Incremental Regularization of Informal Settlements
The UN-HABITAT Approach

Achieving Development and Security
Governance and Development Support Programme
The case of Kandahar, Afghanistan

FOR A BETTER URBAN FUTURE
UN-HABITAT
Transforming the city of Kandahar

Integrated improvement of informal urban settlements

A possible solution
to achieve development and security

UN-HABITAT assisted the Municipality of Kandahar to develop a City Profile and Strategic Municipal Action Plan (SMAP) through a participatory process. Key priorities of this SMAP process are:

Good Governance
Through the establishment of Community Development Councils (CDCs), support is given to the decentralization process to increase and streamline government-citizen relations and to increase the effectiveness of Municipal Government.

Infrastructure and Environment
Community Action Plans are developed in order to identify priorities in each community, e.g. increase access to water, rehabilitate/construct key city infrastructure and improve health and sanitation environment through provision of eco-toilets.

Land Management and Revenue Generation
Improvement of municipal financial management is realized through the development of a revenue base and the levying of property taxes.

These highly inter-related activities aim to achieve a settlement regularization process, in which the inhabitants will benefit through increased levels of service provision, a sense of belonging to the area through active CDCs and obtain land titles. These concrete actions should help to transform the city and contribute to an increase in the security of Kandahar.
Project Objectives and Approach

The Governance and Development Support Programme (GDSP) in Kandahar funded by CIDA has the following key objectives:

- Community Development through the establishment of CDCs
- Increasing security of tenure, through community and municipal acceptance of occupancy rights (de facto security of tenure) and in a later stage, issuing of land titles (de-jure security of tenure)
- Upgrading of settlements through provision of infrastructure
- Municipal revenue generation through property taxation

UN-HABITAT Approach is based on the following principles:

- Integration: security of tenure, upgrading, Tax collection and community development
- Community based participatory: CDCs, Gozar leaders, Municipality lead, UN-HABITAT support and pro-poor
- Step-by-step, incremental approach, practical, and results-based
- Appropriate Land Information Systems
- Social, Institutional, Financial, Legal and Technical Sustainable

Regularization Process

Currently many households have a low level of tenure security (and fear of eviction) and also very limited levels of access to infrastructure such as water, sewerage, electricity, and graveled roads. This situation is classified as 'A', as indicated above. It is intended that through an incremental approach, both the security of tenure and level of infrastructure could be improved and that this process should be undertaken through a participatory process not only with direct involvement of the communities (CDCs), but with active collaboration of the Gozar (sub-districts) leaders, District Managers and Municipality.

Security of Tenure is improved in two stages:
1. Acceptance of the land occupation by the Municipality ('C' and 'D')
2. Issuing of land titles ('E')
A real picture of the city

Inventory, Registration and Mapping

The incremental regularization process of the informal settlements consists of the following steps:

1. Land and Property Inventory: Each parcel is visited and data recorded on a standardized form (developed by IDLG) and after verification entered into a database by the municipality staff.
2. Registration: If no objection from Municipality, property is registered.
3. Taxation: Occupants will be issued a registration booklet and charged with a property tax.
4. Upgrading: Provision of infrastructure (currently financed by CIDA) to improve the living quality of the settlements.
5. Titling: Transfer of (government) land to the inhabitants and issuing of land titles.

GDSP in Kandahar is being implemented in District 9 in the north of the City. This large informal settlement consists of approximately 14,000 parcels of land, although many parcels are not occupied, and approximately 100,000 people are living in the area.

The database of the land inventory contains the following three groups of variables:

LOCATION: Street name, house number, block and parcel codes.

OWNERSHIP: Name of owner, father and grandfather, ID, number of persons living on the property.

PROPERTY: Owner or renter, usage of building (house, shop, mosque etc), building materials (mud, brick, concrete), plot size, building volume, perimeter wall volume, grade (indication of quality),
Geographical Information Systems

Know where each property is located

Records stored into the database have to be connected to a GIS map. Use has been made of a parcel code combining the codes for district, sub-district, building block and parcel number into a unique parcel ID. For example "09-03-015-10" indicating District 9, sub-district 3, building block 15 and parcel 10.

