



SIGAR

Office of the Special Inspector General  
for Afghanistan Reconstruction

June 6, 2014

Mr. William Hammink  
USAID Mission Director for Afghanistan

Dear Director Hammink:

The United States and other donor countries have reportedly invested \$4 billion in Afghan roads. As you know, the United States provided a significant proportion of those funds. USAID alone invested over a billion dollars in road projects in addition to hundreds of millions of dollars provided by the Department of Defense (DOD). Following conversations that I had during my trip to Afghanistan last fall, I'm concerned that the U.S. government may be supporting road projects in Afghanistan that will be unsustainable due to not being properly maintained.

In Kabul, a senior U.S. government official expressed his misgivings to me regarding the efficacy of U.S. and Afghan road maintenance efforts and stated that he believed maintenance problems pose a major challenge to the sustainability of Afghanistan's transportation network. A recent report in the *Washington Post* stated that Highway 1, a critical piece of Afghanistan's transport infrastructure, is nearly impassible at certain points due to damage caused by insurgent activity, coupled with a lack of road maintenance by the Afghan government.<sup>1</sup> It's reported that this road was built by U.S. and coalition partners at a cost of approximately \$3 billion. The *Washington Post* article stated that USAID ceased funding Afghan government road maintenance programs in 2012, when the agency determined that Afghan government's road maintenance efforts were inadequate.

I am concerned that roads built at great risk and expense by the U.S. and other donors are not and will not be properly maintained. I'm also troubled by reports that roads are still being built in Afghanistan despite the apparent shortage of effective maintenance plans or capacity.

To provide SIGAR with a better understanding of the status of U.S.-funded road projects in Afghanistan and the plans to sustain them, please provide a response to the attached questions, no later than June 27, 2014. Should you have any questions about this request, please contact Mr. Jack Mitchell, Director, Office of Special Projects, at [REDACTED] or [REDACTED].

Sincerely,

John F. Sopko  
Special Inspector General  
for Afghanistan Reconstruction

Enclosure I: Questions Regarding Maintenance of U.S.-funded road projects

---

<sup>1</sup> Kevin Sieff, "After Billions in U.S. Investment, Afghan Roads Are Falling Apart," *Washington Post*, January 30, 2014

## ENCLOSURE I: QUESTIONS REGARDING MAINTENANCE OF U.S.-FUNDED ROAD PROJECTS

---

- 1) USAID signed a contract in 2007 with the Louis Berger Group/Black and Veatch Joint Venture (activity code: 306-I-14-06-00517) with the activity name "Roads Operation and Maintenance Capacity Building." As part of this activity, USAID intended to establish a Road Maintenance Unit (RMU) to conduct quality assurance monitoring on road operation and maintenance activities to ensure local subcontractors are meeting the prescribed level of service.
  - a) Is the RMU currently operational? Where does that office reside in the Afghan government?
  - b) Has the RMU effectively provided quality assurance monitoring of maintenance and operation of roads in Afghanistan built with U.S. and donor funding?
  
- 2) The Washington Post article stated that USAID ceased funding Afghan government road maintenance programs in 2012, when the agency determined that Afghan government maintenance efforts were ineffective.
  - a) Did USAID stop funding road maintenance projects in Afghanistan as reported?
  - b) How has USAID funded Afghan government road maintenance programs in the past? Was it on- or off-budget?
  - c) What is the status of Afghan road maintenance efforts since U.S. funding was stopped?
  - d) Have alternative road maintenance funding sources been developed? If so, please identify them.
  
- 3) What are the plans for maintaining roads now being built or planned for the future in Afghanistan?



**USAID**  
FROM THE AMERICAN PEOPLE

**AFGHANISTAN**

**MEMORANDUM**

June 26, 2014

TO: John F. Sopko  
Special Inspector General for  
Afghanistan Reconstruction (SIGAR)

FROM: William Hammink  
Mission Director

SUBJECT: Response to SIGAR's 14-64-SP Inquiry Letter Regarding  
Maintenance of U.S.-Funded Roads in Afghanistan.

