



SIGAR

Office of the Special Inspector General
for Afghanistan Reconstruction

May 05, 2016

Mr. Herbert B. Smith
USAID Mission Director for Afghanistan

Dear Mr. Smith:

In July 2013 the Afghan government released its *Afghanistan National Railway Plan (ANRP)*, which highlights the important role that an expanded national railway could play in reducing Afghanistan's dependence on foreign assistance.¹ The ANRP is an Afghan government document that it developed in coordination with representatives from multiple U.S. government agencies. The plan notes that "much attention is focused on expanding the national railway as a means to haul significant tonnages of commodities and resources from mines to markets."² The ANRP also suggests that, without an expanded national railway, some of Afghanistan's largest mineral deposits "would not be economically viable for private sector investment."³

Our January 2016 audit report, titled *Afghanistan's Oil, Gas, and Minerals Industries: \$488 Million in U.S. Efforts Show Limited Progress Overall, and Challenges Prevent Further Investment and Growth*, also noted the importance of rail infrastructure to the development of the Afghan mining sector. As stated in our report, Afghanistan's lack of rail networks is a key factor contributing to slow extractive-industry development. The report also found that Afghanistan's rail network is almost nonexistent and the few railroad lines that do exist use gauges (track spacings) that are incompatible with each other.⁴ Because Afghanistan is a landlocked country, shipping bulk commodities like iron and copper (of which Afghanistan has vast reserves) generally requires transport by rail to customer or port in order to be economically feasible.⁵

Given the important role that expanded rail infrastructure could play in building a sustainable Afghan economy, I am writing to request information regarding U.S. Agency for International Development (USAID) efforts to develop the Afghan railway sector. Please provide responses to the following, with supporting documentation:

1. Has USAID provided any assistance or implemented any projects or programs to develop, construct, operate, or otherwise promote rail infrastructure in Afghanistan, since 2010? If so, please provide specific details including all relevant contract, cooperative agreement, grant, or direct assistance information.
2. The ANRP included the following list of challenges to the expansion of Afghanistan's national railway: "mountainous terrain, regional and inter-ministerial cooperation, regional connectivity, ability to import railway building materials and rolling stock, availability of real estate, funding, and transparency."⁶ Has USAID provided assistance to the Afghan government or implemented projects or programs to specifically address these challenges with railway development? Are there any plans for such assistance in the future?

I am submitting this request under the authority of Public Law No. 110-181, as amended, and the Inspector General Act of 1978, as amended. Should you or your staff have any questions about this

¹ *The Railway of Opportunity: Afghanistan National Railway Plan (ANRP)*, July 1, 2013, p. v.

² *Id.* p. 4.

³ *Id.*

⁴ SIGAR 16-11, *Afghanistan's Oil, Gas, and Minerals Industries: \$488 Million in U.S. Efforts Show Limited Progress Overall, and Challenges Prevent Further Investment and Growth*, January 11, 2016. p. 14.

⁵ *Id.*

⁶ ANRP, p. 33.

project, please contact Mr. Matthew Dove, Director of Special Projects, at [REDACTED] or [REDACTED].

Sincerely,

A handwritten signature in black ink, appearing to read 'John F. Sopko', with a long horizontal flourish extending to the right.

John F. Sopko
Special Inspector General
for Afghanistan Reconstruction

Encl: I - USAID Response, dated May 17, 2016

APPENDIX I – USAID RESPONSE TO SIGAR INQUIRY LETTER 16-33-SP, DATED
MAY 17, 2016




USAID | **AFGHANISTAN**
FROM THE AMERICAN PEOPLE

MEMORANDUM

May 17, 2016

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

FROM: Herbert Smith, Mission Director, USAID/Afghanistan 

SUBJECT: Mission Response to Draft SIGAR Inquiry Letter on
USAID efforts to develop the Afghan railway sector
(SIGAR 16-33-SP)

REF: SIGAR Transmittal email dated 5/5/2016

USAID thanks SIGAR for the opportunity to comment on this Inquiry Letter.

USAID has not participated in the Afghan railway sector development. The U.S. Government's participation in this sector was led by the Department of Transportation which no longer has a presence at the U.S. Embassy in Kabul.

Consistent with Congressional guidance and legislative restrictions, USAID Afghanistan's current priorities do not include any new major infrastructure.

cc: U.S. Embassy/Kabul Coordination Directorate

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