

SIGAR

**Special Inspector General for
Afghanistan Reconstruction**

SIGAR 15-30 Inspection Report

Gorimar Industrial Park: Lack of Electricity and Water Have Left This \$7.7 Million U.S.-funded Industrial Park Underutilized by Afghan Businesses



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SIGAR

Office of the Special Inspector General
for Afghanistan Reconstruction

January 27, 2015

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

Mr. William Hammink
USAID Mission Director for Afghanistan

This report discusses the results of SIGAR's inspection of the infrastructure and supporting facilities at Gorimar Industrial Park in Balkh province. The report recommends that the U.S. Agency for International Development (USAID) (1) determine the current status of the Afghan Investment Support Agency's (AISA) effort to connect Gorimar Industrial Park to the local power grid, and, if necessary, identify appropriate steps to help complete the project, (2) determine, in consultation with AISA, the feasibility of establishing the park's generators as a backup source of electrical power, and (3) determine why contract files for Gorimar Industrial Park were missing and ensure that contract files for all future projects contain critical project design, planning, construction, quality assurance, and related documents required by Federal Acquisition Regulation Subpart 4.8, "Government Contract Files."

In commenting on a draft of this report, USAID did not concur with our first two recommendations, but did concur with our third recommendation. USAID acknowledged that it was overly optimistic on AISA's ability to effectively and economically operate the Gorimar Industrial Park. Nonetheless, USAID stated that when it turned over the park to AISA in July 2008, the park became AISA's sole responsibility. This is an opportunity for USAID to ensure that the project built with \$7.7 million of U.S. taxpayers' money will be fully utilized. We further believe that our recommendations are reasonable and valid. Because USAID has not fully addressed our recommendations, they will remain open. USAID's comments are reproduced in their entirety in appendix II.

This is the first in a series of planned inspections involving the construction of three industrial parks throughout Afghanistan. SIGAR conducted this inspection under the authority of Public Law No. 110-181, as amended; the Inspector General Act of 1978, as amended; and in accordance with the *Quality Standards for Inspection and Evaluation*, published by the Council of the Inspectors General on Integrity and Efficiency.

John F. Sopko
Special Inspector General
for Afghanistan Reconstruction

On May 24, 2004, the U.S. Agency for International Development (USAID) awarded a \$10 million contract to Technologists, Inc. (TI), based in Falls Church, Virginia, for the development of three industrial parks:¹ Gorimar Industrial Park in Balkh province, Bagrami Industrial Park in Kabul province, and Shorandam Industrial Park in Kandahar province.² After 11 modifications, the contract's value for these industrial parks increased to \$21.1 million. All of these industrial parks were being built to promote economic growth and create employment opportunities for the local population. For this inspection, we focused on Gorimar Industrial Park—costing \$7.7 million—which is located approximately 20 kilometers from Mazar-e-Sharif and 12 kilometers from the one international airport in northern Afghanistan.³

TI's initial contract called for it to oversee solicitations and bids for the design, construction, and maintenance of the industrial parks. However, a subsequent contract modification—modification three—called for TI to complete the infrastructure for Gorimar Industrial Park, rather than to simply oversee solicitations and bids. The infrastructure at the industrial park included (1) a power plant and electrical distribution system, (2) a water supply system, (3) a sewer system, (4) paved roads, (5) a communications system, and (6) flood channels. Afghan officials stated that Gorimar Industrial Park contains 22 spaces for investors and entrepreneurs, to provide them with a secure location and the necessary infrastructure to develop their businesses and create jobs.

