to informal settlements. About 80% of the city's population (2.44 million people) live in informal settlements, which occupy 69% of the city's residential land, and represent a fixed private capital investment of US\$2.5 billion (not including land value). The size, scale, and contribution to the economy of informal settlements underscore the need to accept that

force the policy discussion on the topic to start by accepting the fact that informal settlements are here to stay, at least for the short term, as affirmed by the World Bank<sup>48</sup> and other international development partners such as UN-Habitat and UNHCR.

### IMPACT OF INFORMAL SETTLEMENTS

Kabul has largely expanded outside of any legal or regulatory framework—but the informal development of the city has arguably prevented a worse disaster in the form of homelessness and the need for more temporary refugee camps. The construction of housing in informal settlements, mostly by urban poor labourers who had no alternative job opportunities, has contributed to the growth of fixed capital in the city and constitutes an important asset rather than a liability. As argued by the World Bank, even though some individuals illegally profited from the informal expansion of the city by selling land which did not belong to them, the households who bought land from them should not be penalized as they had no other option, and many bought their plots in good faith.<sup>49</sup>

## 5.4 BRIEF CONCLUSION

Overall, housing conditions in Afghanistan are very poor—which is not entirely surprising given the decades of war and internal strife the country has endured. Indeed, based on the UN-Habitat definition, the majority (86%) of the current urban housing stock in Afghanistan can be classified as 'slum'. Indeed, over 70% of urban poor and low-income households live in over-crowded conditions in informal settlements, with limited access to urban services such as water, sanitation, waste collection and electricity. The share of the urban population living in informal settlements exceeds that living below the poverty line by 58 percentage points, meaning it is not only the poor who live in informal settlements.

Home ownership levels are, however, extremely high—97% countrywide and 73% in urban areas. This suggests that with the right measures, owners can play a key role in improving the condition of the housing stock in Afghanistan.



## CHAPTER ENDNOTES

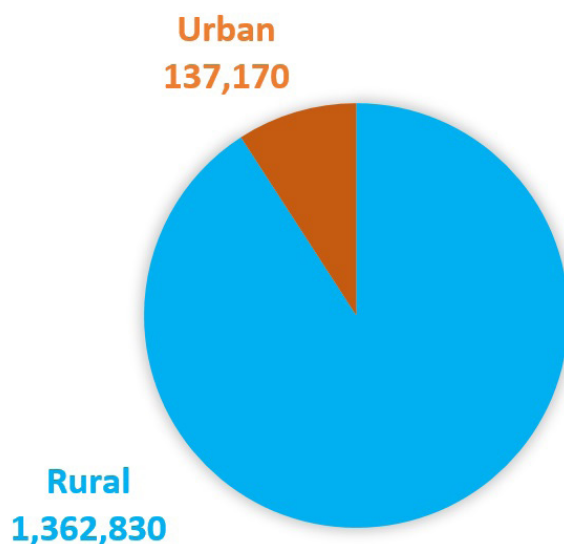
1. CSO (2014b)
2. Sharifzai et al. (2016)
3. GoIRA (2015)
4. UN-Habitat (2016c)
5. World Bank and UNHCR (2011)
6. CSO (2016)
7. UN-Habitat (2016d)
8. UN-Habitat (2015g)
9. Murtazashvili and Murtazashvili (2016); UN-Habitat (2015h); Peikar (2016)
10. United Nations (2015a)
11. CSO (2016)
12. CSO (2014b)
13. GoIRA (2015, (2016)
14. UN-Habitat (2015e)
15. World Bank (2005a)
16. World Bank (2005a)
17. UN-Habitat's databases of household surveys confirm the prevalence of multi-family households. The average family size is 6.5, and average household size is 9.3 persons, equating to an average of 1.3 families per household (dwelling) (GoIRA, 2015). World Bank (2005a)
18. Sharifzai et al. (2015)
19. World Bank (2005a)
20. UN-Habitat (2015e)
21. World Bank (2005c p.2)
22. Schütte (2005)
23. GoIRA (2015)
24. Mathema (2012)
25. GoIRA (2015)
26. <http://wadsam.com/afghan-business-news/94-3mn-housing-project-inaugurated-kabul-232/>
27. <http://www.kabultribune.com/index.php/2016/08/23/major-housing-project-inaugurated-in-kabul/>
28. Interview with Naeem Yassin, President, ABA on 05/03/2016.
29. A gated community may be defined as a "residential community or housing estate containing strictly- controlled entrances for pedestrians, bicycles, and automobiles, and often characterized by a closed perimeter of walls and fences. Gated communities usually consist of small residential streets and include various shared amenities." (Source: Wikipedia)
30. Interview with Assad Nissar, Managing Partner and CEO, PAHNA Group on 09/03/2016.
31. GoIRA (2015) GoIRA (2015)
32. Wily (2013)
33. Mathema (2012)
34. Meeting with Dr. Hassan Abdulahi, Minister of Urban Development Affairs
35. See the Kabul New City Official website at <http://www.dcta.gov.af>.
36. <http://www.skyscrapercity.com/showthread.php?t=1602040>.
37. <http://www.tkg.af/english/reports/political/1657-officials-hijack-cheap-housing-project>.
38. <http://afghanistantimes.af/china-to-build-10000-residential-apartments-in-afghanistan/>
39. Wily (2013)
40. UNHCR (2015a)
41. UNHCR (2015b)
42. GoIRA (2015); UN-Habitat (2015e)
43. Roy and Hua Qin (2015)
44. The 2007 Land Policy provides for the formalization of land rights in informal settlements. However, although the land policy was approved in 2007, its policy directives do not have the binding power of law behind them Heegde et al. (2011)
45. Gebremedhin (2006)
46. Ellis and Roberts (2016)
47. Mathema (2012)
48. World Bank (2005c)
49. World Bank (2005a)

## AFFORDABLE HOUSING

### 6.1 AFFORDABLE HOUSING IN AFGHANISTAN

There is a significant affordability gap in terms of access to housing throughout Afghanistan. For the majority of Afghans, whether multifamily apartments or standalone detached units, formal housing is out-of-reach. Few Afghans, outside the highest income, pay 28% or less of their gross income to meet their housing needs.<sup>1</sup> Despite the unprecedented need for adequate housing, as indicated with a national housing deficit of 1.5 million housing units at the end of 2014 and an urban housing deficit estimated at 137,170 units<sup>2</sup> in 2015, as shown in Figure 29, demand and supply-side factors prevent making affordable housing a reality for all Afghans.<sup>3</sup>

**FIGURE 29** AFGHANISTAN'S NATIONAL HOUSING DEFICIT IN 2015



Sources: Fitrat, 2008, AHG 2014 and GoIRA 2015

Limited supply has pushed Afghan housing prices higher. Constrained housing production has resulted from conflict, repeated earthquakes as well as supply bottlenecks associated with factors related to land, building materials, construction processes, serviced land for housing development, and financing. Commonly houses have multiple or no land titles and resolving such issues requires substantial time and financial resources. As a consequence, formal land is expensive and sells at a premium owing to the scarcity of proper and officially recognized documentation.

Building materials and construction processes are also expensive; cement is produced exogenously—imported from Pakistan—and specialized building labour is scarce regardless of high demand. (Ibid) Infrastructure and services are another challenge since connecting housing to electricity, water, sanitation and road systems is difficult.<sup>4</sup> Finally, constrained access to financing for both household and developer alike also inhibits supply. Afghans are unable to affordably obtain the capital needed in order to be adequately housed. These supply-side factors have resulted in fewer and more expensive housing units, thereby making formal housing units accessible only to the most affluent in Afghanistan. Notwithstanding the significant need for affordable housing units, demand has become further diluted as the majority of Afghans have incomes prohibiting them from purchase and rent in the formal market.

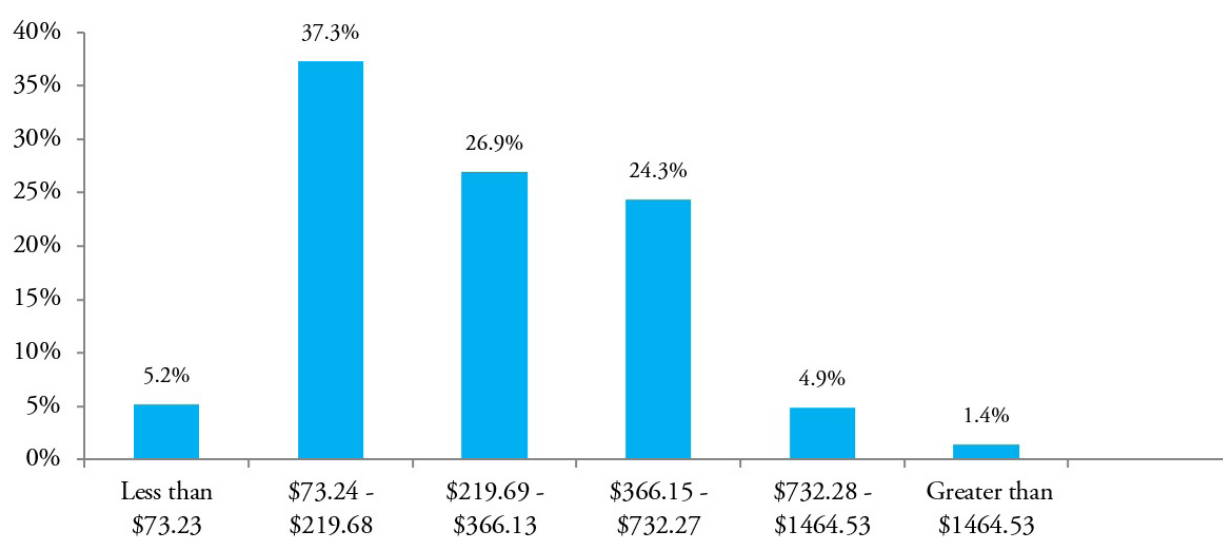
TABLE 19 AFFORDABLE HOUSING IN AFGHANISTAN

Inputs	Constraints
Land	Land grabbing; Inefficient use of land; Tenure insecurity in informal settlements (70% of dwelling stock); Limited access to well-located, serviced land for housing by middle- and low-income households.
Infrastructure	Significant infrastructure deficiencies. AUWSSC water and sanitation services have limited reach; Over 70% of urban households living in informal housing with limited access to basic infrastructure such as water, sanitation, and electricity.
Building Materials and Construction Processes	Very limited building material production capacity—most cement and timber, and all steel, sanitary fixtures and other manufactured goods imported; Poor construction quality and lack of enforcement of construction standards; Lack of skilled labour.
Financing	Lack of institutional finance—shortage of banks and financial institutions that provide long-term mortgage loans/housing finance; Common practice of upfront payments with bottlenecks in capital lending to support new and existing home purchases, home improvement and incremental housing

Household income is a key determinant in the type of housing Afghans can affordably access. Price-to-income ratios illustrate the affordability challenges present in Afghanistan's housing sector. The average urban income in Afghanistan was surveyed at 11,214 AFN (approximately US\$174) per month in 2015.<sup>5</sup> (Asia Foundation, 2014) The average formal housing unit for rent in urban Afghanistan was assessed at US\$225 per month in 2015.<sup>6</sup> For the average urban Afghan to rent the typical housing unit, such an arrangement would exhaust 86% of the monthly income, far exceeding the 28% affordable housing standard. Alternatively, using additional metrics

presented in the graph below, the largest segment of urban dwellers in Afghanistan's five largest cities,<sup>7</sup> 37.3% of the total population, reported earning between US\$73 and US\$220 per month in 2014.<sup>8</sup> Should these Afghans seek to purchase the typical urban housing unit averaging US\$60,000, they would need to save the entirety of their income over 34 years without any other expenses to own this unit.<sup>9</sup> (Nationally, such a time horizon exceeds over half the life expectancy of Afghans.<sup>10</sup> There is consequently a surplus of unaffordable housing units in the market where these housing units are inaccessible to the average urban Afghan.

FIGURE 30 MONTHLY HOUSEHOLD INCOME IN FIVE AFGHAN CITIES\*



\*The five Afghan cities are Kabul, Herat, Kandahar, Jalalabad and Mazar-i-Sharif

Source: AHG, 2014

The disparity between the average income of urban Afghan households and the typical housing units for rent and purchase demonstrates the affordability mismatch inherent in the urban housing market. Additionally, it also demonstrates the challenges of middle and lower income Afghans in accessing affordable housing. In Kabul, the average apartment costs US\$80,000 to US\$100,000 and yet the average annual salary is US\$1,876.24. There is thus difficulty in the average Afghan salary purchasing an apartment. The lack of affordable housing units is challenging not only in accessing affordable housing but also for the future of sustainable urban development. Kabul is expected to produce 15,000 to 20,000 units each year from 2015 to 2024.<sup>11</sup> Yet in the event these units continue to be outside the affordability of middle and low income, then Afghans will continue to meet their housing needs in the informal market.

Informal housing units outnumber formal housing units by close to double in urban Afghanistan.<sup>12</sup> Furthermore Kabul's informal settlements house 80% of the city's population.<sup>13</sup> Access to affordable housing drives this trend as the majority of urban Afghans resort to the informal housing market in meeting their housing needs. On average, informal housing market prices are lower than the formal sector by 46% for rent and by close to 50% for purchase. The lower prices in the informal market enable lower-middle income Afghans to more easily achieve homeownership with sixteen years of savings.<sup>14</sup> Although the informal housing market is a viable alternative for many Afghans to access affordable housing, it is even harder for Afghanistan's urban poor to be housed.

More than one-in-four Afghans were at or below the national poverty line in 2011.<sup>15</sup> As such the poor constitute a significant component of the Afghan population, including in urban areas. For Afghanistan's urban poor with low and irregular incomes, there are few housing options. The lowest urban income segment, earns less than \$73.23 per month. At this income, housing options are minimal. In order to affordably house<sup>17</sup> the lowest income segment of these urban dwellers, the market must have housing costing between \$10.26 and \$20.51 per month.<sup>16</sup> This equates to informal rental housing units with areas between 11.8 m<sup>2</sup> and 23.6 m<sup>2</sup> respectively.<sup>18</sup> With few housing options meeting these conditions in the Afghan market, the low-income are left with

overcrowding through informal rental housing arrangements or worse with homelessness. Housing affordability has led to two-thirds of Kabul's informal settlements occupied by more than one family and nine out of ten families living in just one or two rooms.<sup>19</sup>

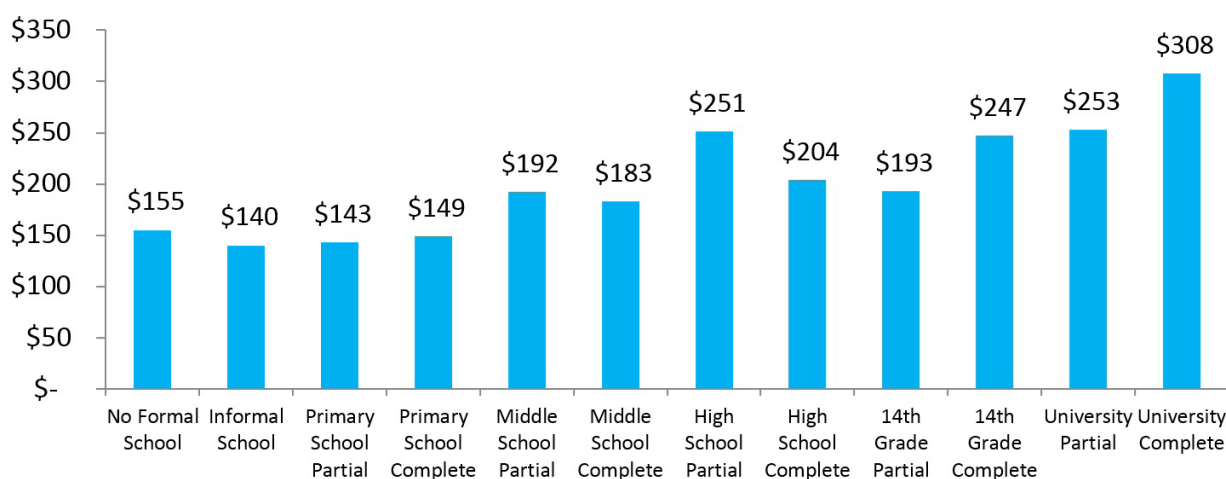
Affordable housing is a critical component of the housing context in Afghanistan. In spite of high demand and demonstrated need, bottlenecks persist since housing units often meet the needs of only the high and upper middle income. Such supply and production barriers have resulted in lower income Afghans meeting their needs in informal settlements. While informal housing is less costly, it contributes to increased proliferation of unplanned settlements and furthers affordable access to adequate housing from being achieved. As Afghanistan continues to urbanize, increased demand on urban housing will only serve to heighten the need for affordable housing solutions throughout the country.<sup>20</sup>

## 6.2 INCOME AND AFFORDABILITY

Most Afghan households depend on the income their members get from the labour market to meet basic needs, including housing. The Afghan labour market is however predominantly informal, with 91% of workers engaged in vulnerable jobs, with low levels of income. Given the low incomes, approximately 35% of workers are classified as 'working poor'.<sup>21</sup> Incomes generally increase by education level, with those who have completed university earning about twice as much a month (US\$308) as those with no formal schooling (US\$155), as illustrated in Figure 31

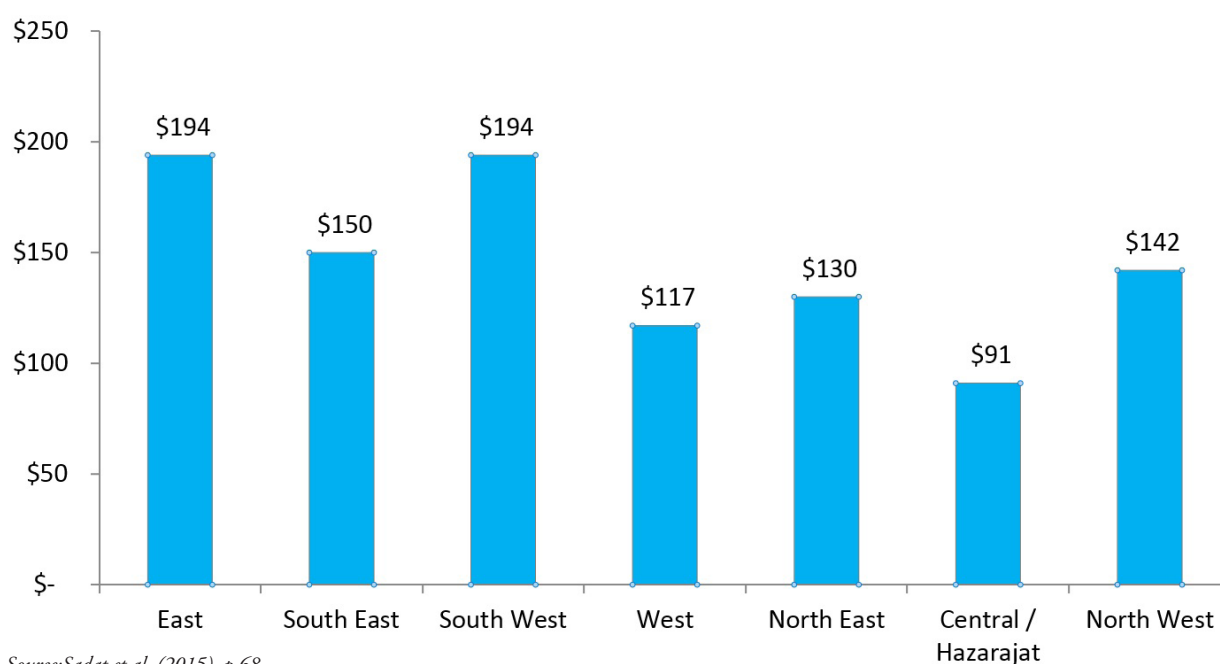
Afghanistan in 2015: A Survey of the Afghan People<sup>22</sup> reports an average monthly income of 11,214 AFN (approximately US\$174). Afghans living in urban areas report higher monthly incomes (15,890 AFN, or US\$246) than those living in rural areas (9,672 AFN or US\$150). There are significant regional variations in household income—ranging from 16,195 AFN (US\$251) in the Central/Kabul region to 5,870 AFN (US\$91) in the Central/Hazarajat region, as illustrated in Figure 32. The geographical targeting of aid and the types of jobs that it has generated has contributed significantly to increased income inequality.<sup>23</sup> There is thus considerable variation in housing affordability between regions, which is also reflected in the housing market and housing stock.

FIGURE 31 AVERAGE MONTHLY HOUSEHOLD INCOME BY EDUCATION LEVEL



Source: Sadat et al. (2015), p.68

FIGURE 32 AVERAGE MONTHLY HOUSEHOLD INCOME BY REGION



Source: Sadat et al. (2015), p.68

As a rule of thumb, housing is deemed to be affordable if it costs no more than 30% of gross household income.<sup>24</sup> Table 20 shows the annual urban housing demand (2015-2020) of newcomers by income strata. From the table, it is clear that the greatest demand is among very low-income households currently squatting or sharing with families/friends (34.2%), and low-income households currently living in informal settlements (43.4%).

An assessment of the housing sector in Kabul city found that formal private sector housing in planned areas is affordable only to upper income households with a monthly income of over US\$3,500 per month, as

illustrated in Figure 33. There are few, if any, affordable housing options for households in the middle and low income segments of the pyramid—Income Tiers 2, 3, 4, 5 and 6—which include households earning less than \$3,500 per month. The scale of informal settlements in Kabul is indicative of the unaffordability of housing supplied by the formal market.

The Mortgage Market Assessment in 5 Major Cities<sup>26</sup> carried out by the Afghanistan Holding Group (AHG) similarly found a significant gap between what the majority of the population can afford for mortgage payments and the housing that is currently on offer in the formal market.

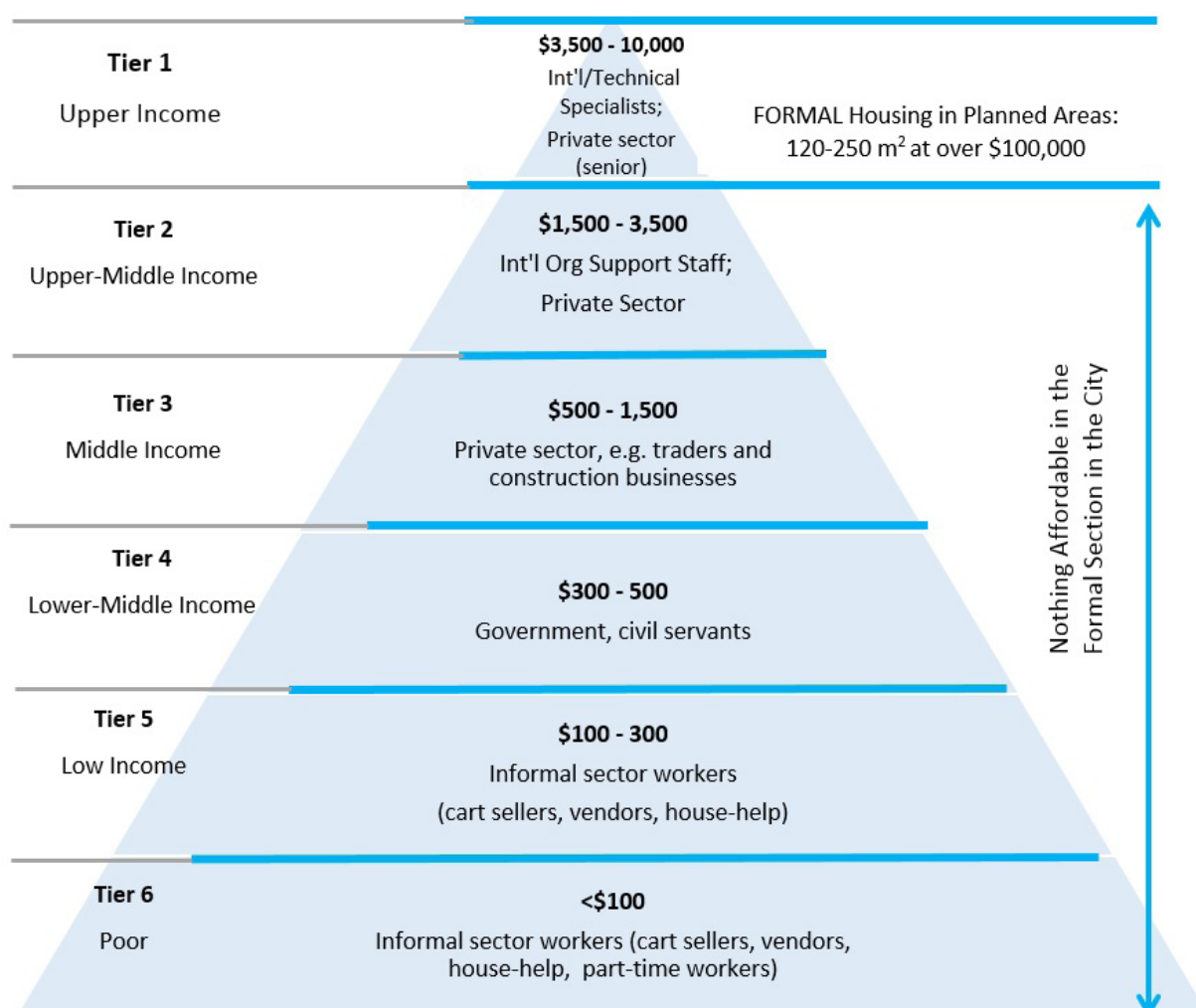


TABLE 20 ANNUAL URBAN HOUSING DEMAND (2015-2020) OF NEWCOMERS BY INCOME STRATA

Income strata	Annual growth		Maximum housing expenditure per month	Current Housing Options
	# units	% total growth		
<b>Very Low</b>	14,263	34.2%	0-50 USD (2,850 AFN)	Squatting, sharing with families/friends
<b>Low</b>	18,099	43.4%	51-100 USD (2,851- 5,700 AFN)	Low quality, overcrowded and sub-standard dwelling in informal settlements
<b>Middle</b>	6,672	16.0%	101-250 USD (5,701-14,250 AFN)	Poor quality dwelling in consolidated informal settlements or informal land subdivisions
<b>High</b>	2,670	6.4%	>250 USD (>14,250 AFN)	Formal housing
<b>TOTAL</b>	41,704	100%		

Source: GoIRA, 2015, p.93<sup>27</sup>

FIGURE 33 UNAFFORDABILITY OF THE 'FORMAL' HOUSING SECTOR



Source: Mathema, 2012, p.11

## 6.3 HOUSING COSTS AND AFFORDABILITY

The average monthly rent for a formal apartment, as found in the SoAC sample housing survey and shown in Table 21, is US\$200 (Kabul US\$250) while the average monthly rent for a formal dwelling is US\$250 (Kabul US\$600). In comparison, the average monthly rent for an informal planned dwelling is US\$150 (Kabul US\$ and an informal spontaneous dwelling US\$50 (Kabul US\$160). To purchase a formal apartment will cost on average of US\$80,000 (Kabul US\$65,000) and a

formal dwelling on average US\$100,000 (Kabul US\$250,000); whilst an informal planned dwelling can be purchased at an average price of US\$45,00 and an informal spontaneous dwelling at an average price of US\$12,000. While informal housing options are far more affordable than formal ones, they are typically characterized by lower quality dwellings and poor access to services. There is also considerable variation between and within different cities and, indeed, different informal settlements.<sup>28</sup>

	Housing Types	Plot Size (M <sup>2</sup> )	Floor Area (M <sup>2</sup> )	Occupants (People)	Monthly rent (US\$)	Purchase Cost (US\$)	Water	Sanitation	Tenure
Formal	Apartment Kabul	n/a	90	4	250	65,000	Piped water or own well	Septic tank or composing toilet	Owner with title deeds/ Owner with other documents (sales transaction) / renter
	Apartment Large Size	n/a	150	8-9	250-350	100,000			
	Apartment Medium Size	n/a	80	5-7	150-250	80,000			
	Apartment Small Size	n/a	50	4-6	100	40,000-			
	Average	n/a	90	6	200	65,000			
	Dwelling Kabul	300	170	9	600	80,000			
	Dwelling Large Size	300-450	200	10-12	300	250,000			
	Dwelling Medium Size	200-300	150	10-12	250	150,000			
	Dwelling Small Size	200	100	8-9	200	100,000			
	Average	300	150	9	250	50,000			
Informal	Planned Kabul	400	200	7	180	100,000	Piped water or own well	Septic tank or dry pit latrine	Sales transaction/ Inheritance / municipal notebook
	Planned Large Size	500	200	8-15	200	50,000			
	Planned Medium Size	400	150		150	60,000			
	Planned Small Size	300	100		100	45,000			
	Average	400	150	11	150	30,000			
	Spontaneous Kabul	180	120	9	160	45,000	Shared well/ public taps/ water tanker	Dry pit latrine	No documentation/ municipal notebook
	Spontaneous Large Size	250- 600	100- 200	10—15	60	-			
	Spontaneous Medium Size	150	80	7-9	50	20,000			
	Spontaneous Small Size	80-100	50- 70	5-6	40	7,000			
	Average	150	80	9	50	12,000			

Source: GoIRA, 2015, p.87

TABLE 22 HOUSING COSTS

House category	Cost (USD)	Size	Details
Upper middle-income housing	50,000	200m2	Apartment
Low income housing	4000-15000		Two room dwelling house
Home upgrading	100-5000		Fixing ceilings, Building extra room / bathroom
House for Rent	100-500		Apartment, house

Source: Rabani, 2014<sup>29</sup>

TABLE 23 COST OF AN APARTMENT LARGE ENOUGH TO HOUSE ONE FAMILY (3 ROOMS)

City	Average monthly rent (USD)	Average price of similar property (USD)
Kabul	300 - 500	Above 100,000
Herat	200 - 250	40,000
Mazr	150 - 200	40,000 - 50,000
Kandahar	130	23,000

Source: IOM, 2014<sup>30</sup>

TABLE 24 HOUSING COSTS IN KABUL

Rent Per Month	Average (US\$)	Range (US\$)
Apartment (1 bedroom) in City Centre	300.00	300.00-300.00
Apartment (1 bedroom) Outside of Centre	180.00	100.00-200.00
Apartment (3 bedrooms) in City Centre	560.00	500.00-700.00
Apartment (3 bedrooms) Outside of Centre	370.00	250.00-500.00
Buy Apartment Price		
Price per square metre to buy apartment in city centre	854.85	730.87-1,000.00
Price per square metre to buy apartment outside of centre	465.22	430.45-500.00
Salaries And Financing		
Average Monthly Disposable Salary (Net After Tax)	316.67	300.00-350.00
Mortgage Interest Rate in Percentages (%), Yearly	11.00	10.00-12.00

These data are based on 31 entries in the past 18 months from five different contributors. Last update: May, 2016

Source: [http://www.numbeo.com/property-investment/city\\_result.jsp?country=Afghanistan&city=Kabul](http://www.numbeo.com/property-investment/city_result.jsp?country=Afghanistan&city=Kabul)

The *Annual Demographic International Housing Affordability Survey*<sup>31</sup> rates housing affordability using the “Median Multiple” (median house price divided by gross annual median household income).<sup>32</sup> It ranks urban housing markets into four categories based on their Median Multiple, as shown in Table 25. Where data for estimating medians are not readily available, average multiple data (average house price divided by average household income) are used.

