



U.S. Senate Committee on Homeland Security and Governmental Affairs  
Subcommittee on Federal Spending Oversight

Senator Rand Paul, M.D. (Kentucky), Chairman



# Afghanistan in Review: Oversight of U.S. Spending in Afghanistan



Initial Majority Oversight Report

Chairman Rand Paul, M.D.

Subcommittee on Federal Spending  
Oversight and Emergency Management

May 9, 2018

# **Report of the Majority**

## **Oversight Mission to Afghanistan**

April 14-17

### **Table of Contents**

- Introduction
  
- Oversight in Afghanistan: Boondoggles
  - Defense Logistics Agency Disposal Service
  - Electricity and the North East Power System
  - The Grand Hotel
  - The Afghanistan Ministry of Interior
  
- Security Challenges
  - The Natural Gas Filling Station
  - The U.S. Consulate in Mazar-i-Sharif
  
- Building Blocks of Success
  - Corruption
  - Integrity Watch Afghanistan
  
- Conclusion

# Introduction

***“Congressional delegations come [to Afghanistan] all the time, about once a week or every 10 days, but this is only the second oversight one we have ever had.”***

**- U.S. Embassy Afghanistan Personnel**

The United States’ response to the 9/11 terror attacks — to eliminate the terrorists responsible in Afghanistan along with the Taliban that harbored them — was unquestionably justified. However, in the years since, the task of rebuilding and stabilizing Afghanistan has continued, with no end in sight. The United States has now been engaged in Afghanistan for nearly 17 years. That makes the war in Afghanistan the longest in U.S. history, and there is little evidence to suggest that the U.S. will withdraw any time soon.

At present, the U.S. government spends approximately \$45 billion annually in Afghanistan.<sup>1</sup> Nearly half of that goes to direct support for both U.S. and Afghan security forces. Logistical support accounts for most of the rest, while nearly \$800 million goes to economic assistance. Estimates of total U.S. spending in Afghanistan vary between \$841 billion – a figure Brown University’s *Cost of Wars Project* says is vastly underestimated – to approximately \$2 trillion.<sup>2</sup>

These costs pale in comparison to the more than 2,300 American men and women<sup>3</sup> that have given their lives in Afghanistan. This is a debt that can never be repaid.

After nearly two decades of war, trillions of dollars spent, and immeasurable human cost, the American taxpayer would be justified in demanding significant progress in Afghanistan to match their extraordinary investment there. Unfortunately, this does not appear to be the case.

In order to understand the issues confronting the ongoing U.S. effort in Afghanistan, the Federal Spending Oversight (FSO) Subcommittee conducted on-the-ground oversight of U.S. spending in-country from April 14<sup>th</sup> to 16<sup>th</sup>, 2018. This mission consisted of more than a dozen meetings and four off-site visits over the course of two and a half days in Afghanistan.

The bipartisan FSO team met with Afghans from both the national government and a non-governmental organization (NGO); military and State

---

<sup>1</sup> Pennington, Matthew, and Associated Press “Pentagon says war in Afghanistan costs taxpayers \$45 billion per year.” PBS News Hour, February 6, 2018. <https://www.pbs.org/newshour/politics/pentagon-says-afghan-war-costs-taxpayers-45-billion-per-year>.

<sup>2</sup> Sahadi, Jeanne, “The financial cost of 16 years in Afghanistan.” CNN, August 22, 2017. <http://money.cnn.com/2017/08/21/news/economy/war-costs-afghanistan/index.html>.

<sup>3</sup> <https://www.statista.com/statistics/262894/western-coalition-soldiers-killed-in-afghanistan/>

Department personnel; and the Special Inspector General for Afghanistan Reconstruction (SIGAR). The team also visited the Defense Logistics Agency's demilitarization and disposal facility at Bagram Air Base; an incomplete and abandoned hotel adjacent to the U.S. Embassy that was financed through the Overseas Private Investment Corporation; the Afghanistan Department of the Interior; and the offices of Integrity Watch Afghanistan.

This is an initial majority report of that mission, the team's findings, and observations from on the ground amidst America's "Forever War."

## **Oversight in Afghanistan: Boondoggles**

*"While seemingly contradictory, we appreciate your continued oversight; it helps us to hone our skills and think in new diminutions."*

**-Robin Fontes, MG, U.S. Army CSTC-A**

### **Defense Logistics Agency- Disposal Service**

The FSO team was interested in touring the Defense Logistics Agency-Disposal Service (DLA-DS) facility at Bagram Air Base, specifically because a whistleblower had alerted FSO to potential destruction of new equipment. FSO went through a long process of asking IGs and GAO to investigate DLA-DS and the potential destruction of new equipment. After several dead-ends, FSO almost dropped the issue and canceled the DLA-DS visit. Luckily, the visit went on as planned. Though told destruction of new goods was rare, FSO found thousands of dollars of new (in the packaging) electrical equipment slated for disposal.<sup>4</sup>

#### ***Background***

A whistleblower alerted the FSO Subcommittee early in 2015 that brand-new equipment (often in its original packaging) in Afghanistan was being destroyed in industrial shredders. It was suggested there was a supply chain issue, and that goods were delivered on a regular basis, and more were arriving



Figure 1: New breaker boxes slated for destruction

<sup>4</sup> The conduit retails for approximately \$19.59. The breaker boxes retail for \$78.24, and the breakers retail for roughly \$8. Though prices in bulk are often decreased, shipping costs must be accounted for and included in total cost.

than were truly needed. As a result, the surplus goods were simply being destroyed.

