



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