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Parties to the Agreement:

- **The Client (NAME): Afghan Urban W/S & Sewerage Corporation (AUWSSC)**
- **The Contractor: Kabul Strategic Business Unit (KSBU)**

Performance Objectives:

- **To establish the roles and responsibilities of the HQ and SBUs**
- **To improve operation and maintenance services**
- **To extend service**
- **To improve financial sustainability**

**Type of Agreement: Performance Agreement between
AUWSSC HQ and KBSU**

Duration of Contract: 3 years



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Rights, Duties, and Responsibilities of the Parties to the Agreement

The Client:

Rights:

- To inspect work progress
- To audit financial accounts

Responsibilities:

- **AUWSSC is responsible for facilitation (in all respects), as:**
 - Fund cash deficit for 3 years
 - Provide technical assistance for 3 years
 - Ensure capital investment plans are carried out



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Rights, Duties, and Responsibilities of the Parties to the Agreement:

Contractor:

Rights:

- To operate independently (without Undue interference of AUWSSC)

Responsibilities:

- To bill and collect
- Proper system operation
- Records keeping
- Assets inventory and maintenance



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Performance Standards and Targets

Minimum Performance Standards that must be achieved by the Contractor:

- **Prepare monthly progress reports**
- **Prepare monthly financial reports**
- **Maintain water quality as per WHO standards**

Penalties for Failure to Meet Minimum Performance Standards:

- **Lack of performance against minimum standards, will cause reduction/elimination of the incentives**



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Performance Targets:

- Increase in the number of connections from 35,000 to 105,000 connections**
- Expansion of the network by 100 km**
- Increase in revenue collection from 60% to 80%, leading towards sustainable cost recovery**

Incentives:

Management/employees bonus



Performance Standards and Targets (Continued)

Performance Targets Tied to Incentives:

Type of Target	Relative Weight (%)	Year 1 Target	Year 2 Target	Year 3 Target	Investment Required (h of 0 to 3)	Critical Issues
Water connections.....	70,000	15%	30%	55%		
Network extension	100 km	20%	30%	50%		
Revenue collection (increase)	20%	5%	7%	8%		
	100%					



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Adjustments to the Agreement (what are allowable adjustments; who makes them; and under what conditions?):

- **Changes to the agreement can be made at any time by agreement between the parties**



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Standards for Conditions of Assets upon Expiration of the Agreement:

N / A



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Management of the Agreement

Responsible Party for Monitoring the Contract:

- **AUWSSC Board of Directors (BoD)**

Responsible Party for Enforcing the Contract:

- **AUWSSC BoD**

Responsible Party for Resolution of Disputes:

- **AUWSSC BoD**



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Termination of the Agreement (under what conditions can contract be terminated before it expires; and how are parties compensated for early termination?)

Termination by the Client:

N / A

Termination by the Contractor:

N / A



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Additional Terms (Optional for Country Teams):

- **Contractor can outsource a percentage of the work with AUWSSC agreement**