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AFGHANISTAN

FINAL PERFORMANCE EVALUATION

REHABILITATION PROJECTS AT REGIONAL AIRPORTS

December 2013

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Activity signature page

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The views expressed in this report are those of the author and do not necessarily reflect the views of USAID, the Government of Afghanistan, or any other organization or person associated with this project.

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ACRONYMS

ADB	Asian Development Bank
A/E	Architect/Engineer (Architecture/Engineering)
AESP	Afghanistan Engineering Support Program
BoQ	Bills of Quantities
COP	Chief of Party
COR	Contracting Officer's Representative
EQUALS	Engineering Quality Assurance and Logistic Support project
FAA	Federal Aviation Administration
FKH	Fazil Karimpoor Hameed Geo Expert Services
G2G	Government-to-Government
GHI	Gulf Home Base International Construction Company
GIRoA	Government of the Islamic Republic of Afghanistan
ICAO	International Civil Aviation Organization
IED	Independent Evaluation Department (of the ADB)
IL	Implementation Letter
IP	Implementing Partner
IPR	Implementation & Procurement Reform (USAID FORWARD)
IRD	International Relief & Development
KNK	Kamal Nasir Khan Construction Company
M&E	Monitoring and Evaluation
MIS	Management Information System
MoF	Ministry of Finance
MoTCA	Ministry of Transportation and Civil Aviation
MOU	Memorandum of Understanding
N/A	Not Applicable
NGO	Non-Governmental Organization
OEGI	Office of Economic Growth and Infrastructure
OPPD	Office of Program and Project Development
PFMRAF	Public Financial Management Risk Assessment Framework
PIU	Project Implementation Unit
PM	Project Manager
PMBOK	Project Management Body of Knowledge
PMI	Project Management Institute
PMP	Performance Management Plan
PMP®	Project Management Professional
QA	Quality Assurance
QC	Quality Control
RFP	Request for Proposal
SOW	Statement of Work
TT	Tetra Tech
USAID	United States Agency for International Development
USG	United States Government

WB World Bank
WO Work Order

I. EXECUTIVE SUMMARY

This report presents the results of a project performance evaluation for the Regional Airports Rehabilitation projects at Faizabad, Badakhshan Province, and Maimana, Faryab Province. The evaluation was carried out between November 5 and December 30, 2013, at the request of USAID/Afghanistan. This report contains the combined findings from a review of project documentation, interviews, questionnaires, and expert judgment.

1. Project Background

The Asian Development Bank (ADB) provided a \$30 million loan to the Government of the Islamic Republic of Afghanistan (GIRoA) in 2005 for the rehabilitation of four regional airports to meet Federal Aviation Administration (FAA) standards. These airport improvements were designed to increase airport capacity, initiate international flights, facilitate tourism, and initiate sustainable growth in Afghanistan's aviation transportation sector. Unfortunately, the projects went over schedule and exceeded the ADB budget. In an effort to complete these projects, USAID provided a grant of \$6 million to GIRoA's Ministry of Finance (MoF) to finish the work at two projects in Maimana and Faizabad. This off-budget government-to-government (G2G) grant, which was contingent upon a matching GIRoA contribution, enabled the purchase of \$5.5 million in construction services and additional funding of capacity building in construction management and field quality control at the Ministry of Transportation and Civil Aviation (MoTCA). Training was provided through the USAID Afghanistan Engineering Support Program (AESP), implemented by Tetra Tech (TT), and by the Engineering Quality Assurance and Logistics Support (EQUALS) project, implemented by International Relief and Development (IRD). The training was directed at building engineering and construction management capacity at MoTCA and financial oversight and accountability at MoF, with the aim of increasing the confidence of other international donors for future projects.

2. Evaluation Methodology

The evaluation methodology employed a mix of document review and analysis, group interviews, key informant interviews, and questionnaires. The evaluation team of two international and two Afghan consultants with engineering backgrounds also relied on expert judgment. Stakeholders participating in the evaluation included USAID, MoF, MoTCA, TT, IRD and the project implementation unit (the PIU). Since the project was completed more than one year ago, the contractors and original Project Manager were not available to participate.

Data derived from the document review and interviews were analyzed by construction location and, where necessary and available, by stakeholder group.

The evaluation team referred to the Project Management Institute (PMI) as a guide for good practices in project management. Using the ten PMI knowledge areas for the categorization and analysis of data ensured a holistic view over the entire project cycle and minimized risk of overlooking some areas.

3. Context

In reviewing this report, the project context should be kept in mind. When USAID became involved, the ADB project was already 12 months late and had exceeded budget cost, having suffered from problems including a land dispute, ongoing contractor disputes and payment delays, and missing design features. ADB project management performance was below satisfactory.

For the PIU, reporting requirements to administer the USAID grant were substantially different than the previous ADB loan requirements. Further complicating implementation was the fact that, while technically located within MoTCA, the PIU was created solely for the purpose of the airports project and its consulting team was disbanded after project completion. Thus, it was not realistic to build long-term capacity at MoTCA by working with a temporary PIU.

Further, the ADB project management contract with Fazil Karimpoor Hameed Geo Expert Services (FKH) expired on June 30, 2011, and no replacement was retained. AESP and EQUALS were primarily responsible for managing quality assurance/quality control (QA/QC) and cost management training, although AESP eventually assumed some project management responsibilities.

4. Study Limitations

This evaluation was carried out more than a year after the project closed. Because of this and other factors, the team faced several limitations, as follows:

- 1) Only a few of the project team members were available for interviews. The FKH project managers and the two contractors were not available for interviews.
- 2) Many of the performance information sources listed in the Statement of Work (SOW) were not available to the evaluation team. Collection of available supporting documents was inordinately time consuming, with a number of files coming in when the report writing was well advanced.
- 3) Since the PIU had disbanded in December 2012, the evaluation team was deprived of one of the most important resources for this evaluation.
- 4) While the team issued questionnaires to Tetra Tech, IRD and MoTCA, only Tetra Tech returned the completed questionnaires.

5. Findings

- 1) ADB established a PIU at MoTCA to manage the project for GIRoA. The PIU did not consist of full-time ministry employees but was instead a consulting team hired only to manage this project. MoTCA employees did not manage the project, did not participate in any of the trainings, and did not have any day-to-day hands-on role in project management.

- 2) The PIU fell behind in monthly reporting, which prompted USAID to hire TT, via AESP, in June 2011 to offer training in financial reporting and cost management. AESP's cost management training started in September 2011, eight months after the Implementation Letter (IL) was issued.
- 3) The World Bank (WB) performed risk analysis/needs assessment prior to disbursement of funds by the ADB, but this analysis failed to identify financial and technical gaps that later impeded the successful execution of the project.
- 4) Tetra Tech AESP's scope of work and contract duration were expanded over time to address the shortcomings of the PIU in all areas of project management as they became apparent. In June 2012, TT issued a memo indicating that their role had evolved into that of a full time project manager due to the limited construction management skills of the PIU and the poor performance of the two construction contractors, Gulf Home Base International (GHI) and Kamal Naser Khan (KNK).
- 5) In December 2012, ADB's Independent Evaluation Department (IED) concluded that the PIU had failed to comply with the ADB administration instructions, and that the outcomes were less than efficiently reached. The IED report concludes that the project was "less than likely sustainable" due to lack of resources.

6. Conclusions

- 1) Intervention by USAID was instrumental in getting the airport projects completed. There is a fair possibility that without this intervention the rehabilitation work would have been abandoned. On the other hand, the projects were already experiencing cost, scheduling and design issues of such magnitude that it was unlikely that all issues could have been resolved with USAID's input only.
- 2) The lack of an experienced project manager from the beginning of the project was a major contributor to most of the challenges and problems that occurred during project implementation.
- 3) USAID made the proper decision to hire TT and IRD. IRD's hands-on-approach to training was appropriate, although it only lasted four months.
- 4) Failure to independently identify the risks and challenges prior to committing and disbursing funds limited the possibility that USAID funding of the airport projects would achieve the project's original objectives.
- 5) Contrary to USAID's expectations and intentions, MoTCA did not achieve any long-term benefits from the training and capacity building given to the technical team of the PIU, as the unit was disbanded when the project ended. One exception might be finance team members of the PIU, who are still with MoTCA and will likely transition back into the ministry. If they are retained, MoTCA will benefit from the financial training and capacity building these staff members received on the projects.

- 6) The lack of clearly identified deliverables in the contracts and work orders issued to Tetra Tech and IRD led to inconsistent completion of required meetings, reports, and other deliverables. Further, this lack of clarity made it difficult to evaluate the performance and effectiveness of the two contractors.
- 7) USAID did not have access to the design standards and technical specifications for the airports.

7. Recommendations

The following recommendations apply to the performance of future G2G activities between USAID and GIRA:

- 1) Prior to participating in an already ongoing project, USAID should conduct a review of the project and host a handover meeting with the previous project stakeholders to identify issues, risks and lessons learned for reference going forward.
- 2) USAID should ensure that a full-time project manager with the experience necessary to manage all knowledge areas and serve as a single point of responsibility is assigned to the project at the time the project implementation letter is issued. The project manager should be responsible for leading and integrating all subsidiary management areas on a day-to-day basis.
- 3) In accordance with USAID FORWARD's Implementation of Procurement Reform (IPR) guidance, USAID should work with existing institutions for the execution of projects, and discourage the establishment of unique or one-off PIUs.
- 4) Prior to administering a grant, USAID should perform a financial, procurement, and technical capability assessment or gap analysis of the implementing organization to identify training and capacity building requirements. The analysis should follow USAID's Public Financial Management Risk Assessment Framework (PFMRAF), Stage 2, which is part of USAID FORWARD's IPR.
- 5) The results of the gap analyses should be used to schedule financial and technical training and capacity building among the first activities to be implemented so that the skills and knowledge gained will benefit the project.
- 6) Implementation letters and other project documents should consider and address the issues, risks and opportunities identified in the project review and the risk assessments. These documents should clearly assign roles and responsibilities, ensuring that all knowledge areas are covered. To provide accountability, each task should have a single-point of responsibility. During implementation, all requirements of the implementation letter should be followed without deviation unless a formal change order is issued.
- 7) During implementation, periodic (monthly or quarterly) review meetings should be scheduled with all primary stakeholders including decision makers.

- 8) Periodic (quarterly or bi-annual) audits should be conducted by external construction project management professionals to evaluate the project's performance in meeting requirements.
- 9) Both MoTCA and USAID should implement any required changes as early as possible, since the cost of implementing changes rises the later in the project schedule the changes are made.
- 10) Contracts and work orders should specify all requirements and deliverables including reporting requirements, meeting requirements, training topics, and staffing requirements.
- 11) For infrastructure and construction projects, USAID or its designated agent should review and approve the applicable drawings and technical specifications prior to disbursing funds.

II. INTRODUCTION

1. Project Background (from Statement of Work)

In recent years, the Government of the Islamic Republic of Afghanistan (GIRoA) has sought to upgrade its regional airports, in order to generate employment and stimulate business and tourism development. In 2005, the Asian Development Bank (ADB) provided the GIRoA with a \$30 million loan to fund airport rehabilitation projects. Initially, the loan was provided to fund upgrades at seven airports; later, strategic planning reduced the number of airports to four. ADB and the Ministry of Transportation and Civil Aviation (MoTCA) selected Fazil Karimpoor Hameed Geo Expert Services (FKH) as the third party construction management firm for these projects. Construction work began in June 2009, but even during procurement the results of the RFP process indicated that the cost of upgrading the airports would exceed the \$30 million available. The projects were still not complete by the time the FKH contract ended in June 2011. With time delays and cost overruns, GIRoA required additional assistance.

In December 2010, USAID executed a government-to-government (G2G) financial assistance program with the GIRoA, MoF, and MoTCA to support the completion of the regional airport upgrades. Implementation Letter No. 17 (IL-17) outlined the conditions of the \$6 million grant, which was to fund completion of two of the four projects, at Maimana and Faizabad, contingent upon GIRoA investing the same level of funding. The primary purpose of these projects was to expand the physical size of the runways to accommodate large passenger and cargo aircraft in all-weather conditions with international technical standards. Both rehabilitation projects included rehabilitation of buildings, earthwork, runway and off-runway drainage, and paving of runways, taxiways and aprons.

In addition to funding the purchase of construction materials, the combined \$12 million investment provided funds for third party technical assistance and the building of engineering and construction management capacity through training and daily project oversight of activities in the field and in the Kabul offices of MoTCA. USAID issued work orders of \$353,000 to AESP contractor Tetra Tech to train MoTCA staff in project management and a work order of \$200,000 to EQUALS contractor IRD to provide QA/QC at the construction sites. By improving construction quality and reducing the threat of corruption and misappropriation of funds, USAID intended that the results of the G2G grant might encourage other international donors to fund projects of this type in the future.

These two construction projects were part of an Afghan-led, on-budget program in the transportation sector; and because this was the first on-budget, Afghan-led construction activity, USAID was eager to better understand the effectiveness of the \$6M assistance grant.

Project Timeline

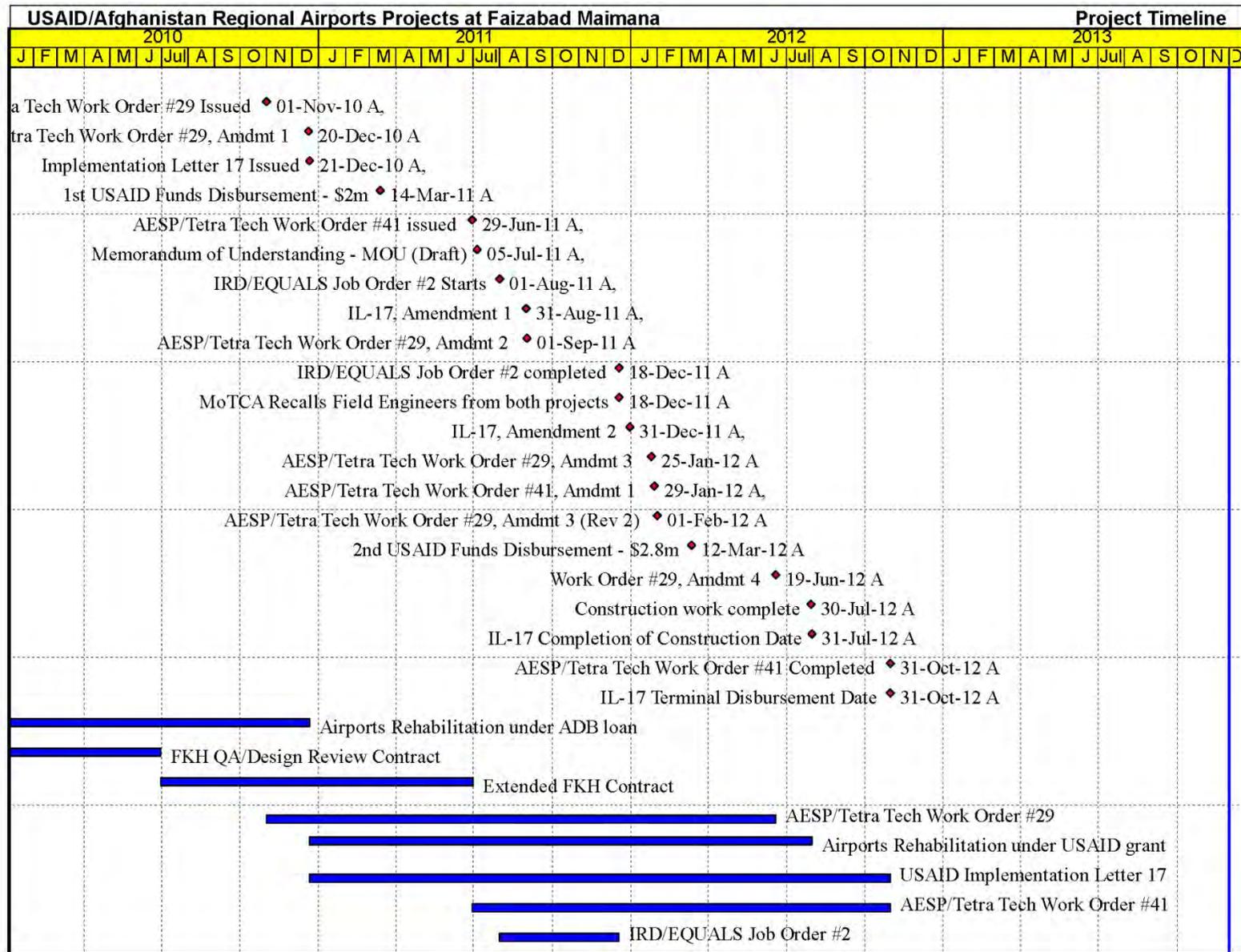


Figure 1- Project Timeline



Figure 2 - Airport Locations

2. Statement of Purpose

This evaluation has the following objectives:

- 1) To evaluate the effectiveness of the G2G assistance program in order to identify lessons learned that can be applied to similar future construction projects.
- 2) To evaluate the effectiveness of the AESP and EQUALS third party training to the MoTCA staff that would increase capacity and create sustainable and effective construction management practice on future projects.
- 3) To evaluate the effectiveness of AESP and EQUALS third party training to the MoTCA that provides improved accountability, financial transparency and oversight by MoF and other international donors on future projects.
- 4) To identify the benefits of the USAID G2G EQUALS and AESP construction support programs to the MoF and MoTCA.

