

SIGAR

**Special Inspector General for
Afghanistan Reconstruction**

SIGAR 18-19 Audit Report

**DOD Task Force for Business and Stability
Operations: \$675 Million in Spending Led
to Mixed Results, Waste, and Unsustained
Projects**



**JANUARY
2018**

SIGAR

Special Inspector General for Afghanistan Reconstruction

WHAT SIGAR REVIEWED

The Task Force for Business and Stability Operations (TFBSO) was a temporary organization created by the Department of Defense (DOD) to support operations in Iraq. However, in 2009, DOD redirected TFBSO to carry out economic development projects in Afghanistan.

TFBSO operated in Afghanistan from 2010 through 2014. Congress appropriated approximately \$823 million for TFBSO operations in Afghanistan, and according to contracts we were able to review, TFBSO obligated more than \$675 million in contracts. Of that amount, \$316.3 million was obligated in direct support of projects related to agriculture, banking, oil and gas, indigenous industries, and mining. Of the remaining \$359.5 million, approximately \$299.8 million was obligated on indirect costs in support of TFBSO's projects and \$59.7 million on general and administrative costs.

SIGAR conducted this audit at the request of Senator Charles E. Grassley and then-Senator Kelly A. Ayotte. They sent separate letters in January 2016 requesting that SIGAR conduct a comprehensive performance audit of all TFBSO programs and activities in Afghanistan.

The objectives of this audit were to assess (1) the extent to which TFBSO and U.S. agencies collected data and maintained documentation for TFBSO's projects and activities; (2) how TFBSO devised and communicated its mission, objectives, and strategy, and then coordinated its activities with other U.S. government agencies; (3) how TFBSO planned, awarded, and oversaw contracts and grants to implement its projects; (4) the extent to which TFBSO's projects and activities met their contracted deliverables; and (5) the extent to which TFBSO planned to transfer its projects and assets to the Department of State (State) or the U.S. Agency for International Development (USAID), or otherwise arranged for them to be operated and maintained.

January 2018

DOD Task Force for Business and Stability Operations: \$675 Million in Spending Led to Mixed Results, Waste, and Unsustained Projects

SIGAR 18-19 AUDIT REPORT

WHAT SIGAR FOUND

In 2011, Congress authorized TFBSO to spend DOD funds to reduce violence, enhance stability, and support economic normalcy in Afghanistan through strategic business and economic activities. While TFBSO's poor record keeping was problematic in our assessing its performance, it is clear that TFBSO was unable to accomplish its overall goals. Specifically, the lack of a clear mission and strategy combined with poor coordination, planning, contracting, and oversight led to conflict with U.S. agencies and waste. Furthermore, of the more than \$675 million in obligations contained in contracts that we were able to review, TFBSO obligated only \$316.3 million to contracts directly supporting projects in Afghanistan. The remaining \$359.5 million went to indirect and support costs. For the \$316.3 million in project contracts, SIGAR found that 78 percent partially met or failed to meet their required deliverables. Finally, while TFBSO submitted a plan to transfer its projects to State or USAID—as Congress had required it to do in its authorizing legislation—its assumptions about TFBSO's ability to complete its work were unrealistic.

TFBSO did not clearly articulate its intended mission, objectives, and strategy until more than 2.5 years after it entered Afghanistan. TFBSO's lack of a strategy, coupled with the confrontational style of TFBSO's early leadership and a lack of policy direction from State and U.S. Forces-Afghanistan (USFOR-A), brought it into almost immediate conflict with USAID and State, and also strained TFBSO's early relationship with the Commander of USFOR-A. Furthermore, TFBSO did not consistently coordinate its activities with other U.S. government stakeholders in Afghanistan—namely State, USAID, and USFOR-A—leading to conflicting projects and wasted money. TFBSO's poor coordination with other agencies diminished its ability to align its activities with the priorities of the USFOR-A Commander and the U.S. Ambassador to Afghanistan. This is most apparent in the case of USAID, whose projects were sometimes repetitive of, or in conflict with, TFBSO's.

TFBSO's poor planning, contracting, and oversight practices contributed to incomplete projects, unsatisfactory work, and delays, which resulted in waste. TFBSO often attempted to execute projects on timelines that were overly ambitious. In addition, TFBSO often had unrealistic assumptions in project execution and did not account for the realities of operating in Afghanistan. Furthermore, we found that 43 of the 89 TFBSO contracts we reviewed, worth \$201 million, used limited competition and sole-source contracting, increasing the government's risk of waste. Of these 43 contracts, 7 contracts worth \$35.1 million were awarded to firms employing former TFBSO staff as senior executives. In other instances, TFBSO contracted with unproven organizations that performed poorly. In one case, TFBSO awarded two sole-source contracts, worth a combined \$435,504, to Al Ehsan Construction Company and Tak Dana Dry and Fresh Fruit Processing, to construct and equip a pomegranate cold storage facility. According to contract documents, Al Ehsan completed its construction work for the "shell building." However, when we visited the site on April 3, 2017, we found no evidence that the shell

building existed. TFBSO terminated Tak Dana's contract for cause when it discovered that the contractor had grossly misled the Task Force about its progress. Finally, because of ill-defined contract requirements, TFBSO was often unable to hold contractors accountable for poor performance, resulting in money being wasted on contractors who failed to perform.

For this report, we reviewed TFBSO obligations as provided in its contracts, and are reporting the obligations that we independently verified as directly supporting TFBSO projects. Based on SIGAR's analysis of the contracts, TFBSO obligated approximately \$316.3 million on contracts for its projects in Afghanistan. While SIGAR attempted to assess individual TFBSO project outcomes, poor records limited our ability to identify and track the intended outcomes of every project. Therefore, we focused our review on identifying whether contracts met their required deliverables. It is important to note that just because a TFBSO contractor met the deliverables of a particular contract that does not necessarily mean that the project it supported had a successful or sustainable outcome. Due to TFBSO's poor planning, contracting practices, and a lack of oversight, only \$70.0 million of the \$316.3 million obligated on contracts directly supporting TFBSO programs (22 percent) fully met their deliverables. The remaining \$246.3 million (78 percent) either partially met or failed to meet their deliverables. Even in cases where projects were completed, oftentimes neither the Afghan government nor the private sector independently sustained or built upon the results.

Finally, SIGAR found that while TFBSO submitted a plan to transfer its projects to State or USAID—as Congress had required it to do in its authorizing legislation—this transition plan was unrealistic in its assumptions about TFBSO's ability to complete its work. TFBSO wrote in its transition planning updates to Congress that it had completed, or would complete, all its projects before concluding operations in Afghanistan on December 31, 2014, despite mounting evidence to the contrary. In some cases, Afghan private entities have been able to sustain the projects and assets TFBSO left them. However, the Afghans' ability to sustain TFBSO projects generally depended on whether they were able to find donors willing to fund their continuing operations. In other cases, TFBSO project assets have been poorly sustained or not sustained at all.

Because TFBSO ended administrative operations in March 2015, we are not making any recommendations to DOD. Instead, we are making observations should DOD and Congress ever decide to authorize another TFBSO-like entity in the future. Taking the following actions might improve such an entity's ability to implement programming and achieve results:

- Define the entity's mission, scope, and objectives in clear and measurable terms.
- Authorize the entity for longer than 1-year intervals to reduce uncertainty about its future and allow it time to plan ahead for its projects.
- Direct the entity to:
 - Develop contract planning policies that emphasize the importance of understanding host-country or local dynamics and obtaining buy-in from all stakeholders before executing a project;
 - Develop and implement action plans to minimize the award of noncompetitive and sole-source contracts;
 - Develop and implement action plans to ensure that its staff has adequate training and experience in developing contract requirements and providing contract oversight;
 - Work with a single primary contract administration office when developing performance work statements to ensure consistency in drafting requirements;
 - Develop management systems to track project metrics, civilian travel, and government-furnished equipment;
 - Develop and implement a document retention policy; and
 - Develop monitoring, evaluation, and sustainment plans for all projects so that their economic impacts can be accurately measured and sustained, and if necessary, assets can be transferred to an enduring partner.

We provided a draft of this report to DOD for comment. The Deputy Assistant Secretary of Defense for Afghanistan, Pakistan, and Central Asia provided written comments, which we have reproduced in appendix VII. This response included technical comments, which we incorporated into this report, as appropriate. In its response, DOD wrote that our report is consistent with other independent assessments, which have all concluded that TFBSO had mixed results and did not achieve its intended objectives overall. DOD also agreed that TFBSO exhibited "unacceptable weaknesses and shortcomings" that can and must be addressed before similar efforts are attempted in the future.



SIGAR

Office of the Special Inspector General
for Afghanistan Reconstruction

January 4, 2018

The Honorable Charles E. Grassley
U.S. Senate

This report discusses the results of SIGAR's audit of the Department of Defense's (DOD) Task Force for Business and Stability Operations (TFBSO), with a focus on obligations made from fiscal year (FY) 2010 through FY 2014. While this report does not contain any formal recommendations to DOD, because TFBSO no longer exists as an organization, we do provide a number of concluding observations, including actions to consider before creating another TFBSO-like entity.

We provided a draft of this report to DOD for comment. DOD's Deputy Assistant Secretary of Defense for Afghanistan, Pakistan, and Central Asia provided written comments, which we have reproduced in appendix VII. This response included technical comments, which we incorporated into this report, as appropriate. In its response, DOD wrote that our report is consistent with other independent assessments, which have all concluded that TFBSO had mixed results and did not achieve its intended objectives. DOD also agreed that TFBSO exhibited "unacceptable weaknesses and shortcomings" that can and must be addressed before similar efforts are attempted in the future.

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 generally accepted government auditing standards.

A handwritten signature in black ink, appearing to read "John F. Sopko".

John F. Sopko
Special Inspector General
for Afghanistan Reconstruction

TABLE OF CONTENTS

Background.....	3
TFBSO’s Poor Record Keeping Limits a Full Assessment of Its Activities	6
TFBSO Did Not Clearly Articulate Its Mission, Objectives, and Strategy for Afghanistan until August 2012, and Inconsistent Coordination Led to Conflicting Efforts	9
TFBSO’S Poor Planning, Contracting, and Oversight Practices Contributed to Incomplete Projects, Unsatisfactory Work, and Avoidable Delays, Resulting in Wasted Expenditures.....	14
Only 22 Percent of TFBSO Programatic Contracts Met Their Required Deliverables, While 78 Percent Partially Met or Failed to Meet Required Deliverables	23
TFBSO Did Not Plan to Transition Its Incomplete Projects to State, USAID, or Another Donor, Leading to Some Not Being Sustained.....	30
Conclusions and Observations	34
Agency Comments	35
Appendix I - Scope and Methodology	36
Appendix II - Contract Administration Offices that Supported Task Force for Business and Stability Operations	39
Appendix III - Task Force for Business and Stability Operations’ Contractors, Grantees, and Partners.....	45
Appendix IV - Analysis and Final Known Status of Task Force for Business and Stability Operations Projects...	51
Appendix V - Task Force for Business and Stability Operations Indirect Costs.....	70
Appendix VI - Task Force for Business and Stability Operations General and Administrative Costs	72
Appendix VII - Comments from the Department of Defense	75
Appendix VIII - Acknowledgments	78

FIGURE

Figure 1 - TFBSO Directors from January 2010 through March 2015	5
---	---

TABLES

Table 1 - Summary of Direct Costs for TFBSO Projects that Achieved Few to None of Their Contract Deliverables	24
Table 2 - Summary of Direct Costs for TFBSO Projects that Partially Achieved Their Contract Deliverables or Achieved Them After Significant Delay.....	26
Table 3 - Summary of Direct Costs for TFBSO Projects that Mostly or Fully Achieved Their Contract Deliverables	27

TABLE OF CONTENTS

Table 4 - U.S.-Based Contract Administration Offices that Supported TFBSO	39
Table 5 - International Contract Administration Offices that Supported TFBSO	43
Table 6 - TFBSO's Contractors and Interagency Partners	45
Table 7 - TFBSO's Indirect Costs.....	70
Table 8 - TFBSO's General and Administrative Costs.....	72

PHOTOS

Photo 1 - Cashmere Goat Farm Operating as of April 2016	33
Photo 2 - Cashmere Goat Farm Abandoned as of April 2017	33
Photo 3 - Leaked Water Caused Nangarhar Agriculture College's Exterior to Crack.....	33
Photo 4 - Inoperable Irrigation System at Herat University's Agricultural College	33
Photo 5 - Glass Laboratory Activity	34
Photo 6 - Glass Tempering Line Factory.....	34
Photo 7 - Kabul Business Innovation Hub.....	58
Photo 8 - Herat Business Innovation Hub	58
Photo 9 - International Center for Afghan Women's Economic Development Building Exterior	59
Photo 10 - International Center for Afghan Women's Economic Development Offices	59
Photo 11 - Shah Delir Micro-Hydroelectric System.....	64
Photo 12 - Prepaid Meters for Household Consumption Monitoring	64
Photo 13 - Carpet Being Washed at Herat Carpet Facility	67
Photo 14 - Drying Machine at Herat Carpet Facility	67

ABBREVIATIONS

AUAF	American University of Afghanistan
COR	contracting officer's representative
DOD	Department of Defense
FAR	Federal Acquisition Regulation
FY	fiscal year
GAO	Government Accountability Office
IBM	International Business Machines
NDAA	National Defense Authorization Act
O&M	operation and maintenance
OPIC	Overseas Private Investment Corporation
OUSD-P	Office of the Under Secretary of Defense for Policy
State	Department of State
TFBSO	Task Force for Business and Stability Operations
USAID	U.S. Agency for International Development
USFOR-A	U.S. Forces-Afghanistan

The Task Force for Business and Stability and Operations (TFBSO) was a temporary organization created by the Department of Defense (DOD) in 2006 and located in the Office of the Under Secretary of Defense for Policy (OUSD-P). TFBSO's original purpose was to improve DOD's contracting practices and facilitate contracts with local vendors in Iraq. However, in the summer of 2009, DOD directed TFBSO to conduct a 90-day assessment of economic development opportunities in Afghanistan,¹ and in 2010 directed it to "focus on development of economic opportunities including private investment, industrial development, banking and financial system development, agricultural diversification, and energy development" in both Iraq and Afghanistan.²

TFBSO began operating in Afghanistan in 2010 and ceased operations there in December 2014. Congress appropriated \$822.9 million for TFBSO operations in Afghanistan, and TFBSO records show it obligated more than \$754 million from fiscal year (FY) 2009 through FY 2015. Of this amount, we were able to identify only \$675 million in obligations through our review of all available contracts, grants, task orders, and interagency agreements.^{3,4} Of that amount, \$316.3 million was obligated directly in support of various projects related to agriculture, banking, investment facilitation and business support services, oil and gas, indigenous industries, and mining. Of the remaining \$359.5 million, approximately \$299.8 million was obligated to indirect costs in support of TFBSO's projects, such as those incurred for TFBSO's consultants and the security and housing TFBSO provided to its contractors. The remaining \$59.7 million was tied to general and administrative costs, such as those incurred for providing training to TFBSO's staff and leasing its office space in Arlington, Virginia. For the purposes of this report, we are reporting only the project obligation amounts tied directly to the contracts, without overhead or subject matter expert labor.⁵ However, it is important to note that more than half of TFBSO's total expenditures were for overhead costs.

TFBSO ended its operations in Afghanistan in December 2014 and permanently closed its administrative offices in March 2015.

In the years since the TFBSO program ended, OUSD-P leadership has expressed skepticism about whether DOD is equipped to perform the sort of development work TFBSO did in Afghanistan. In his January 20, 2016, testimony to the Senate Armed Services Committee, Subcommittee on Readiness and Management Support, the Principal Under Secretary of Defense for Policy stated:

The overarching question of how we promote economic development during a contingency operation, the point which Senator Kaine emphasized, remains a challenge for all of us in the U.S. Government. I personally am skeptical that the Department of Defense is a natural home for that mission.⁶

We have issued several audit and inspection reports, and alert letters discussing TFBSO's work in Afghanistan, specifically:

¹ TFBSO, *Report on Activities in Afghanistan Fiscal Year 2011*, November 4, 2011.

² Memorandum from Secretary of Defense Robert Gates, "Continuation of Task Force for Business and Stability Operations," March 25, 2010.

³ For the purposes of this report, contracts, grants, task orders, and interagency agreements are referred to collectively as "contracts." For this report, we reviewed TFBSO obligations as provided in its contracts, and we are reporting the costs that we independently verified as directly supporting TFBSO projects.

⁴ Regarding the difference between appropriated and obligated amounts, after the "current" period for appropriated funds concludes the funds are considered "expired." Expired funds cannot be used to fund new obligations. Funds remain expired for 5 years, after which they are "cancelled" and are no longer available for any use. TFBSO documentation shows that FY 2011 and 2012 funds are currently expired, with subsequent years expiring consecutively.

⁵ We could not allocate indirect and overhead costs to individual projects because TFBSO did not require contractors to track and assign costs to specific projects.

⁶ Brian McKeon, Testimony to the Senate Armed Services Committee, Subcommittee on Readiness and Management Support, January 20, 2016.

- an April 24, 2015, report on U.S. programs to develop Afghanistan’s extractive industries, in which we found that TFBSO lacked clear and consistent management guidance for planning its extractive industries projects, coordinated poorly with the U.S. Agency for International Development (USAID) and the Department of State (State), and did not develop an actionable plan to transition projects to USAID as required by Congress⁷
- a January 11, 2016, report on U.S. programs to develop Afghanistan’s extractive industries, in which we found that TFBSO’s extractive sector projects achieved mixed results and that these results may not be sustainable⁸
- a December 5, 2016, letter responding to congressional inquiries about the cost, occupancy, and use of TFBSO’s network of private “villas” or safe houses⁹
- an alert letter on December 11, 2014, highlighting USAID and State’s safety concerns regarding TFBSO’s initiative to rehabilitate a 15-kilometer section of an 89-kilometer natural gas pipeline¹⁰
- an inspection report, issued July 16, 2014, noting that TFBSO completed construction, after significant delay, of a cold and dry storage facility at Gereskh in Helmand province, but did not locate an Afghan business to use or maintain it.¹¹

We conducted this audit at the requests of Senator Charles E. Grassley and then-Senator Kelly A. Ayotte. These requests asked that SIGAR “conduct a top-to-bottom audit of TFBSO programs and spending and provide a full report to Congress”¹² and “conduct a performance audit of all TFBSO programs and activities in Afghanistan”¹³ respectively. The objectives of this audit were to assess (1) the extent to which TFBSO and U.S. agencies collected data and maintained documentation for TFBSO’s projects and activities; (2) how TFBSO devised and communicated its mission, objectives, and strategy then coordinated its activities with other U.S. government agencies; (3) how TFBSO planned, awarded, and oversaw contracts and grants for its projects; (4) the extent to which TFBSO’s projects and activities met their contracted deliverables; and (5) the extent to which TFBSO planned to transfer its projects and assets to State or USAID, or otherwise arranged for them to be operated and maintained.¹⁴

To accomplish these objectives, we reviewed TFBSO records contained on a hard drive OUSD-P provided to SIGAR on January 14, 2016. OUSD-P stated that this hard drive contained all the unclassified historical records TFBSO retained when it closed in March 2015. We also reviewed contract documentation for TFBSO projects, which we requested directly from the contract administration offices that supported TFBSO, such as DOD’s Washington Headquarters Services Acquisitions Directorate, the Department of the Interior’s Interior Business Center Acquisition Services Directorate, and the General Services Administration. Given the large number of files, we executed keyword searches to locate files documenting planning, execution, and oversight of each

⁷ SIGAR, *Afghanistan’s Mineral, Oil, and Gas Industries: Unless U.S. Agencies Act Soon to Sustain Investments Made, \$488 Million in Funding is at Risk*, SIGAR 15-55-AR, April 24, 2015.

⁸ SIGAR, *Afghanistan’s Oil, Gas, and Minerals Industries: \$488 Million in U.S. Efforts Show Limited Progress Overall, and Challenges Prevent Further Investment and Growth*, SIGAR 16-11-AR, January 11, 2016.

⁹ TFBSO referred to the guesthouses where TFBSO staff and contractors resided in Afghanistan as “villas.” TFBSO paid for food, housing, security, and transportation services at these facilities. For more information about TFBSO’s villas, see SIGAR, *Response to Congressional Request for Information about TFBSO Villas*, SIGAR 17-14-AL, December 5, 2016.

¹⁰ SIGAR, *Alert Letter: Task Force for Business and Stability Operations Pipeline Project*, SIGAR 15-15-AL, December 11, 2014.

¹¹ SIGAR, *Gereskh Cold and Dry Storage Facility: Quality of Construction Appears To Be Good, but the Facility Has Not Been Used to Date*, SIGAR 14-82-IP, July 16, 2014.

¹² Letter from Senator Charles E. Grassley to Mr. John F. Sopko, January 15, 2016.

¹³ Letter from Senator Kelly A. Ayotte to Mr. John F. Sopko, January 27, 2016.

¹⁴ We have also initiated financial audits of seven TFBSO contracts: D11PC18746, D12PC00468, D14PC00098, D14PDO0567, FA4600-06-D-003, HQ0034-13-1-0002, and W91CRB-11-D-0001-0052.

known project. In several cases, we requested and reviewed project records retained by former TFBSO contractors and implementing partners. We interviewed former TFBSO leadership, staff, subject matter experts, consultants, and contractors. We also interviewed contracting officers who worked with TFBSO, representatives from USAID, and recipients of TFBSO support and services.

We conducted our work in Washington, DC; Arlington and Herndon, Virginia; Rock Island, Illinois; and Bamyán, Herat, Jowzjan, Kabul, Kandahar, Nangarhar, and Parwan provinces in Afghanistan from February 2016 through January 2018 in accordance with generally accepted government auditing standards. Appendix I has more details on our objectives, scope, and methodology.