Table 26 shows the house price to income ratios for the apartments being built under the MUDH Qasabah

and Khushal Khan Projects. Using the Demographia average multiple data approach to rate affordability, the table clearly shows that all the apartments are severely unaffordable for the average Afghan household—including the cheapest which are the two-bedroom units in Qasabah, for which the average multiple is 6.6. According to the Global Sample of Cities, the median house price in the majority of metropolitan areas is 4.9 times annual household income, which is well above the recommended ratio of 3.0 times.<sup>33</sup>

**TABLE 25** DEMOGRAPHIC HOUSING AFFORDABILITY RATING CATEGORIES

Rating	Median Multiple
<b>Affordable</b>	3.0 & Under
<b>Moderately Unaffordable</b>	3.1 to 4.0
<b>Seriously Unaffordable</b>	4.1 to 5.0
<b>Severely Unaffordable</b>	5.1 & over

Source: Demographic, 2016, p.2

**TABLE 26** AFFORDABILITY OF QASABAH AND KHUSHAL KHAN PROJECTS

Project	Blocks	No. of Rooms in Apartment	Square metres	Cost of Apartment (AFN)	Cost of Apartment (USD)	Average Multiple
<b>Qasabah</b>	<b>Big</b>	2	60	1,434,000	20,723	6.6
		3	95	2,270,500	32,811	10.5
		4	114	2,724,600	39,373	12.6
		5	135	3,226,500	46,626	14.9
<b>Khushal Khan</b>	<b>Normal</b>	2	100	3,288,000	47,515	15.2
		3	113	3,638,400	52,578	16.8
		4	148	4,806,400	69,457	22.2

Rents for formal private sector housing are relatively high and beyond the affordability of the majority of households. At the lower end of the market, the monthly rent for 2-3 bedroom apartment of 100-120m<sup>2</sup> in a Macrorayan or a newer apartment building is about US\$500-600 per month. These are typically occupied by upper-middle income households earning US\$1,500-3,500 per month—in the second Tier of the Income Pyramid in Figure 33. Lease agreements are usually for a minimum of 12 months, with tenants required to pay 3-6 months' rent paid in advance.<sup>34</sup> At the top end of the market, bungalows and villas in walled compounds rent for US \$2,000-3,000 (and more) per month; while very large houses (>500m<sup>2</sup>) in prominent locations for up to US\$30,000-40,000. Such properties are mostly rented to international organizations for both residential and office purposes. In the middle of the market are single family houses, in both planned and unplanned areas, renting for \$500-600 per month.<sup>35</sup>

A major consequence of the unaffordability of the housing supplied by the formal housing sector is that 70% of Kabul's total population—4.5-5.0 million people—lives in informal settlements. The informal sector offers affordable and flexible housing options, but with compromises of poor quality infrastructure (water, sanitation, road access). Informal settlements are home not only to poor households (earning below US\$100 per month) and lower middle income households (earning US\$100-300 per month); but also lower-middle and middle-income households (earning US\$300-\$1,500 per month) that cannot also, generally, afford formal sector housing.<sup>36</sup>

Afghanistan has very large number of multi-family households, both in the rural and urban areas. Extended family households may contain three to four generations including the male head of family and his wife, his brothers, several sons and their families, unmarried and widowed women, and elderly grandparents.<sup>37</sup> Thus, in many cases, the housing design and forms of residence are geared to the needs of the extended family. This will have significant implications for an affordable housing programme.

## 6.4 BRIEF CONCLUSION

There is a significant affordability gap in terms of access to housing for the majority of Afghans. As a rule of thumb, housing is considered affordable if it costs no more than 30% of gross household income. Few outside the highest income group pay less than this amount for their housing.

The average monthly income in Afghanistan is 11,214 AFN (approximately US\$174), with the figure being higher in urban areas (15,890 AFN, or US\$246) than rural areas (9,672 AFN or US\$150). SoAC found that the average monthly rent for a formal dwelling is US\$250 compared to US\$150 for an informal planned dwelling and US\$50 for an informal spontaneous dwelling. These figures explain why over 70% of urban poor and low-income households live in informal settlements. Hence, if the government is to provide affordable housing for these households, it will have to implement measures to reduce the cost of housing substantially, or to subsidize housing in one way or another.



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## CHAPTER ENDNOTES

1. *This profile uses the standard of 28% of household income in determining affordable housing as asserted by AHG in their 2014 mortgage market assessment study (AGH, 2014).*
2. *The urban housing deficit for Afghanistan is an estimate calculated using urban population figures, urban household size, housing supply and demand.*
3. *AHG (2014); Fitrat (2010); GoIRA (2015)*
4. *Interview with Nassim Yassin, Afghanistan Builders' Association, 5 March 2016*
5. *Sadat et al. (2015)*
6. *GoIRA (2015)*
7. *Afghanistan's five largest cities are Kabul, Herat, Kandahar, Jalalabad and Mazar-i-Sharif*
8. *AHG (2014)*
9. *GoIRA (2015)*
10. *In 2013, the World Health Organization (WHO) assessed the total life expectancy for Afghans to be 61.3 years.*
11. *Rabani (2014)*
12. *GoIRA (2015)*
13. *Economic assessments indicate 85% to 90% of the country's economic activities occur in the informal economy. (Bell et al., 2008).*
14. *Fitrat (2010)*
15. *World Bank (2015f) World Bank (2015f)*
16. *AHG (2014)*
17. *Per the standard of 28% of household income asserted by AGH in their 2014 study (AGH, 2014).*
18. *GoIRA (2015)*
19. *Fitrat (2010)*
20. *United Nations (2015c)*
21. *GoIRA (2012b)*
22. *Sadat et al. (2015)*
23. *GoIRA and World Bank (2015)*
24. *UN-Habitat (2015d)*
25. *Mathema (2012)*
26. *AHG (2014)*
27. *GoIRA (2015)*
28. *GoIRA (2015)*
29. *Rabani (2014)*
30. *IOM (2014)*
31. *Demographia (2016)*
32. *The Median Multiple (a house price-to-income ratio) is widely used for evaluating urban markets, and has been recommended by the United Nations and the World Bank.*
33. *<http://unhabitat.org/only-13-of-worlds-cities-have-affordable-housing-according-to-new-research/>*
34. *Real estate agents charge one month's rent as fee.*
35. *Mathema (2012)*
36. *Mathema (2012)*
37. *Merrill et al. (2006)*

## HOUSING FINANCE

### 7.1 INTRODUCTION

The majority of Afghans have minimal access to financing for housing. As a result, most Afghans must finance home purchase or improvement through personal savings—or to a far lesser extent—informal loans from family and friends. Issues persist in the development of Afghanistan's mortgage market owing to potential borrowers' low and irregular incomes, and informal housing having no or inadequate documentation. In terms of non-collateralized lending, there are few housing microfinance (HMF) and community savings organizations providing financing at the local level for incremental housing and home improvements. Despite limited financing options for housing in Afghanistan, the increasing role of Community-Based Savings Organisations (CSBOs) for SME loans, which then often benefit home improvement or construction, as well as the role of Micro-Finance Institutions such as FMFB-A with substantial savings though as yet limited lending, demonstrate the potential for Afghanistan to develop an effective and sustainable housing finance sector to meet Afghan's affordable housing needs.

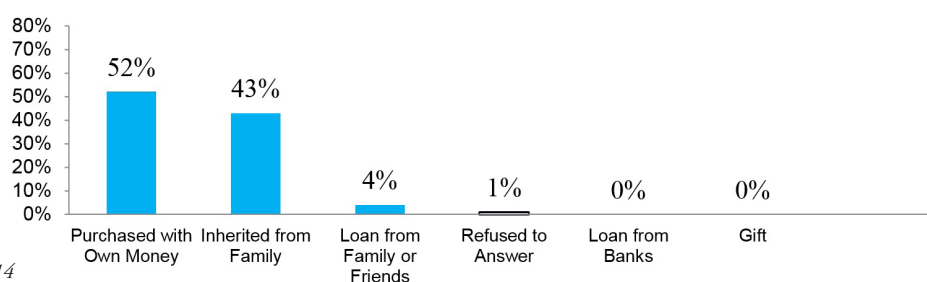
### 7.2 FINANCING HOUSING IN AFGHANISTAN

Housing constitutes one of the most capital-intensive investments in Afghanistan—yet most housing is currently funded through either personal savings or informal loans acquired from family and friends. Most

urban Afghans acquire housing through purchase with their own money followed by family inheritance, as illustrated in Figure 34. Self-funding and family inheritance together constitute 95% of the ways in which urban housing is acquired in Afghanistan.<sup>1</sup> The third most common way to acquire a home, albeit to a lesser degree, is through loans from family and friends. These three approaches to acquiring housing demonstrate the extent to which housing finance is underdeveloped in Afghanistan. Furthermore, the lack of a coherent housing finance policy and government institution tasked with promoting access to housing finance for Afghans underscores the level to which the housing finance sector is unformed. Whether through savings, inheritance or informal lending, such mechanisms are not enough to ensure all Afghans are able to finance their housing needs.

In Kabul alone, projections assess over US\$2.44 billion is needed for rehabilitation and construction of new housing units.<sup>2</sup> Such significant costs demonstrate the need of significant financing for housing, but the relatively underdeveloped state of housing finance in Afghanistan provides few financial resources. Regionally Afghanistan lags behind Sri Lanka, Nepal and Pakistan with only two loan accounts per 1,000 people.<sup>3,4</sup> However, several actions taken by government, as well as the financial sector, underscore the potential for housing finance development. Housing finance can help bridge the gap between housing demand and supply to make access to adequate housing a reality for many Afghans.

FIGURE 34 HOME ACQUISITION MECHANISMS FOR URBAN AFGHANS



Source: AHG, 2014

### 7.3 GOVERNMENT'S ROLE IN FINANCING HOUSING

Since its inception in 2003, the GoIRA has progressively developed a housing programme. Most notably the cornerstone of the government's housing portfolio has been the Deh Sabz Project managed by MRRD.<sup>5</sup> The project, conceived in 2005, has the goal of constructing 20,000 apartment units in eight residential blocks in the Deh Sabz district of Kabul.<sup>6</sup> The government's financing of these units intends to augment much needed affordable housing supply in the capital through direct government investment.<sup>7</sup> The government's financing<sup>8</sup> of Deh Sabz apartment units occurs whereby MRRD provides developers with the capital to construct the apartment units. As Table 27 shows, these subsidies have in total accounted for US\$54.7 million since the Deh Sabz project began.

TABLE 27 EXPENDITURE UNDER THE DEH SABZ PROJECT

Year*	Deh Sabz Expenditures (USD)
1395	6,036,123
1394	7,400,678
1393	2,310,510
1392	2,051,255
1391	3,497,640
1390	4,500,000
1389	8,137,890
1388	6,000,000
1387	9,275,000
1386	4,090,000
1385	1,410,000
1384	—
<b>Total</b>	<b>54,709,096</b>

\*These years correspond to the Persian calendar.<sup>9</sup>

Sources: MoF, National Budgets 1384 - 1395

Additionally, the GoIRA has an important role in facilitating financing for housing development in Kabul. Through several apartment projects, the MUDH<sup>10,11</sup> brings housing developers together with prospective homeowners to enable delivery of multifamily housing. Specifically, MUDH evaluates prospective homeowners for the projects and monitors their fulfilment of loan obligations to the developers. Once MUDH screens applicants, the selected tenants are required to pay the total cost of the apartment to MUDH in five instalments over two to three years. The average instalment is US\$9,600. Tenant payments of instalments compensate developers for their upfront investment in securing the land and constructing the units. For the 2,344 apartments completed, the average unit has an area of 108.8 m<sup>2</sup> and costs the government around US\$8,200 including land, construction and infrastructure costs as well as administrative fees.<sup>12</sup>

Underlying MUDH's apartment projects, the costs of the total average unit breaks down to construction at 72.2%, land at 9%, infrastructure at 13% and administrative fees at 7%. Given the use of upfront resources to construct apartment units, costs are essential to the fiscal soundness and effectiveness of the project as well as inspiring confidence in developers for their participation. The government's legal ownership of much of Kabul's land assists MUDH in reducing land costs and ensuring proper titling for the resulting apartments. Costs can be further reduced through building materials and construction methods. Should GoIRA seek to expand this model as a component of an affordable housing programme, with the purpose of ensuring targeted housing production for lower income Afghans, it may be attainable by reducing costs and maximizing operational efficiencies. In addition, the array of units available under MUDH's apartment projects from 60 m<sup>2</sup> to 400 m<sup>2</sup> at tiered pricing could also provide for cross-subsidization as a non-taxation revenue technique to fund the production of additional affordable housing units financed by the government.<sup>13</sup>

### 7.4 MORTGAGE LOANS

Historically, the Afghan national government was very much involved in housing finance and the provision of mortgage loans. Starting in 1947, the government through the central bank, Da Afghanistan Bank (DAB), formed the Mosessesa Keesa Omrani or

Finance Development Organization (FDO) infused with an initial investment of 30 million AFN.<sup>14</sup> DAB would restructure FDO in the early 1950's into the Afghanistan Mortgage and Reconstruction Bank (AMRB). The AMRB would finance several apartments similar to the aforementioned MUDH apartment projects.<sup>15</sup> Unlike MUDH's project abiding by Islamic finance principles in charging administrative fees, the AMRB mortgages charged interest rates.<sup>16</sup> Despite AMRB's long history as the government's housing finance institute, it was dissolved in 2003 due to weak performance in its home loan portfolio and failure to obtain a banking license under the newly approved banking law.<sup>17</sup>

Since AMRB's dissolution, Afghanistan's financial industry has made few advances in terms of mortgages. In the era of the Islamic Republic government, DAB has liquidated its directorate overseeing and licensing mortgage banks. Further Afghanistan's financial sector accounts for less than 1% of the country's gross domestic product.<sup>18</sup> The minimal financial sector footprint in Afghanistan could be attributed to a nascent industry following years of conflict as well as diminished public confidence in private banking lenders.<sup>19</sup> The latter resulted from developed trust in family and friends as often the sole source of financial support in securing housing. In addition, such consumer sentiment can also come due to reduced confidence from Afghans following the demise of the Kabul Bank in 2010.

Today, the seventeen commercial banks in Afghanistan have extended little financing for housing to Afghans. While commercial banks account for 86.8% of total lending, mortgage loans only comprise 0.88%.<sup>20</sup> Financial experts assess the banks altogether have between US\$2-3 billion in deposits.<sup>21</sup> In the event the commercial banks sought to leverage these deposit to make housing loans, the banks could provide at maximum 100,000 loans, assuming conservative loan size at US\$30,000 each.<sup>22</sup> Unfortunately, 100,000 mortgage loans are not at the scale to promote affordable access to housing finance for all Afghans in what is assessed to be a US\$60 billion housing market in Afghanistan.<sup>23</sup>

Confronted with constrained borrower access to housing finance, residential developers have attempted to fill the gap. In an effort to enhance consumer demand into their housing projects, developers have

acted as non-bank finance institutions or NBFIs without profit. Typically, in such situations, Afghan developers offer short-term mortgages for their apartments. Consequently, developer housing loans are most often three-years in duration. Apartment borrowers often pay an initial downpayment of 30% of the purchase price with the remainder amortized through several installments over the duration of the housing loans. The loans have no interest or fees.

Despite the provision of developer housing finance in Afghanistan, real estate companies have encountered issues with high borrower non-repayment rates. For example, in one instance a development of 300 units in Kabul had close to 160 borrowers unable to repay their three-year loan installments. As a result, developers are incurring risk in offering housing finance products for their residential developments. This has led to unpaid expenses on developer balance sheets since there are neither administrative fees nor interest rates. Furthermore high default rates have resulted in developers incurring losses as borrowers are unable to meet the obligation of loan instalments. Developer-provided housing finance in Afghanistan illustrates non-bank housing sector efforts to promote access to housing through financing. Additionally, it underscores the gap in Afghanistan's mortgage market and access to housing finance.

The mortgage products currently available in Afghanistan's housing finance market are conventional loans with high interest rates and short durations. Accordingly, mortgages typically have between two and four-year terms with interest rates ranging from 10% to 20%.<sup>24</sup> The two state banks Pasthan Bank and Bank-e-Millie offer mortgages with loan size from US\$400 to US\$10,000 at two-year terms. Despite the relatively small loan size and short loan durations, Bank-e-Millie plans to allocate at least 10% of its lending to the housing mortgage program. Increased lending towards mortgages means Bank-e-Millie can allocate additional capital with the purpose of having more competitive loan products. In particular, Bank-e-Millie aspires to offer larger loans ranging from US\$10,000 to US\$20,000 with a monthly payment of more than US\$100 over a 20-year term. Additionally, some banks offer Islamic murabaha housing loans.<sup>25</sup> These Shar'ia-compliant loans function as lease buy-backs where profit is used instead of interest in which customers pay a rental fee to the lending institution.<sup>26</sup> Alternative Islamic

loans such as musharikah or partnership loans are not well developed in Afghanistan's housing finance market due to lack of technical skill and knowledge.<sup>27</sup>

The limited mortgage products available at unattractive borrower terms are symptomatic of the challenges Afghanistan faces in developing the mortgage market. Overall consumer surveys indicate there is overwhelming demand, in particular in the cities of Kabul and Herat, for long-term, non-interest based sharia-compliant housing loans.<sup>28</sup> However, the majority of Afghans cannot afford to pay a downpayment or satisfy the monthly repayments that come with a mortgage.<sup>29</sup> Such borrower income constraints illustrate the significant gap between what the majority of Afghans can afford for mortgage payments and what would be required based on housing prices.<sup>30</sup> Consequently, lower income Afghan households would not be able to pay the typical mortgage payment as a single payment would exceed 164% of their monthly income, far exceeding the maximum 25% to 30% required for traditional mortgages.<sup>31</sup> In addition to the difficulties average and lower household incomes have in accessing financing for inaccessible housing prices, there are several sectoral challenges in developing mortgages in Afghanistan. These challenges derive from non-supportive laws, land titling issues, the need for property insurance on housing, the lack of long-term capital to finance mortgages, lack of technical knowledge in originating and servicing mortgages and greater institutional collaboration between financial institutions and regulatory authorities.

Given the use of land<sup>32</sup> and housing as collateral in mortgage lending, strong legal enforcement mechanisms to seize defaulted property are a necessity to encourage Afghan financial institutions to expand mortgage lending. Yet ineffective judicial processes and poor legal enforcement make repossession of mortgaged property in the event of default very challenging. Although Afghanistan has a legal framework through the 2009 *Law for Mortgage on Immovable Property in Banking Transactions*,<sup>33</sup> difficulties in effectively executing repossession on a defaulted loan property persist.<sup>34</sup> Specifically, repossession issues include difficulties in tracking borrowers due to lack of unique individual identification and lack of postal addresses.<sup>35</sup>

Aside from the lack of effective legal authorities

governing instances of default, land titling is another constraint for the effective development of mortgage lending in Afghanistan. Most middle to low-income households have quasi-legal or no titles for their housing.<sup>36</sup> As a result, these houses would be disqualified from having a mortgage loan. Furthermore, in Kabul estimates indicate only one-third of residents would be able to offer land as collateral.<sup>37</sup> With collateral being a central qualification for mortgage lending, prospective borrowers must have legal title to their land and housing. There is need therefore for mortgage market stakeholders to work together to develop a more functionally efficient collateral system<sup>38</sup> that clearly outlines lender and borrower rights.

The lack of property insurance is another constraint to the Afghan mortgage market. Financial institutions are reluctant to underwrite properties without insurance. Lenders would be at risk should natural disaster or man-made incident strike mortgaged housing. In these instances, the bank would incur monetary losses should the borrower walk away from their damaged home. The three main insurance companies in Afghanistan do not provide property insurance. Additionally, the state-owned National Insurance Company is under resourced and not fully functional to step in and insure housing.

Despite banks being "very liquid" with capital, they continue to be risk averse in providing financing for housing.<sup>39</sup> The risks outlined above due to unclear and ineffective legal procedures in instances of borrower default as well as land titling issues and lack of provision of property insurance reflect such issues. However, banks also confront the issue of providing capital for long-term financing. As previously discussed, the majority of the banks' capital comes from short-term depositor money. The nature of this capital makes it more difficult to lend for long-term mortgages. For this reason, mortgage terms tend to have shorter durations in Afghanistan as they match the underlying depository assets. Afghan mortgage market stakeholders have already sought GoIRA support to strengthen assets used to provide long-term capital. DAB and the Ministry of Finance are seeking to bolster Afghanistan's access to international capital markets through the development of the sukuk bond market through expanded online trading.<sup>40</sup>

Finally, the Afghan mortgage market lacks technical knowledge concerning processes related



to the origination and servicing of mortgages. The Afghanistan Institute of Banking and Finance was created to provide technical training to banking professionals in mortgage origination and title search. However, mortgage lenders often have different approaches underwriting and evaluating housing loans. The result is non-uniform practices in origination that creates issues when mortgages are serviced. Standardization of these practices is essential to the effective functioning of the Afghan mortgage market. Greater collaboration between financial institutions and regulatory authorities could very well serve to unify practices to ensure the mortgage market works in the most effective way possible.

## 7.5 NON-COLLATERALIZED LENDING

Mortgages are an important financial tool to affordably bridge housing need and supply. Although mortgages are popularly considered the *de facto* housing finance mechanism, in Afghanistan's case such conventional lending does not sufficiently meet the needs of the majority of Afghans. With mortgages requiring proper titling of collateral for lending, close to 70% of Afghans living in informal housing in cities would be ineligible for mortgages.<sup>41</sup> Besides collateral issues, the average annual urban income of US\$3,132 further disqualifies a majority of middle income as well as low-income.<sup>42</sup> Afghan housing finance experts assess annual income of US\$7,000 or greater is the minimum suited for mortgage lending. The exclusion of many Afghans due to collateral and income-level underscores the need for alternative financing for housing mechanisms.

Alternative housing finance mechanisms provide a means of expanding access to affordable housing finance to lower income and informal

households. In Afghanistan, such mechanisms are needed as the majority of Afghans are with low and irregular incomes, like the self-employed, are unable to make regular mortgage payments.

Typically, households with irregular income build their housing incrementally over many years as they accumulate money. They first save to first purchase land and then, through self-construction, build rooms in stages. Incremental home construction in urban Afghanistan has been estimated to cost between US\$100 to US\$5,000. The financial resources are minimal compared to the much higher costs of building and purchasing formal housing. Self-construction meets Afghan preferences to build housing on their own. In fact, a survey found a majority of Kabulis preferred self-construction while just 21% preferred to hire builders and only 13% desired to purchase a housing already completed.<sup>43</sup>

While self-construction is a prominent trend in Afghanistan, its financing does not commonly come from financial institutions. Many homes are dilapidated and require loans up to US\$5,000 for improvement. Unlike neighbouring Pakistan, Afghanistan has relatively underdeveloped community-based financing organizations with no direct lending towards housing finance. In Pakistan, there are Rotating Savings and Credit Associations (ROSCAs) where community members pool savings and collectively borrow for purposes of home improvements. Instead Afghanistan has relatively nascent community-based savings organizations (CBSOs) supported by international donors and more developed microfinance institutions (MFIs). Both CBSOs and MFIs in Afghanistan concentrate their lending directly towards SME loans rather than home loans. However, their provision of capital certainly supports housing, albeit indirectly.

TABLE 27 EXPENDITURE UNDER THE DEH SABZ PROJECT

	Borrowers	Outstanding Loans (US\$)	Housing Loans (US\$)
<b>Microfinance</b>	129,588	96,000,000	8,500,000
<b>Community-Based Savings</b>	70,449	7,318,102	-

Sources: MISFA, 2016 and AMA 2016

CBSOs are important financial institutions throughout Afghanistan. The five, main CBSOs have promoted collective savings of approximately US\$136.8 million from 174,000 Afghans, 64% of whom are women.<sup>44</sup> The CBSOs, aided by international donors, have used two institutional arrangements to promote financial inclusion and encourage collective savings.