The FSO Majority first requested SIGAR to investigate the destruction of new equipment in December 2015. The Inspector General responded on March 4<sup>th</sup>, 2016, that, “The allegations raised in your letter merit further review”; however, in consultation with the Department of Defense, such allegations were outside of SIGAR’s jurisdiction. FSO was encouraged to contact the Defense Criminal Investigative Service (DCIS), the investigative component of the Department of Defense Inspector General.<sup>5</sup>

DCIS took 23 weeks to respond to the inquiry with a 2-page response noting that no criminal activity had occurred, and, since the IG’s office had produced 11 audit reports of DLS and the drawdown was largely complete by 2014, no further audit would occur.<sup>6</sup>



Figure 2: Afghan vehicles slated for destruction

In short, the FSO Majority felt that it was being stonewalled and approached GAO to look into the matter. GAO had not completed their investigation when the FSO team left for Afghanistan. However, they provided a preliminary oral brief on what they had found. In that brief, it was determined that roughly a quarter of one percent of the goods that DLA disposes of is new, totaling \$50 million.<sup>7</sup>

<sup>5</sup> SIGAR Letter to Chairman Paul, March 4, 2016.

<sup>6</sup> DCIS Letter to Chairman Paul, August 16, 2016.

<sup>7</sup> The conduit retails for approximately \$19.59. The breaker boxes retail for \$78.24, and the breakers retail for roughly \$8. Though prices in bulk are often decreased, shipping costs must be accounted for and included in total cost.

## On the Ground at DLA-DS in Afghanistan

In light of GAO's preliminary findings, the FSO team considered canceling the scheduled site visit to the DLA-DS facility. While \$50 million is no small sum, it does represent a small portion of what is decommissioned in Afghanistan. However, given the late timing, the DLA-DS visit continued on schedule.

The FSO team found the DLA-DS team to be taking their job seriously. It was mentioned several times that vehicles are battle worn and are not able to come in under their own power when they arrive for destruction – as can be seen in Figure 2 of vehicles awaiting disposal.

The FSO team was told with regard to the vehicles that they came from the Afghan

Army or Police. FSO was told that at one point the U.S. would meet Afghan requests for new equipment without question, but now vehicles needed to be unusable to be replaced. This refrain was common throughout the trip - the U.S. *used to* waste money but now was not wasting anything anymore.

DLA-DS also told the FSO team that all efforts were made to find a home for discarded goods before they were destroyed. The DLA facility has a white board (Figure 3) that contains requests from all over Afghanistan for various goods that may turn up at the DLA-DS facility. Further, FSO was told that DLA-DS seeks to separate out valuable and usable goods and materials from goods of no value. Figure 4 shows a worker sorting through cables to find any copper wiring.



Figure 3: A whiteboard showing requests from around Afghanistan for goods from the DLA-DS facility



Figure 4: Sorting through wires to determine if there is anything of value, such as copper.

This all seemed to confirm GAO's impression that little in the way of new goods are destroyed, and that it was more of a past problem. The impression given was that FSO might have missed the mark. In fact, at the site visit, it was asked if any new goods were ever destroyed, and the FSO team was told it happens, but rarely. **This made it all the more shocking when minutes later, three bins of**

**new electrical equipment (Figure 5), much of which was still in its manufacturer’s packaging, were discovered.**

If so little in the way of new goods are being destroyed and disposed of, then it seems like a remarkable coincidence that three bins with thousands of dollars of new goods happened to be there the day an oversight team concerned about this problem showed up.<sup>8</sup>

To be clear, DLA-DS is only receiving these goods, and they make an effort to redistribute what is usable elsewhere. But questions still remain regarding how new goods in their original packaging find their way to DLA-DS’s facility in the first place.

### ***Need for Further Investigation***



Figure 5: New breakers (top) and conduit body joints w/cover (bottom) slated for destruction/disposal

Clearly there are more questions that need to be answered with regard to the supply chain and how new and usable goods end up in the DLA-DS facility.

One explanation may be found with contractors. During the facility tour, the term “customers” came up repeatedly. It was explained that at this point in the war, DLA-DS mostly handles goods from the Afghan forces or from contractors.

Upon returning from Afghanistan, FSO contacted GAO to inquire about disposition of goods from contractors. Indications are that some disposed-of goods have a contractor reference number, but there is no accounting for the original procurer. Moreover, DCIS’ August 16<sup>th</sup>, 2016, letter noted that they had

previously done reports identifying **“recurring weaknesses, including...ineffective equipment accountability controls ... insufficient contract oversight; inaccurate property accountability systems. ...”** It could

<sup>8</sup> The conduit retails for approximately \$19.59. The breaker boxes retail for \$78.24, and the breakers retail for roughly \$8. Though prices in bulk are often decreased, shipping costs must be accounted for and included in total cost.

be the case that contractors are over-ordering knowing the U.S. government is paying.

This investigation will continue; however, FSO has been told that records are aging and incomplete. Another approach may be to acquire requisition requests and purchase orders to compare to destruction records. Doing so would shed light on how many of a given product was being purchased at the same time that same product, in new condition, was being destroyed.

## **Electricity and the North East Power System**

The FSO team requested a site visit of the North East Power System (NEPS) while in Afghanistan. Due to security concerns, this was not possible. Nonetheless, the FSO team held a joint meeting with personnel from USAID and the Army Corps of Engineers to discuss the project. This was of particular interest to the FSO team given the recent release of a report from SIGAR documenting numerous problems with the \$60 million “Phase III” of the project.<sup>9</sup>

NEPS is part of an overall Power Transmission, Expansion, and Connectivity Project aimed at bringing power to the Afghan population. The FSO team was told the entire NEPS project is estimated to cost approximately \$750 million and be completed by 2020. Remarkably, after nearly 17 years of war and rebuilding, only 36 percent of the population has power.

### ***Work by Proxy***

With the kinds of security restrictions that exist in Afghanistan, many U.S.-funded projects cannot be visited by U.S. personnel; NEPS is one such project.