BACKGROUND

DOD created TFBSO in 2006 as an extension of the Business Transformation Agency, a DOD organization that sought to recruit private-sector experts to improve DOD's business operations.¹⁵ TFBSO was originally called the Task Force to Support Improved Department of Defense Contracting and Stability Operations in Iraq, and its purpose was to increase the number of DOD contracts awarded to Iraqi firms. However, over time DOD expanded TFBSO's mission to include supporting the revitalization of state-owned enterprises and developing new Iraqi private businesses.¹⁶

In 2009, the Secretary of Defense redirected TFBSO to Afghanistan, where it began operations in 2010. TFBSO's mission was to "focus on development of economic opportunities including private investment, industrial development, banking and financial system development, agricultural diversification and revitalization, and energy development."¹⁷ Beginning in 2011, Congress specifically authorized TFBSO to use DOD funds "to reduce violence, enhance stability, and support economic normalcy in Afghanistan through strategic business and economic activities."¹⁸ TFBSO discontinued its operations in Afghanistan in December 2014 and closed its administrative offices in Arlington, Virginia, in March 2015, thus ending its mission.

TFBSO was organized under DOD's Office of the Under Secretary of Defense for Policy (OUSD-P), and former TFBSO personnel stated that they reported regularly to the Under Secretary of Defense for Policy. In addition to its reporting responsibilities to DOD, TFBSO was responsible for coordinating with, and reporting to, several other U.S. government entities. The National Defense Authorization Acts (NDAA) for fiscal years 2011 through 2014 required TFBSO to assist the U.S. Forces-Afghanistan (USFOR-A) commander and the U.S. ambassador to Afghanistan, and seek concurrence for all of its projects from the Secretary of State, plan for the eventual transition of its ongoing activities to State or USAID, and provide annual reports to Congress summarizing its projects and results.

Funding for TFBSO's Afghanistan projects was provided by the Army's operation and maintenance (O&M) appropriation account for overseas contingency operations, but this was not a specific line item authorized by Congress prior to FY 2011. In FY 2009, TFBSO received \$15 million, and in FY 2010, it received \$75.2 million in Army O&M funds for its Afghanistan operations.¹⁹ The FY 2011 NDAA authorized DOD to use up to \$150 million in Army O&M funds for TFBSO operations in Afghanistan.²⁰ TFBSO projects were to be carried out subject to the direction and control of the Secretary of Defense, and subject to the concurrence of the

¹⁵ DOD established the Business Transformation Agency in 2005 and disbanded it in 2011.

¹⁶ RAND Corp., *Task Force for Business and Stability Operations: Lessons from Afghanistan*, 2016.

¹⁷ Memorandum from Secretary of Defense Robert Gates, "Continuation of Task Force for Business and Stability Operations," March 25, 2010.

¹⁸ National Defense Authorization Act for Fiscal Year 2011, Pub. L. No. 111-383, § 1535, as amended.

¹⁹ GAO Report, *DOD Task Force for Business and Stability Operations: Actions Needed to Establish Project Management Guidelines and Enhance Information Sharing*, GAO-11-715, July 29, 2011.

²⁰ National Defense Authorization Act for Fiscal Year 2011, Pub. L. No. 111-383, § 1535, as amended.

Secretary of State.²¹ The scope of TFBSO's projects included "projects that facilitate private investment, mining sector development, industrial development, and other projects determined by the Secretary of Defense, with the concurrence of the Secretary of State, as strengthening stability or providing strategic support to the counterinsurgency campaign in Afghanistan."²² Congress also specified, "To the maximum extent possible, the activities of the Task Force for Business and Stability Operations in Afghanistan should complement other reconstruction or development activities in Afghanistan conducted by the United States."²³

The FY 2011 NDAA required DOD to submit an annual report summarizing TFBSO's projects and how those activities supported the long-term stabilization of Afghanistan.²⁴ Moreover, Congress required DOD, State, and USAID to plan for the eventual transition of TFBSO's activities in Afghanistan to USAID. Congress required that this plan describe (1) the activities carried out by TFBSO in Afghanistan; (2) the activities that USAID would continue or be merged into similar efforts carried out by USAID; (3) the TFBSO activities that would not be continued; and (4) the actions that may be necessary to transition TFBSO activities to USAID.²⁵ The FY 2013 NDAA required DOD to report quarterly regarding its progress in implementing this transition plan, with the FY 2014 NDAA amending that provision to require only biannual updates.²⁶ TFBSO was authorized to use up to \$150 million in FY 2012 for its projects, up to \$93 million in FY 2013, and up to \$63.8 million in FY 2014.²⁷ During these fiscal years, TFBSO's authority to use funds for its projects was contingent on DOD reporting to Congress on progress made in implementing the transition plan.²⁸

The FY 2014 NDAA sunset TFBSO's authority to operate in Afghanistan on December 31, 2014.²⁹ With no further congressional authorization, TFBSO discontinued operations in Afghanistan in December 2014 and closed its administrative offices in Arlington, Virginia, in March 2015.

TFBSO's leadership underwent significant changes during the time that it operated in Afghanistan. Between 2009 and 2015, TFBSO had five directors, two of whom were appointed by the Secretary of Defense and three who served as acting directors. Figure 1 summarizes the approximate tenures of these five directors.

²¹ *Id.*

²² *Id.*, as amended by Pub. L. No. 112-81, § 1534.

²³ *Id.*, as amended by Pub. L. No. 112-81, § 1534, and as further amended by Pub. L. No. 112-239, § 1533.

²⁴ *Id.*

²⁵ *Id.*

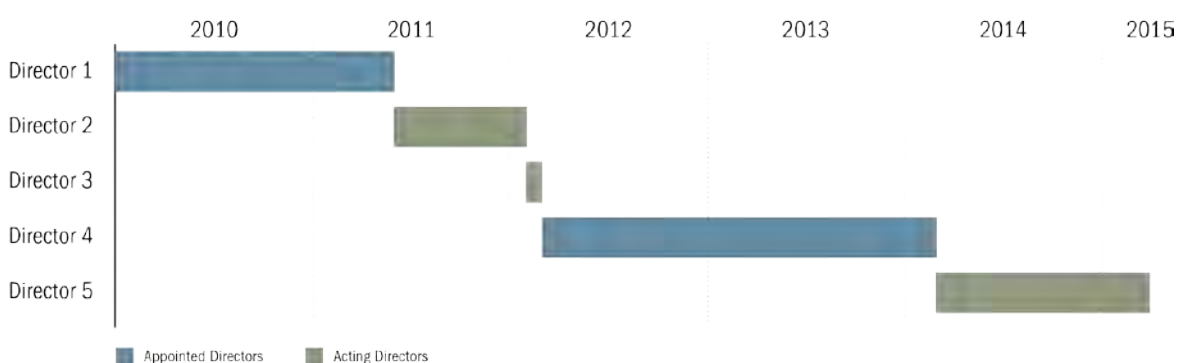
²⁶ *Id.*, as amended by Pub. L. No. 112-239, § 1533, and as further amended by Pub. L. No. 113-66, § 1534.

²⁷ National Defense Authorization Act for Fiscal Year 2012, Pub. L. No. 112-81, § 1534 (2011); National Defense Authorization Act for Fiscal Year 2013, Pub. L. No. 112-239, § 1533; National Defense Authorization Act for Fiscal Year 2014, Pub. L. No. 113-66, § 1534 (2013).

²⁸ *Id.*

²⁹ National Defense Authorization Act for Fiscal Year 2014, Pub. L. No. 113-66, § 1534(2013).

Figure 1 - TFBSO Directors from January 2010 through March 2015



Source: SIGAR analysis of TFBSO documents and records, interviews with former TFBSO personnel, and interviews with former TFBSO contractors, grantees, and partners.

TFBSO Worked with More than 100 Organizations on the Award and Execution of Its Contracts

In addition to contending with significant turnover in its senior management, TFBSO worked with more than 100 government and private sector organizations during the 4-year period it operated in Afghanistan.

Because TFBSO did not employ warranted contracting officers with the authority to award contracts, it engaged contracting offices within at least 27 other U.S. government agencies to award and administer contracts on its behalf. These included DOD overseas contracting offices, such as the regional contracting centers in Afghanistan; DOD contracting offices in the United States, such as the Washington Headquarters Services and the Air Force District of Washington; and contracting offices at other federal agencies, such as the Department of the Interior's Interior Business Center Acquisition Services Directorate, and the General Services Administration. Generally, these contracting offices awarded and administered the contracts, then appointed TFBSO program officers to serve as the contracting officer representative (COR) for oversight purposes.³⁰ Appendix II summarizes these offices and the contracts they supported.

TFBSO contracted with at least 89 private firms for a variety of commercial, legal, and technical services. Additionally, TFBSO partnered with other U.S. government entities, such as the U.S. Geological Survey, for specialized support services. In some cases, TFBSO did not seek to award new contracts, but instead issued purchasing orders or funded task orders on existing U.S. government contracts. Appendix III summarizes the contractors, grantees, and partnering organizations that worked with TFBSO.

U.S. Law, Regulations, Policies, and Guidance Governed TFBSO's Activities in Afghanistan

In addition to the NDAA requirement described above, an array of U.S. statutes, regulations, and agency policies and guidance governed TFBSO's activities. Some examples are listed below.

- The Federal Acquisition Regulation (FAR) "is established for the codification and publication of uniform policies and procedures for acquisition by all executive agencies."³¹ The Defense Federal Acquisition

³⁰ Contracting officers may designate CORs to provide oversight for a contractor. A COR can recommend contract actions to the contracting officer but cannot award, agree to, or sign any agreements, commitments, or modifications that involve price, quantity, quality, delivery schedule, or other contract terms and conditions.

³¹ FAR Subpart 1.1—Purpose, Authority, Issuance.

Regulation Supplement contains acquisition regulations and other requirements that are specific to DOD.³²

- DOD Instruction 5010.40, “Managers’ Internal Control Program Procedures,” requires department organizations to implement a comprehensive system of internal controls that provides reasonable assurance that programs are operating as intended.³³
- Section 3101 of Title 44, United States Code, states that “the head of each Federal agency shall make and preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency and designed to furnish the information necessary to protect the legal and financial rights of the Government and of persons directly affected by the agency’s activities.”
- DOD’s Contingency Contracting Handbook³⁴ and COR Handbook³⁵ provide guidance to contracting officials on how to write contract requirements and oversee contracts in environments like Afghanistan.
- The U.S. Government Accountability Office’s (GAO) *Standards for Internal Control in the Federal Government* provides guidance recommending that federal government entities document their objectives, mission, and strategy in clear and measurable terms to enable the achievement of their goals.³⁶

TFBSO’S POOR RECORD KEEPING LIMITS A FULL ASSESSMENT OF ITS ACTIVITIES

Because members of Congress asked us to perform a performance audit of “all TFBSO programs and activities in Afghanistan,”³⁷ we requested from DOD data and documents that would provide an accounting of both TFBSO’s assistance programs in Afghanistan as well as its operations in support of its personnel and programs in Afghanistan. However, because TFBSO did a poor job collecting data and retaining records about its programs and operations, we are unable to determine whether it achieved its goal of “reducing violence, enhancing stability, and supporting economic normalcy in Afghanistan through strategic business and economic activities.” In light of this, SIGAR attempted, to the best of our ability, to supplement DOD’s official record with documents collected from the contractors and government organizations that supported TFBSO. However, sizeable gaps remain. Most notably, DOD was unable to provide reliable data showing the extent to which TFBSO projects created jobs, facilitated foreign direct investments, increased exports, or increased Afghan government revenues. Essentially, TFBSO did not collect or retain data that connected the work of its contracts with the achievement, or non-achievement, of its overarching organizational goals. In short, because important documents and data were not consistently collected or retained, we could not fully assess the extent to which the \$675 million obligated by TFBSO was spent effectively.

³² DOD, *Defense Federal Acquisition Regulation Supplement*, current edition. DFARS is available at <https://www.acq.osd.mil/dpap/dars/dfarspgi/current/index.html>.

³³ Under Secretary of Defense (Comptroller), DOD Instruction 5010.40, “Managers’ Internal Control Program Procedures,” updated May 30, 2013.

³⁴ Defense Procurement and Acquisition Policy, *Defense Contingency Contracting Handbook*, updated July 2015.

³⁵ Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics, *Department of Defense COR Handbook*, March 22, 2012.

³⁶ GAO, *Standards for Internal Control in the Federal Government*, updated September 2014.

³⁷ Letter from Senator Kelly A. Ayotte to Mr. John F. Sopko, January 27, 2016.

With regard to its assistance programs, we found that in most cases, TFBSO collected little or no useful data showing the outcomes of its activities.³⁸ TFBSO did not develop objective performance measures to monitor progress, such as jobs created and revenues generated, until 2013, more than 3 years after it began operations in Afghanistan. Even after it did this, its program officers did not consistently collect data showing whether TFBSO projects met these performance measures. Furthermore, we were unable to review documents, such as contract files or e-mail records for non-senior TFBSO personnel, because they appear to have been disposed of in accordance with government-wide policies and procedures.

With regard to support operations, we found that TFBSO did not consistently collect data in accordance with DOD regulations about its personnel in Afghanistan³⁹ or its government-furnished property.⁴⁰ As we reported in our letter about TFBSO's villas, we could not definitively state how much TFBSO spent on housing, life support, transportation, and security.⁴¹ These gaps in information make it impossible for us to verify claims TFBSO officials made about the costs and benefits of its forward operations. For instance, in 2014, former TFBSO Director Paul Brinkley wrote,

Our goal was to get businesses running and to encourage private investors and corporations from outside of Afghanistan to engage in the country either as trading partners or as investors. Wherever possible, we avoided depending on the military. We were part of their mission . . . but we avoided living on military bases whenever possible. The goal was to show private companies that they could set up operations in Afghanistan themselves without needing military support.⁴²

Because TFBSO apparently did not keep records of who stayed at its villas, which companies they represented, or whether they invested in Afghanistan, we cannot determine whether TFBSO's decision to have these guests reside in private villas, rather than on military bases, resulted in any private sector investments in Afghanistan.

In September 2013, 1.5 years prior to ceasing operations, TFBSO paid \$3.4 million to Leidos to perform an economic impact assessment of TFBSO's work, and \$204,258 to the RAND Corp. for a lessons learned study, in a retroactive effort to evaluate TFBSO's overall performance in Afghanistan.⁴³ However, in its January 20, 2016, testimony to the Senate Armed Services Committee, Subcommittee on Readiness and Management Support, DOD stated that it believed the economic impact assessment's methodology to be "flawed." A RAND official told us that this sort of backwards-looking impact analysis was limited by TFBSO's failure to collect performance data from the start, which is why RAND focused on institutional processes and procedures in its lessons learned report. While Vestige Consulting, the Leidos subcontractor that produced the economic impact assessment, stood by the conclusions of its report, it wrote to the Senate Armed Services Committee that, per

³⁸ GAO's *Standards for Internal Control in the Federal Government* requires agencies to document guidance to help manage agency activities but allows agencies to tailor control activities. According to the standards, written guidance that directs project management is an integral part of an agency's planning, implementing, reviewing, and accountability for stewardship of government resources and achieving effective results. See GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G, updated September 2014.

³⁹ DOD Instruction 1400.32, "Civilian Work Force Contingency and Emergency Planning Guidelines and Procedures," states that the heads of the DOD components shall establish civilian work force accountability procedures (i.e. tracking names, number, locations, status, etc. for civilian employees) in theaters of operations.

⁴⁰ DOD Instruction 5000.64, "Accountability and Management of DOD Equipment and Other Accountable Property," states, "Although the Department of Defense may not have physical custody, in order to maintain effective property accountability and for financial reporting purposes, DOD Components shall establish and maintain records and accountability for property (of any value) furnished to contractors as Government furnished property."

⁴¹ SIGAR, *Response to Congressional Request for Information about TFBSO Villas*, SIGAR 17-14-AL, December 5, 2016.

⁴² Brinkley, Paul, *War Front to Store Front: Americans Rebuilding Trust and Hope in Nations Under Fire* (New York: Turner Publishing Company/Wiley General Trade, 2014).

⁴³ TFBSO had previously awarded a \$20.6 million contract to Leidos to perform a seismic survey, a project where Leidos failed to meet all contract deliverables.

guidance from TFBSO, it allocated 41 percent of all overhead costs to TFBSO's energy projects, and was also directed to allocate TFBSO's energy experts' labor costs evenly across TFBSO's energy projects rather than attempt to determine the actual labor costs for each project. Vestige suggested that this may have inflated the costs of smaller projects, which did not actually require as much time and labor as larger projects. Assuming DOD's and Vestige's January 2016 testimony is accurate, Vestige's methodology for assigning both overhead and labor costs appears to have been arbitrarily decided by TFBSO leadership.

DOD officials claim that the lack of records related to TFBSO's operations in Afghanistan is due to (1) inconsistent record retention policies among the contracting offices that supported TFBSO; (2) DOD's loss of contract files;⁴⁴ and (3) TFBSO's failure to establish record retention policies. A senior TFBSO official told us that in 2014, TFBSO's final year of operations, TFBSO leadership hired document retention experts to scan all available TFBSO documents onto a hard drive. DOD provided this hard drive to SIGAR on January 14, 2016, stating that this represented all unclassified documents TFBSO left behind when it closed.⁴⁵ However, DOD has acknowledged that gaps exist in this record.

Our analysis of the files on the hard drive confirmed that important data were missing. For example, one of the documents DOD provided was a spreadsheet, dated October 1, 2014, that DOD said summarized all contracts funded by TFBSO at the time the spreadsheet was created. But during our review, we contacted contracting offices that had worked with TFBSO and requested all contracts that they had awarded on TFBSO's behalf. Through this process, we discovered and reviewed nine additional contracts not documented in this spreadsheet, even though all were awarded before October 1, 2014.

Separately, we requested copies of all files RAND used when writing its lessons-learned report for DOD. After obtaining and analyzing copies of RAND's files and then providing these documents to SIGAR, DOD said it had "discovered that some of the files . . . we are providing may not have been saved in the TFBSO archive and, therefore, may not have been included in the hard drive provided to SIGAR earlier this year." DOD further added that it would submit these newly found documents to an archive maintained by the Washington Headquarters Service.

In the absence of a complete record from DOD, we attempted to reconstruct TFBSO files using documents we obtained from TFBSO's contractors and contract administration offices. Of the 124 discrete TFBSO contracts we identified, the contracting offices were able to provide full contract files for only 89, or 72 percent. In fact, while TFBSO was appropriated more than \$822.85 million from FY 2009 to its closure, we were able to identify just \$675.88 million in obligations from our review of the 124 contracts. While we attempted to locate and review all contracts related to TFBSO's programs and operations, we cannot be sure that we located every contract because of the poor record keeping and record retention by both TFBSO and some of the contracting offices that supported it. Additionally, given the age of these contracts, some may not have been available because they may have been properly disposed of in accordance with the FAR.⁴⁶ However, our review of the existing and available contract files showed that they did not all contain the quality assurance documents required by the FAR. For example, we found COR appointment letters in only 54 of the 76 service contracts we reviewed (71 percent) and a quality assurance surveillance plan in only 25 of the 76 service contracts we reviewed (33 percent). These data collection and retention issues limited our ability to track TFBSO expenditures and to evaluate the effectiveness of the more than \$675 million that TFBSO obligated.

⁴⁴ Several of the DOD contracting offices that supported TFBSO, such as the Kabul Regional Contracting Center and the Bagram Regional Contracting Center, were located in Afghanistan. DOD officials told us these contracting offices commonly lost their hard copy contract files because of damage in theater, failure to upload contract files onto electronic systems, or not shipping their archived contracts to the right location in the United States.

⁴⁵ DOD also provided all classified TFBSO records to SIGAR on a separate disc. We determined that the classified documents were all related to TFBSO operations in Iraq; none pertained to Afghanistan.

⁴⁶ At the time these contracts were awarded, the FAR required contracts below the Simplified Acquisition Threshold (\$1.5 million for contracts in support of contingency operations outside of the United States) to be retained for 3 years, and for contracts awarded above the Simplified Acquisition Threshold to be retained for 6 years and 3 months.

In sum, because TFBSO failed to create a records retention policy, and both RAND and DOD's contracting offices provided us program documents that were not captured on the TFBSO hard drive, we have no confidence that TFBSO properly collected and maintained all required files. Because we were provided only 89 of 124 TFBSO contract files, we also have no confidence that the U.S. government agencies that supported TFBSO were able to fill all the gaps in their official records.

TFBSO DID NOT CLEARLY ARTICULATE ITS MISSION, OBJECTIVES, AND STRATEGY FOR AFGHANISTAN UNTIL AUGUST 2012, AND INCONSISTENT COORDINATION LED TO CONFLICTING EFFORTS

TFBSO did not document organizational priorities, such as its objectives, mission, and strategy until more than 2.5 years after it began operating in Afghanistan. Without a clear and coherent strategy and objectives, it is difficult to plan and execute programs and projects that achieve desired results. TFBSO's failure to document basic organizational priorities contributed to conflict with other U.S. donor agencies, temporary loss of funding, senior staff turnover, and the initiation of numerous projects that were later cancelled, wasting taxpayer resources.

GAO's *Standards for Internal Control in the Federal Government* states that a federal entity's management is responsible for setting objectives "to meet the entity's mission, strategic plan, and goals and requirements of applicable laws and regulations."⁴⁷ These objectives should be defined in "specific and measurable terms" to enable management to identify, analyze, and respond to risks related to achieving those objectives.⁴⁸ GAO further states, "An entity's mission may be defined in a strategic plan" that sets "the goals and objectives for an entity along with the effective and efficient operations necessary to fulfill those objectives."⁴⁹

We were unable to find evidence that TFBSO ever articulated an internal strategy during the first 2.5 years of its work in Afghanistan. In a memorandum dated March 25, 2010, after TFBSO had begun its Afghan operations, the Secretary of Defense directed it to "focus on economic opportunities including private investment, industrial development, banking and financial system development, agricultural diversification and revitalization, and energy development."⁵⁰ Former TFBSO senior officials told us that TFBSO's management team and staff broadly understood their approach would use small-scale economic development projects to create jobs for at-risk populations, thereby diminishing economic reliance on insurgent activity. In the FY 2011 NDAA, Congress authorized TFBSO to carry out "projects that facilitate private investment, industrial development, banking and financial system development, agricultural diversification and revitalization, and energy development" in order to "reduce violence, enhance stability, and support economic normalcy in Afghanistan through strategic business and economic activities." Later, in the FY 2012 NDAA, Congress removed the "banking and financial system development" and "agricultural diversification and revitalization" from the list of specific areas TFBSO should focus on.

