



**SIGAR**

Office of the Special Inspector General  
for Afghanistan Reconstruction

July 14, 2017

Mr. Sean M. O'Sullivan  
Director General, Central and West Asia Department  
Asian Development Bank

Dear Mr. O'Sullivan:

I am writing to once again request information and documentation related to the construction of the Ring Road from Qaisar to Laman. Upon reviewing your response and supporting documentation to my May 3, 2017 request, I found the information you provided to be unresponsive and insufficient.<sup>1</sup> The Asian Development Bank (ADB or "the Bank") has funded this construction since 2006 with grants totaling \$571 million. As you know, these grants have come from ADB's Asian Development Fund and since 2005, the United States has pledged nearly \$1.5 billion to the Asian Development Fund and is the second largest donor to the fund.

Considering the importance to the reconstruction effort of the completion of this road, and the history of waste that has accompanied the project, your refusal to cooperate with my requests is unacceptable. It is my responsibility to improve U.S.-funded reconstruction efforts in Afghanistan, safeguard U.S. taxpayer money, and report instances of waste, fraud, and abuse to the U.S. Congress. I remain concerned that a considerable portion of the money spent to construct this portion of the road has been wasted or diverted through fraud and corruption.

My requests sought documents clarifying (1) what the Qaisar-Laman Road Project has accomplished with the funding provided, (2) how much work remains in order to complete this portion of the road, (3) how much money has actually been spent on construction and related efforts, and (4) how much more money is required to complete construction. ADB, however, has refused even to provide the most basic information about what construction companies were engaged, how much they were paid, and how much work they completed. ADB's own procurement guidelines require that Grant recipients, in this case the Afghan Ministry of Public Works, provide this information to the Bank.

These guidelines also require that "ADB review[] the borrower's procurement procedures, documents, bid evaluations, award recommendations, and contracts to ensure that the procurement process is carried out in accordance with agreed procedures," yet your response gives no indication of whether or not ADB fulfilled this oversight role. Your response also leaves open to question whether or not ADB conducted any independent assessments before granting funds a second, third, or fourth time. Finally, while your letter states that it was Ministry of Public Works' decision to award

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<sup>1</sup> SIGAR, *Inquiry Letter: Qaisar-Laman Road Project*, SIGAR 17-43-SP, May 3, 2017.

a sole source contract to a joint venture between Aziz Wali Construction Company, Shamshad Badin Construction Company, and Megayapi Construction Company, ADB's Procurement Guidelines only allow for sole-source contracting under certain circumstances, none of which appear to have applied. Your letter is similarly silent on the justification for allowing the sole-source award to proceed despite obvious problems until SIGAR acted to notify Afghan President Ashraf Ghani of the potential for waste in the procurement process.

Your response has delayed my office's efforts to conduct an independent and objective analysis of the funds expended to construct the Ring Road from Qaisar to Laman, and evaluate what the U.S. taxpayers, as significant contributors to the Asian Development Fund, have received in return for their sizable investment. Furthermore, your refusal to provide basic information on how a grantee has utilized hundreds of millions of grant dollars has undercut my confidence in ADB's commitment to transparency and integrity in development financing.

While I intend to communicate your refusal to the appropriate committees of the U.S. Congress, I renew my request for the information that my letter of May 3, 2017 originally sought. Should you continue to refuse to provide documents on the ADB's involvement in this project, I intend to pursue other channels in order to secure this information and will complete my review without ADB's cooperation.

Should you wish to discuss this matter or provide any further information or documents, please contact Mr. Matthew Dove, Director of Special Projects, at (703) 545-6051 or [matthew.d.dove.civ@mail.mil](mailto:matthew.d.dove.civ@mail.mil). I hope that you will reconsider your response to my initial requests and we can proceed in a mutually beneficial fashion to evaluate efforts to construct this portion of the Ring Road.

Sincerely,

A handwritten signature in black ink, appearing to read 'John F. Sopko', written in a cursive style.

John F. Sopko  
Special Inspector General  
for Afghanistan Reconstruction