

SIGAR

**Special Inspector General for
Afghanistan Reconstruction**

SIGAR 21-43 Evaluation Report

Fuel for the Afghan National Defense and Security Forces: Additional Steps Required for DOD to Transition Responsibilities to the Afghan Government



JULY
2021

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Special Inspector General for Afghanistan Reconstruction

WHAT SIGAR REVIEWED

From fiscal years (FY) 2010 through 2020, the Department of Defense (DOD) spent \$3.74 billion on fuel for the Afghan National Defense and Security Forces (ANDSF); DOD plans to spend an additional \$1.45 billion through FY 2025. This fuel is required to operate more than \$9.82 billion in vehicles and aircraft DOD procured for the ANDSF, and to provide power to ANDSF bases and installations. DOD's Army Contracting Command manages contracts and provides oversight for ANDSF fuel. In coordination with DOD's Combined Security Transition Command-Afghanistan (CSTC-A), the Army Contracting Command awards contracts for the ANDSF's propane, petrol, diesel, and aviation fuel.

In April 2018, SIGAR reported on DOD's management and oversight of the fuel provided for the ANDSF, and highlighted serious issues with the fuel's management and oversight. Our report made six recommendations to CSTC-A's Commanding General to address our concerns. However, in October 2019, CSTC-A told us that it was transitioning responsibility for ANDSF fuel to the Afghan government within 3 years. CSTC-A did not explain how the Afghan government's inability to effectively manage and oversee ANDSF fuel activities, which we identified in our 2018 report, had been mitigated.

The objectives of this evaluation were to examine CSTC-A's (1) planning to transition the responsibility for fuel acquisition and management to the Afghan government, and (2) actions in response to our 2018 report recommendations to improve ANDSF fuel accountability.

July 2021

Fuel for the Afghan National Defense and Security Forces: Additional Steps Required for DOD to Transition Fuel Responsibilities to the Afghan Government

SIGAR 21-43 EVALUATION REPORT

WHAT SIGAR FOUND

Although CSTC-A developed a timeline for transitioning fuel responsibility to the Afghan government, SIGAR found that CSTC-A did not develop a transition plan in accordance with DOD guidance to ensure adequate controls and systems were in place so the Afghan government could effectively manage and oversee the ANDSF's fuel activities. Although recommended in DOD guidance, CSTC-A's timeline did not specify efforts for monitoring and collecting information on the transition's status, evaluating progress toward achieving objectives, or recommending and directing action for improvement. In addition, CSTC-A's timeline was not accompanied by any analysis of the Afghan government's ability to manage and oversee the ANDSF fuel activities.

CSTC-A relied on multiple factors for transition success—increased economic growth in Afghanistan leading to the Afghan government spending more on its national defense, connection to the electrical grid, and processes to protect against fuel corruption. However, each of these factors faces challenges that threaten transition success:

- SIGAR's review of the past 7 years of International Monetary Fund gross domestic product (GDP) projections for Afghanistan found actual GDP growth was less than estimated growth for 4 of the 7 years. For example, in 2020, Afghanistan's forecasted GDP was 3.5 percent growth, but actually shrank by 2 percent. This raises concerns about CSTC-A's expectation that Afghan GDP growth will lead to increased national defense spending, including on ANDSF fuel.
- Most ANDSF facilities use diesel fuel for electricity, which is Afghanistan's most expensive method of providing electricity. CSTC-A connected or plans to connect some ANDSF bases and installations to the electrical grid to help offset the use of expensive diesel-powered generators; this consists of 20 out of 219 Ministry of Defense (MOD) bases, and 17 out of 719 Ministry of Interior (MOI) bases. However, SIGAR's reporting on Afghanistan's electrical infrastructure suggests that connecting the remaining bases to the electric grid is a long-term endeavor, and work is already behind schedule on several necessary projects, including building a transmission line between Turkmenistan and Afghanistan, which is 4 years behind its original schedule. Without connection to the grid, it is not likely that the ANDSF will be able to pay for the necessary fuel, as assumed by the transition timeline.
- Fuel remains a major area for theft and corruption in Afghanistan. Nonetheless, CSTC-A did not assess the Afghan government's capacity to contract, manage, and oversee ANDSF fuel activities. Further, according to CSTC-A, the ANDSF did not address management and oversight issues that enabled corruption by, for example, ensuring that ANDSF units provide accurate and timely fuel consumption reports.

In addition, SIGAR found that CSTC-A made little progress in addressing our prior ANDSF fuel recommendations. Specifically, in April 2018, SIGAR

reported on oversight and accountability weaknesses associated with CSTC-A's provision of fuel to the ANDSF. SIGAR made six recommendations to help improve accountability and safeguard U.S.-funded fuel for the ANDSF. However, we found that CSTC-A did not implement five of the six recommendations, and did not fully address the following concerns:

- Remote oversight of fuel delivery still relies on a manual process.
- There is no mechanism to compel the MOD and MOI to submit accurate fuel consumption data.
- There is a lack of training on fuel quality testing methods and fuel handling procedures for ANDSF fuel personnel below the corps level.
- Critical infrastructure and equipment at ANDSF fuel sites need repairs.
- There is a lack of documentation of efforts to enhance accountability and oversight of fuel after it is delivered to ANDSF fuel sites.

CSTC-A did require contractors to implement anti-corruption plans in their contract, as we recommended. However, Army Contracting Command–Afghanistan and CSTC-A did not consistently enforce the contract requirements for obtaining monthly corruption reports. CSTC-A's implementation of only one of our 2018 report's six recommendations further threatens the successful transition of fuel responsibilities to the Afghan government. Additionally, DOD shut CSTC-A down in June 2021 and transferred many of its responsibilities to DOD's newly created Defense Security Cooperation Management Office–Afghanistan. DOD still has time to take action, but must do so with a greater sense of urgency if the transfer of fuel responsibilities to the Afghan government is to be complete by 2025.

WHAT SIGAR RECOMMENDS

To enhance accountability and help ensure transition of responsibility for U.S.-funded fuel to the ANDSF, we recommend that the Commanding General of the Defense Security Cooperation Management Office–Afghanistan take the following action and report the results back to SIGAR within 180 days of the issuance of this report:

- 1. Develop a plan that includes metrics for assessing performance, the risks associated with different courses of action, and cost-benefit analysis for the transition of fuel responsibility to the Afghan government.**

Previous CSTC-A leadership did not implement the recommendations from SIGAR's 2018 report to improve fuel accountability, oversight, and the transition of fuel responsibilities to the ANDSF. Because the issues prompting those recommendations remain largely unchanged, SIGAR is again making similar recommendations for the Commanding General of the Defense Security Cooperation Management Office–Afghanistan to take the following action and report the results back to SIGAR within 180 days of the issuance of this report:

- 2. Develop a plan for using remote monitoring methods or other technology-based solutions to provide visibility of fuel throughout the fuel process.**
- 3. Establish a formal agreement with the MOD and MOI requiring the ANDSF to regularly submit accurate fuel consumption data to DOD.**
- 4. Develop a plan to expand and standardize the trainings for ANDSF fuel personnel below the corps level on fuel quality testing methods and fuel handling procedures.**
- 5. Reconsider the feasibility of working with the MOD and MOI to develop and implement a plan to upgrade and repair infrastructure and equipment at ANDSF fuel sites.**
- 6. Document actions DOD takes with the MOD and MOI to help improve fuel accountability and oversight.**

To enhance oversight for the current fuel responsibility until responsibilities full transition to the Afghan government, SIGAR recommends that the Commanding General, Army Contracting Command,

- 7. Reinforce reporting requirements to Army Contracting Command contracting officials to help ensure that contract terms are followed and required documents are included in the contract file.**

SIGAR provided a draft of this report to DOD for review and comment. However, DOD did not provide comments. DOD has told SIGAR that it is unable to respond to all SIGAR requests and products due, in part, to the drawdown of U.S. forces in Afghanistan. Because the information in this report may contribute to ongoing Congressional deliberations related to Afghan Security Forces Fund requests, SIGAR is issuing the report without DOD's comments. Should we receive comments at a later date, we will include them in an updated version of the report, which we will post on our website. DOD did provide extensive technical comments which we incorporated into the report as appropriate.



SIGAR

Office of the Special Inspector General
for Afghanistan Reconstruction

July 14, 2021

The Honorable Lloyd J. Austin III
Secretary of Defense

General Kenneth F. McKenzie Jr.
Commander, U.S. Central Command

Brigadier General Curtis Butler
Commander, Defense Security Cooperation Management
Office–Afghanistan

Brigadier General Christine A. Beeler
Commanding General, Army Contracting Command

This report discusses the results of SIGAR’s evaluation of U.S. Department of Defense (DOD) planning to transition the responsibility for fuel acquisition and management to the Afghan government, and of the Combined Security Transition Command–Afghanistan’s (CSTC-A) efforts to address six recommendations from our April 2018 report, which examined DOD’s management and oversight of fuel for the Afghan National Defense and Security Forces (ANDSF).