3. Evaluation Questions

The evaluation team was asked to provide its findings, conclusions and recommendations to address the seven questions below:

- 1) What were the most effective steps taken by USAID and its implementing partners to improve project management, financial accountability and quality controls that are important for the construction contractor to complete the work within schedule, and to the high-quality US Federal Aviation Administration (FAA) standards required for this type of airport facility?
- 2) How effective were EQUALS (IRD) and AESP (Tetra Tech) in improving the performance of the construction contractors implementing the airport upgrades?
- 3) How effective were EQUALS (IRD) and AESP (Tetra Tech) in improving the performance of the PIU and the long-term institutional capacity of MoTCA to:
 - a) Manage field construction activities (i.e. simple but effective project scheduling, anticipation of material, equipment and labor requirements, controlling subcontractors and suppliers, etc.;
 - b) Manage field quality control;
 - c) Maintain systematic project documentation; and
 - d) Manage cost control and financial accountability?

Was the assistance provided by USAID through IRD and Tetra Tech sufficient to allow the MoTCA team to effectively manage this project and future projects on its own?

- 4) Were the roles and responsibilities of all stakeholders on the project (MoTCA, MoF, and the contractors) defined adequately to support USAID's intended objectives? Were there issues that may have prevented these stakeholders from meeting the anticipated performance requirements?
- 5) Did USAID achieve maximum benefit from this G2G grant? If not, how could it have maximized the benefit of its investment?
- 6) In what ways did USAID and MoTCA program managers take action that improved (or could have improved) performance? In what ways, if any, did USAID and MoTCA program managers miss opportunities to improve performance?
- 7) How did communication between USAID and MoTCA affect the program (positively and/or negatively)?

4. Evaluation Methods and Limitations

The evaluation methodology included the review of industry standard document archives, interviews with primary stakeholders including EQUALS and AESP project management teams, and expert judgment.

- Review of Archived Project Management Documents and Comparison to Best Practice

The team reviewed approximately 180 available construction management project documents including work orders, meeting minutes, field reports and work plans. A breakdown of these documents by type is shown in Figure 3. Note that this is not a breakdown of all documents generated on the project. The complete list of the documents can be found in Annex V: Project Information Analysis Summary.

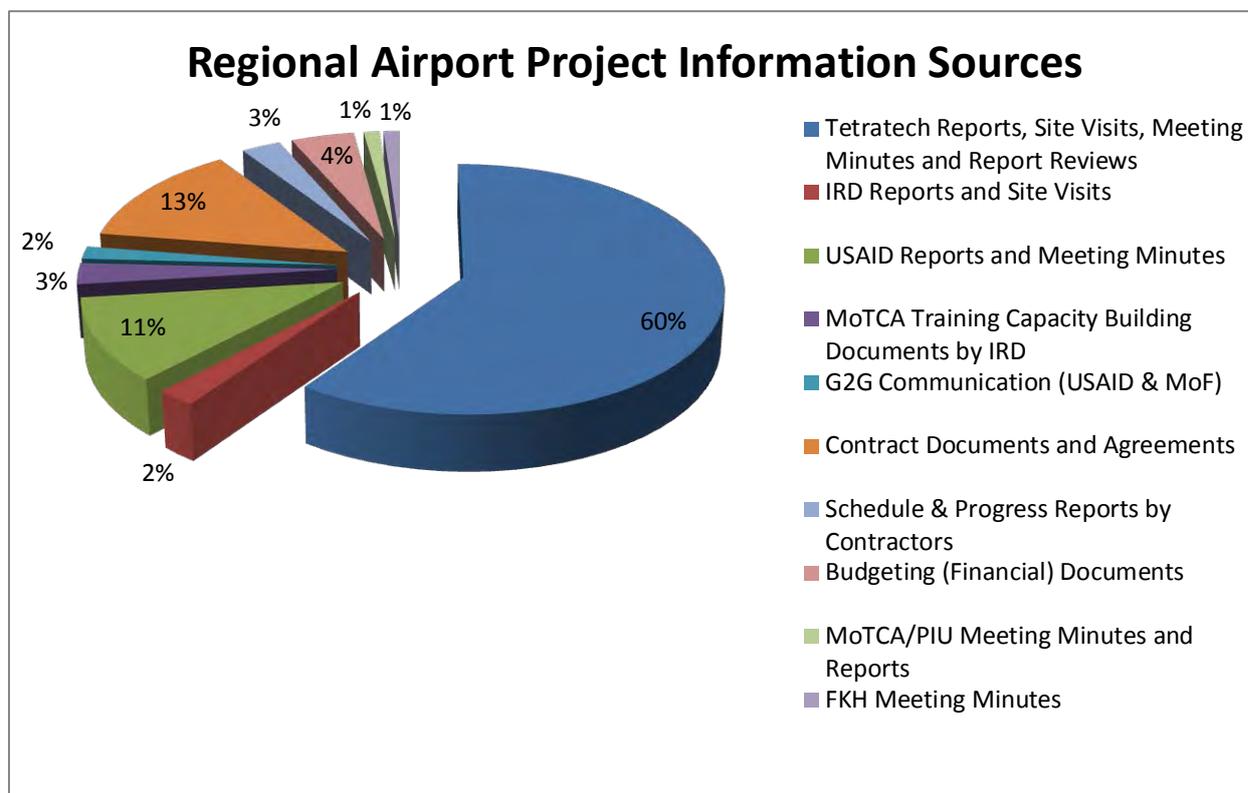


Figure 3 - Project Information Sources

The project documents provide a snap shot of project performance by identifying negative and positive events, and the effectiveness of corrective action plans that were used by stakeholders to get the project back on track. The available project management documentation for this project included partial schedules, QA reports, final invoice logs, and meeting minutes. Project documents were reviewed for evidence of lessons learned and best practices.

The related documents, or some part of, are necessary to evaluate the performance of the project in terms of schedule, cost accounting, and quality of workmanship, human resource training, and material procurement. In construction, project management documents are updated on a daily, weekly and monthly basis over the lifecycle of the project. Daily QC reports, weekly progress reports, monthly executive reports, project schedules, cost reports, and meeting minutes are important in evaluating the performance of a project, particularly after completion. Comparison of the project management baseline documents to the actual project management records provided a means of evaluating the project’s performance and developing recommendations.

The team also reviewed the communications, meeting minutes, and coordination activities between GIRoA and USAID in implementing the project. The purpose was to identify what worked well and in what way each stakeholder could have improved its contribution to this G2G assistance project.

- Stakeholder Interviews and Questionnaires

The evaluation team conducted group and key informant interviews with individuals from the following stakeholder groups:

- USAID
- MoF
- MoTCA and the PIU
- IRD/ Engineering Quality Assurance and Logistics Support (EQUALS)
- Tetra Tech/ Afghan Engineering Support Program (AESP)

The key informant interviews were loosely structured discussions which yielded information that may not have been easily available in a formal group interview or survey. This kind of interview was especially useful because it gave both interviewer and interviewee the flexibility to place more emphasis on questions and issues that were revealed as the discussion progressed, and could also help clarify responses obtained through other data collection methods. The team developed a questionnaire to guide these interviews (See Annex VI).

- Expert Judgment

The evaluation team also utilized expert judgment based on knowledge of the principles of construction management while maintaining close reference to the Project Management Institute’s (PMI®) good practice Body of Knowledge, or PMBOK. Understanding the limitations and constraints for construction projects in Afghanistan, the evaluation team focused on the basic applications of project management in schedule management, cost control, quality of workmanship, and human resource planning. The more complex applications of earned value management, schedule fragments and change management, job cost forecasting, cost of quality, qualitative and quantitative risk analysis were not considered.

5. Evaluation Limitations

The evaluation was limited by the following conditions:

Item No.	Evaluation Method	Limitations
1	Review of archived project management documents and comparison to best practice	<ul style="list-style-type: none"> * Incomplete or missing documentation * Some information deemed unreliable * Some documents received very late
2	Questionnaire and group discussion with stakeholders including project engineers and end users	<ul style="list-style-type: none"> * Project team has left the ministry * Some of the available stakeholders were guarded in their responses * Poor recollection of events * Conflicting interests in project results * The small number of participants did not allow

Item No.	Evaluation Method	Limitations
		for statistical analysis * All stakeholders have different risk priorities levels * Internal conflicts between stakeholders * Questionnaires not completed
3	Key informant interviews with stakeholders including project engineers and end users	* Project team has left agency * Some of the available interviewees guarded * Poor recollection of events * The small number of interviews did not allow for statistical analysis * Biased opinion
4	Expert judgment	* Evaluation team must understand differences in priorities of stakeholders in the project * Evaluation team must understand the constraints for construction projects in Afghanistan

Table 1: Study Limitations

III. FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

Results are presented following the order of the evaluation questions. For each question the report presents findings, conclusions from the findings, and related recommendations.

The ADB project went over budget and over schedule, and did not meet the July 2010 target completion date. Additional funding by USAID extended the project through August 2011 with FKH continuing as PM until July 2011. The project continued to perform poorly and it was necessary to extend the project completion date a second time, to August 2012.

There was no formal handover of the ADB project to USAID. The immediate challenges for the USAID project included a two year land dispute on a section of new runway; contractor past nonpayment issues of \$1 million; design oversight for airport drainage systems, fencing, and runway marking; and the departure of the project management company FKH in July 2011.

The PIU, which was responsible for managing the project, received training from Tetra Tech AESP and IRD EQUALS. The PIU however lacked the fundamentals to manage the two projects. MoTCA did not have an active role in management of the project and their Planning and Engineering Department did not participate in training provided by Tetra Tech AESP and IRD EQUALS

1. Evaluation Question 1 – Effectiveness of Steps Taken by USAID

Question:

What were the most effective steps taken by USAID and its implementing partners to improve project management, financial accountability and quality controls that are important for the

construction contractor to complete the work within schedule, and to the high-quality US Federal Aviation Administration (FAA) standards required for this type of airport facility?

Direct response:

The most effective step taken by USAID to improve construction project management and complete the work on schedule was to hire the third party contractors Tetra Tech and IRD and to provide support through a USAID activity manager and the FAA. Tetra Tech trained the PIU team in cost management and field quality assurance, and over time to assume an increasing role in leadership project management. IRD trained the PIU field engineering team in daily field quality control activities.

Findings:

Construction management. By the time USAID committed \$6 million for the two airports, the construction work was over budget and behind schedule, and quality assurance was a major issue. The scopes of work provided by USAID to both Tetra Tech and IRD did not include project management capacity building or QA/QC for the construction contractors, except as noted below. Instead, both Tetra Tech and IRD were hired primarily to work with and support MoTCA. For example, Tetra Tech reviewed the contractors' project schedules and advised MoTCA on the necessary steps required to bring the project back on schedule. From the start of USAID's involvement in the project, an engineer from USAID was assigned as activity manager to keep the Mission up-to-date with progress and abreast of any issues of concern.

Cost management. Through IL-17, USAID provided intervention funding to MoTCA to get the airport reconstruction work completed at a time when GIRoA had run out of funds.

Quality assurance. USAID issued work and job orders to Tetra Tech and IRD in an effort to increase MoTCA's ability to monitor quality assurance. USAID hired IRD under Job Order 2 to perform quality assurance capacity development of MoTCA field staff by training and mentoring its PIU staff in quality assurance. USAID issued Work Order 29 to Tetra Tech to provide quality assurance checks, make third party site visits to the two airports and review the drainage designs. Tetra Tech also provided a template format to MoTCA to enable them to report daily work progress, and reviewed the drafts of MoTCA's monthly progress reports. USAID later issued Work Order 41 to Tetra Tech to provide project administration oversight and build MoTCA's financial reporting capacity in order to meet the requirements of IL-17.

There was no available documentation to indicate whether the airports met or did not meet Federal Aviation Administration (FAA) standards. According to the ADB final project report, and Tetra Tech's WO 41 final report, the two airports were to be built to International Civil Aviation Organization (ICAO) standards. FAA was not involved in the initial designs or design reviews of the two airports. Although the US Embassy's FAA representative made a number of visits to the job site and each time pointed out design or construction shortcomings, he came in late in the construction process. In his observations, the FAA representative made reference to ICAO specifications. The evaluation team did not find any record confirming if these shortcomings were attended to or rectified by MoTCA.

Conclusions:

Based on the above findings, the team concluded that the airport projects were already experiencing cost, scheduling and design issues of such magnitude that it was unlikely that all issues could have been resolved with USAID's input only. While project documents with technical specifications were either not available or not clear about applicable technical standards for the airports, it is clear that USAID intervention was instrumental in getting the projects completed. Without USAID support, the rehabilitation work might have been abandoned.

Recommendations:

- 1) USAID should ensure that a Project Manager with the experience necessary to manage all knowledge areas and serve as a single point of responsibility is assigned to the project by the implementing partner at the time the project implementation letter or memorandum of understanding is issued. The Project Manager should be responsible for integrating all subsidiary management areas.
- 2) If participating in an ongoing project, USAID should conduct a handover meeting with the previous project stakeholders to identify risks and lessons learned going forward.
- 3) USAID should conduct periodic (quarterly or bi-annual) audits with external construction project management professionals to evaluate the project's performance in meeting requirements.
- 4) Both USAID and its IPs should implement any required changes as early as possible since the cost of implementing changes later in the project cycle is greater.
- 5) Contracts and work orders should specify all requirements and deliverables including technical specifications, reporting requirements, meeting requirements, training topics, and staffing requirements.

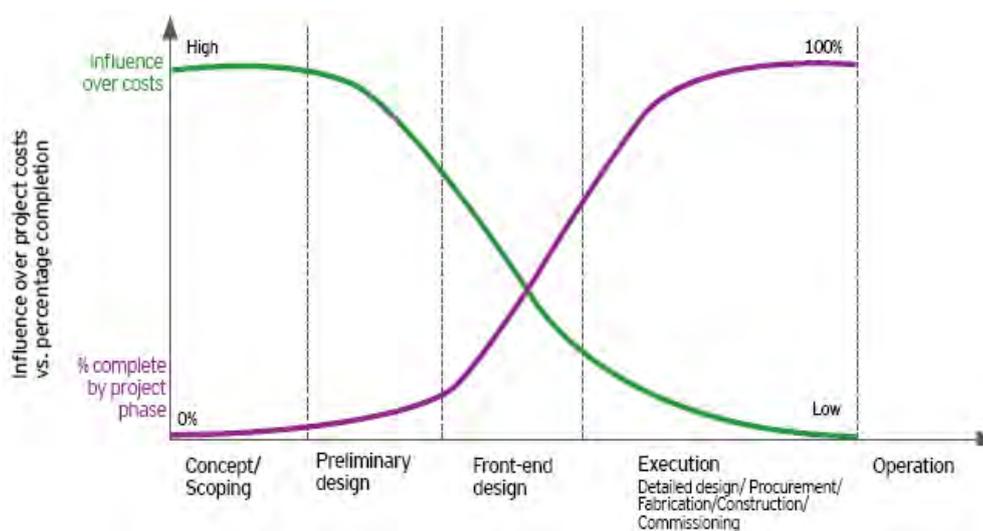


Figure 4 - Cost of changes over time on project

2. Evaluation Question 2 – Effectiveness of Tetra Tech & IRD Input on Contractor Performance

Question:

How effective were EQUALS (IRD) and AESP (Tetra Tech) in improving the performance of the construction contractors implementing the airport upgrades?