The NEPS project is run by the Army Corps of Engineers, but the actual construction of the project is done by a contractor - Zwakman Nabizai Construction Company. While much of this NEPS project (done in four phases) is within 100 miles of Kabul or Bagram AFB<sup>10</sup>, the FSO team was told the Army Corps is/was unable to visit the project sites because security could not be assured. SIGAR is likewise unable to visit the sites due to security and must rely on Integrity Watch Afghanistan, an Afghan NGO, to perform oversight.

---

<sup>9</sup> Office of the Special Inspector General for Afghanistan Reconstruction, “Afghanistan’s North East Power System Phase III.” SIGAR-18-37-IP, March 30, 2018. <https://www.sigar.mil/pdf/inspections/SIGAR-18-37-IP.pdf>.

<sup>10</sup> Distance from Kabul to: Pul-e-Alma (end Phase I and start Phase II) 42.8 miles; to Gardez (end of Phase II and start of Phase IV) 79.5 miles. Distance From Bagram AFB: to Charikar (start of Phase III) is 13.6 miles and to Nejrab (end point of Phase III) is 26.7 miles.

Certainly a small minority can compromise safety, but it calls into question how effective projects such as NEPS are in building goodwill if U.S. personnel would be in danger if they did the work themselves.

### ***Built on Property Without Permission/Purchase***

As SIGAR reported, before construction of the NEPS project was to begin, the Afghan government was to procure and clear the land it would be built on. That simply did not happen, and yet the Army Corps gave the contractor the go-ahead to begin the project.

In a meeting with USAID and the Army Corps, the FSO team questioned the wisdom of building on people's land without procuring it first. The answers were astonishing. The team was told that most Afghans do not have formal title to their land, so it would be impossible to determine from whom to purchase the land. Moreover, it was asserted that if it was known that land was being purchased for this project, prices would skyrocket, and everyone would claim some piece of land in the transmission lines' path.

The FSO team found this to be a wholly unacceptable answer. As is often the case, the **government is too focused on the “whats” of success and not the “whys.”** Certainly electricity is important to the modern world, but **respect for property rights is one of the most fundamental cornerstones of a successful and stable society.**

Afghanistan has not had a sustained period of stable government, so land titling is not common. That does not change the fact that the people who live and work on such properties believe it to be theirs. In fact, according to the Asia Foundation, the most common kind of disputes that come before Afghan courts are land disputes. Taken with property disputes (which are broken out separately), deciding ownership of land and property account for 57 percent of all court cases.<sup>11</sup>

**Like Americans, Afghans clearly have a deep rooted sense of ownership and private property. We should thus be seeking to protect Afghan property rights rather than using failings in their law to exploit them. Is it any wonder that security would be an issue?**



Figure 6: A tower for the NEPS Phase III system literally built in someone's backyard

<sup>11</sup> The Asia Foundation, “Afghanistan in 2017: A Survey of the Afghan People.” The Asia Foundation, November, 2017. [https://asiafoundation.org/wp-content/uploads/2017/11/2017\\_AfghanSurvey\\_report.pdf](https://asiafoundation.org/wp-content/uploads/2017/11/2017_AfghanSurvey_report.pdf).

Phase IV of NEPS is currently underway, and U.S. officials told the FSO team that again they had begun construction without procuring the land.

### ***India's Frugality Degraded U.S. Quality***



Figure 7: NEPS Phase III towers

NEPS Phase III is a distribution branch coming off of the main transmission line drawing power from Uzbekistan. The plan called for Phase III to originate at the Charikar substation, which was built by the Indian government. Substations are to the power grid what breakers are to residential homes. As SIGAR reported, NEPS Phase III did not connect to Charikar as the plans had called for. Instead, Phase III connected directly into the transmission line using what is called a “T” connection.

There seems to be some dispute between SIGAR and the Army Corps as to whether a “T” connection is intended to be temporary or not. The Army Corps says this is a permanent and fully serviceable connection. However, the FSO team pressed the issue and learned that, while it can be a permanent connection, it bypasses the Charikar substation entirely – the breaker at the head of the spur.

Perhaps the most troubling part of everything related to Charikar is that the “T” connection was needed because the Indian government wanted to save money. As it was described to the FSO team, to make the connection, the substation requires what amounts to giant outlets for the high-voltage lines to plug into. Such outlets cost millions of dollars, and Charikar was already running over budget. So the Indian government deleted the outlets from the substation. FSO asked why no one held Indians to deliver Charikar as planned and if American personnel was alerted to the deletion? According to the Army Corps and USAID officials with whom FSO, the Indians did notify the U.S. of the deletion, and such notification shows the high level of coordination on the overall electrification project.

### ***Culture and Corruption***

One of the most troubling aspects of the Afghanistan power system is the role the Taliban play. The FSO team was told that once a piece of the transmission system is completed, it is handed over to Da Afghanistan Breshna Sherkat (DABS), the

Afghan power utility. From that point it is up to them to maintain and repair the system.

While new U.S. funding is no longer at risk, the team was told that the infrastructure U.S. taxpayers bought is routinely destroyed as part of an extortion scheme by the Taliban. In one part of the country, the Taliban have blown up so many towers that DABS has become proficient enough to rebuild the towers in a matter of hours.

But the point is not to frustrate the U.S.' rebuilding effort. Instead, it is to extort a peace payment from DABS. In another part of Afghanistan, the FSO team was told that the peace agreement allows the Taliban to bill the a local population for electricity in exchange for not wreaking havoc on the broader electric grid.