Although CSTC-A created a timeline for the transition of fuel responsibilities, it did not develop a transition plan that included ensuring adequate controls and systems are in place so the Afghan government can effectively manage and oversee the ANDSF’s fuel activities. Also, all assumptions on which CSTC-A relied for transition success—increased economic growth in Afghanistan leading to the Afghan government spending more on its national defense, connectivity to the national electrical grid, and ANDSF processes to protect against fuel corruption and mismanagement—have not materialized as envisioned, and if not addressed, will likely keep DOD from meeting its goal of transitioning fuel responsibilities to the Afghan government by 2025. CSTC-A’s implementation of only one of the six recommendations from our 2018 report has the potential to further threaten the successful transition of fuel responsibilities to the Afghan government. Additionally, DOD shut down CSTC-A in June 2021 and transferred many of its responsibilities to DOD’s newly created Defense Security Cooperation Management Office–Afghanistan. DOD still has time to take action, but must do so with a sense of urgency if the transfer of fuel responsibilities to the Afghan government is to be complete by 2025.

We are making seven recommendations in this report. To enhance accountability and help ensure the transition of responsibility for U.S.-funded fuel to the ANDSF, we recommend that the Commanding General of the Defense Security Cooperation Management Office–Afghanistan take the following action and report the results back to SIGAR within 180 days of the issuance of this report: (1) develop a plan that includes metrics for assessing the transition of fuel responsibility to the Afghan government, including performance, risks associated with different courses of action, and cost-benefit analyses.

Furthermore, the recommendations that remain open and unimplemented from our 2018 report will improve fuel accountability, oversight, and help facilitate a smooth transition of fuel responsibilities to the Afghan government. As a result, we are again making similar recommendations and request that the Commanding General of the Defense Security Cooperation Management Office–Afghanistan take the following action and report the results back to us within 180 days of the issuance of this report: (2) develop a plan for using remote monitoring methods or other technology-based solutions to provide visibility of fuel throughout the fuel process; (3) establish a formal agreement with the Ministry of Defense (MOD) and Ministry of the Interior (MOI) requiring



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the ANDSF to regularly submit accurate fuel consumption data to DOD; (4) develop a plan to expand and standardize the trainings for ANDSF fuel personnel below the corps level on fuel quality testing methods and fuel handling procedures; (5) reconsider the feasibility of working with the MOD and MOI to develop and implement a plan to upgrade and repair infrastructure and equipment at ANDSF fuel sites; and (6) document actions DOD takes with the MOD and MOI to help improve fuel accountability and oversight.

Further, to enhance oversight for the fuel procurement until responsibility is transferred to the Afghan government, we recommend that the Commanding General, Army Contracting Command (7) reinforce reporting requirements to contract officials from the Army Contracting Command to help ensure that contract terms are followed and required documents are included in the contract file.

SIGAR provided a draft of this report to DOD for review and comment. However, DOD did not provide comments. DOD has told us that it is unable to respond to all SIGAR requests and products due, in part, to the drawdown of U.S. forces in Afghanistan. Because the information in this report may contribute to ongoing Congressional deliberations related to Afghan Security Forces Fund requests, we are issuing the report without DOD's comments. Should we receive comments at a later date, we will include them in an updated version of the report, which we will post on our website. DOD did provide extensive technical comments which we incorporated into the report as appropriate.

SIGAR conducted this work under the authority of Public Law No. 110-181, as amended and the Inspector General Act of 1978, as amended; and in accordance with *Quality Standards for Inspection and Evaluation*, January 2012, published by the Council of the Inspectors General on Integrity and Efficiency.

John F. Sopko
Special Inspector General
for Afghanistan Reconstruction

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ABBREVIATIONS

ACC-A	Army Contracting Command–Afghanistan
ANDSF	Afghan National Defense and Security Forces
ASFF	Afghanistan Security Forces Fund
CSTC-A	Combined Security Transition Command–Afghanistan
DABS	Da Afghanistan Breshna Sherkat
DOD	Department of Defense
FY	fiscal year
GDP	gross domestic product
MOD	Ministry of Defense
MOI	Ministry of Interior
TAA	train, advise, and assist

According to the U.S. Department of Defense (DOD), one of the United States' main strategies in Afghanistan is to create well trained, equipped, and sustainable Afghan National Defense and Security Forces (ANDSF). The forces need fuel to operate vehicles and aircraft, and to provide military bases with electricity to sustain the ANDSF. Since fiscal year (FY) 2005, the U.S. government has spent more than \$9.82 billion on vehicles and aircraft for the ANDSF; without fuel, this equipment will be inoperable. Further, the Afghan Ministry of Defense (MOD) and Ministry of Interior (MOI) have about 900 ANDSF bases that are not connected to Afghanistan's national electrical grid, and thus need diesel fuel to provide electricity.¹ From FY 2010 through FY 2020, DOD spent \$3.74 billion on fuel for the ANDSF and plans to spend an additional \$1.45 billion through FY 2025.²

In 2018, we issued a report that identified multiple issues related to DOD's Combined Security Transition Command–Afghanistan's (CSTC-A) and the Afghan government's management and oversight of the billions of dollars of fuel that DOD provided to the ANDSF.³ For example, we found that the ANDSF failed to provide required monthly fuel consumption reports to CSTC-A, resulting in fuel provisions without the necessary information to ensure ANDSF units actually needed it.⁴ During fieldwork for our 2018 report, CSTC-A told us that the Afghan government was not ready to take responsibility for procuring, managing, or paying for ANDSF fuel. As a result, we made six recommendations to CSTC-A's then-Commanding General to address our concerns because it was clear at that time that CSTC-A would continue providing fuel to support the ANDSF for several more years.⁵

However, CSTC-A stated in October 2019 that it was shifting responsibility for ANDSF fuel to the Afghan government. CSTC-A did not explain how the Afghan government's lack of capacity to procure, manage, or pay for fuel, which we identified in 2018, had been mitigated. As a result, we initiated this evaluation to examine CSTC-A's (1) planning to transition the responsibility for fuel acquisition and management to the Afghan government, and (2) actions in response to our 2018 report recommendations to improve ANDSF fuel accountability.

To accomplish these objectives, we reviewed our prior audits, inspections, and evaluations related to ANDSF fuel management. We also reviewed DOD Office of Inspector General reports addressing ANDSF fuel management and accountability issues, and the Afghan government's ability to manage and oversee contracts. We analyzed documents and interviewed officials from CSTC-A, the U.S. Army Corps of Engineers, and the Army Contracting Command–Afghanistan (ACC-A). We conducted our work in Arlington, Virginia, from September 2019 through July 2021, in accordance with the Quality Standards for Inspection and Evaluation, published by the Council of the Inspectors General on Integrity and Efficiency. Appendix I contains a more detailed discussion of our scope and methodology.

¹ For the purpose of this report, the bases include police headquarters, MOI and MOD offices, and other facilities.

² The ANDSF consists of the Afghan National Police, Afghan National Army, Afghan Air Force, and the Afghan Special Security Forces. The Afghan National Police is an operation of the MOI, and the other three forces are within the MOD. Fuel for the ANDSF includes propane; petroleum or motor gas for vehicles; diesel fuel for vehicles and power generators; aviation fuel for aircraft; and other fuels for lubrication, heating, and cooking.

³ SIGAR, *Management and Oversight of Fuel in Afghanistan: DOD is Taking Steps to Improve Accountability, but Additional Actions Are Needed*, SIGAR 18-41-IP, April 10, 2018.

⁴ We reported in April 2018, "Under the on-budget fuel mechanism, the MOD and MOI were responsible for developing their own annual fuel requirements and submitting fuel consumption reports and new orders to CSTC-A. CSTC-A was responsible for reviewing the documents and then transferring funds to the Afghan Ministry of Finance to pay for the fuel orders." SIGAR, *Management and Oversight of Fuel in Afghanistan*, SIGAR 18-41-IP, p. 6.

⁵ As of June, 2021, CSTC-A has been renamed the Defense Security Cooperation Management Office–Afghanistan.

BACKGROUND

DOD's mission in Afghanistan, Operation Freedom's Sentinel, had two complementary missions: a U.S. counterterrorism mission and U.S. military participation in the NATO-led Resolute Support mission. The latter included developing and sustaining the ANDSF and security ministries. Resolute Support helped develop the Afghan security ministries' capacity through train, advise, and assist (TAA) efforts. In 2005, Congress appropriated funds for the Afghanistan Security Forces Fund (ASFF) to train, equip, and provide related assistance to the ANDSF, supporting the forces' development, effectiveness, and sustainability.⁶

Within DOD, CSTC-A had the primary responsibility for managing the ASFF. CSTC-A used ASFF funds to, among other things, purchase equipment, construct and repair infrastructure, pay personnel, and purchase fuel for the ANDSF. DOD also tasked CSTC-A to help train and advise the ANDSF on fuel management, including how to request fuel in an emergency and utilize consumption reports to identify the amount of fuel used to help forecast future fuel needs. CSTC-A established process and documentation requirements to help do this work.

DOD's Army Contracting Command managed contracts and provided oversight for ANDSF fuel by appointing contracting officer's representatives from CSTC-A. In coordination with CSTC-A, the Army Contracting Command awarded contracts for the propane, petrol, diesel, and aviation fuel used by the ANDSF. In addition, the command's contracting officers were responsible for ensuring that contractors who provided the fuel met contract requirements.