USAID thanks SIGAR for the opportunity to respond to concerns about the status of USAID-funded road projects in Afghanistan and the plans to sustain them.

Rehabilitation of national, provincial and local roads by the U.S. government has been critical to the development progress Afghanistan has seen in the last decade. Such rehabilitation has helped to extend the reach of the Afghan central government and to bring Afghanistan together. The roads have created new economic opportunities and made a tangible difference in the lives of many Afghans by increasing mobility and linking Afghans to markets, schools, and health clinics.

The U.S. Government and our international partners have rehabilitated more than 9,200 kilometers of national highways and provincial and local roads in Afghanistan, of which USAID alone has completed 2,134 kilometers. Over the past two years, the U.S. government has moved away from building roads and has focused on strengthening the Operations and maintenance (O&M) capacity of the Afghan government. Like all infrastructure, the roads USAID constructed over the past decade require maintenance. Our activities are geared toward improving sustainability of the road investments we and others have already made. This important and difficult job is now

transitioning to the Afghan government with the support of the U.S. and our international partners.

O&M of USAID funded roads was addressed by USAID in November 2007 through the development of the Road Maintenance Unit (RMU). Task Order 14, which contained the RMU, was funded in the amount of roughly \$53 million and oversaw the O&M. This activity was active until 2012, when we decided to develop the more-sustainable Road Sector Sustainability O&M project. The World Bank continued funding O&M projects which complemented the RMU.

The new USAID Road Sector Sustainability project includes four activities to include short-term O&M emergency operations, medium-term capacity building activities, and a longer-term effort to establish a road authority and road fund that will equip the Afghan government to manage its transportation infrastructure in a sustainable way. The first two activities are set to begin during the September 2014 timeframe. These activities will help to establish three new institutions: (a) an autonomous Road Authority to manage road maintenance and development, (b) an autonomous Road Fund to provide sustainable financing, and (c) a Transportation Institute to train and build capacity of Afghan professionals to plan, analyze and manage the road sector. Activities three and four are currently under design and expected to increase technical capacity and support the continued development of the newly created institutions.

When Task Order 14 ended, there was a coordinated transition among the donors that World Bank, Asian Development Bank, DFID and others would continue providing O&M funding. The RMU is now funded by the World Bank. In addition, an "O&M Facility" was established as part of the Afghanistan Reconstruction Trust Fund (ARTF) Incentive Program in 2013, with the goal of incentivizing the implementation of O&M policies and increased O&M spending by Afghan government ministries. The O&M Facility began with the Ministries of Education and Public Health, and is planned to expand to include the Ministry of Public Works (MoPW) in 2014, with up to \$100 million in incentive funds for recurrent costs available if these three ministries meet O&M spending targets.

Another mechanism for USAID capacity-building assistance is our seat on the MoPW Roads Steering Committee, enabling USAID to encourage attention to maintenance of the national road network. The MoPW is

committed to strengthening its ability to operate and maintain roads, and it has made notable improvements. One example is the recently imposed fuel tax to finance road maintenance and construction. Another example is the Ministry's quick reaction to the Tangi Gorge highway washout (on the Ring Road) in May 2014. The MoPW emergency-repair response opened two-way traffic through this narrow gorge, allowing essential fuel and commodities delivery from Uzbekistan and Turkmenistan through the Hindu Kush Mountains to Kabul and the south.

USAID remains committed to maintaining the gains of the last decade and supporting the Afghan government as it seeks to build upon our investments.

**Attachment:**

1. Responses to Inquiry Letter's enclosure 1 questions

cc:

Dr. Rajiv Shah  
Administrator, U.S. Agency for International Development

Donald L. "Larry" Sampler  
Assistant to the Administrator for Afghanistan and Pakistan Affairs

## Attachment 1: Responses to Inquiry Letter's Enclosure 1 Questions

Response to SIGAR's 14-64-SP Inquiry Letter Regarding Maintenance of U.S.-Funded Roads in Afghanistan.