However, the earliest example we found of an internal document discussing TFBSO's strategy was dated August 29, 2012, several months after TFBSO's fourth director assumed his post. In this document, as well as similar documents TFBSO later provided to Congress and other stakeholders, TFBSO wrote that its mission and strategy was to promote stability in Afghanistan by stimulating economic growth through the private sector by:

- Assisting the Afghan government in developing its natural resources in an open and fair manner that maximizes the benefit to the Afghan people;

⁴⁷ GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G, updated September 2014, p. 12.

⁴⁸ *Id.*

⁴⁹ *Id.*, p. 13.

⁵⁰ Robert Gates, "Continuation of Task Force for Business and Stability Operations," March 25, 2010.

- Creating opportunities for using natural resources in Afghanistan to support industrial development and to reduce dependence on imported resources;
- Identifying business and investment opportunities for domestic and foreign investors and helping to connect financing sources to those opportunities;
- Enhancing the international competitiveness and value creation potential of Afghan businesses;
- Promoting the growth of small and medium-sized businesses through business consulting and entrepreneurship training;
- Helping to enhance the value content of indigenous products connecting Afghan producers with international markets; and
- Communicating Afghanistan’s economic potential and the reality of its increasing normalization and stability to investors and partners around the world.

Finally, TFBSO wrote that its objectives were to attract new investments in Afghanistan, generate revenues for the Afghan government, enable the creation or expansion of Afghan businesses, and create more jobs that are licit for the Afghan people.

According to TFBSO documents and former senior TFBSO officials, there are several reasons why TFBSO did not clarify its objectives, mission, and strategy in writing until August 2012 or later. First, as demonstrated above, TFBSO’s mandate—as described by Congress, DOD, and other external stakeholders—evolved several times between 2009 and 2012.

Second, one former TFBSO director told us that TFBSO lacked policy direction and a whole-of-government development strategy from State. According to National Security Presidential Directive 44, State is responsible for coordinating and strengthening U.S. efforts “to prepare, plan for, and conduct reconstruction and stabilization assistance and related activities,” including harmonizing such efforts with U.S. military plans and operations.⁵¹ However, as we highlighted in our first report on U.S. efforts to develop Afghanistan’s extractive industries, while State has documented the U.S. government’s broader development objectives for Afghanistan, it has provided little guidance to other U.S. entities on how to go about achieving those objectives and has not coordinated their activities.⁵² TFBSO officials said that in the absence of policy direction from State, they worked to meet Afghan development needs that they understood were not being met by USAID, USFOR-A, and other international donors.

Third, former senior TFBSO officials told us that TFBSO’s founding director was afforded a large degree of independence because of his personal relationships with senior DOD leadership. Several TFBSO contractors further stated that the founding director had a “startup approach” that placed a high value on TFBSO’s adaptability as an organization. This is reflected in a 2009 management memorandum in which the founding director wrote that TFBSO has been successful because it was designed with the flexibility to respond to the dynamic operating environments of Iraq and Afghanistan while combat operations were ongoing. TFBSO’s subsequent directors told us that they placed a greater emphasis on communicating its mission, strategy, and objectives to external stakeholders such as State and Congress.

⁵¹ Executive Office of the President, *National Security Presidential Directive 44: Management of Interagency Efforts Concerning Reconstruction and Stabilization*, December 2005.

⁵² SIGAR, *Afghanistan’s Mineral, Oil, and Gas Industries*, SIGAR 15-55-AR, April 24, 2015, p. 9.

TFBSO's Lack of a Clear Role in Afghanistan Led to Conflict with Other U.S. Agencies, a Temporary Loss of Funding, Senior Staff Turnover, and the Initiation of Projects that Were Later Cancelled

TFBSO officials told us that TFBSO's early failure to communicate its mission, strategy, and objectives had an adverse effect on its relationships with State and USAID. TFBSO officials and its contractors observed that State and USAID seemed suspicious of TFBSO's motivations, and wanted to defend their development areas from what they viewed as DOD encroachment. According to TFBSO contractors, shortly after TFBSO entered Afghanistan in 2010, State challenged TFBSO's ability to use Title 10 (military) funding for its activities, arguing that development and foreign assistance activities properly fall under State's authority. Referring to this criticism from State and other federal government actors, in his February 2011 testimony before the Senate Armed Services Committee, the Secretary of Defense said TFBSO "is one of those things that creates incredible antibodies in the bureaucracy," and would not be able to do its job without the "protection" of DOD.

In the FY 2011 NDAA, Congress resolved the funding question by specifically authorizing TFBSO to use \$150 million in FY 2011 Title 10 funding for its development and foreign assistance activities. However, before this law came into effect, DOD's legal counsel determined that TFBSO could no longer use FY 2010 Title 10 funding to sustain its programs in Afghanistan. In November 2010, the Deputy Commanding General, U.S. Army Central Command, received a legal memorandum from the Staff Judge Advocate explaining that some of TFBSO's programs for FY 2011 included "foreign assistance type activities" that could "not be funded with Title 10 [O&M] funds unless specific authority is provided by Congress."⁵³ The memorandum did not express an opinion as to whether it was legal for DOD to have funded TFBSO's activities in Afghanistan prior to FY 2011 with funds from the Army's O&M appropriation account. However, senior TFBSO officials said they were instructed to wait for Congress to pass the specific authorization contained in the FY 2011 NDAA before spending any more money on its projects. TFBSO contractors said this resulted in the discontinuation of an early extractives project and a banking project because their FY 2010 funding expired.

Additionally, DOD apparently misinterpreted a key provision in the FY 2011 NDAA, believing that the law required it to shut down TFBSO and transfer its remaining projects and assets to State before December 2011. The Chair and the Ranking Member of the Senate Committee on Armed Services sent the Secretary of Defense a letter on April 19, 2011, to correct DOD's understanding of the law and clarify that TFBSO was to continue operating as a DOD entity.⁵⁴ However, TFBSO's founding director, operating under the assumption that TFBSO was "basically going away," had at this point already decided to resign from the organization. Much of TFBSO's senior leadership soon followed, resigning at about the same time or shortly thereafter. TFBSO officials and contractors told SIGAR that these departures made it more difficult to recruit and retain experienced staff at all levels of the organization in later years. DOD and TFBSO might have been able to avoid this chain of events had they better clarified TFBSO's role and obtained State's buy-in for its organizational mandate prior to initiating operations in Afghanistan.

Furthermore, TFBSO senior officials stated that TFBSO's lack of a documented mission, objectives, or strategy led it to pursue more projects than it could reasonably accomplish with its resources and to pursue projects that were redundant with those of USAID and other agencies. In a written response to SIGAR, one senior official stated that upon joining TFBSO,

The first thing I noticed was that the organization was involved in far too many activities. The list of projects was extremely long and unfocused and seemed to be a hodge-podge of

⁵³ Memorandum for Deputy Commanding General, U.S. Army Central Command, Camp Arifjan, Kuwait, Subject: Legal Review – Task force Business Stability Operations, November 6, 2010.

⁵⁴ Letter from Senators Carl Levin and John McCain (Chair and Ranking Member of the U.S. Senate Armed Services Committee) to Secretary of Defense Robert Gates, April 19, 2011.

projects without a strategy. The organization was trying to do too many things, including work that overlapped with that of other organizations working in Afghanistan.

This official also said, “The staff generally understood its mission and was motivated to continue to execute it, but was lacking in leadership and direction.” According to TFBSO officials, its later leadership team decided to cancel several projects that it thought were unnecessary or redundant with the activities of other donors.

TFBSO’s Poor Coordination with State, USAID, and USFOR-A Led to Redundant or Conflicting Efforts, and Wasted Expenditures

TFBSO did not consistently coordinate its activities with other U.S. government stakeholders in Afghanistan, namely State, USAID, and USFOR-A. Because of this poor coordination, TFBSO undertook projects that were redundant or in conflict with ongoing projects sponsored by other donors, and wasted money on projects that USAID, State, and USFOR-A did not want and had little interest in sustaining or building upon.

U.S. federal law, regulations, and guidance required TFBSO to coordinate with other agencies operating in Afghanistan. For example:

- The FY 2011 NDAA stated that TFBSO projects should “assist the commander of United States Forces-Afghanistan and the Ambassador of the United States Mission in Afghanistan to reduce violence, enhance stability, and support economic normalcy in Afghanistan.”⁵⁵ The law also specified that all TFBSO projects needed to receive concurrence from the Secretary of State.⁵⁶
- FAR 7.104 states that if “contract performance is to be in a designated operational area or supporting a diplomatic or consular mission, the planner shall also consider inclusion of the combatant commander or chief of mission, as appropriate,” in the acquisition planning process.⁵⁷
- The GAO’s *Standards for Internal Control in the Federal Government* states that federal government entities should communicate with, and obtain quality information from, other government entities so they can achieve their objectives and address related risks.⁵⁸

We found that TFBSO’s coordination with State and USAID was inconsistent. In accordance with the NDAA for FY 2011, TFBSO submitted “concurrence plans”—documents describing its intended work plans for the coming year—and received concurrence from State each year from 2011 and 2014. However, as we reported in our May 2015 audit of the U.S. government’s efforts to develop Afghanistan’s mineral, oil, and gas industries, although these concurrence plans described current and past activities in relative detail, the descriptions of proposed activities lacked similar detail.⁵⁹ In addition, TFBSO’s concurrence plans broadly grouped its projects by area, such as “Energy” and “Agriculture,” meaning that State could not disaggregate and grant or deny concurrence on a project-by-project basis. For its part, State rarely denied or threatened to deny its concurrence for TFBSO’s work plans, even when it had concerns about specific projects. State officials told us they felt they had little leverage to tell TFBSO what it could and could not do.

In July 2011, GAO identified weaknesses in TFBSO’s information-sharing efforts, noting that although TFBSO regularly shared information at senior levels of the U.S. government, its information sharing at the project management level was limited and irregular.⁶⁰ Our review revealed that the conditions GAO uncovered in 2011 remained largely unchanged throughout TFBSO’s existence. According to representatives from USAID, TFBSO’s

⁵⁵ National Defense Authorization Act for Fiscal Year 2011, Pub. L. No. 111-383, § 1535(a)(1).

⁵⁶ *Id.*

⁵⁷ FAR 7.104.

⁵⁸ GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G, updated September 2014, p. 62.

⁵⁹ SIGAR, *Afghanistan’s Mineral, Oil, and Gas Industries*, 15-55-AR, April 24, 2015, p. 10.

⁶⁰ GAO, *DOD Task Force for Business and Stability Operations*, Audit GAO-11-715, July 29, 2011, pp. 11–12.

perception that it did not have to coordinate with other U.S. agencies resulted in TFBSO electing not to share information with USAID beyond the bare-bones concurrence plans it submitted at the outset of each year. One senior TFBSO official stated that TFBSO viewed coordination with embassy officials as a “courtesy” rather than a requirement, and that it answered to the DOD chain of command, not the ambassador. For example, a senior official from the U.S. Embassy in Kabul stated that TFBSO planned and executed a \$39.6 million natural gas pipeline project that State and USAID had recommended against earlier, and they did not find out that TFBSO had gone through with the project until Afghan government officials thanked the ambassador for the U.S. government’s support.⁶¹

Even within DOD, TFBSO’s coordination efforts varied. TFBSO officials and contractors stated that some TFBSO directors developed close working relationships with the USFOR-A commander. They said that other directors, by contrast, had irregular or “dysfunctional” relationships with USFOR-A leadership. Furthermore, our analysis of TFBSO projects shows that TFBSO’s coordination with USFOR-A waned over time. Between 2010 and 2013, TFBSO created a help desk to facilitate USFOR-A’s electronic payments to Afghan vendors; coordinated with the U.S. Army Corps of Engineers to construct a cold storage and distribution center in Gereskh, Helmand province; repaired a food packing facility constructed earlier by USFOR-A troops in Marjah, Helmand province; and funded an economic impact assessment and railway feasibility study requested by U.S. Central Command. However, after 2013, TFBSO does not appear to have coordinated efforts with USFOR-A. In its survey of government officials, RAND found that:

Integrating TFBSO operations into tactical and strategic military operations remained a challenge through the organization’s life in Afghanistan. A prevailing view among the military respondents was that TFBSO was a tool that should have benefited the military effort, but that it “stayed out on an island” rather than becoming a team player.⁶²

DOD officials, State officials, and TFBSO contractors provided multiple explanations for TFBSO’s failure to regularly coordinate with State, USAID, and USFOR-A. First, TFBSO officials and TFBSO contractors said that poor coordination has generally been a problem with all U.S. organizations performing development work in Afghanistan. One senior TFBSO official said this is partly because State did not take an active role in directing other U.S. agencies’ development work. State officials told us that, in TFBSO’s case, because the FY 2011 NDAA placed TFBSO under DOD’s chain of command, State had limited ability to direct TFBSO. Second, TFBSO officials and contractors stated that their early relationships with State and USAID were particularly strained by the aggressive and confrontational personal styles of TFBSO’s early directors, which sometimes approached open contempt for their approaches to development in Afghanistan. They said that relations improved under subsequent TFBSO directors who had more collaborative styles. Third, TFBSO selected its projects following different parameters than USFOR-A. In its lessons learned report, RAND found that the military felt that tactical and operational needs should dictate where to direct TFBSO’s efforts, whereas TFBSO believed market forces should be the primary driver of specific opportunities.⁶³ One TFBSO official told us that they felt USFOR-A often had trouble “thinking outside the box” and did not know how to use TFBSO’s unique capabilities.

TFBSO’s poor coordination with other agencies diminished its ability to align its activities with the priorities of the USFOR-A commander and the U.S. ambassador to Afghanistan. This is most apparent in the case of USAID, whose projects were sometimes repetitive of, or in conflict with, TFBSO’s. For example, USAID officials stated that TFBSO’s natural gas pipeline project—that both USAID and State actively opposed—conflicted with USAID’s plans for the region. These officials explained that USAID intended to build a natural gas-fired power plant near Afghanistan’s gas deposits in Sheberghan, eliminating the need to repair and replace the pipelines transporting the gas to older power plants elsewhere, which TFBSO was seeking to do. In another example, despite the fact that USAID’s Mining Investment and Development for Afghanistan Sustainability Program

⁶¹ SIGAR, *Afghanistan’s Mineral, Oil, and Gas Industries*, 15-55-AR, April 24, 2015, pp. 9-10.

⁶² RAND Corp., *Task Force for Business and Stability Operations: Lessons from Afghanistan*, 2016, pp. 49–50.

⁶³ *Id.*, pp. 55–56.

shared many of the same objectives as TFBSO's older Mining Contract Tender Support and Promotion Project, USAID's contractor told us that TFBSO transferred little knowledge and few documents about the processes it had developed for the Afghan government, resulting in USAID needing to replicate that work. Additionally, the USAID contractor said they were "strongly inclined" to develop new contract tenders rather than continue work on TFBSO's incomplete contract tenders.

Redundancies and conflicts between TFBSO and USAID were not limited to the extractive industries sector. For instance, TFBSO was forced to cancel its banking sector projects, after obligating \$13.6 million in direct costs, when USAID and State withheld their required concurrence. TFBSO's contractor for these efforts told us that this may have happened because USAID believed TFBSO's work to be in conflict with its own mobile money initiative. On TFBSO's agriculture projects, worth \$15.3 million in direct costs, RAND found that "TFBSO's nascent effort to promote agribusiness was largely shuttered because it duplicated some work of USAID and was not considered a core competency of the organization."⁶⁴ In a response to a draft of this report, DOD told us that TFBSO's later leadership should be commended for their willingness to reevaluate and discontinue TFBSO projects deemed redundant with USAID's. Regardless, these project cancellations would not have been necessary had TFBSO's earlier leadership coordinated with USAID in the first place.

TFBSO'S POOR PLANNING, CONTRACTING, AND OVERSIGHT PRACTICES CONTRIBUTED TO INCOMPLETE PROJECTS, UNSATISFACTORY WORK, AND AVOIDABLE DELAYS, RESULTING IN WASTED EXPENDITURES

Our review of TFBSO's contracting and oversight practices found numerous deficiencies. For example, contracting officers and former TFBSO contractors described TFBSO's planning as rushed and lacking in forethought, which allowed predictable delays to have outsized impacts on some projects. Furthermore, we found that of the 89 contracts for which there was complete documentation, TFBSO awarded 43, or 48 percent, with less than full and open competition.⁶⁵ Furthermore, TFBSO's program officers did not always define specific and measurable requirements for TFBSO contracts. This led to miscommunications between TFBSO and contractors, resulting in some projects meeting the contract's technical requirements but not meeting the project objectives as TFBSO program officers understood them. Finally, TFBSO's program officers—who typically served as the CORs for TFBSO contracts—attempted to resolve disputes with contractors on their own rather than reporting these disputes to the contracting officer in a timely fashion. This delayed opportunities for the contracting officers to take corrective actions, and resulted in some contractors being paid for unsatisfactory work.

TFBSO Executed Projects on Tight Timelines and Did Not Fully Account for Afghanistan's Politics, Culture, Weather, or Security, Resulting in Waste

TFBSO's timelines for its projects were often overambitious and left little room for error. According to contracting officers, TFBSO personnel were generally inexperienced and unfamiliar with government contracting regulations and timelines, and their plans tended not to account for routine delays in the U.S. contracting process. Furthermore, TFBSO program officers were often unrealistic about how quickly they could execute projects, underestimating how much political resistance, community concerns, poor weather, and bad security would delay their projects. By not allotting its staff and contractors the time they needed, TFBSO ended up wasting money on projects it never could have realistically completed.

⁶⁴ *Id.*, p. 19.

⁶⁵ For the purposes of this report, a "complete contract file," refers to the files required by FAR Subpart 4.8, "Government Contract Files." According to the FAR, complete contract files should contain the base contract, all modifications, solicitation and pre-award documentation, and post-award documentation and correspondence.

Federal contracting regulations and guidance stress the importance of planning ahead. According to FAR 7.104, "Acquisition planning should begin as soon as the agency need is identified, preferably well in advance of the fiscal year in which contract award or order placement is necessary." It further states, "Requirements and logistics personnel should avoid issuing requirements on an urgent basis or with unrealistic delivery or performance schedules, since it generally restricts competition and increases prices." Additionally, DOD's *Contingency Contracting Handbook* states that "research is the key" when planning a contract in a contingency environment, and recommends that program managers become familiar with the local currency, business customs, society, and culture. It further states that contracting actions can have significant economic and political implications, and that program managers should be aware of these when validating and coordinating contract requirements to ensure that these requirements meet mission needs.

Several of the contracting officers and contractors who worked with TFBSO told us that its management and program officers often had unreasonable expectations about how quickly contracts could be planned and executed. Two contracting officers stated that many of TFBSO's requirements for new contracts were submitted at the last minute and characterized TFBSO as a "frantic organization" that often expected unreasonable turnaround times from its contracting offices. Similarly, several contractors told us that TFBSO expected them to deploy staff to Afghanistan immediately after their contracts were signed. While they insisted that quick deployments were achievable, they indicated that this expectation was both unusual and costly.

The contracting officers, contractors, and TFBSO officials we spoke with suggested that there were three reasons for TFBSO's short contracting timelines. First, they pointed out that TFBSO was a temporary entity, and from 2011 onward, there was annual uncertainty about whether it would be reauthorized by Congress. Prior to 2011, TFBSO funding was controlled by the Secretary of Defense. However, beginning with the FY 2011 NDAA, Congress began authorizing and appropriating TFBSO funding annually. Each former TFBSO director we spoke to said this limited authorization window affected TFBSO's ability to plan and execute its programming. They told us that they had to plan for the possibility of TFBSO's termination at the end of each year, then ramp up operations again if and when they received continued authorization and funding. Second, several directors told us TFBSO was often reacting to demands from USFOR-A, which typically wanted programs to start immediately after or during military operations, and this further limited their ability to plan ahead. Third, several contracting officials commented that TFBSO personnel were generally inexperienced and unfamiliar with government contracting timelines. They said that TFBSO was an "extremely unique DOD entity" and that their working relationships with TFBSO were difficult at first, but improved over time as both the contracting officials and TFBSO program officers learned how to work with each other.

We found several cases when TFBSO's tight timelines, coupled with delays in contract award and execution, contributed to project failure. This is most apparent in TFBSO's two contracts to collect seismic imaging data for subsurface hydrocarbons deposits in the Kushka Basin. TFBSO wasted \$25.3 million on these two contracts, which together produced only 17 percent of the data TFBSO wanted.

The first firm-fixed-price Kushka Basin seismic survey contract, worth \$4.7 million, was terminated for cause in March 2013. According to a representative of the contractor, Terraseis Trading Ltd., the project did not collect any data for the 300-kilometer line of measurement because TFBSO did not provide necessary equipment to Terraseis until nearly 2 months after the delivery date agreed upon in the contract. This, in turn, prevented the contractor from performing its work before the onset of winter and inclement weather. Seeking to renew operations when favorable weather returned, the contractor discovered that TFBSO had instead terminated its contract for nonperformance.

In September 2013, TFBSO awarded a second cost-plus-fixed-fee contract, worth \$20.6 million, to another contractor, Leidos, to conduct the same work. However, TFBSO received seismic data for only 52 kilometers, or just over 17 percent, of the expected 300 kilometers for the Kushka Basin project. A Leidos representative told us TFBSO delayed the contract award, pushing its start date from summer into fall. This representative also claimed that TFBSO did not share critical information about the Terraseis contract, namely the delays caused by insurgent attacks and weather. The representative stated that the Leidos effort was similarly delayed because of frequent insurgent attacks, and, like Terraseis, Leidos had to suspend operations in the winter to

wait out inclement weather. The representative said Leidos could have met its objectives had it been given more time, but TFBSO refused to grant an extension to the contract.