First, CBSOs such as the Afghanistan Rural Enterprise Development Programme (AREDP) and Zardozi, have organized Savings and Credit Groups or SCGs. The SCGs promote small savings from 30 to 50 AFN per week per household and have a default rate close to zero.<sup>45</sup> Collectively, for the members of AREDP, after three years their SCGs can develop into Village Savings and Loan Associations (VSLAs). The VSLAs are infused with 600,000 seed loan capital and a state bank account to further institutionalize community savings and improve the collective bankability of Afghans.

Second, CBSOs can result from CDCs, which act as entry points for the community in mobilizing neighbourhood groups. Collective savings is no exceptions. Organizations, such as Hand in Hand Afghanistan or the Swedish Committee for Afghanistan, form Self Help Groups or SHGs whereby five to twenty members start saving, for example 50 AFN every two weeks. The resulting funds are used to make short-term SME loans for individual members. The loans are often a year-and-a-half to three years in term and range from 10,000 AFN to 20,000 AFN. The Swedish Committee for Afghanistan intends to cluster its SHGs into VSLAs for the purposes of developing a revolving fund to support access to greater funds for loans.<sup>46</sup>

Although CBSOs are not involved in the explicit provision of housing finance, rather mostly SME lending, the quantity of members and savings accumulated through SCGs, SHGs and VSLAs is a remarkable development in Afghanistan. In 2016,

CBSOs had saved around US\$136.8 million, yet only lent US\$7.3 million.<sup>47</sup> The evident bottleneck in lending compared to savings is cause for further assessment on what can be done to further promote prudent yet accessible loans from CBSOs. The use of social collateral for loan appraisals as well as community member pressure for borrower repayment are two examples of the innovative approaches CBSOs have taken to provide additional means for Afghans to have greater access to finance at the community-level. Further development of self-sufficient CBSOs in Afghanistan will increase the potential for such entities to provide direct financing for housing and home improvement purposes in the country.

In addition to CBSOs, MFIs are important financing actors as they can provide small and incremental loans without requiring formal collateral. Nonetheless, Afghanistan's MFIs have also been more focused on extensively financed business endeavours and reluctant to enter the HMF space.

Only one MFI extends loans for housing, specifically for home improvements. Although First Microfinance Bank of Afghanistan's (FMBF-A's) is the only provider of home improvement microloans, the HMF it provides constitutes close to one-tenth of Afghanistan's overall microfinance market, at close to US\$100 million outstanding with over 200,000 clients.<sup>48</sup>

Since FMBF-A started housing improvement loans it has served 9,500 clients with total loans worth US\$8.5 million. These home improvement microloans have an average size ranging from US\$200 to US\$10,000. Typically, these loans are structured with a two-to three-year loan term with a 23% interest rate. Borrowers have an average annual income of 15,000 AFN to 35,000 AFN and are usually employed as government employees, teachers and farmers. As of May 2016, 60% of housing microloans were urban housing projects with 40% were for rural home

improvements. Furthermore FMBF-A's housing microloans have a default rate at less than 1%.

FMBF-A's home improvement loans are collateralized and thereby require titling, usually issued by the community jirga. Additionally, FMBF-A also requires a third-party guarantor. In 2012, FMBF-A embarked upon a non-collateralized microfinance pilot for housing. FMBF-A extended loans to approximately 100 slum dwellers, which were the first and last non-collateralized microfinance housing loans. Despite their unwillingness to finance housing, other MFIs still serve as an important—yet indirect—source of capital for home improvement. Regardless of the type of loan, microfinance borrowers in Afghanistan were found to have used their business loans for home improvements. The housing improvement costs have been projected to be 5% of the loan and assessed to provide home improvement financing at an overall worth of \$18 million to \$22 million in July 2007.<sup>49</sup>

Microfinance and community-based savings organizations are important non-collateralized lending mechanisms that have the potential to expand access to affordable housing finance for the urban poor. If developed appropriately they can meet short-term needs for home improvements with smaller loans ranging from US\$100-500. As a result, the housing finance through these mechanisms could be designed to have a monthly repayment of about US\$50 USD at a maximum term of one year. Although one may think these non-conventional housing finance mechanisms may be too niche for Afghans, a recent survey found 58% of Kabulis have no preference between commercial bank or MFIs in meeting their housing finance needs.<sup>50</sup> As Table 28 indicates, MFIs and community savings organizations can provide much needed financing for home improvement in urban Afghanistan, a segment of the housing sector that continues to be underserved.

Another non-collateralized lending mechanism prominent in Afghanistan is *grawee*. This is a historical arrangement in which the owner of

housing who is in need of capital gives the property to a tenant for a fixed amount of time and price.<sup>51</sup> The tenant pays the full amount upfront for agreed rights to the house for the agreed upon time period. Upon return of the tenant's money by the property owner, the house returns to the owner.

*Grawee* is an important financial feature of the Afghan housing market. The arrangement provides a means for Afghans to accumulate savings while not also paying rent. Once enough money is accumulated to enter into a *grawee* arrangement—but is not at the level to fully purchase a home—the household can access housing without paying living expenses. The *grawee* arrangement assists households in accessing housing and deepening their finances by providing them the opportunity to save money for home purchase while not paying rent.

## 7.6 BRIEF CONCLUSION

Currently the majority of Afghans finance their housing needs outside of formal financial institutions. Many either save their money to incrementally build housing or inherit family housing. Mortgages are inaccessible to middle and low-income Afghans due to their inability to meet loan obligation payments and difficulties in having proper land and housing documentation for underlying collateral purposes. While microfinance institutions do not grant loans directly for housing, their business loans are an indirect source of financing for home improvement.

Although housing finance is still nascent in Afghanistan, its successful development could have a pivotal role in promoting a sustainable urban future for Afghanistan. As Afghanistan continues to urbanize to a majority country of city dwellers in 2060, increased city dwellers will increase demand for housing resulting in rising home prices. Without a comprehensive housing finance system adequately incorporating all, especially those with low and irregular incomes, even more Afghans will be excluded from achieving affordable access to housing.

## 7.7 HOUSING FINANCE SECTOR PERFORMANCE CONSTRAINTS AND PRIORITY ACTIONS MATRIX

	Constraints	Priority Actions
<b>Policy</b>	No housing finance policy has been instituted. Since liquidation of DAB's mortgage directorate there is no national government office with housing finance portfolio. There is a critical need for a comprehensive housing finance policy that includes HMF, community savings and leverages current grawee and national government apartment financing.	Develop comprehensive housing finance policy with implementation strategy in close collaboration with relevant national and local government, financial sector and civil society actors. Key elements include addressing financing for preventive and upgrading elements of the twin track approach for housing in Afghanistan. As such the policy must develop measures to fill the critical need of housing finance for Afghans with low and irregular incomes.
<b>Regulatory and Legal Framework</b>	2009 Law for Mortgage on Immovable Property in Banking Transactions provides legal framework for mortgage lending. However, there is no further laws or regulations discussing a comprehensive framework for housing finance.	Formulate the requisite legislation to promote much needed liquidity for housing in Afghanistan's housing finance market. This requires assurances from government to effectively channel capital and investment from the financial sector and international donors, such as robust regulatory enforcement mechanisms be enacted as per the 2009 Law for Mortgage on Immovable Property in Banking Transactions. Further legal and regulatory enhancements must be developed to institutionalize alternative housing finance approaches.
<b>Institutional and Organizational Framework</b>	DAB's liquidation of mortgage directorate has left no centralizing authority in government to regulate and encourage increased financing for housing.	Create housing finance entity within national government agency to develop the necessary housing finance organizational framework. Ensure such an entity leverage expertise from government, private and third sectors to promote increased financing for housing in Afghanistan.
<b>Institutional Capacity</b>	Limited capacity of financial institutions to provide housing loans have reinforced self-construction and incremental housing in informal settlements as the only option for many Afghans to be housed.	Develop comprehensive housing finance policy with implementation strategy in close collaboration with relevant national and local government, financial sector and civil society actors. Key elements include addressing financing for preventive and upgrading elements of the twin track approach for housing in Afghanistan. As such the policy must develop measures to fill the critical need of housing finance for Afghans with low and irregular incomes.

	Constraints	Priority Actions
<b>Supply</b>	Housing loan supply is very limited with mortgage constituting only 0.88% of all lending. Lack of accessible housing finance supply forces Afghans to use personal savings, family inheritance or informal loans from family and friends to gain access to housing.	Enhance provision of housing loans, including non-collateralized financing options, through confidence building measures to deepen mortgage lending and housing microloans. Explore alternative housing finance measures to encourage additional inclusive and innovative mechanisms in financing housing such as government assistance or guarantees for (Grawee) financing or developing compulsory savings programmes to tap into personal savings to expand access to housing.
<b>Demand</b>	High demand for housing finance to meet Afghan's housing needs while accessing housing loans typically inhibited as the majority of Afghans are disqualified by low and irregular income or informal property holdings.	Raise awareness among Afghan housing finance stakeholders and international development community to draw attention to the high level of demand and the need to develop approaches to meet the needs of Afghans
<b>Affordability and Price-to-Income Issues</b>	Majority of Afghans cannot afford housing loans given their incomes. Analysts assess mortgages can be provided for Afghans with an annual income of US\$7,000 and above. Yet, the average urban income in Afghanistan is only \$261 per month.	Assess approaches to help Afghans affordably access housing finance, for example what can be done to assure Afghans' housing finance needs can be served with the majority of incomes not eligible for mortgages
<b>Implementation Arrangements and Instruments</b>	Formal housing finance arrangements not effective in providing access to affordable housing finance.	Develop implementation strategy with action plan for the comprehensive housing finance policy. This includes further developing formal housing finance arrangements as well as alternative social arrangement to help tenants save enough and affordably access housing, whether through homeownership or rental.



## CHAPTER ENDNOTES

1. AHG (2014)
2. Fitrat (2010)
3. *Although lagging behind regional neighbours in terms of loan accounts per person, in 2015 Afghanistan ranked third in South Asia in terms of access to credit behind only India and Bhutan. (World Bank, 2015) This is remarkable as in 2008 access to credit was limited in Afghanistan as the country ranked 159th of 178 counties.*
4. Fitrat (2010)
- 5.
6. MoF (2015)
7. MoF (2015)
8. *Local governments are also involved in the financing of housing in Afghanistan using similar upfront installment schemes. However, municipalities are often less effective compared to the national De Sabz project given the capital required to construct housing units.*
9. *Per this convention, 1395 is equivalent to 2016 in the Gregorian calendar.*
10. *The Ministry of Urban Development Affairs (MUDA) was renamed the Ministry of Urban Development and Housing (MUDH) in the second quarter of 2016. As such, this paper uses the approved MUDH acronym.*
11. *MUDH is explicitly prohibited from directly financing of housing.*
12. *Interviews with MUDH Housing Officials. 29 February 2016 to 4 March 2016*
13. *For example the use of traditional housing techniques such as rock foundation versus steel and concrete structures with brick could reduce MUDH's high construction costs. (ABA, 2016)*
14. AHG (2014)
15. *Comparatively MUDH facilitated the completion of the Khushal Khan and Qassaba apartments. AMRB completed the apartment housing blocks Karte Mamoreen, Jada-e-Maiwand, and Maiwand Watt. (MUDH, 2016 and AHG, 2014)*
16. *Accordingly, interest rates were reported at 6% in the mid-1950s. (AHG, 2014)*
17. AHG (2014)
18. Rabani (2014)
19. AHG (2014)
20. Rabani (2014)
21. *Interview with Assad Nissar, Pahna Group. 5 March 2016.*
22. *It is important to note financial institutions do not conventionally lend the entirety of their portfolio for the purpose of lending. Such a practice would diminish cash-on-hand and thus risks the health and financial soundness of lending institutions.*
23. *Interview with Assad Nissar, Pahna Group. 5 March 2016.*
24. *Capitalist Partners LLC (2010); Rabani (2014)*
25. Fitrat (2010)
26. AHG (2014)
27. Rabani (2014)
28. AHG (2014)
29. Rabani (2014)
30. AHG (2014)
31. Fitrat (2010)
32. *Land titling presents a major barrier in women obtaining access to housing finance as proper documentation is not issued in women's namesakes. This has contributed to very few women headed households in Afghanistan.*
33. *DAB sponsored and passed this law, which permits mortgage lending contracts and debt issuance with immovable property serving as collateral.*
34. *Capitalist Partners LLC (2010)*
35. AHG (2014)
36. Fitrat (2010)
37. Rabani (2014)
38. *Mortgage market stakeholders have already moved to set-up a central collateral registry and independent credit bureau to develop uniform standards for acceptable collateral in mortgages.*
39. *Fitrat (2010); May et al. (2008)*
40. *Capitalist Partners LLC (2010)*
41. *UN-Habitat (2015e)*
42. Warren (2014)
43. Rabani (2014)
44. AMA (2016)
45. AMA (2016)
46. AMA (2016)
47. AMA (2016)
48. MISFA (2016)
49. *Capitalist Partners LLC (2010)*
50. Rabani (2014)
51. AHG (2014)

## LAND FOR HOUSING

### 8.1 POLICY, LEGAL AND REGULATORY FRAMEWORKS GOVERNING LAND SUPPLY

A key challenge facing Afghanistan is how to ensure an adequate and timely supply of land to meet the increasing demand for housing arising from the growing urban population—which is expected to double within the next 15 years and constitute 50% of the total population by 2060. Indeed, many of the urban challenges identified in the *State of Afghan Cities 2015* report have a clear land dimension which impacts on housing. They include limited access to well-located serviced land for housing for low and middle-income households; tenure insecurity in informal settlements in which the majority of urban poor, IDP and returnee households live; inefficient use of land; and land grabbing.

Challenges in access to land and tenure security are exacerbated by the legacy of war and continuing social tension. Past problems—such as land shortages, inadequate access to infrastructure and services, and land ownership mostly in the hands of a privileged few—are compounded by additional insecurities and inequalities. These include land disputes and damaged or destroyed houses, giving rise to land and housing shortages. Many urban residents who fled the country during decades of conflict cannot access the land or homes they formerly owned on their return. A majority of IDPs who left their rural homes for the relative safety of urban centres live in informal settlements with insecure tenure and poor housing conditions. These problems are made worse by the lack of a comprehensive land policy; dysfunctional land administration systems and planning procedures; and the tactics of private developers.<sup>1</sup>

The policy, legal and regulatory framework governing land administration and management in Afghanistan is complex, comprising over thirty policies, laws, decrees and documents, in addition to the *Afghanistan Constitution*. They include: the National Land Policy (NLP); Land Management Law of 2000; Civil Code; Land Expropriation Law of 2000 (amended in 2009), Municipal Law 2000; Survey and Cadastre Law of 1988; Law on Pastures and Mara'a of 2000; Forest Law of 2012; Mineral Law 2015; Land Tax Law of 1976; Income Tax Law 2007; Presidential Decree 83 of 2003; and Presidential Decree 99 of 2002. The legal framework is highly influenced by Islamic law and principles.

**The Constitution of Afghanistan**,<sup>2</sup> adopted in 2004, provides the fundamental legal basis for land administration and management. It permits land ownership by all, except foreigners. It also protects land from state appropriation unless for public interest—and this subject to prior adequate compensation. In addition, it mandates distribution of land and housing under certain conditions.

**The National Land Policy (NLP)**,<sup>3</sup> adopted by the Council of Ministers (CoM) in 2007, envisions all Afghans benefitting from orderly and sustainable use of land. To this end, the Policy's objectives are to: provide every Afghan access to land; promote and ensure a secure land tenure system; encourage the optimal use of land; establish an efficient land administration system; and ensure that land markets are efficient, equitable, environmentally sound and sustainable to improve productivity and reduce poverty.<sup>4</sup>

The provisions of the NLP are, in large part, consistent with international best practices in land governance. The Policy sets out broad objectives, principles and 40 other related policies clustered into 20 policy statements,<sup>5</sup> each addressing a specific issue impacting land tenure, administration and management. These issues include: tenure insecurity; lack of equity, transparency, and accountability in land distribution and acquisition; competing systems for characterizing land; lack of integration between the formal and informal systems; land grabbing; informal and unplanned developments; lack of mechanisms to protect property rights; competition for pasture land; proof of rights to land; bias in land distribution; uncoordinated and overlapping land management systems; overuse and underuse of land; dispute resolution; and environmental sustainability.<sup>6</sup> It thus addresses most of the key issues related to land governance, but it is not well publicized nor understood. The big challenge lies in effectively implementing and enforcing the policy's provisions.

**The 2008 Law on Managing Land Affairs**, usually referred to as the Land Management Law (LML), articulates the basic framework for land administration and management in Afghanistan. The LML covers the following areas: obtaining title deeds; settlement of land with regard to ownership; land distribution; transfers and alterations of land; land leasing; pastures; restoration of appropriated lands to their owners; civil and criminal penalties, including usurpation; and other miscellaneous provisions.<sup>7</sup> The LML is comprehensive in scope—the challenge lies in its effective implementation and enforcement.

**The Land Expropriation Law**, as amended in 2009, permits the State to acquire land for public purposes, with just compensation, and with the approval of the CoM, who also determines the price of the expropriated land. The law includes provisions for appealing the price determination, but not for appealing a decision regarding a “public purpose” finding. The law does not however define “public purpose,” but instead lists a number of activities and projects that constitute “public purpose” projects. The law directs that a land plot of the same value shall be given to anyone whose land has been expropriated, if the owner so chooses.<sup>8</sup> The law is deficient in a number of respects, as identified by the

**Land Governance Assessment Framework (LGAF)**, including lack of transparency about government departments and officials' duties and limits of powers of expropriation. Also, the prevalence of informal land tenure means considerable numbers of Afghans can have their land acquired without compensation.<sup>9</sup>

**The Universal Islamic Declaration of Human Rights (UIDHR)**,<sup>10</sup> adopted in 1981, in the English translation, affirms that “[e]very person is entitled to own property individually or in association with others” (Article XIV(c)); and that the property cannot be expropriated except in the public interest and for fair and adequate compensation (Article XVI). With specific regard to the rights of married women, Article XX(c) upholds their right to inherit from her husband, her parents, her children and other relatives. But few women, especially daughters, inherit land in practice. Widows, particularly those living in separate households (i.e. not with other related families), are more likely to receive their share of the land.<sup>11</sup>

The often conflicting laws, regulations and practices provide a confusing myriad of competing rights and obligations concerning land ownership, access and use. In addition, different regimes have allocated land to political and military elites; or have illegally seized land, disregarding prior title. Some of these seizures have been reversed, but many have not. The current land system consequently does not meet the needs of the people, allows disputes to remain unresolved, and weakens public respect for the law.<sup>12</sup>

## 8.2 LAND TENURE TYPES

Afghanistan has three primary types of ownership based on the legal framework, with different outcomes for their transferability. These are summarized in Table 29.

Afghanistan's land is vested: (i) in the government; (ii) communities – generally pasture; (iii) communally in families and clans; and (iv) individually in private individuals and entities. There is some inconsistency among the various legal classifications of types of ownership, with the Civil Code, Law on Land Management, Presidential Decrees, Agricultural Master Plan and *Shari'a* all classifying land differently. The different types of tenure under which land can be held are summarily explained in Box 5.

TABLE 29 TYPES OF LAND OWNERSHIP

Type of land	Legal basis	Sub-categories	Type of rights	Ownership and responsible organization	Key challenges
<b>Private land</b>	Legal code	<p>Collectively held land without documentation, with customary documentation and with documentation issued by previous government regimes</p> <p>Individually held land without title</p> <p>Individually held land with non-recognised title (customary title deeds and other informal records)</p> <p>Individually held land with state formal title (from various regimes)</p>	<p>Sold, transferred inherited</p> <p>Compulsory acquisition possible only for public welfare projects</p>	<p>Individual or legal persons</p> <p>(ARAZI)</p>	<p>Limited possibilities for tenure formalisation</p> <p>Formerly displaced people and refugees who find their lands occupied are unable to reclaim them back</p> <p>High number of informal settlements in urban settings</p> <p>Some privatised land is perceived as having been acquired by “grabbing” state or public land</p>
<b>Public land</b>	No clear definition in Afghan law	<p>Pastures - allocated for public use (collectively held) (MAIL)</p> <p>Forests (MAIL)</p> <p>Graveyards, entertainment parks, roads, green areas, playgrounds (Municipalities)</p> <p>Schools (MoE); universities (MoHE); hospitals (MoPH)</p>	Cannot be sold nor leased, transferred or exchanged	Municipalities (within the Master Plan), Ministries and ARAZI (manages all lands outside of Master plan)	<p>Includes lands under ancestral customary rights incl. pastures/forests – ownership is contested between either state or public Art. 3(8) of LML 2008 and Decree 83 blur boundaries between state and public land by putting emphasis on formal documentary proof of ownership. Law does not define public land and has no provisions on registering “public land”; reason why public land is easily claimed as state property and reassigned subsequently to private parties.</p>
<b>State land</b>	Registered as state land and any land that is deemed public but is not registered in the book of government lands	<p>Forests (MAIL)</p> <p>Protected land</p> <p>Arid and virgin land</p>	Only arid and virgin land can be leased or sold provided certain conditions (forests and protected land cannot be transferred)	<p>Governmental institutions and ministries</p> <p>(ARAZI)</p>	<p>Lack of adequate mapping</p> <p>Some privatised land is perceived as having been acquired by “grabbing” state or public land</p>

Source: Peikar, 2016, pp. 8-9

## BOX 5 LAND TENURE TYPES

**Ownership.** The most common tenure type in Afghanistan, ownership may be based on formal or customary law. Ownership rights can extend to all land classifications, and entitles owners to use and dispose of land freely. Under the 2008 Law on Managing Land Affairs, all land not proved to be private is deemed to be state land.

**Leasehold.** The 2008 Law on Managing Land Affairs permits leasing between private parties, subject to written leases that describe, among other things, the length of the lease and payment terms. The Ministry of Agriculture, Irrigation and Livestock (MAIL) can lease agricultural land to individuals and entities for agricultural activities for up to 50 years for fertile land and 90 years for virgin and arid (i.e., uncultivated) land. Other ministries and departments can lease land for non-investment purposes for periods up to five years. Leases of private land, which have primarily been governed by customary law, are generally quite brief, often extending only a season.

**Agreed Rights of Access.** The Law on Managing Land Affairs provides that pasture land is public property that neither the state nor any individual can possess, except as otherwise provided by Shari'a; and that it must be kept unoccupied for the public use for activities such as grazing. Customary law provides that individuals and communities can obtain exclusive or non-exclusive rights of access to government-owned pasture land through customary use and deeds.

**Occupancy Rights.** In urban areas, landholders in formal settlements generally have formal rights to the land. Occupants of informal settlements, including squatters, usually have some type of informal rights based on principles of customary law, the nature of the land, and the means by which the occupants took possession of the land. The 2007 Land Policy permits the regularization of rights to informal settlement holdings, but implementing legislation has yet to be enacted.

**Mortgage.** Formal and customary law recognize two types of land mortgage: one type operates as a debt secured by the land. The second type, which is the most common, is a use mortgage under which the lender takes possession of the land until the borrower repays the debt.

Source: USAID, 2010<sup>13</sup>

## 8.3 LAND RIGHTS

Land rights in Afghanistan are regulated by three main systems: (i) statutory (secular) law, which includes both State laws and decrees as well as the Civil Code; (ii) Shar'ia (Islamic law), which primarily addresses inheritance issues and any issues not addressed in the Civil Code; and (iii) customary law and practice, which itself varies from community to community. Customary land rights have much more validity in rural areas, while high-value rural and urban land is generally regulated under the secular system through a deeds registry. However, the ambiguity with respect to the relationships between these regimes has caused confusion and insecurity among poorer populations, while creating opportunities for powerful elites to consolidate and expand their land ownership.<sup>14</sup>

Land rights in Afghanistan are a combination of ownership and use-rights. The main types of 'ownership' rights include:

- **Private ownership:** land is vested in a private individual or other legal entity such as a business;
- **Government ownership:** land is vested in the Government;

- **Public ownership:** State land that is held for 'public use,' that is, in trust, with fairly strict limits on how the land can be used or transferred;
- **Common ownership:** pasture land or grazing land (maraha) is not owned by any individual or group, but neighbouring communities or pastoral groups with agreed use rights have access rights to graze and use the resources of the land;
- **Waqf:** land that is gifted for religious or charitable purposes and no other use is possible.<sup>15</sup>

In addition, there is a range of other use rights including:<sup>10</sup>

- Lease rights, including heker, with a term of up to 50 years for construction or plantation purposes and a second type of contract for agricultural purposes, which includes strict obligations on the lessee and regulates production, water access and risk of crop loss;
- Sharecropping, a form of lease, which specifies the rights and obligations on both lessor and lessee, with the lessee providing a portion of the crop to the lessor in return for use rights;
- Mortgage, which can be a debt against property or a use right to land.<sup>16</sup>



### 8.3.1 WOMEN'S LAND, HOUSING AND PROPERTY RIGHTS

In practice, women in Afghanistan generally have inferior land, property and housing rights. In legal terms, constitutional and state law permit women to own land; and this is endorsed by *Shar'ia* (Islamic law) which provides for widows and daughters to inherit at least some share of land. However, customary practice permits this mainly as an exception rather than as a rule. Indeed, there are a number of commonalities between provisions in the Constitution and *Shar'ia* law with respect women's land and property rights, as shown in Table 30. The general impression is that customary norms give women virtually no rights; Islamic law some rights; and while statutory laws give them more rights, they cannot be enforced. Thus statutory gender

usually not married and have no brothers, and thus have no means of support. Limited studies suggest less than 2% of women own land, most of whom are widows.<sup>19</sup>

### 8.4 INSTITUTIONAL FRAMEWORK: KEY PLAYERS IN THE LAND SECTOR

**Afghanistan Independent Land Authority (ARAZI)** is responsible for managing state lands countrywide and for providing land-related services to government institutions, municipalities, investors and individuals. ARAZI is not authorized to manage municipality-owned lands, but is required to support municipality land requirements by providing services in accordance with its mandate, including surveys, *Tasfiya*,<sup>20</sup> and other required land support services.

TABLE 30 SUMMARY COMPARISON OF THE PROVISIONS OF THE CONSTITUTION AND SHAR'IA LAW

Constitution	Shar'ia
Article 40 – on property: Property is immune from invasion. No person shall be forbidden from acquiring and making use of a property except within the limits of law. Nobody's property shall be confiscated without the provisions of law and the order of an authorised court.	Qur'an 4:4 – on mahr: And give the women (on marriage) their dower as a free gift; but if they, of their own good pleasure, remit any part of it to you, Take it and enjoy it with right good cheer.  Qur'an 4:7 – on inheritance:93 From what is left by parents and those nearest related there is a share for men and a share for women, whether the property be small or large,-a determinate share.
Article 22 – on non-discrimination:94 Any kind of discrimination and privilege between the citizens of Afghanistan are prohibited. The citizens of Afghanistan – whether man or woman – have equal rights and duties before the law.	Qur'an 4:32– on property security:95 And in no wise [ways] covet those things in which Allah Hath bestowed His Gifts More freely on some of you than on others: To men is allotted what they earn, and to women what they earn: But ask Allah of His bounty. For Allah hath full knowledge of all things.