Direct response:

EQUALS IRD provided approximately four months of field quality control training to the PIU field engineers. During the period September through December 2011, there was an increase in field quality control staff that supported the contractors in planning and executing an efficient construction process, thereby minimizing costly rework. Unfortunately, the PIU quality control team was released in January 2012 and was not integrated into the MoTCA Planning and Engineering Department nor brought back to the PIU team supporting the contractors' work in the spring.

AESP Tetra Tech reviewed contractors' project schedules, quality control plans, pay applications, and design drawings. In addition, AESP chaired contractor coordination meetings and conducted monthly field inspections during the construction season. AESP supported the PIU monthly report process, thereby ensuring contractors were paid in accordance with work performed. All these functions contributed to improving contractors' performance.

It should be mentioned that the USAID project phase was initially planned to be completed in six months, but the contractors did not deliver the project until eighteen months had elapsed. Aside from the 12-month ADB project schedule overrun, the contractors would have experienced a substantial cost overrun in their extended overhead costs that include salaries, field offices and other operational expenses. The loss would have been higher and the projects possibly left incomplete if USAID had not made this contribution.

Findings:

USAID issued Work Order 29 in November of 2010 to Tetra Tech AESP for the purpose of conducting monthly QA site visits to the project site. According to the work order, TT was to assist MoTCA/the PIU with QA by reviewing designs prepared by FKH, which was acting as the PIU's Project Manager. The PIU did not establish a field construction management team, with its own Project Manager or construction manager, for either the ADB or USAID projects. In March 2011, TT reviewed and rejected the project schedule submitted by FKH, which had received project schedules from the contractors. Two months later, TT indicated that FKH had not yet submitted a revised schedule and that a land dispute was preventing the contractor from performing work at the site. During the same month, TT noted that Gulf Home Base International Construction Company (GHI) had submitted a final revision of the drainage design but that FKH had stated that no drainage was required. USAID asked TT to assist in coordinating the design to meet the available budget for the drainage system. USAID also asked the PIU if they were aware of FKH's poor performance to date and whether withholding payments should be considered.

On June 1, 2011, FKH announced that its contract with ADB would be completed on June 30. Since FKH was responsible for preparing monthly progress reports, their departure would impact the financial reporting process and field construction management activities. FAA and MoTCA agreed to discuss and recommend PMs to replace FKH. When FKH left the project at the end of the ADB contract, the PIU did not assign a project management team to cover for FKH's departure. Although MoTCA through the PIU received permission from MoF to hire several persons to oversee construction at the sites, field progress reporting and the approval of contractor invoicing were impacted. The schedule continued to slip significantly past USAID's August 2011 completion date, and the FAA made observations at the July meeting that there was insufficient material and construction equipment on site to meet the project schedule. USAID also expressed concern about project schedule delays and quality of work.

In performing QA and investigation of issues, TT conducted 11 site visits at Faizabad during this time period (May to July 2012.) TT also conducted 15 site visits at Maimana from April 2011 through June 2012 – see Figure 5 below.

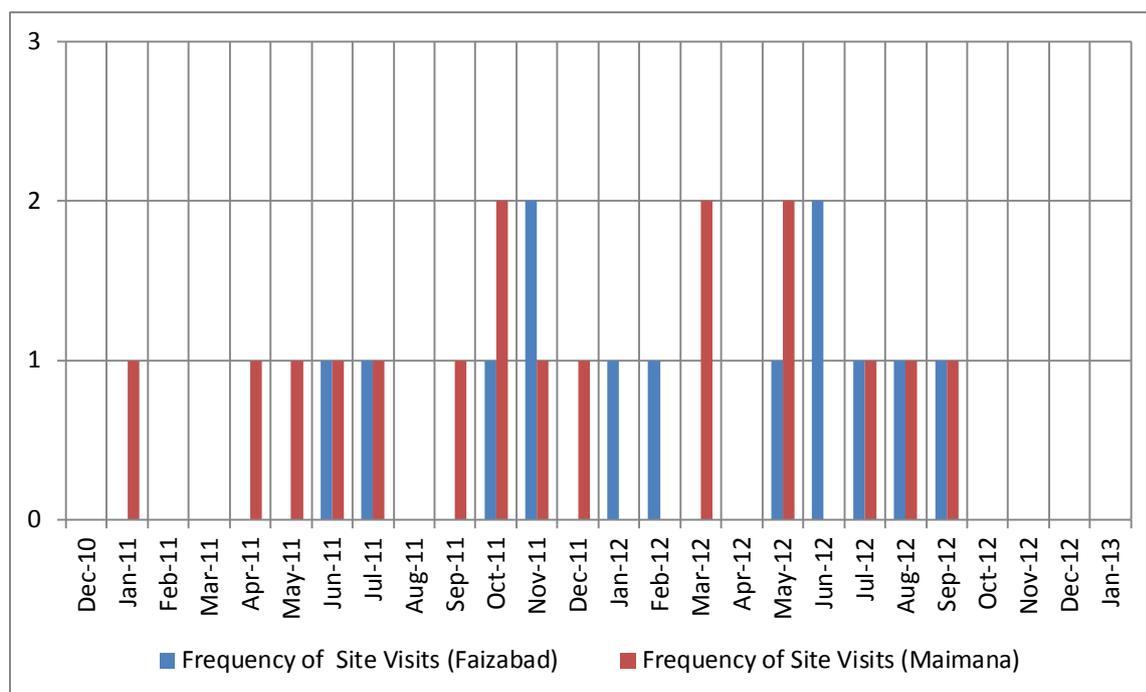


Figure 5 - Site visits by Tetra Tech

In January 2012, both paving and drainage work at both airports was still incomplete. At this time, the PIU indicated that they did not possess the knowledge and experience to prepare reports and execute the contract per IL-17 requirements. This resulted in project schedule delays, but no changes were made in project management and the PIU continued to struggle with reports, scheduling, and quality assurance plans through July 2012. During this time, contractor GHI also pursued payment directly from USAID because payments from both the PIU and MoF were late, and USAID, MoTCA, TT and the PIU considered terminating Kamal Nasir Khan Construction Company (KNK) from the project. The PIU/MoTCA continued to lack a project manager and construction manager, and TT continued to review contractor schedules, design drawings, QA plans and monthly reports submitted by contractors and the PIU. After reporting that the PIU's

monthly reports from April to July 2011 were never submitted, TT offered to assist the PIU with reporting.

On June 24, 2012, TT issued a memo to USAID stating that MoTCA required development support in all aspects of project management and that the Work Order 29 budget needed to be increased. TT reported that in the absence of full time PIU field staff, its role has evolved into that of a full time Project Manager due to the limited construction management skills of MoTCA/the PIU and poor performance of the contractors. TT continued to chair meetings and coordinate all team members including the PIU, MoTCA, MoF, USAID, the contractors and FAA, and to request reports and QA plans from the PIU.

ADB's Independent Evaluation Department (IED) concluded that the PIU (MoTCA) failed to meet the ADB administration instructions, and further that the efficiency of achieving outcomes was less than required. The IED report concluded that the project was "less than likely sustainable" due to lack of resources.

In September 2011, USAID issued Job Order 2 to IRD EQUALS to conduct QA training for construction teams at the project site. The job order did not include contractor training in construction management.

For three months, IRD provided QA and QA assistance to MoTCA/PIU staff. The PIU project engineers who participated in the QA training were released from the staff in December. IRD prematurely ended QA training for lack of MoTCA staff participants. IRD advised the evaluation team that the company did not perform any QC tasks while at the project sites.

Conclusions:

USAID, the PIU and TT inherited a project that was in trouble. The work was behind schedule, costs were over budget, and there were issues with leadership, quality control, and project reporting. The Project Manager FKH did not have control of the project, contractors were not being paid, the design process was incomplete, and local people had concerns with use of their land for the airport expansion. The PIU did not have a full-time experienced Project Manager on the ground to coordinate, oversee and evaluate field and office construction project management activity on a day-to-day basis. Moreover, the performance of the PIU's field management was impacted by the lack of field engineers.

The lack of centralized planning and responsibility resulted in problems festering unresolved for months. The ADB report concluded that even though FKH was hired to perform project management, MoTCA had the responsibility to oversee the project through the PIU.

In direct response to the evaluation question, both TT and IRD had minimal direct/contractual authority over the construction contractors, which minimized their effectiveness. However granting TT and IRD such authority was not required for the project to be successful.

Recommendations:

- 1) Periodic (monthly or quarterly) review meetings should be scheduled with all primary stakeholders including decision makers.
- 2) Contracts and work orders should specify all requirements and deliverables including reporting requirements, meeting requirements, training topics, and staffing requirements.

- 3) Third party contractors need an effective partner. USAID must, via the IL, ensure that the IP assigns a Project Manager to work with and manage the project on a day-to-day basis.

3. Evaluation Question 3 – Effectiveness of Tetra Tech & IRD Input on MoTCA Performance

Question:

How effective were EQUALS (IRD) and AESP (Tetra Tech) in improving the performance of the PIU and the long-term institutional capacity of MoTCA to:

- a. Manage field construction activities (i.e. simple but effective project scheduling, anticipation of material, equipment and labor requirements, controlling subcontractors and suppliers, etc.);*
- b. Manage field quality control;*
- c. Maintain systematic project documentation; and*
- d. Manage cost control and financial accountability?*

Was the assistance provided by USAID through IRD and TT sufficient to allow the MoTCA team to effectively manage this project and future projects on its own?

Direct response:

MoTCA permanent staff did not participate in EQUALS' field quality control training or in AESP's training in cost management. Construction activities were managed in the field by the Project Manager FKH, the construction contractors and the Kabul-based PIU. Although MoTCA has regional and provincial technical offices that are used to manage construction activity, they did not have any role in these projects. The trained PIU QC unit supported the field with quality control for four months before being released by MoTCA.

The PIU and Project Manager FKH were responsible for maintaining project archives from the beginning of the \$30 million ADB project in 2009. In December 2013, the PIU, MoTCA and MoF submitted the project documentation required by USAID's IL, thereby closing out the project.

Financial audits by a third party indicate that the PIU, MoTCA and MoF executed work in accordance with the IL. This suggests that the PIU benefitted from the AESP and EQUALS training in quality control and cost management. However, with respect to building long term institutional capacity within MoTCA, opportunities were missed since the MoTCA permanent Planning and Engineering Department staff did not participate in the training.

If MoTCA hires the PIU financial cost management team that participated in the AESP training, then the financial capability and accountability of MoTCA will be improved on future projects. Similarly, if MoTCA rehires the field engineers trained by EQUALS in quality control, then MoTCA's operational capacity will be enhanced.

Findings:

Scope management. ADB and MoTCA retained FKH, a third party project management contractor, to perform project management services until July 1, 2011. TT's original SOW under Work Order 29 only covered building MoTCA's QA capacity. The work order was amended in September 2011 (Amendment 2) to extend the completion date to November 15 and add "observations on construction progress as relates to approved schedule" to TT's scope. Under the same amendment, TT was to assign a full time engineer on a continuous basis, and a part-time expat senior engineer with one-third time devoted to each airport. Amendment 3, dated January 25, 2012, gave additional construction management responsibilities to TT AESP. In June 2012, a fourth amendment noted the poor performance of the PIU and stated that additional funds were required to assign a team to complete the project management activities.

IRD's EQUALS project was retained under Job Order 2 to "develop a QA training plan, provide training to build QA and invoices review capacity of MoTCA field staff on site based on IL-17 requirement." In July 2012, IRD prepared a work plan detailing the scope of the training support it was to offer MoTCA field staff. IRD's reports provide progress updates on the QA training effort but no references to building MoTCA's capacity to review invoices and report writing, which represented about 50% of the work plan tasks. MoTCA's reports to USAID continued to be delayed because of discrepancies between details in field reports and IL-17 requirements.

Schedule management. IRD stated in its November 2012 monthly report that in that entire month the contractors only worked four days at Faizabad and five days at Maimana because of rain. In December, IRD reported that its field visits were limited because the runway at Maimana airport was closed due to construction. The runway was still closed a month later because of winter weather, suggesting that little work was done during this period.

Furthermore, there were schedule delays as a result of late payments to contractors. In March 2011, contractors were pursuing late progress payments from ADB in the amount of \$1 million. ADB was withholding funds until construction work was complete. A year later in March 2012, contractors stated that lack of payment was impacting the progress of construction on site.

By July 2011, seven months after receiving IL-17 and an initial budget obligation of \$2 million, the PIU was well behind schedule in preparing the required monthly reports. To address this problem, USAID issued Work Order 41 to TT AESP to provide the PIU with capacity building in financial job cost reporting. In an initial meeting TT held with the PIU in September 2011, it was noted that the PIU had not prepared any documentation and monthly reports covering the period January – July 2011. After the FKH contract ended in July, the PIU was without a field Project Manager to prepare and coordinate contractors daily reports, progress photos, updated material quantities, updated schedules and verification of contractors progress payments, all activities supporting the monthly reports to USAID.

As indicated in Figure 6, TT conducted regular site meetings where project issues were raised. TT reviews of monthly reports prepared by the PIU for July through October 2011 found that the reports were missing updated schedules, photos, budget updates and quantities as applicable to the reporting period and that they contained inaccurate, outdated, or unrelated information. In a December 2011 memorandum to USAID, TT suggested that if USAID extended the project

schedule and funding they should discuss possible penalties for MoTCA’s failure to meet IL-17 reporting requirements.

At a January 2012 meeting with TT, the PIU indicated that they did not possess the knowledge and experience to prepare reports and execute the contract in accordance with IL-17. PIU staff reiterated this in a November 2013 interview with the evaluation team, stating that they lacked the basic foundation in job cost reporting. As such, field progress information was incomplete, missing or late, contractors required change orders for new work, and subcontractor field reporting became difficult to coordinate, resulting in project schedule delays. The PIU staff interviewed characterized most of the weekly capacity building exercises with TT as hands on corrective action sessions.