Figure 1 - Location of the Three Industrial Parks



Source: SIGAR analysis

In July 2008, following project completion, USAID transferred Gorimar Industrial Park over to the Afghan Investment Support Agency (AISA), which is the Afghan government agency responsible for developing and expanding tenant businesses at and managing all industrial parks in Afghanistan. In the transfer document, USAID stated that all of the systems installed by TI at the industrial park had been tested and determined to be

¹ An industrial park is an area zoned and planned for the purpose of industrial development. According to the contract, the three industrial parks in Afghanistan were intended to provide modern, strategically located, well-managed, regulated, and attractive industrial sites where industrialists and entrepreneurs—whether small, medium, or large—would have a place where they could (1) enter risky new markets with reduced financial exposure; (2) forego delays related to site acquisition, zoning and permitting; (3) move into fully functional facilities on day one; (4) locate facilities that share suppliers, customers, and service providers; and (4) reduce up-front investments for land, buildings, and architecture/engineering services.

² The contract number is GS10F-0132N.

³ This is the first in a series of planned inspections involving the construction of three industrial parks throughout Afghanistan.

fully functional, and that AISA staff had been trained to operate and maintain those systems.⁴ AISA estimated that businesses would create more than 900 jobs at Gorimar Industrial Park by the end of 2015.

For this inspection of Gorimar Industrial Park, we assessed whether (1) construction was completed in accordance with contract requirements and applicable construction standards, and (2) the industrial park was being used as intended.

We conducted our work at Gorimar Industrial Park in Balkh, Afghanistan, in Kabul, Afghanistan, and in Washington, D.C., from April 2014 through January 2015, in accordance with the *Quality Standards for Inspection and Evaluation*, published by the Council of the Inspectors General on Integrity and Efficiency. The engineering assessment was conducted by our professional engineers in accordance with the National Society of Professional Engineer's *Code of Ethics for Engineers*. Appendix I contains a more detailed discussion of our scope and methodology.

USAID'S LACK OF CONTRACT DOCUMENTATION AND THE LACK OF ELECTRICAL POWER AT THE INDUSTRIAL PARK PREVENTED A COMPLETE INSPECTION

We visited Gorimar Industrial Park on May 29, 2014, and found that construction of all major infrastructure components—such as power plant and electrical distribution system, roads, sidewalks, water supply system, and flood channels—had been completed. We did not observe any major construction issues, such as cracks in the roadways or sidewalks, missing electrical transmission lines, poorly constructed flood channels, or missing generators. (See photo 1 showing the paved entrance to Gorimar Industrial Park.)

Although we observed all of the major infrastructure components, we were not able to fully assess whether construction met contract requirements and technical specifications due to missing USAID contract files. Our inspections normally include the review of project design, planning, construction, quality assurance, and related documents. When we requested these documents, USAID officials were not able to provide them and could not explain their inability to locate and provide the contract documents. Federal Acquisition Regulation Subpart 4.8, "Government Contract Files," states that for construction contracts above \$2,000, agencies are required to retain contract documentation for 6 years and 3 months after final payment. With respect to Gorimar Industrial Park, records of payment, including the record of final payment, were among the missing USAID contract files. However, USAID did provide us with an e-mail message stating that final outstanding invoices were still unpaid on March 17, 2010. This suggests that, per the Federal Acquisition Regulation, USAID was required to retain contract documentation for Gorimar Industrial Park until at least June 17, 2016. According to USAID officials, "task orders" were issued from the initial contract that cited specific work the contractor was responsible for;

Photo 1 - Paved Entrance to Gorimar Industrial Park



Source: SIGAR, May 29, 2014

⁴ Project Handover Certificate for Gorimar Industrial Park, Contract Number GS10F-0132N.

however, they could not provide us with documentation for such task orders. USAID officials stated that they have recognized the need for improving controls in this area and are taking steps to prevent this problem from happening again in the future.

The contract modification addressing the three industrial parks' construction contained only general requirements. For example, it provided guidance for the selection of the sub-contractors and called for construction and installation of the six broad infrastructure components: (1) a power plant and electrical distribution system, (2) a water supply system, (3) a sewer system, (4) roads, (5) a communication system, and (6) flood channels. However, there were no details describing actual construction requirements. For example, there were no details outlining the required thickness and composition of the paved road, the type of sewers to be built, or the size and capacity of the power generators that were to be provided. In the absence of other requested, but unavailable, contract documents, we relied on available "as-built" drawings. These drawings illustrate what the contractor actually built at the site, not necessarily what the approved design, planning, and construction documents required. Our inspection found that the general layout and the industrial park's infrastructure appeared to be constructed consistent with the as-built drawings. We were able to confirm that the contractor purchased generators and built roads, sidewalks, a water supply system, and the power and electrical distribution systems for the industrial park.