Source: NRC, 2014, p.

equality laws have made little difference in women's legal status or access to land because women's property rights are not customarily respected. In customary law, which dominates the regulation of transfer of property, ownership of land is a 'male right'.<sup>17</sup> Most people are not aware that women have land and inheritance rights under statutory and *Shar'ia* law.<sup>18</sup>

Despite the statutory and customary laws that permit women to own land, few actually do. Widows who inherit land commonly transfer ownership to their sons, while daughters tend to give up their inherited land rights to their brothers, especially at marriage. The few women who retain control of inherited land are

One of ARAZI's long-term strategic goals is to initiate and lead legislative reform in relation to land administration, registration and management on behalf of the Government and in conjunction with relevant stakeholders. Another that is key to improving access to adequate housing is to provide transparent, quick and effective land allocation services, including specific facilitation to increase women's access to land.<sup>21</sup>

**Ministry of Refugees and Repatriation (MoRR)** has overall responsibility for the land distribution programme established to distribute government land to address the housing needs of eligible returnees and IDPs. So far, government land for distribution has been identified in 29 provinces. This represents

over 300,000 plots, 17,800 of which have been distributed. To be eligible for this programme, returnees must (a) possess a Tazkera (national ID card) (b) possesses a Voluntary Repatriation Form (VRF) or other valid documents that confirm their return to the country or from internal displacement to the area of origin and permanent residence (c) not own land or house under his/her name; the name of a spouse or minor child in Afghanistan. However, these plots often represent little more than deserted land with no infrastructure or services.<sup>22</sup>

**Municipalities**, according to the Municipal Law of 2000, are required and empowered to allocate land for housing construction, and to take part in the construction of housing and maintenance of residential areas. In this regard, both the Kabul and Jalalabad municipalities have implemented programmes to transfer land to needy (homeless) households. This land is sold to the households at below market value prices on condition that they build houses in the short term. Kabul has distributed 22,000 plots at an average price of US\$5,200, with the title transferred after 40% of the construction is completed. Jalalabad has distributed 4,400 plots at an average cost of US\$5,000—with significant concessions for widows and people with disabilities—as part of a planned development aimed to provide 20,000–30,000 plots.<sup>23</sup> The latter is evidence of the feasibility of providing subsidized land for groups in situations of vulnerability, of which widows and people with disabilities constitute a significant proportion. Such schemes should be prioritized as this is the only way in which they will be able to access land for housing.

## 8.5 LAND SUPPLY

Access to land is a major constraint to affordable housing development in Afghanistan. Land for housing is supplied by the government as well as the formal and informal sectors. The sale of state land, including virgin and arid land for housing and all other purpose, was banned by presidential decree in 2002 in a bid to prevent corruption in state land distributions. However, the LML permits both selling and leasing of state land and provides guidelines and procedures. State land is thus sometimes sold for investment, but not always through an open and transparent process.<sup>24</sup>

MAIL cannot, in theory, authorize conversion of cultivated land to use for other purposes—only barren

and uncultivated land can be converted to industrial commercial or residential uses. The procedure of conversion is cumbersome and protracted, involving several national and provincial departments. However, land use is commonly converted to residential use through ‘land-grabbing’ by local strongmen and politico-military entrepreneurs. These actors frequently allocate farmland to their clients and headmen who subsequently sell it as residential land.<sup>25</sup>

**State land distribution schemes** were developed by the government by Presidential Decree to allocate state land to teachers, low ranking public employees, and returnees and IDPs. The schemes are an exception from the general policy of not distributing state land. According to ARAZI and Ministry of Education (MoE) records, some 154,000 jeribs of land have been distributed to Afghan returnees from Iran and Pakistan to date.<sup>26</sup>

**The Land Allocation Scheme (LAS)** was formally launched in 2005 under Presidential Decree No:104 on land distribution for housing to eligible returnees and IDPs.<sup>27</sup> Its purpose was to enable distribution of uncultivated government land to meet the housing needs of eligible returnees and IDPs.<sup>28</sup> The Scheme is led by MoRR, with other relevant ministries, donors, United Nations agencies and NGOs participating. According to official MoRR figures released in February 2013, more than 300,000 land plots had been demarcated, 13,754 distributed and over 290 000 were ready for distribution, while figures for 2011 indicated an estimated 12,000 households living on LAS plots.<sup>29</sup> But the MoRR Land Allocation Process also reportedly revealed that, as of March 2009:

*Approximately 270,000 families [had] been registered for consideration under the LAS, 65,413 [had] been selected, 41,127 [had] paid for their plots, 31,000 plots [had] been distributed, but only 10,684 families [had] moved into house on sites. These figures indicate that only 24 percent of applicants received plots, and only 25 percent of those who paid for plots live on them. The rate of departure of residents has been as high as 80 percent on some LAS, due to lack of livelihoods and inadequate basic services.<sup>30</sup>*

According to the Special Inspector General for Afghanistan Reconstruction (SIGAR), MORR has been unable to effectively distribute land to Afghan returnees under the LAS. A 2013 Independent Joint Anti-Corruption Monitoring and Evaluation

Committee assessment of MORR's process for distributing land under the LAS found that it is afflicted by institutional corruption—with bribery, forgery, nepotism, embezzlement, and poor customer service impeding implementation of the programme.<sup>31</sup> Thus a well-intentioned initiative, aimed to enable people in situation of vulnerability, is failing because of corruption.

Presidential Decree 104, which permits the distribution of land to returnees and IDPs, has not been implemented in recent years;<sup>32</sup> and the LAS has now been suspended altogether. The housing needs of returnees and IDPs will now be addressed through the proposed affordable housing programme.<sup>33</sup>

FIGURE 35 APARTMENTS SURROUNDING AN IDP CAMP IN KABUL



**ARAZI** has, over the past few years, consistently identified state land, making it available for lease and revenue production, as a result of which revenue from state land leasing has increased significantly. However, appropriation and possession of state land by individuals with no legal, bona fide ownership rights remains a significant challenge. Overall, only a limited amount of state land has been distributed to individuals in the past few years.<sup>34</sup>

A key issue with the land that has been distributed to employees of Government ministries is its location and the fact that it is not serviced with basic infrastructure such as water, electricity and roads. The remote location of some of the land on the outskirts of the city means that the plots are far from employment opportunities and social amenities.



### 8.5.1 LAND REGISTRATION

Afghanistan has a deeds registration system. The basic unit of registration is the deed, which provides evidence the transaction in land. Registration is a judicial function, whereby primary court judges are responsible for drafting and archiving legal deeds. The Amlak Office certifies the identities of the parties for rural land and the Municipality for urban land.<sup>35</sup>

The process of registering land and obtaining title deeds through the formal system is not only

complicated, but also costly. Globally, Afghanistan is ranked 184 of 189 economies on the ease of registering property.<sup>36</sup> The expense involved in land registration discourages many from engaging with the formal system; with a court fee of 3% of the total land value as well as an additional 2% of the land value for the Ministry of Finance (1%) and municipality fees (1%), as shown in . It is estimated that only 10% of land transactions are conducted in accordance with the formal legal procedure.

FIGURE 36 AN AGREEMENT FOR A LAND TRANSACTION ARRANGED THROUGH A BROKER



Currently, less than 10% of rural property and 30% of urban property is covered by legal deeds recorded in the provincial court archives. Those records that are archived are often out of date and inaccurate.<sup>37</sup> Almost all land is registered in the

name of the male household head. In urban areas, an increasing number of widows and women heads of household are asserting their rights to land, but they are unlikely to try to register their rights formally because the time and cost of the process.<sup>37</sup>

TABLE 31 SUMMARY OF PROCEDURES, TIME AND COST FOR REGISTERING PROPERTY IN AFGHANISTAN

No.	Procedure	Time to complete	Cost to complete
1	Obtain application form and two Circular forms from Primary Court Agency: Primary Court	3 days	no cost
2	Submit signed Circular Form to the Chief of Makhzan to initiate the search of registered deeds Agency: Chief of Makhzan	8 days	no cost
3	Submit Circular Forms to the property Office (Milkiat-ha) in the Municipality Agency: Agency: Municipal Land Office (Imlak)	15 days	1% of the property value (paid in Procedure 7)
4	Submit the Circular Form to the Revenues and Collection office of the Mustufiat (Ministry of Finance Provincial Revenue Department) Agency: Ministry of Finance Provincial Revenue Department (Mustufiat)	5 days	1% of the property value (paid in Procedure 7)
5	Submit the Circular Form to the Human Resource Directorate for certification of signatures Agency: Mustofiat	3 days	no cost
6	Submit back the completed Circular Form to the Primary Court judge Agency: Primary Court	1 day	no cost
7	Seller pays property taxes at a designated bank Agency: Bank	1 day	3% of property value to the Court (Makama) (registration fees for property values above AFN 1 million; otherwise the rate is 2%)+ 1% municipalities, 1% Mustofiate (Ministry of Finance department) fees
8	Submit the completed Circular Form, with payment receipts, to the Primary Court Agency: Primary Court	31 days	no cost
9	The buyer applies for title transfer Agency: Milkiat-ha Directorate	1 to 365 days	no cost

Source: After World Bank, 2016, pp. 44-46

Land related institutions in Afghanistan have faced significant capacity challenges in carrying out the basic functions of land administration and providing security of tenure to Afghans because of the decades of conflict the country has experienced. This has led to the implementation of various projects since 2003 to strengthen the capacity of governmental institutions and improve land administration and. They include the following:

**The Land Titling and Economic Restructuring in Afghanistan (LTERA)** project, supported by USAID, aimed to reform the land titling process in urban

areas, and achieved notable results. The number of offices involved have been reduced; and the formerly cumbersome land registration process is said to have been reduced from over 30 steps to only four for land and three for buildings. Procedures that took up to 250 days now take an estimated 64 days, with further efficiencies anticipated as records are computerized. In addition, the transfer tax has been reduced from 7% to 5% (4% in some circumstances) of the value of the land. The system is however yet to be linked to a cadastral or mapping system; and previous estimates suggest that up to 95% of land transactions are conducted informally and without registration.<sup>39</sup>



The **Land Records Modernization Project (LRMP)**, funded by the Harakat Foundation, built on the LTERA project, and was aimed to improve tenure security through the registration of property rights. The project achievements include a reduction in the average number of days needed to verify a title deed from as many as 7-8 days to one day; and a reduction in the average number of days required to register/transfer a land property from 250 to maximum 30 days. In addition, 2,420,488 Afghans were assisted and protected against competing claims, fraudulent transactions and arbitrary evictions.<sup>40</sup>

SoAC asserts that: *“The legal and regulatory framework governing land and property registration is inefficient, ambiguous, prone to corruption and inaccessible*

*for significant portions of the urban population.”*<sup>41</sup>

**Community Based Land Adjudication and Registration (CBLAR)** is one of several projects that have piloted community based procedures, which depart from the traditional formal, top town, judicial adjudication and registration processes, for clarifying rights and responsibilities with respect to land. Since 2004, aspects of the CBLAR approach have been piloted in three contexts: (i) nomadic rural communities which claim rights to communal pastures; (ii) rural communities which had experienced land conflicts deriving from boundary issues, tribal jurisdictional disputes and inheritances ; and (iii) urban informal settlements in need of upgrading, such as UN-Habitat’s Municipal Governance projects.<sup>42</sup>

**TABLE 32** RESIDENTIAL BUILDING PERMIT APPLICATION PROCESS

Applicant	Location	Process
<b>Individual</b>	Within the Master Plan	Providing that the applicant possesses a valid title deed, they send the application to the Municipal District Office (Nahia) to verify alignment with the Master Plan. Thereafter, the application goes to the Property Municipality Office, where the Engineering section gives the approval of the building design. The municipality does not provide design services, so applicants must engage private companies to do the design, which may prolong the application.
<b>Individual</b>	Outside of Master Plan	There are no procedures for acquiring a building permit in areas outside of Master Plan and in rural areas. People often proceed with building without any approval of Afghan authorities.
<b>Construction Company</b>	Less than 5 floors	A request letter is taken to the MUDH provincial office. After the verification of the location and design of the building and alignment with the Master Plan, the building permit is issued. This process usually should take no more than 3 months.
<b>Construction company</b>	Over 5 floors	For buildings with more than 5 floors, a request letter is submitted to the MUDH provincial office; but this request must first be approved at MUDH headquarters in Kabul. If the letter is sent by post from outside Kabul, it can take up to 1-2 months to reach Kabul. Individual companies therefore often bring the letter to Kabul in person to prevent long delays.

Source: After Peikar, 2016, pp.85-86

## 8.6 LAND GRABBING

A major problem in Afghanistan is land usurpation—popularly known as “land grabbing”—by powerful interests, including government officials, members of parliament, militia commanders and former military commanders. Land grabbing is widely known, lucrative and historically volatile. It is not only widespread and closely connected to corruption and dislocation of people, but also creates economic,

social, and political instability.<sup>43</sup> ARAZI estimates that more than 1.2 million jeribs (240,000 hectares) of land has been grabbed since 2001; and this has given rise to a multitude of forged land documents within the court deed registry, as well as through the government land distribution schemes, which has compromised the legitimacy of the state land management system.<sup>44</sup> Indeed, the MUDH Minister in November 2015 asserted that land grabbing caused the delay in the construction of New Kabul City.<sup>45</sup>

The power to allocate state land is an extremely powerful tool that the executive, government officials, and others involved in state land administration and management have taken advantage of. Illegal allocation of state land, a form of land grabbing, has been reported in the media on a regular basis, underscoring the extent of the problem and raising public awareness about it. Such illegal allocation has allegedly involved the political and economic elite, both in the decision making process and as beneficiaries of large tracts of valuable land, including entire townships.<sup>46</sup> According to the SNGP, Provincial and District Governors are responsible for ensuring that public and private land in their jurisdiction is not alienated or grabbed without following due process.

In 2012, MAIL was mandated, through an Executive Order, to investigate land grabbing; and in June 2013, MAIL, with the assistance of ARAZI, issued its report in which it named and categorized 15,000 alleged land grabbers based on the location and amount of land illegally acquired. The report was however considered incomplete as it did not include the names of any politically or economically powerful individuals.<sup>47</sup>

Land grabbing has contributed to the phenomenon of vacant plots which characterize all the major cities.<sup>48</sup> In this regard, it will be important to try and establish whether the vacant plots belong to politically and economically powerful and grabbers who are leaving them undeveloped for speculative purposes; and to develop a strategy on how to engage with them if this is indeed the case.

to a cadastral or mapping system; and previous estimates suggest that up to 95% of land transactions are conducted informally and without registration.

## 8.7 LAND DISPUTES

Land is highly contested in Afghanistan and land conflicts are the most prevalent type of conflict. Multiple and contested claims to land have historical roots or arise from disputes over inheritance. Population growth, the return of large numbers of refugees and illegal and/or secondary occupation of housing and land have all added to the problems.<sup>49</sup>

1. Land Disputes between Private Parties
2. Land Disputes between the Government and a Private Party
3. Land Disputes between Two Governmental Departments

In case of property or any other legal dispute, the courts are required to first rely on the relevant provisions of the constitution. If the specific case is not addressed therein, civil code is the second reference, and it takes precedence over religious and customary laws. In principle then, property disputes would be resolved according to the civil code [*Qanoon-e-madani*], which was written and approved in 1977 - earlier than the current constitution - and has not been updated since. While civil code is the law that deals most extensively with property rights, it is limited/exclusive in application because it is based on the Hanafi sect of Islam, which only applies to Sunni Muslims.<sup>50</sup>

Another significant reason behind the prevalence of land disputes is the absence of effective mechanisms for preventing or minimizing land conflict. Most land ownership and use in Afghanistan has been based on customary or informal arrangements that evolved over time, with the State historically having only a minimal role in land management.<sup>51</sup>

The Ministry of Justice, however, estimates that 90 % of Afghans continue to rely on customary law and local dispute-resolution mechanisms. More than 30 years of conflict have decimated the centuries-old customary land dispute resolution mechanisms.<sup>52</sup>

TABLE 35 TYPES OF PROPERTY DISPUTES IN KABUL

	Causes and Triggers	Parties Typically Involved	Typical Wealth Group of Claimants	City Area Where Most Common	Usual Evidence of Ownership	
1	<b>Contested private house ownership by unrelated persons</b>	a) Forcible occupation of empty houses during civil disturbances b) Counterfeit claims of ownership in absence of owner c) Formal reallocation by Communist or later regimes	Private persons Militia commanders	Returnee rich and better off who own large houses worth co-opting	Planned and serviced areas. High income areas.	Court issued Deeds, genuine or counterfeit
2	<b>Contested private apartment ownership by unrelated persons</b>	a) Reallocation by Government in absence of owner and installment payments b) Counterfeit claims and establishment of ownership	Beneficiaries of officials Militia commanders	Returnee medium or poor	Planned and serviced areas	Court issued Deeds, genuine or counterfeit
3	<b>Contested building plot ownership by unrelated persons</b>	a) Failure of Municipality to Acquire Plots that has allocated b) Private owners	Private persons Municipality Existing Owners	Wealthy or better off in order to pay for plot	Proposed planning areas	Allocation Letters from Municipality
4	<b>Intra-family disputes concerning private house or apartment</b>	a) Return of family members while one member has maintained the property b) Resentment of economic gains from sale or rent of property giving vibrant rental and sale market induced mainly by international community housing and office needs	Siblings Spouses Descendants	All classes	All areas	Legal and Customary evidence of subdivision at inheritance depending upon wealth of family and value of property
5	<b>Eviction of house owners from Government land</b>	a) Eviction due to pressure from those with means or power	Private persons Influential persons in positions of authority Militia commanders	Poorer households	Unplanned areas	Customary deeds of purchase or inheritance Or no evidence
6	<b>Eviction of land or house owners to make way for planned developments</b>	a) Building plot projects, roads, etc.	Municipality Private persons	Poorer households	Unplanned areas	Customary deeds of purchase or inheritance
7	<b>Boundary, Right of Way and Privacy Disputes</b>	a) Informal settlements allegedly randomly settled or allocated by militia commanders	Neighbours	Middle to poorer people who have built their own houses	Unplanned areas	No documents of ownership. Over time some customary documents of sale.
8	<b>Inter-Community</b>	a) Illegal occupation of Government lands above or next to well-established settlements; the support of influential persons	Old settlers and new settlers Militia commanders	Militia commanders are wealthy, plot or house buyers, middle income	land	No documents other than bills of sale, rarely endorsed by Wakil- e-Gozars

Source: World Bank, 2005a

## 8.8 RESIDENTIAL LAND USE

### 8.8.1 CURRENT LAND USE

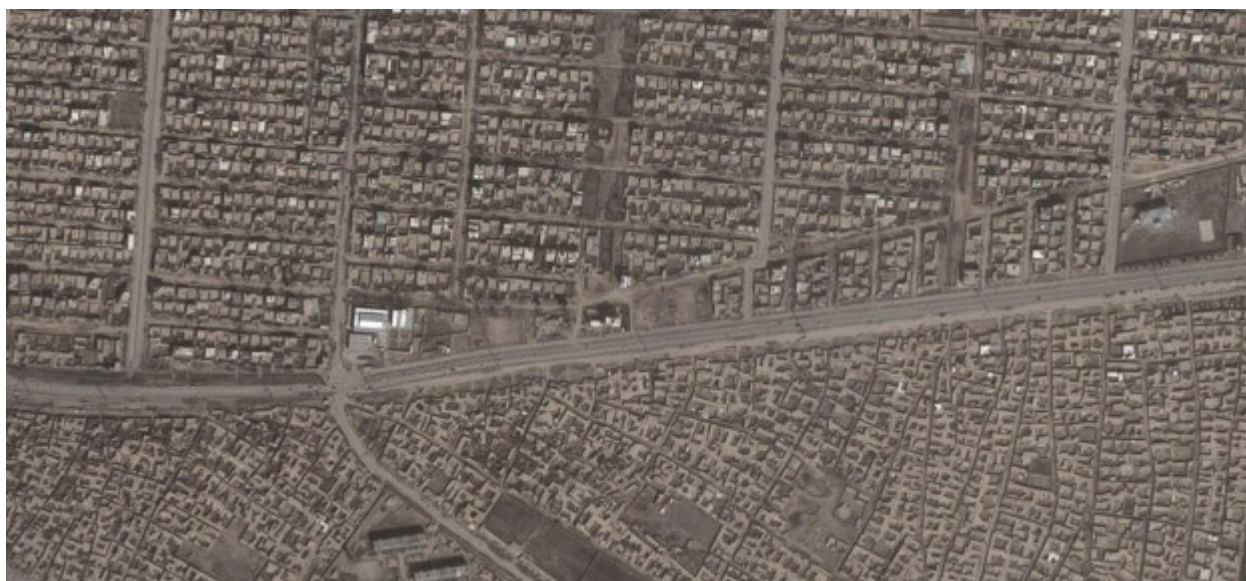
Land use in Afghanistan, according to SoAC, can be categorized as either ‘built-up’ or ‘non-built-up’, which can then be subcategorized as ‘residential’, ‘commercial’, ‘industrial’, ‘institutional’, ‘agricultural’, etc. SoAC further subcategorizes ‘residential’ into ‘planned areas’ (which have a regular street layout); unplanned areas (which have an irregular street layout); areas developed on hillsides; and IDP/Kuchi settlements.<sup>53</sup> Figure 38 shows the land use distribution of the residential sub-categories for the 34 provincial municipalities. Provincial capitals have an average density of 22 dwelling units per hectare (DU/ha), which is almost twice the average of 14 DU/ha in the surrounding towns and villages.<sup>54</sup> Residential land use accounts for the largest

they occupy. Irregular settlements also result from unplanned small-scale, incremental, development, for example through farmers informally subdividing and selling their land. While this may increase access to affordable housing, it can also have adverse environmental consequences. In Kabul, unplanned residential areas, residential development on hillsides, IDP settlements and Kuchi camps together make up 71.5% of the total residential area.<sup>55</sup>

### 8.8.2 VACANT PLOTS

A common phenomenon in Afghanistan’s largest cities is a large number of vacant plots, which is the result of more than a decade of land grabbing and the rapid rise of a speculative real-estate market. In Kabul City, vacant plots make up a total of 9,391 ha, which translates to approximately 200,000 individual plots or 23% of the total built-up area, as shown in Figure

FIGURE 37 SATELLITE IMAGERY CONTRASTING REGULAR AND IRREGULAR LAND-USE PATTERNS

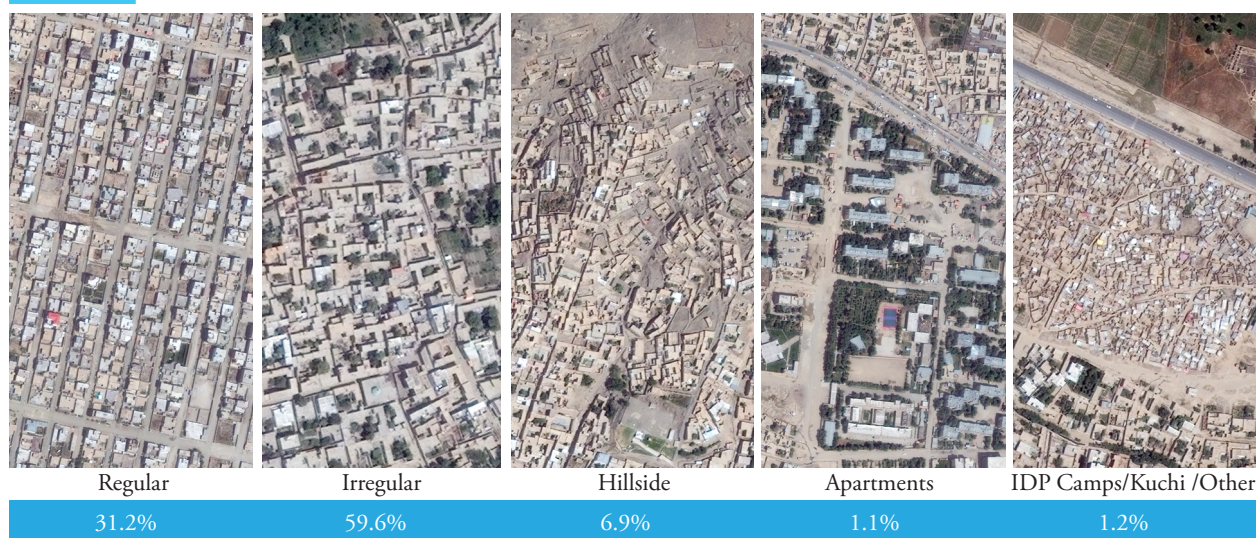


proportion of the built-up land area—on average 42%—in almost all the cities. Irregular residential land use is a conspicuous feature of all cities. Irregular residential areas frequently occupy areas that are not suitable for human habitation, such as steep hillsides and areas vulnerable to landslides, flooding and other natural hazards. Many of the households living in such areas do not have security of tenure over the land

39. The vacant plots can potentially accommodate 1.5 million residents, without the need for any additional land area. In Herat, 42% of the built-up area consists of vacant plots—with 95% of the built-up area in District 13, being vacant plots. In Kandahar vacant plots occupy more area (4,023 ha) than the area occupied by dwellings (3,865 ha).<sup>56</sup>



FIGURE 38 RESIDENTIAL LAND USE WITH AVERAGE SHARE OF TOTAL RESIDENTIAL FOR ALL 34 CITIES

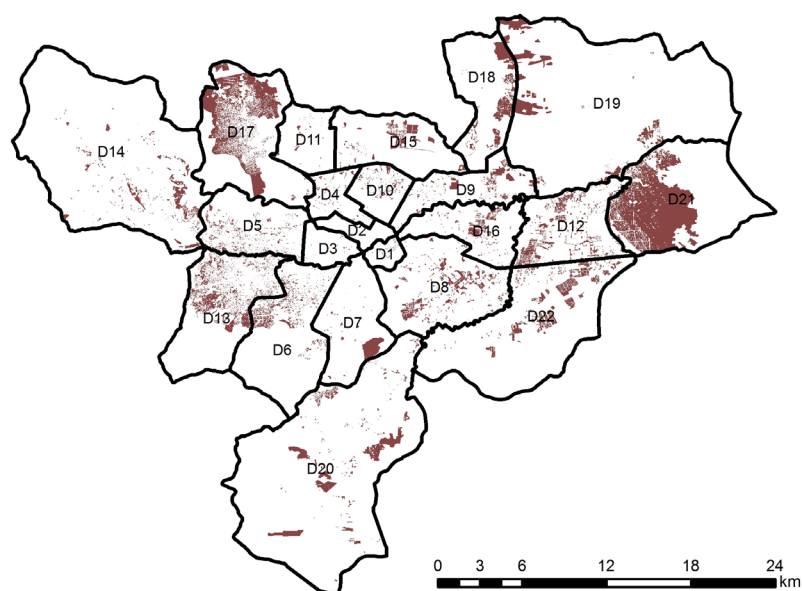


Source: GoIRA, 2015, p.76

As Table 34 shows, the available vacant plots have significant potential to accommodate urban growth and meet the need for urban land for housing in the coming decades. If properly planned, residential land use can be optimized by densifying housing

development through infill construction on available vacant plots. However, it will be important to first establish ownership of the vacant plots because, as mentioned above, many may be on grabbed land.

FIGURE 39 VACANT PLOTS IN KABUL



Source: GoIRA, 2015 p.77



TABLE 34 SCENARIOS OF POPULATION GROWTH WITHOUT THE NEED FOR EXPANSION IN SELECTED CITIES

	Kabul	Mazar-i-Sharif	Kandahar	Kunduz	Asad Abad	Nili	All 34 Municipalities
Densification potential (people) <sup>7</sup>	0	0	215,882	26,907	27,650	0	1,443,597
Infill potential of vacant plots (people)	1,257,455	379,490	376,553	55,060	8,512	8,003	3,601,705
Total pop. growth within built-up areas	1,257,455	379,490	592,435	81,967	36,162	8,003	5,045,302
Number of years without need for spatial expansion (for three population growth scenarios)	12	18	29	11	20	14	18
	9	13	21	8	14	10	13
	7	10	16	6	11	8	10

Source: GoIRA, 2015, p.90

## 8.9 BRIEF CONCLUSION

The policy, legal and regulatory framework governing land administration and management in Afghanistan comprises of over thirty policies, laws, decrees and documents, making it complicated and even contradictory in some cases. Land rights are equally complex as they are regulated by statutory, Shar'ia and customary law. Most people are not aware of women's land and inheritance rights. In addition to the urgent need to review and streamline the legal and regulatory framework governing land, there is also need for awareness raising on women's rights to housing, land and property.