**Consider this in context: infrastructure is crumbling in the U.S., yet we are building new infrastructure in a warzone that combatants are destroying or – even worse – using to finance their fight against us.**

## The Grand Hotel

The FSO team investigated the Grand Hotel Project,<sup>12</sup> commonly referred to as the Kabul Marriott. The idea behind the hotel was to have Five Star accommodations and, later, luxury apartments in close proximity to the U.S. Embassy and nearby Afghan Ministries. The website of the project's developer described the hotel project as, "Grand in every way," adding, "you will be surrounded with its elegance."<sup>13</sup>

SIGAR had previously published a report on the project, which was financed through almost \$90 million from the Overseas Private Investment Corporation (a U.S. Government entity). The hotel was never completed and the loans never repaid.<sup>14</sup>

What made this project interesting to the FSO team is that the failed project sits directly adjacent to the U.S. Embassy property. Unlike so many unreachable projects in Afghanistan, progress reports from the builder could be easily confirmed, security



Figure 8: A hallway in the residential portion of the building

<sup>12</sup> There was also an apartment residency that was supposed to adjoin the building.

<sup>13</sup> TaherInvest, "Hotels and Resorts: Silk Rotana Kabul."TaherInvest."

<http://www.taherinvest.com/en/companies/hotels-resorts/the-grand-hotel-kabul/about-grand-hotel/>.

<sup>14</sup> Office of the Special Inspector General for Afghanistan Reconstruction, "Review Letter: Abandonment of OPIC Projects in Kabul." SIGAR-17-13-SP, November 16, 2016. <https://www.sigar.mil/pdf/special%20projects/SIGAR-17-13-SP.pdf>.

issues would be known, and corrective action could be taken quickly if needed. Unfortunately, by all appearances this did not occur.

### *Nowhere Near Complete*

According to SIGAR, TAYL Investment Group (who was building the hotel) stated in their April 25, 2013, progress report to OPIC that 95.21 percent of the construction loans had been spent, and the project would be completed in approximately two months, with a soft opening scheduled for July of the same year.<sup>15</sup>



Figure 9: Residential room supposedly almost complete and awaiting furniture.

The FSO team toured the facility and found that it was nowhere near complete, something that would have been obvious to anyone at the adjacent U.S. Embassy compound. On the whole, there was no aspect of the hotel that could

reasonably be considered “weeks” from completion. While the exterior of the building had a near-finished look, there were still numerous signs it was incomplete.

The interior of the building was clearly more than three months away from the hotel being able to receive its first guests. The FSO team found almost the entire interior of the building “roughed out,” and it would still need months’ worth of cleaning and finishing.

According to engineers from the State Department and SIGAR, the hotel is at best 50 percent complete; however, many people that spoke with the FSO team put the estimate in the mid-to-high 30 percent range.

No one at OPIC seemed to be aware of the actual progress of the hotel, which allowed the



Figure 10: Actual rooms observed by FSO team

<sup>15</sup> Office of the Special Inspector General for Afghanistan Reconstruction, “Review Letter: Abandonment of OPIC Projects in Kabul.” SIGAR-17-13-SP, November 16, 2016. <https://www.sigar.mil/pdf/special%20projects/SIGAR-17-13-SP.pdf>.

builder to keep up the charade that the hotel would be opening soon. In June 2013 TAYL reported that they had contracted for furniture. The photos in Figure 9 are of pictures of rooms that were dummied up and staged to look ready for guests.

The FSO team was not able to view these specific rooms; however, Figure 10 pictures were taken by FSO personnel. Despite the photos of clean, complete rooms, the reality showed bare floors, unpainted walls, and exposed wires.

Had OPIC visited the site or asked one of the thousands of U.S. personnel living just yards from it to do so, it would have been clear that this project was not on track.

### ***Security Would Have Been A Problem***

One of the most obvious problems with the hotel project is the lack of security. Though directly adjacent to the U.S. Embassy, security must have been a concern from the beginning. The picture in Figure 11 was taken by FSO personnel and shows what would have been the main entrance to the hotel. What is striking is that, according to State Department officials who accompanied the FSO team, the guard shack and razor wire were installed during construction to protect workers – not as a security measure after the building was abandoned.

If it was not possible to construct the hotel without this degree of security measures, then how was there any hope this facility would be used as a “five star” luxury hotel?



Figure 11: These security measures were put in place by the hotel builder. This calls into question how it was ever assumed this hotel could be a viable business venture.

The FSO team found the security risk the hotel posed to the U.S. Embassy and its personnel deeply troubling. Figure 12, a picture taken by FSO personnel, shows

the hotel from outside the consular building of the embassy – roughly a distance of 800 feet.<sup>16</sup> The hotel looks over the embassy walls and is only 460 feet from the living quarters used by embassy personnel and visitors, including members of Congress and the FSO team.

From this vantage point, had the hotel been completed, the Taliban or other terrorist organizations would have had an amazingly convenient vantage point for an attack on U.S. goods and personnel. While we doubt this vulnerability would not have been dealt with, it would have cost money. Further, there is nothing to suggest this eventuality was contemplated prior to the hotel project receiving funding.

Nothing suggests that OPIC ever even considered the possible security challenges of this project, which is why SIGAR encouraged OPIC to “use more robust oversight practices, appropriate to the dynamic nature of Afghanistan’s security environment, when funding any future large-scale construction projects in Afghanistan.”<sup>17</sup>



Figure 12: This picture of the Hotel was taken outside the Consular Building of the Embassy, 800 feet away.

<sup>16</sup> Distance was measured using Google Maps.

<sup>17</sup> Office of the Special Inspector General for Afghanistan Reconstruction, “Review Letter: Abandonment of OPIC Projects in Kabul.” SIGAR-17-13-SP, November 16, 2016. <https://www.sigar.mil/pdf/special%20projects/SIGAR-17-13-SP.pdf>.