Our inspection was also limited due to the absence of electrical power to test the installed systems. Although the power plant—consisting of 10 generators and an electrical distribution system—was installed, the generators were not in operation due to lack of fuel. As a result, we could not determine whether the power distribution system was working properly. Further, we could not determine whether other systems were functioning properly, such as the water supply system and its pumps, because there was no electricity to operate the systems.

GORIMAR INDUSTRIAL PARK IS NOT BEING USED AS INTENDED DUE TO THE LACK OF ELECTRICITY AND WATER

As of May 29, 2014, nearly 6 years after USAID handed over Gorimar Industrial Park to the Afghan government, only 4 of 22 possible businesses—less than 20 percent—occupied the industrial park.⁵ Those businesses were the Gorimar Carpet Cutting and Washing facility, the Afghan Soybean Factory, the Faza-e-Balkh Oxygen Company, and the Silo Amir Faisal flourmill. An AISA official responsible for managing the industrial park stated that together the four businesses employed about 200 people. However, we could only confirm that two of the businesses—the Carpet Cutting and Washing facility and the Afghan Soybean Factory—together employed about 30 people.⁶ This ASIA official also told us that the lack of electricity and lack of water have been the primary reasons more businesses have not moved into the park.

Although the industrial park's 10 generators—costing a combined \$2.5 million—were expected to be the primary source of power until the industrial park was connected to the local electrical grid, they were never made operational. While the TI-installed power generators and electrical distribution system appeared to be in good condition, the AISA official responsible for the industrial park stated that his agency did not have the necessary funds to purchase fuel for the generators. (See photo 2 showing the USAID-funded and unused generators.)

⁵ Based on an October 26, 2014, telephone conversation with the AISA official responsible for Gorimar Industrial Park, two additional businesses have located in the park—a construction materials company and a tomato paste factory. However, we have not been able to confirm that these two new companies have begun operations in the industrial park.

⁶ Given time constraints and site limitations, we were able to access and meet with management representatives of two of the four businesses operating at the park.

USAID officials noted, however, that AISA is an independent agency with the ability to generate revenue and pay for diesel fuel to operate the generators. Furthermore, the AISA official stated that the industrial park experienced flooding in September 2013, and the generators' underground fuel storage tanks were damaged. As a result, if AISA wanted to use the generators, it would require repairing or replacing the fuel tanks.

According to the AISA official responsible for the industrial park, as of October 2014, his agency was in the process of connecting the park's electrical system to the local power grid.⁷ The official noted that the estimated cost for the connection was \$700,000, but he did not know when the project would be completed. For security reasons, we were unable to return to the industrial park and, therefore, we could not confirm that this project was underway.

According to the AISA official, another contributing factor to the industrial park's low occupancy rate has been the lack of water. While we were able to confirm that the park's water system was installed, there was no water to supply the businesses due to the lack of electricity to operate the system's pumps.

During our site inspection, we toured the facilities and met with representatives at two of the four businesses located at the industrial park—the Gorimar Carpet Cutting and Washing facility and the Afghan Soybean Factory. Specifically,

- The manager of Gorimar Carpet Cutting and Washing stated that between 15 and 20 employees worked at the facility, depending on the workload. (See photo 3 showing carpets being cleaned at the facility.) The manager told us that the facility did not receive electricity from the USAID-supplied generators and instead used its own, stand-alone generator. The business pays for the fuel to run the generator, which the manager stated is expensive. The manager also stated that the high cost of the generator's fuel prevented the company from hiring additional workers. The manager also told us that due to the lack of water at the industrial park his company had to drill a well to obtain water, which the company

Photo 2 - Unused USAID-funded Generators at Gorimar Industrial Park



Source: SIGAR, May 29, 2014

Photo 3 - Carpets Being Cleaned at the Carpet Cutting and Washing Facility



Source: SIGAR, May 29, 2014

⁷ According to USAID officials in Afghanistan, upon completion of each industrial park, AISA assumed full responsibility for managing the industrial park, including providing fuel to the generators and connecting the industrial park to the local electrical power grid.

paid for with its own funds.