Past and Current Efforts to Manage Fuel Purchased by DOD for the ANDSF

Since 2012, SIGAR and the DOD Office of Inspector General have issued seven reports that discussed weaknesses in the accountability and oversight of fuel supplied to the ANDSF. The reports identified potential fraud by the Afghan government related to DOD fuel purchases, including inaccurate or incomplete consumption data, theft, and other corrupt acts.⁷ Nonetheless, in 2015, CSTC-A attempted to transition responsibility for ANDSF fuel to the Afghan government. However, in February 2017, CSTC-A resumed managing and funding fuel because of its concerns about contract management, fuel quality, and corruption in the ANDSF and Afghan government.⁸

Despite these challenges, in October 2019, CSTC-A notified the MOD, MOI, and Ministry of Finance that it would again transition the responsibility for all ANDSF fuel back to the Afghan government beginning in December 2019. In letters to the MOD, MOI, and Ministry of Finance to notify ministers about this decision, the CSTC-A Commanding General said, "Regrettably, this transition is necessary due to the amount of corruption within the fuel enterprise, lack of significant progress in countering all aspects of corruption, and the inability of the Afghan procurement process to manage fuel costs as an on budget activity."⁹ In the letters, CSTC-A said

⁶ Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief, 2005, Pub. L. No. 109-13, 119 Stat. 231, 235 (2005).

⁷ SIGAR saved the U.S. government over \$200 million in one fuel investigation alone. That case centered on a \$1 billion bid rigging scheme for a 2014 fuel contract wherein four of the companies that submitted bids colluded on the bid price. Additionally, in 2012, 2015, 2016, 2017, and 2018, SIGAR and the DOD Office of Inspector General published reports identifying accountability and oversight issues over fuel supplied to the ANDSF. (For example, see SIGAR, *Afghan National Police Fuel Program: Concerted Efforts Needed to Strengthen Oversight of U.S. Funds*, SIGAR 14-1-AR, October 2, 2013; DOD Office of Inspector General, *The Government of Islamic Republic of Afghanistan's Controls Over the Contract Management Process for U.S. Direct Assistance Need Improvement*, DODIG-2015-082, February 25, 2015; DOD Office of Inspector General, *Combined Security Transition Command-Afghanistan Improved Controls Over U.S.-Funded Ministry of Defense Fuel Contracts, but Further Improvements are Needed*, DODIG-2017-041, January 11, 2017. See also SIGAR, *Management and Oversight of Fuel in Afghanistan*, SIGAR 18-41-IP.)

⁸ For example, DOD's Office of Inspector General reported that CSTC-A and the MOD could not ensure the accuracy of fuel delivery and relied on vendor data to report the amounts of fuel delivered (see, DOD Office of Inspector General, *Combined Security Transition Command-Afghanistan Improved Controls Over U.S.-Funded...*, DODIG-2017-041, January 11, 2017).

⁹ The fuel enterprise encompasses all aspects of the fuel processes in Afghanistan. This includes acquisition, ordering, delivery, storage, reporting, and management and oversight of fuel for the ANDSF.

the transition would be completed by September 2022. According to CSTC-A, the plan relied, in part, on connecting ANDSF facilities to Afghanistan's electrical grid to reduce the ANDSF's dependency on diesel fuel for power generation and to lower fuel costs for vehicles and aircraft. DOD also said the plan was dependent on sustained economic growth in Afghanistan leading to increased spending on national defense, and implementing processes to protect the investment from corruption. Although CSTC-A planned to complete its grid connection projects by March 2022, completion of the grid connection work has encountered delays and is not expected until 2024.

CSTC-A LACKED A PLAN TO TRANSITION FUEL RESPONSIBILITIES TO THE AFGHANS, AND ITS FY 2025 GOAL MAY BE UNACHIEVEABLE

CSTC-A released its original timeline for transitioning the ANDSF fuel responsibilities to the Afghan government in October 2019 and updated that timeline in December 2020. However, neither timeline identified the assumptions, risks, and evaluation criteria as DOD guidance recommends. In addition, DOD's *Justification for FY 2021 Overseas Contingency Operations Afghanistan Security Forces Fund* notes that to make the transition possible, the Afghan government would have to increase the amount of money devoted to its security budget. However, according to a World Bank estimation, Afghanistan's gross domestic product (GDP) shrank by almost 2 percent from 2019 to 2020. Due to the economic slowdown from the COVID-19 pandemic and persistently sluggish economic growth for several years prior, the Afghan government may not have the financial means to pay for all of fuel it needed for the ANDSF to successfully function.

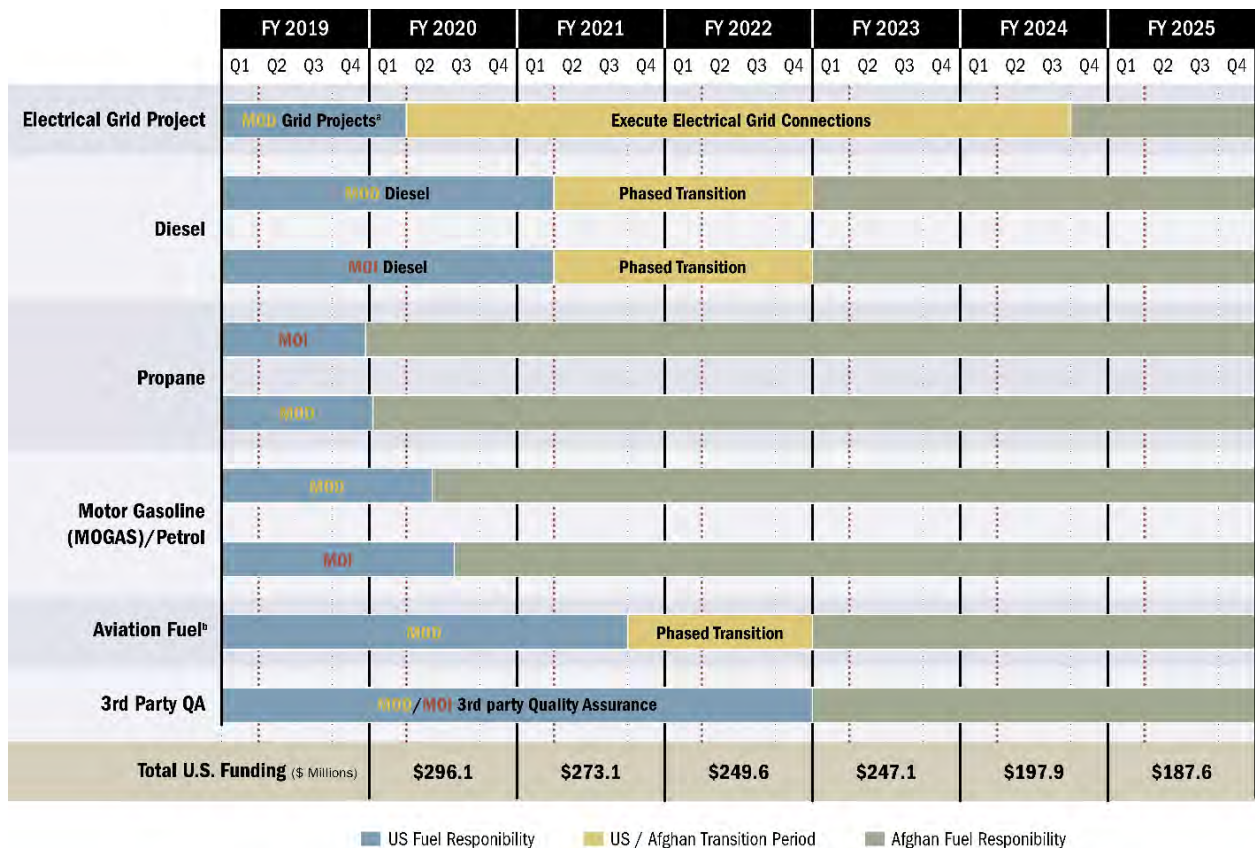
In addition, DOD may not be able to connect enough MOD and MOI sites to the electrical grid to reduce the amount of fuel the ANDSF has to purchase and offset the higher cost of diesel fuel. Further, in 2018, we reported that the Afghan government did not have the capacity to procure, manage, or oversee ANDSF fuel activities. Those capacity issues have not been remedied. Despite our repeated requests, CSTC-A did not provide us with information on how it has helped increase the Afghan government's capacity to procure, manage, and oversee fuel for the ANDSF, or how it assessed whether the ANDSF will be able to responsibly conduct those tasks once it assumes responsibility for fuel.

CSTC-A's Timeline to Transition Responsibility for Fuel Acquisition and Management to the Afghan Government Did Not Adhere to DOD Planning Guidance

In January 2020, CSTC-A provided us with a one-page timeline for transitioning responsibility for management and oversight of petrol, diesel, propane, and aviation fuel to the Afghan government. However, the timeline lacked details that DOD Joint Publications 3-20 (*Security Cooperation*) and 5-0 (*Joint Planning*) recommend.¹⁰ For example, although Joint Publication 5-0 recommends doing so, the timeline did not identify issues and assumptions, such as resource requirements, cost and benefit trade-offs, and risk associated with different courses of action. In December 2020, after our discussions with CSTC-A officials, CSTC-A provided an updated timeline (see figure 1).

¹⁰ DOD's Joint Publication 3-20, *Security Cooperation*, May 23, 2017, and Joint Publication 5-0, *Joint Planning*, June 16, 2017, establish joint doctrine to govern activities and performance of the U.S. Armed Forces in joint operations. The publications also provide considerations for military interaction with governmental and nongovernmental agencies. However, the commander's judgment is paramount in all situations.