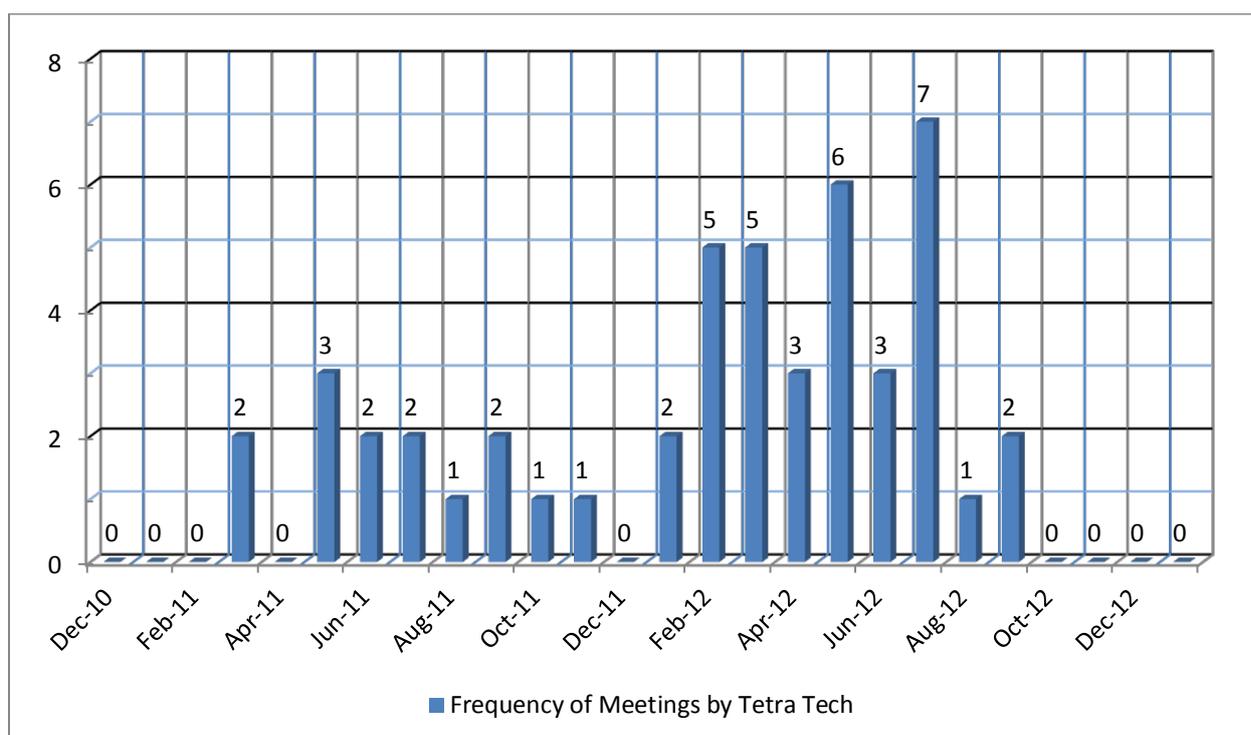


Figure 6 - Frequency of Meetings by Tetra Tech

In its September 2012 monthly report, TT reported that work at both airports was substantially complete and of acceptable quality. In the December 2012 final report, TT wrote that the PIU and MoF did not prepare and submit final financial reports as required by the IL for either the USAID grant or the MoF matching contribution. Two PIU staff remained at MoTCA to close out the project’s financial requirements; reports were submitted in late 2013.

The evaluation team could not locate a procurement plan or copies of supplier invoices, delivery and acceptance slips, or contractor invoices to support the purchase of construction materials by USAID (\$5.5 million). USAID has previously conducted a financial audit.

Conclusions:

USAID was proactive in contracting with TT’s AESP for assistance after the PIU failed to produce reports from January through July 2011. USAID directed training at the PIU in the effort

to develop long term capacity. However, this capacity building was ineffective, with little or no management capacity being transferred to the PIU, because:

- The PIU did not have a full-time experienced Project Manager to coordinate, oversee and evaluate field and office construction project management activity on a day-to-day basis.
- The PIU team lacked the fundamentals of construction project management. This created high levels of risk in all areas of project management.
- MoTCA perceived the PIU as a temporary and separate entity that would be disbanded at the conclusion of the project.
- MoTCA Human Resources declined training of the MoTCA Planning and Engineering Department by Tetra Tech.
- Training in cost management was initiated six months after the IL was issued to the PIU, at which time the PIU was already six months behind schedule in preparing monthly reports as required by the IL.
- The PIU was pressured by a backlog of monthly reports, ongoing design changes and budget revisions, and the departure of the PM FKH.
- The USAID cost management process was new and different from ADB policy and procedures, requiring additional training for the construction contractors and Project Manager FKH.
- Tetra Tech's initial training for the PIU was limited to eight hours per week. Given the backlog of monthly reports and the PIU's inexperience in construction project management, full time training at both at the office and at site would have been required.

Efforts by TT to provide training to the MoTCA in financial cost reporting, though only a small part of the overall project management responsibility, were unsuccessful. This is evident from the late submission of 2011 monthly reports, 12 months overdue, and late submission of final financial reports. Late monthly reports caused contractor payment delays that impacted the project schedule. The primary cause for this failure was the inability of MoTCA to provide timely and accurate monthly report information as noted in TT reports to USAID beginning in November of 2011. Neither the PIU nor FKH comprehensively understood the IL requirements for field progress reports (e.g. schedule, photos, updated BoQ) and cost reporting to the MoF.

IRD provided solid hands-on QC training to MoTCA. Unfortunately, this training was cut short after only four months when the field engineers were moved. Moreover, and contrary to USAID's expectations and intentions, MoTCA engineers did not achieve any long-term benefits from the training and capacity building given to the PIU's technical team because the PIU was disbanded when the project ended. However, financial members of the PIU are still with MoTCA and will likely transition back into the ministry. If this happens, they will bring the benefits of the training and capacity building received to MoTCA.

Recommendations:

- 1) Just as it took proactive action when it hired TT, USAID must continue to identify and follow-up early on red flags in other areas of project management or where an IP falls short of IL requirements.
- 2) Issues that stay unresolved for several months should be escalated to a higher level for prompt action as soon as it becomes obvious delays may affect or are affecting the project's progress and execution.
- 3) USAID should ensure that training is based on a needs assessment (financial gap analysis and technical gap analysis), thereby ensuring appropriateness of training provided.
- 4) The IL should require IPs to schedule periodic (monthly or quarterly) review meetings with all primary stakeholders including decision makers.
- 5) Contracts and work orders should specify all requirements and deliverables including reporting requirements, meeting requirements, training topics, and staffing requirements.
- 6) Wherever feasible, USAID should work with existing institutions rather than setting up new units to run a project.

4. Evaluation Question 4 – Assignment of Roles and Responsibilities

Question:

Were the roles and responsibilities of all stakeholders on the project (MoTCA, MoF and the contractors) defined adequately to support USAID's objectives? Were there issues that may have prevented these stakeholders from meeting the anticipated performance requirements?

Direct Response:

Responsibility of a Project Manager. The role of a single Project Manager authorized to lead the project team and make final decisions could have been better defined in the Implementing Letter. The position description should have included the tasks of reviewing contracts and scopes of work, preparing schedules, approving invoicing, directing field resources, and assigning parties to complete the work if necessary under a dispute resolution clause. A competent Project Manager would have identified the risks of schedule delays early on and taken the necessary corrective actions; similarly, weakness in the PIU would have been detected.

Responsibility for Capacity Building. In the effort to develop “sustainable and transparent engineering management practices for future MoTCA construction projects” and “improved financial oversight by MoF,” AESP and EQUALS could have been instructed to train a larger number of permanent GIRoA employees. Since construction management training was directed at the small, temporary PIU team, the opportunity for effective capacity building at MoTCA and MoF in construction management, including cost control, was missed.

Implementation Letter Requirements. The responsibilities of MoF and MoTCA were not adequately defined in the IL. Tasks appeared ambiguous; for example, Article 2 directed both agencies to prepare reports specified in Articles 4, 8, and 9 and both were required to archive

project documentation. Project reporting needs to be integrated by a Project Manager who coordinates the monthly reporting process of all members of the project team. The lack of such integration caused delays and confusion particularly when FKH, which was identified in Article 1 as the responsible PM, was challenged by the requirements of the new USAID project team members. The departure of the FKH Project Manager in July 2011 also had a negative impact on the leadership and decision making process.

The IL identifies MoTCA as the responsible “executing agency;” however, MoF has a more extensive list of deliverables within the IL. There should have been clear definition between the responsibilities of daily project management activity in the field and financial administration in Kabul under the leadership of a single Project Manager. Stoppages of the construction process due to financial constraints cause delays and increased overhead costs for contractors.

Reporting continued to be a major setback in the execution of the project. Providing sample templates of all required reporting forms in the IL may have been helpful.

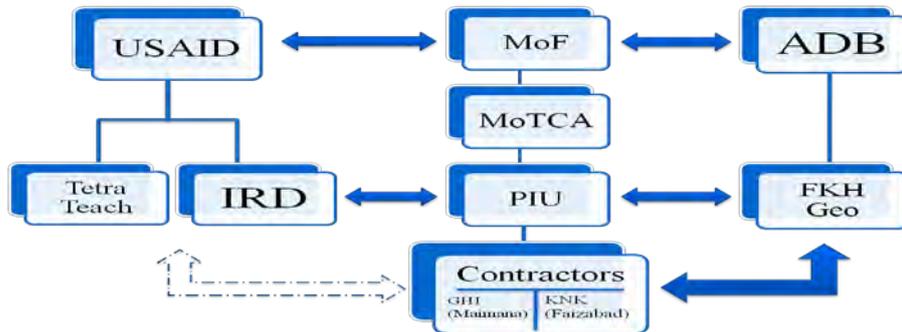
ADB vs. USAID Project Organizational Structure. Since the ADB project was a loan to GIRoA and the USAID project was a grant, the entire project team (including contractors) was required to adopt new operational procedures. FKH was the ADB Project Manager empowered to deliver the requirements of the ADB loan to the MoF and the PIU. During the USAID funded phase, the PIU, MoTCA, FKH, and newcomers Tetra Tech, IRD, FAA, and USAID all participated in the project management role with no clear single point responsibility, which impeded effective decision making. The ADB agreement stipulated that MoTCA would assign a Project Manager. The USAID agreement did not make that stipulation and when FKH’s contract ended in July of 2011, field reporting to the PIU was interrupted, even though TT gradually assumed some PM responsibilities.

Findings:

The IL stated that MoTCA was to ensure the cooperation of the construction contractors, ADB, and FKH. In addition, a project plan(s) was to be submitted for USAID approval. The IL indicated that USAID would provide third party quality assurance.

Figure 7 below shows the organizational chart of the project and the relationships between the various stakeholders. In an interview with the evaluation team, a USAID engineer observed that there was lack of clarity in each party’s role, which resulted in confusion and delayed reports. MoTCA began to prepare a PM organizational chart late in the project after it became evident that no leadership existed beside the AESP and EQUALS teams; however, no additional guidance was given to the PIU as to each party’s role.

Since this was a design-build project, the contractors would normally be required to perform all work identified in the scope of work in accordance with the proposed design. Unless changes were later initiated by the client, there would be no major issues beyond the contractor providing sufficient resources to complete the work on time. Successfully managing a project from design to completion is a common challenge in construction work in Afghanistan.



4

Conclusions:

It appears from the documentation that MoTCA believed that it was the responsibility of the ADB/MoTCA-assigned project management company, FKH, to manage all project activities. This condition continued through to the USAID funded project. MoTCA did not clearly understand their responsibility as the PIU/owner of the project to support FKH or the importance of a Project Manager and project management team. Subsequently, MoTCA did not develop a project management team to replace FKH in July 2011, perhaps mistaking USAID AESP and EQUALS support as sufficient to fill the gap.

Figure 7 - Project Organization Chart

The IL did not provide a clear separation of responsibilities between MoF and MoTCA. Both were required to collect and archive all official documentation and to draft, collect, and provide USAID all documentation and reports required by articles 4, 8, and 9. Article 8c of the IL indicates that “GIRoA” may be performing quality control and evaluations. Article 9 states that “GIRoA” shall maintain accounting books, records and documents. This ambiguity likely caused confusion in the MoTCA and MoF teams as to who was responsible for which activity.

USAID did not conduct either a technical gap analysis or a financial gap analysis to evaluate whether MoTCA had the personnel with the experience, training and resources to effectively manage this project.

The lack of a clear identification of deliverables in the contracts and work orders issued to Tetra Tech and IRD led to inconsistencies in scheduling meetings, reports and other deliverables. Their absence created a lack of clarity in determining performance and effectiveness of the two contractors.

Recommendations:

- 1) Prior to awarding similar grants, USAID should undertake a financial and procurement capability assessment or gap analysis of the implementing organization to identify training and capacity building requirements. The assessment should employ USAID's Public Financial Management Risk Assessment Framework, Stage 2, which is part of USAID FORWARD's Implementation and Procurement Reform (IPR). Responding to identified needs should be among the first activities to be implemented so that the project can benefit early on from the skills and knowledge obtained.
- 2) Project design documents and agreements should clarify the roles and responsibilities of each implementing partner.
- 3) Depending on their defined responsibilities, USAID and IP should implement any required changes early on as the costs of implementing changes later in the project cycle will increase (see Figure 3.)
- 4) Where feasible, USAID should opt to use existing IP systems rather than creating new ones (such as the PIU).

5. Evaluation Question 5 – Benefits from G2G Grant

Question:

Did USAID achieve maximum benefit from this G2G grant? If not, how could it have maximized the benefit of its investment?

Direct Response:

USAID did not achieve maximum benefit from this grant since capacity building for full-time MoTCA and MoF employees in construction management and financial accountability did not occur. However, the projects were eventually completed and verified by TT to have met international requirements; as such, the funding provided to purchase materials to complete the project was a good investment.

Findings:

According to IL-17, the purpose of the \$6 million grant was to complete paving of the runways, taxiways and aprons at the two airports and ensure that drainage and earthworks were of adequate quality. The intended result of the work was increased capacity at the two airports to serve heavier aircraft and provide for all weather operations. According to IL-17, prior to this grant the two airports were accommodating the equivalent of Antonov AN 24 and Foker F28 aircraft. Both airports are now reported to be accommodating the equivalent of C-130 aircraft, indicating that the first result has been achieved. There were no documents or other records available to confirm all weather use at the two airports.

The evaluation team made limited efforts to conduct a financial review of the G2G funds. According to TT's November 2012 final report, MoTCA failed to provide a final financial report after the end of the project. Further, MoTCA did not provide a bank statement showing the

project account's activity until October 28, 2013, nearly 15 months after project completion. USAID knew early in the project from TT's monthly reports and progress review memos that MoTCA were failing to meet their reporting obligations. **Conclusions:**

Given the state of the ADB project when USAID took over and the limited capabilities of the project management team, USAID's grant delivered positive results. The project was completed and the grant was administered in accordance with the requirements of the IL as verified by an independent audit.¹

The findings indicate that MoTCA had been running the project since the IL was issued in December 2010 without the necessary skills in construction management, contract administration, and procurement management. Field engineers were not hired until September 2011, nine months after the project was funded by USAID. USAID would have received maximum benefit from this grant if MoTCA had participated in training and had had a hands-on approach to project management. There is little evidence that this G2G assistance project has enabled MoTCA to deliver financial transparency and accountability for future projects of this type.

Recommendations:

- 1) Prior to agreeing to take over or participate in an ongoing project funded by another donor, USAID should undertake an analysis of the associated risks and opportunities. The implementation letter should set forth how the identified risks will be addressed and assign single point responsibility for doing so.
- 2) The IL should have a mechanism to allow for MoTCA to conduct regular periodic (quarterly or bi-annual) audits with external construction project management professionals to evaluate the projects performance in meeting requirements.
- 3) Project documents (agreements, MoU's, implementation letters) should clearly assign roles and responsibilities, ensuring that all knowledge areas are covered. To ensure accountability, each task should have a single-point responsibility.
- 4) Use existing institutions to maximize the long term benefits of training and capacity building.
- 5) IL should require IP to assign a full-time qualified and experienced PM who will manage the project on the ground on a day-to-day basis.
- 6) For infrastructure and construction projects, USAID or its designated agent should review and approve the applicable drawings and technical specifications prior to disbursing funds.

¹ Ernst & Young, *Close out Audit of the Fund Accountability Statement of USAID resources managed by the Islamic Republic of Afghanistan through the Ministry of Transport and Civil Aviation under the Regional Airports Project - Award No. 306-IL-11-05-17 for the period from 9 January 2011 to 31 July 2012*, Kabul, June 2013

6. Evaluation Question 6 – Program Managers’ Actions and Missed Opportunities

Question:

In what ways did USAID and MoTCA program managers take action that improved (or could have improved) performance? In what ways, if any, did USAID and MoTCA program managers miss opportunities to improve performance?