***SIGAR Question 1: USAID signed a contract in 2007 with the Louis Berger Group/Black and Veatch Joint Venture (activity code: 306-I-14-06-00517) with the activity name "Roads Operation and Maintenance Capacity Building." As part of this activity, USAID intended to establish a Road Maintenance Unit (RMU) to conduct quality assurance monitoring on road operation and maintenance activities to ensure local subcontractors are meeting the prescribed level of service.***

***a) Is the RMU currently operational? Where does that office reside in the Afghan government?***

**USAID Response:** Yes, the RMU is still functioning, although it is now funded by the World Bank. When the USAID contract with LBG/B&V ended in December 2011, the RMU and its equipment were handed over to the Ministry of Public Works (MoPW). MoPW is currently using the unit and its equipment for the operation and maintenance of provincial roads under the World Bank funded National Rural Access Program. The RMU is located in Kabul at the offices of the MoPW and allocates funding resources and technical guidance out to the provincial MoPW and the Ministry of Rural Rehabilitation and Development (MRRD) offices from Kabul.

***b) Has the RMU effectively provided quality assurance monitoring of maintenance and operation of roads in Afghanistan built with U.S. and donor funding?***

**USAID Response:** Under USAID financing and management from 2008-2011, LBG/B&V employees worked with the MoPW employees to monitor the maintenance of sub-contractors' performance. Currently, MoPW field engineers conduct monitoring of O&M on provincial roads as needed but at a much lower level of activity due to limited budgets that reach the Provincial MoPW offices.

***SIGAR Question 2: The Washington Post article stated that USAID ceased funding Afghan government road maintenance programs in 2012, when the agency determined that Afghan government maintenance efforts were ineffective.***

***a) Did USAID stop funding road maintenance projects in Afghanistan as reported?***

**USAID Response:** Yes, when Task Order No. 14 was discontinued, O&M activities funded by USAID essentially ended with the exception of the Gardez to Khost Highway (GK Road) and Salang Corridor Emergency Repair projects. In early 2007, GIRoA asked donors to support routine maintenance and emergency works for three years until GIRoA could create sustainable maintenance management and financing. To meet the obligation under this policy agreement, USAID entered into the Operation and Maintenance Capacity Building – Roads activity, Task Order 14 to provide routine maintenance and emergency works on the 1,500-plus km of paved

roads rehabilitated under the USAID Rehabilitation Economic Facilities and Services (REFS) Program. The European Commission established a three year service contract for road maintenance in 2007 for the road funded from Kabul to Jalalabad. The World Bank, under its National Rural Access Program, continues road maintenance activities. When Task Order 14 ended, USAID focused on the design of the Road Sector Sustainability Project (RSS - details below) while World Bank, Asian Development Bank, DFID, and other donors continued funding O&M for provincial and rural roads as well as segments of the National Highway system. This was a coordinated transition between donors. USAID has continued to fund O&M on the GK Road, 102 km, since 2012, and has funded O&M on the Salang Corridor (83 km) since 2013.

***b) How has USAID funded Afghan government road maintenance programs in the past. Was it on- or off-budget?***

**USAID Response:** USAID made a strategic decision in cooperation with other donors to stop Task Order 14 O&M funding while transitioning to the RSS project. USAID, together with other donors, realized that direct (off-budget) funding of road maintenance removed the incentive for MoPW to develop a sustainable O&M policy. USAID then concentrated on assisting GIRoA to focus on building their institutions for establishing an efficient road maintenance management and a sustainable financing mechanism. USAID decided to conclude its assistance for road maintenance through LBG/B&V-JV under Task Order 14. USAID, in coordination with GIRoA and other donors, designed the five-year RSS project. Under RSS, USAID's assistance will include a combination of off-budget funding and on-budget efforts through a multi-donor mechanism to support technical assistance to key ministries (MoPW, Ministry of Finance, MRRD, Ministry of Transport and Civil Aviation), and to develop priority institutions such as a Road Authority, Road Fund, and Transportation Institute. The activities will address the short-, medium-, and long-term needs of the road sector through on- and off-budget activities to include: 1) the off-budget short-term Emergency Operations and Maintenance activity; 2) the off-budget long-term Technical Assistance for the Road Authority, Road Fund, and Transportation Institute; 3) the off-budget medium-term \$38 million MoPW Capacity Building activity and; 4) the on-budget, medium-term Road Operations and Maintenance activity which is planned to be implemented through the Afghanistan Infrastructure Trust Fund (AITF). This activity will be further reviewed by the Mission at a later date upon clarification of its details.