Mapping is normally a costly process depending on required accuracy and availability of existing maps or images. In Kandahar base-maps were created from high-resolution satellite images (Quickbird) by the International City Management Association (ICMA). The base-maps have been used to produce digitized parcels.

Map showing District 9 and the approximate boundaries of the 7 Gozars (sub-districts)

Time and Costs

The field inventory is undertaken by a team of 8 surveyors and supervised by 2 engineers.

Data of around 1,000 parcels/month are recorded. In the office 2 staff conduct data entry and record all data into the data base, including the mapping. Taking all local staff costs into account, each parcel record costs approximately USD 4.
Property Taxation and Land Titling

Property Taxation

Property tax (known in Afghanistan a sanitation tax) is an annual tax to be paid in the Municipality. It is a percentage of the assessed value of the land and improvements. Annual property tax rate = 0.003 over this assessed value for residential properties. For commercial properties, the tax rate = 0.0075 of the assessed value.

<table>
<thead>
<tr>
<th>Grade</th>
<th>Assessed Value (Afghanis)</th>
<th>Residential Use</th>
<th>Commercial Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>1,500Af/m²</td>
<td>10,000Af/m²</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>1,000Af/m²</td>
<td>5,000Af/m²</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>400Af/m²</td>
<td>2,500Af/m²</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>1,300Af/m²</td>
<td>1,300Af/m²</td>
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<tr>
<td>3</td>
<td>1,000Af/m²</td>
<td>1,000Af/m²</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>750Af/m²</td>
<td>750Af/m²</td>
<td></td>
</tr>
<tr>
<td>Mud</td>
<td>250Af/m²</td>
<td>250Af/m²</td>
<td></td>
</tr>
</tbody>
</table>

50 Afghanis = approximately 1 USD

Land

Grade 1: Mostly located in city centre. There are no Grade 1 parcels in District 9.
Grade 2: Mostly Commercial land use.
Grade 3: Residential land use < 100 metres from main street.
Grade 4: Residential land use > 100 metres from main street.

*There are in total 7 grades in theory, but Grade 5, 6 and 7 do not exist in District 9.

Building

Grade 2: Concrete High Quality
Grade 3: Concrete Low Quality
Grade 4: Brick

For example

[Case 1]
A typical example in District 9, where low-income families live, is a mud house of 350 m³ on a plot of 500m² (Grade 4) and a perimeter wall of 50m³. The assessed value is (350 m³ + 50 m³) x 250 Afghanis + 500 m² x 400 Afghanis = 300,000 Afghanis (USD6,000). The annual property tax is 300,000 x 0.003 = 900 Afghanis (USD18).

[Case 2]
A shop of low quality concrete (Grade 3) of 100m³ on a plot of 40m² has an assessed value of:
100m³ x 1,000 Afghanis + 40m² x 10,000 Afghanis = 500,000 Afghanis (USD10,000). The annual property tax is 500,000 x 0.0075 = 3,750 Afghanis (USD75)

It is estimated that District 9 has potential to raise around 200,000 per year on property tax.

Land Titling

The registration booklet, issued by the Municipality (a type of temporary deed) to record whether the property taxation is being assessed, is considered as a first step towards obtaining legal title of the land. The Municipality has recently become an owner of the land, and is willing to sell the land to the inhabitants for a fee of 35 Afghanis / m² (Land fee for commercial use is relatively higher than for residential use.) The fee is well below the real market value of the land (approx. 350 Afghanis/m²). Incentives for all parties can be increased, since the inhabitants receive a land title (although it takes a long legal process), and the Municipality obtains revenues (approximately USD 2.5 million for the parcels in District 9). CIDA and UN-HABITAT contribute to the security and consolidation of around 100,000 people in Kandahar.
Use of Revenues and Community Development

Revenues

The collection on a sustainable annual basis of property tax to increase the Municipal revenues can only be achieved if the taxes are re-invested through area-based programs and projects of public works. With this sustainability in the property taxation, visible improvement of living environment can be seen. From the taxes raised, a small portion should be used for operational costs of the personnel and maintenance of the databases.

