

SIGAR

**Special Inspector General for
Afghanistan Reconstruction**

OFFICE OF SPECIAL PROJECTS

STATE DEPARTMENT'S GOOD PERFORMERS INITIATIVE: STATUS OF TWO COMPLETED PROJECTS IN KUNDUZ PROVINCE



MARCH 2018

SIGAR-18-34-SP



March 20, 2018

The Honorable James A. Walsh
Acting Assistant Secretary, Bureau of International Narcotics and Law Enforcement Affairs

The Honorable John R. Bass
United States Ambassador, U.S. Embassy, Kabul, Afghanistan

Dear Sirs:

I am writing to inform you of the results of site inspections conducted by SIGAR at two Good Performers Initiative (GPI) infrastructure projects in Kunduz province, Afghanistan, which were funded by the State Department's Bureau of International Narcotics and Law Enforcement Affairs (INL).¹ GPI provided direct assistance to the Afghan Ministry of Counter Narcotics and off-budget funding to incentivize provincial governors' counter narcotics activities.² The GPI program was intended to offer Afghan provincial governors a tangible way of demonstrating to their constituents the benefits of reducing poppy cultivation.

The two projects examined in this report, a public library and a sports complex, were completed at a cost of about \$738,301. We conducted the inspections as part of our ongoing effort to verify the location and operating conditions of facilities built, refurbished, or funded by the U.S. as part of the reconstruction effort in Afghanistan.³ We found that INL's reported geospatial coordinates for the two projects were within half a kilometer from the actual project location. Additionally, we found that both of the projects were in usable condition, with no apparent structural deficiencies, and that they both had access to power and water. However, at the sports stadium, we found: the facility and grounds already showed serious wear and tear; clear indications of poor workmanship; a lack of maintenance; and, that the facility was not being used as intended. To determine why the sports stadium is not being used as intended and to make better use of INL's \$498,047 investment, we suggest that INL (1) inform the Afghan Ministry of Counter Narcotics of the sport's stadium's underutilization, and (2) request that the ministry develop an action plan detailing the reasons for the underutilization and identify what can be done to ensure that this facility benefits the local population.

We provided a draft of this report to State for comment on February 27, 2018. INL provided comments on March 19, 2018. INL's comments are reproduced in appendix I. INL also provided technical comments, which we incorporated, as appropriate. In its comments, INL stated that it has

¹ Seven additional GPI projects were completed in Kunduz at a cost of \$2.454 million but we were unable to inspect these sites due to security concerns.

² Direct assistance is a type of on-budget assistance that includes host country contracts and government-to-government awards (see SIGAR, *Direct Assistance: Review of Processes and Controls used by CSTC-A, State, and USAID*, SIGAR 15-14-SP, October 2014, p. 2). Off-budget procurements used funds that are separate from the Afghan national budget and not managed through Afghan government systems.

³ See, e.g., SIGAR, *Review Letter: Good Performers Initiative: Status of Six Completed Projects in Faryab Province, Afghanistan*, SIGAR 18-21-SP, January 10, 2018; SIGAR, *Review Letter: USAID-Supported Health Facilities in Takhar Province*, SIGAR 17-51-SP, July 6, 2017; SIGAR, *Review Letter: Good Performers Initiative: Status of Seven Completed Projects in Khost Province, Afghanistan*, SIGAR 17-37-SP, April 18, 2017.

already taken action to address our suggested action and notified the Ministry of Counter Narcotics of our findings on March 3, 2018. INL also stated that, “the Afghan National Directorate of Security (NDS) used the stadium as a base for military operations during a heavy period of fighting against Taliban forces from April-June 2017. This irregular use caused significant damage to the facility.” Finally, INL stated that the stadium is still in the one-year, warranty period and that MCN will “deploy a technical team to survey the project site prior to final project handover. The MCN will instruct the contractor to remedy any deficiencies caused by poor workmanship. Additionally, the Department will work with the MCN and Kunduz provincial authorities to identify and approve any extra work necessary to rectify deficiencies determined to be the result of project design flaws or damage by the NDS.”

We conducted this special project in Washington, D.C. and in Kunduz and Kabul, Afghanistan, from May 2017 to February 2018 in accordance with SIGAR’s quality control standards. These standards require that we carry out work with integrity, objectivity, and independence, and provide information that is factually accurate and reliable. SIGAR performed this special project under the authority of Public Law No. 110-181, as amended, and the Inspector General Act of 1978, as amended.

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

In 2007, the Department of State's Bureau of International Narcotics and Law Enforcement Affairs (INL) initiated the Good Performers Initiative (GPI) program in Afghanistan. The program provided direct assistance to the Afghan Ministry of Counter Narcotics and off-budget funding to incentivize provincial governors' counter narcotics activities.⁴ The GPI program was intended to offer Afghan provincial governors a tangible way of demonstrating to their constituents the benefits of reducing poppy cultivation.