Direct Response:

USAID initiated the AESP Work Order 41 to provide cost management training to the PIU in August of 2011. Training could have been initiated as soon as monthly reporting by the PIU and MoF started to fall behind schedule.

MoTCA could have assigned a full-time Project Manager and construction manager on the ground to replace FKH when their contract ended. This did not occur and delays began to develop until TT began to assume a broader project management role. MoTCA would have built its knowledge base had a full time Project Manager and construction manager been assigned from their planning and engineering department to take the lead and work with AESP and EQUALS.

In the effort to build capacity, MoTCA and MoF could have requested their relevant staff attend AESP and EQUALS training in construction management and financial reporting.

The limited capability of the PIU and FHK could have been identified earlier in the project and the necessary changes made to maximize the training process and improve project performance at the beginning of the USAID phase. ADB had understood project performance was less than satisfactory and the project was behind schedule and over budget.

Findings:

The USAID Activity Manager and other representatives visited the project sites regularly and were therefore able to identify and point out issues as soon as they came to their notice. Figure 8 below shows total combined visits to the two sites by all stakeholders, including USAID, MoTCA, IRD and Tetra Tech. Observations by USAID’s Activity Manager and other staff led to the hiring of TT and, later, IRD – decisions that were important in curtailing many negative aspects of the project’s execution.

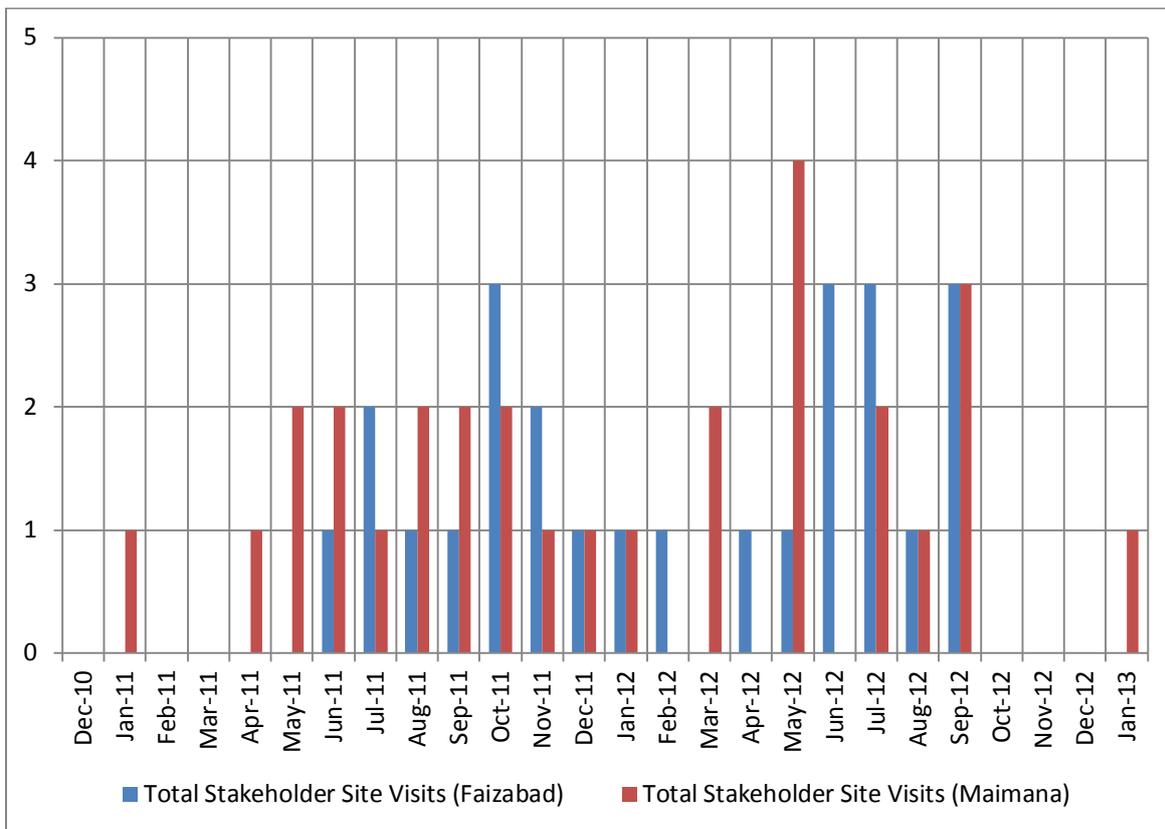


Figure 8 - Combined Visits by all Stakeholders to Project Sites

At the time the IL was issued to the PIU, USAID hired TT AESP to provide monthly field trips to the projects to provide oversight in quality assurance. In April 2011, AESP identified inherent problems within the project that had developed during the ADB period, and by default AESP began to monitor and control these issues. These issues including missing design, land disputes and late contractor payments were delaying the project schedule. In July 2011 USAID retained AESP to provide cost management training to the PIU so that they could submit monthly project reports as required by the IL.

Conclusions:

If USAID had not assigned a third party QA manager, then the project issues would have become critical and the project would have been delayed further. As mentioned previously, the PIU team lacked an understanding of the fundamentals of construction project management and so the training provided was largely ineffective. However, without the AESP training and participation, monthly reports submissions would not have been accomplished.

If the parties or senior stakeholders referred to in the memorandum of understanding had met monthly, starting from the signing of the implementation letter, then the following opportunities to improve performance could have been identified:

- USAID program managers could have identified the need to assign a Project Manager to the team with the departure of FKH in July 2011.

- USAID could have identified the inability of the PIU to develop monthly reports earlier and implemented corrective action sooner than July 2012 with the participation of TT AESP.
- USAID could have understood that the capacity building and training by TT AESP and IRD EQUALS was being directed at the PIU team, who were temporary consultants, and thus were not contributing to institutional capacity building within MoCTA.

Recommendations:

- 1) USAID should ensure that all requirements of the implementation letter are followed without deviation unless a formal change order is issued.
- 2) The IL should assign responsibility for conducting periodic (quarterly or bi-annual) audits by external construction project management professionals to evaluate the projects performance in meeting requirements.

7. Evaluation Question 7 – USAID and MoTCA Communication

Question:

How did communication between USAID and MoTCA affect the program (positively or negatively)?

Direct Response:

USAID and MoTCA had monthly progress meetings in Kabul with the field contractors and third party consultants to discuss and resolve problems. In addition, both offices communicated by email to follow up on unresolved issues. This was a positive step in facilitating project implementation. Despite this open communication process, however, the project schedule was impacted by issues, both in the field and in Kabul, which remained unresolved.

Findings:

The memorandum of understanding stated that “the parties (USAID, ADB, WB, and GIRoA) shall also meet periodically” to “evaluate the effectiveness of the assistance.” USAID and MoTCA held 53 meetings over the course of the project. These meetings were attended by other project team members when requested by the ministry. Because the airport projects did not have an experienced Project Manager, the MoTCA political leadership had a large role in the meetings but was not involved in day-to-day project administration. As a consequence, most meetings focused on issues that carried over from one meeting to the next without ever being resolved.

USAID conducted a total of 15 site visits to the two projects. These visits were often made in the company of MoTCA personnel. There are over 374 direct email communications between USAID and MoTCA and 86 between FAA and MoTCA. Several of the emails were reminders written by USAID to follow up on expected or outstanding documentation or other issues from

MoTCA. Over the past 18 months, MoTCA was given multiple dates for submitting the final documentation, all of which have now passed. The last of such dates was communicated in the presence of the evaluation team on November 30, 2013. While following up on outstanding reports and documentation, USAID representatives sent emails to multiple recipients for action.

At a meeting between USAID and the MoTCA Deputy Minister in January 2013, the submission of the close-out report and signed letter of final claims was discussed, and the Minister promised to send the two documents in the next three days. The evaluation team found no evidence of these documents. MoTCA did not provide a report on the GIRoA's matching \$6 million contribution until October 2013; the report is undated. At the evaluation team's November 30 meeting with USAID and MoTCA personnel, USAID acknowledged receipt of only one report from MoTCA.

Conclusions:

Part of the communication between USAID and MoTCA took place at monthly meetings. Because these meetings focused primarily on progress at the project sites, with multiple parties in attendance, they were not the best venues for discussing G2G financial and contractual matters.

The release by USAID of the first disbursement of \$2 million without receiving the necessary documentation from MoTCA may have created the impression that the financial deliverables clause in IL-17 was negotiable and flexible, which would have set a bad precedent.

While USAID made reasonable efforts to raise outstanding issues, the same cannot be said of MoTCA's efforts to resolve these issues. MoTCA's failure to respond to USAID's repeated requests for reports and other documents may suggest a lack of clarity as to the assignment of roles and responsibilities.

Recommendations:

- 1) The Implementation Letter and other project documents should contain sample templates of all reports required from the IP.
- 2) Project agreements should specify regular monthly meetings between senior USAID staff and its G2G implementing partner to review progress and address any outstanding issues before they become critical.
- 3) USAID must enforce the terms of its agreements with GIRoA, and its Project/Activity Manager should be required to work out a feasible manner of escalating ongoing unresolved matters to higher levels within the Mission and GIRoA.

8. Recommendations Based on Best Practices

Having reviewed the project documentation and conducted the indicated interviews, the evaluation team concluded that the management of the two airport projects by MoTCA/the PIU fell short of many of the basics of best practices in project management. Foremost among these was the lack of a single point person responsible and accountable for managing the project, and

ultimately for project success. Single point responsibility has been shown to deliver the best results in construction management.

The Project Manager can be selected from any of the primary stakeholders or recruited from another source; however, to ensure successful project completion he or she must have a track record of accomplishments commensurate with the complexity of the project requirements including design and scope. The staffing of this position should occur before the process of developing a project management plan begins.

In addition to defining the role and responsibilities of the Project Manager, the implementation letter should define project requirements and identify project stakeholders. Following this structure, the Project Manager can begin to build a project team and establish a management plan that covers such topics as time management (basic schedule development and monthly progress updates), cost management (job cost reporting and invoicing policies), quality control, and human resource management (team building and training). Depending on the needs of the stakeholders, other specialized plans could cover communications, scope management, risk management, and procurement management.

As previously mentioned, the assignment of an experienced Project Manager responsible for providing field and home office leadership and team building would have maximized USAID's financial investment. Better field construction management would have eliminated rework, thereby improving cost effectiveness. In the evaluators' experience, an over budget and over schedule project such as the one ADB handed over to USAID was likely caused by a lack of authoritative leadership. In Afghanistan, we regularly observe disputes between contractors, contractors and workers, contractors and QC, authorities and contractors, among others. These conditions need to be managed early before control of the project is lost.

The following identifies aspects of the airport rehabilitation projects that would have been improved if an experienced construction Project Manager had been assigned at the beginning of the project.

Integration Management. A project management plan should be prepared, approved and distributed to the team, thereby establishing coordination and responsibility for all subsidiary plans.

Scope Management. A design analysis should have been performed for the addition of a \$5 million airfield drainage system to ensure that the scope of work and additional costs were appropriate and consistent with FAA requirements.

Time Management. A baseline schedule and monthly updates should be available in project archives to support project performance evaluation. A cost loaded baseline schedule with an acceptable work breakdown schedule should be prepared by each contractor. Updated progress schedules should provide information to support contractor invoicing and a simple application of earned value management or S curve to illustrate and address performance issues.

Cost Management. Stakeholder and international donor confidence in the ability of the MoF to deliver financial transparency and accountability in construction projects would have been increased through the circulation of notes from monthly cost reporting meetings between MoTCA, MoF, USAID and the construction contractors.

Quality Management. Support for third party QA/QC field activities and training of field workers should be established by the Project Manager thereby improving quality control, teamwork, and product delivery.

Human Resource Management. An experienced construction management team should be assigned by the Project Manager to handle design oversight, scheduling, cost management, quality management, project controls, and field construction management. The Project Manager would also have an important role in developing a construction management department within MoTCA. Necessary elements of effective human resource management include an organizational chart, job descriptions, a task responsibility matrix, an employee evaluation plan, workplace safety policies, and on-the-job training curricula and schedules.

Communications Management. A well-run project management structure requires a documentation filing system, meeting schedules, performance reports, field project management conference calls, telephone and internet systems, and other types of communications for keeping all stakeholders informed.

Risk Management. There should be a risk management plan that identifies and controls known risks for construction projects in Afghanistan. This plan can be a basic application of a risk register that is developed and updated in team meetings. Known construction risks in Afghanistan include such risks as worker injury (an inherent risk in all construction projects), contractor over-invoicing relative to project completion, contractor non-payment of workers, excessive subcontracting causing loss of contractor control, insufficient equipment or tools to perform the work, security threats, and external threats from stakeholders including the public, ANA and ANP.

Procurement Management. The purchasing of supplies and services is the second to last activity in preparing the project management plan. Contract agreements, work orders and purchase orders must be explicit in identifying requirements, scope of work, contract documents and general conditions. The procurement plan must include policies and procedures that deliver financial accountability and accountability, inclusive of source selection and competitive bidding policies.

Stakeholder Management. A stakeholder management plan should be drawn up to provide the team with a policy and procedure for facilitating relations with internal and external project stakeholders. The plan would cover the process of identifying stakeholders and explain how and when they are kept informed of project performance. The stakeholder plan can include meetings, community outreach programs, and copies of monthly project reports customized to address the needs of each stakeholder.

9. Lessons Learned

USAID's financial assistance enabled the completion of the rehabilitation of the Faizabad and Maimana airports. The airports are operational and the level of quality meets the requirements of the Tetra Tech AESP quality assurance team. Since these ADB projects were behind schedule and ran short of funding, USAID's involvement was important to MoTCA's growth in the aviation sector in these remote provinces.

Aside from completing these airport rehabilitation projects, USAID had vested interest in the capacity building of MoTCA engineering and cost management departments. The plan was to create long term technical sustainability and financial transparency in the Ministry, both of which are important to secure the confidence of future international investments in MoTCA. Unfortunately, these two improvements did not meet USAID expectations, since training was provided to the temporary the PIU and not MoTCA directly.

A technical review of project documents shows that ADB and MoTCA failed to complete their project on schedule and within budget. The projects exceeded ADB's initial schedule by one year with a cost overrun of \$12 million. Under normal practice, cost reports and monthly schedules used to carry out basic earned value analysis of project performance would indicate that corrective actions were necessary, and likely early on in the ADB projects. In taking over these projects, an experienced construction Project Manager would have understood the importance of trying to identify the problem and taking corrective action as soon as possible. Since these projects were already in progress and nearing the completion phase, it would have been difficult to make the necessary changes in time without expending significant resources, particularly since the inexperienced team lacked an understanding of project management.

As mentioned earlier in this report, the members of the PIU established by ADB and MoTCA were inexperienced and the standard management processes were not executed by an experienced project management professional. Since USAID did not insist on reorganization or restructuring, the USAID project followed the same pattern of performance as did the ADB project, and possibly experienced more difficulty since the Project Manager FKH left one year before the project completion date. Despite meetings and the PIU's claims that it lacked the fundamentals of project management, MoTCA did not intervene to provide corrective action, but instead assumed that their planning and engineering department had the necessary capacity.

From a financial management perspective, ADB and the PIU handed over the project to USAID with an outstanding balance to a contractor of more than \$1 million, suggesting that the PIU had difficulty administering the ADB loan. The PIU had not overcome these challenges by the time they were administering the USAID grant, as evidenced by subsequent late payments to contractors and further delays.. As of November 2013, the PIU still had not closed out the final cost reports, further evidence that the capacity of MoTCA and the PIU in cost management is low.