The challenge is to have such a property tax system well established, cost-effective, transparent and institutionalized on a continuous basis. The system will strengthen local governmental departments and improve relationship between citizens and local authorities.

Community Development

UN-HABITAT has established a number of Community Development Councils (CDCs) in Afghanistan. In District 9, these CDCs receive block grants to invest in neighborhood improvement. This project in Kandahar is funded by CIDA. However, in the long run, funds should come from local or national sources. As these CDCs are familiar with “Participatory Budgeting,” in the future they also will be able to play a significant role in using the property taxes raised within the CDCs.

Challenges Ahead

While the project in Kandahar is based on the existing procedures and fully integrated within the Municipality, UN-HABITAT provides a technical support and work with the communities, with financial assistance from CIDA. The aim is to make this process sustainable and independent from technical and financial outside support.

The poor pay property taxes and the rich not? The principle of the equality should be applied, a citywide coverage of the property inventory should be developed, and taxes should be raised all over the City. While the incentives to pay taxes might be lower in other districts of the City where the prospects of obtaining land titles are absent, national and international support might be obtained for much needed public works, in case part of the funds are raised by the people themselves.

The property inventory facilitates the levying of property tax (fiscal cadastre) but additional data is required to develop the system into a legal cadastre. The transfer of the land titles to the inhabitants is in process with agreements from the national and local governments. However, legal land titles also require the approval from courts, and this is a challenge which remains to be overcome.

Land registration is seen as an element of regularization and improvement of existing informal settlements. Besides the revenue generation, improved security of tenure and physical improvements, there should be also a more strategic goal aiming to develop communities; create a sense of belonging to the area (many inhabitants are from different regions of the country such as IDPs); stimulate the economical development of the area; create employment opportunities; and increase security in general.
UN-HABITAT in Afghanistan

The UN-HABITAT has a long history of working in Afghanistan. For the past 17 years it has been involved in a wide-range of initiatives, the nature of which have undergone considerable changes with the emergence of a legitimate government since 2002. In the past, during the time when the country was virtually under anarchy, UN-HABITAT worked directly with communities in meeting their essential basic needs - shelter, services, employment, and social inclusion. Therefore while the outputs of the initiatives that UN-HABITAT pursued during that period was always “physical”, the underlying outcomes were social cohesion, empowerment, emergence of community institutions, and widening of the opportunity to engage in socially meaningful and economically productive activities. Women and youth assumed important positions in the UN-HABITAT activities in the country right from the very beginning. With the legitimate government in place, the scope of engagement has diversified, so have the actors with the ability and resources to take up widening development agenda.

More recently, UN-HABITAT has been assisting the Government of Afghanistan through an expanding number of projects, both urban and rural, but with a common theme of community empowerment. A core element of its recent strategy has been to shift its support to the Government, both in terms of technical assistance and in terms of addressing key policy and normative issues. Within the government, working with municipal governments assumes a strategic importance in the UN-HABITAT country strategy.

The core of the UN-HABITAT country strategy is as follows:
1. Working with the government at different tiers
2. Community empowerment and supporting the people’s process of development as the fundamental pre-requisites for poverty reduction
3. Support to policy analysis in promoting pro-poor policy (Upgrading of Informal Settlements Policy Paper)
4. Emphasis on capacity building
5. Priority on addressing the needs of the community

Governance and Development Support Project (GDSP)

This Project, funded by CIDA, is to make Kandahar a stable and secure city with the capacity to provide self-sustainable service delivery, through partnerships developed with its stakeholders and institutionalized citizen friendly participatory governance mechanisms. An additional goal is to develop the capacity of National Ministries of Urban Development and Independent Directorate for Local Governance (IDLG), to promote policies of decentralized urban governance and service delivery throughout the country. The Project has four main components: Governance, Sustainability, and Service Delivery and Facilitating Policy Environment.

It will undertake an incremental settlement regularization and upgrading of thousands of plots in the informal settlements of Kandahar including raising property tax and issuing of land titles.

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