- The Afghan Soybean Factory employed about 13 people. An official with Sustainable Appropriate Local Technologies International (SALT), which aided in the development of the factory, told us that construction of the factory was completed in October 2011, but due to a lack of electricity, the facility did not begin operations until March 2012.⁸ The SALT official told us that the Soybean Factory negotiated a deal with another company outside of the industrial park and paid about \$50,000 to run a power transmission line to the factory so that it could have access to local electrical power.

CONCLUSION

Approximately 6 years have passed since construction of Gorimar Industrial Park was completed with the goal of providing a secure site for 22 businesses and hundreds of Afghan employees. The reality, unfortunately, is a largely vacant industrial park with only four businesses and a small number of employees. Despite a \$7.7 million investment by U.S. taxpayers, the industrial park has never provided electricity or water to its tenants. While this has seriously affected investment in the industrial park, it may be possible to realize the park's intended productive use, bringing electrical power to the industrial park by connecting it to the local power grid — a project that AISA claims is underway. In addition, the industrial park's 10 generators have stood unused because the Afghan agency in charge of the park claims that it cannot afford the diesel fuel to run them. The generators' fuel tanks also have not been used, and, if they are needed, will require repair or replacement due to a flood that damaged them. Investing in the industrial park would likely be more attractive, if, after the park is connected to the local power grid, the generators were established as a backup source of power. As we have reported repeatedly in past inspections, firm plans for sustainable facility infrastructure such as electricity, water, and sewage, should be in place before committing U.S. funds.

Despite the requirements in the Federal Acquisition Regulation, USAID's contract files are missing critical documentation of the detailed requirements and specifications provided to its contractor for the planning, design, and construction of the industrial park. As a result, it was impossible for us to determine whether the contractor fulfilled all of the contract requirements and that its operating systems were built according to specifications. To their credit, however, USAID officials stated that they have recognized the need for improving controls in this area and are taking steps to prevent this problem from happening again in the future.

RECOMMENDATIONS

For Gorimar Industrial Park to meet its intended purpose of promoting economic growth and creating employment opportunities for the local population by providing investors and entrepreneurs with security, access to land, and infrastructure including electrical power and water, we recommend that the USAID Mission Director for Afghanistan:

1. **Determine the current status of AISA's effort to connect Gorimar Industrial Park to the local power grid, and, if necessary, identify appropriate steps to help complete the project.**
2. **Determine, in consultation with AISA, the feasibility of establishing the park's generators as a backup source of electrical power.**

⁸ SALT's mission is "to be a catalyst for economic and social development by establishing and supporting sustainable agri-businesses in lesser developed nations." SALT built and commissioned the soybean processing facility in Gorimar Industrial Park. For additional information on U.S. support to the Afghan soybean industry see SIGAR 14-51-SP *Inquiry Letter: USDA Soybean Program*, April 17, 2014, and SIGAR 14-69-SP *Inquiry Letter: USDA Response to Soybean Inquiry*, June 9, 2014.

3. **Determine why contract files for Gorimar Industrial Park were missing and ensure that contract files for all future projects contain critical project design, planning, construction, quality assurance, and related documents required by Federal Acquisition Regulation Subpart 4.8, "Government Contract Files," within 90 days.**

AGENCY COMMENTS AND OUR RESPONSES

USAID provided written comments on a draft of this report, which are reproduced in appendix II. USAID did not concur with our first two recommendations, but did concur with our third recommendation. In its overall comments, USAID acknowledged that it was overly optimistic about AISA's ability to effectively and economically operate the Gorimar Industrial Park. USAID also noted that it did not fully appreciate AISA's inability to manage projects at the provincial level outside of Kabul. However, USAID maintains that AISA has greatly matured as an organization since USAID handed the parks over to them in July 2008, and is now fully capable of revitalizing the park. We remain skeptical, however, that this is the case because after more than 6 years, Gorimar Industrial Park still has only 4 of 22 possible businesses—less than 20 percent—that are occupying the site.