Despite this laudable goal, no new GPI projects have been approved since April 30, 2016, and INL decided to end the program, due to the Afghan government's inability to implement the program efficiently and effectively.⁵ Despite cancellation of the program, understanding the current condition of completed GPI projects may be instructive for any similar future programs. For example, INL is providing funding to the United Nations Office on Drugs and Crime (UNODC) for an alternative-development project called Boost Alternative Development Intervention through Licit Livelihoods (BADILL). BADILL is expected to supplement activities previously performed under GPI and follow through on INL's commitments to those provinces most affected by the GPI cancellation.

As of September 1, 2017, INL had provided funding for 286 GPI projects in Afghanistan, with a total value of \$126.4 million.⁶ In May 2017, we identified eleven GPI projects in Kunduz province, Afghanistan that were completed at a total cost of approximately \$3.19 million. However, security conditions throughout Kunduz province prevented site visits to nine of the locations.⁷ As a result, our review focused on two GPI infrastructure projects, a public library and a sports complex, completed in Kunduz province between 2014 and 2016 at a cost of about \$738,301. For both of these projects INL used an on-budget, cost-reimbursement method to disburse its direct GPI assistance funds, which required both the Ministry of Counter Narcotics and State INL to review and approve invoices and supporting documentation before funds were disbursed to the contractor.⁸

In order to carry out our work, we reviewed relevant documentation, such as GPI project data sheets, GPI-INL monthly project progress reports for Kunduz province, and building contracts between the Ministry of Counter Narcotics and Afghan construction companies. We also conducted site inspections at each of the two project locations. At each site inspection, our team took time, date, and location-stamped photographs. Wherever appropriate, we also completed the following activities during the course of site inspections:

- An overall assessment of each project (outside and inside), recording, among other information, the geospatial coordinates of the project, whether the project appeared to be open and operational, and whether the project had access to electricity and water;

⁴ Direct assistance is a type of on-budget assistance that includes host country contracts and government-to-government awards (see SIGAR, *Direct Assistance: Review of Processes and Controls used by CSTC-A, State, and USAID*, SIGAR 15-14-SP, October 2014, p. 2). Off-budget procurements used funds that are separate from the Afghan national budget and not managed through Afghan government systems.

⁵ See, e.g., Afghan Ministry of Counter Narcotics, *Good Performers Initiative (GPI), Annual Report*, 2014, pp. 8, 38-39. The report states that the Ministry had "unprofessional" staff responsible for procurement which was slowing down implementation. The 2014 Ministry report also stated that the Ministry of Finance was slow to administer payments, further hampering project implementation.

⁶ Of the 286 projects, 255 projects have been completed; 31 were still in progress as of September 2017.

⁷ Security conditions prevented site visits to a drug treatment facility, multiple education facilities, a hostel, two protection walls, and a health clinic in several districts within Kunduz province.

⁸ INL also required, among other things, the Ministry of Counter Narcotics to provide bank statements, monthly reports on the use of the funds and photographs of projects in various stages of completion (see SIGAR, *Direct Assistance: Review of Processes and Controls used by CSTC-A, State, and USAID*, SIGAR 15-14-SP, October 2014, p. 4).

- An interview with a staff member on the site of the completed project to gain insight into the operational status and maintenance arrangements for the project; and
- An interview with a member of the community served by the project to gain insight into the extent to which the project has benefitted the community.

We conducted our site inspections in September 2017. Our inspections were limited in scope to a walk through and did not include comprehensive engineering evaluations of structures, or complete technical testing of key systems (for example, electrical or water). We also assessed the reliability of INL-maintained coordinates for the projects and the extent to which the projects were being maintained and used as intended.⁹

LOCATION INFORMATION AND OPERATIONAL CONDITIONS AT THE TWO GPI INFRASTRUCTURE PROJECTS WE VISITED IN KUNDUZ PROVINCE

Using the geospatial coordinates obtained from INL as a starting point, we were able to confirm the location of the two infrastructure projects.¹⁰ Our site inspections revealed that the actual geospatial coordinates for the two projects were within half a kilometer from the coordinates provided by INL.

As SIGAR has stressed previously, robust program oversight requires specific knowledge of the project location, and accurate location information is critical to ensuring that the project is being maintained and used for its intended purpose.¹¹ INL has recognized the importance of accurate geospatial information, and demonstrated a commitment to ensuring the information it maintains is accurate.

Our site visits to the two GPI-funded infrastructure projects in Kunduz province also revealed that both the public library and sports complex were open and did not appear to have any major structural deficiencies, although the sports stadium was not being used as intended.