Figure 1 - CSTC-A's December 2020 Timeline for Transitioning Responsibility for ANDSF Fuel to the Afghan Government



Source: SIGAR, based on CSTC-A's December 2020, ANDSF Fuel Transition Timeline. [Quarter (Q) and Quality Assurance (QA)]

In addition to the timeline, CSTC-A identified several decision points and assumptions. For example, in the December 2020 timeline, CSTC-A cited June 2021 as a decision point for the ANDSF to have a contract awarded for diesel fuel. According to CSTC-A, if the ANDSF failed to award a fuel contract by June 2021, CSTC-A would begin to reduce the amount of fuel it provided to the ANDSF as a motivator. CSTC-A also made the assumption that the ANDSF would be a reliable partner in budgeting and acquisition. However, the updated timeline, and its associated decision points and assumptions, does not adhere to DOD planning guidance because it does not identify methods to evaluate the fuel transition, options to adjust course, or a baseline from which to determine success. Specifically, contrary to Joint Publication 3-20, both CSTC-A's October 2019 and December 2020 timelines fail to specify efforts for monitoring and collecting current information on the status of the transition, evaluating progress toward achieving objectives, or recommending and directing action for improvement. In addition, the timeline also does not include monitoring for the purpose of evaluation, which includes documenting collection and reporting data. Further, although recommended in Joint Publication 3-20, CSTC-A's December 2020 timeline does not include an initial analysis of Afghanistan's capabilities. The timeline also lacks an evaluation of the "macroeconomic and financial management capacity of the [partner nation] to absorb sustained assistance in the security sector."¹¹

The December 2020 timeline in figure 1 lists six activities to transition full responsibility for ANDSF fuel to the Afghan government: electrical grid project, diesel, propane, motor gas/petrol, aviation fuel, and third party quality assurance. According to CSTC-A officials, the transition of all ANDSF fuel, and responsibility for

¹¹ DOD, Joint Publication 3-20, *Security Cooperation* (May 23, 2017), pp. iii-13.

procuring and managing it, requires the Afghan government to develop performance requirements and contract solicitations for bids and contract awards. The Afghan government will be responsible for budgeting and paying contractors, providing contract management and oversight, and managing its fuel. CSTC-A told us that all of the activities listed in its December 2020 timeline are necessary to successfully transition responsibility for ANDSF fuel to the Afghan government. As reported in our 2018 fuel evaluation report, however, all of these functions are susceptible to corruption.

On at least five occasions, we requested that CSTC-A provide us an updated or more detailed copy of its transition plan for preparing the Afghan government to assume these responsibilities. However, the transition timeline was the only written plan provided. In April 2020, we requested any updated transition plans and in early May 2020, we were told there were no updated plans. However, later in May 2020, CSTC-A officials told us there was a classified plan that it would provide upon an official request. We requested the classified plan in May 2020 and again in August 2020, but we never received it. In December 2020, successor CSTC-A officials stated they were unaware of a classified plan. According to CSTC-A, it focused its TAA efforts on preparing the Afghan government to assume all responsibilities for ANDSF fuel. Although we requested information related to these efforts, CSTC-A did not provide us with any.

Current Forecasts Suggest Economic Stagnation and A Decline in Afghanistan's GDP, Which Could Undermine the Afghan Government's Ability to Increase Defense Spending and Pay for Fuel

According to DOD, the success of the fuel transition depends on the Afghan government's ability to sustain economic growth and its willingness to devote a greater portion of the country's GDP to national defense. Specifically, CSTC-A used an International Monetary Fund estimate that Afghanistan's GDP would be about \$25 billion in FY 2024. CSTC-A's planned transition also assumed that the Afghan government would increase its security sector budget by 4 percent of GDP and that the Afghan government to contribute about \$1 billion to its security sector budget in 2024, which is almost double the amount that the Afghan government contributed in 2019.

However, our review of International Monetary Fund GDP projections for Afghanistan for the past 7 years found that actual GDP growth was less than the projected growth in 4 of the 7 years.¹² For example, in 2020, the International Monetary Fund forecasted Afghanistan's GDP growth would be 3.5 percent. However, according to the World Bank, Afghanistan's 2020 GDP shrank by 2 percent.¹³ Table 1 presents a comparison of International Monetary Fund forecasts and actual GDP rates for Afghanistan from 2014 through 2020. Additionally, the World Bank is projecting a 1 percent increase for Afghanistan's GDP in 2021, which is still not enough to provide the funds needed for the ANDSF to assume responsibility for fuel procurement. Historical data show that International Monetary Fund's growth projections for Afghanistan's GDP have been often overly optimistic, which raises concerns about CSTC-A expectations regarding the Afghan government's ability to fund future ANDSF fuel requirements.

¹² This data can be found in several International Monetary Fund reports, including: *Islamic Republic of Afghanistan Staff Report for The 2014 Article IV Consultation*, May 2014; *Islamic Republic of Afghanistan 2015 Article IV Consultation*, November 2015; *Islamic Republic of Afghanistan Second Review of the Staff-Monitored Program—Press Release and Staff Report*, May 2016; *Islamic Republic of Afghanistan 2017 Article IV Consultation And Second Review Under The Extended Credit Facility Arrangement, And Request For Modification Of Performance Criteria—Press Release; Staff Report; And Statement By The Executive Director For The Islamic Republic Of Afghanistan*, December 2017; *Islamic Republic Of Afghanistan Staff Report For The 2019 Article IV Consultation And The Sixth Review Under The Extended Credit Facility Arrangement—Press Release; Staff Report; And Statement By The Executive Director For Islamic Republic Of Afghanistan*, December 2019; *Islamic Republic Of Afghanistan Request For Disbursement Under The Rapid Credit Facility—Press Release; Staff Report; And Statement By The Executive Director For The Islamic Republic Of Afghanistan*, May 2020.

¹³ SIGAR, *Quarterly Report to the United States Congress*, April 30, 2021, p. 29.

Table 1 - International Monetary Fund Forecasted and Actual GDP Growth Rates for 2014–2020

Year	Forecasted GDP	Actual GDP	Difference
2014	3.2%	2.7%	-0.5%
2015	2%	1.0 %	-1.0 %
2016	2%	2.2%	0.2%
2017	2.5%	2.9%	0.4%
2018	3%	2.7%	-0.3%
2019	3%	3.0 %	0%
2020	3.5%	-2.0%	-5.5%

Source: SIGAR analysis of International Monetary Fund and World Bank data.

DOD’s FY 2021 ASFF budget request reflects a decrease of \$94.3 million between FY 2020 and FY 2021 due to transitioning responsibility for funding ANDSF fuel from CSTC-A to the Afghan government. According to CSTC-A, the ANDSF fuel transition timeline depends on the Afghan government’s ability to fund and manage its fuel requirements. However, CSTC-A’s transition timeline will likely be affected by Afghanistan’s slowed GDP growth, which has been compounded by the COVID-19 pandemic. Although the full impact of the economic slowdown caused by the pandemic in the short- and long-term remain unclear, in March 2020, the World Bank estimated that Afghan economic growth will be flat as the nation deals with the pandemic’s aftermath.¹⁴

Due to the pandemic’s impact on reducing the rate of GDP growth, the Afghan government may not have the funds needed to meet its fuel requirements. When we asked about the effects of the COVID-19 pandemic on the Afghan government’s ability to fund ANDSF fuel, CSTC-A stated in July 2020, “With improved monitoring of fuel consumption, conversion of facilities to the electrical grid, and expected pricing benefits from local contracting, we assess [the Afghan government] has the ability to manage fuel appropriately.” However, CSTC-A did not provide any evidence to support this assessment, and its assumptions related to the Afghan government’s ability to procure fuel for the ANDSF based on rising GDP have proven incorrect thus far. In an October 2020, letter from CSTC-A’s Commanding General to the Afghan Ministry of Finance, CSTC-A acknowledged the Ministry of Finance’s concerns over assuming responsibility for funding \$40 million of diesel fuel. As of December 2020, the MOD had only allocated \$23 million for diesel fuel in 2021, or just over half of the \$40 million that CSTC-A had recommended to meet operational requirements.

CSTC-A’s Efforts to Connect ANDSF Facilities to the Electrical Grid Face Challenges and May Not Reduce Costs, Jeopardizing DOD’s Fuel Transition to the ANDSF

According to CSTC-A, connecting ANDSF bases and installations to national power grids is a critical component to enabling the Afghan government to cover the costs associated with ANDSF fuel procurement and management. According to a study commissioned on behalf of the German Federal Ministry for Economic Cooperation and Development, the electricity from diesel fuel is the most expensive source of electricity in Afghanistan.¹⁵ According to Da Afghanistan Breshna Sherkat (DABS), Afghanistan’s national power utility, all the diesel used for generators is imported, and supplying it to ANDSF bases is dangerous and presents

¹⁴ SIGAR, Quarterly Report to the United States Congress, April 30, 2021, p. 132.

¹⁵ Institutional Development for Energy in Afghanistan (IDEA) Programme, *Enabling PV Afghanistan*, Commissioned by Deutsche Gesellschaft für Internationale Zusammenarbeit on behalf of the German Federal Ministry for Economic Cooperation and Development, August 2017.

opportunities for terrorism, crime, and sabotage. The high cost of diesel fuel has also limited the number of hours that power plants can operate.