With regard to our first recommendation, USAID did not concur and stated that after construction activities and technical assistance ended and USAID handed the park over to AISA in 2008, the park's maintenance became AISA's sole responsibility. However we recommended that USAID determine the status of AISA's efforts to connect Gorimar Industrial Park to the local power grid, and if necessary, identify appropriate steps to complete the project. We are not suggesting that USAID spend additional money and maintain the project. In fact, USAID's comments indicate that it implemented our recommendation, in part, and determined that the power grid connection project was 80 percent complete. USAID also provided documentation, including photos, showing the project's status. This is an opportunity for USAID to ensure that the project built with \$7.7 million of U.S. taxpayers' money will be fully utilized. Consequently, we believe that this recommendation is not only reasonable and valid, but that USAID should continue to monitor the power grid project and provide us with documentation on its status until the park receives external power, which, according to AISA, should occur around the end of February 2015. As a result, we are not closing the recommendation at this time.

With regard to our second recommendation, USAID did not concur and stated that maintenance and utilization of Gorimar Industrial Park's generators have been AISA's responsibility since the park's handover in July 2008. USAID also noted that consultation regarding use of the park's generators should be between AISA and Da Afghanistan Breshna Sherkat, the national electric utility. We are not suggesting that USAID spend additional money on the park. Rather, given the importance of electricity to attracting businesses to the park, we believe the generators can function as a backup source of electricity and thereby provide assurances to businesses that they will have reliable power. After all, the 10 generators—costing \$2.5 million of U.S. taxpayers' money—were expected to be the primary source of power until the park was connected to the local grid. However, those generators were never made operational due to the lack of funds to purchase fuel for them, and, as a result, few businesses were attracted to the park. Given the substantial investment by U.S. taxpayers, we believe USAID should make a modest inquiry to determine whether the generators could still be used for a productive purpose. Therefore, we are not eliminating or closing the recommendation at this time.

USAID concurred with our third recommendation and noted that in 2004, it established the Communications and Records section under the Office of Management to monitor record retention practices. While we commend USAID for establishing this office, its response does not address our recommendation to determine why project contract files for Gorimar Industrial park were missing during our inspection. These records are critical to providing an audit trail and ensuring that U.S. government funds are spent as intended. Lack of proper internal controls and an understanding of why these contract files went missing can lead to fraud, waste and abuse. As a result, we are not closing this recommendation at this time.

APPENDIX I - SCOPE AND METHODOLOGY

This report provides the inspection results of the infrastructure and supporting facilities at Gorimar Industrial Park.

To determine whether (1) construction was completed in accordance with contract requirements and applicable construction standards, and (2) the facility was being used as intended, we requested contract documents, design submittals, and geotechnical reports to understand project requirements and contract administration. However, the U.S. Agency for International Development was not able to locate and provide complete contract project files for our inspection. Instead, we reviewed as-built drawings to determine completed construction. In addition, we interviewed cognizant U.S. and Afghan officials regarding facility operation and maintenance. We conducted a physical inspection of the industrial park on May 29, 2014; however, our inspection was limited due to the lack of electricity and water at the park.

We conducted our inspection work at Gorimar Industrial Park in Balkh, Afghanistan, in Kabul, Afghanistan, and in Washington, D.C., from April 2014 through January 2015, in accordance with *Quality Standards for Inspection and Evaluation*, published by the Council of the Inspectors General on Integrity and Efficiency. The engineering assessment was conducted by professional engineers in accordance with the National Society of Professional Engineers' *Code of Ethics for Engineers*. We did not rely on computer-processed data in conducting this inspection. However, we did consider the impact of compliance with laws and fraud risk. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our inspection objectives. We conducted this inspection under the authority of Public Law No. 110-181, as amended; and the Inspector General Act of 1978, as amended.