In a third case, TFBSO awarded a contract to Metis Solutions LLC, only to terminate it for convenience after less than 5 weeks because of timeframe concerns. According to a TFBSO memorandum, the expiration of its funding authorization in 2014 provided too narrow a window for the contractor to meet the requirements of the performance work statement. Also, a primary contributor to the contract's termination was an unsuccessful bidder's protest that stopped all work on the contract and delayed its start date. TFBSO leadership determined that by the time any corrective action could be taken, the contract would no longer be effective. A representative from Metis stated that TFBSO had expected Metis personnel to arrive in Afghanistan very quickly and that there was no time for ramping up prior to entering the country. Although it was TFBSO's prerogative to terminate contracts because of unforeseen obstacles, it may have avoided the waste of \$83,861 had it not rushed Metis contractors to deploy to Afghanistan before the protest could be resolved.

Furthermore, because TFBSO did not adequately plan for delays resulting from Afghanistan's bureaucratic inefficiency and the country's challenging political context, even projects that may have been viable had poor outcomes. For example:

- TFBSO spent \$4.5 million to develop an industrial park outside of Mazer-e Sharif that included a glass production plant and power plant as the anchor project to attract other business investments to the park. However, the glass production and power plant's operations hinged upon having a reliable source of natural gas.⁶⁶ According to a representative of the company that owns the plants, even though the facility is one kilometer from an existing natural gas pipeline, the Ministry of Mines and Petroleum was unwilling or unable to sign an agreement to sell gas to the plants. The representative said that without this natural gas, the glass production plant lacks reliable access to electricity and cannot operate the machinery necessary to fulfill its primary function. Finally, this representative told us that the glass production plant is otherwise in good condition and has been able to adapt its operations somewhat to temper glass imported from elsewhere. However, because the plants are not able to generate electricity for themselves and other tenants in the industrial park, TFBSO's investment in the project has not promoted economic development in the area, as intended.
- TFBSO sought and obtained permission to build a cold storage and distribution center on a plot of land in Gereskh, Helmand province owned by the Ministry of Commerce and Industry. TFBSO obligated \$3.4 million to construct the building. However, the TFBSO employee tasked with finding a local company to take over the facility told us that although there was initial interest, it declined after construction fell behind schedule and security in the area deteriorated because of coalition troop withdrawals. According to this official, when TFBSO eventually located a company willing to take over operations and maintenance of the facility, it was contingent on the company owning, not leasing, rights to the land. However, the Ministry of Commerce and Industry refused to sell, and the company never took over the facility. The TFBSO official stated that in his opinion, this was a major factor in why TFBSO never found a company to operate and maintain the facility.
- TFBSO obligated \$51 million to facilitate the award of between 8 and 12 large-scale mining contracts to international companies. However, TFBSO officials and contractors said they overestimated the speed at which the Ministry of Mines and Petroleum could work and underestimated the resistance they would face from other ministries. As a result, after repeated delays, no contracts were signed but four contracts were brought to the point that they only needed the Afghan government's signature. However, the government refused to sign any of these contracts because of political concerns surrounding mining contracts.⁶⁷

⁶⁶ The power plant is currently non-operational because of a lack of natural gas.

⁶⁷ SIGAR, *Afghanistan's Oil, Gas, and Minerals Industries*, SIGAR 16-11-AR, January 11, 2016, p. 35.

TFBSO Awarded Nearly Half of the 89 Contracts SIGAR Reviewed Noncompetitively, Which May Have Led to Waste

Federal regulations emphasize that contracting officers should award contracts whenever possible through full and open competition. In an April 1982 report to Congress, GAO stated that the use of full and open competition helps maximize value for the government and minimizes the opportunities for collusion, among other benefits.⁶⁸ While the FAR allows government agencies to limit competition in cases of “unusual and compelling urgency,” it indicates that these cases should be the exception, not the rule. During our review of TFBSO records, we identified 124 discrete contracts, but were able to locate and review the full contract files for only 89 of them. However, we found that TFBSO used the “unusual and compelling urgency” justification to limit competition for 43 contracts, or 48 percent of contracts awarded, totaling \$200.8 million in obligations. Furthermore, seven of these contracts, totaling \$35.1 million, were awarded to firms employing former TFBSO staff as senior executives. By not opening up its contract to competition, TFBSO increased the risk that these contracts would be awarded to firms that were incapable of completing their work, wasting taxpayer money.

The issuance of limited competition and sole-source contracts proliferated in 2011, when the Under Secretary of Defense for Acquisitions, Technology, and Logistics issued a class justification and approval memorandum that allowed TFBSO to award all its FY 2011 contracts without full and open competition.⁶⁹ The memorandum stated, “Failure to conduct critical procurements expeditiously will jeopardize the ability to achieve the mission objectives” designed to “stabilize the Afghanistan economy and put the country on a path to self-financed security and development.” One senior TFBSO official told SIGAR that the FY 2011 class justification was issued under the assumption that TFBSO would close at the end of 2011. According to this same official, given the unexpected and temporary loss of funding in 2010, followed by the resignation of TFBSO’s founding director in 2011, DOD determined that TFBSO needed to be able to execute its remaining funds quickly to complete its unfinished projects in Afghanistan. This official said that after Congress directed DOD not to close TFBSO at the end of 2011, the assumptions contained in the FY 2011 class justification were not reassessed, leading TFBSO into a practice of seeking limited competition and sole-source awards even when it was unneeded. Furthermore, another senior TFBSO official told us that TFBSO’s leadership team believed competitive government contracting practices to be “cumbersome, slow, and unresponsive.” This official told us that TFBSO was “constantly trying to execute rapidly to achieve results” and noted, “Competitive bidding for all contracts would have significantly slowed our operations and reduced our effectiveness.”

While the FY 2011 class justification and approval memorandum applied only to FY 2011 funds, TFBSO used other mechanisms after FY 2011 to continue awarding contracts without full and open competition. A former TFBSO contractor told us that in some cases TFBSO used the 8(a) Business Development Program to quickly award contracts valued at less than \$4 million without competition, then communicated the expectation that the contractor should award subcontracts to TFBSO’s preferred vendors.⁷⁰ At least three such contracts were awarded to Hickory Ground Solutions LLC, an 8(a) company that employed a former TFBSO official as its chief executive.⁷¹

⁶⁸ GAO, *Report to the Chairman, House Committee on Government Operations of the United States: Less Sole-Source, More Competition Needed on Federal Civil Agencies’ Contracting*, April 7, 1982.

⁶⁹ Normally, TFBSO would have needed to provide a separate justification for each individual contract that it sought to award on a limited or sole-source basis, but this class justification memorandum was intended to fulfill that requirement for multiple, future contracts at once.

⁷⁰ The 8(a) Business Development Program is a business assistance program for small, disadvantaged businesses. It offers assistance to firms that are owned and controlled at least 51 percent by socially and economically disadvantaged individuals. Participants in the 8(a) program can receive sole-source contracts valued up to \$4 million for goods and services and \$6.5 million for manufacturing.

⁷¹ These contracts were D11PC18898, HC1028-11-C-0120, and FA8604-10-D-7046-0001.

Federal statutes and the FAR require full and open competition for the award of contracts, with certain narrow exceptions. Although FAR 6.302 allows government agencies to award contracts without full and open competition in cases of “unusual and compelling urgency,” FAR 6.301 prohibits justifying sole-source awards on the basis of a lack of advance planning by the requiring activity or concerns related to the amount of funds available to the agency. Moreover, GAO states, “Contracts should not be awarded on the basis of favoritism, but should go to those offering the most advantageous contracts to the government.”⁷² By seeking limited or no competition for many of its contracts, TFBSO may not have maximized the cost-effectiveness of its projects, and created opportunities for abuse. As GAO explained in an April 1982 report to Congress, offering all qualified vendors the opportunity to compete helps minimize collusion; ensures that the U.S. government pays the most reasonable price for contract work; and incentivizes vendors to improve the ideas, designs, technology, and quality of the products and services they offer.⁷³ We found several examples that illustrate the negative impact of TFBSO’s reliance on noncompetitive contract awards.

In one case, TFBSO awarded two sole-source contracts, worth a combined \$435,504, one each to Al Ehsan Construction Company and Tak Dana Dry and Fresh Fruit Processing, to construct and equip, respectively, a pomegranate cold storage facility. In an internal memorandum, TFBSO program officers acknowledged that they did so without performing an industry analysis and without fully vetting the companies, which an agriculture development expert operating in Kandahar had introduced to them. According to contract documents, Al Ehsan completed its construction work for the shell building. However, when we visited the site on April 3, 2017, we found no evidence that the shell building existed. TFBSO terminated Tak Dana’s contract for cause when it discovered, after repeated delays, that the contractor had grossly misled them about its progress. According to TFBSO, the company’s project manager was “extremely difficult to work with” and lied to cover up the company’s failure to order necessary equipment, going so far as to arrange a TFBSO “inspection” of this nonexistent equipment before cancelling it because of an apparent illness.

In another instance, a U.S. Department of the Interior contracting officer found that one of TFBSO’s 8(a) contractors, Hickory Ground Solutions—a consulting firm whose chief executive was a former TFBSO employee—was awarded a \$3.9 million sole-source consulting contract and then subcontracted more than 51 percent of its work to a “large business legal firm,” which is prohibited under FAR clause 52.219-14, “Limitations on Subcontracting.”⁷⁴ As the contract progressed, the contracting officer noticed that most of the effort under the contract was legal work being billed by a subcontractor rather than consulting work being billed by Hickory Ground Solutions. The Department of the Interior found that at the end of the contract, Hickory Ground Solutions had billed for roughly 40 percent of the work; then, in its final invoice, it billed just enough to be able to claim it had performed 51 percent of the work. The contracting officer wrote:

Overall, I believe I was misled by the TFBSO on the capabilities of [Hickory Ground Solutions] in fulfilling the requirements of the contract . . . I now believe the previous acquisition should have never been placed in the 8(a) program to begin with.⁷⁵

TFBSO Did Not Consistently Set Clear Performance-Based Contract Requirements

According to federal regulations and guidance, service contracts should have clearly defined requirements, with payments being tied to measurable performance criteria. Despite this, TFBSO, and the contracting offices that supported it, awarded many service contracts that lacked measurable performance-based criteria.

⁷² GAO, *Report to the Chairman, House Committee on Government Operations of the United States: Less Sole-Source, More Competition Needed on Federal Civil Agencies’ Contracting*, April 7, 1982.

⁷³ *Id.*

⁷⁴ FAR 19.508 requires contracting officers to insert FAR clause 52.219-14 in contracts for services if any portion of the requirement is to be set aside for small business and the contract amount is expected to exceed \$150,000.

⁷⁵ Contracting Officer, Department of the Interior, email to Contracting Officer, Department of the Interior, April 3, 2012.

Contracting officers attributed TFBSO's poorly written contracts to the inexperience of its program officers. Additionally, while contracting officers are expected to help inexperienced program officers write more focused contract requirements, TFBSO's ability to shop contracts around to various contract offices limited this process, as contracting offices could refuse to help TFBSO refine poorly written requirements, and TFBSO could in turn avoid contracting offices that gave it too much resistance. Because of ill-defined contract requirements, TFBSO was often unable to hold contractors accountable for poor performance, resulting in money being wasted on contracts that had no positive outcomes.

Both program officers and contracting officers are responsible for making sure that contracts have clearly defined performance-based requirements. FAR 32.1001 states that "performance-based payments are the preferred Government financing method when the contracting officer finds them practical, and the contractor agree to their use." FAR 32.1004 states that performance-based payments may be based on "specifically described events (e.g. milestones) or some measureable criterion of performance." FAR 37.503 states that requirements should be clearly defined so that the agency's requirements can be understood by potential offerors and their performance will meet those requirements. The DOD COR handbook states, "Interpreting the contract requirements can be difficult if the [statement of work] is poorly written, displaying a lack of technical knowledge, inadequate planning or research, lack of communication, differing interpretations, and carelessness." It also notes that a "proper" statement of work with performance-based requirements increases the likelihood of successful contract performance.⁷⁶ Finally, the Office of Federal Procurement Policy's Policy Letter Number 93-1 states that it is the policy of the U.S. federal government that "program officials are responsible for accurately describing the need to be filled or problem to be resolved through service contracting to assure full understanding and responsive performance by contractors, and should obtain assistance from contracting officials, as needed."⁷⁷

We found that for some service contracts TFBSO set clear and measurable performance-based requirements. For example, in its Amu Darya Basin landmine removal contract, TFBSO included a detailed statement of work with a map of the project site, workweek expectations and deadlines, and technical specifications for the equipment to be used. TFBSO also required the contractor to comply with the International Mine Action Standards, Afghanistan Mine Action Standards, and the U.S. Army Corps of Engineers *Safety and Health Requirements* manual. In another case, in its contract for Terraseis's Kushka seismic reflection surveys, TFBSO specified the exact coordinates for the performance area, stipulated that approximately 322 surface kilometers worth of data should be collected, detailed how the data should be processed and delivered, and tied payments to Terraseis's completion of the contract's four performance milestones.

However, we found that TFBSO did not set clear and measurable performance-based requirements for all service contracts. For example, in its \$46.3 million contracts with Zantech Information Technology Services, TFBSO stated that Zantech would provide expertise and technical support services for its projects in hydrocarbons, renewable energy, and electrical power, but gave no specific tasks or milestones. The only deliverables were a project plan, a quality control plan, monthly reports, and a final report. Similarly, the only deliverables in TFBSO's \$11.2-million hydrocarbons sector support contract with PricewaterhouseCoopers were daily personnel reports, weekly accountability reports that provided details on contractor movements in and out of Afghanistan, and biweekly status reports. The only deliverables for TFBSO's logistics, life support, and security contract with Defense Group International were biweekly status reports, a "read file" for latest security procedures and security assessments updated weekly, and security reports upon request.

Contracting officers and one TFBSO contractor attributed these inconsistent contract requirements to the inexperience of TFBSO's program officers. They noted that when the founding director left TFBSO in 2011,

⁷⁶ DOD, Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics, Director of Defense Procurement and Acquisition Policy, *Department of Defense COR Handbook*, March 22, 2012, p. 73.

⁷⁷ Office of Federal Procurement Policy, *Policy Letter No. 93-1 (Reissued): Management Oversight of Service Contracting*, May 18, 1994, p. 3.

many of TFBSO's most experienced staff departed shortly thereafter, and it became difficult for them to recruit and retain talent. One contracting officer stated that many of the TFBSO program officers were very smart and driven, but young and inexperienced. Several contracting officers told us that TFBSO program officers did not understand the limitations of U.S. government contracting, and presented them with incomplete and sometimes excessively ambitious ideas about what they wanted to accomplish.

Furthermore, contracting officers did not always review TFBSO's requirements critically before executing its contracts. For example, in one email, a contracting officer wrote that he felt "pressured" by the blanket justification and approval memorandum issued by the Under Secretary of Defense for Acquisitions, Technology, and Logistics in 2011, which he said created a sense of urgency around TFBSO projects. This contracting officer said, "I have been scrutinizing all TFBSO requirements more closely as of late and am not accepting 'quick need' at face value." Other contracting officers told us that in some cases they worked with TFBSO program officers to translate their ideas into implementable contract requirements. However, one of TFBSO's acquisition specialists told us that TFBSO sometimes had difficulty finding a contracting office willing to award a proposed contract, usually because contracting offices were constrained by their own workloads or felt they did not have the expertise to administer the types of projects TFBSO was proposing. She said that in response, TFBSO would shop around proposed contracts until it found a contracting office willing and able to support them. TFBSO's ability to shop around for contracting offices in this way may have created a perverse incentive structure, as contracting offices could refuse to help TFBSO refine poorly written requirements, and TFBSO could in turn avoid contracting offices that gave it too much resistance.

Washington Headquarters Services contracting officers told us that after their agency started providing free contract support services to OUSD-P in 2011, they started receiving larger numbers of TFBSO's proposed contracts, and also took on a greater role managing the funds TFBSO sent to other contract administration offices. Over time, this allowed them to build relationships with TFBSO program officers and help them improve their contract requirements. However, these Washington Headquarters Services representatives added that by 2014, when they finally "got into a rhythm" with TFBSO and developed a mutual understanding about how best to write TFBSO's unique requirements, TFBSO ceased operations.

In some cases, poorly defined contract requirements led to contractors not meeting TFBSO's objectives as the program officers understood them, yet still completing the contracts. For example, in the file for the aforementioned contract with Defense Group International, we found a March 2011 email from a TFBSO official to the contracting officer complaining that everyone from Defense Group International "[went] home and nobody [was] staffing the villas," but Defense Group International was still submitting biweekly reports and invoices for \$1.5 million in accordance with the contract. The contracting officer responded:

Unfortunately, when a performance based award and its corresponding performance standards are inadequately defined, then yes, the Government has to pay . . . It might also be a good idea to include some qualifying metrics in the QASP [Quality Assurance Surveillance Plan] to make sure that services/deliverables that are important to TFBSO are defined and will be evaluated throughout the performance of the contract.⁷⁸

In another case, we found emails, all dated in early February 2012, between a TFBSO program officer and one of its contractors, GoodWeave International, documenting a dispute concerning the contractor's performance in certifying carpets as child-labor-free. The program officer stated that there had been a "breakdown in communication" and that the contractor "inappropriately invoiced for milestones which they have failed to deliver." GoodWeave responded, "In reviewing the originally agreed milestones, it looks like the imprecise language used has allowed for misinterpretation. Moreover, many of the milestones capture timelines that were originally estimates and now make little sense." In a memorandum for the record, DOD's Office of General Counsel wrote that there would be "litigative [sic] risk" if TFBSO terminated the contract, pointing out that there were a "variety of inconsistencies and discrepancies in the contract that GoodWeave could point to

⁷⁸ Contracting officer, Department of the Interior, email to management & program analyst, TFBSO, August 27, 2012.

as showing that the Government was unreasonable in its drafting of the contract and in its expectations of GoodWeave's performance." Ultimately, TFBSO paid GoodWeave the full \$442,825 agreed upon in the initial contract, even though GoodWeave did not perform the tasks TFBSO had expected it to perform.

TFBSO Did Not Consistently Report Problems Promptly to Contracting Officers, Limiting the Government's Ability to Take Corrective Action and Recover Funds

Federal contracting regulations and guidance stress the importance of frequent and open communication between the contracting officer and the COR responsible for monitoring the contractor. However, TFBSO CORs frequently attempted to fix problems on their own, and they did not consistently report issues in a timely manner, inhibiting the actions its contracting officers could take to fix problems or recover taxpayer money. In some cases, TFBSO CORs waited until after a contractor had submitted most of its invoices before reporting problems to the contracting office. Contracting officers explained to us that at this point, it was usually more cost-effective to let contracts "run their course" rather than attempt to terminate them. This resulted in some contractors being paid in full despite their poor performance.

According to the FAR and DOD's COR handbook, the contracting officer and the COR are jointly responsible for monitoring contractors' performance. FAR 1.602-2 states that the contracting officer is responsible for ensuring contractor compliance with the terms of the contract. FAR 46.401 requires that quality assurance be performed at such times and places as may be necessary to determine that the supplies or services conform to contract requirements. FAR 1.602-2 also states that the contracting officer may appoint a COR for ensuring contractor compliance and that the COR designation letter should be furnished to the contract administration office. According to DOD's COR handbook, the COR must provide reports on contractor performance to the contracting officer as specified in the letter of designation. Furthermore, the COR handbook requires the COR to promptly notify the contracting officer of unsatisfactory performance.⁷⁹

We spoke to contracting officers at different contracting agencies who worked with TFBSO, and they told us that they appointed TFBSO's program officers as CORs for all contracts. However, we found COR appointment letters in only 54, or 71 percent, of the 76 service contracts we reviewed. Despite this lack of documentation, 19 of the 20 former TFBSO contractors with whom we spoke to about project oversight told us that TFBSO required them to submit progress reports and conducted regular meetings and teleconferences. One contractor reported that TFBSO program officers visited Afghanistan on a near-monthly basis, though they were constrained from travelling to the dangerous areas where the contractor worked. All of the contracting officers with whom we spoke reported having regular meetings and teleconferences with TFBSO program officers.

However, we found that TFBSO program officers and CORs did not always submit reports promptly to their contracting officers. In one case, a TFBSO COR did not submit two consecutive COR monthly reports, which almost led to the termination of his COR appointment. In another case, the contracting office threatened to cancel a contract entirely because TFBSO's COR was delinquent in submitting his reports. In a third case, TFBSO did not appear to have direct oversight of the Norman Borlaug Institute at Texas A&M University, the grantee for the Herat Agricultural College project. The Borlaug Institute was required by its grant to send interim and final performance reports to TFBSO. However, a month after the scheduled end of the project, one of TFBSO's contracting specialists emailed a TFBSO program officer requesting invoices and evidence showing completion of the project. According to the TFBSO program officer, she "had no control over the actual contract" and understood that the grantee was required to report directly to the contracting office. This TFBSO program officer did not appear to be aware that, under the terms of the grant, TFBSO was responsible for gathering performance reports and submitting them to the contracting officer.

⁷⁹ DOD, *Department of Defense COR Handbook*, March 22, 2012, pp. 14 and 19.

TFBSO Paid Some Contractors in Full Despite Their Poor Performance

In the event that unsatisfactory contractor performance is identified, the DOD COR handbook instructs the COR to promptly notify the contracting officer so remedial steps can be taken. In some cases, we found evidence that TFBSO program officers and CORs worked with DOD contracting officers to resolve project problems before they did lasting damage. For example, TFBSO awarded a grant worth nearly \$1.9 million to Partners for Sustainable Development and the Future Brilliance Afghanistan Organization to promote the growth of the gemstone jewelry sector in Afghanistan by building the technical and business development skills of gemstone artisans. About 6 months prior to the project's scheduled completion date, TFBSO program officers questioned several key decisions taken by a senior Future Brilliance officer, which led to concerns regarding financial mismanagement and a general lack of progress. One of these program officers told us TFBSO's concerns were significant enough that it considered cancelling the project. However, later reports indicate that TFBSO worked with DOD contracting officers to attempt to rectify these problems by updating the grant to include new milestones clarifying TFBSO's expectations and requiring the grantee to implement new financial control systems. In the end, TFBSO reported meeting or exceeding all required deliverables for the grant.⁸⁰

However, according to its contracting officers, in other cases TFBSO did not report issues in a timely fashion, and often attempted to resolve performance problems on its own rather than working through the contracting officer, leading to increased costs. These contracting offices told us that corrective actions for poor contract performance, such as equitable adjustments or terminations, are time-consuming and require a large amount of evidence. By not reporting problems or reporting them too late, TFBSO hindered contracting officers' ability to take these corrective actions.