In 2017, U.S. Central Command stated that the ANDSF used 80 percent of the diesel fuel provided by CSTC-A to generate electricity for bases and installations.¹⁶ In an October 2020 letter to the Ministry of Finance, CSTC-A noted that connecting ANDSF facilities to the electrical grid is a key to making fuel affordable for the ANDSF, and would allow the Afghan government to allocate funds for other ANDSF fuel requirements, rather than for electricity generation.

However, the power grid in Afghanistan is unreliable and cannot meet existing demand, much less the additional demand resulting from the addition of ANDSF bases. Afghanistan has limited domestically produced electricity and its power plants do not always run at full capacity or operate as intended. For example, in March 2020, an official from DABS told us that the Tarakhil Power Plant in Kabul only operated from 5pm to 10pm and produced about 50 percent of the power it was designed to produce because of the high cost of diesel fuel. Due to limited domestic power production, Afghanistan imports most of its power.¹⁷ Even the combination of domestically generated and imported power does not meet Afghanistan's existing demand, however, and efforts to increase imports will still leave Afghanistan short of expected demand. Specifically, some Afghans still receive no power and those that do, are subject to limited power and blackouts. For example, according to a DABS official, even in Kabul, where the majority of ANDSF bases currently receiving power from the electrical grid are located, power outages occur daily and can last up to 12 hours a day depending on the weather and the customer.¹⁸

Even if the electrical grid's reliability and capacity issues are solved, hundreds of ANDSF installations throughout Afghanistan need to be connected to the grid to substantively reduce fuel costs associated with diesel-generated power at ANDSF bases. According to DABS, the MOD has 219 bases, of which 20 have been or will be connected by DOD, and the MOI has 719 bases, of which only 17 have been connected to the grid through DOD funding. Although some of the bases may never be connected to the grid because of their remote locations, CSTC-A did not provide an estimate of how many bases will need to be connected to make diesel fuel affordable for the MOD or MOI. Our ongoing and previous work on Afghanistan's electrical infrastructure suggests that connecting the remaining MOD and MOI bases to the electric grid is a long-term and challenging endeavor. According to DABS, DOD agreed to pay for the additional base connections. CSTC-A confirmed that it was going to provide funds to the MOD and MOI for additional base connections if ASFF were available. DOD funds and approves the projects, but the ANDSF designs, procures, and manages the projects. CSTC-A did not provide us any details on the total number of projects that it intends to fund, the estimated cost, or how many bases need connected to the grid—and therefore would no longer require diesel for their generators—in order to render the investment in base connections financially beneficial.

Although nearly 900 ANDSF bases and installations remain unconnected to the electrical grid, CSTC-A told us that it only plans to connect 20 MOD bases to the grid and estimated that all grid connection projects with established schedules would be completed by July 2022, at a cost of approximately \$186.5 million.¹⁹ A February 2021, U.S. Army Corps of Engineers document indicated that 7 of the 20 bases receive some power from the electrical grid. CSTC-A told us that it has reduced the amount of fuel provided to the connected bases by 25 percent, and will reduce diesel allocations to zero once electricity from the grid is available without

¹⁶ U.S. Central Command, *Mission Analysis: Sustainable ANDSF National Fuel Distribution System*, May 1, 2017, p. 5.

¹⁷ In 2020, DABS reported that Afghanistan imported almost 66 percent of its electricity from neighboring countries.

¹⁸ According to a DABS official, government and important organization customers can expect few—if any—power outages, while residential customers can expect 10 to 12 hours a day without power during the winter.

¹⁹ According to CSTC-A, 11 of the remaining 13 projects have estimated completion dates. However, a construction project completed by July 2022 does not mean that a base will be receiving power from the grid at that time. For example, according to CSTC-A, the Pol-i-Charkhi electrical project intended to connect ANA facilities was completed in March 2020, but was still not receiving energy from the grid as of April 2021.

interruption—a feat not attained in the nearly 20-year reconstruction effort, and which neither CSTC-A nor DABS could tell us when they expected it to occur.

Further, according to CSTC-A, the ANDSF bases in the Kabul area and those north of Kabul which are already receiving some power from the grid, will receive additional power when an Asian Development Bank-financed transmission line from Turkmenistan to Kabul is completed in September 2021. However, according to the Bank, the line is now scheduled for completion in December 2021—more than 4 years after originally scheduled—and will not initially supply the full amount of power expected from the transmission line.²⁰ Moreover, according to U.S. Agency for International Development, upgrades in two substations will be required for DABS to integrate the power from the Turkmenistan line to the national grid. In addition, because of growing demand for electricity in Kabul, we have reported that the additional power will likely not meet current demands; the additional demand brought on by the ANDSF bases will only exacerbate the shortfall.²¹

DOD intended to connect 11 of the 13 remaining bases (those with projected completion dates) to the grid by 2022. However, successfully connecting 4 of the 11 bases to a functional grid that can provide power, depends on the completion of several energy projects in southern Afghanistan. Specifically, 4 bases depend on the completion of a U.S. Agency for International Development project that includes a 254-mile transmission line and five substations to connect the Ghazni substation to the Kandahar-East substation. This project is not scheduled to be completed until 2023.²²

Similarly, successfully connecting the last two bases, Camp Shoraback near Lashkar Gah, and Bagram Airfield in Parwan Province, to a functional grid that can provide power depends the completion of other projects that have not started. Specifically, connecting Camp Shoraback depends on the completion of an Asian Development Bank-financed transmission line and three substations for which all construction has yet to begin. In addition, as of April, 2021, the U.S. Army Corps of Engineers had not awarded the contract to build the transmission line in Parwan Province needed to connect Bagram Air Field to the electrical grid. DOD has not established schedules for either of these projects.

DOD's Joint Publication 5-0 recommends that plans include details on assumptions made, risks assessed, and a means to assess success or failure. However, CSTC-A did not have a plan documenting its assumptions on fuel savings that will result from connecting 20 MOD bases to the electrical grid, or ANDSF's ability to pay for grid electricity. This, despite past problems with payment. For example, in October 2019, the MOI requested that CSTC-A pay an outstanding \$8.3 million electric bill for ANDSF facilities; CSTC-A refused. In February 2020, DABS officials told us that the MOD and MOI owed DABS \$30 million. Further, CSTC-A did not provide any information to support its assumptions on the availability of consistent and reliable electricity, or its timeline to fund the additional grid connection projects, which are needed for the ANDSF to assume responsibility for fuel.

Because CSTC-A did not have a plan that includes the elements recommended by Joint Publication 5-0, it cannot determine the impact of problems encountered when connecting ANDSF facilities to the grid and their impact on the overall fuel transition strategy. Worse, even though CSTC-A has already invested \$186.5 million in this endeavor, CSTC-A provided no documentation showing how many ANDSF bases need to be connected to the grid in order to provide the Afghan government with the cost savings necessary for it to assume responsibility for procuring fuel for the ANDSF.

²⁰ This line, originally scheduled for completion in 2017, was expected to provide 1,000 megavolts of power. However, according to the Asian Development Bank, the line will supply only 300 megavolts during its initial phase of operation.

²¹ SIGAR, *Power Transmission Expansion and Connectivity Project: The Project is Behind Schedule, and Questions Remain about the Afghan Government's Ability to Use and Maintain the New Power Infrastructure*, SIGAR 19-57-AR, September 4, 2019.

²² The bases are Forwarding Operating Base Eagle, Camp Hero, Kandahar Air Wing, and the Kandahar Training Center.

Contracting, Management, and Other Capacity Issues Have Resulted in Delays to CSTC-A's Planned Transition of ANDSF Fuel Responsibilities to the Afghan Government

CSTC-A's original goal to transition responsibility for procuring and managing ANDSF fuel to the Afghan government by September 2022 has already encountered delays. These delays have resulted in CSTC-A continuing to procure and manage some fuels that it originally planned to transition before 2021. The delayed transition is primarily due to contracting, management, and other capacity issues within the Afghan government, and CSTC-A's lack of personnel to manage the transition.

CSTC-A's original timeline called for transferring responsibility for the MOD's propane and petrol fuel to the Afghan government in December 2019. CSTC-A transitioned responsibility for propane to the MOD in December 2019, but did not transfer the responsibility for petrol at that time. After missing the December 2019 date, CSTC-A intended to turn over petrol responsibility to the MOD in April 2020, but did not do so until June 2020, at which time CSTC-A stopped providing petrol to the MOD. CSTC-A officials told us that the MOD petrol transition failed because of contracting issues within the Afghan government. CSTC-A did not elaborate on the contracting issues, nor did it provide the costs associated with the delay. However, CSTC-A successfully turned over responsibility for the MOI's propane and petrol on schedule, in December 2019 and July 2020 respectively.

Similarly, CSTC-A told us that contracting issues have delayed transitioning diesel fuel responsibilities to the ministries. CSTC-A initially planned to start the transition of diesel fuel in July 2020, beginning with the MOD. However, in June 2020, the MOD asked that CSTC-A delay the transition. CSTC-A agreed, and in a letter to the MOD, stated that it would begin the transition in December 2020, with completion in June 2022, 9 months later than originally anticipated. However, in October 2020, CSTC-A acknowledged that because of delays in the budget process and time required to solicit, negotiate, and award a contract, it was likely that the Afghan government would not award a contract for diesel fuel before May or June 2021. Based on CSTC-A's estimated 21-month transition period, CSTC-A now expects to complete the diesel fuel transition in January 2023.

