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AFGHANISTAN

MEMORANDUM

DATE: April 13, 2015

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

FROM: William Hammink, Mission Director 

SUBJECT: Mission Response to Draft SIGAR Report titled
“Shorandam Industrial Park: Poor Recordkeeping and Lack
of Electricity Prevented Full Inspection of this \$7.8 Million
Facility” (SIGAR Report 15-XX under Code I-019)

REF: SIGAR Transmittal email dated 03/31/2015

USAID thanks SIGAR for the opportunity to review SIGAR’s draft Inspection Report titled, “Shorandam Industrial Park: Poor Record keeping and Lack of Electricity Prevented Full Inspection of this \$7.8 Million Facility.” USAID expresses appreciation to SIGAR for working collaboratively and cooperatively with USAID personnel.

When USAID arrived in Afghanistan in 2002, one of the first priorities after responding to the humanitarian crisis was to identify ways to jump-start the economy. The lack of public infrastructure was a key impediment to economic growth by Afghan and international businesses. Within just two years after USAID operations began in Afghanistan, the Agency initiated a program to establish industrial parks that could become centers for job creation in key areas around the country. The goal was to develop centers that would include basic infrastructure such as reliable, affordable power, access to sewage and potable water systems, and clear title to land. These services would be especially important for Afghan businesses to attract partnerships with international business partners.

Within four to six years after initiating the project, between 2008 and 2010, USAID successfully established four industrial parks– one outside each of the

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country's four major cities: Kabul, Kandahar, Mazar-i-Sharif, and Jalalabad. In keeping with established sustainable development practice, USAID turned the management of parks over to the Afghanistan Investment Support Agency (AISA).

It was noted by SIGAR that the Inspection of Shorandam Industrial Park (SIP) was limited in scope due to the absence of electricity at the time of SIGAR's visit to the Park, as AISA was conducting a routine maintenance on the generators. We regret that AISA and SIGAR were unable to coordinate timing for the visit and routine maintenance such that power would have been available. Nevertheless, SIGAR was able to assess all major infrastructure components of SIP including the power plant and electrical distribution system, roads, sidewalks, water supply system, and flood channels and was able to conclude that no major construction issues existed, thus confirming the construction performed by USAID was in full compliance with the project specifications and requirements in place at the time.

In regard to presence of the U.S. Military at the SIP, the U.S. Army Corps of Engineers (USACE) installed 10 generators at Shorandam Industrial Park to provide electrical power to part of the Kandahar City area as part of DOD's Kandahar Bridging Solution project. A strategic decision was made by all parties involved that the importance of the additional power for the Kandahar area provided by these generators, and robust security for them was more important than the potential deterrent to businesses considering utilizing the industrial park.

The issue of recordkeeping at USAID/Afghanistan is the same as that discussed in SIGAR's Report of the Inspection of Gorimar Industrial Park, and not a new issue related to recordkeeping. In response, USAID acknowledged the missing documents and responded that, to ensure the contract files retained critical project documents, USAID supported a compliant records management program by establishing the Communications and Records section under the Office of Management. Currently USAID Kabul is fully committed to being in compliance with the Records Management retention policies based on ADS Chapter 502.

Cc: U.S. Embassy/Kabul Coordination Directorate