## *What is Next for the Hotel?*

We know that TAYL received \$92 million for the hotel project.<sup>18</sup> It is unknown how much of that was actually spent pursuing the hotel. Obviously a five-story structure was constructed, and at some point it appeared to be a serious effort. But perhaps as security deteriorated in Kabul the TAYL felt it was unsafe to continue construction and the effort would be fruitless. What we do know is that the U.S. Embassy has acquired the rights to the property from OPIC and is now securing the site and using it for storage, the building remains incomplete, and TAYL has failed to repay the loan.

Since the hotel has been allowed to sit for nearly four years, unfinished and unmaintained, it has begun to deteriorate. **Personnel from both the State Department and SIGAR told the FSO team that it would be more economical to raze the building in its entirety and build something different in its place.**

Many questions remain, and FSO plans to pursue further information, including but not limited to the answers to the following questions:

- The project was commonly referred to as the Kabul Marriott, including on OPIC documents, but TAYL's website indicated late in 2013 that Rotana Hotels were "selected" to manage the property. Afghan Voice Agency reported in May 2013 (the month before the project was to open) that Marriott had pulled out of the project due to security.<sup>19</sup> What was Marriott and then Rotana's involvement in this project? How close to completion were these companies led to believe the hotel was?
- TAYL's company website remains active, though its last new posting is from May 2014, ironically with a promotional video of the Grand Hotel. Has TAYL shuttered its business? Has OPIC tried to collect on their loan?
- OPIC's website says their mission is to "help American businesses gain foothold in new markets." TAYL is/was headquartered in Amman, Jordan, and according to the company website, it was founded in Kuwait. How did this company qualify for OPIC funding?

---

<sup>18</sup> This figure includes the adjoining apartments.

<sup>19</sup> Afghan Voice Agency, Kabul, "Construction of the Marriott Hotel stopped in Kabul." Afghan Voice Agency, May 9, 2013. <http://www.avapress.com/en/news/64870/construction-of-the-marriott-hotel-stopped-in-kabul>.

## Afghan Ministry of Interior

The Afghanistan Ministry of Interior (MOI) is responsible for domestic police activities in Afghanistan. The FSO team's understanding was that the MOI building was near the city center and, as such, it was at risk of attacks from the Taliban. In 2011, it was decided that the U.S. would build the Afghans a new MOI building/compound within the perimeter of the Kabul airport, which is a more secure location.<sup>20</sup> Such security concerns seem well-founded given that the suicide bombing that killed 95 people this January took place near the old MOI building.<sup>21</sup>

The new MOI headquarters was opened late in 2015 and cost the U.S. taxpayer \$210 million.<sup>22</sup> The FSO team was interested in visiting the site given that SIGAR found numerous deficiencies with the building, including nonfunctioning HVAC and uncertified fire doors.<sup>23</sup> Just as troubling was a persistent rumor that during construction, the Minister believed his office was not as opulent as the Defense Minister's office, and thus change orders were made to add marble and trappings. For this reason and others, the building went through an early renovation before even being occupied. So not only did the building not live up to its \$210 million price tag in terms of functionality, but the U.S. taxpayer was taken advantage of a second time, for cosmetic upgrades.

While the U.S. contracted for the building of the MOI building, the renovation project was contracted by NATO, but funded by the U.S. In fact, the header of the description of work to be done on the contract is "MOI HQ Enhancement" for a newly constructed building. The enhancement project cost taxpayers an additional \$2.6 million.

When the FSO team was ready to tour/inspect the building, it was evident that the MOI was unprepared, and FSO felt that we did not get the full perspective.



Figure 13: Freestanding climate unit next to a vent for the central climate system at the Ministry of Interior.

<sup>20</sup> Office of the Special Inspector General for Afghanistan Reconstruction, "Afghan Ministry of Interior Headquarters Project: Phases 1 and 3 Experienced Construction Deficiencies, Poor Oversight, and Increased Costs." SIGAR-18-35-IP, March, 2018. <https://www.sigar.mil/pdf/inspections/SIGAR-18-35-IP.pdf>.

<sup>21</sup> Politi, Daniel, "Taliban Pack Ambulance with Explosives, Kill at Least 95 in Afghan Capital." Slate, January 27, 2018. <https://slate.com/news-and-politics/2018/01/taliban-pack-ambulance-with-explosives-kill-dozens-in-afghan-capital.html>.

<sup>22</sup> Naibkhel, Farhad, "MOI gets new complex." Afghanistan Times, December 19, 2015. <http://afghanistantimes.af/moi-gets-new-complex/>.

<sup>23</sup> Office of the Special Inspector General for Afghanistan Reconstruction, "Afghan Ministry of Interior Headquarters Project: Phases 1 and 3 Experienced Construction Deficiencies, Poor Oversight, and Increased Costs." SIGAR-18-35-IP, March, 2018. <https://www.sigar.mil/pdf/inspections/SIGAR-18-35-IP.pdf>.

Instead of a formal inspection of the building, FSO was haphazardly taken to various offices. FSO was able to see the Minister's office, but even that was brief and only came after the issue was pressed.

### ***HVAC and Fire Alarms***

FSO was able to observe numerous independent climate control units throughout the building. According to officials FSO talked with at the MOI, these were required because of problems with the reliability of the central HVAC system.

Based on documents FSO has reviewed, it appears 220 of these units were installed as part of the renovation, with each having a unit cost of \$2,220 for a total of \$488,400.<sup>24</sup> In total, HVAC work as part of the renovation cost \$647,692.

Amazingly, part of the renovation included a "Disconnect Fire Alarm System." This was not billed discretely and was part of the \$756,000 cost of labor the contractor billed for.



Figure 14: Note the Air Duct in the ceiling between the two light fixtures, as well as the free units directly ahead and on the left wall.