In January 2020, a senior Afghanistan National Procurement Authority official told us that the Afghan government was not equipped to fund, award, and manage large contracts, such as those required to provide fuel to the ANDSF. He added although the Afghan Fuel and Liquid Gas Enterprise is currently managing the transfer of propane, they do not have the capacity to manage petrol. He also stated that he raised his concerns to CSTC-A when it began transitioning responsibility for propane and petrol to the Afghan government. As noted earlier, CSTC-A transitioned the MOD's propane and petrol fuel and the MOI's propane responsibilities to the Afghan government in December 2019, but CSTC-A initially delayed the MOD petrol transfer for about 6 months because of contracting issues. In April 2020, a CSTC-A official told us that they have adjusted transition timelines, and will continue to revise them as necessary, due to concerns about the Afghan government's contracting capacity, and because CSTC-A did not want to overload the system by transitioning responsibility for all fuel at the same time or too quickly.

Although CSTC-A generally recognized the Afghan government's capacity issues, it did not formally assess the Afghan government's capacity to contract and manage the ANDSF fuel enterprise or developed a plan to mitigate those issues. CSTC-A did not provide a reason for not assessing its transition efforts or for its failure to develop a plan to bolster Afghan government capacity in this area.

In addition, according to CSTC-A, the ANDSF had not addressed management and oversight issues that enable corruption. For example, the Afghan government did not take steps to ensure that ANDSF units provide accurate and timely fuel consumption reports. In October 2020, CSTC-A notified the MOI that it was setting a limit on the amount of fuel it would provide because consumption reports did not accurately reflect what the MOI needed. As we reported in 2018 and as CSTC-A identified throughout the course of our work, accurate consumption reporting is an important aspect of fuel management, oversight, and combating corruption.

CSTC-A MADE LITTLE PROGRESS IN ADDRESSING OUR 2018 RECOMMENDATIONS TO IMPROVE ANDSF FUEL ACCOUNTABILITY, PLACING MORE THAN \$1.45 BILLION AT RISK

In 2018, we reported on oversight and accountability weaknesses related to CSTC-A's provision of fuel for the ANDSF, and we made six recommendations to help address those issues and safeguard U.S.-funded fuel supporting the ANDSF. The recommendations addressed remote monitoring of fuel, anti-corruption plans, fuel consumption reporting, fuel training, repairing ANDSF fuel sites, and improving ANDSF capacity to manage fuel. In the 3 years since that report, CSTC-A did little to address our recommendations and the serious issues we raised remain largely unaddressed; in some cases, the condition has worsened. For example, CSTC-A did not implement a means to oversee delivery and storage of fuel at ANDSF facilities, and it stopped action to address failing critical fuel infrastructure at ANDSF fuel sites. CSTC-A's inaction and non-responsiveness places DOD's anticipated \$1.45 billion investment in ANDSF fuel from FY 2021 through FY 2025, at heightened risk of fraud, waste, and abuse.

CSTC-A's Plan to Provide Remote Oversight of Fuel Delivery Relied on a Manual Process, Leaving Fuel Susceptible to Fraud, Waste, and Abuse

In 2018, we reported that CSTC-A did not inspect delivery and storage of fuel at ANDSF facilities due to security concerns. Further, we found that CSTC-A did not have the necessary technology to conduct oversight remotely. The importance of overseeing fuel delivery and storage is demonstrated by the results of over 70 of our criminal investigations into potential fuel corruption, which show that not measuring fuel or providing oversight during and after delivery contributed to theft and corruption. In addition, a former CSTC-A Commanding General told us that nearly half of the ANDSF's fuel is stolen. To help mitigate these issues, our 2018 report recommended that CSTC-A evaluate and determine the feasibility of using remote monitoring methods or other technology-based solutions to provide visibility of fuel while in-transit, confirm fuel deliveries, and monitor fuel levels at ANDSF fuel storage locations.

CSTC-A agreed with this recommendation and acknowledged the safeguards that remote monitoring technology would add to its fuel oversight. However, CSTC-A later informed us that implementing remote monitoring methods was not feasible because it would cost \$8.8 million to implement. To support its position, CSTC-A provided a one-page cost estimate for installing fuel meters at ANDSF sites receiving fuel and, where applicable, distributing fuel. This estimate did not include information about whether CSTC-A considered implementing the technology at all ANDSF sites, or whether the \$8.8 million estimate was a re-occurring or one-time cost.

Instead of implementing our recommendation and installing remote monitoring technologies, CSTC-A told us it continues to rely on the ANDSF to measure, document, and report fuel delivery, storage, use, and requests. As CSTC-A told us in 2018 and again in 2020, it needs accurate fuel consumption and storage information that would come from a remote monitoring system to forecast future fuel requirements, control costs, and limit fuel theft. However, since our prior report and CSTC-A's decision not to install remote monitoring technologies for fuel delivery and storage, Afghan ministries and CSTC-A officials continued to report instances of fuel tampering, theft, and corruption related to U.S.-funded fuel provided to the ANDSF. According to CSTC-A and ACC-A officials, there were no remotely accessible mechanisms in place to verify fuel delivery, ensure contractor accountability, or monitor fuel levels. According to CSTC-A, these problems are a regular topic of discussion at the joint U.S. and Afghan governments' fuel working group.²³

As a result, we closed the first 2018 recommendation as not implemented. CSTC-A's decision not to adopt remote monitoring technology makes it easier for fuel tampering, theft, and corruption to continue. Our investigations, as well as statements from CSTC-A and the Afghan government, show that these issues have

²³ According to CSTC-A, this working group focused on fuel-related issues such as fuel allocations, consumption reporting, and operational requirements. CSTC-A is working to transition the group to an Afghan-led activity.

continued for the past several years. In April 2020, CSTC-A still maintained that remote monitoring would not be cost effective, even though CSTC-A officials also told us that the staff reduction in Afghanistan further limits its oversight abilities, making a remote system even more important. Further, in May 2020, CSTC-A told us it would not consider remote monitoring technologies due to a lack of Internet connectivity and electricity at ANDSF fuel sites. In December 2020, more than 2.5 years after our recommendation, CSTC-A officials told us that remote monitoring is a concept worthy of investigation and further analysis. In February 2021, CSTC-A said it would begin an assessment of remote monitoring in FY 2021.

ACC-A and CSTC-A Included Detailed Anticorruption and Oversight Requirements in Contracts, But ACC-A Has Not Consistently Enforced Contract Requirements for Monthly Corruption Reports

In 2018, we reported that when CSTC-A attempted to transfer fuel management and oversight responsibility to the Afghan government in 2015, several Afghan contractors and government officials participated in bid-rigging and price-fixing. As a result, CSTC-A resumed responsibility less than 2 years later. However, CSTC-A's resumption of ANDSF fuel management and oversight did not fully mitigate the U.S. government's corruption concerns. According to CSTC-A's fuel contracts, corrupt individuals frequently ask contractors to participate in fraudulent and illegal schemes to divert resources from contractual deliveries or to falsify documents.²⁴

During our 2018 evaluation, we found that corruption continued within the ANDSF fuel enterprise. As a result, we recommended that CSTC-A include detailed anti-corruption requirements in future ANDSF fuel contracts. In response to our recommendation, CSTC-A said that it would include anticorruption and oversight requirements in future contracts. CSTC-A and ACC-A incorporated anticorruption and oversight requirements into the six active contracts at that time. We confirmed that all six contracts included a requirement for the contractors to provide an anti-/counter-corruption program plans and monthly corruption reporting. In December 2020, CSTC-A extended those six contracts and included the anti-corruption language outlined in our recommendation. As a result, we closed the second recommendation as implemented.

Our review of the six contracts show that the contractor is required to create a written "anti-/counter-corruption program" that explains how the contractor will address corruption related to ANDSF fuel. ACC-A contracting officers must review and approve each plan. Furthermore, according to the ANDSF fuel contracts,

In addition to immediate incident reporting, the Contractor shall provide a monthly report to the Contracting Officer summarizing anti-/counter-corruption program activities undertaken during the previous month. The report is due no later than the fifth day of the month, and negative reports (no Anti/Counter-Corruption activities or incidents) are required. Reporting is a material term of the contract, and failure to report corrupt activities (solicitation or acceptance of a bribe, improper fee, or diversion) shall be considered a breach, and shall cause complete termination of this contract.²⁵

While these requirements fulfill our 2018 recommendation, during our work for this evaluation, we found that ACC-A has not monitored the contractors' required anti-corruption reporting and has not ensured that the contractors met these contract terms. In June 2020, ACC-A gave us the anti-corruption documentation it had for the ANDSF fuel contracts. However, the files were missing 8 out of the 42 monthly reports we requested.²⁶ In July 2020, ACC-A received the 8 missing reports from the fuel contractors. Although the delayed reports did not mention any instances of corruption, ACC-A contracting officials did not ensure that the contractors were

²⁴ The contracts also state, "Such illegal activity undermines the rule of law in Afghanistan and has grave consequences for the defense of the nation. In order to fight against this endemic problem, the contractor shall institute an [anti-/counter corruption program] that holds public officials and its employees accountable for their illegal activities. The goal of the [anti-/counter corruption program] is to identify corrupt public officials and individuals, expose their wrongdoing, and bring them to justice through the appropriate civil and criminal authorities of the Government of the Islamic Republic of Afghanistan."

²⁵ The ACC-A contract numbers are W91B4N17D0007 and W91B4N17D0013.