In some cases, nonperforming contractors received payments despite their unsatisfactory work. For example, several contracting officers told us that Transformation Advisors Group LLC—another example of a small consulting business that employed a former TFBSO official in a senior capacity—repeatedly attempted to send an individual to Afghanistan who was unable to maintain a medical clearance. Because of health problems, this individual was able to work approximately 31 of the expected 90 days, and this directly affected the contractor's ability to deliver a mining training program for Afghan Geological Survey employees. Transformation Advisors Group insisted that it could not replace this employee, and TFBSO attempted to resolve the situation on its own without informing the contracting office of the problem. Toward the end of the contract, TFBSO notified the contracting office of the issue, but, according to the contracting officers, there was little they could do at that point. They said that this led to Transformation Advisors Group receiving full payment for its services despite its unsatisfactory performance.

Other problems discussed earlier in this report, such as GoodWeave's and Leidos's respective failures to meet TFBSO's objectives for child-labor-free certifications and seismic imaging analysis, might have been resolved or mitigated had TFBSO worked more closely and promptly with its contracting officers. For example, in the case of TFBSO's \$442,825 contract with GoodWeave, TFBSO did not inform the contracting office of the contractor's performance issues until 3 months before the contract's performance period ended, at which point, according to the contract officer, GoodWeave had already invoiced and been paid for the majority of the work. Had TFBSO communicated these problems to the contracting officer earlier, he might have been able to amend the contract to clarify its requirements or initiate a contract termination. However, the contracting officer told us that at such a late stage in the project, he decided letting the contract "run its course" was the most cost-effective thing to do. Similarly, TFBSO officials told us that they attempted to recover funds from Leidos after its failed \$20.6 million seismic reflection survey of the Kushka Basin. However, the Defense Contract Audit Agency audited the contract in 2014 and discovered no unallowable charges. While TFBSO officials did not say why this happened, one possible reason was that TFBSO waited until the contract had nearly expired before attempting to recover money from Leidos. Later records showed that TFBSO paid Leidos \$18.6 million for all of the invoices submitted under the contract.

⁸⁰ We continue to examine the award, oversight, and financial management of this grant.

The contracting officers with whom we spoke said TFBSO's problems with insufficient and untimely COR reporting may have resulted from the general lack of government contract oversight experience within TFBSO. GAO has found that many DOD CORs serving in Afghanistan are not prepared to oversee contracts because they lack sufficient training and the necessary technical expertise.⁸¹ GAO has reported that contract support personnel are often not familiar with their responsibilities until they deploy because the required training does not prepare them to work in contingency environments like Afghanistan. GAO has also found that most DOD CORs perform oversight as an additional duty to their primary responsibilities.⁸² This was true of TFBSO, which typically designated its program officers as CORs.

Another reason for the inconsistent COR reporting involved TFBSO's internal reporting culture. One contractor representative with whom we spoke observed that program officers treated the TFBSO director "like they were walking on eggshells," avoiding discussions about contracts with poor performance. Further, several TFBSO officials and contractors stated that TFBSO's leadership exhibited a strong preference for positive news that they could use to demonstrate TFBSO's continued value to Congress and DOD. One TFBSO field representative stated that TFBSO management suppressed negative field reports that might have led to the earlier cancellation of the previously discussed Leidos seismic survey, a contract with \$20.6 million in obligations that failed to meet its contract deliverables.

ONLY 22 PERCENT OF TFBSO PROGRAMATIC CONTRACTS MET THEIR REQUIRED DELIVERABLES, WHILE 78 PERCENT PARTIALLY MET OR FAILED TO MEET REQUIRED DELIVERABLES

TFBSO's contracts had mixed results in meeting their intended deliverables during TFBSO's 4 years in Afghanistan. For this report, we reviewed TFBSO obligations as provided in its contracts, and are reporting the costs that we independently verified as directly supporting TFBSO projects.⁸³ We divided the remaining overhead costs into two categories: those that indirectly supported TFBSO projects or supported multiple projects, and those that provided general and administrative services in support of TFBSO's operations.

We determined that TFBSO obligated \$316.3 million for contracts directly supporting 35 discrete projects. Of these contracts, \$246.3 million (78 percent) went toward efforts that did not meet all of their required contract deliverables, as defined in the terms of the contracts, while roughly \$70 million (22 percent) went toward efforts that did. In addition to direct project support, TFBSO obligated a total of \$359.5 million for overhead costs. Of these costs, \$299.8 million went toward contracts funding technical consultants and support contractors, which provided planning, logistics, security, and life support services for TFBSO staff and contractors; and \$59.7 million went toward general and administrative expenses that supported TFBSO's operations and management. We identified these projects and costs through the review of the available documentation for the 124 contracts let on TFBSO's behalf. As previously stated, while we attempted to locate and review all contracts related to TFBSO's program and operations, we cannot be sure that we were able to locate every contract because of the poor recordkeeping and document retention by TFBSO and some of its supporting contracting offices.

To assess the contracts that directly supported TFBSO programs, we grouped them into 35 discrete projects based upon shared or complementary objectives. We then assessed these projects as incomplete, partially

⁸¹ GAO, *Operational Contract Support: Management and Oversight Improvements Needed in Afghanistan*, Audit GAO-12-290, March 29, 2012.

⁸² *Id.*

⁸³ We used contract documents and DOD-wide systems as our primary source for obligation figures because we have no confidence that TFBSO's financial records are accurate and because TFBSO had multiple funding accounts, making it difficult to track expenditures.

complete, or mostly to fully complete based upon our determination of how well their component deliverables were completed, such as buildings constructed or data collected. In cases when deliverables could be objectively measured, we determined that a project was mostly to fully complete if the contracts directly supporting it achieved roughly 75 percent or more of their deliverables, incomplete if they achieved roughly 25 percent or less of their deliverables, and partially complete if they fell somewhere in between. In cases when required deliverables could be measured only qualitatively, we exercised our professional judgement to determine whether a project was complete, partially complete, or incomplete.

Of the \$316.3 million TFBSO obligated for direct program costs, we determined that:

- \$80.7 million was obligated to contracts supporting seven projects that met few to none of TFBSO's deliverables;
- \$165.6 million was obligated to contracts supporting 12 projects that partially met deliverables or met them after significant delay; and
- \$70 million was obligated to contracts supporting 16 projects that mostly or fully met contract deliverables without significant delay.

In summary, TFBSO obligated \$246.3 million on contracts that did not fully achieve their deliverables on time. A more in-depth analysis of TFBSO projects and their final known status can be found in appendix IV.

It should be noted that just because some TFBSO contractors met the deliverables as given in their contracts does not necessarily mean that the projects they supported had successful or sustainable outcomes. In other words, project outputs must be distinguished from project outcomes. And, as discussed earlier in this report, several TFBSO contracts had poorly defined requirements that did not correlate with overall project success.

TFBSO Obligated \$80.7 Million for Contracts Directly Supporting Seven Projects that Met Few to None of Their Contract Deliverables

TFBSO obligated at least \$80.7 million to contracts directly supporting seven projects that met few to none of their contracts deliverables—about 26 percent of the \$316.3 million it obligated across all its projects. These projects spanned four TFBSO program areas: agriculture (1), energy (1), indigenous industries (2), and mining (3). Table 1 summarizes information about these seven projects.

Table 1 - Summary of Direct Costs for TFBSO Projects that Achieved Few to None of Their Contract Deliverables

Project	Contractor(s) Grantee(s), or Partner(s)	Total Obligation	Time Frame	Program Area
Mining Contract Tender Support and Promotion	<ul style="list-style-type: none"> ▪ GTW Consultants and Associates LLC ▪ SRK Consulting Inc. ▪ Intrepid TV Ltd. ▪ Pro Global Media Ltd. ▪ Canaccord Genuity Inc. 	\$51,030,041	9/9/2010 - 12/31/2014	Mining
Kushka Basin Seismic Reflection Surveys ¹	<ul style="list-style-type: none"> ▪ Terraseis Trading Ltd. ▪ Leidos Holdings Inc. 	\$25,337,939	8/3/2012 - 3/16/2013; 9/10/2013 - 6/20/2014	Energy
Planning, Management, and Technical Support for Village Stability Operations Projects	<ul style="list-style-type: none"> ▪ Alion Science and Technology Corp. ▪ Metis Solutions LLC 	\$2,586,949	9/30/2011 - 12/17/2013	Mining

Carpet Hub	▪ Tremayne Consulting Inc.	\$803,062	4/27/2011- 4/26/2012	Indigenous Industries
Carpet Child Labor-Free Certifications	▪ GoodWeave International	\$442,825	5/4/2011 - 5/3/2012	Indigenous Industries
Kandahar Pomegranate Cold Storage Center	▪ Tak Dana Dry and Fresh Fruit Processing ▪ Al Ehsan Construction Company	\$435,504	8/25/2011 - 7/31/2012	Agriculture
Chromite Mining in Khas Kunar	▪ Cathay Oil & Gas Ltd.	\$29,950	12/15/2011 - 12/26/2012	Mining

Source: SIGAR analysis of TFBSO award documents and records, interviews with former TFBSO personnel, and interviews with former TFBSO contractors, grantees, and partners.

¹ The Kushka Basin Seismic Reflection Surveys Project was grouped with other seismic reflection survey projects in previous SIGAR audit reports.

Generally, these contract deliverables were not met because of a combination of inadequate planning by TFBSO, weak definition of contract requirements, lack of oversight by TFBSO of its contractors, changing circumstances in Afghanistan, and changing priorities of the Afghan government. For example:

- TFBSO obligated \$51 million for legal, technical, and commercial experts who supported the Ministry of Mines and Petroleum with tendering contracts for Afghanistan’s mineral deposits. TFBSO’s overall goal for these efforts—as most clearly defined in its contracts with SRK Consulting—was to facilitate the award of at least eight mineral contracts to reputable international mining companies. TFBSO assisted four contracts partway through the tender process, resulting in preliminary agreements supported, with some caveats, by both the Ministry of Mines and Petroleum and prospective awardees. However, as of the date of this report, the central government has not authorized the award of any of these four contracts. Former TFBSO contractors expressed concerns that even if the central government eventually awards these contracts, the Ministry of Mines and Petroleum lacks critical audit and enforcement capabilities, and may not be able to hold contract awardees accountable if they violate the terms of their contracts.
- TFBSO obligated \$442,825 to GoodWeave International with the goal of reducing child labor and ensuring that carpets serviced at a cut and wash facility funded by TFBSO remained in compliance with international child labor standards for the carpet industry. TFBSO and GoodWeave appeared to have a contentious relationship throughout the execution of the contract, with both parties accusing each other of being ambiguous in their expectations and communications. The contract office closed out the contract without amending the \$442,825 obligation value, indicating that TFBSO paid GoodWeave the full \$442,825 even though it achieved few of the contract’s objectives.
- TFBSO obligated \$435,504 to build and equip a pomegranate cold storage facility in Kandahar. It terminated the contract when it became apparent that the contractor responsible for the effort was grossly misrepresenting its progress. We found no evidence that this pomegranate facility still exists or if it was ever built.

TFBSO Obligated \$165.6 Million for Contracts Directly Supporting 12 Projects that Partially Met Their Contract Deliverables or Met Them after Significant Delay

TFBSO obligated at least \$165.6 million for contracts directly supporting 12 projects that partially met, or met after significant delay, their contract deliverables—about 52 percent of the \$313.3 million it obligated across all the projects we were able to identify. These projects spanned most of TFBSO’s program areas, specifically agriculture (2), banking (2), energy (3), indigenous industries (2), investment facilitation and business support (2), and mining (1). Table 2 summarizes information about these 12 projects. It should be noted that just

because some TFBSO contractors met their contract deliverables, does not necessarily mean that the projects they supported had successful or sustainable outcomes.

Table 2 - Summary of Direct Costs for TFBSO Projects that Partially Achieved Their Contract Deliverables or Achieved Them After Significant Delay

Project	Contractor(s), Grantee(s), or Partner(s)	Total Obligation	Time Frame	Program Area
Business Incubator and Investment Facilitation	<ul style="list-style-type: none"> ▪ International Business Machines (IBM) ▪ Development Alternatives Inc. 	\$58,225,359	9/16/2011 - 12/5/2014	Investment Facilitation and Business Support
Sheberghan-Mazar Natural Gas Pipelines	<ul style="list-style-type: none"> ▪ U.S. Army Corps of Engineers ▪ Leidos Holdings Inc. ▪ Defense Logistics Agency 	\$39,618,400	8/24/2012 - 11/21/2014	Energy
Hydrocarbon Contract Tender Support and Promotion ¹	<ul style="list-style-type: none"> ▪ PricewaterhouseCoopers ▪ Hickory Ground Solutions LLC ▪ Curtis, Mallet-Prevost, Colt & Mosle LLP 	\$28,304,526	7/3/2009 - 7/2/2010; 12/14/2010 - 12/31/2014	Energy
Banking and Financial Infrastructure Development	<ul style="list-style-type: none"> ▪ Axseum Solutions LLC. ▪ Adams Logistics Afghanistan 	\$12,921,603	2/24/2010 - 5/5/2014	Banking
Mineral Exploration and Drill Rig Training	<ul style="list-style-type: none"> ▪ Central Asian Mining Services Inc. ▪ CENTAR American Technical Service Inc. ▪ Emissary Transition Group LLC 	\$7,173,146	9/30/2012 - 11/16/2013; 5/16/2014 - 9/30/2014	Mining
AUAF Business Innovation Hub	<ul style="list-style-type: none"> ▪ Friends of the American University of Afghanistan (AUAF) 	\$5,257,786	7/8/2013 - 1/31/2015	Investment Facilitation and Business Support
Mazar-e-Sharif Industrial Park	<ul style="list-style-type: none"> ▪ Yasmin ARA LLC 	\$4,500,000	9/28/2012 - 3/31/2014	Indigenous Industries
Gereshk Cold Storage and Distribution Center	<ul style="list-style-type: none"> ▪ U.S. Army Corps of Engineers 	\$3,360,209	7/7/2011 - 6/30/2012	Agriculture
Cashmere Farm and Certification Laboratory	<ul style="list-style-type: none"> ▪ Colorado State University 	\$2,299,798	1/28/2013 - 6/30/2015	Indigenous Industries
Kandahar Raisin Processing Facility	<ul style="list-style-type: none"> ▪ Tabasom Raisin and Dry Fruit Processing Company 	\$1,959,794	6/8/2011 - 12/20/2011	Agriculture
Micro-Hydroelectric Generators	<ul style="list-style-type: none"> ▪ Sustainable Energy Services Afghanistan 	\$1,349,075	10/1/2010 - 11/30/2012	Energy
Retail Banking Consortium	<ul style="list-style-type: none"> ▪ Axseum Solutions LLC 	\$639,720	9/22/2010 - 9/21/2011	Banking

Source: SIGAR analysis of TFBSO award documents and records, interviews with former TFBSO personnel, and interviews with former TFBSO contractors, grantees, and partners.

¹ The Hydrocarbon Contract Tender Support and Promotion Project was grouped together with the Amu Darya Basin Landmine Removal Project in previous SIGAR audit reports. The contracts to Zantech Information Technology Services, worth \$46.3 million in total, were originally classified as a component of this project, but in light of information showing that Zantech supported other TFBSO projects, we have reclassified Zantech contracts as indirect program costs.

The reasons the contractors supporting these 12 projects met some but not all of their contract deliverables varied. In some cases, the contractor simply fell short of the requirements described in its contract. For example, the Emissary Transition Group was expected to deliver a 12-week mineral sampling training program, but delivered only 9.5 weeks of instruction, and did not graduate about one third of the trainees who participated. In some cases, such as the Kandahar Raisin Processing Facility and Gereshk Cold Storage and Distribution Center, TFBSO constructed or acquired an asset, such as a building shell, but was unable to find a local Afghan business willing to equip it and take over operations and management. In one case, the Micro-Hydroelectric Generators project, the contractor achieved all or most of its contract deliverables, but only after significant setbacks and delays. In still other cases, such as the Business Innovation Hub, TFBSO records included documentation showing that the contractor achieved some of its contract deliverables, but lacked documentation showing that it completed other deliverables. Senior TFBSO officials stated that some projects had to be delayed or cut short because of insurgent activity in the region.

In some cases, contractors did not meet all their contract deliverables but their activities still appear to have led to positive outcomes. For example, though Sustainable Energy Services Afghanistan completed construction of the aforementioned micro-hydroelectric generators late and not to TFBSO's preferred specifications, these generators continue to provide electricity to more than 500 Afghan households in Parwan province. However, in other cases, like the aforementioned Kandahar Raisin Processing Facility and Gereshk Cold Storage and Distribution Center, contractors' failures to fully complete their contract deliverables contributed to overall project failures.

TFBSO Obligated \$70 Million for Contracts Directly Supporting Projects that Achieved Most or All of Their Contract Deliverables

TFBSO obligated at least \$70 million to contracts directly supporting 16 projects that met most or all of their contract deliverables—about 22 percent of the \$316.3 million it obligated across all its projects. These projects spanned five TFBSO program areas, specifically agriculture (4), energy (3), indigenous industries (5) mining (2), and women's advancement (2). Table 3 summarizes information about these 16 projects. It should be noted that just because some TFBSO contractors met their contract deliverables does not necessarily mean that the projects they supported had successful or sustainable outcomes.

Table 3 - Summary of Direct Costs for TFBSO Projects that Mostly or Fully Achieved Their Contract Deliverables

Project	Contractor(s) Grantee(s), or Partner(s)	Total Obligation	Time Frame	Program Area
Minerals Data Collection and Afghan Geological Survey Capacity Building	<ul style="list-style-type: none"> ▪ U.S. Geological Survey ▪ Bureau of Land Management ▪ IBM ▪ Simorg Homa Industrial Group ▪ Vertical de Aviacion LLC 	\$27,906,803	10/1/2009 - 12/31/2014	Mining
Amu Darya Basin and Western Afghan Tajik Basin Seismic Reflection Surveys ¹	<ul style="list-style-type: none"> ▪ Terraseis Trading Ltd. 	\$12,700,951	9/24/2011 - 9/19/2012	Energy
Herat Agricultural College	<ul style="list-style-type: none"> ▪ Texas AgriLife Research 	\$7,314,836	9/26/2011 - 10/25/2012	Agriculture
Center for Women's Economic Development	<ul style="list-style-type: none"> ▪ Friends of AUAF 	\$5,000,000	9/29/2011 - 10/31/2012	Women's Advancement

Compressed Natural Gas Fueling Station and Generators ²	<ul style="list-style-type: none"> ▪ Central Asian Engineering Construction Company ▪ United Independent Afghan Trading 	\$5,059,447	8/14/2011 - 3/23/2012; 7/22/2012 - 7/9/2014	Energy
Indigenous Industries Trade Shows	<ul style="list-style-type: none"> ▪ Bell Pottinger Communications 	\$4,140,873	3/30/2013 - 9/26/2014	Indigenous Industries
Gemstone and Jewelry Business Development Project	<ul style="list-style-type: none"> ▪ Partners for Sustainable Development ▪ Future Brilliance Afghanistan Organization 	\$1,852,768	9/28/2012 - 11/15/2014	Indigenous Industries
Artisanal Craft Development	<ul style="list-style-type: none"> ▪ Turquoise Mountain Trust 	\$ 1,587,217	8/15/2011 - 8/31/2014	Indigenous Industries
Food Safety and Training	<ul style="list-style-type: none"> ▪ Agrilinks Afghanistan 	\$1,403,043	8/15/2011 - 9/30/2012	Agriculture
Vocational Training Center for Women	<ul style="list-style-type: none"> ▪ Noori Foundation 	\$1,126,348	9/12/2011 - 2/11/2012	Women's Advancement
Nangarhar Agricultural College	<ul style="list-style-type: none"> ▪ Rahman Group Inc. ▪ Howard G. Buffett Foundation ▪ The Borlaug Institute ▪ Nangarhar University 	\$505,000	8/18/2011 - 9/27/2011	Agriculture
Training and Curriculum Development at Kabul Polytechnic University	<ul style="list-style-type: none"> ▪ University of Missouri System 	\$500,000	4/17/2014 - 10/15/2014	Mining
Herat Carpet Facility	<ul style="list-style-type: none"> ▪ Habibi General Construction 	\$498,060	5/9/2011 - 8/17/2012	Indigenous Industries
Bamyan Potato Pack House	<ul style="list-style-type: none"> ▪ Science Applications International Corp. 	\$323,793	9/20/2012 - 9/19/2013	Agriculture
Bost Cotton Gin	<ul style="list-style-type: none"> ▪ Citibank South Dakota (Habibi General Construction) ▪ Kaman Industrial Technologies Corp. ▪ DeSmet Rosedoens Ltd. 	\$82,139	4/25/2011 - 7/27/2011	Indigenous Industries
Amu Darya Basin Landmine Removal ¹	<ul style="list-style-type: none"> ▪ EOD Technology Inc. 	\$46,698	2/27/2011 - 4/13/2011	Energy

Source: SIGAR analysis of TFBSO award documents and records, interviews with former TFBSO personnel, and interviews with former TFBSO contractors, grantees, and partners.

¹ The Amu Darya Basin Landmine Removal Project was grouped together with the Hydrocarbon Contract Tender Support and Promotion Project in previous SIGAR audit reports, and the Amu Darya Basin and Western Afghan Tajik Basin Seismic Reflection Surveys Project was grouped with the Kushka Basin Seismic Reflection Surveys Project.