Access to urban land for housing development is a big challenge in Afghanistan. It is compounded by the widespread phenomenon of land grabbing, which is closely connected to corruption and dislocation. Land grabbing has resulted in a large number of vacant plots in the major cities. The available vacant plots can potentially meet the need for urban land for housing in the coming decades

## 8.10 PERFORMANCE CONSTRAINTS AND PRIORITY ACTIONS MATRIX

	Constraints	Priority Actions
<b>Policy</b>	The National Land Policy is comprehensive in scope, but its provisions are not effectively implemented and enforced.	Review the National Land Policy and propose amendments and non-legislative ways to improve compliance and enforcement.
<b>Legal and Regulatory Framework</b>	The often conflicting laws, regulations and practices cause confusion about rights and obligations concerning land ownership, access and use.  Women's rights to housing, land and property are not well-understood and upheld.	Review the legal and regulatory framework to address ambiguities and contradictions and make it more legally sound.  Raise awareness about and strengthen women's housing, land and property rights.

	Constraints	Priority Actions
<b>Institutional and Organizational Framework</b>	There are various central and local government institutions selling and leasing state land without following proper procedures and no coordination with ARAZI	Implement the institutional and legal reforms necessary to strengthen ARAZI's mandate and ensure effective coordination of institutions in the delivery and management of services.
<b>Institutional Capacity</b>	ARAZI, the primary institution responsible for land administration and management, has limited human and institutional capacity to effectively address the challenges of land administration and management.	Formulate the requisite legislation to promote much needed liquidity for housing in Afghanistan's housing finance market. This requires assurances from government to effectively channel capital and investment from the financial sector and international donors, such as robust regulatory enforcement mechanisms be enacted as per the 2009 Law for Mortgage on Immovable Property in Banking Transactions. Further legal and regulatory enhancements must be developed to institutionalize alternative housing finance approaches.
<b>Supply</b>	<p>Formal land supply mechanisms, including government-led schemes, cannot meet the demand.</p> <p>Land use is commonly converted to residential use through land-grabbing.</p> <p>The widespread vacant plots in many cities can potentially meet the need for housing land supply in the coming decades.</p>	<p>Mobilize political will to end land grabbing by defining the extent and implications of the problem and focusing efforts to address it.</p> <p>Ascertain the exact number and ownership of vacant plots with a view to using them for future housing development.</p>
<b>Demand</b>	The housing plots provided by ARAZI are mostly serviced and located on the urban periphery, and have not been occupied because the demand is for better-located affordable serviced plots with secure tenure.	Use the provisions the Land Expropriation Law to acquire land which can be serviced in appropriate locations.
<b>Affordability and Price-to-Income Issues</b>	Affordable urban land for housing is mainly supplied through informal processes, which has contributed largely to most of the urban population living in informal settlements.	Introduce incremental land development schemes that allow settlement on unserved land and incremental infrastructure installation.
<b>Implementation Arrangements and Instruments</b>	Government land supply for housing has been characterized by malpractices and corruption.	Reform the relevant institutions; shield public service from illegitimate political and social demands; and Identify and prosecute those involved in corruption.

## CHAPTER ENDNOTES

1. Beall and Esser (2005)
2. GoIRA (2004)
3. GoIRA (2007)
4. UNAMA (2014)
5. Wily (2012)
6. UNAMA (2014)
7. UNAMA (2014)
8. UNAMA (2014)
9. Peikar (2016)
10. Adopted by the Islamic Council (London-based affiliate of the Muslim World League NGO seated in Saudi Arabia), 19 September 1981, available at: <http://www.alhewar.com/ISLAMDECL.html>.
11. Scalise (2009)
12. Macdonald (2011)
13. USAID (2010)
14. Fricska and Yasin (2012)
15. Fricska and Yasin (2012)
16. Fricska and Yasin (2012)
17. Sait (2005)
18. Scalise (2009)
19. USAID (2010)
20. *Tasfiya* refers to the process of clearing title to government land as a material step in leasing government lands. Individuals often occupy land without title and the government asserts ownership either based on the law or under existing cadastral surveys. These “disputes” must be resolved before the land can be established as government land and made available for lease or for government infrastructure projects. UNAMA (2014)
21. ARAZI (2014)
22. IOM (2014)
23. May et al. (2008)
24. Peikar (2016)
25. Giovacchini (2011)
26. Peikar (2016)
27. GoIRA (2005)
28. Eligible returnees and IDPS are those who do not own land or a house under their name, or the name of a spouse or minor child in Afghanistan.
29. <https://remmm.revues.org/8098>
30. Macdonald (2011, p.5)
31. SIGAR (2015)
32. Peikar (2016)
33. This was revealed during the Housing Profile Stakeholders’ Consultative Workshop in Kabul on 20th June 2016.
34. UNAMA (2015)
35. USAID (2010)
36. World Bank (2016c)
37. Haythornthwaite (2016)
38. USAID (2010)
39. USAID (2010)
40. Harakat (2012)
41. GoIRA (2015), p.86.
42. Peikar and Stanfield (2016)
43. Unruh and Shalaby (2012)
44. Gaston and Dang (2015)
45. <http://ariananews.af/latest-news/land-grabbing-main-cause-of-delay-for-construction-of-new-kabul-city/>
46. UNAMA (2015)
47. UNAMA (2015)
48. GoIRA (2015)
49. Rao and Turkstra (2014)
50. Akbar and Pirzad (2011)
51. Gaston and Dang (2015) Gaston and Dang (2015)
52. USAID (2010)
53. GoIRA (2015)
54. GoIRA (2016)
55. GoIRA (2015)
56. GoIRA (2015); UN-Habitat (2015g)

## INFRASTRUCTURE FOR HOUSING

### 9.1 BASIC URBAN INFRASTRUCTURE PROVISION

Afghanistan faces significant challenges with respect to infrastructure and services provision for its citizens. The last three decades of war and conflict have resulted in the destruction of 60-80% of the infrastructure.<sup>1</sup> Despite very substantial investment in physical infrastructure, primarily through international development assistance, the needs in both rural and urban areas remain largely unmet.<sup>2</sup>

### 9.2 WATER SUPPLY AND SANITATION

#### 9.2.1 POLICY, LEGAL AND REGULATORY FRAMEWORK

Water supply and sanitation services are delivered to Afghans within the framework of: the Constitution; Afghanistan Urban Water Supply and Sewage Corporation (AUWSSC) Policy; Afghanistan National Rural Water, Sanitation and Hygiene (WASH) Policy; National Health Care and Nutrition Policy; Water Sector Strategy; Water Law; Municipal Law; Public Health Law; NPPs; the strategies of the Ministry of Energy and Water (MEW), Ministry of Public Health (MoPH), MAIL, MUDH, MRRD and MoMP; and Provincial Development Plans (PDPs).

Such a complex policy, legal and regulatory framework inevitably means the involvement of a multiplicity of institutional actors with consequent jurisdictional overlaps, as summarily described below. For example, the Water Sector Strategy (WSS) of 2008 was approved by MEW, MAIL, MoMP, MUDH, MRRD, MoPH, MoE and National Environmental Protection Agency (NEPA). There are also numerous contradictions and ambiguities, leaving wide room for interpretation, as

well as challenges of implementation, enforcement and prosecution. The policy and strategy frameworks also do not specifically address the needs of the urban poor, especially the majority living in informal settlements.

#### SANITATION POLICY—KABUL MUNICIPALITY

The objective of the Sanitation Policy,<sup>3</sup> which covers the geographical area of Kabul City, is to create a clean, healthy and liveable city in order to ensure and sustain good public health and environmental outcomes for the entire population, with a particular focus on affordable hygienic sanitation for all. The policy spells out sanitation responsibilities of the various actors and stakeholders. It specifies that *“the policy should be regularly evaluated to ensure it is enabling and effectively moving Kabul Municipality Sanitation Department towards its sustainability goal.”*<sup>4</sup>

#### 9.2.2 INSTITUTIONAL ACTORS AND SERVICE PROVIDERS

There are several institutional actors and service providers involved in water and sanitation provision in Afghanistan. Their service delivery roles and responsibilities are summarized in Box 6. In a number of cases, there is ambiguity or overlap of roles and responsibilities, which has an adverse impact on service delivery through inefficiencies and ineffectiveness. Most also face resource constraints—human, financial and technical—which likewise limits their ability to carry out their functions efficiently and effectively.

## BOX 6 SERVICE DELIVERY ROLES AND RESPONSIBILITIES

**High Council of Water:** (or Supreme Council for Water Affairs and Management), at national level, is mandated to coordinate and facilitate water supply programme implementation, development and use of water resources.

**Ministry of Urban Development and Housing (MUDH):** At national level, MUDH's role in water supply and sanitation is mainly restricted to planning and policy. In certain cases, MUDH can be involved in the actual implementation of water supply and sanitation projects, in cooperation with MEW, MoMP, MoPH, MAIL, and NEPA. <sup>5</sup>

**Afghanistan Urban Water Supply and Sewage Corporation (AUWSSC):** is mandated to delivering affordable, reliable and sustainable urban water supply and sanitation services to urban areas countrywide.

**Ministry of Mines and Petroleum (MoMP):** is mandated to conduct surveys, explorations, and research on underground water resources, develop water pollution protection systems, and specify chemical and bacteriological norms and standards in cooperation with MoPH and NEPA.

**Ministry of Public Health (MoPH):** monitors and controls the quality of drinking water in compliance with international norms.

**Ministry of Rural Rehabilitation and Development (MRRD):** in cooperation with MEW, MoPH, MoMP, MAIL, MUDH and NEPA, is responsible for provision of drinking water to villages, wastewater-cleaning systems by government and NGOs through construction of small-scale water supply facilities.

**National Environment Protection Agency (NEPA):** NEPA supervises and protects land water surfaces from pollution, and monitors water quality in cooperation with MAIL, MEW, MUDH, MRRD, MoPH, and MoMP. <sup>6</sup>

**Provinces:** According to MUDH's policy, AUWSSC's SBUs in Balkh, Nangarhar, Kabul, Kandahar, Khost, Kunduz, Bamyan and Herat play the role of zonal directorates, operating independently from each other and reporting to the general SBU directorate in Kabul as well as provincial governors' offices.

**Districts:** AUWSSC SBUs based in major zonal cities have established sub-SBUs in the districts; but this is dependent on the implementation of the operational plans of the respective SBUs. MRRD directorates in districts and villages promote implementation of WASH policy recommendations and related projects through their various programmes, which are implemented and coordinated by CDCs or private companies. A number of international and national NGOs also provide water and sanitation services in the districts.

**Municipalities:** According to the Municipalities Law, with particular reference to the sanitation sector, municipalities play a key role in sanitation, and are expected to provide a number of related services, including:

- Solid waste management, garbage cleaning and disposal.
- Wastewater management; septic tanks, drainages management and disposal.
- Control of drinking water resources, rabies control, and other related activities.
- Sanitary control of public baths, latrines, sports clubs and public swimming pools.

Sanitation departments are mandated to establish, equip and manage a functional and efficient cleaning and sanitation team within their jurisdiction.



## AFGHANISTAN URBAN WATER SUPPLY AND SEWERAGE CORPORATION (AUWSSC)

Urban water and sanitation service delivery was previously the responsibility of the Central Authority for Water Supply and Sewerage (CAWSS), then a department within the Ministry of Urban Development Affairs (MUDA). CAWSS was however characterized by poor operational, commercial and financial performance. The Interim Afghanistan National Development Strategy (I-ANDS)<sup>7</sup> of January 2006 consequently identified water and sanitation services as a priority for public investment; and set a target to ensure that 50% of households in Kabul and 30% in other major urban areas will have access to piped water by end-2010. To achieve this, the Government developed the Urban Water Supply and Sewerage Sector Policy, the framework of which is illustrated in Figure 40, and the Urban Water Supply and Sewerage Sector Institutional Development Plan; and a Presidential Decree was drafted to corporatize CAWSS to the Afghanistan Urban Water Supply and Sewerage Corporation (AUWSSC).<sup>8</sup>

AUWSSC was thus established by presidential decree on 11th August 2007, with the mandate of delivering affordable, reliable and sustainable urban water supply and sanitation services to all urban areas. AUWSSC operates through a General Directorate in Kabul, Strategic Business Units (SBUs) in the six major cities; and, depending on the volume of pre-planned work, sub-SBUs in other provinces and districts. However, AUWSSC currently has operational piped water systems in only 17 of the 34 provincial capitals. Herat has the highest proportion of households (54%) with piped water access, as shown in Table 35, while Faiz Abad, Pul-i-Khumri and Taluqan have the lowest, at only 2% each. None of the SBUs are currently capable of meeting the daily demand for water in their jurisdiction owing to insufficient or a complete lack of network infrastructure, storage capacity and equipment.<sup>9</sup>

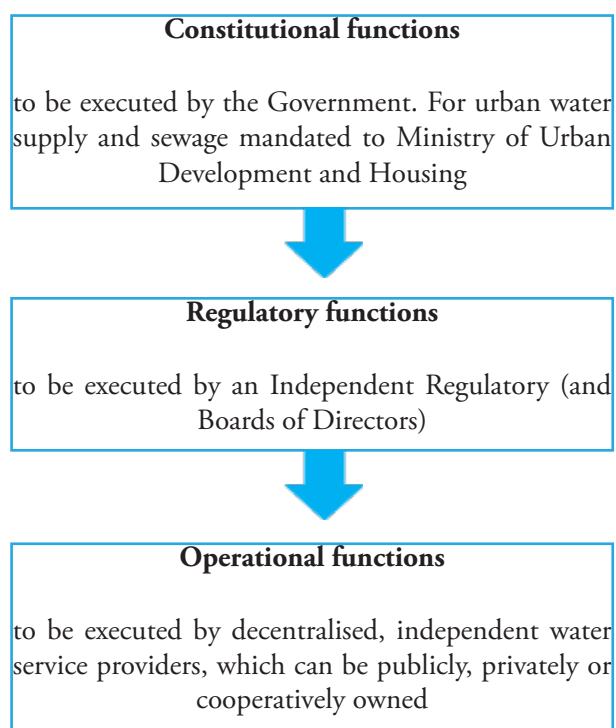
The reasons for AUWSSC's failure to achieve the water supply targets include: insufficient investment in maintenance and expansion of the existing network; low capacity for cost recovery; limited ability to enforce user charges/payments and illegal tapping of pipes. Another key reason is that many households have alternative water sources, such as private wells and boreholes at no cost.<sup>10</sup> While these alternative sources present a major challenge to AUWSSC,<sup>11</sup> they also offer a possible opportunity for some sort

of collaborative engagement to extend AUWSSC's reach, in particular to urban poor households living in informal settlements.

AUWSSC has received support from several development partners including the French Development Agency (AFD), the German Agency for International Cooperation (GIZ) and the World Bank.

In July 2012, the government introduced a new water tariff, which significantly increased the income of the water utilities. In Kabul, for example, the proportion of 'paid for' water increased from 37% to 54 %; in Herat, from 58% to 84%; and in Kunduz from 52% to 59%.<sup>12</sup>

**FIGURE 40** AFGHANISTAN URBAN WATER SUPPLY AND SEWERAGE POLICY FRAMEWORK



Source: After Baheer and Koch, 2011

TABLE 35 PIPED WATER COVERAGE IN CITIES THAT HAVE AUWSSC NETWORKS

City	Total number of AUWSSC connections	SoAC dwelling count	% of households with piped water access
Charikar	3,790	10,671	32%
Faiz Abad	194	10,605	2%
Gardez	1,181	7,849	14%
Ghazni	2,753	15,931	16%
Herat	54,090	89,790	54%
Jalalabad	9,776	39,586	22%
Kabul	45,936	396,095	10%
Kandahar	5,200	61,902	8%
Kunduz	8,419	29,877	25%
Mazar-i-Sharif	20,854	77,615	24%
Mehterlam	307	3,661	8%
Pul-i-Khumri	522	24,586	2%
Qala-i-Naw	2,358	7,125	30%
Qalat	163	5,462	3%
Sheberghan	927	19,511	4%
Taluqan	770	28,691	2%
Zaranj	1,640	17,878	8%

Source: GoIRA, 2015, p. 100

### 9.3 ACCESS TO WATER AND SANITATION

The ALCS 2013-14 defines an improved drinking water source as one that is protected from outside contamination, such as a hand pump (private or public), borehole, protected spring and piped water (private or municipal). Unimproved drinking water sources include surface water (open well, unprotected spring, *kariz*, river, lake, channel, pool and drainage) and water tanker. The ALCS defines an improved sanitation facility as one that hygienically separates human excreta from human contact, and includes waterborne toilets, pour-flush latrines, improved latrines and covered latrines. Unimproved sanitation facilities include open pit, *dearan* (area in compound but not pit) and open defecation.

The ALCS 2013-14 found that access to improved drinking water sources has increased significantly to 65% in comparison to 46% in the NRVA 2011-12 and 27% in the NRVA 2007-08. The situation has

improved almost equally (by 20 percentage points) in urban and rural areas, but the situation is not much improved for Kuchi populations. As Table 36 shows, nine out of ten persons in urban areas have access to an improved source of water as do six in ten in rural areas. However, only three in ten of the Kuchi population have access to an improved water source; and they also take the longest time to reach the improved water source.

Hand pumps are the most widely used improved water source in both urban and rural areas, as Table 37 shows. Only one in four of the urban population across the country have access to a municipal piped water source—which effectively means piped water supplied by AUWSSC, and reflects the Corporation's limited ability to provide a sustainable and affordable water supply to all urban areas.

FIGURE 41 A STANDPIPE SERVING NEARBY HOUSEHOLDS



Table 38 shows the findings of the CLUIP baseline survey on households' main source of drinking water in the past month. As can be seen, 23% of households use hand pumps as their main source of drinking water while 22% have access to piped water in the

compound. The survey also found that households spend on average AFN 107 (US\$ 1.7) each month on water. The findings of the Afghanistan Multiple Indicator Cluster Survey 2010-2011 on access to improved water sources are presented in Table 44.

**TABLE 36** POPULATION AND HOUSEHOLDS WITH ACCESS TO IMPROVED SOURCES OF DRINKING WATER, BY RESIDENCE TYPE (IN PERCENTAGES); TIME TO REACH DRINKING WATER SOURCE (ALL WATER SOURCES), BY RESIDENCE TYPE

Population and households	National	Urban	Rural	Kuchi
<b>Population</b>	64.8	91.1	58.4	29.6
<b>Households</b>	62.8	91.2	55.8	25.8
<i>Time to reach drinking water source (one way, in minutes)</i>				
<b>Mean time</b>	8	2	8	27
<b>Median time</b>	3	0	5	20

Source: ALCS 2013-14, p.210

**TABLE 37** POPULATION, BY TYPE OF DRINKING WATER SOURCE, AND BY RESIDENCE TYPE (IN PERCENTAGES)

Residence	Piped		Hand pump		Spring, well, kariz		Surface	Tanker truck	Other	Total
	Private	Municipal	Private	Public	Protected	Unprotected	water			
<b>National</b>	5.5	8.0	22.7	22.4	6.3	13.9	16.2	1.6	3.5	100.0
<b>Urban</b>	11.6	25.1	39.9	12.7	1.8	1.6	2.2	2.8	2.3	100.0
<b>Rural</b>	3.8	2.7	18.3	25.6	7.9	16.3	19.8	1.3	4.1	100.0
<b>Kuchi</b>	0.0	0.0	2.9	22.3	4.5	38.2	31.2	0.0	1.0	100.0

Source: ALCS 2013-14, p.211

**TABLE 38** MAIN SOURCE OF DRINKING WATER FOR HOUSEHOLD IN THE PAST MONTH

Piped - into dwelling	Piped - into compound	Public tap / standpipe	Hand pump	Spring or kariz - protected	Spring or kariz - unprotected	Well - protected	Well - unprotected	Surface water	Tanker-truck	Other
6,146	8,546	1,040	8,811	165	180	7,577	3,180	66	2,459	909
16%	22%	3%	23%	0%	0%	19%	8%	0%	6%	3%

Source: CLUIP Baseline Survey



Access to improved sanitation is much lower than for safe water. As Table 39 shows, only 39% of the total population have access to an improved sanitation facility—with the number being much higher in urban (77%) than rural areas (29%). Of those with access to improved sanitation, 71% use a private toilet/latrine facility—with the number being higher in rural areas (79%) than urban areas (63%)—while 29% use a shared latrine, as shown in Table 40.

According to the ALCS 2013-14, the most widely used sanitation facilities in Afghanistan are open pit latrines (almost 42%) and covered pit latrines (26%).<sup>14</sup> This is similar to the findings of the CLUIP baseline survey shown in Table 41, as well as those

of the Afghanistan Multiple Indicator Cluster Survey 2010-2011, which are presented in Table 44.

No city in Afghanistan has a comprehensive sewerage system. According to SoAC, there are 13 provinces in which no households have a flush toilet connected to a sewage system; and in 13 others fewer than 1% have such a toilet. Septic tanks are the norm across the country, with roadside drainage channels being the most common means of discharging household waste—in many cases posing a serious health hazard. Once roadside drainage was improved, however, this has shown to lead to voluntary home improvements by adjacent households (Figure 42).

**FIGURE 42** IMPROVED ROAD DRAINAGE HAS SHOWN TO LEAD TO HOME IMPROVEMENTS



**TABLE 39** POPULATION AND HOUSEHOLDS, BY ACCESS TO IMPROVED SANITATION, AND BY RESIDENCE TYPE (IN PERCENTAGES)

Population and households	National	Urban	Rural	Kuchi
<b>Population</b>	39.0	76.5	29.0	1.3
<b>Households</b>	38.8	76.7	28.5	1.7

Source: ALCS 2013-14, p.213



TABLE 40 POPULATION, BY USE OF IMPROVED SANITATION, ACCESS PRIVACY, AND BY RESIDENCE TYPE (IN PERCENTAGES)

Residence	Total			With access to improved facility			Without access to improved facility		
	Total	Private	Shared	Total	Private	Shared	Total	Private	Shared
<b>National</b>	100.0	61.8	38.2	39.0	71.3	28.7	61.0	55.8	44.2
<b>Urban</b>	100.0	65.9	34.1	76.5	63.0	37.0	23.5	75.1	24.9
<b>Rural</b>	100.0	64.1	35.9	29.0	78.6	21.4	71.0	58.1	41.9
<b>Kuchi</b>	100.0	12.8	87.2	1.3	84.0	16.0	98.7	11.8	88.2

Source: ALCS 2013-14, p.213

TABLE 41 MAIN TYPE OF TOILET FACILITY USED BY HOUSEHOLDS

Pit latrine - with slab / covered pit	Pit latrine - without slab/ open	Ventilated improved pit latrine	Flush to piped sewer system	Flush/pour toilet to septic tank/ pit	Single/ double vault	No facility - open field, bush	Other
20,983	1,395	2,569	1,429	11,755	288	106	554
54%	3%	7%	4%	30%	1%	0%	1%

Source: CLUIP Baseline Survey

## 9.4 SOLID WASTE MANAGEMENT

Solid waste management (SWM) is the most conspicuous municipal governance and service delivery deficiency, and has significant public health and environmental impacts. Municipalities across southern Afghanistan face many challenges in establishing and operating efficient SWM systems. Urban solid waste generation has increased substantially as a result of rapid urban population growth and accelerated economic activity. With obsolete equipment and inadequate institutional, human and financial resources, largely ineffective municipal SWM systems have adverse health and environmental consequences for urban populations.<sup>15</sup>

Comprehensive data for all provincial capitals on solid waste generation, the percentage that is collected and the percentage that is effectively treated or recycled are lacking; but visual evidence suggests that solid waste collection is grossly inadequate. This is supported by city-specific information showing that nearly 75% of solid waste in Kabul, and 50% in Herat and Jalalabad, is not systematically collected.<sup>16</sup>

Table 44 presents an overview of estimates of solid waste generation in the 34 cities. It shows that Kabul generates an estimated 653,557 tonnes of solid waste annually (1,790 tonnes daily); and that to collect and properly dispose of this amount of solid waste would cost nearly US\$ 20 million a year—which equates to 41% of the municipal revenue. Collection and proper disposal of solid waste in the regional hubs would consume an even higher proportion of the municipal revenue. In many cities, it would cost more than the total municipal revenue—300% more in the case of Tarinkot, one of the Provincial Centres. In such cases, there is urgent need to look for alternative solid waste management strategies, such as recycling, composting, anaerobic digestion of organic waste.

The National Waste Management Policy 2010 obliges local authorities and waste management utilities to recycle their waste from 2014 onward. This presents a very good opportunity to promote solid waste recycling, which the evidence shows can significantly reduce the amount of solid waste being disposed of in landfills. However, the challenge is to implement and enforce the policy.

TABLE 42 ACCESS TO IMPROVED WATER SOURCE

Percent distribution of household population according to main source of drinking water and percentage of household population using improved drinking water sources, Afghanistan, 2010-2011																		
Main source of drinking water																		

\* Surface water includes river, stream, dam, lake, pond, canal, or irrigation channel

TABLE 43 TYPES OF SANITATION FACILITIES

Percent distribution of households according to type of toilet facility used by the household, Afghanistan, 2010-2011																		
	Improved sanitation facility					Unimproved sanitation facility										Number of household members		
	Flush/pour flush to:					Pit					Open defecation (no facility, bush, field)							
	Piped sewer system	Septic tank	Pit latrine	Ventilated improved pit latrine	Pit latrine with slab	Composting toilet	Flush/pour flush to somewhere else	Unknown place/not sure/DK where	Pit latrine without slab/open pit	Bucket	Double vault	Eco sanitation	Single vault	Other	Missing	Total		
Residence																		
Urban	4.5	22.8	10.3	4.1	18.2	0.5	1.3	0.1	19.2	0.7	0.8	2.7	13.8	0.2	0.0	0.6	100.0	18,000
Rural	2.2	1.0	1.6	4.5	14.6	1.2	1.2	0.1	19.8	1.2	7.4	0.5	22.2	1.0	0.1	21.3	100.0	83,713
Wealth index quintile																		
Poorest	0.0	0.0	0.2	1.0	6.6	0.4	1.0	0.3	13.2	2.8	4.8	0.3	11.3	1.0	0.0	57.3	100.0	20,338
Second	0.5	0.1	0.9	2.6	14.5	1.3	1.0	0.1	21.1	1.3	7.8	0.4	27.8	1.6	0.2	18.9	100.0	20,340
Middle	3.8	0.8	1.4	5.6	15.2	1.6	1.9	0.1	21.6	0.8	7.6	0.5	28.2	1.1	0.2	9.6	100.0	20,344
Fourth	4.0	1.0	2.8	8.0	21.1	1.5	1.1	0.0	23.5	0.5	7.8	1.0	24.9	0.3	0.0	2.4	100.0	20,345
Richest	4.8	22.6	10.3	5.2	18.8	0.5	1.0	0.1	18.8	0.3	3.2	2.4	11.4	0.3	0.1	0.2	100.0	20,347
Total	2.6	4.9	3.1	4.5	15.2	1.1	1.2	0.1	19.7	1.1	6.2	0.9	20.7	0.9	0.1	17.7	100.0	101,713

Source: CSO and UNICEF, 2012



FIGURE 43 ROADSIDE DITCH FILLED WITH SOLID WASTE



## 9.5 ACCESS TO ENERGY

The major sources of energy in Afghanistan include hydropower, natural gas and coal. Access to energy has significantly increased over the past decade in both rural and urban areas. However, as Table 45 shows, three out of four households nationally continue to use solid fuels—which include biomass fuels, such as bushes, wood, charcoal, crops or other agricultural waste, animal dung and coal—for cooking and 95% for heating during winter.<sup>17</sup> The indoor air pollution caused by the use of solid fuels poses a serious health risk, especially for women and children.