²⁶ Although there were six contracts, there were only three contractors. When the contractors provided reports, they provided one report for both contracts.

meeting the contract terms by providing reports no later than the fifth day of the month, despite being responsible for enforcing the contract's terms. According to the contracts, CSTC-A and ACC-A consider corruption reporting "material to the contract," and the penalty for failure to report it is contract termination. Without these reports, it is more difficult to identify corrupt individuals, expose their wrongdoing, and bring them to justice.

ANDSF Fuel Consumption Reporting Problems Reoccurred After CSTC-A Stopped Using Commitment Letters

In 2018, we reported that CSTC-A had not received consistent fuel consumption data from the ANDSF from 2015 through 2017. In 2015, CSTC-A established bilateral commitment letters between the U.S. and Afghan governments that established conditions for both parties, and outlined requirements and associated penalties to receive ASFF monies. Specifically, CSTC-A would provide funding to the Afghan government to purchase fuel for the ANDSF. In return, the MOI and the MOD would provide weekly or bi-weekly, respectively, fuel consumption reports to CSTC-A. In addition, the commitment letters reinforced adherence to the general policies, procedures, and rules the Afghan government established for management of ANDSF fuel. Per the commitment letters, CSTC-A could have withheld fuel or funding if the ANDSF did not fulfill requirements.

However, we reported in 2018 that CSTC-A had not reliably received fuel consumption data as required by its commitment letters with the MOD and the MOI, and that ANDSF personnel provided inaccurate consumption reporting. As a result, we recommended that CSTC-A enforce the commitment letters requiring the MOI and MOD to submit fuel consumption data. CSTC-A agreed and enforced requirements by reducing the amount of fuel supplied to the ANDSF. According to CSTC-A, in response to its reduction in fuel supplies, the ANDSF's fuel consumption reports became more consistent (although CSTC-A did not specify how they defined consistent) in 2019. We closed the third recommendation as implemented.

In December 2019, and after we closed the recommendation, CSTC-A stopped using commitment letters with the Afghan government, such as those covering fuel.²⁷ CSTC-A officials told us that they considered the commitment letters counterproductive and the penalties included in them insulting to their Afghan partners. However, shortly after CSTC-A stopped using commitment letters, CSTC-A officials informed us that fuel consumption reporting became unreliable once again. In October 2020, CSTC-A notified the MOI that it was reducing the amount of fuel it provided because consumption reports did not accurately reflect what the MOI needed.²⁸ We requested documentation from CSTC-A that would explain how it monitors ANDSF consumption reporting and verifies the accuracy of ANDSF fuel consumption reports, but we did not receive any.

CSTC-A Provided Some Training to Address ANDSF Deficiencies in Fuel Testing and Handling Procedures in the Field

In 2018, we reported that CSTC-A did not know whether ANDSF personnel were testing and handling fuel correctly.²⁹ Specifically, CSTC-A's third-party monitoring contractor reported several concerns, including

- ANDSF personnel did not have appropriate fuel testing and handling training,
- ANDSF personnel did not understand how to operate the fuel filtration systems,
- ANDSF personnel did not know how to determine the amount of fuel available in fuel storage containers, and

²⁷ SIGAR is currently conducting an audit to examine CSTC-A's use and enforcement of conditionality to improve accountability and transparency in the ANDSF.

²⁸ CSTC-A officials said that although they do not use any formal, written conditions to enforce consumption reporting, they establish conditions through discussions with Afghan "reliable partners" and by working with key ANDSF leaders. (CSTC-A, Response to SIGAR request for information, December 24, 2019.)

²⁹ According to CSTC-A documents, ANDSF personnel test fuel when delivery trucks arrive. ANDSF fuel personnel should measure the tank's fuel volume at the delivery site and then sample fuel from the delivery truck before offloading the fuel. Fuel must not have any particles or water; if it does, the fuel should be rejected.

- ANDSF personnel lied about the site's fuel quality and quantity verification procedures.

These deficiencies placed the ANDSF's fuel at risk of contamination, which could cause damage to ANDSF equipment or result in waste if delivered and accepted fuel needed to be discarded. During our 2018 evaluation, CSTC-A officials told us that U.S. fuel specialists were training ANDSF personnel on basic fuel quality testing methods and fuel handling procedures. The officials also told us that the specialists were training the ANDSF on the importance of properly completing the appropriate fuel forms and reporting consumption data. However, we found that this training did not go below the corps level. Therefore, we recommended that CSTC-A evaluate and determine the feasibility of expanding the training on fuel to ANDSF personnel in the field.

In response to our 2018 report, CSTC-A said that it had evaluated expanding this training below the corps level, but did not have enough personnel to do so. Additionally, CSTC-A said that providing TAA below the ministerial level was outside its mission. Nevertheless, CSTC-A acknowledged the deficiencies we identified and said it uses a third-party contractor to conduct fuel testing and handling for the ANDSF.³⁰ CSTC-A planned to transfer this responsibility to the ANDSF by 2023. According to CSTC-A documents, it planned to implement a pilot program to use coalition forces to provide hands-on training for fuel quality testing to ANDSF fuel personnel at the ministry level, who would then provide training to individuals in the field. However, the documents did not provide a time frame for initiating or completing the training. As part of the pilot program, CSTC-A also provided approximately 90 test kits to corps-level personnel in May 2020. While this is a start, over 219 Afghan National Army bases and 719 Afghan Police facilities receive fuel and need test kits.

CSTC-A told us that it planned to hold weekly meetings to gauge the training effort's effectiveness. However, the planned pilot program does not include training needs for fuel handling. Until DOD implements fuel testing training, and develops and implements fuel handling training throughout the ANDSF, there remains an increased risk that poor fuel quality or deliberately or inadvertently mishandled fuel could affect Afghan military and police missions, or damage or destroy U.S. government-provided equipment and facilities. Although we closed the fourth recommendation based on CSTC-A's actions, the outcomes of the pilot program remain critical to ensuring the required quality of fuel is delivered to and used by the ANDSF.

CSTC-A Stopped Site Surveys and Is No Longer Planning to Repair Critical Infrastructure at ANDSF Fuel Sites

In 2018, we reported that CSTC-A did not have detailed knowledge of ANDSF fuel site locations, fuel storage capacities, or the sites' infrastructure and personnel capabilities. Without this information CSTC-A cannot be confident that the fuel is being managed properly. We also reported that according to CSTC-A's third-party monitor and a NATO Support and Procurement Agency official, some ANDSF fuel locations required infrastructure improvements. As a result, we recommended that CSTC-A coordinate with the MOD and MOI to develop and implement a plan to upgrade and repair infrastructure and equipment at ANDSF fuel sites.

In response to our recommendation, CSTC-A stated that it was coordinating with the ministries to create and implement a plan for upgrades and repairs at ANDSF fuel sites. According to CSTC-A, the plan called for using third-party contractor site surveys to identify needed upgrades and repairs. The site surveys reviewed and identified several types of deficiencies, such as tanks or pipes leaking or showing signs of corrosion.³¹

³⁰ CSTC-A required the third-party contractor to report the fuel testing results to CSTC-A, and CSTC-A would then give the information to the ANDSF. Regarding fuel handling, the third-party contractor handles fuel when delivered, and in the case of aviation fuel, physically pumps the fuel into the aircraft.

³¹ The site surveys verified and noted whether issues existed with the equipment or systems at ANDSF facilities. Examples of the items surveyed were sampling equipment, filter separators, safety signs, tank emergency shut-offs, fire extinguishers, tanks leaking, tank corrosion, pipes leaking, pipe corrosion, and leaking valves and connections. During our 2018 fuel evaluation, CSTC-A and ACC-A provided documentation for 414 site surveys of ANDSF facilities. We found that 54 of the surveys did not have any data, and 40 were partially complete. For the 360 surveys with some data, which includes the 320 complete and 40 partially complete surveys, 358 surveys (99 percent) identified at least one deficiency.

However, CSTC-A stopped requiring its third-party monitor to conduct these site surveys in July 2019.³² When we asked about corrective measures taken in response to the surveys that were completed, CSTC-A told us that it no longer intended to complete required upgrades and repairs because the Afghan government is responsible for ANDSF facilities. CSTC-A told us that it shared the results of the completed surveys with the Afghan government, but it could not give us any information about how or if the ANDSF addressed the problems at the fuel sites because CSTC-A moved toward sustainment of operations and maintenance, not infrastructure construction. However, the ACC-A managed fuel delivery contracts to provide fuel to the ANDSF require the contractor to deliver petroleum products to storage tanks specifically designed for fuel storage, and that the contractor should not deliver fuel to non-compliant tanks. CSTC-A, as the contracting officer's representative, was responsible for ensuring that the contractors comply with these requirements. However, according to a CSTC-A official, it did not take actions to ensure that U.S. funded fuel was delivered to contract complaint tanks.

CSTC-A's stoppage of site surveys, its decision not to follow through on infrastructure upgrades and repairs, and its lack of coordination with the Afghan government, limits DOD's ability to ensure that these sites comply with ANDSF contract requirements for fuel storage. CSTC-A did not provide us with documentation for how it confirmed that fuel deliveries were made to ANDSF sites with contract-compliant infrastructure, such as fuel storage tanks. If CSTC-A had completed all of the site surveys for ANDSF fuel facilities, DOD would have a better sense of the risk of loss or contamination to U.S.-funded fuel. We closed the fifth recommendation as not implemented because CSTC-A did not develop the recommended plan to protect its investment and ensure compliance with contract requirements by upgrading and repairing ANDSF fuel facilities.