² In October 2015, we released a special project report questioning the decision to build the compressed natural gas fueling station. The SIGAR report cites a TFBSO study that said the fueling station's total cost, including overhead, was \$42.7 million.⁸⁴ According to Vestige Consulting, which produced the study, this figure resulted from instructions by TFBSO to assign (1) 41 percent of all overhead costs to its energy projects and (2) energy expert labor costs evenly across energy projects. In 2016, following publication of SIGAR's report, DOD stated in congressional testimony, "The support cost data available to us do not provide the necessary fidelity to determine overhead costs in support of the [compressed natural

⁸⁴ SIGAR, *DOD's Compressed Natural Gas Filling Station in Afghanistan: An Ill-Conceived \$43 Million Project*, SIGAR 16-2-SP, October 22, 2015.

gas] project.”⁸⁵ Additionally, Vestige stated that it would have been more accurate to allocate the energy experts’ labor costs differently, as it did not believe the fueling station required as much time and effort as TFBSO’s other energy projects. Assuming DOD’s and Vestige’s statements are accurate, Vestige’s methodology for assigning overhead and labor costs was arbitrarily decided by TFBSO leadership. For the purposes of this report, we are reporting only the obligation amounts tied directly to the contracts for which we could find records, without overhead or subject matter expert labor. However, it is worth noting that more than half of TFBSO’s total expenditures were for overhead costs.

These projects were generally TFBSO’s best-planned, well-managed, and appropriately scoped. For example:

- TFBSO obligated \$46,698 for the removal of landmines near hydrocarbon wells in the Amu Darya Basin, and then obligated \$12,714,000 for seismic reflection surveys in both the Amu Darya and Afghan Tajik Basins. Both projects were completed on schedule. These efforts made the two target areas more amenable for private-sector investment, and as a result, the Afghan government awarded, with TFBSO’s assistance, one hydrocarbons exploration- and production-sharing contract for the Amu Darya Basin on December 26, 2011 and two for the Afghan Tajik Basin, both on October 8, 2013.
- TFBSO obligated \$5 million for a grant to assist with the establishment and construction of the International Center for Afghan Women’s Economic Development at the American University of Afghanistan (AUAF). Representatives from the Friends of AUAF told us that the center has become “the most successful part of the university,” increasing the university’s share of female students from 10 to 45 percent and remaining a significant resource for women at AUAF. However, neither they nor TFBSO provided data, such as surveys of students and faculty, to verify these claims.
- TFBSO obligated \$500,000 to sponsor an intercollegiate information exchange for Kabul Polytechnic University professors specializing in geology and mining. TFBSO officials told us that they partnered with three international universities in order to update Kabul Polytechnic’s mining curriculum and train professors in contemporary mining practices. Although DOD did not provide us with project reports, both TFBSO and its implementing partner, the University of Missouri, said that they met their objectives and that their training efforts at Kabul Polytechnic were highly successful.

TFBSO Obligated \$299.8 Million for Indirect Costs that Cannot Be Tied to Discrete Projects and \$59.7 Million for General and Administrative Costs

In addition to the direct project costs, we determined that TFBSO obligated \$299.8 million in indirect costs in support of its projects, as summarized in appendix VII. We identified these costs through the review of the available documentation for the 124 contracts let on TFBSO’s behalf. Indirect costs funded technical consultants; project management support; and life support, logistics, and security for TFBSO staff and contractors. Of the \$299.8 million, TFBSO obligated \$39.5 million, or 6 percent of its total spending, to consulting contracts with firms that employed former TFBSO staff as senior executives. TFBSO’s indirect costs contracts generally only required contractors to submit monthly reports, and TFBSO did not require these contractors to track the number of hours they spend supporting each of its 35 projects. This, in turn, makes it impossible for us to assign cost drivers that would allow us to tie these overhead costs to TFBSO projects.

For example, in addition to providing logistics, security, and life support services for TFBSO’s villas, Defense Group International was required to provide “project management” and “specialized technical support” for TFBSO projects. Because TFBSO did not specify how much money should be spent on each activity and Defense Group International did not track how individual employees spent their time, we cannot ascertain how much of the \$32.3 million obligated to this contract was spent on supporting the villas and how much was spent providing technical support to TFBSO projects.⁸⁶ In another case, we found that one consulting firm, at

⁸⁵ Statement of the Principal Under Secretary of Defense for Policy, Submitted to the Senate Armed Services Committee Subcommittee on Readiness and Management Support, January 20, 2016.

⁸⁶ SIGAR, *Response to Congressional Request for Information about TFBSO Villas*, SIGAR 17-14-AL, December 5, 2016, p. 2.

various points and among other tasks, supported TFBSO's mining, indigenous industries, energy, and investments facilitation and business support projects. Because of the absence of performance data on the TFBSO hard drive, we could not determine how many hours this contractor spent on each project.

Furthermore, TFBSO's consultants executed additional smaller TFBSO projects beyond the 35 discussed in this report. For example, one of the contractors that consulted for TFBSO, GTW Consultants and Associates, reported that it used DOD funds to drill a well for a food processing center in Herat; installed an electrical generator and provided wheat, seed, fertilizer, and herbicide to the Herat Center Pivot Irrigation Center; constructed a building for the Habib Hassam Poultry Company; and provided training to 26 poultry farmers in Spin Gar. Because neither TFBSO nor GTW Consultants and Associates documented the costs, objectives, milestones, or deliverables for any of these projects, we could not determine whether they were completed or whether they achieved their intended outcomes. In another example, a former TFBSO official and a RAND official both told us that TFBSO provided consulting support to Ariana Airlines, but we found no documentation of this effort in any TFBSO contracts or program documents.

We also determined that TFBSO obligated \$59.7 million for general and administrative costs. These overhead costs supported TFBSO's operations and management rather than project design and implementation. Examples of general and administrative costs include TFBSO's office space in Arlington, Virginia, telecommunications support, and website production. They also include contracts TFBSO had with various management consulting firms, such as McKinsey & Company and the Boston Consulting Firm, to provide them with strategy documents, staff training events, and lessons learned reports.

Once again, broad contract requirements and a lack of documentation made it difficult to evaluate to what extent these contractors met their intended objectives. For example, TFBSO obligated \$18.6 million for McKinsey & Company to deliver training workshops, compile a history of economic development programs in Afghanistan, define TFBSO's strategic focus for Afghanistan, and identify potential projects in priority provinces, among other things.⁸⁷ However, the only output we could find for this contract on TFBSO's hard drive was *A Strategy for Herat's Economic Development*, a 50-page report that assessed the economic development potential of Herat and highlighted the sectors with greatest potential for growth. TFBSO internal documentation indicates that this is the only report McKinsey & Company submitted related to Afghanistan. Similarly, TFBSO obligated \$1.6 million for the Boston Consulting Group to conduct a 12-week research project identifying TFBSO's core capabilities and making recommendations on how TFBSO and similar entities could leverage private-sector-oriented economic development to stabilize Afghanistan and other unstable regions. The two primary outputs for this project appear to be a 42-page slideshow presentation and a 95-page "TFBSO Operations Playbook" discussing the same analysis at greater length.

Appendix V summarizes TFBSO's indirect costs and appendix VI lists its general and administrative contracts.

TFBSO DID NOT PLAN TO TRANSITION ITS INCOMPLETE PROJECTS TO STATE, USAID, OR ANOTHER DONOR, LEADING TO SOME NOT BEING SUSTAINED

Congress required TFBSO to write a transition plan that stated which incomplete or ongoing projects would be transferred to State or USAID, and for projects that would not be transferred, explaining why not. TFBSO technically complied with this requirement by writing a plan that transferred no projects to State or USAID, explaining that TFBSO expected all projects would either be completed or transferred to an Afghan entity. This arrangement appeared to satisfy State and USAID, which both demonstrated in their discussions with us a lack of interest in continuing work on TFBSO projects. Even when it became clear that TFBSO had not completed all the projects it expected to have completed by December 31, 2014, we found no evidence that TFBSO revised its transition plan before it closed its administrative offices on March 31, 2015.

⁸⁷ McKinsey & Company was also tasked with planning for potential TFBSO expansions into other fragile states in Africa.

We visited, when possible, 13 of the 19 projects TFBSO funded and transferred to Afghan government or private-sector entities to determine how well they have been sustained since TFBSO withdrew support in December 2014.⁸⁸ We found that in some cases, Afghan entities have continued to successfully operate and maintain the projects TFBSO left behind. However, this is generally because they were able to secure the support of other donors, and these entities told us that they have not yet reached a point where they can independently operate and manage the assets on sales and fees alone. In other cases, we found that TFBSO projects have fallen into a state of disuse and disrepair, or have been abandoned outright. Together, these examples indicate that TFBSO overestimated the ability of the Afghan government and Afghan private-sector entities to sustain projects independently without support from State, USAID, or another donor. This creates a risk that these projects may not be sustained in the long term and could fail to achieve TFBSO's broader, long-term economic development goals.

TFBSO Did Not Plan to Transition its Projects and Assets to State, USAID or Another Donor, Opting Instead to Transfer Them to the Afghan Government and Private Sector

In the FY 2011 NDAA, Congress directed TFBSO, State, and USAID to jointly develop a plan to either transfer TFBSO's ongoing activities to State or USAID, or explain why these activities would not be transferred. In accordance with this requirement, TFBSO submitted to Congress in June 2011 a plan for transitioning its activities. Subsequently, Congress required TFBSO to provide updates to the transition plan twice annually. DOD provided us with two of the required transition plan updates, one each for fiscal years 2013 and 2014. However, DOD did not provide us with any midyear transition updates.

In its transition plan and subsequent updates, TFBSO estimated that all of its projects would be completed before it ended operations in Afghanistan, and that determinations to transfer projects to another entity in Afghanistan would be made on a case-by-case basis. Because of this, TFBSO wrote that no project needed to be transferred to State or USAID. While true in some cases, in many other cases projects were left incomplete at the point TFBSO was concluding operations in Afghanistan. For example, on November 3, 2014, we sent TFBSO a letter highlighting how it was not on track to complete the final 3 kilometers of a planned 15-kilometer natural gas pipeline repair project by November 30, 2014, as it claimed it would do in its FY 2014 transition update to Congress.⁸⁹ TFBSO acknowledged in a December 3, 2014, letter that it would "not be present" for these remaining repairs, but expressed confidence that Afghanistan's Ministry of Mines and Petroleum would be able to complete the project without outside assistance.⁹⁰ Yet in an update provided to us on July 6, 2015, as part of our ongoing audit recommendation follow-up process, USAID reported that the pipeline repairs had still not been completed, and the Afghan government lacked the technical and management ability to see the project to completion. Furthermore, USAID stated that the Afghan government continued to operate the pipeline despite these incomplete repairs and ongoing concerns about its safety.

Even though projects like the gas pipeline repair project remained unfinished as of December 31, 2014, when TFBSO concluded operations in Afghanistan, at no point in 2015 did TFBSO revise its plan to outline how it would transfer incomplete projects to State, USAID, or another donor organization. According to one senior TFBSO official, this may be because TFBSO was focused on organizational closeout and audit activities during its final months. Furthermore, as we reported in our audit of U.S. efforts to develop Afghanistan's extractive industries, neither USAID nor State expressed interest in taking over any of TFBSO's incomplete projects. When we asked USAID and State officials why their agencies would not be continuing any TFBSO initiatives, they

⁸⁸ We were unable to visit the remaining six because of problems with security or accessibility.

⁸⁹ SIGAR, *Alert Letter: Task Force for Business and Stability Operations Pipeline Project*, SIGAR 15-15-AL, December 11, 2014.

⁹⁰ *Id.*

stated that it was because their leaderships were not interested in doing so. These officials further explained that USAID and State considered some ongoing TFBSO projects to be liabilities because of safety concerns, lack of sustainable design, and other problems.⁹¹ USAID also stated in a follow-up response to the recommendations in our extractives audit report that “USAID is unable to liberally assume other federal agency projects without commensurate allocation of funding of the annual budget passed by the U.S. Congress.” In other words, USAID did not believe it had the money it would have needed to continue TFBSO projects. By not securing the support of State, USAID or other donors, TFBSO created a risk that its projects and assets would not be sustained.

Afghan Organizations Have Been Able to Sustain Some TFBSO Projects by Securing Outside Donor Support, but Other Assets Have Fallen into Disuse and Disrepair

Despite TFBSO’s not securing continued support for its projects from State, USAID or other donors, Afghan private entities have been able to sustain some of the projects and assets TFBSO left them. However, these projects were generally not self-sustaining; the Afghans’ ability to sustain TFBSO projects often depended on whether they were able to find donors willing to fund their continuing operations. For example, we visited both American University of Afghanistan Business Innovation Hubs locations in Kabul and Herat, on March 16 and 20, 2017, respectively, and found them still in use. However, the hubs’ leadership teams told us that they receive few fees from their clients and will continue to need money from other donors to cover operating expenses.

Likewise, when we visited the AUAF Center for Women’s Economic Development on March 20, 2017, we found that it was still open and being used by the university, but its leadership team told us that the center has not yet become fully self-sustaining and requires donor funding for its operational budget. Similarly, when we visited the Bamyan Potato Pack House on March 29, 2017, we found that local potato farmers continue to operate and maintain the facility. However, the pack house’s management team also said that it has been unable to find new users because of its low marketing budget, and it generates little income from its existing user base. The officials expressed concern that they will be unable to continue operations after 2017 without additional international donor support. These examples indicate that TFBSO overestimated the ability of the Afghan government and private sector to sustain its projects without further donor support.

We found that in other cases, TFBSO project assets have been poorly sustained or not sustained at all. For example, beginning in January 2013 TFBSO obligated \$2.3 million for Colorado State University to create a cashmere-producing farm and certification laboratory in Herat province. The intended outcome was to breed goats producing lighter and whiter cashmere, which would command higher prices than Afghanistan’s typically greasy and dark cashmere, and then export the business model to other farms in Afghanistan. As of June 2015, Colorado State reported that it had completed construction, breeding, and training, and wrote that it had located an Afghan company, Noor Agro Group, willing to take over the farm’s operations and management. However, Colorado State was unable to facilitate a memorandum of agreement between Noor Agro and the Ministry of Agriculture, Irrigation, and Livestock. We visited the farm in April 2016 and found it still operational, as shown in photo 1. However, the Afghan government later told us that it has not been in contact with Noor Agro and does not know what Noor Agro has done with the facility. We visited the cashmere goat farm and laboratory again in April 2017 and found it abandoned and stripped of its equipment, as shown in photo 2. It is unclear whether the farm’s assets were transferred to another location or liquidated.

⁹¹ SIGAR, *Afghanistan’s Mineral, Oil, and Gas Industries*, SIGAR 15-55-AR, April 24, 2015, p. 14–15.

Photo 1 - Cashmere Goat Farm Operating as of April 2016



Source: SIGAR, April 2016

Photo 2 - Cashmere Goat Farm Abandoned as of April 2017



Source: SIGAR, April 2017

TFBSO also obligated \$505,000 to facilitate, in partnership with the Howard Buffet Foundation and the Norman Borlaug Institute at Texas A&M University, the construction and equipping of Nangarhar University's Agriculture College. But when we visited the college on April 9, 2017, we found that it was constructed with low-quality materials and has required multiple repairs. Its exterior has cracked in two locations, its wastewater and water systems have leaked in multiple places, and its staff has not cleaned or maintained the building in good condition. Photo 3 shows damage to the college's exterior because of leaking water.

Similarly, TFBSO obligated \$7.3 million as a grant to the Borlaug Institute to build and equip an Agricultural College at Herat University.⁹² As part of this project, the Borlaug Institute installed an irrigation system to be used by the college in teaching irrigation techniques. We visited Herat University on March 12, 2017, and confirmed that the college and irrigation system had been completed. However, we found that the irrigation system, shown in photo 4, is currently inoperable. The farm director in charge of the system told us that the college cannot sustain it without additional funding from the Ministry of Higher Education.

Photo 3 - Leaked Water Caused Nangarhar Agriculture College's Exterior to Crack



Source: SIGAR, April 9, 2017

Photo 4 - Inoperable Irrigation System at Herat University's Agricultural College



Source: SIGAR, March 12, 2017

⁹² The Norman Borlaug Institute is represented in contracts by Texas A&M AgriLife Research, which is also a member of the Texas A&M system.

In another example, TFBSO obligated \$4.5 million to create an industrial park near Mazar-e Sharif and establish an “anchor tenant” in the form of a glass manufacturing plant and power plant. TFBSO awarded the contract to Yasmin ARA, which was responsible for acquiring silica-mining rights, preparing the site, and building the glass plant and power plant. However, a Yasmin ARA representative said the company has been unable to negotiate a natural gas supply arrangement with the Ministry of Mines and Petroleum. The representative said that without this natural gas, the glass plant lacks reliable access to electricity and cannot operate the machinery necessary to fulfill its primary function of manufacturing glass. This representative told us that the plant is otherwise in good condition and has been able to adapt its operations somewhat to temper glass imported from elsewhere. Photos 5 and 6 show the facility’s laboratory and glass tempering line, which are among the plant’s currently operational elements. However, the representative said that because the plant is not able to generate electricity for itself and other tenants in the industrial park, as TFBSO had intended, no other businesses have set up operations inside the industrial park.

The final known status of all TFBSO projects can be found in appendix IV.

Photo 5 - Glass Laboratory Activity



Source: JadeGlass, February 6, 2017

Photo 6 - Glass Tempering Line Factory



Source: JadeGlass, February 6, 2017

CONCLUSIONS AND OBSERVATIONS

From the start, TFBSO’s goals were at odds with its capabilities, and its role within the U.S. reconstruction effort was unclear. While TFBSO hired or contracted with technical experts in the fields of agriculture, banking, business development, mining, and energy, it often demonstrated a lack of awareness or understanding about the political, economic, social, and climatological realities in Afghanistan that would complicate the interventions those experts favored. Although Congress authorized TFBSO for only 1 year at a time, many of TFBSO’s projects envisioned transformational changes to the Afghan economy that would require years, if not decades, of sustained effort before they would bear fruit. TFBSO did not have the time, resident expertise, or outside support it needed to do everything it set out to do.

In 2011, Congress stated that the goals of TFBSO as an organization were to reduce violence, enhance stability, and support economic normalcy in Afghanistan. Given the current political and economic turmoil in Afghanistan, we conclude that these long-term goals were not met. Because TFBSO did not set clear targets—such as the jobs it expected to create and government revenues it expected to generate—and did not initially establish agency-wide metrics to collect project data and evaluate performance, DOD cannot demonstrate that TFBSO met any of its strategic goals for Afghanistan. Furthermore, because TFBSO did not leave behind complete records when it closed, we may never know everything it did or did not accomplish.

Despite the deficiencies highlighted in this report, DOD and TFBSO officials told us that TFBSO occupied a potentially useful niche. These officials pointed out that with their access to DOD resources, TFBSO personnel were able to execute projects in remote locations that State and USAID deemed too insecure. They were also

able to provide helpful services to Afghan businesses seeking to contract with DOD and supplied much-needed technical support to coalition soldiers trying to combat the insurgency through targeted reconstruction projects that were limited in scope.

However, in January 2016 testimony before the Senate Armed Services Subcommittee on Readiness and Management Support, the DOD Principal Deputy Secretary of Defense for Policy expressed skepticism about whether the TFBSO mission of economic development was a proper role for DOD. We share this skepticism.

Observations

This report does not contain any formal recommendations to DOD, because TFBSO no longer exists as an organization. However, should DOD and Congress ever decide to authorize another TFBSO-like entity in the future, they should give strong consideration to the following observations for safeguarding against the problems and flaws exhibited by TFBSO. Taking the following actions might improve such an entity's ability to implement its programming and achieve results:

- Define the entity's mission, scope, and objectives in clear and measurable terms.
- Authorize the entity for longer than 1-year intervals to reduce uncertainty about its future and allow it time to plan ahead for its projects.
- Direct the entity to:
 - Develop contract planning policies that emphasize the importance of understanding host-country or local dynamics and obtaining buy-in from all stakeholders before executing a project;
 - Develop and implement action plans to minimize the award of noncompetitive and sole-source contracts;
 - Develop and implement action plans to ensure that its staff has adequate training and experience in developing contract requirements and providing contract oversight;
 - Work with a single primary contract administration office when developing performance work statements to ensure consistency in drafting requirements;
 - Develop management systems to track project metrics, civilian travel, and government-furnished equipment;
 - Develop and implement a document retention policy; and
 - Develop monitoring, evaluation, and sustainment plans for all projects so that their economic impacts can be accurately measured and sustained, and if necessary, assets can be transferred to an enduring partner.

If these actions are not taken before DOD creates another TFBSO-like entity, the department may end up wasting more money on ill-conceived, unsupported, and unsustainable projects.

AGENCY COMMENTS

We provided a draft of this report to DOD for comment. The Deputy Assistant Secretary of Defense for Afghanistan, Pakistan, and Central Asia provided written comments, which we have reproduced in appendix VII. This response included technical comments, which we incorporated into this report as appropriate. In its response, DOD wrote that our report is consistent with other independent assessments, which have all concluded that TFBSO had mixed results and did not achieve its intended objectives overall. DOD also agreed that TFBSO exhibited “unacceptable weaknesses and shortcomings” that can and must be addressed before similar efforts are attempted in the future.

APPENDIX I - SCOPE AND METHODOLOGY

This report examines the projects and activities executed by the Department of Defense (DOD) Task Force for Business and Stability Operations (TFBSO) in Afghanistan between 2010 and 2014. We initiated this work based on formal requests from members of the Senate Armed Services Committee and the Senate Judiciary Committee for SIGAR to perform a comprehensive performance audit of all TFBSO programs and activities in Afghanistan. The objectives of this audit were to assess (1) the extent to which TFBSO and U.S. agencies collected data and maintained documentation for TFBSO's projects and activities; (2) how TFBSO devised and communicated its mission, objectives, and strategy then coordinated its activities with other U.S. government agencies; (3) how TFBSO planned, awarded, and oversaw contracts and grants for its projects; (4) the extent to which TFBSO's projects and activities met their contracted deliverables; and (5) the extent to which TFBSO planned to transfer its projects and assets to the Department of State (State) or the U.S Agency for International Development (USAID), or otherwise arranged for them to be operated and maintained.