The FSO team was told by personnel at the MOI that the fire alarm system does not work. The MOI staffer simply shrugged his shoulders when asked, "So what do you do if there is a fire?"

### ***Marble and the Minister's Office***

FSO was told the main reason for the pre-opening renovation was that the Minister at the time wanted a more ornate office, similar to the one the Defense Minister had. In particular, it was said that he wanted marble installed. The FSO team did not observe marble in the Minister's office, but the lobby of the MOI was floor-to-ceiling marble. However, this work was done over two and a half years ago, and the FSO team was rushed through the Minister's offices and suite.

MOI staff told FSO that the assertion of using marble was untrue, and that the ornate woodwork in the halls of the Minister's suite (see Figure 16) was confused for marble.

---

<sup>24</sup> NATO Contract #4500321284. September 15, 2015.



Figure 15: There did not appear to be marble in the Minister's office.



Figure 16: MOI staff suggested that reports of marble were not true, and that people mistook the wood in the hallway in the Minister's suite as marble. However, the renovation contractor billed for marble.

However, the contractor billed for nearly \$40,000 in marble, including “Marble Floor Covering” and “Marble Thresholds for Double swing doors.”<sup>25</sup> In total, the enhancement project was only supposed to take two months, yet in two months’ time, variations and changes increased costs by \$310,338. Amazingly, \$7,000 was billed for “Lost time waiting for instructions” and \$10,000 for the rental of a car and driver.

## Security Challenges

Upon arrival in Afghanistan, it is obvious that security is a major challenge. Though the FSO team arrived via commercial airline, they were instructed not to enter the airport terminal. Instead, the team was taken down a gangway to a waiting car on the tarmac and driven to a U.S. facility elsewhere on the airport grounds. From there the FSO team (like all embassy visitors) was helicoptered to the U.S. Embassy.

This experience is foreboding to the overall U.S. presence in Afghanistan. The embassy grounds and adjacent NATO military compound are like a prison; the perimeter is surrounded by high walls, there are check points, and no one can leave except in special cases. Embassy personnel live and work on the compound. In fact, a brand-new housing facility was just completed, which we were told would include a full size grocery store and a gym with a pool.

However, numerous personnel who had previously been at this post told stories of leaving the compound and shopping and eating in restaurants in Kabul. This clearly shows the security situation has deteriorated. One explanation is that the Afghan National Police have taken on a larger role in providing security, while the

---

<sup>25</sup> Ministry of the Interior Enhancement Project Additional Work Cost Breakdown. November 27, 2015.

U.S. military has a decreased role. While this may be the case, it clearly shows that the overall security profile of the country has diminished.

### ***Mazar-e Sharif***

Security concerns have rendered many regions in which the U.S. has previously invested significant funds in development and infrastructure projects entirely inaccessible to U.S. coalition forces. Notable among these innumerable investments are the infamous \$43 million natural gas station and the ill-fated U.S. Consulate in Mazar-i-Sharif. FSO had requested to visit these sites, but security concerns made this impossible.

### ***The Natural Gas Filling Station***

The Department of Defense's botched effort to build a natural gas filling station in Sheberghan, Afghanistan, was conceived as a way in which to "demonstrate the commercial viability of [compressed natural gas (CNG)] for automobiles in Afghanistan as part of a broader effort to take advantage of Afghanistan's domestic natural gas reserves and reduce the country's reliance on energy imports."<sup>26</sup> In 2006, the U.S. Geological Survey found that Northern Afghanistan is home to substantial natural gas reserves, liquids, and petroleum. Somehow this relatively straightforward, yet seriously ill-advised, effort to build a gas station cost \$42,718,739 between 2011 and 2014, \$30 million of which was devoted to overhead costs. SIGAR found that the cost far outstripped other similar efforts DOD undertook and "cost 140 times as much as a CNG station in Pakistan."<sup>27</sup>

If only the price tag were the only absurd aspect of this project. SIGAR found "no evidence DOD ever did a feasibility study before moving forward" with it.<sup>28</sup> Had they done one, perhaps they would have found, as SIGAR subsequently did in the course of its investigation, that Afghanistan lacks the natural gas infrastructure necessary to support a market for CNG vehicles. In layman's terms, regardless of the country's expansive reserves, the country can't transport natural gas from point A to point B. Further, even if there were reliable transportation methods, Afghans simply lack the ability to pay for vehicles that run on natural gas. CNG conversion costs as much as \$800 in a country where the annual average income is about \$690, which may explain why the U.S. government paid for the conversion of over 120 Afghan vehicles to CNG so that they could use the filling station.<sup>29</sup> All told, the station produced "no discernable macroeconomic gains and a discounted net loss of \$31 million."<sup>30</sup> On its oversight trip, the FSO delegation requested to view the station

---

<sup>26</sup> Office of the Special Inspector General for Afghanistan Reconstruction, "DOD's Compressed Natural Gas Filling Station in Afghanistan: An Ill-Conceived \$43 Million Project." SIGAR-16-2-SP, October 22, 2015. <https://www.sigar.mil/pdf/special%20projects/SIGAR-16-2-SP.pdf>.

<sup>27</sup> *Ibid.*

<sup>28</sup> *Ibid.*

<sup>29</sup> *Ibid.*

<sup>30</sup> *Ibid.*

but was told that the U.S. military could not guarantee safety at that location, so it is off-limits to Americans and coalition forces.

### ***The U.S. Consulate at Mazar-i-Sharif***

Similarly, the delegation requested to visit Mazar-i-Sharif, considered “one of Afghanistan’s safest cities,”<sup>31</sup> but again, safety concerns made visiting impossible. The delegation sought to visit the location of the now-infamous U.S. Consulate there. At the end of 2009, the U.S. made the decision to build the consulate in Mazar-i-Sharif, as it is a major city in the north that could feasibly serve as the U.S.’ diplomatic hub in the region. The embassy in Kabul eventually settled on an historic hotel in the city. It signed a 10-year lease in 2009 and dumped over \$80 million into the site – \$26 million on renovations alone.