Aside from poor project management by the PIU and part time Project Managers FKH, there were indicators that should have triggered corrective action by program managers, including:

- No monthly reports by the PIU to USAID through November 2011
- Departure of FKH as Project Manager in July 2011
- Missed project completion date of August 2011
- No performance reports by AESP and EQUALS on the training conducted for MoTCA
- MoTCA termination of the PIU field engineers
- Workers protest lack of payment by occupying runway and delaying landing of airplane
- PIU statement that they lacked the fundamentals of project management
- MoTCA dissatisfaction with the PIU's performance and discussion of terminating contractor KNK

USAID understood that project risk, as with many projects in Afghanistan, fell into the category of quality control and so assigned both AESP and EQUALS to provide QA and in addition to training the field team in QC planning and execution. Similarly, USAID provided cost management training to the PIU. USAID would have been better served by assigning an experienced Project Manager to oversee the project, identify weaknesses and then apply support as necessary to correct the shortcomings.

ANNEX I: SCOPE OF WORK

OFFICE OF ECONOMIC GROWTH AND INFRASTRUCTURE (OEGI) / OFFICE OF PROGRAM AND PROJECT DEVELOPMENT (OPPD)

STATEMENT OF WORK: PERFORMANCE EVALUATION

REGIONAL AIRPORT PROJECTS AT FAIZABAD/BADAKHSHAN & MAIMANA (FARYAB) PROVINCES, CONTRACT NUMBER 306-SOAG-306-05-0005.00—8

I. PROJECT INFORMATION

Project Name:	Regional Airport Projects at Faizabad/Badakhshan & Maimana (Faryab) Provinces
Implementing Partner:	Ministry of Finance (MoF) and Ministry of Transportation and Civil Aviation (MoTCA)
Contract #:	306-SOAG-306-05-0005.00—8
Agreement Value:	Source: ADB: \$30,000,000 loan Source: USAID: \$6,000,000 grant
Source:	Min. of Finance: \$6,000,000 MoTCA on-line Contribution
Mechanism:	Implementation Letter No. 17 (Agreement with MoTCA and MoF)
Life of Project:	December 21, 2010 – July 31, 2012
Project Sites:	Northeast Afghanistan; Faizabad (Badakhshan) and Maimana (Faryab) Provinces

II. INTRODUCTION

USAID/Afghanistan, Office of Economic Growth and Infrastructure (OEGI) intends to conduct an evaluation of the Government-to-Government (G2G) assistance provided by USAID during the implementation of the Regional Airport Rehabilitation Projects in Faizabad/Badakhshan and Maimana (Faryab) Provinces; a GIROA/MoTCA-led construction program. The evaluation will consider USAID program management,

MoTCA participation and the effectiveness of USAID’s G2G support to partners in MoTCA and other GIRoA agencies.

The USAID Evaluation Policy encourages independent external evaluation to increase accountability to inform those who develop programs and strategies, and to refine designs and introduce improvements into future efforts. In keeping with that aim, this evaluation will be conducted to review and evaluate the performance of the USAID-funded Regional Airport Projects at Faizabad/Badakhshan & Maimana (Faryab) Provinces program activities implemented by MOF and MoTCA. The evaluation will focus on assessing the program’s performance during the full life of the project (Dec 21, 2010 to July 31, 2012) in achieving its program goal, objectives, and results.

Theory of Change

In the past, assistance from the International Community at large has come either through the GIRoA Ministry of Finance as “On-Budget” funds, or as direct assistance, “Off-Budget” grants for specific projects. This project (Regional Airport Projects at Faizabad/Badakhshan & Maimana (Faryab) Provinces, CONTRACT NUMBER 306-SOAG-306-05-0005.00—8) was unique in that it was an off-budget grant from the United States Government (USG) in support of the on-budget project to rehabilitate two airports initially funded through a loan from the Asia Development Bank (ADB) to GIRoA; thus government to government (G2G) assistance.

The objectives of this grant were to provide additional funds for purchase of construction materials and third-party technical assistance for the rehabilitation construction activities; and to build engineering and construction management capacity through training and daily project oversight of activities in the field and in the Kabul offices of the Min. of Transportation, Civil Aviation (MOTCA).

In theory, this direct assistance would create sustainable and transparent engineering and management practices for future MOTCA construction projects, which in turn, would institutionalize accountability in their quality control and construction management systems. This improved accountability would facilitate improved financial oversight by MoF, and donor agencies. which would ultimately provide a mechanism for the detection of corruption and misappropriation of donor and government funds, while producing quality, cost-effective infrastructure projects.

III. BACKGROUND

Because of the many challenges facing Afghanistan during the past decade, implementing and monitoring field projects have been and are likely to continue into the foreseeable future, complex and difficult to manage. In many regions of the country, there have been serious difficulties monitoring the performance of implementing partners due to staffing limitations, and security and travel restrictions that often prevent GIRoA and USAID staff from going to the field.

A team of consultants assigned to carrying out these independent evaluation activities will have more freedom of movement with less visibility than USAID staff. The team will have more flexibility than USAID staff to visit project sites located in less permissive areas. Furthermore, USAID can be more assured of the efficient and effective use of USG resources.

The grant for assistance to MoTCA, issued through IL No.17, provided construction management assistance to the MoF and the MoTCA at the provincial airports in Faizabad and Maimana. The purpose of these projects was to expand the physical size of the runways to accommodate large passenger and cargo aircraft in all-weather conditions with international technical standards. Both rehabilitation projects included rehabilitation of buildings, earthwork, runway and off-runway drainage, and paving of runways, taxiways and aprons.

Justification for these improvements is the increased transportation access that these new facilities will bring to these isolated regions and the anticipated economic growth they will facilitate.

These two construction projects were part of an Afghan-led, on-budget program in the transportation sector; and because this was the first on-budget, Afghan-led construction activity, it has been somewhat of a pilot effort from which USAID hopes to better understand the effectiveness of the \$6M assistance grant to GIRoA/MoTCA.

MoTCA was the implementing body. The construction contractor for Maimana airport was GHI (an Afghan local firm); and in Faizabad, KNK (Pakistani Construction Company) was the contractor. Overall, it is estimated that 85% of skill and unskilled labors were local Afghans.

Multi-Donor Cooperation

Starting in 2005, the Asian Development Bank (ADB) agreed to a \$30 million loan for the rehabilitation of seven regional airports. The Project Implementation Unit (the PIU) was established by MoTCA through ADB funding for oversight of design and construction efforts specific to this loan. After the initial bids were received and evaluated, and based on subcontractor's cost estimates, compared with the available \$30M budget, ADB, together with MoF and USAID agreed that only four regional airports would be rehabilitated (in Faizabad, Maimana, Ghor, and Kalai Naw). During the planning and design phase, MoTCA selected contractor Fazil Karimpour Hameed Geo Expert Services (FKH) as the design review and Quality Assurance (QA) consultant to review design documents and conduct project planning using on-budget ADB funding only. During this initial preparation and construction period, the contract duration of FKH exceeded the original schedule. As a result, FKH's contract and overall schedule was extended by one year from June 2010 to June 2011 when FKH's contract ended. Due to

these initial complications, there was a perception that MoTCA/the PIU lacked proper oversight management capacity, which led to the slow start-up, slow construction progress and poor quality of work.

In mid-2010 when it became clear that the initial ADB \$30M loan would be insufficient to complete the four projects, USAID and MoF/MoTCA agreed to provide an additional \$12M (matching grants \$6M from USAID and \$6M from MoF), it was envisioned that USAID and ADB would sign an agreement together with GIRoA to complete this project. Instead, each agency signed separate agreements with GIRoA. In spite of not having a formal written agreement, the two agencies were able to coordinate successfully during the project.

Since the PIU was already working at the airports, their project management teams were used to assisting USAID in monitoring of the program. This was intended to save construction management costs and avoiding duplication of efforts. Unfortunately the PIU staff were dismissed by MoTCA shortly after this project was completed.

Third-party Quality Assurance and Training & Capacity Building

As a requirement of the USAID participation (IL-17), a third-party QA/QC contractor, Tetra Tech (TT) was assigned to work with MoTCA to build the PIU construction management capacity as a work order of Afghan Engineering Support Program (AESP) at an estimated cost of \$353,000. For QA/QC in the field, USAID assigned International Relief and Development (IRD) to provide oversight and capacity building support for MoTCA/the PIU field staff at the construction sites as a work order of Engineering Quality Assurance and Logistics Support (EQUALS) at an estimated cost of \$200,000.

Since the Project Implementation Unit (the PIU) was already working at the airports, their project management teams continued to lead at the Kabul MoTCA office, and at the project sites, although in cooperation with Tetra Tech and IRD who reported to USAID in monitoring of the program. This had the advantage of building the PIU capacity, saving construction management costs and avoiding duplication of efforts. Unfortunately the PIU staff were dismissed by MoTCA shortly after this project was completed.

Independent of the IL-17 agreement, MoTCA has sent a few Airport Managers to New Delhi, India for a two month operation and maintenance training program. The mission FAA liaison to MoTCA has been heavily involved in coordination of the project. Their continued involvement will be needed to continue the evolution of the MoTCA development.

Economic Benefits

These rehabilitation projects were created in accordance with the strategic goals of MoTCA and GIRoA in the aviation transportation sector to improve airport and tourism

services. Air transportation and airports are recognized as being critical for strengthening the country's social and economic development, and aims to connect remote areas of Afghanistan with the mainstream economy, and improve linkages between major cities.

Currently the communities where the projects are located are isolated with limited transportation access. This project will facilitate the movement of people, including tourists, and increase trade in low-volume, high-value goods. Construction employment on these projects provided training for local workers which will broaden their local economic base for future employment opportunities.

This project will also lead to sustainable growth in the aviation sector through additional airlines and flights being added at each airport. This will result in growth in citizen's incomes working in the aviation sector.

The plan of MoTCA is to offer direct international flights and links to airports with international flights. It is reported that MoTCA has made agreements with private aviation companies for providing small commuter passenger planes to these now isolated regions for routine flights.

Operations and Maintenance

MoTCA will be responsible for the long term maintenance of these airport facilities. Part of the ADB loan package included purchase of equipment for maintenance. Currently MoTCA is looking for additional O&M capacity building support for airports.

IV. PROJECT GOALS AND OBJECTIVES

The goal of this grant is to increase the capacity of the airports in Faizabad and Maimana, allowing heavier planes to use the runways and providing for all-weather operations.

The objective of the grant is to provide direct funding to the MoF and MoTCA to manage the upgrades and improvements to the airports in Faizabad and Maimana, including the paving of the runways, taxiways and aprons, and other work to ensure that the drainage, earthwork, profile, base, and sub-base at these two airports are of sufficient quality.

Technical oversight of this grant implementation was provided by two implementing partners whose collective goals were to provide capacity building, mentorship and technical assistance to MoTCA staff overseeing airport construction projects in Maimana and Faizabad. EQUALS (IRD) and AESP (Tetra Tech) engineers assisted MoTCA staff in their day-to-day duties to monitor and document QC procedures, construction management, material testing, invoice verification and compliance with reports to MoTCA supervisors and USAID.

V. PURPOSE, OBJECTIVES, AND USE OF THE EVALUATION

The **purpose** of this evaluation is to collect information about the project's outcomes in order to identify potential lessons learned that can be applied to other G2G construction projects. In particular, the evaluation will examine how much USAID-funded oversight is likely to be needed for similar future construction projects, and the feasibility of identifying related oversight/support costs.

The **objectives** of this evaluation are to:

1. Determine if the technical assistance provided by USAID, through IRD and TT was appropriate to overcome the challenges of increasing MoTCA capacity to implement the project.
2. Identify benefits from G2G construction support grants, e.g., Afghan ownership; lower security costs; increase transparency and accountability, etc.
3. Develop a concise set of USAID Procurement-based recommendations, based on the findings and conclusions of the evaluation, for implementing construction projects as a reference resource for GIRoA – MoTCA (Grantee). These recommendations should identify clear requirements that USAID can request of the GIRoA grantee-partner for any future G2G grant agreement.

VI. EVALUATION QUESTIONS

The evaluation team should focus on the effectiveness of the G2G support provided by USAID for two main components of the Regional Airport Rehabilitation program—implementation and project management. In addition, the evaluation team will address the following questions, which are intended to help guide the evaluation team's analytical efforts:

1. What were the most effective steps taken by USAID and its implementing partners to improve project management, financial accountability and quality controls that are important for the construction contractor to complete the work within schedule, and to the high-quality US Federal Aviation Administration (FAA) standards required for this type of airport facility?
2. How effective were EQUALS (IRD) and AESP (Tetra Tech) in improving the performance of the construction contractors implementing the airport upgrades?
3. How effective were EQUALS (IRD) and AESP (Tetra Tech) in improving the performance of the PIU and the long-term institutional capacity of MoTCA to:
 - a. Manage field construction activities (i.e. simple but effective project scheduling, anticipation of material, equipment and labor requirements, controlling subcontractors and suppliers, etc.);
 - b. Field quality control
 - c. Maintain systematic project documentation
 - d. Cost control and financial accountability

- e. Was the assistance provided by USAID through IRD and TT sufficient to allow the MoTCA team to effectively manage this project and future projects on its own?
4. Were the roles and responsibilities of all stakeholders on the project (MoTCA, MoF, and the Contractors) defined adequately to support USAID's intended objectives? Were there issues that may have prevented these stakeholders from meeting the anticipated performance requirements?
 5. Did USAID achieve maximum benefit from this G2G grant? If not, how could it have maximized the benefit of its investment?
 6. In what ways did USAID and MoTCA program managers take action that improved (or could have improved) performance? In what ways, if any, did USAID and MoTCA program managers miss opportunities to improve performance?
 7. How did communication between USAID and MoTCA affect the program (positively and/or negatively)?

VII. EVALUATION METHODS

The evaluation team will be responsible for developing an evaluation strategy and methodologies that include a mix of qualitative and quantitative data collection and analysis approaches. The methodology will be presented as part of the draft work plan as outlined in the deliverables below and included in the final report. The evaluation team will have available for their analysis a variety of program implementation documents, and reports. Methodology strengths and weaknesses should be identified as well as measures taken to address those weaknesses. All data collected and presented in the evaluation report must be disaggregated by gender and geography.

VIII. EXISTING PERFORMANCE INFORMATION SOURCES

The consultants will review the following documents:

- a) Program Descriptions and Modifications
- b) Work Plan
- c) Quarterly Reports
- d) Annual Reports
- e) PMP and other monitoring and evaluation (M&E) documents
- f) Project performance data
- g) Project-generated assessments
- h) Relevant external evaluations from other sources (e.g., other donors)

IX. TEAM COMPOSITION

The evaluation team shall consist of two independent international experts (with one serving as the team lead and primary coordinator with USAID) as well as two experienced Afghan consultants, at least one of whom can also serve as an interpreter. Specific requirements for each position are as follows:

- *Evaluation Team Leader (Expat)*. The Team Leader shall possess strong leadership and management skills and be an evaluation specialist with at least ten (10) years of experience conducting and managing performance evaluations, preferably with five (5) or more years of experience evaluating USAID projects. The Team Leader shall possess at least a Master's degree in Program Evaluation, Econometrics, or related discipline. The Team Leader should also have technical knowledge of civil engineering or construction management, including evaluation experience of related projects. Afghanistan experience preferred. English fluency required, Dari or Pashto a plus.
- *Engineer and Construction Specialist (Expat)*. The construction management Specialist shall possess at least a Master's degree in engineering, construction management, or related field. The successful candidate shall have at least five (5) years of experience in designing, implementing, or assessing construction projects in developing countries. Afghanistan or regional country experience is preferred.
- *Engineer and Construction Specialists (two CCNs)*. The construction management Specialist shall possess at least a Bachelor's degree in engineering, construction management, or related field. The successful candidate shall have at least five (5) years of experience in designing, implementing, or assessing construction projects in developing countries. Afghanistan or regional country experience is required. Candidates must have Pashtu and Dari language as native spoken and written skills. Spoken English language skills are required.

Additional requirements for the whole team include:

- Skills in evaluation standards and practices;
- Ability to work effectively and cooperatively under challenging conditions;
- Ability to conduct field visits under challenging conditions;
- Ability to produce a high-quality evaluation report in a timely manner;
- *Gender analysis experience is desired, though not required.*

All international experts must be fluent in English and have strong writing skills. The Afghan experts should also be proficient in English, Dari, and Pashto. A statement of potential bias or conflict of interest (or lack thereof) is required of each team member.