Because TFBSO operated in Afghanistan between 2010 and 2014, we limited our review of TFBSO's programs and activities to this time period. This scope included 124 individual program contracts, grants, task orders, and interagency agreements.⁹³ We identified these 124 contracts through the use of a DOD-provided spreadsheet of TFBSO support and programmatic contracts. We supplemented this spreadsheet through requests to the contracting office that had worked with TFBSO for any additional contracts it had let on TFBSO's behalf. While we attempted to locate and review all contracts related to TFBSO's program and operations, we cannot be sure that we were able to locate all contracts because of poor record keeping and record retention.

We partially relied on computer-processed information that TFBSO's parent organization, the Office of the Under Secretary of Defense for Policy, provided to SIGAR on January 14, 2016, in the form of a hard drive containing all unclassified files retained by TFBSO when it closed. We used Encase Forensic, a forensic software program, to conduct Boolean keyword searches of this hard drive to locate performance documents and email correspondence relevant to the findings of this report. As we performed these searches, we determined that TFBSO's hard drive was an incomplete record because TFBSO did not consistently maintain documents and data, particularly during its early years in Afghanistan. To supplement the documents on the hard drive, we collected documents from other organizations such as the contracting offices and implementing partners that supported TFBSO. Based on our review of the hard drive and other documents, we found that of the 124 discrete TFBSO contracts we identified, the contracting offices were able to provide files for 89, or 72 percent. Furthermore, we determined that the contract files did not all contain the performance and quality assurance documents required by the Federal Acquisition Regulation (FAR). We discuss the impacts of these limited and unreliable records in the findings of this report.

To determine the extent to which TFBSO and U.S. agencies collected data and maintained documentation for TFBSO's projects and activities, we performed Boolean keyword searches of the TFBSO hard drive to locate documentation of contract planning, performance, and oversight. We also performed Boolean keyword searches to locate other documents required by federal and DOD regulations, such as records of TFBSO civilian travel to Afghanistan. Additionally, we contacted all the contracting offices (or their successor organizations) known to have supported TFBSO to access TFBSO contract files. We reviewed these contract files to determine the extent to which they contained records normally included in such files, as described by FAR 4.8, "Government Contract Files."

To determine how TFBSO devised and communicated its mission, objectives, and strategy and then coordinated its activities with other U.S. government agencies, we performed Boolean keyword searches of the

⁹³ For the purposes of this report, all contracts, grants, task orders, and interagency agreements are referred to collectively as "contracts."

TFBSO hard drive for documents outlining TFBSO's mission, objectives, and strategies. We also searched for documents showing compliance with the National Defense Authorization Acts for Fiscal Years 2011, 2012, 2013, and 2014, which required TFBSO to formulate a plan for transitioning its projects to USAID and provide updates to Congress twice annually.⁹⁴

To determine how TFBSO planned, awarded, and oversaw contracts and grants for its projects, we performed Boolean keyword searches of the TFBSO hard drive to locate documentation of contract planning, performance, and oversight. We supplemented information available on the TFBSO hard drive with information we obtained from former TFBSO personnel, TFBSO contractors, and the contracting offices and agencies that were responsible for issuing and administering TFBSO's contracts. Our objective was to locate evidence determining the extent to which TFBSO conformed with 44 U.S.C. § 3101 ("Records management by agency heads; general duties"), the FAR, the Defense Federal Acquisitions Regulation Supplement, DOD Instruction 5010.40 ("Managers' Internal Control Program Procedures"), TFBSO's standard operating procedures, and the U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government*.⁹⁵

To determine the extent to which TFBSO's projects and activities met their contracted deliverables and the extent to which TFBSO planned to transfer its projects and assets to State or the USAID, or otherwise arranged for them to be operated and maintained, we conducted a review of TFBSO contract documents. We also reviewed final summary reports and other deliverables prepared by TFBSO's contractors. Specifically, to determine whether the contractors supporting each TFBSO project achieved their intended objectives, we reviewed the requirements as described in the contract and the latest status reports for each project. We reviewed contracting officer's representative status reports, when available. We also reviewed internal program management reports, concurrence plans TFBSO submitted to State and USAID, and transition plans and updates TFBSO submitted to Congress.

When possible, we conducted site visits to confirm the existence and continued use of assets built or supported by TFBSO projects. In December 2014, SIGAR entered into a cooperative agreement with Afghan civil society partners. Under this agreement, our Afghan partners conduct specific inspections, evaluations, and other analysis. For this audit, Afghan inspectors conducted site visits for 13 of 19 known TFBSO assets. They were unable to visit the remaining six due to problems with security or accessibility. We developed a standardized set of items to inspect and questions to ask the organizations responsible for operating and maintaining each asset, where applicable. We also conducted oversight of them in accordance with SIGAR's policies and procedures to ensure that their work resulted in impartial, credible, and reliable information.

Based on these reviews and site visits, we identified 35 discrete TFBSO projects that were directly supported by the 124 known contracts. We then assessed these projects as incomplete, partially complete, or mostly to fully complete based upon our determination of how well they achieved TFBSO's intended objectives, such as buildings constructed, data collected, and assets transferred to the Afghan government or private sector. In cases where project outputs could be objectively measured, we determined that a project was mostly to fully complete if it achieved roughly 75 percent or more of its intended objectives, incomplete if it achieved roughly 25 percent or less of its intended objectives, and partially complete if it fell somewhere in between. In cases where objectives could be measured only qualitatively, we exercised our professional judgement to determine whether a project was complete, partially complete, or incomplete. We also factored timeliness into our analysis, penalizing projects that required extensions of 3 or more months. For contractors and U.S. government partners that supported TFBSO contracts indirectly or provided general and administrative services, we did not attempt to determine the extent to which these contractors met their intended objectives

⁹⁴ Pub. L. No. 111-383, § 1535(a), 124 Stat. 4137, 4426, as amended by National Defense Authorization Act for Fiscal Year 2013, Pub. L. No. 112-239, § 1533, 126 Stat. 1632, 2058-59; and National Defense Authorization Act for Fiscal Year 2014, 113-66, § 1534, 127 Stat. 672, 940 (2014).

⁹⁵ GAO, *Standards for Internal Control in the Federal Government*, updated September 2014.

because we could not determine what impact they had, if any, on the completion of the 35 discrete projects we identified.

For all our objectives, we conducted interviews with:

- former TFBSO officials with varying levels of responsibility, including members of TFBSO's leadership team, forward operations staff, and program officers;
- officials representing TFBSO's contractors, grantees, and U.S. government partners;
- contracting officers who worked directly with TFBSO personnel;
- USAID officials who interacted with TFBSO during their time in Afghanistan; and
- Afghan business owners who received services from the task force's projects.

To assess internal controls, we reviewed TFBSO's procedures for planning and initiating programs. The results of our assessment are included in the body of this report.

We conducted our audit work in Arlington, Virginia; Herndon, Virginia; Rock Island, Illinois; and Bamyan, Herat, Jowzjan, Kabul, Kandahar, Nangarhar, and Parwan provinces in Afghanistan from February 2016 to January 2018, in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. This audit was performed by SIGAR under the authority of Public Law No. 110-181, as amended, and the Inspector General Act of 1978, as amended.

APPENDIX II - CONTRACT ADMINISTRATION OFFICES THAT SUPPORTED TASK FORCE FOR BUSINESS AND STABILITY OPERATIONS

This appendix summarizes data on the contract administration offices that awarded contracts on behalf of the Task Force for Business and Stability Operations (TFBSO), the contract numbers they administered, and the final known obligations of those contracts. Table 4 lists the U.S.-based contract administration offices, and table 5 lists international contracting offices, generally in Afghanistan or the United Arab Emirates. Because TFBSO did not have the authority to award and administer contracts, it provided contract requirements to the contracting offices that administered its contracts. These tables do not include costs TFBSO obligated in interagency agreements, memoranda of agreement, or other funding vehicles without an associated contract.

Table 4 - U.S.-Based Contract Administration Offices that Supported TFBSO

Administration Office	Contract Number(s)	Final Obligation
Business Transformation Agency - Contracting & Acquisition Support (Department of Defense)	W91QUZ-08-D-0016-3A01	\$3,058,905.43
Central Command Joint Theater Support Contracting Command	W56JSL-12-P-2489	\$117,000.00
Defense Contract Management Agency (Baltimore, Maryland)	N00178-09-D-5721-FG01	\$11,395,555.62
	HQ0034-14-1-0003	\$2,797,902.00
Defense Contract Management Agency (Chicago, Illinois)	FA4600-06-D-0003	\$2,078,398.00
Defense Contract Management Agency (Los Angeles, California)	W91WAW-12-C-0030 P00038	\$204,258.00
Defense Contract Management Agency (Manassas, Virginia)	N00173-09-C-2038	\$149,730.00
	W52P1J-10-D-0051	\$8,630,092.94
	W91CRB-11-D-0001-0007	\$822,698.00
	W91CRB-11-D-0001-0026	\$323,792.70
	W91CRB-11-D-0001-0049	\$26,750.00
	W91CRB-11-D-0001-0052	\$10,817,573.00
Defense Contract Management Agency (Maryland)	N00174-10-D-0003-0004	\$370,033.97
Defense Contract Management Agency (Virginia)	HQ0034-11-D-0002-0004-07	\$179,926.92
	N00174-10-D-0005-0004	\$924,171.13

	SP0700-03-D-1380-0358	\$3,133,026.55
Defense Information Systems Agency, Department Information Technology Contracting Organization	HC1028-10-F-2395	\$11,272,593.07
	HC1028-11-C-0120	\$3,875,124.98
Department of the Interior, Interior Business Center, Acquisition Services Directorate	D10PC18610	\$537,421.50
	GS00F0013R, order no. D10PD18556	\$32,331,287.83
	D11PC18746	\$8,799,357.00
	D11PC18784	\$17,793,003.18
	D11PC18792	\$8,118,061.89
	D11PC18898	\$3,862,545.08
	D11PC18938	\$20,286,353.15
	D11PC18939	\$4,350,195.06
	D11PX18985	\$442,825.00
	D12PC00330	\$4,727,945.03
	D12PC00468	\$5,940,054.17
	D12PC00523	\$28,470,002.77
	D12PC00528	\$16,413,718.18
	D12PC00531	\$3,826,911.00
	D12PC00538	\$5,309,397.61
	D13PC00254	\$7,254,758.80
	D13PD00201	\$2,506,447.13
	GS10F0359M, order no. D13PD01027	\$8,140,653.83
	D14PA-00004	\$9,517,700.00
D14PC00098	\$2,884,459.19	
GS10F0359M, order no. D14PD00567	\$3,455,452.59	
D14PX00106	\$4,013,709.53	
N10PX18419	\$1,043,838.45	

General Services Administration	GS00Q09BGD0034, task order no. GST1110BJ8013	\$4,870,496.99
	GS-00Q-09BGD-0034, task order no. GST1112BJ0017	\$1,364,158.83
	GS07F5499-R, task order no. GST1112BJ0015	\$45,903,512.68
	GS-07F-5499R, task order no. GSQ1114BJ0039	\$6,027,572.26
	GS-06F-0630Z	\$7,630,387.43
	NP9700101013	\$1,987,936.76
Office of Naval Research	HQ0034-11-1-0001	\$7,314,836.00
Office of Personnel Management Contracting Group	OPM020700034	\$48,140,046.84
US. Air Force District of Washington Acquisition Division	FA7014-06-D-0019-0009	\$249,910.00
	FA7014-09-D-0017	\$23,832,500.00
	GS10F0118S, Order no. FA7014-09-F- A076	\$18,639,808.56
	FA7014-09-F-A086	\$11,247,168.14
	FA7014-09-F-A148	\$13,728,776.35
	FA7014-10-D-0013-0001	\$1,591,871.20
	FA7014-10-D-0009-0001	\$7,043,489.88
U.S. Air Force Material Command Aeronautical Systems Center	FA860410D70460001	\$1,706,424.00
U.S. Army Contracting Command Rock Island Contracting Center	W52P1J-09-F-0005	\$1,642,465.50
Washington Headquarters Services Acquisitions Directorate (Department of Defense)	HQ0034-11-C-0031	\$27,875,923.92
	HQ0034-12-1-0003	\$1,852,768.00
	HQ0034-12-2-0004	\$4,500,000.00
	HQ0034-12-C-0056	\$3,747,000.00
	HQ0034-12-C-0057	\$14,817,089.96

HQ0034-11-F-0161	\$225,866.60
HQ0034-12-C-0077	\$12,271,518.68
HQ0034-12-C-0080	\$5,126,948.75
HQ0034-13-1-0002	\$1,348,255.00
HQ0034-13-C-0064	\$2,552,400.98
HQ0034-11-1-0002	\$5,000,000.00
HQ0034-13-C-0081	\$1,612,000.00
HQ0034-13-C-0099	\$222,861.00
HQ0034-13-C-0125	\$83,861.20
HQ0034-14-C-0041	\$1,588,472.05
HQ0034-13-C-0101	\$13,280,273.97
HQ0034-13-P-0080	\$5,000.00
HQ0034-13-P-0180	\$2,741.21
HQ0034-14-C-0028	\$260,538.32
HQ0034-14-C-0050	\$1,823,336.60
HQ0034-14-P-0132	\$5,440.00
HQ0034-14-R-0042	\$500,000.00
HQ0034-15-F-0023	\$321,331.20
NNG07DA43B	\$38,769.96

Source: SIGAR analysis of TFBSO contract documents and records.

Table 5 - International Contract Administration Offices that Supported TFBSO

Administration Office	Contract Number(s)	Final Obligation
Baghdad Regional Contracting Center	W91GET07M1763 (FY07)	\$352,200.00
Bagram Regional Contracting Center	W91B4N-11-C-5008	\$7,977,559.92
	W91B4N-11-P-5091	\$400,000.00
	W91B4N-11-P-5102	\$1,126,347.90
	W91B4N-12-P-5017	\$29,950.01
	W91B4N-11-P-5095	\$148,640.00
	W91B4N-11-P-5094	\$185,883.40
	W91B4N-11-P-5097	\$26,750.00
	W91B4N-11-P-5098	\$95,985.00
	W91B4N-11-P-5099	\$54,042.00
	W91B4N-11-P-5100	\$42,765.00
	W91B4N-11-P-5101	\$46,408.99
	W91B4N-11-P-5109	\$9,960.00
	W91B4N-12-P-5058	\$24,950.00
	W91B4N-12-P-5094	\$387,364.44
W91B4N-12-R-5045	\$4,700,000.00	
Defense Contract Management Agency (Afghanistan)	W56SJK-13-P-7019	\$799,852.96
	W56SGK-14-P-0006 & 0007	\$3,970.00
General Support Contracting Center	W91B4M-10-D-4006	\$3,380.00
Herat Regional Contracting Office	W91JA4-11-C-7145	\$516,871.54
Kabul Regional Contracting Center	W91B4M10P4590	\$14,496.00
	W91B4M10P4742	\$587,663.67
	W91B4M10P5168	\$22,915.68
	W91B4M-11-C-0012	\$124,564.00

	W91B4M-11-D-0008	\$1,412,543.01
	W91B4M-12-C-4012	\$1,932,193.88
	W91B4M-12-C-4019	\$62,767.53
Leatherneck Regional Contracting Center	W5K9FH-11-P-0359	\$22,592.84
Phoenix Regional Contracting Center	W91JA4-11-C-4013	\$1,402,043.82
	W91JA4-11-C-7085	\$953,074.80
	W91JA4-11-F-0012	\$24,279.40
	W91JA4-11-P-0605	\$208,001.69
	W91JA4-11-P-0614	\$602,896.54
	W91JA4-11-P-0615	\$505,000.00
	W91JA4-11-P-4057	\$840,716.00
	W91JA4-11-P-4060	\$42,200.00
	W91JA4-12-C-4005	\$6,386,194.96
Regional Contracting Center-North	W91JA4-11-C-7188	\$3,010,253.59
	W91JA4-11-P-4062	\$12,700,951.44
U.S. Army Corps of Engineers Afghanistan District North	W5J9JE-10-D-0021	\$46,698.00

Source: SIGAR analysis of TFBSO contract documents and records.

Note: All of these overseas contract administration offices fall under the Department of Defense.

APPENDIX III - TASK FORCE FOR BUSINESS AND STABILITY OPERATIONS' CONTRACTORS, GRANTEES, AND PARTNERS

This appendix presents data on the organizations that the Task Force for Business and Stability Operations (TFBSO) contracted with for a variety of commercial, legal, and technical services. Additionally, TFBSO partnered with other U.S. government entities, such as the U.S. Geological Survey, for specialized support services.

Table 6 - TFBSO's Contractors and Interagency Partners

Contractor or Interagency Partner	Description
Adams Logistics Afghanistan	Affiliated with Worldwide Procurement and Construction Inc., Adams Logistics Afghanistan is a mid-sized private organization in the business services and industrial machinery and equipment merchant wholesaler industries, and is located in Kabul, Afghanistan.
Advanced Geosciences Inc.	Advanced Geoscience Inc. specializes in subsurface geophysical surveys for geological investigations, groundwater exploration, and exploration of mineral resources.
Afghan Wireless Communication Company	Afghan Wireless Communication Company is Afghanistan's largest provider of telecommunications services, with mobile networks in Kabul, Herat, Mazar-e Sharif, and Kandahar. It is a joint venture between Telephone Systems International Inc. and the Ministry of Communications and Information Technology.
Agrilinks	Agrilinks was an Afghan-owned business founded in 2011 and closed in 2016. The company's contract with TFBSO required the business to build a training farm and latrines, and provide farming tools.
Al Ehsan Construction Company	Al Ehsan Construction Company was contracted to provide, deliver, and install materials for TFBSO's cold storage room in the Shorandam Industrial Zone in Kandahar, Afghanistan.
Alion Science and Technology Corp.	Alion Science and Technology Corp. is an organization that focuses on engineering, information technology, and operational solutions in national security and business.
Axseum Solutions	Axseum Solutions works on information technology for federal government and commercial clients. It has worked on educational support services, international economic infrastructure development, management, and energy revitalization.
Barbaricum LLC	Barbaricum is a small business that works with government clients on communications, technology-enabled services, research and analysis, cyber security, open-source intelligence, and international development.
Bell Pottinger Communications USA LLC	Bell Pottinger Communications works on public relations, specializing in financial, corporate, political, crisis, and consumer communication skills.
Booz Allen Hamilton Inc.	Booz Allen Hamilton provides management and technology consulting, and engineering services in the public and private sector.
Boston Consulting Group	The Boston Consulting Group is an international management consulting firm.
Brooks & Associates Certified Public Accountants LLC	Brooks & Associates Certified Public Accountants LLC is an accounting and management consulting firm that specializes in federal financial management, including financial reporting, internal control review services, budgeting formulation and execution analysis, program management, and business process reviews.
CACI International Inc.	CACI International Inc. provides information solutions and services in support of national security missions and government transformation for intelligence, defense, and civilian agencies.

Canaccord Genuity Inc.	Canaccord Genuity Inc. is a financial services firm with operations in wealth management and global capital markets.
Cathay Oil & Gas	Cathay Oil & Gas explores and produces natural gas.
Centar American Technical Service Inc.	Centar American Technical Service Inc. is a small company that provides metal mining services.
Central Asian Engineering Construction Company	Located in Kandahar, Afghanistan, Central Asian Engineering Construction Company is a medium-sized organization in the engineering services industry.
Central Asian Mining Services	Based in Kabul, Central Asian Mining Services is an exploration drilling and mining support company.
Citibank South Dakota, National Association	Citibank South Dakota, National Association offers personal and commercial banking services.
Colorado State University	Colorado State University is a public research university. It has colleges in agricultural sciences, business, engineering, health and human sciences, liberal arts, natural resources, natural sciences, veterinary medicine, and biomedical sciences.
Curtis, Mallet-Prevost, Colt & Mosle LLP	Curtis, Mallet-Prevost, Colt & Mosle LLP is a law firm that deals with transnational transactions and multijurisdictional disputes. It represents multinational companies, international financial institutions, government and state-owned entities, private businesses, entrepreneurs, and high-net-worth individuals.
De Smet Rosedowns Ltd.	De Smet Rosedowns Ltd. manufactures processing equipment and parts. Company products include oil seed and rendering screw presses, cake breakers, press control systems, and parts and accessories for the vegetable oil and rendering industries.
Defense Group Inc.	Defense Group Inc. specializes in U.S. strategy and policy, intelligence, weapons of mass destruction, vulnerability assessments, homeland security, and special operations.
Defense Information Systems Agency	Defense Information Systems Agency is a DOD combat support agency that provides, operates, and assures command and control, information-sharing capabilities, and a globally accessible enterprise information infrastructure in direct support to joint warfighters, national-level leaders, and other mission and coalition partners across the full spectrum of operations.
Deloitte Consulting LLP	Deloitte Consulting LLP is a consulting firm that provides services in workplace culture, business transformation, customer transformation, digital enterprise, industry consulting, and asset-based solutions.
Development Alternatives Inc.	Development Alternatives Inc. is a social and economic development company working in the areas of corporate services, economic growth, environment and energy, governance, health, information and communication technology, and stability.
Emissary Transition Group LLC	Emissary Transition Group LLC is a small service and consulting company that supports clients setting up business operations in emerging markets in fragile and volatile environments.
EOD Technology Inc.	EOD Technology Inc., now known as Janus Global Operations, provides munitions response, security services, and critical mission support in austere and hostile environments.
Erfan Afghan Interpretation Services	Erfan Afghan Interpretation Services provided a translator to serve as TFBSO's Energy Liaison to the Afghanistan Ministry of Mine and Petroleum. He organized a conference in support of the Amu Darya Basin tender, presented information on Afghan hydrocarbon potential, and assisted the ministry in creating the Afghanistan Petroleum Authority.
ERSM (Afghanistan) Ltd.	Now a part of the Constellis family of companies, ERSM (Afghanistan) Ltd. was also known by the name of Edinburgh International. Founded in September 2003 as Edinburgh Risk and Security Management, Edinburgh International originally operated exclusively in Iraq. The company worked in the facilities support services industry, establishing secure accommodations, and providing personal security detail for clients.