Without conducting basic site assessments, the State Department plowed ahead, “[e]ager to raise an American flag and open a consulate in a bustling downtown district. ...”<sup>32</sup> These officials “sought [and received] waivers to stringent State Department building rules and overlooked significant security problems at the site”<sup>33</sup>

Had waivers not been issued, officials might have discovered the significant flaws with the location. It “shared a wall with local shopkeepers. The space between the outer perimeter wall and the buildings inside – a distance known as ‘setback’ in war zone construction – was not up to U.S. diplomatic standards set by the State Department’s Overseas Security Policy Board. The complex was surrounded by several tall buildings from which an attack could be launched.”<sup>34</sup> The installation’s outer perimeter wall was made of sun-dried mudbricks, straw, and manure, as well as untreated timber for roofing.<sup>35</sup> The location also lacked the space for a Black Hawk helicopter to land, meaning that in a military emergency a response team would need between 90 minutes and two hours to reach the site “under good conditions.”<sup>36</sup>

These concerns eventually came to light in year two of the 10-year lease, and upon arrival, Ambassador Ryan Crocker decided to conduct the waived assessments. Reviews found the building was subject to “catastrophic failure” in the event of a car bomb “in light of the local construction techniques and materials.”<sup>37</sup> Further, “[a] chain of security incidents ... prevented U.S. officials from moving into the facility.”

---

<sup>31</sup> Hasrat-Nazimi, Waslat, “Mazar-i-Sharif attack proves no Afghan city is safe.” Deutsche Welle, November 11, 2016. <http://www.dw.com/en/mazar-i-sharif-attack-proves-no-afghan-city-is-safe/a-36360885>.

<sup>32</sup> Londoño, Ernesto, “Citing security, U.S. abandons consulate site in Afghanistan.” *The Washington Post*, May 5, 2012. [https://www.washingtonpost.com/world/asia\\_pacific/citing-security-us-abandons-consulate-site-in-afghanistan/2012/05/05/gIQA9ZkD4T\\_story.html?utm\\_term=.7631670fce8d](https://www.washingtonpost.com/world/asia_pacific/citing-security-us-abandons-consulate-site-in-afghanistan/2012/05/05/gIQA9ZkD4T_story.html?utm_term=.7631670fce8d).

<sup>33</sup> *Ibid.*

<sup>34</sup> *Ibid.*

<sup>35</sup> *Ibid.*

<sup>36</sup> *Ibid.*

<sup>37</sup> *Ibid.*

In fact, a “sophisticated surveillance operation against the consulate, including information about plans to breach the consulate site,” was unearthed by Afghan security forces.<sup>38</sup>

By the end of 2011, “embassy officials began exploring alternative short-term sites for their diplomatic staff in northern Afghanistan. A Western diplomat familiar with the situation said the United States has sought, so far in vain, to persuade the German and Swedish governments to sublet it,” a concept that both countries found “laughable.”<sup>39</sup>

## **Building Blocks of Success**

### ***Corruption***

Over and over again, at virtually every meeting the FSO team had in Afghanistan, corruption was pointed to as being the major impediment to the country’s success. According to the Asia Foundation’s 2017 survey of the Afghan people, 83.7 percent responded that corruption was a major problem affecting the country as a whole, and 69.8 percent said it affected their daily lives.

In several meetings, the FSO team was told the U.S. is responsible for a significant degree of corruption in Afghanistan. One Afghan said that Americans were at least 50 percent responsible for corruption, while others put it at lower but still significant percentages.

Constantly, the FSO team was told the root of this belief is that from the early days of the war, the U.S. indiscriminately spent money with little oversight. No one disputed that claim during the visit.

From the numerous meetings the FSO team had, two apparent perceptions of how the U.S. fosters corruption became clear:

1. If the U.S. gives corrupt people money and allows those people to steal from their own (U.S.) taxpayers, then they are sanctioning corruption by Afghan officials against the Afghan people.
2. The U.S. is the most powerful country in the world. If they build infrastructure that does not work as intended or at all, or if what was promised does not get delivered, it is done intentionally.

These perceptions are supported by data from Integrity Watch Afghanistan, which, according to their 2016 National Corruption Survey, found that only 19

---

<sup>38</sup> *Ibid.*

<sup>39</sup> *Ibid.*

percent of respondents believed International Forces worked for the benefit of all people, while 22 percent were seen as working for the benefit of some people.<sup>40</sup> When asked if Afghans thought the international community wants to fight corruption, 46 percent responded that they did not, and 19 percent were unsure. When people were specifically asked if in the previous year they had heard a U.S. official speak against corruption, only 22 percent said they had.<sup>41</sup>

Numerous people the FSO team spoke with placed a certain level of responsibility for corruption on the Karzai Government, but even as one individual said, that still ultimately points back to the U.S. and U.S. dollars. As they told it, Karzai used American money to enrich himself and then prop up a “fake economy” based on foreign assistance.

### ***Integrity Watch Afghanistan***

Integrity Watch Afghanistan (IWA) is an NGO that seeks to combat waste, fraud, and abuse in Afghanistan. Of all the meetings the FSO team had, it was clear that IWA is probably the most effective actor in terms of fostering stability in Afghanistan.

What makes IAW so effective and unique is that it is one of the few NGOs made up of and run by Afghans. That gives IAW a quality no American can have: being local on the ground.

