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FROM THE AMERICAN PEOPLE

MEMORANDUM

DATE: July 24, 2016

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

FROM: Herbert Smith, Mission Director 

SUBJECT: Mission Response to Draft SIGAR Report titled “Gardez Hospital: This \$14.6 Million Hospital Took Over 5 Years to Complete and Has Construction Deficiencies That Need to be Addressed” (SIGAR Report 16-XX under Code I-025)

REF: SIGAR Transmittal email dated 07/12/2016

USAID thanks SIGAR for the opportunity to review SIGAR’s draft Inspection Report titled, “Gardez Hospital: This \$14.6 Million Hospital Took Over 5 Years to Complete and Has Construction Deficiencies That Need to be Addressed.” USAID expresses appreciation to SIGAR for working collaboratively and cooperatively with USAID personnel.

Gardez Hospital is a modern, state-of-the-art facility that will provide high quality healthcare to a critically underserved population. The Ministry of Public Health (MoPH) has made clear its intent to operate and maintain Gardez Hospital at its full 100-bed capacity. USAID worked closely with the MoPH to ensure that the Ministry has the funding and capabilities to manage the facility.

COMMENTS ON SIGAR’S RECOMMENDATIONS

To protect the U.S. government’s investment in the Gardez hospital, we recommend that the USAID Mission Director for Afghanistan take the following actions, and report back to SIGAR within 90 days:

UNCLASSIFIED

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-2-

Recommendation 1. *Monitor and document IOM's continued actions to correct construction work that did not adhere to contract requirements and technical specifications, and deficiencies involving poor workmanship. This includes installing the hospital emergency lighting system; installing lateral bracing required for seismic activity on all ceiling, wall, and floor mounted equipment; and repairing those sections of the hospital's roof that are missing protective membrane or contain standing water and are leaking.*

USAID Comments: The Mission concurs with Recommendation 1.

Actions Taken/Planned: The Mission has been in close correspondence with IOM project managers regarding the noted deficiencies. Based on that, IOM confirmed on July 19th completion of installation of an emergency lighting system in accordance with the design specifications. IOM provided digital images of the installed system as the initial verification. IOM also confirmed that all required lateral bracing had been installed. Lastly, IOM confirmed that appropriate repairs had been made to the hospital roof. IOM provided quality control reports related to these modifications, as well as photos as the initial verification of the corrective actions. The Mission will use a third-party quality assurance construction contractor to verify in the coming months that all corrective actions have been taken by IOM as noted above. Additionally, the hospital is still in its warranty period through December 2016. As such, additional site visits by USAID's third-party quality assurance construction contractor will be made to further confirm that the required corrections were made and that all deficiencies were eliminated.

Target Closure Date: March 31, 2017

Recommendation 2. *Assess the need for completing the automatic fire suppression sprinkler system.*

Actions Taken/Planned: As the Ministry of Public Health (MoPH) has assumed responsibility for the hospital, the Ministry will assess the need for completing the automatic fire suppression sprinkler system. The Mission will continue consulting with the MoPH on this matter.

Closure Request: Based on the above action, we therefore request SIGAR's concurrence to the closure of Recommendation No. 2.

UNCLASSIFIED

-3-

Recommendation 3. *Provide the contract modification that authorized SBSCC to substitute a standby generator for a prime generator, as well as documentation showing that the U.S. government was not charged for a higher-priced prime generator.*

USAID Comments: The Mission concurs with Recommendation 3.

Actions Taken/Planned: The Mission has solicited the relevant procurement documents from IOM including the subcontract's modification and related invoices and is pursuing information from other sources to address this recommendation.

Target Closure Date: September 30, 2016

Recommendation 4. *Provide documentation showing that the steam boiler system has been tested and commissioned.*

USAID Comments: The Mission concurs with Recommendation 4.

Actions Taken/Planned: On July 18th IOM provided a certificate confirming that all remaining parts necessary to complete the steam boiler and hot water supply system were installed on June 9, 2016 (see Attachment 1). Tetra Tech Inc., USAID's third party quality assurance construction contractor, verified that all three boilers had been completed and that the system had been operating correctly as of June 25, 2016. Tetra Tech submitted to USAID a site visit report dated July 12, 2016 confirming that the steam boiler system had been tested and commissioned (see Attachment 2).

Closure Request: Based on the above actions and the attached documentation, we therefore request SIGAR's concurrence to the closure of Recommendation No. 4.

Recommendation 5. *In coordination with the Minister of Public Health, determine whether there is an adequate funding plan in place to operate and maintain Gardez hospital at full capacity.*

USAID Comments: USAID affirms that the MoPH has a plan to fund the operation and maintenance of Gardez Hospital at full capacity, i.e. at 100 beds.

Actions Taken/Planned: The Ministry of Public Health has made it clear its intent to fully fund the Gardez Hospital operations and maintenance at its full

UNCLASSIFIED

-4-

100-bed capacity. The new 100-bed Gardez Hospital is replacing the former 70-bed Gardez Hospital. Currently there are two funding considerations: one is related to short-term funding to open the hospital; the second is related to long-term funding to support operations and maintenance of the hospital in the future. In the short term, USAID has agreed to provide \$3.25 million in funding to allow the MoPH to procure a medical waste incinerator, furniture and equipment to supplement what is available from the former 70-bed hospital, and finally diesel fuel to power the facility for 12-18 months, after which time the power grid should reach the new hospital. The MoPH does have an adequate funding plan in place to run the hospital in the long term. The MoPH formed a task force to study the funding needs of the hospital and identified present and future sources of funding. The two sources of funding to operate and maintain the hospital at full capacity include: the MoPH annual budget (which has supported the operations and maintenance costs of the former 70 bed hospital), and supplemental funding from the World Bank-managed System Enhancement for Health Action in Transition (SEHAT) project which supports the delivery of the Basic Package of Health Services and the Essential Package of Hospital Services (BPHS/EPHS) in Afghanistan.

Closure Request: Based on the above, we therefore request SIGAR's concurrence to the closure of Recommendation No. 5.

Attachments:

- 1 - IOM Gardez Hot Water system Certificate;
- 2 - Site Visit Report_Rev0_2016-07-12.

cc: Daniel Wartko, U.S. Embassy/Kabul