APPENDIX II - COMMENTS FROM THE U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT



MEMORANDUM

January 17, 2015

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

FROM: William Hammink, Mission Director 

SUBJECT: Draft SIGAR Report entitled "Lack of Electricity and Water Have Left This \$7.7 Million U.S.-funded Industrial Park Underutilized by Afghan Businesses" (SIGAR Inspection 15-X-IP)

REF: SIGAR Transmittal email dated 12/23/2014

Thank you for providing USAID with the opportunity to review the SIGAR draft Inspection Report titled, "Lack of Electricity and Water Have Left This \$7.7 Million U.S.-funded Industrial Park Underutilized by Afghan Businesses." USAID expresses appreciation to SIGAR for working collaboratively and cooperatively with USAID personnel. Discussed below are our comments on the findings and recommendations in the report.

COMMENTS ON SIGAR's FINDINGS

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.

U.S. Agency for International Development
Great Massoud Road
Kabul, Afghanistan

Tel: 202-216-6288 / 0700-108-001
Email: kabulusaidinformation@usaid.gov
<http://afghanistan.usaid.gov>

Within four years after initiating the project, in 2008, USAID had successfully established four industrial parks in full working order – one outside each of the country's four major cities; Kabul, Kandahar, Mazaar-e-Sharif, and Jalalabad. In keeping with established sustainable development practice, USAID turned the management of parks over to the Afghans.

After careful evaluation, USAID chose to implement an industrial/business park model appropriate for Afghanistan in cooperation with the Afghanistan Investment Support Agency (AISA). Under this model, USAID would fund the development of the park's infrastructure. After completion of the infrastructure component, AISA would assume full responsibility and become empowered to manage the park, including the authority to set and collect fees from resident businesses that would then pay for management salaries, as well as repair, maintenance, and upgrades within the park. AISA's staff was also provided training for the management and operation of the park.

AISA had the responsibility to market the park, lease the plots to qualified business applicants, collect the lease fees, as well as other fees based upon park services used, from resident businesses. Specific to the Gorimar Industrial Park, USAID was overly optimistic on AISA's ability to effectively and economically manage and operate the park. USAID did not fully appreciate AISA's inability to manage projects at the provincial level outside of Kabul. As such, the assurance AISA provided USAID of their ability to manage the parks was overly optimistic, especially as the security environment began to deteriorate beginning in 2007-2008.

AISA has greatly matured as an organization since USAID completed the project and handed the parks over to them in July 2008, and is now fully capable of taking on the responsibility of revitalizing the Gorimar Industrial Park. After 12 years of helping build the operational and managerial capabilities of numerous Afghan organizations, to include AISA, USAID, in conjunction with the international donor community, must now place our Afghan partners in the lead as problem solvers. USAID cannot remain the owner and management entity for every project that is implemented in Afghanistan in perpetuity. In this case, the project was turned over for the Afghans to manage in 2008, and USAID is no longer the responsible entity for this or the other three industrial parks.

However, USAID has continued to work with AISA and on several occasions we have reached out to them to express concern about the high prices being charged for the Gorimar Park. While we have expressed our concern, AISA has sole decision making power regarding the park's management.

COMMENTS ON SIGAR'S RECOMMENDATIONS

1. Determine the current status of AISA's effort to connect Gorimar Industrial Park to the local power grid, and, if necessary, identify appropriate steps to help complete the project.

USAID Comments: USAID does not concur with this recommendation. After construction activities and technical assistance ended and USAID handed the park over to AISA in July 2008, maintenance of the Gorimar Industrial Park became the sole responsibility of the receiving agency. This project did not include open ended commitments for USAID to provide additional support or technical assistance following handover over six years after completion. A mechanism for sustainment was in place at the time of handover in which AISA would earn revenue and generate user fees by leasing plots within the park to cover the cost of ongoing expenses, repairs, and maintenance.