Members of the FSO team left the embassy compound to visit IAW at their offices in Kabul. FSO was interested in IAW because they do contract work for SIGAR - doing oversight where U.S. personnel cannot go (even if U.S. dollars are going there). However, IAW turned out to be so much more.

This was one of the last meetings the FSO team had, and it was clear that IAW has a completely different philosophy and passion than had been seen among the Americans that the FSO team had previously met on the trip. IAW works out of offices converted from a three-story house. The FSO team was led to a basement conference room, where it met with IAW’s Executive Director, Sayed Ikram Afzali, as well as two of his deputies.

---

<sup>40</sup> Integrity Watch Afghanistan, “National Corruption Survey 2016: Afghan Perceptions and Experiences of Corruption.” Integrity Watch Afghanistan, 2016. [https://iwaweb.org/wp-content/uploads/2016/12/NCS\\_English\\_for-web.pdf](https://iwaweb.org/wp-content/uploads/2016/12/NCS_English_for-web.pdf)

<sup>41</sup> *Ibid.*



Figure 17: Members of the FSO Team (McNeill, front-right; Gor, 2nd front-right) meet with IWA at their Kabul headquarters.

Their leadership is well-educated, including some with advanced degrees from western institutions. Most of IAW's workforce is in their 30s and have returned or stayed in Afghanistan in the hopes of making their country succeed. At numerous prior meetings, FSO had been told the younger generation was the one that bought into the "new" Afghanistan. At IWA, the FSO team saw this generation's passion in action.

### ***Developing a Culture of Accountability***

Perhaps the most striking aspect about IAW was how much this group does to improve and stabilize Afghanistan and how little attention they receive. In addition to doing contract work for SIGAR, IWA produces reports on everything from corruption to mining, does its own audits, provides representatives to various anti-

corruption and integrity panels, and trains local Afghans to hold their government accountable. It was their training program that really caught the attention of the FSO team.

IWA spreads out across Afghanistan to train volunteers to be integrity watchers. In the U.S., it is taken for granted that regular citizens attend government meetings or court proceedings and can question their elected officials; in Afghanistan, there is no tradition of this practice whatsoever. Through IWA trainings, Afghans learn what to look for: how evidence is admitted in court, which company is getting a municipal contract and how it was bid, and what the critical questions to ask are.

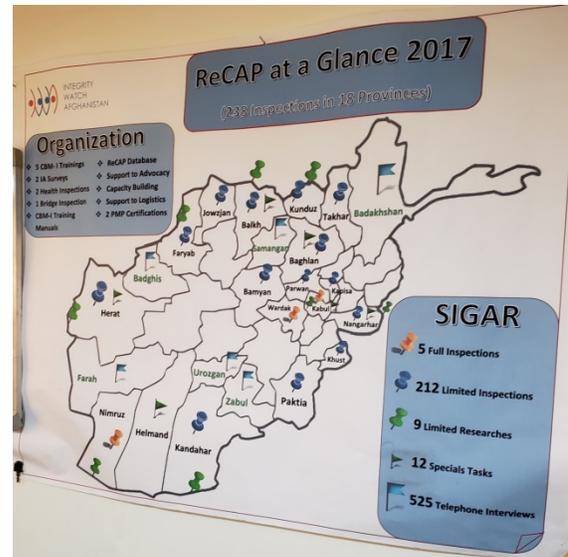


Figure 18: Map of IWA's 2017 work throughout Afghanistan.

IWA told the FSO team that these trainings have become very popular, and they have started doing corporate trainings, as well. More importantly, IWA said they have heard secretly from judges and municipal officials asking IWA to train integrity observers in their area. Judges and government officials are expected to be corrupt, but if an integrity watcher is in the gallery, then it is that much harder to be corrupt. IWA has heard from officials trapped in the corrupt system seeking integrity watchers as an excuse to do their job correctly.

Of course, for every honest official who welcomes IWA to their sphere of influence, there are countless others who thrive on corruption. FSO was told IWA gets threats of violence, both generally as well as personal threats to Mr. Afzali.

One thing is for certain: corruption is a huge impediment to any country's success, and without an engaged populous committed to fighting it, Afghanistan will never be a stable country.

Remarkably, though, SIGAR seems to be the only U.S. component that has significant interaction with IWA. Most U.S. officials have heard of IWA, but when asked about them, the standard response was along the lines of, "We have heard of them, and they do good work, but we do not have much involvement with them."

Hopefully, that is changing. IWA told us they were created in 2005. Since then, most U.S. ambassadors to Afghanistan have given them little attention, perhaps granting one meeting a year. With the arrival of Ambassador Bass, IWA told us they feel more appreciated and more looked to for advice and assistance in confronting Afghanistan's problems.

## Conclusion

After 17 years, it is difficult to see that the U.S. has made much progress. With every meeting and every project, the FSO team was told that in the early days, the U.S. spent money like water and had little appreciation for its effectiveness. It was a “firehose” approach.

Most U.S. officials assured the FSO team that things are different now, but after two and a half days in Afghanistan, that is not the impression the FSO Majority came away with. Yes, less money is being spent, and, to that end, some more thought is going into how the money is spent. However, over and over again, the signs that corners are being cut and eyes turned away to just get projects done were evident.

Worst of all, often this “just get it done” approach has countervailing effects. Giving people electric power is wonderful, but if we steal their land in the process, surely the net result is negative. What statement is being made to the Afghan government when the Interior Ministry has a brand-new building that has an HVAC and fire alarm system that does not work and that was renovated before the initial opening?

U.S. personnel must demand the same level of quality for the projects the U.S. taxpayer finances for the Afghan people as they would for a project they financed for their own home. Is progress being made toward a goal at a reasonable pace? After 17 years it does not appear so.

When people are spending someone else’s money on someone else, the only way to truly foster that kind of appreciation of quality is through rigorous oversight.