Kunduz Public Library

Using GPI funding provided by INL, the Afghan Ministry of Counter Narcotics signed a contract in June 2013, with M/s Spain Dara Construction Company (an Afghan company) for the construction of a public library and supporting infrastructure (water supply, sewage, power systems, etc.) in Kunduz province, Afghanistan. The project was completed in July 2014, at a cost of \$240,254, and turned over to the Afghan government. When we visited the library in September 2017, we found it was open, located in an accessible area, and in useable condition. We did not observe any major

⁹ Our objectives were not to determine the feasibility of individual projects or whether GPI achieved its broader goals related to sustained reductions in poppy production, and we did not assess the extent to which projects met program requirements or fulfilled program objectives. Similarly, this review did not assess the contracting process used by the program or the extent to which program funds were accurately and fully accounted for by program officials.

¹⁰ We used the geospatial coordinates for each infrastructure project based on the May 2017 Ministry of Counter Narcotics GPI data sheet for Kunduz province provided by INL.

¹¹ Previous SIGAR letters that stressed the importance of accurate geospatial information include: *SIGAR, Review Letter: Good Performers Initiative: Status of Six Completed Projects in Faryab Province, Afghanistan*, SIGAR 18-21-SP, January 10, 2018; *SIGAR, Review Letter: USAID-Supported Health Facilities in Takhar Province*, SIGAR 17-51-SP, July 6, 2017; *SIGAR, Review Letter: Good Performers Initiative: Status of Seven Completed Projects in Khost Province, Afghanistan*, SIGAR 17-37-SP, April 18, 2017; *SIGAR, Review Letter: Good Performers Initiative: Status of Six Completed Projects in Ghazni Province, Afghanistan*, SIGAR 17-26-SP, February 2, 2017; *Review Letter: USAID-Supported Health Facilities in Badakshan*, SIGAR 16-39-SP, June 27, 2016; *Review Letter: USAID-Supported Health Facilities in Kabul*, SIGAR 16-09-SP, January 05, 2016; *Alert Letter: USAID-Supported Health Facilities in Herat*, SIGAR 16-01-SP, October 20, 2015; *Alert Letter: PCH Health Facilities Coordinates Response*, SIGAR 15-82-SP, August 18, 2015; *Inquiry Letter: Geospatial Coordinates for PCH Health Facilities*, SIGAR 15-67-SP, June 25, 2015

structural problems at the facility: the roof appeared to be in good condition, most of the windows and doors were intact, and the library had electricity, clean water, and functional toilets. Photos 1 and 2 show the outside and inside of the Kunduz Public Library.

Photo 1 – Entrance to Kunduz Public Library



Source: SIGAR, September 19, 2017

Photo 2 – Reading Room Inside the Library



Source: SIGAR, September 19, 2017

Kunduz Sports Stadium

Using GPI funding provided by INL, the Afghan Ministry of Counter Narcotics signed a contract in September 2015, with Yasir Sayedy Construction Company for the construction of a sports stadium and supporting infrastructure (water supply, sewage, power systems, etc.) in Kunduz province, Afghanistan. The project was completed in September 2016, at a cost of \$498,047. When we visited the stadium in September 2017, we found it was open and did not appear to have any major structural deficiencies. We also found that the stadium had access to clean water and electricity, most windows and doors were intact, and the toilets were functioning, clean, and maintained. However, both a community member we spoke with and the stadium director stated that the facility was not being used by the community. In fact, the facility director stated that the stadium field had not been used at all because it was not designed correctly to host football (soccer) games and did not have a functioning irrigation system.¹² According to responsible provincial officials, the Ministry of Counter Narcotics did not coordinate with them to ensure design requirements were met.¹³ In addition, despite the lack of use, and relative newness of the stadium, we were surprised to find that the facility and grounds already showed serious wear and tear, and we found clear indications of poor workmanship and a lack of maintenance. For example, we observed falling ceiling tiles, broken drainage grates, and unlevelled playing surfaces with incomplete water systems protruding from the football field (which would present a serious hazard to players were the field to ever be used as intended). Photos 3 and 4 show inside of the stadium grounds.

¹² The contract did not require the installation of an irrigation system, which the director stated was needed to keep the sports field in playable condition.

¹³ In comments on a draft of this report, INL stated that “MCN/GPI coordinated closely with Kunduz provincial authorities throughout the life of the project, from design, to project progress monitoring, to contractor payment approval, to project handover. The Kunduz Sports Stadium is a Class-C stadium – a standard design of the Afghanistan Olympic Committee (AOC) provided to MCN/GPI by the AOC for implementation ... According to this standard design, the dimensions of the football field are 68x100 meters. At the request of the Kunduz AOC, GPI instructed the contractor to increase the size of the field to 83x115 meters.”