Furthermore, AISA and Da Afghanistan Breshna Sherkat (DABS), the national electric utility, have already collaborated to connect the park to the local power grid. Construction of the 20 kilovolt overhead transmission line from Neribabad Substation to Gorimar Industrial Park is approximately 80 percent complete and, according to AISA, the park should receive external power by the end of February 2015 (see appendix 1: Balkh Gorimar Industrial Park Transmission Line Progress Report Dec-30-2014).

As AISA not USAID is responsible for management and provision of electricity at the Park, USAID requests SIGAR to eliminate this recommendation. If SIGAR retains the recommendation, based on the information on status, we request closure of this recommendation.

2. Determine, in consultation with AISA, the feasibility of establishing the park's generators as a backup source of electrical power.

USAID Comments: USAID does not concur with this recommendation. As described in the response to recommendation one, maintenance and utilization of the industrial park's generators are the responsibility of

AISA since handover in July 2008. Consultation regarding the use of generators at the Gorimar Industrial Park should be between AISA and DABS. Accordingly, USAID requests elimination or closure of this recommendation.

3. Determine why contract files for Gorimar Industrial Park were missing and ensure that contract files for all future projects contain critical project design, planning, construction, quality assurance, and related documents required by Federal Acquisition Regulation Subpart 4.8, "Government Contract Files," within 90 days.

USAID Comments: USAID concurs with this recommendation.

While not all the files related to the Gorimar Industrial Park project were readily available, it would be impossible to determine with complete certainty the circumstances of their unavailability, as the period of records for this activity covers nearly a decade beginning in 2004. In order to ensure that the contract files retain critical project documents, USAID has supported a compliant records management program by establishing the Communications and Records section under the Office of Management in 2004. This office monitors records retention practices and provides training and advisory services to each office's file custodians, who are designated by the respective office director. As per policy, temporary contract documents are destroyed after cross-referencing with the Records Disposition Schedules that specifically authorize the destruction. USAID is committed to being in full compliance with the Records Management retention policies as applicable to USAID and, therefore, requests closure of this recommendation.

Attachments:

Appendix 1: Balkh Gorimar Industrial Park Transmission Line Progress Report Dec-30-2014

Cc: DMD: SKeyvanshad
 OEGI: RScott
 OAA: BEnroth
 OEGI: ADix
 OFM: RLapp
 OFM: ALevenson

APPENDIX III - ACKNOWLEDGMENTS

Scott Harmon, Senior Inspections Manager

Brian Flynn, Senior Inspections Manager

John Dettinger, Auditor-in-Charge

Robert Rivas, Senior Auditor

Warren Anthony, Senior Auditor

Ronald Riach, P.E., Engineer

Ronald Snyder, P.E., Engineer

This inspection report was conducted
under project code SIGAR-I-018

SIGAR's Mission

The mission of the Special Inspector General for Afghanistan Reconstruction (SIGAR) is to enhance oversight of programs for the reconstruction of Afghanistan by conducting independent and objective audits, inspections, and investigations on the use of taxpayer dollars and related funds. SIGAR works to provide accurate and balanced information, evaluations, analysis, and recommendations to help the U.S. Congress, U.S. agencies, and other decision-makers to make informed oversight, policy, and funding decisions to:

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- improve management and accountability over funds administered by U.S. and Afghan agencies and their contractors;
- improve contracting and contract management processes;
- prevent fraud, waste, and abuse; and
- advance U.S. interests in reconstructing Afghanistan.

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- Phone International: +1-866-329-8893
- Phone DSN International: 312-664-0378
- U.S. fax: +1-703-601-4065

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Public Affairs Officer

- Phone: 703-545-5974
- Email: sigar.pentagon.ccr.mbx.public-affairs@mail.mil
- Mail: SIGAR Public Affairs
2530 Crystal Drive
Arlington, VA 22202