***c) What is the status of Afghan road maintenance efforts since U.S. funding was stopped?***

**USAID Response:** The new Minister of MoPW has improved O&M management and communication with donors and with the MoPW provincial staff. However, because of inadequate maintenance budget funds from the Ministry of Finance (MOF) (\$ 25 - \$ 30 million), MoPW provincial staffs focus only on the serious emergency repairs using their own laborers and occasionally out-sourcing to contractors. There is approximately a \$100 million maintenance gap and inadequate technical staff in MoPW to prepare the annual maintenance plan to include routine, periodic, preventive, emergency and winter maintenance. MoPW

prepared a maintenance strategy in 2013, which is still currently funded by Asian Development Bank (ADB) to improve their road maintenance capacity.

In August 2013, the Afghan Cabinet approved MoPW to lead the establishment of a new Road Authority and Road Fund in coordination with other ministries. The USAID RSS project activity 2 will support MoPW in the establishment of Road Authority and Road Fund over a two to three year period.

ADB plans to have an infrastructure summit meeting to discuss a maintenance strategy and implementation plan soon after the transition to the new government. As ADB administers the Afghan Infrastructure Trust Fund (AIF), co-financing mechanisms will include Japan and the United Kingdom as contributing partners. USAID anticipates that ADB will be a direct partner in implementing the on-budget elements of the Road Sector Sustainability project.

DFID is funding the Keep Afghans Connected capacity building project through UNOPS which will assist the MoPW to increase its O&M capabilities by targeting investment in the O&M management system and the broader organizational and institutional architecture that influences this O&M system. This 36 month project contains three major components: technical assistance; training and development; and a partnership with an international engineering research organization.

World Bank's "National Rural Access Program" provides \$54 million of its fund to MoPW and \$52 million of its fund to MRRD for the rehabilitation and maintenance of provincial and rural roads.

USAID is currently supplementing the MoPW routine maintenance and emergency activity on the highly important portion of the Ring Road in Salang Pass which includes the 2.6 km Salang Tunnel, 21 snow galleries, and 83 km of narrow, winding 2 lane pavement through an 11,000 foot pass of the Hindu Kush. This portion is arguably the single most important stretch of highway in Afghanistan with a high volume of vehicles (7,000 vehicles per day) using it to pass between northern Afghanistan and Kabul. Maintaining this major mountain route allows commercial, military and private traffic through Afghanistan to Pakistan.

USAID's emergency maintenance activity through the RSS project will be awarded in August 2014 to support GIRoA for one year in the northern and western provinces.

***d) Have alternative road maintenance funding sources been developed? If so, please identify them.***

**USAID Response:** In 2012, GIRoA decided to collect fuel taxes of 1 Afg/liter of imported fuel as one mechanism to fund Roads O&M. This fund shall be earmarked for the road maintenance activities. GIRoA estimates \$60 million per year will be generated from the fuel tax when the collection system is fully functioning. This year, MoPW plans to spend between \$10 to \$30



million of the collected taxes on major repairs on the Salang pass to sustain the corridor until GIRoA, together with donors, determine a sustainable solution.

***SIGAR Question 3: What are the plans for maintaining roads now being built or planned for the future in Afghanistan?***

**USAID Response:** ADB will lead the donors' assistance through incentive funds for maintenance needs until GIRoA establishes the Road Authority and Road Fund in the next three to five years.

Operations and maintenance are essential to maintaining Afghanistan's road network. USAID has supported the MoPW to strengthen its capacity to maintain Afghanistan's critical road infrastructure. We will continue to do so but ultimately, the responsibility for specific planning rests in the hands of the Afghan Government.

The only road that USAID continues to perform O&M on is the GK road, where USAID-funded construction continues. USAID performs O&M on this site because construction is still underway and, therefore, the equipment and personnel are in close proximity.