According to the ALCS 2013-14, nationally, 90% of Afghan households have access to electricity through different sources—including electric grids, solar, wind, battery and generator—as shown in Figure 45. This is more than double the number (42%) in 2007-08. However, a SoAC survey found that only 38% of households had continuous electricity throughout the day, which suggests that the supply of electricity is irregular for most grid-connected households. The situation is especially challenging in Kandahar, where only 4% of households surveyed have uninterrupted daily access.<sup>18</sup>

FIGURE 44 A PORTABLE PHOTOVOLTAIC CELL PROVIDING ELECTRICITY IN AN IDP CAMP IN KABUL



TABLE 44 ESTIMATED SOLID WASTE GENERATION AND COST FOR PROPER DISPOSAL

Typology	Cities	Number of dwellings	Estimate solid waste generation (tonnes/year)[1] (@ 1.65 tonnes per dwelling)	Estimated Solid Waste Management cost per year (USD) (@ 30USD per ton)	% Municipal revenue (average 2011-2013)
<b>Capital City</b>	Kabul	396,095	653,557	19,606,703\$	41%
<b>Regional Hub</b>	Herat	89,790	148,154	4,444,605\$	45%
	Mazar-i-Sharif	77,615	128,065	3,841,943\$	60%
	Kandahar	61,902	102,138	3,064,149\$	71%
	Jalalabad	39,586	65,317	1,959,507\$	59%
<b>Trading and Transit Hubs</b>	Lashkar Gah	30,709	50,670	1,520,096\$	63%
	Kunduz	29,877	49,297	1,478,912\$	152%
	Taluqan	28,691	47,340	1,420,205\$	248%
	Pul-i-Khumri	24,586	40,567	1,217,007\$	135%
	Sheberghan	19,511	32,193	965,795\$	229%
	Zaranj	17,878	29,499	884,961\$	219%
	Maimana	16,560	27,324	819,720\$	225%
	Ghazni	15,931	26,286	788,585\$	72%
<b>Provincial Centres</b>	Khost	11,787	19,449	583,457\$	46%
	Charikar	10,671	17,607	528,215\$	145%
	Faiz Abad	10,605	17,498	524,948\$	147%
	Tarinkot	7,956	13,127	393,822\$	300%
	Gardez	7,849	12,951	388,526\$	58%
	Qala-i-Naw	7,125	11,756	352,688\$	161%
	Aybak	6,983	11,522	345,659\$	34%
	Asad Abad	6,350	10,478	314,325\$	86%
	Sar-i-Pul	5,675	9,364	280,913\$	53%
	Qalat	5,462	9,012	270,369\$	44%
	Farah	5,299	8,743	262,301\$	15%
	Bamyan	4,435	7,318	219,533\$	52%
	Mehterlam	3,661	6,041	181,220\$	22%
	Ferozkoh	3,474	5,732	171,963\$	50%
<b>Urban Villages</b>	Mahmood Raqi	5,610	9,257	277,695\$	139%
	Bazarak	2,747	4,533	135,977\$	106%
	Pul-i-Alam	2,546	4,201	126,027\$	20%
	Nili	1,994	3,290	98,703\$	73%
	Sharan	1,739	2,869	86,081\$	20%
	Maidan Shahr	1,585	2,615	78,458\$	8%
	Paroon	183	302	9,059\$	-

Source: GoIRA, 2015

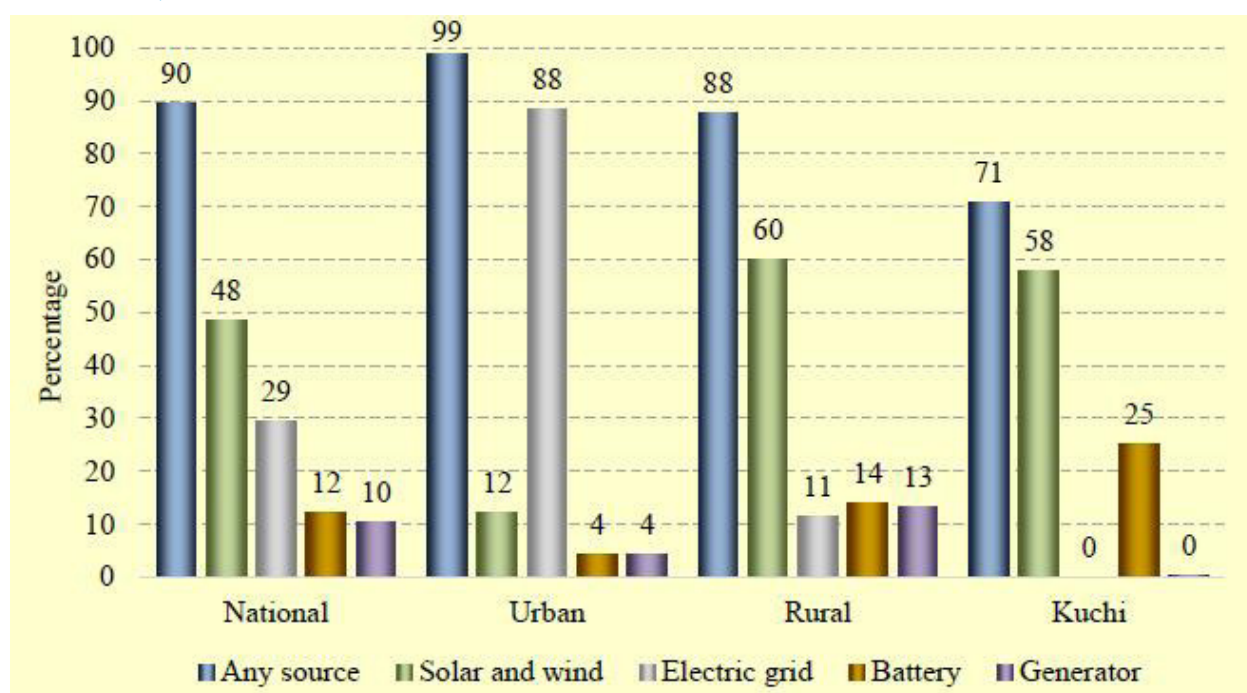


TABLE 45 HOUSEHOLDS, BY USE OF SOLID FUELS FOR COOKING AND HEATING IN WINTER AND NO HEATING, AND BY RESIDENCE TYPE (IN PERCENTAGES)

Residence	Solid Fuel		No Heating
	Cooking	Heating	
<b>National</b>	75.9	95.1	1.7
<b>Urban</b>	27.2	90.0	0.7
<b>Rural</b>	90.7	97.7	1.1
<b>Kuchi</b>	98.2	84.4	15.6

Source: ALCS, 2013-14, p. 218

FIGURE 45 HOUSEHOLDS WITH ACCESS TO DIFFERENT SOURCES OF ELECTRICITY, BY RESIDENCE TYPE (IN PERCENTAGES)



Source: ALCS, 2013-14, p.217

TABLE 46 HOUSEHOLD ENERGY SOURCES/MAIN SOURCE OF ENERGY USED FOR LIGHTING

No lighting	Electricity	Gas	Candle	Fuel	Other
252	38,197	245	96	5	284
0.5%	98%	0.5%	0%	0%	1%

Gas	Firewood	Electricity	Animal dung	Bushes (ping), twigs/branches	Crop residue, trash	Charcoal, coal	Other	Not answered
36,509	1,852	273	29	111	51	3	14	0
94%	5%	1%	0%	0%	0%	0%	0%	0%



Charcoal, coal	Gas	Firewood	Electricity	No heating	Bushes (ping), twigs/ branches, straw	Crop residue, trash	Other	Not answered
4,729	12,209	15,286	2,214	620	308	59	3,408	0
12%	31%	39%	6%	2%	1%	0%	9%	0%

Source: CLUIP Baseline Survey

## 9.6 ROADS AND ACCESS

Roads and transportation networks are essential for ensuring inter and intra-regional and inter and intra-city accessibility, mobility connectivity. They play a critical role in ensuring the efficient movement of people within cities, including from housing areas to workplaces and employment hubs, and other urban services and facilities.

Afghanistan's road network has been extensively rehabilitated and greatly expanded in the past 10 years with the support of substantial donor investments. However, donors have generally preferred to rehabilitate existing roads or construct new ones, without addressing the need for operation and maintenance (O&M). For example, in the 2011/12 core budget, only US\$28 million was allocated to O&M for roads, compared with an estimated need of US\$290 million (projected to rise to \$394 million in 2014). The effectiveness of investments in the sector has thus been severely undermined by the gross underfunding of O&M. Indeed, developing sustainable funding sources for future O&M will be a challenge.<sup>19</sup> This will impact adversely on inter- and intra-urban mobility.

SoAC found that roads occupy on average 12% of the built-up urban area, which is less than half the global norm and advocated best practice of 30%.<sup>20</sup> In absolute terms, Kabul has the largest total area of roads (2,957 Ha) followed by Kandahar (1,305 Ha) and Mazar-i-Sharif (1,257 Ha). However, the roads in Kabul cover only 7.4% of the built-up area, with other cities having relatively larger areas dedicated to roads.<sup>21</sup>

The existing road network in Kabul was planned and developed in the 1960s with technical support from the Former Soviet Union. Considering the current traffic volumes, the road width may nowadays no longer be adequate for most city roads and streets, while road surfaces have deteriorated due to age, severe weather conditions, poor drainage and inadequate maintenance. Hence, 55% of the road network is

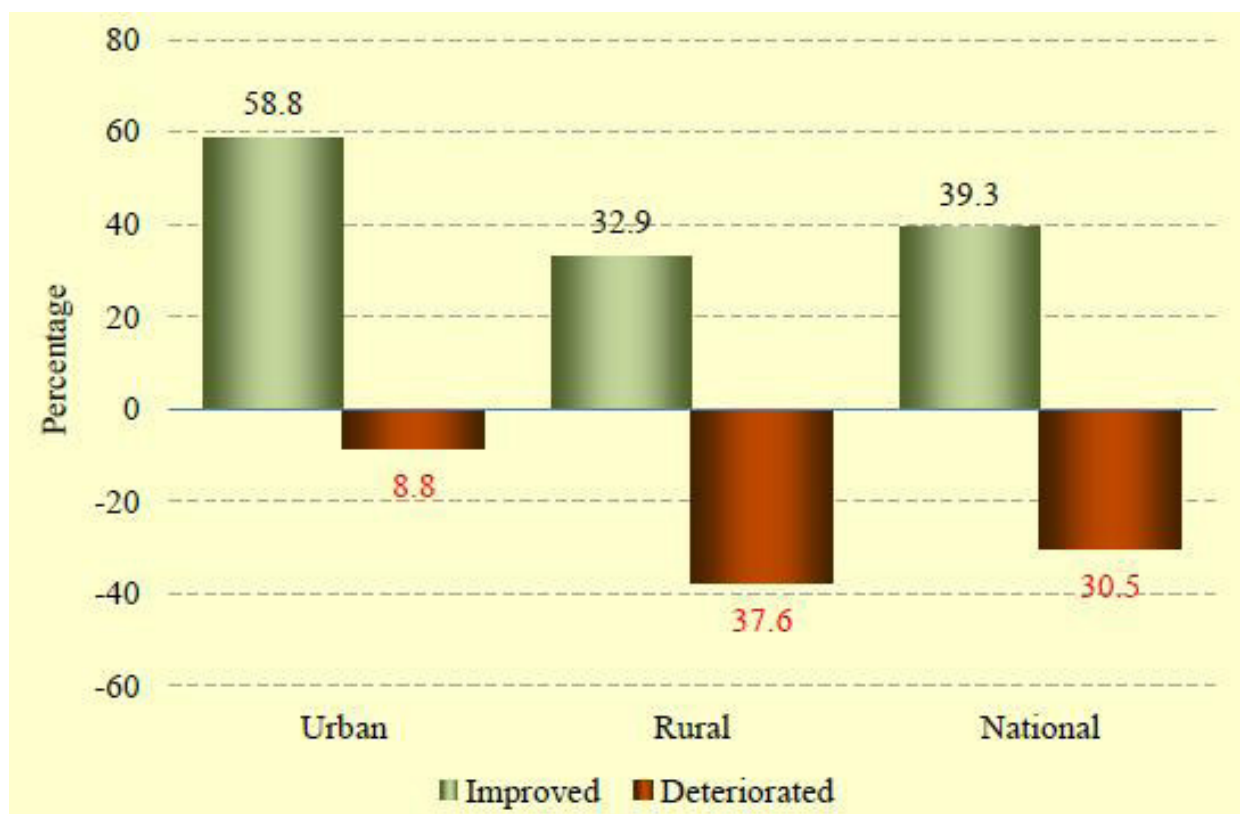
in urgent need of rehabilitation. However, only 15 to 20 km of roads are rehabilitated each year owing to Kabul Municipality's limited in-house capacity, dilapidated machinery and lack of competent private contractors. The result is inefficient movement of people and goods, congestion, poor access to jobs and services, productivity losses and higher road accident rates.<sup>22</sup>

**The Kabul Urban Transport Efficiency Improvement (KUTEI)** project aims to improve road conditions and traffic flows in selected corridors of Kabul City. The project components include improvement of road infrastructure through rehabilitation of road surfaces, pedestrian walkways, installation of street lights, implementation of road safety and traffic control measures (e.g. junction channelization, signalization, etc.) and rehabilitation of roadside drains. The project which is scheduled to end on 31st December 2019 is addressing key problems related to roads and access, which if addressed will significantly improve the lives and livelihoods of Kabul city dwellers.

According to the ALCS 2013-14, overall, almost 93% of households reported to have access to their dwellings by a paved or unpaved within a distance of less than one kilometre; but only around 39% have access by a paved road. This is notable progress compared to the findings of the NRVA 2011-12, where the numbers were 61% and 10% respectively. Accessibility is considerably better in urban areas, where 80% of the population have access to their dwellings by a paved road within one kilometre, compared to 25% in rural areas.

At the community level, as Figure 46 shows, 39% of households nationally reported an improvement in road access in the three years preceding the survey, while 31% felt there had been a deterioration. The road improvement in urban areas was relatively much better, with 59% of households reporting better access against only 9% deterioration.<sup>24</sup>

FIGURE 46 HOUSEHOLDS, BY RESIDENCE TYPE, AND BY CHANGED ROAD CONDITION OF ROAD ACCESS TO THE COMMUNITY, (IN PERCENTAGES)



Source: ALCS, 2013-14, p.216

Recent years have also seen significant interventions to upgrade tertiary roads by CDCs in some cities, which have not only greatly improved mobility in residential areas, but also overall environmental quality as well. The Community-Led Urban Infrastructure Programme (CLUIP), implemented through urban CDCs with the support of UN-Habitat, has successfully improved roads in neighbourhoods in several cities using cost-effective labour-based construction and maintenance technologies and methods, as shown in Figure 47. There is widespread evidence that improving access

roads in urban poor neighbourhoods with poor housing catalyses improvement of existing housing and development of new housing. However, it can also lead to gentrification and the displacement of existing residents, in particular tenants, as a result of the increase in land values and consequent increase in housing values and prices. However, roads can be designed and constructed to minimize the adverse consequences of road improvement, as was done in CLUIP.

FIGURE 47 ROADS IMPROVED UNDER CLUIP



A big challenge at the national level is a surge in land grabbing when road (re)construction and land tenure issues collide. This is driven by large increases in land values after road (re)construction increased access to

land, weak statutory and customary tenure systems, endemic corruption, and the absence of landowners and tenants.<sup>26</sup>

## 9.7 INFRASTRUCTURE AND CAPACITY BUILDING NEEDS

If Afghanistan is to provide sustainable and affordable infrastructure and services for all its citizens, and in particular those living in urban areas, there is need for capacity building of the existing service providers. In addition, as the World Bank emphasizes, because of the magnitude of the funding requirements and

financial constraints limitations, it will need to be strategic in planning and building new infrastructure by prioritizing and sequencing infrastructure investments to maximize impact per dollar invested, as explained in Box 7.<sup>27</sup>

### BOX 7 PRIORITIZATION OF INFRASTRUCTURE DEVELOPMENT

**Prioritize infrastructure at the local level through targeted rural and urban development programmes.**

Such programmes can help increase local participation, strengthen communities, and optimize agglomeration effects—but a number of challenges will need to be addressed. The National Solidarity Program (NSP) has provided a participatory platform for service delivery in 33,000 villages in rural Afghanistan. On the other hand, expansive informal settlements have developed in and around Afghanistan's six largest cities, often sprawling beyond existing municipal boundaries, with grossly inadequate basic urban services. The following measures will be important:

- Continue to support the NSP and explore options to adapt and strengthen the programme by addressing issues related to institutional arrangements, O&M and fiscal sustainability. This includes formalizing CDCs as the principal platform for service delivery and O&M at the village level.
- Ensure that the new municipal governance framework clearly defines municipal government roles and responsibilities in relation to other subnational bodies, and clarifies municipal revenue sources. Prioritize establishment of a municipal development fund to deliver basic municipal services to informal settlements.

**Prioritize options for rehabilitating and maintaining infrastructure assets before investing in new infrastructure to ensure gains made are not lost.** Physical infrastructure can rapidly deteriorate without regular maintenance during its design life, leading to costly rehabilitation to bring it back to adequate standards. For example, the cost of fully reconstructing poorly maintained roads is, on average, at least three times the cost of maintenance. Realistic estimates of O&M requirements should be an integral part of a medium term expenditure framework.

**Increase operational efficiency and expand service provision to achieve full return on investment.** Such measures are, of necessity, very sector-specific.

**Explore further the role of private sector in infrastructure services provision.** Opportunities for public-private partnerships (PPPs) should be explored where appropriate. Experience suggests that, in the context of Afghanistan, relatively light PPP structures will be suitable as a starting point to build experience. These include projects where the government and/or donors finance capital and even operating expenses, or where multilaterals provide credit risk guarantees to enhance private sector investment confidence.

*Source: World Bank, 2016*

## 9.8 BRIEF CONCLUSION

The last three decades of war and conflict in Afghanistan have destroyed 60-80% of the infrastructure; as a result of which, despite substantial investments, infrastructure needs in both rural and urban areas remain largely unmet. In urban areas, AUWSCC has failed to fulfil its mandate of delivering affordable, reliable and sustainable urban water supply and sanitation services, and will require more capacity building to do so. Rates of access to safe water are however high, with nine out of ten urban dwellers having access to an improved water source—largely through alternative sources such as hand pumps.

Roads have been extensively rehabilitated in the past decade, largely through donor funding, thereby significantly improving intra-regional and inter and intra-city accessibility, mobility connectivity. In some cities, urban CDCs have played a key role in upgrading tertiary roads, which has greatly improved mobility in residential areas. The evidence shows that improving access roads in urban poor neighbourhoods stimulates investment in housing construction and improvement—but measures need to be taken to mitigate gentrification and displacement of existing low income and poor households.

## 9.9 PERFORMANCE CONSTRAINTS AND PRIORITY ACTIONS MATRIX

	Constraints	Priority Actions
<b>Policy</b>	The policy and strategy frameworks are not pro-poor.	Develop and adopt national policies and strategies for pro-poor urban water and sanitation services delivery and for private sector participation in the sector.
<b>Regulatory and Legal Framework</b>	The complex policy, legal and regulatory framework means the involvement of a multiplicity of institutional actors with consequent jurisdictional overlaps, inefficiencies and ineffectiveness.	Review the legal and regulatory framework to remove overlaps and redundancies in the jurisdictions and functions of the multiple institutions and improve efficiency and effectiveness.
<b>Institutional and Organizational Framework</b>	Infrastructure and services are provided by central and local government and independent agencies, with very limited formal private sector involvement.	Create an enabling environment to encourage the private sector to participate in delivery and management of basic services
<b>Institutional Capacity</b>	AUWSSC lacks the capacity—human, financial, technical and other resources—to fulfill its mandate of providing affordable, reliable and sustainable urban water supply and sanitation services to all urban areas.	Build the capacity—human, financial, technical and other resources—of AUWSSC to turn it into a viable, sustainable organization operating on a full cost recovery basis.
<b>Supply</b>	In the absence of a comprehensive policy on informal settlements and their upgrading, central and local governments generally do not provide basic infrastructure in informal settlements	Review, approve and implement the existing Informal Settlements Upgrading Policy.
<b>Demand</b>	Demand for basic infrastructure is outstripping supply, especially in informal settlements—many of which have developed on steep hillsides and areas vulnerable to landslides, flooding and other natural hazards.	Prioritize upgrading of existing infrastructure and construction of new infrastructure as appropriate in informal settlements using labour-based construction and maintenance technologies and methods
<b>Affordability and Price-to-Income Issues</b>	Inadequate provision of formal services compels households to pay for higher-cost, informal provision of basic services.	Explore and forge collaborative agreements between AUWSSC and informal water service providers.
<b>Implementation Arrangements and Instruments</b>	AUWSSC operates through SBUs in the six major cities and sub-SBUs in other provinces and districts—which are unable to meet the daily demand for water.  Informal services and service providers are not subject to quality control or regulation and accountability.	Identify, plan and implement changes to improve commercial and operating processes of SBUs to facilitate the efficient functioning of AUWSSC.

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## CHAPTER ENDNOTES

1. Nemat (2013)
2. EVD et al. (2010)
3. *The Policy defines sanitation as “human excreta and sludge disposal, drainage and solid waste management” (p.3).*
4. Kabul Municipality (2010)
5. Government of the Islamic Republic of Afghanistan, Ministry of Justice, “Water Law,” April 2009, pp.10-11
6. Government of the Islamic Republic of Afghanistan, Ministry of Justice, “Water Law,” April 2009.
7. GoIRA (2006a)
8. World Bank (2015b)
9. Checchi and Company Consulting (2014)
10. GoIRA (2015)
11. Interview with AUWSSC Director General and Technical Director on 06/05/2016.
12. <https://www.giz.de/en/worldwide/14701.html>.
13. CSO and UNICEF (2012)
14. CSO (2016)
15. USAID (2014)
16. GoIRA (2015)
17. CSO (2016)
18. GoIRA (2015)
19. World Bank (2012a)
20. UN-Habitat advocates that at least 30% of a city’s built up area should be for public space and mobility, including roads/streets.
21. GoIRA (2015)
22. World Bank (2014)
23. World Bank (2014)
24. CSO (2014b)
25. GoIRA (2015)
26. Unruh and Shalaby (2012)
27. World Bank (2016b)



# CONSTRUCTION AND BUILDING MATERIALS SECTOR

## 10.1 THE CONSTRUCTION SECTOR IN A NUTSHELL

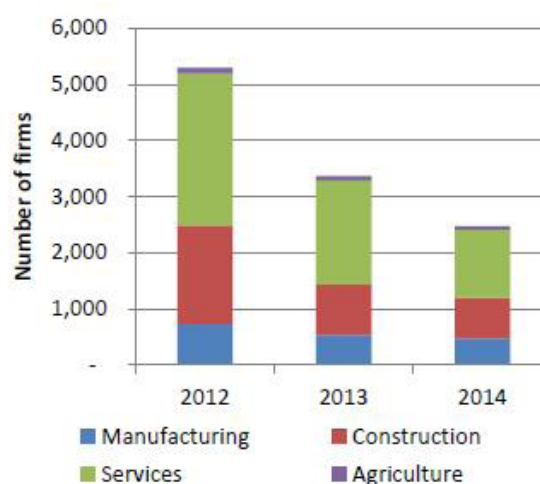
The decades of conflict that Afghanistan has suffered have had negative socio-economic consequences for the country. However, over the past decade, the construction sector has benefited tremendously from massive international support, particular in reconstruction. During this period, many military bases have been built, thousands of kilometres of roads have been rehabilitated and constructed; substantial numbers of schools and health facilities have been built; and significant improvements have been made to infrastructure, such as water, power and irrigation schemes. As a result, the country's GDP has increased by 400% since 2002.<sup>1</sup>

In 2014-15, 729 buildings valued at US\$169.6 million were constructed, and another 523 were under construction;<sup>2</sup> while the construction sector accounted for about 10% of the national GDP in 2014.<sup>3</sup> According to the Ministry of Commerce and Industries (MoCI), 25-40% of this value was derived from local profit, local labour and local traders, and 60-75% from construction materials, supervision and international overheads.<sup>4</sup>

However, international investment and the presence of foreign troops and international development NGOs is now decreasing, and this is impacting adversely on many sectors, including the construction sector which is facing major challenges as demand decreases resulting in fewer contracts and significant layoffs. The Afghanistan Investment Support Agency (AISA) database indicates that in 2012<sup>5</sup> over half of all registered firms were construction companies. But in 2013, the construction sector experienced slower company growth with only 899 new firms registered compared to 1,759 in 2012, as Figure 48 shows.<sup>6</sup> In 2014, there were 352 women-owned construction firms—a higher number than in any other sector.<sup>7</sup> The slow-down in the construction sector is evident from the large numbers of heavy duty construction

machines and equipment that can be seen lying idle in many parts of Kabul, where many of the local construction firms that had benefitted from the international investment are located.

FIGURE 48 NEW FIRM REGISTRATIONS, 2012-2014



Source: Joya and Khan, 2015, p.7<sup>8</sup>

## 10.2 POLICY, LEGAL AND REGULATORY FRAMEWORK

The **Construction Materials Policy**<sup>9</sup> has as its objective to formalize the construction materials sector, encourage private sector investment, increase Government revenue, provide employment opportunities for poor rural people and mitigate environmental degradation. The policy also aims to promote introduction of new technology to further develop the construction materials sector.

The Construction Materials Policy mentions the adequate amounts of sand, gravel and aggregate materials that supply local industries, but not the heavy reliance of the construction sector on imported building materials, or the precarious working conditions especially in Afghanistan's brick kilns. It also does not consider environmentally sound

production, supply and use of alternative local building materials and construction methods. The construction standards and building codes that are currently applied in Afghanistan are the following:

**Construction Standards:** The Afghan National Standards Authority is responsible for setting standards for both local and imported construction materials.

**Building Codes:** The enforcement of building codes is the responsibility of municipalities. Those constructing in zoned areas are required to obtain official building permits, which are issued after verification and approval of the land ownership and building plans. However, this oversight function is being performed poorly. Each municipality has a separate Construction Control Department to control construction quality standards, but there does not seem to be any construction oversight in practice.<sup>10</sup>

**Municipalities** have responsibility for setting and enforcing construction standards and building codes, but have failed to effectively carry out this mandate. This is partly because of dated planning and zoning maps, which have led many households to build housing in illegal and unregulated areas using poor construction methods. Those constructing housing in zoned areas are required to obtain official permits based on legal titles and approved building plans. However, in practice, there is no oversight and the buildings that are constructed rarely follow the building codes or approved plans. Anecdotal evidence has it that, for a small payment, city engineers who visit construction sites will ignore obvious violations of the building code. Most housing development thus does not conform to the existing codes or approved blueprints. The enforcement of building codes at municipality level will be as important as setting the standards for material and construction quality.<sup>11</sup>

The quality of construction in urban Afghanistan is thus a major concern. The main reasons are lack of quality control in the materials used for construction, lack of supervision, and prevailing corruption in enforcement of construction standards.