Photo 3 – Unused Track, Football Field, and Basketball Court at Kunduz Stadium



Source: SIGAR, September 23, 2017

Photo 4 – Incomplete Water Pipe Protruding from Unlevelled Football Field



Source: SIGAR, September 23, 2017

CONCLUSION

Our review showed that the INL-maintained location information for both facilities was accurate. We also found that both the public library and sports complex were open and did not appear to have any major structural deficiencies. However, we did observe one issue that warrants action from INL and the Afghan Ministry of Counter Narcotics. To determine why the sports stadium is not being used as intended and to make better use of INL's \$498,047 investment, we suggest that INL (1) inform the Afghan Ministry of Counter Narcotics of the sport's stadium's underutilization, and (2) request that the ministry develop an action plan detailing the reasons for the underutilization and identify what can be done to ensure that this facility benefits the local population.

AGENCY COMMENTS

We provided a draft of this report to State for comment on February 27, 2018. INL provided comments on March 19, 2018. INL's comments are reproduced in appendix I. INL also provided technical comments, which we incorporated, as appropriate. In its comments, INL stated that it has already taken action to address our suggested action and notified the Ministry of Counter Narcotics of our findings on March 3, 2018. INL also stated that, "the Afghan National Directorate of Security (NDS) used the stadium as a base for military operations during a heavy period of fighting against Taliban forces from April-June 2017. This irregular use caused significant damage to the facility." Finally, INL stated that the stadium is still in the one-year, warranty period and that MCN will "deploy a technical team to survey the project site prior to final project handover. The MCN will instruct the contractor to remedy any deficiencies caused by poor workmanship. Additionally, the Department will work with the MCN and Kunduz provincial authorities to identify and approve any extra work necessary to rectify deficiencies determined to be the result of project design flaws or damage by the NDS."

APPENDIX I - COMMENTS FROM THE DEPARTMENT OF STATE



United States Department of State

Washington, D.C. 20520

March 19, 2017

Mr. Matthew Dove
Director, Special Projects Office
Special Inspector General for Afghanistan Reconstruction
1550 Crystal Drive, Suite 900
Arlington, VA 22202

Dear Mr. Dove:

The Department of State welcomes the opportunity to comment on the Special Inspector General for Afghanistan Reconstruction (SIGAR) draft report entitled, “State Department’s Good Performers Initiative: Status of Two Completed Projects in Kunduz Province” (dated March 2018). The Department respects SIGAR’s role in safeguarding U.S. taxpayer investment, and we share your goals of implementing programs free from waste, fraud, and abuse.

The attached technical comments include detailed responses to the findings in the draft report. The Department would like to note the following in order to publicly clarify comments raised in the draft report.

SIGAR found that one of the two projects – a sports stadium – was not being used by the community and had serious wear and tear. The Department would like provide clarification that has significant bearing on this finding and notes that the Afghan National Directorate of Security (NDS) used the stadium as a base for military operations during a heavy period of fighting against Taliban forces from April-June 2017. This irregular use caused significant damage to the facility.

SIGAR suggested that the Ministry of Counter Narcotics (MCN) develop an action plan to identify what can be done to ensure that the stadium benefits the local population. The Department would like to further note that the stadium is currently under its one-year warranty period. As per standard practice, the MCN will deploy a technical team to survey the project site prior to final project handover. The MCN will instruct the contractor to remedy any deficiencies caused by poor workmanship. Additionally, the Department will work with the MCN and Kunduz provincial authorities to identify and approve any extra work necessary to rectify deficiencies determined to be the result of project design flaws or damage by the NDS.

- 2 -

The Department of State appreciates SIGAR's examination of these two projects and looks forward to continuing to work with SIGAR and other relevant authorities on these issues.

Sincerely,



Patricia A. Thomas
Acting Executive Director
Bureau of International
Narcotics and Law
Enforcement Affairs

Attachment:
Technical Response

This project was conducted under
project code SP-171.

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:

- improve effectiveness of the overall reconstruction strategy and its component programs;
- 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.

Obtaining Copies of SIGAR Reports and Testimonies

To obtain copies of SIGAR documents at no cost, go to SIGAR's Web site (www.sigar.mil). SIGAR posts all publically released reports, testimonies, and correspondence on its Web site.

To Report Fraud, Waste, and Abuse in Afghanistan Reconstruction Programs

To help prevent fraud, waste, and abuse by reporting allegations of fraud, waste, abuse, mismanagement, and reprisal, contact SIGAR's hotline:

- Web: www.sigar.mil/fraud
- Email: sigar.pentagon.inv.mbx.hotline@mail.mil
- Phone Afghanistan: +93 (0) 700-10-7300
- Phone DSN Afghanistan: 318-237-3912 ext. 7303
- Phone International: +1-866-329-8893
- Phone DSN International: 312-664-0378
- U.S. fax: +1-703-601-4065

Public Affairs

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