



SIGAR

Office of the Special Inspector General
for Afghanistan Reconstruction

June 27, 2016

Mr. Anthony Foxx
Secretary of Transportation

Dear Mr. Foxx:

On May 5, 2016, my office requested that the U.S. Agency for International Development (USAID) provide information concerning U.S. support for the development, construction, operation, or promotion of rail infrastructure in Afghanistan.¹ In response to that request, USAID stated that “the U.S. Government’s participation in this sector was led by the Department of Transportation.” Given USAID’s statement concerning your department’s leadership in this important Afghan industry, I am writing to request information regarding your department’s efforts to support the development of the Afghan railway sector.

As you may know, 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.² The ANRP is an Afghan government document that was 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.”³ 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.”⁴

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 indicated 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 spacing) that are incompatible with each other.⁵ 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.⁶

Please provide responses to the following, with supporting documentation, no later than July 12, 2016:

1. Has the Department of Transportation 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 concerning these projects or

¹ SIGAR, *Inquiry Letter: USAID Support to Develop and Implement the Afghan Railway*, SIGAR 16-33-SP May 5, 2016, p. 1.

² *The Railway of Opportunity: Afghanistan National Railway Plan (ANRP)*, July 1, 2013, p. v.

³ *Id.* p. 4.

⁴ *Id.*

⁵ 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.

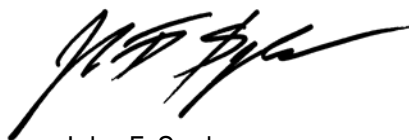
⁶ *Id.*

programs, including all related 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."⁷ Has the Department of Transportation provided assistance to the Afghan government or implemented projects or programs to specifically address these challenges? Are there any plans for such assistance in the future?

I am submitting this request under the authority of Public Law No. 110-181, and the Inspector General Act of 1978, as amended. Should you or your staff have any questions about this project, please contact Mr. Matthew Dove, Director of Special Projects, at [REDACTED] or [REDACTED].

Sincerely,



John F. Sopko
Special Inspector General
for Afghanistan Reconstruction

Encl: I – Department of Transportation Response, dated July 12, 2016

⁷ ANRP, p. 33.

APPENDIX 1 – DEPARTMENT OF TRANSPORTATION RESPONSE TO SIGAR INQUIRY LETTER 16-39-SP, DATED JULY 12, 2016



**U.S. Department of
Transportation**
Office of the Secretary
Of Transportation

1200 New Jersey Ave., S.E.
Washington, DC 20590

JUL 12 2016

The Honorable John F. Sopko
Special Inspector General for
Afghanistan Reconstruction
Office of the Special Inspector General
for Afghanistan Reconstruction
1550 Crystal Drive, 9th Floor
Arlington, Virginia 22202

Dear Inspector General Sopko:

I am pleased to reply on behalf of The Honorable Anthony Foxx, Secretary, U.S. Department of Transportation (DOT), regarding your June 27, 2016, inquiry letter requesting information on DOT's support to develop and implement the Afghan Railway. Our responses to your questions are as follows:

Question 1: Has the Department of Transportation 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 concerning these projects or programs, including all related contract, cooperative agreement, grant, or direct assistance information.

DOT Response: Under inter-agency agreements implemented between the Department of State and the Federal Highway Administration, DOT maintained a small technical team of 10 advisors in Afghanistan from 2011 to 2013 focusing on highway, rail, aviation and urban transportation. The primary mission of the DOT team was to provide technical advice on these modes of transportation to various Government of Afghanistan Ministries, U.S. Government agencies and international organizations operating in Afghanistan. Our broad focus was to support the development of transportation safety standards and good governance of Afghanistan's transportation systems. One of the team members, a railroad advisor, provided advice on planning, safety regulation, and governance and organizational structure for the improved operation of Afghanistan's railway system between 2011 and 2013. DOT did not have funding for contracts, projects or programs beyond these advisory services.

Question 2: The Afghan National Railway Plan (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."⁷ Has the Department of Transportation provided assistance to the Afghan government or implemented projects or programs to specifically address these challenges? Are there any plans for such assistance in the future?

DOT Response: Between 2011 and 2013, DOT's railroad advisor helped draft the ANRP and provided other expert advice related to the governance of Afghanistan's railway system. The railroad advisor also provided technical advice leading to the structuring of an Afghan rail authority which was adopted by the Government of Afghanistan. However, DOT did not provide direct program or project financing to address the specific challenges listed in the ANRP. DOT's engagement in Afghanistan ended in 2013, and we do not have any plans to implement programs or projects to address the challenges and issues raised in the ANRP.

Please contact Madeline Chulumovich, Director, Audit Relations and Program Improvement, at [REDACTED] if you have additional questions.

Sincerely,

A handwritten signature in black ink that reads "Susan McDermott". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Susan McDermott
Deputy Assistant Secretary for
Aviation and International Affairs