## AFGHANISTAN BUILDING CODES (ABC)

The Afghanistan Building Codes (ABC) were developed under the Afghanistan Building Code Project, which was funded by Harakat-Afghanistan

Investment Climate Facility Organization (Harakat-AICFO). The objective of the project was to lay the ground for modern, safe and sustainable building design and construction practices, and improve competition in the construction sector. The ABC are intended to be compatible with the country's geographic and climatic conditions. The following codes were developed,

- 1) Afghanistan Urban Development Code
- 2) Afghanistan Architectural Code
- 3) Afghanistan Structural Code
- 4) Afghanistan Highway and Street Code including Bridge Design Standards

Key relevant ministries, state and non-state organizations, and private sector representatives active in the construction sector were involved in the development of the codes. The expectation is that the ABC will increase international and local investors' participation in infrastructure development through master plan development, townships development and investment in reconstruction of provincial centres.

The ABC will streamline urban housing development only if rigorously implemented and enforced. This is something that municipalities have not been able to do to date. Establishing an alternative body to ensure enforcement may be one way of overcoming this deficiency. The Afghanistan Builders Association (ABA), which is summarily described below, can potentially play an important role in this regard.

## AFGHANISTAN CONSTRUCTION PERMITS REFORM PROJECT

The Afghanistan Construction Permits Reform Project, launched in May 2014, is aimed to assist the government to rationalize the construction permit issuance process across the country. The changes are intended to stimulate the growth of the construction sector, which in turn is expected to increase the supply of affordable housing to cope with the rapidly growing demand.<sup>12</sup> If effectively implemented, this can be an important element of the 'twin-track' approach to improving access to adequate housing while preventing the formation of new informal settlements, which is explained in more detail in

Chapter 12.2.

### 10.3 INSTITUTIONAL FRAMEWORK

The key institutional players in the building materials and construction sector include the following:

**Ministry of Urban Development and Housing (MUDH):** As the line ministry issuing licenses to formal sector contractor certifying their technical capacity, MUDH plays a central role in the regulation of the construction industry. In addition, through its policy-making function as well as its influence on regulatory frameworks, MUDH provides guidance to enforcing municipalities.

**The Afghan National Standards Authority (ANSA):** ANSA will have overall responsibility for enforcing the implementation of the Afghanistan Building Codes (ABC).

**Ministry of Mines and Petroleum (MoMP)** which has primary responsibility for policy formulation and regulation of construction materials activities, including survey, licensing, assigning royalties, health and safety, and overall monitoring of quarry operations.

**Ministry of Commerce and Industries (MoCI)** which has primary responsibility for policy formulation and regulation of business and trade activities. For construction materials this means activities which include trade, processing, marketing, and other relevant business activities.

**Ministry of Finance (MoF)** which is primarily responsible for policy formulation and regulation of national revenue and budget, including collection of taxes and duties related to construction materials.

There are overlaps in the mandates of the three Government ministries (MoMP, MOCI and MoF) which leads to problems with respect to clear lines of responsibilities and accountability; and the fact that responsibilities are divided between three ministries also presents challenges of coordination.

**National Environmental Protection Agency (NEPA)** which is responsible for approving Environmental Impact Assessments (EIAs) in accordance with the Law on Environment and its supporting regulations.

**Foreign Contractors:** Since 2002, the growth of

the construction sector has been primarily driven by international contracts or sub-contracts, whereby larger, generally foreign-owned firms have been awarded public contracts, many of which have been subcontracted to smaller Afghan companies. But the progressive reduction of international aid is likely to impact adversely on all construction firms.

**Local Contractors:** Local contractors face problems in securing advance payments from clients because they (local contractors) cannot provide the unconditional advance payment guarantees required. Banks generally require that the full amount of the advance payment be deposited as collateral; but some banks have started accepting other forms of collateral. Absence of advance payment for local contractors is one of the reasons for their poor performance.<sup>13</sup>

**Afghanistan Builders Association (ABA):** established with the support of USAID and construction companies in 2004, ABA is the largest growing construction association in the country with over 500 members. Its members include construction firms, and construction material and machinery selling and leasing firms. ABA aims to professionalize and strengthen the construction sector in Afghanistan by providing various capacity development and construction safety trainings. It also delivers all United States Army Corps of Engineers (USACE)<sup>14</sup> required trainings to Afghan construction companies. USACE is a key partner of ABA.

Members of ABA must be registered with the AISA. This means that informal small scale contractors and builders, who construct the bulk of housing in informal settlements, are not eligible for membership. They could potentially benefit most from the capacity building support provided by ABA and improve the quality of the housing that they are constructing. In this regard, lessons can be learned from Ethiopia's Integrated Housing Development Programme.<sup>15</sup>

The capacity of many ABA members has been greatly underutilized as contracts for big projects that they had the capacity to undertake have been awarded to foreign construction firms. In addition, many ABA members are reluctant to take on government projects owing to challenges they have faced in the past, including with respect to payment for work done.<sup>16</sup>

To better serve the construction industry and international development partners (e.g., USAID, USACE), ABA conducts the Construction Management Certification Programme (CMCP) for construction companies. The Afghanistan Builders

**Association-Lab Certification Programme (ABA LCP)** provides a mechanism for formally recognizing the competency of testing laboratories—including independent private laboratories, manufacturers' in house laboratories, university laboratories and governmental laboratories—to perform specific tests on construction materials. This is important in ensuring quality control in the construction industry.

## 10.4 CLASSIFICATION OF THE CONSTRUCTION SECTOR

The construction sector in Afghanistan can be classified into the following main sub-sectors that have different clients, professionals, materials and dynamics:<sup>17</sup>

1. *Large international donor-financed infrastructure projects:*<sup>18</sup> such as roads, bridges, dams, electric infrastructure and irrigation canals. Such projects have largely driven the construction sector in the post-Taliban era and are generally managed by large international construction companies.

2. *Large social and community infrastructure projects:* such as refugee shelters, clinics or hospitals. In general, construction is carried out by either international

construction companies or international construction management companies.

3. *Industry, offices and commercial buildings.* These clients are typically private investors who are more inclined to sub-contract Afghan construction companies and use local building materials than those mentioned above. These projects include industrial parks, factories and multi-storey buildings that house either offices or malls. The majority of such projects are managed by Afghan construction companies; but in some cases the owners who manage the construction themselves.

4. *Large modern residential units are the large family houses* that are built or renovated by many wealthier Afghan households. Construction is managed by either Afghan companies, or by the owners themselves sometimes with the assistance of an Afghan construction manager.

5. *Individual houses* are private homes built or rehabilitated not by foreign or local construction companies, but by skilled artisans engaged by the owner. These projects typically use local building materials (e.g., mud or baked bricks and concrete blocks) and traditional construction methods.

**FIGURE 49** BRIDGES AND OTHER INFRASTRUCTURE PROJECTS HAVE PRIMARILY BEEN CARRIED OUT BY LARGE INTERNATIONAL CONSTRUCTION COMPANIES





## 10.5 BUILDING MATERIALS

The Construction Materials Policy affirms that: “Afghanistan has the finest and largest sources of construction materials which include sand, gravel, brick clay or mud and building stones.” But it also asserts that poor and illegal extraction of these materials has led to substantial losses in government revenue and employment opportunities, as well as environmental degradation. The Policy therefore aims:

*“to formalize [the] Construction Materials sector, encourage private sector investment, increase Government revenue, provide employment opportunities for the*

*rural impoverished people and mitigate environmental degradation. [It] also aims to encourage introduction of new technology to further develop this sector.”<sup>19</sup>*

**The Construction Materials Action Plan (CMAP)** seeks to address the main problems constraining the growth potential of small and medium size enterprises (SMEs) operating in Afghanistan’s construction materials sector. The CMAP categorizes construction materials into four groups as shown in Box 8. These groupings can be useful when it comes to planning interventions to increase availability and affordability of building materials for housing.<sup>20</sup>

### BOX 8 CONSTRUCTION MATERIAL GROUPINGS

*Group 1: Materials made entirely in Afghanistan from locally available raw materials and labour*

- Dimensional Stone
- Quarry Products (Sand, Gravel, Clay, Aggregate)
- Bricks
- Gypsum
- Limestone

*Group 3: Materials imported as finished goods with no value added in Afghanistan*

- Cement
- Glass
- Asphalt
- Fixtures & Fittings, including plumbing and sanitary (not covered in detail)

*Group 2: Materials manufactured in Afghanistan; raw materials being imported from another country*

- Concrete
- Metal
- Wood
- Plastic
- Chemicals

*Group 4: Materials that have market potential but have yet to be introduced to Afghanistan*

- Various types of lightweight concrete products
- Various types of Structurally Insulated Panels (SIPS)
- Spray Polyurethane Foams (SPF)
- Various types of Insulated Concrete Forms (ICFs)
- Light steel framing
- Composite panel materials for floors, ceilings, and roofs
- Various waterproofing membranes for roof assemblies

Source: MoCI and MoMP, 2015

## MAIN BUILDING MATERIALS USED IN HOUSING CONSTRUCTION

**Cement and Concrete Products:** Cement and concrete are the most basic and commonly used of all building materials; and constitute 23% of the building materials used in the country. This is one of the categories of construction materials that offer the greatest potential for import substitution. However, local cement production will not be able to compete with imported products without modernizing the existing facilities and expanding domestic capacity through construction of new plants. Currently, demand for cement and concrete products is being met by imports from neighbouring countries,

primarily Pakistan and Iran, at prices set by foreign suppliers.

**Dimensional Stone:** Afghanistan has abundant deposits of natural stones and valuable minerals, with the value of reserves having been estimated at upwards of US\$ three trillion dollars (Figure 50). The dimensional stone industry can potentially become a significant player in the Afghan economy and provide thousands of rural jobs at the quarries as well as in downstream processing and finishing industries.



FIGURE 50 STONE QUARRY



**Quarry Products (Sand, Gravel, Clay, Gypsum, and Aggregate):** There are abundant and reliable raw material reserves located all over the country. Having mining sites close to project sites is competitively advantageous because most of the cost to the user is from transportation.

Quarry products are almost exclusively used as raw materials in other products such as bricks, concrete and mortar. Sand and aggregate account for an estimated 7% of the value of building materials used in Afghan construction projects. Almost all sand and gravel is produced locally in Afghanistan, but only between 15-25%, of the supply comes from licensed firms. Informal and illicit extraction and trade of Afghanistan's natural resource base, including quarry products, is widespread.

**Bricks:** constitute 16% of building materials used in construction in Afghanistan. Both baked and unbaked bricks are used in building projects, and are mostly supplied by small local production units in Kabul,

Herat, Samangan, Nangarhar, Khost, with some on-site production. Although brick production capacity in Afghanistan is growing, bricks are still imported from Pakistan, even though they are more expensive.

**Metals:** It is estimated that metal products account for almost half (46%) of the value of building materials used in Afghanistan. This primarily comprises iron fabrication, which uses iron and steel; tin smithing, which relies more on steel coil than on tin; and casting, which relies primarily on recycled materials.

Within the metal products sub-sector, steel reinforcement bars (rebar) are the largest product in terms of both volume and value owing to the high usage of reinforced concrete in construction. Other end products for steel are windows and doors as it is one of the cheapest materials to use in their fabrication. There appears to be growing demand for locally fabricated steel windows and doors which are mainly used in individual houses.

FIGURE 50 HOLLOW CONCRETE BLOCKS ARE LOCALLY MANUFACTURED, THOUGH CEMENT IS EXCLUSIVELY IMPORTED



## IMPORTED BUILDING MATERIALS

Despite being well-endowed with sources of building materials, Afghanistan has very limited building material production capacity. Most of the cement and timber, and all steel, sanitary fixtures and other building components and fixtures are imported, with the main sources being Pakistan, Iran, Russia, and, to a lesser degree, UAE and China. Pakistan and Iran are connected by road to Afghanistan, while railway and airfreight are used for imports from Russia, UAE and China respectively. Importation of most building materials has significant implications for the construction industry, including through higher prices, longer delivery times, and unreliability of supply sources.

Three basic patterns of import are distinguishable, although processes will vary by product:

- (i) Large contractors import materials for their own use.
- (ii) Import companies purchase from manufacturers and sell to wholesalers, who in turn sell to retailers and large consumers.
- (iii) Manufacturers export and sell directly to Afghan wholesalers. This is not common, and mostly occurs with bricks exported from Pakistan.

The fact that the majority of building materials are currently sourced from outside Afghanistan and the consequent possibility for import substitution offers significant economic opportunities. The best prospects for increasing local production and import substitution of construction materials are those that can be fully locally manufactured using available raw materials, which as explained above, are primarily mineral-based products such as dimensional stone, bricks, and quarried materials such as gypsum. There is enormous potential for local production of construction materials if appropriate measures are taken and sufficient investment committed for its development and expansion. Good quality locally produced construction materials will not only generate high demand domestically but also find their way into the export market.

## 10.6 CONSTRUCTION LABOUR

Construction has an important role to play in employment creation in Afghanistan. According to the ALCS 2013-14, the construction sector accounts



for 14% of all employment—with men constituting 98% of the construction sector labour force. It is also one of the three sectors in which young Afghans appear to be able to get jobs, with the other two being the retail trade and education sectors.

With regards to employment in the construction sector in Afghanistan:

1) the construction sector is labour-intensive and provides job opportunities for a substantial proportion of urban workers;

2) most Afghan construction workers are poorly skilled and often casual labourers employed on a daily basis;

3) the local workforce has been unable to meet the growing demand for skilled engineers and middle-managers. This has forced most construction companies to engage workers from Pakistan, India, Iran and, to a lesser extent, Turkey, to perform jobs that require superior skills.

In 2011, most of the firms employed less than 50 people and about one-quarter had less than ten employees.<sup>31</sup>

FIGURE 52 A SINGLE-STOREY BUILDING UNDER CONSTRUCTION



The construction sector provides jobs for half (50.6%) of all male IDPs, because their substantially lower literacy rates and levels of education force them to look for such low quality and unsafe jobs. In comparison, the urban poor work more evenly across all sectors of the economy, with only 12.8% of male heads of urban poor households employed in construction jobs. This sectoral segregation of IDPs' employment is symptomatic of the challenging integration process that IDPs face.<sup>32</sup>

The need for affordable housing presents a great

opportunity for the construction sector. Housing development is labour intensive and has backward and forward linkages with many other sectors of the economy. The availability of a large young workforce presents a significant resource that will enable implementation of low-cost labour intensive construction methods in both rural and urban areas. But two main problems need to be addressed: (i) securing land for housing construction; and (ii) providing affordable housing finance.<sup>33</sup>

## 10.7 CREDIT

As is the case in all sectors of the Afghan economy, there is very limited credit available in the construction sector. Contractors with established relationships with suppliers may be able to get goods and postpone payment for one to two months at no extra cost; or they may be able to take bricks on credit and pay back in installments. There is however little possibility of getting the large scale credit required to purchase construction machinery and equipment. The lack of credit enhances the dominance of large firms—or those with the ties to wealthy elite and that have the human, financial and technical resource capacity to bid for large contracts—over local small enterprises.<sup>34</sup>

## 10.8 BRIEF CONCLUSION

The many years of war and conflict in Afghanistan have had a devastating socio-economic impact on the country—but the construction sector has positively benefited owing to the massive international investment in reconstruction since

2002. International investment is now decreasing and the adverse consequences are being felt in many sectors, including the construction sector. However, the huge demand for housing in the five city regions and ten provincial capital municipalities, and in particular the need for affordable housing, presents a great opportunity for the construction sector.

Afghanistan is well-endowed with sources of building materials but has very limited building materials production capacity, leading to importation of most of the building materials used in housing construction. There are therefore significant potential opportunities for import substitution and the development of the Afghan building materials industry, including promotion and development of local small and medium-scale building materials production. There is also great potential for employment creation in housing construction—not to mention its multiplier effect to the economy—and thus urban poverty reduction.

## 10.9 PERFORMANCE CONSTRAINTS AND PRIORITY ACTIONS MATRIX

	Constraints	Priority Actions
<b>Policy</b>	The Construction Materials Policy does not adequately address the heavy reliance on imported building materials and alternative local building materials production and affordable construction methods.	Review the Construction Materials Policy to bring it line with international good practice; and prioritise review and implementation of the CMAP.
<b>Legal and Regulatory Framework</b>	The construction of buildings, roads, and bridges has generally been guided by foreign codes and standards until the recent introduction of the Afghanistan Building Codes (ABC).	Review the legal and regulatory framework to remove overlaps and redundancies in the jurisdictions and functions of the multiple institutions and improve efficiency and effectiveness.
<b>Institutional and Organizational Framework</b>	ABA is the largest construction association in the country with over 500 members—but informal small contractors are not eligible for membership and cannot therefore benefit from ABA's capacity building programmes.	Facilitate expansion of the ABA membership to include informal small contractors so that they can benefit from capacity building; or ensure they receive capacity building through other means.
<b>Institutional Capacity</b>	The capacity of local construction firms has not been fully utilized; and will likely be further underutilized following the reduction in international development aid.	Develop and strengthen the working relationship between ABA and the Government, and fully utilize the capacity of local construction firms in government-led housing projects.

	Constraints	Priority Actions
<b>Affordability and Price-to-Income Issues</b>	Formal sector housing is unaffordable for low income and poor households that make up the majority of the urban population	Develop and implement a National Housing Programme with a range of affordable housing options for different income groups..
<b>Implementation Arrangements and Instruments</b>	Public contracts for big projects are awarded to larger (and generally foreign-owned) construction firms; many of which then subcontract smaller Afghan firms,	Build the capacity (human, technical, financial and other resources) of Afghan firms to undertake large scale housing projects.



## CHAPTER ENDNOTES

1. Ghiorghis (2014)
2. <http://investinafghanistan.af/investing-in-the-construction-construction-material-sector/>
3. Ghiorghis (2014)
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5. Joya and Khan (2014)
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11. Enclude (2013)
12. World Bank (2015a)
13. Ghiorghis (2014)
14. See ABA website at: <http://www.aba.af>.
15. See UN-HABITAT (2011)
16. Interview with Naeem Yassin, President, ABA on 05/03/2016.
17. MoCI and MoMP (2015)
18. They are typically financed by large donors like the World Bank, Asian Development Bank or United States Agency for International Development (USAID).
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25. Lister and Karaev (2004)
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34. Lister and Karaev (2004)

# URBAN PLANNING AND HOUSING SUPPLY

Urbanization is rapidly transforming the spatial and socio-economic development landscape of Afghanistan, with spill-over effects beyond the municipal boundaries. This dynamism is reflected in the flows of people, goods, resources, capital and services within the city region.<sup>1</sup>

## 11.1 LINKAGES BETWEEN SPATIAL AND URBAN PLANNING AND HOUSING SUPPLY

Spatial planning frameworks substantially influence housing supply as the allocation of land for housing is primarily done in local spatial plans.<sup>2</sup> Indeed, a primary objective of spatial planning is to improve the living conditions in urban areas, especially for the poor, by enabling them to get legal and secure access to land, and basic infrastructure and services,<sup>3</sup> which are both fundamental requisites for housing development. Spatial planning also aims to ensure efficient and effective use of available urbanised land consistent with social, cultural and climatic conditions. In most cases, this implies that spatial planning aims at more compact urban areas, which will reduce the rural land required by urban population growth and expansion, and thus urban sprawl; and also reduce pressure on transportation systems.<sup>4</sup>

A medium to long-term spatial development strategy can be instrumental in helping to ensure that housing needs are met. It can do so through integrated territorial development, recognising the need for balanced land use not only within, but also between regions at different spatial levels, and the links between housing and employment, in both urban and rural areas.<sup>5</sup> There has however been limited realistic and grounded spatial planning

in Afghanistan. Effective spatial planning has been constrained by various aspects of the local context, such as the weak and ambiguous regulatory framework governing urban land. Over the last ten years, cities have expanded rapidly without effective spatial planning and consequently limited access to serviced land, in particular for housing development. This, together with the lack of a national policies and regulatory frameworks to guide urban and housing development, has resulted in poor management of the urban transition the country is going through. The result has been development and expansion of informal settlements and consequent low-density sprawl; and increasing socio-spatial inequality and segregation.<sup>6</sup>

To address these challenges, it is proposed to distinguish five city regions, as shown in Table 47. A city region is defined as “an area surrounding a city that has daily functional economic, social and environmental interdependencies”.<sup>7</sup> It is also proposed to develop a National Spatial Strategy (NSS) as part of a National Urban Policy (NUP) and aligned with the Urban National Priority Programme (U-NPP) to address the long-term challenges of population growth, spatial distribution, economic development and targeted public investments.<sup>8</sup> The NUP will seek to manage and take advantage of urbanization while also addressing its inevitable challenges. The NSS will provide a framework for regional and city-regional planning and spatial aspects of the NUP, taking into account national rural strategies and interventions.<sup>9</sup> The U-NPP is founded on three key pillars:

- 1) Strengthen urban governance and institutions;
- 2) Ensure adequate housing and access to basic services for all; and
- 3) Harness urban economy and infrastructure.

TABLE 47 CITY REGIONS POPULATIONS

City Regions	Municipalities	Estimated Population in 2015/16 (thousands)		
		Urban	Rural-Urban Fringe	Total city Region
<b>Kabul</b>		3,266 – 3,919	1,570	4,836 - 5,489
<b>Jalalabad</b>		342 – 410	1,199	1,541 - 1,609
<b>Kandahar</b>		524 – 629	679	1,203 - 1,308
<b>Herat</b>		798 – 957	729	1,527 - 1,686
<b>Mazar</b>		620 – 744	969	1,589 - 1,713
Estimated population in five city regions		5,550 – 6,659	5,146	10,696 - 11,805
Others 41 Provincial and District Municipalities		2,838 – 3,405		
<b>Total Population</b>		<b>8,388 – 10,065</b>		

Source: UN-Habitat, 2016<sup>f</sup>

## 11.2 ACCESS TO URBAN LAND, SECURITY OF TENURE AND URBAN SPRAWL

Afghanistan's urban land use has undergone significant changes since 2001. This has been largely the result of huge numbers of rural-urban migrants and IDPs seeking job opportunities and/or security, and a massive influx of refugee-returnees to cities and towns across the country. Today, approximately one in four Afghans live in urban areas making access to land, security of tenure and urban sprawl key issues.

The five Afghan city regions with the highest population—Kabul, Herat, Mazar-i-Sharif, Kandahar and Jalalabad—are undergoing rapid and spontaneous spatial expansion, and are sprawling into the peri-urban areas and rural hinterlands. Much of this sprawl is the result of low-density informal housing development. This is impacting adversely on agricultural output as fertile agricultural lands are converted into built areas. Uncontrolled appropriation of agricultural lands within the city regions is not only disrupting rural livelihood opportunities, but also threatening the natural environment and ecosystems.

Rapid urban growth over the past decade without effective spatial planning, and limited access to formal land and housing, has thus resulted in informal, low-

density sprawl; significant infrastructure deficiencies and increasing socio-spatial inequality and exclusion. With the unregulated urban expansion,<sup>10</sup> housing is being constructed on land acquired through informal processes with, therefore no security of tenure. The housing is also being built without official planning and building permission. There are consequently numerous informal land ownership claims and frequent land disputes.<sup>11</sup>

## 11.3 HOUSING SUPPLY AND URBAN SPRAWL

Afghanistan—and Kabul in particular—has seen an increase in housing supply in the recent past as a result of many large-scale developments and settlements. Municipalities, MUDH and MoRR have several public sector projects in the planning and development stages. The municipalities' programmes mostly cover the provision of serviced plots with clear titles for housing construction, while the MUDH initiatives will provide completed housing units.<sup>11</sup> These initiatives are however grossly insufficient to meet the need.

All this new supply is furthermore being sold at prices that are only affordable for high-income households—meaning that there is currently no formal supply of low-income housing, or any public initiatives that are affordable for middle and low-income households.

The focus has instead been on providing incentives for households living in informal urban settlements to move out of urban centres and relocate to peri-urban areas, ‘new towns’ (such as the new Kabul city), ‘small towns’ near urban centres (locally known as *sharaks*) or to rural areas.<sup>13</sup>

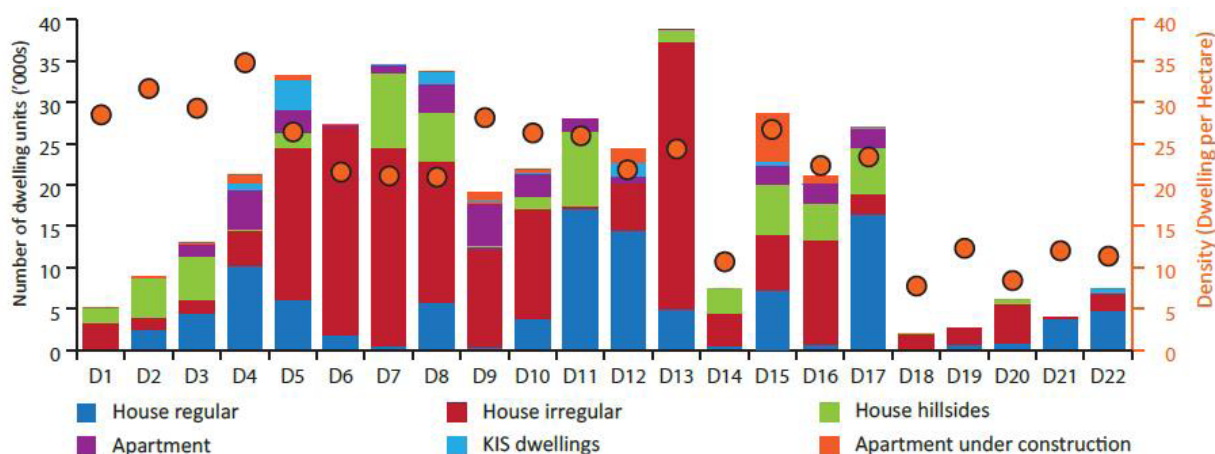
The vast majority of urban poor and low-income households have thus been compelled to seek accommodation in informal settlements which is within their affordability. This has led to spatially inefficient land use patterns of informal housing developments in unsuitable locations such as unstable hillsides, flood-prone areas and formerly productive agricultural areas. Illegal occupation of land or ‘squatting’ by rural-urban migrants, IDPs, returnees and other poor, marginalized and disadvantaged groups has also contributed to the ad-hoc development of residential land and urban sprawl. However, while it may be necessary to relocate households living in unsuitable or hazardous sites, the greater part of informal housing can be cost-effectively upgraded through tenure regularization and provision of basic infrastructure and services. Given that an estimated over 70% of Afghan urban households are living in informal housing with limited access to services<sup>14</sup> such as water, sanitation and electricity, this has significant

implications for any housing strategy. However, the cost implications of retrofitting infrastructure through upgrading interventions versus the cost of providing serviced land in suitable locations needs to be taken into consideration.

## 11.4 HOUSING DENSITY

Land use in Afghan cities is characterised by low residential densities—on average 19 DU/ha or 142 people per hectare—in comparison with international norms.<sup>15</sup> However, provincial capitals have an average residential density of 22 DU/ha, which is significantly higher than the average of 14 DU/ha in the surrounding towns and urban villages. In Kabul, the average residential density varies significantly from one district to another depending on the housing typologies that are to be found in the district. For example, as Figure 53 shows, District 5 has a diversified housing stock, a large number of dwellings (25,570 houses and 3,134 apartments) and, consequently, a high density of 26 DU/ha. In comparison, District 13 which is mostly irregular housing (32,996 irregulars and 572 hillside) has a lower density of 24 DU/ha. Overall, inner city districts have significantly higher densities than those on the periphery.<sup>16</sup>

FIGURE 53 DWELLINGS BY DISTRICT AND DENSITY IN KABUL CITY



Source: UN-Habitat, 2015g

The low housing densities in many Afghan cities are mainly because of the large areas of subdivided, unoccupied land (vacant plots) that are to be found in many cities, as explained in Chapter 8.8.2. Providing basic infrastructure and services to low-density residential areas is inefficient and costly, and

significantly limits viable public transport options. However, as explained earlier, the vacant plots offer significant opportunities for new housing construction and densification; and with proper planning can meet the need for urban land for housing for several years to come, as shown in Table 34.