X. EVALUATION SCHEDULE

The estimated time period for undertaking this evaluation is 46 working days, of which at least 42 days should be spent in Afghanistan. The arrival date will be finalized between USAID and the organization conducting the evaluation.

The evaluation team is required to work six days a week. The team is required to travel to selected provinces in each region where program activities are being implemented. At least 50% of the consultants' time will be spent outside Kabul to conduct interviews with municipal officials, project staff, government officials, and the public. The evaluation

team will prepare an exit briefing and presentation of the findings, which it will deliver to USAID staff before the consultants depart Afghanistan. Also, the evaluation team will submit a draft report **24 hours in advance of the exit briefing** for review and comments by USAID. Comments from USAID will be incorporated before the submission of the final draft.

Expected Level of Effort (LOE) in Days:

Activity	Expat Team Leader	Expat Engineer and Construction Specialist	CCN Engineer and Construction Specialists (2)
Document review, work plan, draft questions, data analysis plan, suggested list of interviewees, finalized questions for the survey	5	5	
Travel to/from Afghanistan	4	4	
In-briefing with USAID	1	1	2
Interviews in Kabul	4	4	8
Interviews or survey work in provinces	10	10	20
Mid-term briefing and interim meetings with USAID	2	2	2
Data analysis, preliminary report and presentation preparation	10	10	10
Draft evaluation report	6	6	6
Final exit presentation to USAID (with PowerPoint presentation and draft evaluation report)	1	1	2
Final evaluation report	2	2	
One-page briefer preparation and translation	1	1	4
Totals	46	46	54 (27 ea.)

XI. USAID MANAGEMENT

The evaluation team will officially report to SUPPORT II, managed by Checchi and Company Consulting, Inc. SUPPORT II is responsible for all direct coordination with the USAID/Afghanistan Office of Program and Project Development (OPPD), through the Contract Officer's Representative for SUPPORT II. From a technical management

perspective, the evaluation team will work closely with Randal Leek from OEGI. In order to maintain objectivity, all final decisions about the evaluation will be made by OPPD's M&E Unit.

XII. REPORTING REQUIREMENTS AND DELIVERABLES

A. DESCRIPTION AND TIMELINE OF DELIVERABLES

- 1. In-briefing:** Within 48 hours of arrival in Kabul, the evaluation team, will have an in-brief meeting with USAID/Afghanistan's OPPD M&E unit and OEGI for introductions; presentation of the team's understanding of the assignment, initial assumptions, review of the evaluation questions, public perception survey instrument (if required) discussion of initial work plan; and/or adjustment of the SOW if necessary.
- 2. Evaluation Work Plan:** Prior to their arrival in-country, the evaluation team shall provide a detailed initial work plan to OPPD's M&E unit and OEGI and a revised work plan three days after the in-briefing. USAID will share the revised work plan with GIRoA for comment, as needed, and will revise accordingly. The initial work plan will include (a) the overall evaluation design, including the proposed methodology, data collection and analysis plan, and data collection instruments; (b) a list of the team members indicating their primary contact details while in-country, including the e-mail address and mobile phone number for the team leader; and (c) the team's proposed schedule for the evaluation. The revised work plan shall include the list of potential interviewees, sites to be visited, and evaluation tools.
- 3. Mid-term Briefing and Interim Meetings:** Schedule a mid-term briefing with USAID to review the status of the evaluation's progress, with a particular emphasis on addressing the evaluation's questions and a brief update on potential challenges and emerging opportunities. The team will also provide the Contracting Officer's Representatives for SUPPORT II and Regional Airport Projects at Faizabad/Badakhshan & Maimana (Faryab) Provinces with periodic written briefings and feedback on the team's findings. Additionally, a weekly 30 minute phone call with OPPD's M&E unit and the OEGI Infrastructure Team Leader will provide updates on field progress and any problems encountered.
- 4. PowerPoint and Final Exit Presentation** to USAID that will include a summary of key findings and key conclusions as these relate to the evaluation's questions and recommendations to USAID. To be scheduled as agreed upon during the in-briefing, and five days prior to the evaluation team's departure from Kabul. A copy of the PowerPoint file will be provided to the OPPD M&E unit prior to the final exit presentation.
- 5. Draft Evaluation Report:** The content of the draft evaluation report is outlined in Section X.B, below, and all formatting shall be consistent with the USAID branding guidelines. The focus of the report is to answer the evaluation questions and may include factors the team considers to have a bearing on the objectives of

the evaluation. Any such factors can be included in the report only after consultation with USAID. **The draft evaluation report will be submitted by the evaluation team leader to OPPD’s M&E unit 24 hours in advance of the exit briefing for review and comments by USAID. USAID’s M&E unit and OEGI office will have ten calendar days in which to review and comment and OPPD’s M&E unit shall submit all comments to the evaluation team leader.**

6. **Final Evaluation Report will** incorporate final comments provided by the M&E unit. USAID comments are due within ten days after the receipt of the initial final draft. The final report should be submitted to the OPPD M&E unit within three days of receipt of comments by the evaluation team leader. All project data and records will be submitted in full and shall be in electronic form in easily readable format; organized and fully document for use by those not fully familiar with the project or evaluation; and owned by USAID and made available to the public barring rare exceptions.
7. **One-page briefer** on key qualitative and quantitative findings and conclusions relative to the evaluation questions for each municipality is included in the evaluation’s scope—to be given to the appropriate municipal government, provincial government, and/or GIROA representative(s), so that they have the opportunity to review evaluation findings and share them with the larger community. Each briefer shall be translated in Dari and/or Pashto. Each briefer will be reviewed by the OPPD M&E unit and OEGI prior to distribution.

B. FINAL REPORT CONTENT

The evaluation report shall include the following:

1. **Title Page**
2. **Table of Contents (including Table of Figures and Table of Charts, if needed)**
3. **List of Acronyms**
4. **Acknowledgements or Preface (optional)**
5. **Executive Summary (3-5 pages)**
6. **Introductory Chapter**
 - a. A description of the project evaluated, including goals and objectives.
 - b. Brief statement on purpose of the evaluation, including a list of the main evaluation questions.
 - c. Brief statement on the methods used in the evaluation such as desk/document review, interviews, site visits, surveys, etc.
 - d. Explanation of any limitations of the evaluation—especially with respect to the methodology (e.g., selection bias, recall bias, unobservable differences)

between comparator groups, etc.)—and how these limitations affect the findings.

7. **Findings:** This section should include findings relative to the evaluation questions.
8. **Conclusions:** This section must answer the evaluation questions based upon the evidence provided through the Findings section.
9. **Recommendations:** Based on the conclusions, this section must include actionable statements that can be implemented into the existing program or included into future program design. Recommendations are only valid when they specify who does what, and relate to activities over which the USAID program has control. For example, recommendations describing government action is not valid, as USAID has no direct control over government actions. Alternatively, the recommendation may state how USAID resources may be leveraged to initiate change in government behavior and activities. It should also include recommended future objectives and types of specific activities based on lessons learned.
10. **Annex:** The annexes to the final evaluation report should be submitted as separate documents—with appropriate labels in the document file name (e.g., Annex 1 – Evaluation SOW), and headers within the document itself—and may be aggregated in a single zipped folder.
 - a. Evaluation Statement of Work
 - b. Places visited; list of organizations and people interviewed, including contact details.
 - c. Evaluation design and methodology.
 - d. Copies of all tools such as survey instruments, questionnaires, discussions guides, checklists.
 - e. Bibliography of critical background documents.
 - f. Meeting notes of all key meetings with stakeholders.
 - g. “Statement of Differences”
 - h. Evaluation Team CV’s

C. REPORTING GUIDELINES

- The evaluation report should represent a thoughtful, well-researched and well-organized effort to objectively evaluate what worked in the project over the given time period, what did not, and why.

- Evaluation reports shall address all evaluation questions included in the statement of work.
- The evaluation report should include the statement of work as an annex. All modifications to the statement of work, whether in technical requirements, evaluation questions, evaluation team composition, methodology, or timeline need to be agreed upon in writing by the OPPD M&E unit.
- Evaluation methodology shall be explained in detail and all tools used in conducting the evaluation such as questionnaires, checklists and discussion guides will be included in an annex in the final report.
- Evaluation findings will assess outcomes and impact on males and females, and data will be disaggregated by gender, age group, and geographic area wherever feasible.
- Limitations to the evaluation shall be disclosed in the report, with particular attention to the limitations associated with the evaluation methodology (selection bias, recall bias, unobservable differences between comparator groups, etc.).
- Evaluation findings should be presented as analyzed facts, evidence, and data and not based on anecdotes, hearsay or the compilation of people's opinions. Findings should be specific, concise and supported by strong quantitative and/or qualitative evidence.
- Sources of information, including any peer-reviewed or grey literature, will be properly identified and listed in an annex.
- Recommendations will be supported by a specific set of findings. They will also be action-oriented, practical, and specific, with defined responsible parties for each action.

ANNEX II: REFERENCE: PROJECT MANAGEMENT OVERVIEW

1) Developing The Project Management Plan: a General Overview

Regardless of the size or complexity of the project once a Project Manager has been selected to manage the project, he or she must initiate the planning phase and development of the project management plan.

“Development of the project management plan is the process of documenting the actions necessary to define, prepare, integrate, and coordinate all subsidiary plans. The project management plan becomes the primary source of information for how the project will be planned, executed, monitored and controlled and closed.” - PMBOK®

Successful construction companies utilize a system of policy and procedures to deliver quality construction projects on time and on schedule. The construction management systems are similar for most companies and all use some type of productivity software such as Primavera P6® and Primavera Contract Manager®. PMI’s Body of Knowledge (PMBOK®) is a good practice framework that shares common ground with construction projects and the companies that builds them. The PMBOK® document was developed by a voluntary consensus standards development process. The ten knowledge areas and five process groups allow the team to understand the processes and prepare a project management plan that identifies and delivers requirements, balances constraints and meets the expectations of the stakeholders. The PMBOK® framework presents concepts, techniques, tools and skills important to the construction industry. This framework can guide any project, and it can also establish criteria that guide the performance evaluation process.

The project management areas included in this evaluation are identified below.

- a) Project Time Management – Scheduling software systems are used to manage the project schedule and, identify activities and a work breakdown structure for the work to be performed. Each activity is assigned an activity number, description, duration, cost and responsibility. Monthly updates can show planned work progress in comparison to actual progress to provide useful information on the performance of the project.

Related Questions: Did the project base line schedule contain reasonable activity description and durations for the project? Were the activities cost loaded? Was the project schedule updated each month to record field progress?

- b) Project Cost Management – The activity that manages the project budget, cost control, and changes to the project budget. The project schedule is updated periodically (weekly or monthly) and progress payments are administered. Job cost forecasts are updated to anticipate the final cost of the project.

Related Questions: Was the project budget sufficient to meet project costs? Did the MoF keep accurate cost reports for the \$12 million spent?

- c) Project Quality Management – This activity combines both quality assurance and quality control planning for the project to ensure that construction work meets the requirements of the contract and scope of work. Quality policy, objectives and responsibilities are stated in this plan.

Related Questions: What was the level of rework in the project? Did rework delay the project schedule and increase costs? Were corrective action plans implemented to fix repetitive deficiencies?

- d) Project Human Resource Management – This activity ensures that the project team has the leadership and appropriate skill set and organizational structure to meet the requirements of the project. Job descriptions, task responsibility matrices, training programs and performance evaluations are all activities within this knowledge area.

Related Questions: Did the Project Manager, construction manager, safety manager and quality control manager have the skill set required to manage the airport rehabilitation project? What types training exercises did the field team and MoTCA receive? Were organizational charts and job descriptions used to establish responsibilities and reporting structures? What documents were prepared for the training of MoTCA staff in construction management?

The project management plan is a working document and as events and circumstances develop, the Project Manager must adjust the subsidiary plans to address and control these issues. A general review and comparison of the project management plan to industry best practice was conducted to identify recommendations for future projects keeping in mind the constraints and known risks for construction project management in Afghanistan.

2) Delivering Project Stakeholders Requirements

It is the responsibility of the Project Manager to identify the requirements of all stakeholders and balance the project management plan in order to deliver these results. For example, USAID wished to build construction management capacity at MoTCA and financial accountability and transparency at MoF. Following this example, the Project Manager should have ensured that the project management plan specifically included a training plan for MoTCA staff (under the human resources plan) and cost control processes for MoF (under the cost management plan).

The stakeholders as a group have other requirements including deliverables and design features for the project, budget cost for the project, and period of performance for the project. Since there was no project management plan, the evaluation team could not determine if the plan adequately addressed the requirements of the stakeholders.

Risk Assessment and Management

Risk management planning should occur before procurement, issuance of IL or contract award. Review of all subsidiary project management plans and expert judgment is used to identify and assess threats and opportunities that can impact or enhance the success of the project. Risk responses, risk owners and risk tracking can be used to manage risk. Experience highlights common “known risks” associated with construction projects in Afghanistan. Successful and experienced Project Managers will adjust the project management and subsidiary plans to address these risks. Project procurement, RFPs and subcontract agreements are also developed to

control risk, which is why the risk management plan precedes the procurement process. A simple risk management plan, or even a risk management meeting, can increase the likelihood of meeting stakeholders' requirements. Annex XIV: Project Risk Register, identifies the known construction risks in Afghanistan.

ANNEX III: SCHEDULE OF MEETINGS

~ November 2013 ~						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3 International Travel	4 International Travel	5 Team arrives at Kabul	6	7 In-Brief Meeting with USAID	8	9
10	11	12	13	14 -Submit SOW to USAID/ R.LEEK - R.LEEK Meeting 02: 00PM	15	16
17 Submit Work Plan Rev #2	18 -Submit SOW clarification to USAID -Team Update	19 Telra Tech Meeting 02: 00 PM	20	21 Submit Revised Work Plan (Final version)	22	23
24 IRD Meeting 09:00 AM	25 - Mid-Briefing at USAID offices - Submit Revised SOW (Final version) to USAID	26	27 Meeting with Activity Manager Idrees Noori	28	29	30 Meeting with GIRoA – MoTCA/the PIU & MoF

ANNEX IV: PERSONS AND ORGANIZATIONS CONTACTED

ORGANIZATION	NAME	TITLE OR POSITION	
USAID	Carlos Lamadrid	Team Lead, OEGI	clamadr
	Paige Miller	Deputy M&E Team Lead, OPPD	pmiller@
	Rosalind Morales	Monitoring & Evaluation Specialist	rmorales
	Idrees Noori	Senior Engineer, Roads	ianoori@
	Dr. Diana Shannon	Chief, Roads and Vertical Structures Division	dshanno
	Randal Leek	GK Road Program Manager	rleek@s
	Kevin Pieters	Project Manager, Energy and Water	kpieters
Tetra Tech	Michael Petti	Chief of Party	Michael
	Haseebullah Rasouli	Deputy Chief of Party	haseebu

ORGANIZATION	NAME	TITLE OR POSITION	
	Qadeer Sahil	Technical Services Manager	Qadeer.
	Joseph Hanlon	Transportation Project Manager	Joe.hanl
International Relief & Development, IRD	Bijoy Misra	Acting Chief of Party	bmisra@
	Jim Weeks	Chief of Party during Airports Rehabilitation	jweeks@
	Victor Odegard	QA Manager during Airports Rehabilitation	victor.j.
Ministry of Transport & Civil Aviation	Fara Abbas	Adviser, the PIU MoTCA	faranghe
	Ghulam Farooq	Head of Projects Analysis & Evaluation, MoTCA	faruq_sa
	Zoya Azizi	Accountant, the PIU MoTCA	-
	Iqbal Azami	Accountant, the PIU MoTCA	iqbal_az
Ministry of Finance	Shafigullah Amini	Budget Specialist, MoF	shafiq.a
	Angar Banai	Aid Coordination Specialist, MoF	angar.ba

ANNEX VI: DATA COLLECTION SURVEY INSTRUMENT

Sample Interview Template

Project Title: Evaluation of the Afghanistan Regional Airport Projects at Faizabad & Maimana

Date Prepared:

(Please continue answers on back of sheet if you need additional space)

I. Project Performance Analysis

Performance Area	What Worked Well	What Can Be Improved
1. Project Safety		
2. Contractor Performance		
3. Scope definition and management (Design & Specifications)		
4. Schedule development and control		
5. Cost estimating and control		
6. Quality planning and control		
7. Field work support, Human resource availability, Team development & performance, Training		
8. Communication management, Reporting, Meeting minutes		

Performance Area	What Worked Well	What Can Be Improved
9. Team (Stakeholder) management G2G		
10. Procurement planning and management (Material purchases & delivery)		
11. Process improvement information (Lessons learnt)		
12. Project Security		
13. Other		

II. Risks and Issues

Risk or Issue Description	Response	Comments
Drainage Design which created a budget issue.		