CSTC-A Did Not Document Its Coordination Efforts with the MOD and MOI to Enhance Their Accountability and Oversight of Fuel After Delivery

In 2018, we reported that CSTC-A and the ANDSF lacked accountability and oversight of fuel after delivery. We concluded that CSTC-A's accountability problems were largely caused by inconsistent ANDSF consumption reporting and a lack of training for the ANDSF on fuel accountability and oversight. These shortcomings resulted in our recommendation that CSTC-A coordinate with the MOD and the MOI to develop and implement a plan to enhance accountability and oversight of fuel after it is delivered to ANDSF fuel sites. In November 2019, CSTC-A told us that it was addressing our recommendation through its TAA efforts at the ministries. However, CSTC-A did not provide us with documentation of its plan to address the recommendation or a document explaining how its TAA efforts improved fuel accountability and oversight. Because CSTC-A did not provide us with documentation, we closed the sixth recommendation as not implemented. Without evidence of the actions CSTC-A took to improve the ANDSF's accountability and oversight activities of fuel, there remains little assurance that DOD fuel expenditures for the ANDSF is protected from fraud, waste, and abuse.

CONCLUSION

DOD's goal to transition responsibilities for managing and overseeing fuel activities to the Afghan government is commendable. Historically, however, the Afghan government has struggled with its management and oversight of fuel activities, and corrupt actors have exploited those issues. For example, a former CSTC-A Commanding General told us that nearly half of the ANDSF fuel is stolen. Therefore, it is particularly concerning that CSTC-A decided to proceed with the transition without developing a plan or ensuring adequate controls and systems were in place so that the Afghan government can effectively and responsibly take on the ANDSF's fuel activities. Absent adequate controls and systems, fuel will continue to serve as one of the major areas for theft and corruption in Afghanistan. None of the major assumptions on which CSTC-A relied on for transition success—greater economic growth in Afghanistan leading to the Afghan government spending more on its national defense, increased base connectivity to the national electrical grid, and improved ANDSF management and oversight of the fuel process—have materialized, and CSTC-A has already delayed its original

³² According to ACC-A, site surveys were only available in the initial year of the contract and the first option year.

target for transitioning fuel to the Afghan government in 2 years. Unfortunately, CSTC-A's haste in directing the transition, its lack of planning, inaccurate assumptions, and decision not to implement our recommendations from 2018 has set the Afghan government up to fail, and DOD lacks a way to assess whether or to what extent such a failure may occur.

CSTC-A's lack of actions to help ensure a successful transition and mitigate fraud, waste, and abuse in the fuel enterprise have created a tenuous situation for the U.S. and Afghan governments. Without fuel, ANDSF operations will come to a grinding halt. Without effective management and oversight of the fuel enterprise, fuel theft and corruption will worsen. CSTC-A could have possibly avoided being in this position had it implemented all the recommendations from our 2018 fuel report, including a more complete analysis of remote monitoring technology. The fact that CSTC-A only fully implemented one of the report's six recommendations threatens the successful transition of fuel responsibilities to the Afghan government. DOD must act with a greater sense of urgency if the transfer of fuel responsibilities to the Afghan government is to be complete by 2025.

The stakes are high for the U.S. and Afghan governments as successfully transitioning fuel responsibilities would benefit both governments. Successful transitioning of fuel responsibilities could also serve as a model for transitioning other responsibilities to the Afghan government that the U.S. government currently carries out.

RECOMMENDATIONS

To enhance accountability and help ensure transition of responsibility for U.S.-funded fuel to the ANDSF, we recommend that the Commanding General of the Defense Security Cooperation Management Office–Afghanistan, take the following action and report the results back to SIGAR within 180 days of the issuance of this report:

1. **Develop a plan that includes metrics for assessing performance, the risks associated with different courses of action, and cost-benefit analysis for the transition of fuel responsibility to the Afghan government.**

Previous CSTC-A leadership did not implement five of six of the recommendations from SIGAR's 2018 report to improve fuel accountability, oversight, and the transition of fuel responsibilities to the ANDSF. Because the issues prompting those recommendations remain largely unchanged, SIGAR is again making similar recommendations for the Commanding General of the Defense Security Cooperation Management Office–Afghanistan to take the following action and report the results back to SIGAR within 180 days of the issuance of this report:

2. **Develop a plan for using remote monitoring methods or other technology-based solutions to provide visibility of fuel throughout the fuel process.**
3. **Establish a formal agreement with the MOD and MOI requiring the ANDSF to regularly submit accurate fuel consumption data to DOD.**
4. **Develop a plan to expand and standardize the trainings for ANDSF fuel personnel below the corps level on fuel quality testing methods and fuel handling procedures.**
5. **Reconsider the feasibility of working with the MOD and MOI to develop and implement a plan to upgrade and repair infrastructure and equipment at ANDSF fuel sites.**
6. **Document actions DOD takes with the MOD and MOI to help improve fuel accountability and oversight.**

To enhance oversight for fuel procurement until the transition to the Afghan government is complete, we recommend that the Commanding General, Army Contracting Command:

7. **Reinforce reporting requirements to Army Contracting Command contract officials to help ensure that contract terms are followed and required documents are included in the contract file.**

AGENCY COMMENTS

We provided a draft of this report to DOD for review and comment. However, DOD did not provide comments prior to publication. DOD has told SIGAR that it is unable to respond to all SIGAR requests and products due, in part, to the drawdown of U.S. forces in Afghanistan. Because the information in this report may contribute to ongoing Congressional deliberations related to Afghan Security Forces Fund requests, we are issuing the report without DOD's comments. Should we receive comments at a later date, we will include them in an updated version of the report, which we will post on our website. DOD did provide extensive technical comments which we incorporated into the report, as appropriate.

APPENDIX I - SCOPE AND METHODOLOGY

This report provides the results of SIGAR's evaluation of the Department of Defense's efforts taken since 2018 to help the Combined Security Transition Command–Afghanistan (CSTC-A) successfully transition responsibility for Afghan National Defense and Security Forces (ANDSF) fuel to the Afghan government. Our objectives were to examine CSTC-A's (1) planning to transition the responsibility for fuel acquisition and management to the Afghan government, and (2) actions in response to our 2018 recommendations.

To accomplish these objectives, we obtained and reviewed prior audits, inspections, and evaluations related to ANDSF fuel management. We reviewed reports that addressed ANDSF fuel management and accountability issues, and the Afghan government's ability to manage and oversee contracts. We interviewed officials from the Office of the Under Secretary of Defense for Policy, U.S. Central Command, CSTC-A, the U.S. Army Corps of Engineers, and the Army Contracting Command.³³

To assess CSTC-A's planning related to transitioning the responsibility for fuel acquisition and management to the Afghan government, we requested and obtained all CSTC-A documentation for its plan to transition fuel responsibilities to the Afghan government. We also reviewed and assessed CSTC-A's planned timeline for the fuel transition. In addition, we interviewed CSTC-A officials and requested information on their efforts to train, advise, and assist the ANDSF on the accountability of fuel during the transition.

To assess CSTC-A actions in response to our 2018 recommendations, we reviewed the recommendations from our 2018 fuel report, interviewed CSTC-A and Army Contracting Command officials, and requested documentation of efforts to address the prior recommendations. In addition, we reviewed and evaluated CSTC-A's efforts to use remote monitoring methods to provide visibility of fuel, develop anti-corruption plans, enforce the reporting of regular fuel consumption data, and expand ANDSF training on fuel quality testing and handling below the corps level. Further, we evaluated CSTC-A's efforts to develop and implement a plan to upgrade and repair fuel sites and its plan to enhance accountability of fuel after delivery to ANDSF sites.

We did not use or rely on computer-processed data to answer our objectives. We assessed internal controls to determine whether CSTC-A had addressed previously identified weaknesses in its methods of supplying fuel to the ANDSF. The results of our assessment are included in the body of this report.

We conducted our work in Arlington, Virginia, from September 2019 through July 2021. We believe that the evidence obtained provides a sufficient and reasonable basis for our findings and conclusions based on our objectives. We conducted this evaluation under the authority of Public Law No. 110-181, as amended; the Inspector General Act of 1978, as amended; and in accordance with *Quality Standards for Inspection and Evaluation*, January 2012, published by the Council of Inspectors General for Integrity and Efficiency.

³³ As of June 3, 2021, CSTC-A has been renamed the Defense Security Cooperation Management Office–Afghanistan.

APPENDIX II - COMMENTS FROM THE DEPARTMENT OF DEFENSE

The Department of Defense did not send comments prior to publication. Should DOD provide comments at a later date, we will update the report to include DOD's comments and our response.

APPENDIX III - ACKNOWLEDGMENTS

Carole Coffey, Senior Audit Manager

James Smith, Auditor-in-Charge

Khadir Houston, Auditor-in-Charge

Mary Ducharme, Program Analyst

This performance audit was conducted
under project code SIGAR E-002.

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- Phone DSN International: 312-664-0378
- U.S. fax: +1-703-601-4065

Public Affairs

Public Affairs Officer

- Phone: 703-545-5974
- Email: sigar.pentagon.ccr.mbx.public-affairs@mail.mil
- Mail: SIGAR Public Affairs
2530 Crystal Drive
Arlington, VA 22202