## 11.5 MIXED USE DEVELOPMENT

Residential areas occupy the largest proportion of the built-up area in almost all cities in Afghanistan—on average 42%. Industrial, commercial and institutional land uses occupy a relatively small proportion of urban land in comparison with global norms—accounting for, on average, only 2.6%, 2.9% and 12.4% respectively. However, all cities also have high rates of irregular residential land use. In Kabul, for example, unplanned residential areas, residential development on hillsides, IDP settlements and Kuchi camps cumulatively account for 71.5% of the total residential area.<sup>17</sup>

Kabul is the only city in Afghanistan where apartments

constitute a significant share of the housing stock. In total, apartments account for 7.8% of the total housing stock, with 5.8% being solely apartment buildings and 2% being mixed-use apartment buildings with commercial uses on ground floors. Such apartment buildings are occupied by high-income households, which are the only ones that can afford them. However, mixed-use is also common in informal settlements in which the majority of low income and poor households live and work. Many compounds and dwellings accommodate home-based enterprises (HBEs), mixing residential use with commercial, service or light industrial uses. HBEs play a crucial role in providing employment and income opportunities, especially for women (Figure 54).

FIGURE 54 A ROADSIDE SHOP ATTACHED TO THE OWNER'S PRIVATE HOME



A key objective of the Kabul Municipality Land Use Policy<sup>18</sup> is to facilitate the future residential, industrial and commercial development of greater Kabul City. Under the Policy, one of the responsibilities of the Urban Planning Department is to develop land use policies that maximize opportunities to create new residential or mixed-use communities that promote a good mix of housing typologies, sizes and prices.

Indeed, there is a worldwide policy shift with regard to affordable housing from isolated mono-functional high-rise apartment buildings towards well-connected high-density mixed-used housing units, which also includes a strategy to upgrade existing informal settlements<sup>19</sup> the 'twin track approach described in the following chapter.



## 11.6 SPATIAL SEGREGATION

At the national level, Afghanistan has evident inherently spatialized regimes of inequality.<sup>20</sup> At the country level, wealth and affluence are increasingly being concentrated in urban areas in the north, while the poorest provinces, where more than half the Provincial Development Plans (PDPs) identified housing for the most vulnerable as a priority, are in the South.<sup>21</sup>

In urban areas, informal settlements are spatially disengaged from broader urban systems and excluded from mainstream urban opportunities. There is also fairly clear segregation according to income groups, especially in cities with substantial IDP populations. However, in the case of the spatial location of some of the IDP camps in some cities—for example, Kabul, Herat and Nangarhar—poor IDP communities live among wealthy host communities, but there is little social interaction between them.<sup>22</sup> The evidence

suggests an inextricable link between spatial location and the persistence of intergenerational poverty and economic inequality.<sup>23</sup>

## 11.7 BRIEF CONCLUSION

Eliminating informal, unplanned urban sprawl and urban spatial segregation will require smart inclusive planning, particularly by increasing access to affordable land, infrastructure and basic services, and adequate housing, as summarized in Table 48. Indeed, the key concerns that are consistently raised by Afghan urban dwellers include housing, employment, accessibility and safety, which are strongly correlated to urban form. Comprehensive spatial and urban planning can help provide efficient, inclusive and sustainable use of land for housing development; promote citywide informal settlement regularization and upgrading;<sup>24</sup> and provide a framework for implementation of affordable housing programmes and projects.

TABLE 48 SMART INCLUSIVE PLANNING

Scenario 1: Informal, unplanned sprawl	Scenario 2: Smart inclusive planning
<b>Uncontained, informal, low- density, haphazard sprawl</b>	<b>Compact development with infill and planned city development and extensions</b>
Poor access to basic services, high cost, low coverage, inefficient networks	Infrastructure provided incrementally, systematically and affordably
<b>Continued informal and illegal housing, squatting, and informality</b>	<b>A range of accessible and affordable land and housing options provided to meet demand</b>
Rapid loss of agricultural and green land, burden on local ecosystems	Environmental protection and resilience, equitable sharing of natural resources
<b>Water pollution, poor waste and water management</b>	<b>Exective, healthy and equitable water management</b>
Socio-spatial segregation of land uses and income-levels	Socio-spatial integration, mixed land-uses
<b>Congestion, pollution, limited public transport options,</b>	<b>Efficient and sustainable transport options</b>
Limited investment, increasing informality	Investment promoted and expanded, creating jobs
<b>Decreasing public space, civic responsibility, and urban safety and security</b>	<b>Public space defined and celebrated, urban safety and</b>

Source: UN-Habitat (2015b)

## CHAPTER ENDNOTES

1. *UN-Habitat (2016g)*
2. *United Nations (2004)*
3. *UN-Habitat (2008)*
4. *Payne (2000)*
5. *Barlow et al. (2002)*
6. *GolRA (2015, p.vii)*
7. *UN-Habitat (2016b)*
8. *UN-Habitat (2016f)*
9. *GolRA (2016); UN-Habitat (2016e)*
10. *GolRA (2015)*
11. *Peikar (2016)*
12. *Interview with H.E. Mohammad Yousef Pashtun, and Engr Nadir Omar, Director, MUDH, December 19, 2009.*
13. *Peikar (2016)*
14. *GolRA (2015)*
15. *GolRA (2015)*
16. *UN-Habitat (2015g)*
17. *GolRA (2015)*
18. *GolRA (n.d.)*
19. *UN-Habitat (2016e)*
20. *Ward (2011)*
21. *GolRA (2008)*
22. *See UN-Habitat (2016c).*
23. *UN-Habitat (2015c)*
24. *UN-Habitat (2015b)*
- 25.

## RECOMMENDATIONS AND WAYS FORWARD

Afghanistan's rapid and irreversible progression towards a predominantly urban country makes the need to address the persistent lack of adequate housing all the more pressing. To cope with urban growth in the coming decade, Afghanistan needs to build 41,000 housing units per year<sup>1</sup>—which translates to eight (08) units per working hour. Most (77%) of the housing need is for affordable housing units for low and very-low income households that can spend a maximum of US\$ 100 per month on housing costs.

In addition to the need for new affordable housing, Afghan cities are faced with widespread informal settlements, which account for 70% of the urban housing stock and are characterized by severely inadequate housing conditions. Indeed, the majority (86%) of the current urban housing stock can be classified as 'slum' based on the UN-Habitat definition of not fulfilling one or more of the following criteria: (i) security of tenure (ii) access to a safe water source, (iii) improved sanitation; (iv) durable, structurally sound housing materials; and (v) adequate living space.<sup>2</sup> This equates to nearly 600,000 dwelling units in the 34 Provincial Capitals. Informal settlements are, in many cases, developing at the periphery of provincial capitals, thereby contributing to urban sprawl and jeopardizing environmental sustainability. There is thus urgent need for **regularization and upgrading** of informal settlements to improve tenure security, infrastructure and services access, and housing structure conditions; and to support sustainable urban development.<sup>3</sup>

In response, the Government should develop, approve and implement a national housing policy and national housing strategy that reposition housing at the centre of its efforts to promote sustainable urban development.<sup>3</sup> Fortunately, both of these efforts are currently underway. Fundamentally, the policy and strategy need to address new housing delivery; informal settlement upgrading; access to land for housing; and housing finance; as well as sustainable building materials and construction approaches.

The following outlines recommendations and the proposed way forward for the Government to ensure that the right of all Afghans to adequate housing is fulfilled.

### 12.1 NATIONAL HOUSING POLICY

Every Afghan has the right to adequate housing, as described in Chapter 1.3; and it is the obligation of the Government to take appropriate action to promote, protect and ensure the full and progressive realization of that right. A fundamental step in this regard is the formulation of a National Housing Policy that will provide a comprehensive framework for Government action to address the existing and projected housing need. In this regard, rather than being directly involved in the planning, construction, and operation and maintenance of housing, the Government should create an 'enabling environment' for the housing sector. This means facilitating and supporting the private sector, the informal sector, communities and households, and other actors to supply a range of affordable housing alternatives in urban and rural areas throughout the country. A key action in this regard is removing land and infrastructure supply constraints.

### 12.2 NATIONAL HOUSING STRATEGY

The Urban National Priority Programme (U-NPP) established by the Government and especially MUDH seeks to make Afghanistan "a network of dynamic, safe, liveable urban centres that are hubs of economic growth and arenas of culture and social inclusion through decentralized urban planning and participatory urban governance."<sup>4</sup> The U-NPP is founded on three key pillars:

- 1) Strengthen urban governance and institutions;
- 2) Ensure adequate housing and access to basic services for all; and
- 3) Harness urban economy and infrastructure.

TABLE 49 THE U-NPP AND ADEQUATE HOUSING FOR ALL AFGHANS COMPONENTS OF U-NPP PILLAR 2

Component 2.1	Promoting new affordable and social housing
Component 2.2	Establishing a responsive Islamic national housing finance system
Component 2.3	Upgrading informal settlements to integrate slum dwellers into the city fabric
Component 2.4	Undertake urban renewal in the five major cities to transform inner-city neighbourhoods
Component 2.5	Extending sustainable basic urban services and facilities to all households

Source: {UN-Habitat, 2016 #273}

In the U-NPP, housing is fundamental to sustainable urban development in Afghanistan. Pillar Two focuses on “adequate housing for all Afghans” and comprises the five components listed in Table 49.

Ensuring adequate housing and access to basic services for an additional six million people by 2050 is an immense challenge for the government, which will require the formulation and implementation of a National Housing Strategy (NHS). Based on the prevailing housing situation, it is recommended that a ‘twin track’ strategy—upgrading existing informal settlements while also ensuring an adequate supply of appropriately located land and new housing, as illustrated in Figure 55 and summarized in Table 50—be adopted. This is essential to provide affordable housing options and reduce the continued

development and expansion of informal housing and settlements. Constructing new apartment buildings only will not meet the huge and growing demand for urban housing, and will be unaffordable for the vast majority. Likewise, upgrading existing informal settlements will not only take considerable time, but will not in itself address the growing urban housing demand, especially for middle-income housing.<sup>5</sup> A comprehensive national housing programme based on the twin track strategy, such as is briefly described below, can be instrumental in resolving the affordable housing conundrum.

FIGURE 55 THE ‘TWIN-TRACK’ STRATEGY



Source: {UN-Habitat, 2015 #21}

TABLE 50 THE 'TWIN TRACK' APPROACH – CURATIVE AND PREVENTIVE MEASURES

Curative: upgrade informal settlements	Preventive: provide affordable housing alternatives
<ul style="list-style-type: none"> <li>• Review and approve policy on 'upgrading and regularization of informal settlements'</li> <li>• Use the issuing of safayi certificates and the increase in tenure security as a vehicle to improve informal settlements and related investments;</li> <li>• Continue with community based settlement upgrading (e.g., Urban Solidarity Programme; LIVE-UP);</li> <li>• Relocate households if upgrading is not possible (land disputes (e.g. KIS), unsuitable locations (e.g. steep slopes, prone to natural hazards) or areas under (market) pressure of redevelopment</li> </ul>	<ul style="list-style-type: none"> <li>• Regulatory framework, review planning and building regulations and standards that are currently unaffordable, counterproductive and not suitable for the realities of Afghanistan</li> <li>• Provide land occupancy rights for eligible low income households</li> <li>• Promote incremental development of infrastructure</li> <li>• Promote sites-and-services and incremental housing development schemes.</li> </ul>

## 12.3 NATIONAL HOUSING PROGRAMME

One of the proposed flagship actions under the U-NPP is a National Housing Programme (NHP). As indicated in Box 3 in Chapter 5.0, the government, through MUDH, has in fact been working on a programme to build 150,000 housing units in 157 locations across the country. Some of the projects have been completed, some are under construction, and others are in the planning stage. Those that have been completed are however beyond the affordability levels of low as well as middle income households.

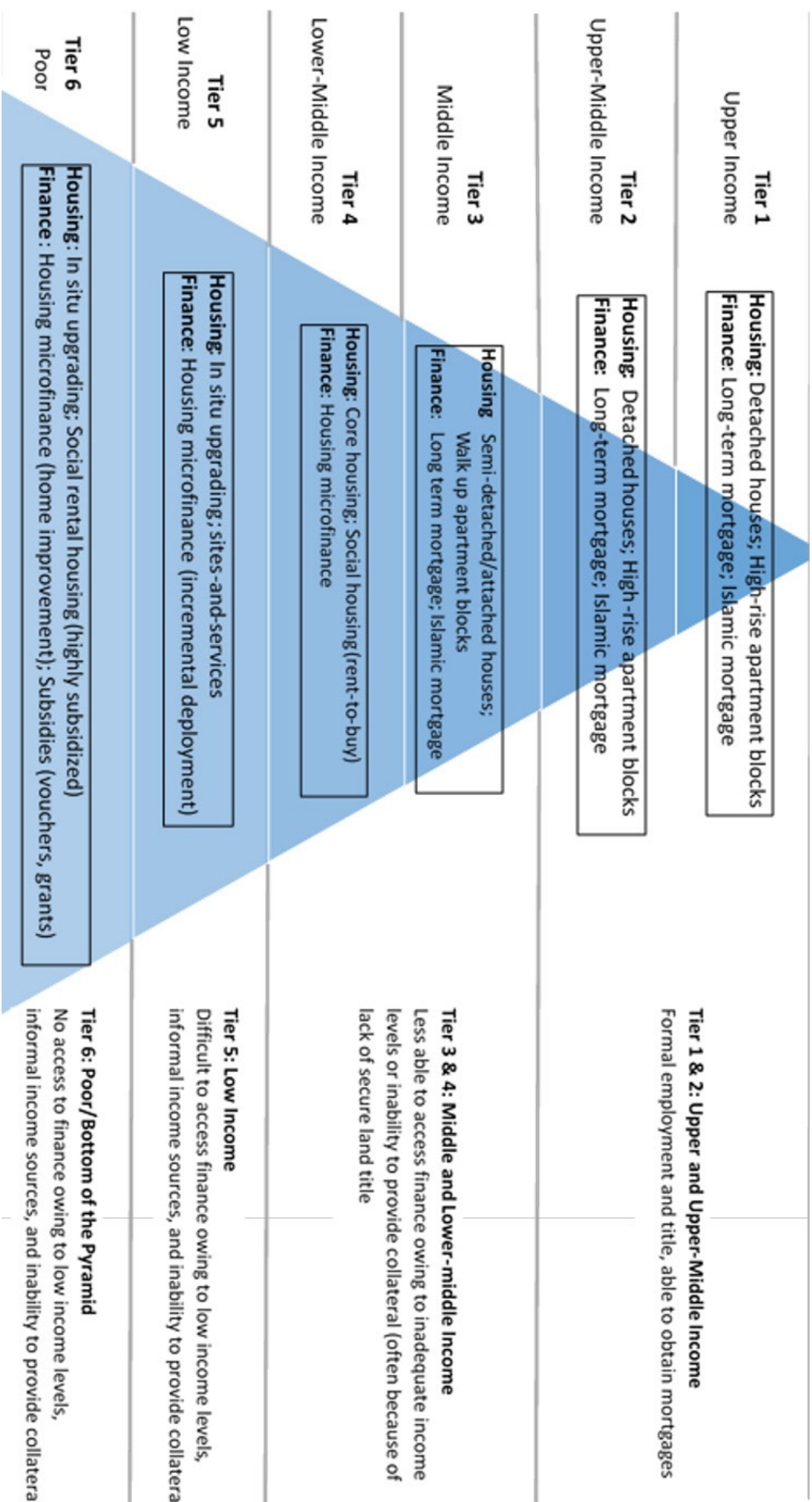
The proposed NHP should therefore build on these ongoing initiatives; but it should be more comprehensive in scope, and directly or indirectly address the housing needs and affordability levels of all the income segments shown in Figure 33 in Chapter 6.2, as summarily illustrated in Table 51. The NHP should provide for a range of housing typologies targeted at different income levels to ensure that a range of housing options are available. The range and quantity of housing typologies for each income segment should be determined by the proportion of the population in each segment. For purposes of efficient and effective implementation of the NHP, it will be imperative to have a clear, coherent and well-coordinated institutional framework in place, and to ensure that the institutions are well resourced. The NHP will be guided by the NUP and NSS.

As figure 55 shows, only the upper and upper-middle income segments of the population at the top of the pyramid can afford housing supplied by the formal sector at market rates. Households in this income range can afford and are eligible for a long-term mortgage to purchase detached houses or apartments, which are currently supplied by the private sector and government-led schemes. The NHP should therefore facilitate the role of the private sector, in particular by removing land and infrastructure supply constraints. In addition, government led housing projects sold at market rate and affordable only to high income earners should be used to subsidize bottom of the pyramid (BoP) housing, as explained below.

There is currently almost no supply of middle and lower middle-income housing,<sup>6</sup> which is one of the reasons for the very high proportion of urban households living in informal settlements, as explained in Chapter 5.3.6. This should therefore be an important focus of the NHP. In addition to offering affordable housing options for middle-income households, the NHP should offer affordable finance options such as long-term micro mortgages and HMF.



FIGURE 55 THE 'TWIN-TRACK' STRATEGY



Source: After Mahboma, 2012 and (ShoreBank International, 2011 #271)

Poor households at the BoP are likely to only be able to afford heavily subsidized housing, while the low-income households may be able to afford to build their own housing incrementally if they are provided with well-located serviced plots and affordable housing finance and technical support. The former would suggest social rental housing and the latter sites-and-services schemes with housing support services (HSS), such as those provided by the international NGO Habitat for Humanity, and under Lafarge's Affordable Housing Programme. In this regard, the traditional Afghan courtyard house reflects several principles of environmental, technological, economic, and socio-cultural sustainability which can potentially be incorporated into contemporary housing design and construction through appropriate adaptation and improvement. The courtyard house also lends itself readily to incremental construction.

Given that over 70% of urban dwellers are housed in informal settlements, and that most of them would likely still not be able to afford the cost of a subsidized housing unit under the NHP even, the Government should prioritize upgrading of informal settlements should be prioritized. In this regard, it should channel housing subsidies to slum upgrading and housing improvement in existing informal settlements rather than channelling them all to low income social housing. The subsidies can be better targeted to

improving water, sanitation, access roads and other infrastructure in informal settlements. It will be essential to ensure that subsidy programmes are of an appropriate and affordable scale, well-targeted, measurable, and transparent, and avoid distorting the housing markets

In terms of housing finance, there is strong need for government to engage with relevant stakeholders in the private and civil society sectors. Such engagement should focus on producing a pragmatic, consensus strategy supported by an institutional framework that establishes a responsive housing finance system. Once developed, government must work to strengthen functional practices while addressing bottlenecks. Examples of functioning housing finance practices include cross-subsidization of MUDH's apartments programme, FMFB-A's housing microloans and the enduring grawee financing mechanism. Through such an approach, the NHP can develop an effective housing finance component that can contribute to progressively ensuring all Afghans have access to adequate housing.

In conclusion, Table 51 summarizes the "Don't and Dos" of the NHP, which if followed can help ensure efficient and effective implementation of the Programme.

TABLE 51 DON'T AND DOS OF THE NATIONAL HOUSING PROGRAMME (NHP)

	Don't	Do
1	<i>Don't focus only on the cities and towns: the challenges and opportunities are also beyond the urban boundaries</i>	<p><b>1A:</b> Develop a <b>National Urban Policy (NUP)</b> and National Spatial Strategy (NSS), to which the NHP will be aligned; Promote the development of secondary cities to reduce pressure on the primary city, Kabul.</p> <p><b>1B:</b> Improve the institutional framework and coordination between relevant institutions (e.g., MUDH, other relevant ministries and line departments, Municipalities, ARAZI, AUWSSC) for improved strategic planning, service delivery and urban monitoring.</p>
2	<i>Don't focus on large- scale apartment programmes: they are not affordable to the vast majority living in informal settlements</i>	<p><b>2A:</b> Expand regularization and upgrading (e.g. Kabul Solidarity Programme) of informal settlements and irregular and hillside areas, through participatory approaches;</p> <p><b>2B:</b> Review, approve and implement the existing Informal Settlements Upgrading Policy.</p> <p><b>2C:</b> Implement a sustainable solution for the Kabul Informal Settlements (KIS) in line with the National IDP Policy.</p>
3	<i>Don't promote low- density expansion an urban sprawl: it is expensive to service and is environmentally problematic</i>	<p><b>3A:</b> Make better use of existing urban land through preparation and implementation of local spatial plans;</p> <p><b>3B:</b> Encourage infill and densification, through development of existing vacant plots as part of better urban planning and design, and innovative housing development models, to achieve suitable densities;</p> <p><b>3B:</b> Implement incentives to stimulate more efficient use of land (e.g. tax vacant plots, land readjustment/value capture mechanisms);</p> <p><b>3C:</b> Recognise and protect agricultural land through planning and enforcement of city-region growth trajectories/boundaries.</p>
4	<i>Don't focus only on land titling: it is a Don't focus only on land titling: it is a driver of conflict, and is time consuming and expensive driver of conflict, and is time consuming and expensive</i>	<p><b>4A:</b> Recognise the continuum of land rights and adopt an incremental approach to land titling and improved land administration and management;</p> <p><b>4B:</b> Implement the MGSP safayi system approach countrywide to improve de facto and eventually de jure tenure security</p> <p><b>4C:</b> Use land to increase municipal revenues for service delivery (e.g., Safayi tax; tax vacant land plots).</p>
5	<i>Don't neglect the significant infrastructure deficiencies: they impact on household well-being and socio-economic development</i>	<p><b>5A:</b> Address the major challenges in urban water and sanitation services delivery, in particular by building the capacity of AUWSSC;</p> <p><b>5B:</b> Address urban accessibility and mobility challenges through, among other ways, upgrading access roads (i) improved traffic management; (ii) promotion of transit-orientated development; (iii) expansion of 'public/ shared' transport options.</p>
6	<i>Don't forget the population is:</i> <ul style="list-style-type: none"> <li>• 33 % living in absolute poverty</li> <li>• 50 % women</li> <li>• 44 % children (under 15)</li> <li>• 21 % youth (aged 15-24)</li> </ul>	<p><b>6A:</b> Adopt a pro-poor approach, recognising the economic constraints of most households which therefore requires incremental tenure and housing solutions;</p> <p><b>6C:</b> Implement gender sensitive approaches (e.g. in neighbourhood planning, design of housing projects);</p> <p><b>6D:</b> Focus on labour-based infrastructure construction and maintenance in informal settlements and low-income neighbourhoods that can provide jobs for the youth.</p>

Source: After {UN-Habitat, 2015 #249}

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## CHAPTER ENDNOTES

1. *GolRA (2015)*
2. *GolRA (2015)*
3. *UN-Habitat (2015f)*
4. *UN-Habitat (2016h)*
5. *UN-Habitat (2015e)*
6. *Rizvi (2013)*

## ANNEX 1: BASIC INSTITUTIONS OF AFGHAN GOVERNANCE AT A GLANCE

**Presidency:** The head of government is currently held by President Mohammad Ashraf Ghani, elected to a five-year term in 2014. The President has extensive de jure powers over government rulemaking, budgets, and appointments, though he is dependent on international donors and domestic power brokers for support.

**Parliament:** A bicameral legislative body. The lower house is directly elected in a nationwide vote, and the other is a combination of President appointees and nominees by provincial and (yet-to-be constituted) district councils. Parliament confirms ministerial appointments and some other positions, and it approves the national budget. But otherwise it possesses weak powers of oversight.

**Independent Directorate of Local Governance:** (An) office established in 2007 that is headed by a presidential appointee. It has extensive powers over appointments, assessments, and funding of subnational governing bodies, and works with the ISAF to support local councils and militias as part of the internationally supported counterinsurgency campaign.

**Independent Administrative Reform and Civil Service Commission:** Principal body in charge of recruiting the Afghan government civil service, bureaucratic reconstruction, and public administration reform. It will have some control over district governors' appointments under new subnational governance policy. Special Advisory Board on Appointments: Independent body that vets prospective presidential appointees to senior posts, principally cabinet ministers and provincial governors.

**Line Ministries:** The cabinet ministries responsible for delivering services in Afghanistan whose heads are confirmed by parliament. Central ministries hold extensive control over the budgeting process for their offices all levels of the country.

**Provincial governor:** Appointed by the president in consultation with the IDLG and Special Advisory Board. The governor is required to testify before provincial council at least once monthly under the new subnational governance law, but otherwise this person is not directly accountable to provincial constituents.

**Provincial Administrative Assembly:** Weekly forum chaired by the provincial governor that is intended under the new subnational governance policy to coordinate administrative and security policy between local offices of the line ministries and security services. No directly elected representatives are members.

**Provincial Development Council:** Monthly forum chaired by the provincial governor that is intended to coordinate the development and assistance activities of local line ministries and international aid organizations. The provincial council chairman is a member. The PDC also prepares and submits a provincial budget plan to be reconciled with line ministry budgets at the national level.

**Provincial Council:** Directly elected bodies (most recently in August 2009) intended to serve an oversight function on provincial government, but have weak powers of enforcement. The council approves the provincial budget proposed by the PDC before its submission to the central government.

**District Governor:** Government official at the district level with considerable power as a "gatekeeper" to government services. The governor is appointed by the president in consultation with the IDLG, IARCSC, and provincial governor.

**District Council:** Yet-to-be-elected bodies mandated by the Afghan constitution who are intended to serve an oversight function on district governors and identify needs at the district level for consideration in provincial planning. In their absence other forms of ad hoc councils have been established by IDLG and the National Solidarity Programme.

**Mayor and Municipal Council:** Positions with control over municipal services and legislation and the power to retain revenues for municipal activities. No elections have yet been held for any of these positions and they are instead appointed by the president and IDLG.

**Village and Community Councils:** Yet-to-be-elected bodies intended to identify needs at the lowest level, administer development projects, and oversee government activity in their areas. In their absence traditional forms of community organization, National Solidarity Programme-established councils, and armed conflict actors form the principle governance institutions at the lowest level.



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## ANNEX 2: MINIMUM CRITERIA FOR ADEQUATE HOUSING

The UN-Habitat Global Housing Strategy: Framework Document cites the Habitat Agenda definition of “adequate shelter”, which is as follows:

*“Adequate shelter means more than a roof over one’s head. It also means adequate privacy; adequate space; physical accessibility; adequate security; security of tenure; structural stability and durability; adequate lighting, heating and ventilation; adequate basic infrastructure, such as water-supply, sanitation and waste-management facilities; suitable environmental quality and health-related factors; and adequate and accessible location with regard to work and basic facilities: all of which should be available at an affordable cost. Adequacy should be determined together with the people concerned, bearing in mind the prospect for gradual development.”*

According to the United Nations Committee on Economic, Social and Cultural Rights (CESCR), “adequate housing” must, at a minimum, meet the following criteria—which are just as fundamental as the basic supply and availability of housing

- Security of tenure: housing is not adequate if its occupants do not have a degree of tenure security which guarantees legal protection against forced evictions, harassment and other threats.
- Availability of services, materials, facilities and infrastructure: housing is not adequate if its occupants do not have safe drinking water, adequate sanitation, energy for cooking, heating, lighting, food storage or refuse disposal.
- Affordability: housing is not adequate if its cost threatens or compromises the occupants’ enjoyment of other human rights.
- Habitability: housing is not adequate if it does not guarantee physical safety or provide adequate space, as well as protection against the cold, damp, heat, rain, wind, other threats to health and structural hazards.
- Accessibility: housing is not adequate if the specific needs of disadvantaged and marginalized groups are not taken into account.
- Location: housing is not adequate if it is cut off from employment opportunities, health-care services, schools, childcare centres and other social facilities, or if located in polluted or dangerous areas.
- Cultural adequacy: housing is not adequate if it does not respect and take into account the expression of cultural identity.

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