III. Quality Defects

Defect Description	Resolution	Comments
<i>Joint overlap in the Asphalt paving, Faizabad</i>		

IV. Supplier/Sub-Contractor Management (for materials & equipment)

Supplier or Sub-Contractor	Issue	Resolution	Comments
<i>KNK and GHI</i>			

V. Other

Areas of Exceptional Performance	Areas for Improvement
Some of the issues encountered during the execution were not either stated in the contract or there was not a solution for them in the contract.	

ANNEX VII: PROJECT BUDGET AND SOURCES OF FUNDING

Maimana Regional Airport								
Budget & Sources of Funding								
Item	Description	Unit	Quantity	Unit Cost	Item Cost	Sources of Funding		
						USAID	MoF	ADB
	Paving Works							
1	Survey and Design	ls	1	75,000.00	75,000	63,750	11,250	
2	Bituminous Prime Coat	sm	63,000	1.10	69,300	58,905	10,395	
3	Bituminous Tack Coat	sm	61,000	2.00	122,000	103,700	18,300	
4	Asphaltic Concrete Binder Wearing Course (13cm thick)	cm	7,900	250.00	1,975,000	1,678,750	296,250	
5	Concrete Class B1 (30Mpa)	cm	2,400	200.00	480,000	408,000	72,000	
6	Grade 300 Plain Reinforcing Bar	t	40	1,400.00	56,000	47,600	8,400	
7	Grade 400 Deformed Reinforcing Bar	t	20	1,400.00	28,000	23,800	4,200	
	Earthwork							
8	Excavation	cm	1,000	5.00	5,000			5,000
9	Embankment (30 to 60%CBR)	cm	15,000	3.50	52,500			52,500
10	Aggregate Sub-base (40 to 60% CBR)	cm	13,000	13.00	169,000			169,000
11	Reconstructed Sub-base (40 to 60% CBR)	sm	48,000	10.00	480,000			480,000
12	Aggregate base (80% CBR)	cm	11,000	10.00	110,000			110,000
	Variation Orders							
13	Embankment, hauling, .9km		19,122	5.36	102,494			102,494
14	Embankment, hauling, .3.8km		39,268	5.39	211,656			211,656
15	Excavation		38,245	7.65	292,571			292,571
16	Aggregate base (80% CBR)		6,805	18.01	122,558			122,558
17	Drainage and Flood Protection	ls	1	540,000.00	540,000	540,000		
18	Fence		1,649	364.81	601,572		601,572	
	Contingencies				400,000		400,000	
TOTAL MAIMANA:					5,892,652	2,924,505	1,422,367	1,545,780

Faizabad Regional Airport								
Budget & Sources of Funding								
Item	Description	Unit	Quantity	Unit Cost	Item Cost	Sources of Funding		
						USAID	MoF	ADB
	Paving Works							
1	Runway Detailed Design (20% of entire project)	ls	1	75,000.00	75,000.00			75,000.00
2	Bituminous Prime Coat	sm	63,000	1.30	81,900	81,900		
3	Bituminous Tack Coat	sm	61,000	0.80	48,800	48,800		
4	Asphaltic Concrete Binder Wearing Course (13cm thick)	cm	7,900	185.00	1,461,500	1,461,500		
5	Concrete Class B1 (30Mpa)	cm	2,800	204.00	571,200	571,200		
6	Grade 300 Plain Reinforcing Bar	t	40	1,365.00	54,600	54,600		
7	Grade 400 Deformed Reinforcing Bar	t	20	1,388.00	27,760	27,760		
	Earthwork							
8	Excavation	cm	1,000	3.30	3,300			3,300
9	Embankment (30 to 60%CRB)	cm	150,000	6.30	945,000			945,000
10	Aggregate Sub-base (40 to 60% CRB)	cm	25,000	26.00	650,000			650,000
11	Aggregate base (80% CRB)	cm	12,000	29.00	348,000			348,000
	Variation Orders							
12	Embankment (30 to 60%CRB)		(66,157).	6.3	(416,791).			(416,791).
14	Excavation		90,291	3.30	297,960			297,960
15	Aggregate base (80% CRB)		6,568	29.00	190,476			190,476
16	Drainage and Flood Protection	ls	1	325,000	325,000	325,000		
17	Fence				350,000		350,000	
	Contingencies				400,000		400,000	
TOTAL FAIZABAD:					5,413,705	2,570,760	750,000	2,092,945
TOTAL FOR MAIMANA AND FAIZABAD:						5,495,265	2,172,367	3,638,726

Chaghcharan Regional Airport								
Budget & Sources of Funding								
Item	Description	Unit	Quantity	Unit Cost	Item Cost	Sources of Funding		
						USAID	MoF	ADB
	Rehabilitation				5,988,817	0	3,530,300	2,458,517
TOTAL FOR MAIMANA, FAIZABAD & CHAGHCHARAN AIRPORTS						5,495,265	5,702,667	6,097,242

ANNEX VIII: MEMORANDUM OF UNDERSTANDING (DRAFT)



**REGIONAL AIRPORTS:
BADAKHSAN, FARYAB, AND GHOR PROVINCES**

MEMORANDUM OF UNDERSTANDING

By and among

the Government of the Islamic Republic of Afghanistan (GIROA)
represented by the Ministry of Finance and the Ministry of Transport and Civil Aviation,

the United States Agency for International Development (USAID)
of the Government of the United States

the World Bank (WB)

and

the Asian Development Bank (ADB)

Kabul

Dated as of , 2009

MEMORANDUM OF UNDERSTANDING

By and among

the Government of the Islamic Republic of Afghanistan (GIROA)
represented by the Ministry of Finance and the Ministry of Transport and Civil Aviation,

the United States Agency for International Development (USAID)
of the Government of the United States

the World Bank (WB)

and

the Asian Development Bank (ADB)

Kabul

1. Purpose

USAID, ADB, the WB and the GIROA, represented by the Ministry of Finance and Ministry of Transport and Civil Aviation, collectively the “Parties”, wish to cooperate in a mutual effort to improve regional airports to be upgraded to facilitate domestic air transportation, specifically in Chaghcharan (Ghor), Faizabad (Badakhshan), and Maimana (Faryab). USAID intends to provide up to \$6 million in matching funds, contingent upon the GIROA procuring an additional \$6 million in funds from other sources, to meet the ADB shortfalls to complete the projects. Accordingly, the Parties have concluded this Memorandum of Understanding (MOU) to set forth their understandings with respect to their undertakings in support of the stated purpose.

2. Background

A \$30 million loan to finance the implementation of the Rehabilitation of Regional Airports project was approved by the ADB and became effective on July 8, 2005. The project was designed to: 1) rehabilitate seven regional airports in Bamyan, Chaghcharan, Faizabad, Farah, Maimana, Qalai-Naw, and Zaranj; 2) support a human resource development program to strengthen the capacity of the Ministry of Transport and Civil Aviation; 3) assist for post-construction operations; 4) provide administrative support to set up and operate the project steering committee and project implementation unit; and 5) engage a project management consultant. The project will also provide equipment for navigation aids and airport maintenance equipment. The Ministry of Transport and Civil Aviation (MoTCA) is the executing agency of the project.

The project was formulated in accordance with the Government’s goals in the aviation sector to rehabilitate and improve airports and air transport, as well as tourism services. The project is

critical for strengthening the country's social and economic development and aims to connect remote areas with the mainstream economy and improve linkages between major cities. It will also facilitate the movement of people, including tourists, and increase trade in low-volume, high-value goods.

The project will provide two packages of human resource development program as follows, for current MoTCA staff and new recruits for sector management and airport operations and maintenance: 1) strengthen capacity of Civil Aviation Training Center operated by MoTCA, by supporting course development and engagement of instructors; and 2) provide advance overseas training for MoTCA staff.

Implementation Status

The project completion date is June 30, 2011, within the approved ADB loan closing date of December 31, 2014. Of the total seven airports which were supposed to be rehabilitated, three have been cancelled (Bamyan is to be rehabilitated through a public-private partnership, while Farah and Zaranj have been cancelled due to project costs overruns and changes in Government priorities). The rehabilitation of the Qalai-Naw regional airport has been completed.

To complete the rehabilitation of the remaining three regional airports in Chaghcharan, Faizabad, and Maimana (to upgrade the runways to allow for military transport - as the original design called for a gravel runway with oil/tar spray), the project requires approximately an additional \$12 million. USAID pledged to provide \$6 million if the Ministry of Finance provides evidence that the remaining \$6 million has been matched.

3. Undertakings of the Parties

This Section of the MOU sets forth the undertakings of the Parties regarding the provision of assistance contemplated hereunder.

A. USAID

USAID intends to furnish, and the GIRoA wishes to receive up to \$6 million over a period of one year contingent upon documentation from GIRoA of an additional \$6 million being provided by other sources. USAID funding is subject to the availability of funds and such terms and conditions as may be set forth in the implementing documents. The Parties anticipate that the funds will be disbursed via the Afghanistan Reconstruction Trust Fund (ARTF) administered by the World Bank. This MOU does not obligate funds. All funds will be obligated, disbursed and expended in accordance with the agreement between USAID and the [World Bank], the terms and conditions of which will be mutually agreed to by USAID, the World Bank and the GIRoA.

B. GIRoA

In the event USAID furnishes the assistance described above, the GIRoA, through the Ministry of Finance and Ministry of Transport and Civil Aviation, will commit to completing the rehabilitation of the regional airports listed above. This could include logistic support, such as office space, equipment or clerical support for USAID-supported consultants, establishing and filling certain government positions or designating project counterparts, enacting any necessary law, establishing and implementing policy, facilitating duty-free entry of project commodities/customs clearance or issuance of work permits or visas for contactor staff, receiving, etc.

C. Asian Development Bank

It is intended that the Asian Development Bank and Ministry of Transport and Civil Aviation will provide oversight, technical assistance and implementation of the regional airports in Chagcharan (Ghor), Faizabad (Badakhshan), and Maimana (Faryab).

D. The World Bank

The WB intends to receive USAID funds, and furnish assistance to the GIRoA for the purposes described in this MOU and pursuant to the terms and conditions of the implementing agreement between USAID and the World Bank.

4. General Provisions

A. Coordination and Consultation

The Parties shall provide each other with such information as may be needed to facilitate provision of the assistance hereunder and to evaluate the effectiveness of the assistance. The Parties shall also meet periodically, including through monthly meetings, to review assistance hereunder and otherwise share relevant information. Any issues concerning the interpretation, administration or implementation of this MOU shall be resolved by consultation between the Parties.

B. Effect of MOU

This MOU does not constitute a legal obligation or binding agreement or effect an obligation of funds by USAID or the U.S. Government, and it does not contemplate a transfer of funds from USAID to the GIRoA or ADB or assumption of liability by USAID. USAID will obligate, commit and expend funds and carry out operations pursuant to this MOU in accordance with the applicable laws and regulations of the United States.

C. Third Party Instruments and the Availability of Funds

In order to provide the assistance described in this MOU, USAID may enter into such contracts and other instruments with public and private parties, including the ADB and the World Bank, as USAID deems appropriate. It is these instruments, once fully executed, that will constitute legal

obligations of USAID. All assistance and undertakings of USAID pursuant to this MOU are subject to the availability of funds and to further agreement between USAID and such public and private parties regarding the provision of such assistance. Because USAID's assistance and undertakings herein may be subject to other such binding instruments, in the event of any conflict between the terms of such instruments and the terms of this MOU, the terms of the other instruments shall prevail. No third party may claim rights under any such instrument as a third party beneficiary even though they may benefit from the assistance provided under such instruments.

D. Services, Commodities and Other Property

The Asian Development Bank, through the Ministry of Transport and Civil Aviation, will provide training to GIROA staff in the areas of policy, planning, project management, as well as, the operation and maintenance of existing and rehabilitated airports. Post-construction operations assistance team consists of airport management/operations specialist, airport maintenance specialist, and airport fire service specialist for one year following the completion of rehabilitation. Graduates from the Civil Aviation Training Center and returned trainees from overseas training will be provided on-the-job training to build technical competence to take over the responsibility of airport operation and maintenance. The project will also provide consulting services and administrative support for overall project implementation.

Upon provision of funding from USAID, the Asian Development Bank and the Ministry of Transport and Civil Aviation agree to implement the rehabilitation of regional airport program, including for the receipt, use, maintenance, protection, custody and care of the Property, including the establishment of reasonable controls to enforce such program. The World Bank should obtain reports from GIROA/Asian Development Bank. The Asian Development Bank and the Ministry of Transport and Civil Aviation will take all reasonable steps necessary to ensure that the Property is not damaged, lost, stolen or misused, and is properly maintained, available and usable for the purposes intended as described herein. The Asian Development Bank and the Ministry of Transport and Civil Aviation will maintain records adequate to show receipt, location, condition, maintenance and use of the Property, will provide the World Bank and USAID reports regarding such matters as USAID may reasonably request, and will afford authorized representatives of USAID or their designees the opportunity, at reasonable times, to inspect the Property and records relating thereto.

USAID intends to reserve the right to require a refund from the World Bank if the value of the funds are not used in accordance with the terms of this MOU and any implementing documents, or to terminate this MOU and any implementing agreements, and require return of the funds upon material non-compliance by the GIROA with the terms of the PIO agreement.

G. Amendments and Termination

This MOU may be amended or modified in writing by the Parties. Any Party may terminate its participation in this MOU by giving the other Parties thirty (30) days written notice.

H. Effective Date and Term

This MOU shall be effective as of the date of the last Party's signature of the MOU, as indicated on the signature page hereto, and shall remain in effect until terminated, or upon entry into force of the Grant Agreement, whichever is earlier, unless extended in writing by all Parties.

I. Authorized Representatives

The Parties shall be represented by those holding or acting in the offices held by the signatories to this MOU. Each Party may, by written notice to the others, identify additional representatives authorized to represent that Party for all purposes other than executing formal amendments to this MOU. Each Party shall notify the others in writing of changes in the authorized representatives.

IN WITNESS WHEREOF, the Parties, each acting through its duly authorized representative, have caused this Memorandum of Understanding to be signed in their names and delivered as of the date above.

MINISTRY OF FINANCE OF THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF AFGHANISTAN

Name: Dr. Omar Zakhilwal

Title: Minister of Finance

Signature-----

MINISTRY OF TRANSPORT AND CIVIL AVIATION OF THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF AFGHANISTAN

Name: Eng. Raz M. Alami, Technical Deputy and Acting Minister

Title: Minister of Transport and Civil Aviation

Signature-----

ASIAN DEVELOPMENT BANK

Name: Craig Steffensen

Title: Country Director

Signature -----

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT OF THE UNITED STATES GOVERNMENT

Name: William M. Frej

Title: Mission Director

Signature -----

WORLD BANK

Name: Mariam Sherman

Title: Country Manager

Signature -----

ANNEX IX: STATEMENT OF DIFFERENCES

There are no differing opinions among the team members relative to the findings.