



# USAID | AFGHANISTAN

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## MEMORANDUM

**DATE:** July 3, 2016

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

**FROM:** Herbert Smith, Mission Director, USAID/Afghanistan

**SUBJECT:** Mission Response to Draft SIGAR Report titled “Bagrami Industrial Park: Lack of Adherence to Contract Requirements Left this \$5.2 Million Park without Adequate Water Supply and Sewer Systems” (SIGAR Report 16-XX under Code I-028)

**REF:** SIGAR Transmittal email dated 03/30/2015

USAID thanks SIGAR for the opportunity to review SIGAR’s draft Inspection Report titled, “Bagrami Industrial Park: Lack of Adherence to Contract Requirements Left this \$5.2 Million Park without Adequate Water Supply and Sewer Systems.” USAID expresses appreciation to SIGAR for working collaboratively and cooperatively with USAID personnel.

### COMMENTS ON SIGAR’S RECOMMENDATIONS

#### **Recommendation 1:**

*To protect the U.S. investment in Bagrami Industrial Park, we recommend that the USAID Mission Director for Afghanistan take the following action:*

*1. Use all means available to obtain a refund from TI for the park’s water supply and sewer systems that USAID paid for, but were never properly constructed, or, if obtaining a refund is not possible, report the reason why to SIGAR within 90 days.*

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**USAID Comments:**

As acknowledged in SIGAR's inspection report, Bagrami Industrial Park's current occupancy is 27 out of a possible 32 business vacancies filled. At the end of the contract, USAID inspected and accepted the park as-is, including a functional water supply and sewer system.

Blanket Purchase Agreement number 306-O-04-00539 was awarded to Technologist Inc., a U.S. based contractor, on May 24, 2004 under GSA contract number GS-10F-0132M (GSA SIN No. 874-1) on a competitive basis and the contract was completed on December 31, 2007. The total cost of the contract was \$21,151,217.08 and the purpose of the contract was to design and build three industrial parks in Afghanistan, out of which Bagrami Industrial Park is one.

USAID acknowledges SIGAR's inspection report and recommendation. It is no longer possible to pursue the contractor, either to correct the defects or reimburse USAID. According to FAR 52.246-12, Inspection of Construction, "Acceptance shall be final and conclusive except for latent defects, fraud, gross mistakes amounting to fraud, or the Government's rights under any warranty or guarantee." USAID believes that none of the above reasons provides a justification to take action against the contractor for items which were identified by SIGAR in the report.

Based on the above, USAID requests closure of recommendation 1.

cc: U.S. Embassy/Kabul Coordination Directorate