Exelis Inc.	Exelis Inc. provided command, control, communications, computers, intelligence, and surveillance and reconnaissance electronics and systems internationally. It was acquired by Harris Corp., a technology company.
Expertech Solutions	Expertech Solutions, now known as Afilon, is a consulting firm that specializes in strategy, systems engineering, and professional solutions.
Export-Import Bank of the United States	The Export-Import Bank of the United States is an independent executive branch agency and the official export credit agency of the United States. It has the mission of facilitating the export of U.S. goods and services by providing American businesses with financing tools.
Fedstore Corp.	Fedstore Corp. provides public sector information technology product solutions. The company specializes in acquisition support and implementation services focused on medical information technology, enterprise network infrastructure, and storage and cyber security.
Friends of the American University of Afghanistan	Friends of the American University of Afghanistan is a nonprofit located in Washington, D.C., that supports higher education in Afghanistan through various entities, such as the American University of Afghanistan.
Futron Inc.	Futron Inc. specializes in providing secure information technology, telecommunications, professional services, and physical security for government and private customers.
General Algebraic Modeling System Development Corp.	General Algebraic Modeling System Development Corp. provides software and support for a proprietary modeling system for mathematical programming and optimization.
Geometrics Inc.	Geometrics Inc. designs and builds geophysical data acquisition systems for land, marine, and airborne applications.
Geonics Ltd.	Located in Ontario, Canada, Geonics Ltd. specializes in the design, manufacture, and service of practical and reliable electromagnetic geophysical instrumentation.
Geophex Ltd.	Geophex Ltd. is a geophysical research and instrumentation company with expertise in the design and deployment of electromagnetic survey instruments.
Global Millennium Services	Global Millennium Services provided program management services in Kabul, Afghanistan.
Golden Relief Resources LLC	Based in Dubai, Golden Relief Resources LLC provides services in construction, equipment leasing, general trading, management and financial capacity, and procurement and logistics.
GoodWeave	Formerly known as Rugmark International, GoodWeave is a nonprofit organization that awards Rugmark certificates to encourage weavers to stop using child labor.
Gördes Halı Mucevherat Turizm Ltd. STİ	Gördes Halı Mucevherat Turizm Ltd. STİ is a jewelry tourism company located in Istanbul, Turkey.
GTW Consulting and Associates LLC	GTW Consulting and Associates LLC is a subsidiary of Chenega Corp.'s Environmental, Healthcare, and Facilities Strategic Business Unit. The company specializes in professional health-care services and support services in administration, medical information technology, and logistics.
Habibi General Construction	Habibi General Construction is based in Kabul and works in construction, logistics, and business.
Herati Cashmere & Skin Processing Plant	Established in 1999, Herati Cashmere & Skin Processing Plant is the only cashmere processing network in Afghanistan. It exports de-haired cashmere, hand-spun cashmere yarn, and animal skins to Europe and the United States.
Hickory Ground Solutions LLC	Hickory Ground Solutions LLC is a Native American-owned small business that specializes in training, continuous process improvement, business intelligence and analytics, information technology, contract management, and acquisition support.
International Business Machines Corp. (IBM)	International Business Machines Corp. (IBM) is a technology company that provides global technology services, global business services, software, systems hardware, and global financing.

International Business Machines (IBM) Alliant Governmentwide Acquisition Contract	International Business Machines (IBM) Alliant Governmentwide Acquisition Contract provides integrated information technology solutions, including new technologies that could emerge during the life cycle of a contract.
International Cement Review	International Cement Review publishes information regarding the cement industry, including business insight, market knowledge, and technical expertise.
Intrepid TV	Intrepid TV conducts media training and creates videos for corporations, promotions, demonstrations, and events.
Kaman Industrial Technologies Corp.	Kaman Industrial Technologies Corp. is an industrial distributor that provides products and systems related to bearings, mechanical and electrical power transmission, automation and control, material handling, and fluid power.
Kethink	Kethink provides services in telecommunications, computer operator services, requirement analysis support, financial accounting and consulting, budget formulation and execution, small business development, and logistics and program management support.
Kingfisher Systems Inc.	Kingfisher Systems Inc. provides support to the U.S. government to improve economic and national security through its expertise in intelligence, law enforcement, information technology, and cyber security.
Lagoon Spring Company	Lagoon Spring Company works in construction, renovation, and logistics in Iraq.
Leica Geosystems Inc.	Leica Geosystems Inc. develops, manufactures, and distributes products, systems, and software that capture, visualize, and process three-dimensional spatial data.
Leidos Holdings Inc.	Leidos specializes in defense, intelligence, homeland security, civil, and health markets.
Mayer Brown	Mayer Brown provides legal services in fields such as banking and finance; corporate and securities; litigation and dispute resolution; environmental law; government and global trade; intellectual property; and wealth management.
McKinsey & Company	McKinsey & Company is a management consulting firm that works with the public and private sectors. Its services include analytics, design, information technology, marketing and sales, corporate finance, sustainability, and resource productivity.
Metis Solutions LLC	Metis Solutions provides strategic and policy support, intelligence and operations support, program management, and international business development services to the U.S. government and international commercial clients.
Metro Office Solutions Inc.	Metro Office Solutions provides contract representatives, computer-aided design and drafting designers, interior designers, project managers and coordinators, and finance and executive management personnel.
MorganFranklin Corp.	MorganFranklin is a business consulting firm and professional advisor specializing in the areas of finance and accounting, operations, technology, and risk analysis.
Mount Sopris Instrument Company Inc.	Mount Sopris Instrument Company Inc. designs, manufactures, and supports geophysical logging systems used globally.
Muscogee Nation Business Enterprise	Muscogee Nation Business Enterprise offers professional and security services, including enterprise information and technology services, program management, scientific and research support, and surveillance, access control, and alert systems in the United States and abroad.
National Technical Information Service	A division of the U.S. Department of Commerce, the National Technical Information Service houses U.S.-sponsored research and provides the support and structure to securely store, analyze, sort, and aggregate data.
Naval Surface Warfare Center - Crane Division	The Naval Surface Warfare Center - Crane Division provides technical engineering solutions and total lifecycle leadership for many of the systems that protect and enable the warfighter. The division focuses on strategic missions, electronic warfare, and expeditionary warfare.
Noori Foundation	The Noori Foundation is an Islamic organization that provides Islamic and academic education with an emphasis on helping the poor. The foundation organizes seminars, career guidance sessions, English classes, and technical training.

Partners for Sustainable Development	Partners for Sustainable Development is a nongovernmental organization working in economic development in emerging economies.
PricewaterhouseCoopers	PricewaterhouseCoopers provides audit and assurance, tax, and consulting services in cybersecurity and privacy, human resources, deals, forensics, and other areas.
Pro Global Media	Pro Global Media publishes cement magazines and cement industry data books. The company also organizes conferences and exhibitions in categories such as refractories, mortars, environmental impact abatement, and alternative fuels.
Rahman Group	Rahman Group provides services that include engineering, construction, and consultancy services across multiple industries and sectors.
RAND Corp.	RAND is a nonprofit and nonpartisan research organization.
Rashed Elham Trading Company	Based in Kabul, Afghanistan, Rashed Elham Trading Company has procured passenger motor vehicles, trucks, and truck tractors for the Department of Defense.
Rising International	Rising International sells crafts made by underserved women in an effort to enable these women to operate sustainable microenterprises. The company sells the crafts at small gatherings in the United States.
Science Applications International Corp.	Science Applications International Corp. is a technology integrator that focuses on the technical, engineering, intelligence, and enterprise information technology markets.
Scintrex Ltd.	Scintrex Ltd. specializes in geophysical instrumentation, providing sales and services for ground, borehole, marine, and airborne applications. Its products are used in mineral, petroleum, groundwater, environmental, academic, and scientific applications.
Simorg Homa Industrial Group	Simorg Homa Industrial Group, an Afghan company, manufactured products using Afghan laborers and materials.
SRK Consulting U.S. Inc.	SRK Consulting is an independent, international consulting practice that provides advice and solutions to the earth and water resource industries.
Sustainable Energy Services Afghanistan	Sustainable Energy Services' core business is the design and implementation of turnkey renewable energy systems.
Terraseis Trading Ltd.	Terraseis performs land surveying services to collect and record geophysical data, typically in challenging geopolitical environments.
Texas A&M Agrilife Research	Texas A&M Agrilife Research is a research and technology development agency that specializes in agriculture, natural resources, and the life sciences. The organization is part of the Texas A&M University system.
Theodore Wille Intertrade	Theodore Wille Intertrade specializes in worldwide supply chains across several industries and sectors.
Transformation Advisors Group LLC	Transformation Advisors Group LLC provides subject matter experts, information technology services, program management consulting, and transformational planning support for the U.S. government and commercial businesses.
Tremayne Consulting	Tremayne Consulting specializes in client-server applications using various software applications.
Triple Canopy	Formerly an independent private security firm, Triple Canopy merged with ACADEMI in 2010 to form Constellis Holdings, a risk-management company. Triple Canopy's services included security, crisis response and training, logistics, life support, and technology services.
Turquoise Mountain Trust	Turquoise Mountain is a nonprofit organization that aims to revive Afghanistan's traditional crafts through its internationally accredited vocational institute, which trains Afghan artisans in woodwork, calligraphy and miniature painting, ceramics, jewelry making, and gem-cutting.

United Independent Afghan Trading Company Ltd.	United Independent Afghan Trading Company Ltd. has supplied bulk mineral construction materials, communication equipment, and storage tanks through federal government contracts.
U.S. Geological Survey	The U.S. Geological Survey is a component agency within the Department of the Interior. It provides scientific information to describe and understand the earth; minimize the effects of natural disasters; manage natural resources; and enhance American quality of life.
University of Missouri	The University of Missouri is a large, public research university based in Columbia, Missouri.
University of Tennessee	The University of Tennessee in Knoxville is a public university.
U.S. Army Information Technology Agency	The U.S. Army Information Technology Agency provides network security services to the Department of Defense.
Vertical De Aviacion LLC	Vertical de Aviacion LLC is a general aviation company geared toward air transport for defense, oil, logistics, and government.
Williams, Adley & Company	Williams Adley is an accounting and management consulting firm. Its services include audits, internal control reviews, financial services, management information systems, project management, and monthly compilations.
Worldwide Procurement and Construction Inc.	Worldwide Procurement and Construction Inc. is affiliated with Adams Logistics Afghanistan and works in the industrial machinery and equipment merchant wholesalers industry.
Yasmin ARA LLC	Located in the Kabul Industrial Park, Yasmin ARA LLC is an Afghan construction company that procures and ships construction equipment. The company also provides structural steel manufacturing and mechanical installation services.
Zantech IT Services Inc.	Zantech provides services to U.S. agencies with a focus on program support, applications development, and systems operation and maintenance.

Source: SIGAR analysis of TFBSO contractor, grantee, and partner websites and marketing materials.

APPENDIX IV - ANALYSIS AND FINAL KNOWN STATUS OF TASK FORCE FOR BUSINESS AND STABILITY OPERATIONS PROJECTS

This appendix provides our analysis of the performance and final known status of each of the 35 Task Force for Business and Stability Operations (TFBSO) projects that we reviewed over the course of our audit work. These 35 projects were for agriculture (7), banking (2), energy (7), indigenous industries (9), investment facilitation and business support (2), mining (6), and women's advancement (2).

In the National Defense Authorization Act (NDAA) for fiscal year (FY) 2011, Congress required the Secretary of Defense, the Administrator of the U.S. Agency for International Development (USAID), and the Secretary of State to jointly develop a plan describing which TFBSO projects would be transition to State or USAID. Congress stated that in cases where projects would not be transferred to the Department of State (State) or USAID, this plan should explain the reasons why these projects would not be continued. In the transition plan TFBSO submitted to Congress in 2011, it wrote that it should meet the following objectives:

- Plan for the completion of all TFBSO projects by the end of calendar year 2014;
- Transfer TFBSO programs, on a case-by-case basis, to other U.S. government agencies, the government of Afghanistan, or the private sector.

In subsequent legislation, Congress required TFBSO to report on its progress implementing this transition plan. While TFBSO transferred responsibility for some incomplete or ongoing projects to the government of Afghanistan or the Afghan private sector, no projects were transferred to another U.S. government agency by December 2014.

Some of TFBSO's projects were temporary or limited by design, and thus did not require transfer to an enduring partner; other projects required continued assistance if they were to be finished or sustained. For the latter projects, we found that in some cases the Afghan government or private sector appear able to finish or sustain the projects TFBSO left to them, usually with support from another international donor organization. However, other projects ceased operations or fell into disuse and disrepair, or are in danger of doing so in the near future. Furthermore, we found that in some cases TFBSO simply ended work on projects when it concluded operations in Afghanistan on December 2014, regardless of their status. In this appendix, we describe all known TFBSO projects, their objectives, status as of TFBSO's closure in December 2014, and current status if applicable.

Investment Facilitation and Business Incubator

STATUS: Project ended in 2014. According to Development Alternatives Inc.'s status report, it met with American University of Afghanistan (AUAF) to discuss the transfer of knowledge and clients from this project's "incubator" component to AUAF's Business Innovation Hub project, and also transferred an investment project to the World Bank.⁹⁶

PROJECT DESCRIPTION: TFBSO obligated a total of \$58.2 million to International Business Machines (IBM) and Development Alternatives Inc. for a project to develop private businesses in Herat province. This project had two components:

1. To facilitate investments and loans for Afghan-owned and operated businesses
2. To provide coaching and mentorship for Afghan-owned start-up businesses in the field of information technology.

⁹⁶ Development Alternatives Inc., *Task Force for Business and Stability Operations Final Report - Second Option Period Business Accelerator and Investment Facilitation Subject Matter Support Services*, November 26, 2014.

TFBSO's contract with IBM did not have any measurable project milestones; the contract only required IBM to submit monthly reports. However, Development Alternatives had specific and detailed requirements, which included assisting at least four Afghan companies with entering into term sheet agreements⁹⁷ for investment deals and meeting weekly with at least four companies receiving incubator services.

Investment Facilitation

IBM stated in one report that its investment team received \$15 million in commitments from the Overseas Private Investment Corporation (OPIC) and international private investors. IBM officials later clarified that its team facilitated \$5 to \$6 million in actual investments, which included small investments in several companies as well as a \$4 million loan to Herat Ice Cream. Because IBM was not given clearly defined metrics regarding the expected levels of investment, it is unclear if this project met TFBSO's expectations.

In its final report, Development Alternatives documented that it facilitated two of the four required agreements between potential investors and Afghan companies. According to a Development Alternatives official, one of these term sheet agreements resulted in OPIC loaning \$14 million to an Afghan pharmaceutical company. The Development Alternatives investment team also facilitated discussions between several Afghan businesses and a private equity firm named Riz-Q Capital Partners. However, we spoke to a representative from Riz-Q who stated that they never progressed past the discussion phase.

According to a Development Alternatives official, the investment facilitation team also established an agreement between a consortium of private investors and the Afghan government to develop Afghanistan's first gas-fired power plant in Mazar-e-Sharif. This official told us that Development Alternatives transitioned this public-private partnership project to the World Bank in September 2016.

Business Incubator

According to a former TFBSO official, TFBSO focused on developing Herat because it was seen as the "gateway to Afghanistan" and residents dreamed it could be built into a "mini Bangalore," a technology-focused city in India. However, this official said that the reason Bangalore has succeeded is that it had a large company, Texas Instruments, anchoring the local tech economy. He said no such company exists in Herat, and although TFBSO's leadership attempted to entice companies like Google to invest in Herat, "partnerships with U.S. companies never materialized."

Nonetheless, according to IBM representatives, TFBSO updated IBM's contract, requiring it to create an "incubator" providing free coaching and mentorship to Afghan startup businesses in the tech sector. These IBM representatives said that TFBSO did this over their objections, and described TFBSO's concept as "unworkable," saying that the model would never have been sustainable without generous financial support from an outside donor. A Google representative who delivered a talk and ran a project with students at the incubator agreed that the concept was overly ambitious, but told us that he thought TFBSO was creating a productive, supporting environment for Afghan students and entrepreneurs that would not have existed otherwise. Later, TFBSO expanded the program's scope and began providing coaching and mentoring services to qualified companies in any sector, not just information technology.

TFBSO reported that the business incubator served 34 companies, assisted 62 entrepreneurs, and helped businesses increase their yearly revenue by an average of 450 percent for micro businesses and 306 percent for small businesses. Because of a lack of program documentation, however, we could not determine whether the result of the project met TFBSO's expectations. We spoke to three recipients of the incubator's services, and the first two remarked that TFBSO's consultants based too much of their advice on Western markets and their suggestions often did not translate into the Afghan context. The first recipient stated that TFBSO's funding could have been better spent as small direct grants to help Herat businesses finance start-up costs, such as

⁹⁷ A term sheet agreement is a pre-contractual document that outlines the main terms and conditions of agreement between parties in relation to a proposed investment. A term sheet may be legally binding or nonbinding.

equipment purchases, and the third recipient offered a similar critique, saying that a funding component would have helped more program participants get their businesses off the ground.

Mining Contract Tender Support and Promotion

STATUS: Project left incomplete in 2014. Four contracts were tendered to international companies, but all contracts remain unsigned by the Afghan government. The Ministry of Mines and Petroleum has not executed any additional mining tenders or signed mining contracts with international companies as of the date of this report.

PROJECT DESCRIPTION: TFBSO obligated \$51 million for legal, technical, and commercial experts who supported the Ministry of Mines and Petroleum in tendering large-scale mining contracts to international mining companies. Initially, TFBSO intended for the ministry to award at least eight mineral contracts. However, because of extensive and unexpected challenges with Afghanistan’s national-level politics and bureaucracy—including scheduling issues, delays in translating of mining agreements, capability and staffing gaps, and need for additional rounds of negotiation between the government and bidding companies—TFBSO later scaled its ambitions back to four contracts.

TFBSO succeeded in guiding these four contracts partway through the tender process, resulting in preliminary agreements supported, with some caveats, by both the Ministry of Mines and Petroleum and the prospective awardees. However, as of the date of this report, the Afghan government had not authorized the award of any of these four contracts. Former TFBSO contractors expressed concerns that even if the government eventually awards these contracts, the Ministry of Mines and Petroleum lacks critical audit and enforcement capabilities, and may not be able to hold contract awardees accountable if they violate the terms of their contracts.

USAID’s Mining Investment and Development for Afghanistan Sustainability Program, a successor to this TFBSO project, continued to advise the ministry on other contract tenders through March 2017. According to USAID, TFBSO did not coordinate with USAID’s mining team, resulting in some duplication of effort.

Sheberghan-Mazar Natural Gas Pipelines

STATUS: Project left incomplete in 2014. 12 kilometers of 15 kilometers in planned repairs were completed on the existing pipeline; the remaining 3 kilometers remained incomplete as of July 2015. Pipe for a new pipeline was imported, but construction never started. The current status of both pipelines is unknown.

PROJECT DESCRIPTION: TFBSO obligated \$39.6 million to provide materials and technical assistance for an initiative to rehabilitate and then replace the 45-year-old, 89.1-kilometer natural gas pipeline connecting the Khoja Gorgordak gas field near Sheberghan, Jowzjan province to the Northern Fertilizer and Power Plant in Mazar-e-Sharif, Balkh province. Between 2012 and 2014, TFBSO procured and delivered 15 kilometers of pipe to the Afghan Gas Enterprise, then provided technical assistance while the Afghan Gas Enterprise replaced corroded sections of the existing pipeline. TFBSO also procured and delivered 94.5 kilometers of pipe so that the Afghan Gas Enterprise could construct a new pipeline alongside the existing one.

By the time TFBSO ceased field operations in Sheberghan, the Afghan Gas Enterprise had connected 12 of the 15 kilometers of replacement pipe. USAID reported in July 2015 that the Afghan Gas Enterprise had yet to finish rehabilitating the remaining 3 kilometers. The agency further stated that it believes an increase in the pressure of the pipeline beyond its pre-rehabilitation levels would “almost certainly” result in an explosion or other serious incident. Construction never began on the new pipeline, and we could not determine what became of the 94.5 kilometers of pipe that TFBSO delivered to locations in Sheberghan and Mazar-e-Sharif because of security concerns in these areas.

Hydrocarbon Contract Tender Support and Promotion

STATUS: Project concluded in 2014. TFBSO-supported tenders resulted in three signed contracts with Chinese, Emirati, and Afghan companies, and TFBSO assisted with the establishment of a new division at the Ministry of Mines and Petroleum to manage these contracts. However, this division laid off 72 of its 97 employees in December 2014, and technical consultants who worked on the project expressed concerns that the ministry now lacks the capacity to tender new contracts or manage the three existing contracts effectively.

PROJECT DESCRIPTION: TFBSO obligated \$28.3 million for legal, technical, and commercial experts who supported the Ministry of Mines and Petroleum in tendering contracts for Afghanistan's hydrocarbon deposits. As a part of this effort, TFBSO was instrumental in establishing and training a new division at the Ministry of Mines and Petroleum, named the Afghan Petroleum Authority, to manage, oversee, and regulate these contracts.

TFBSO's first contractor for this effort, PricewaterhouseCoopers, did not accomplish its objective of facilitating the award of a hydrocarbons contract. An official from PricewaterhouseCoopers said this was largely because TFBSO's loss of fiscal year (FY) 2010 funding resulted in the discontinuation of PricewaterhouseCoopers' contract, as it ran out of its FY 2010 funding and TFBSO was not allowed to change the funding source for the contract.⁹⁸ Later contractors assisted in the award of three contracts, one in the Amu Darya basin to the Chinese National Petroleum Company (China) and the Watan Group (Afghanistan), and two in the Afghan Tajik Basin to a consortium consisting of Dragon Oil (UAE), TP Petroleum (UAE), and the Ghazanfar Group (Afghanistan). However, three additional planned contracts were not completed.

TFBSO officials claimed that the completed contracts could generate as much as \$6.29 billion in revenues to the Afghan government over their lifetimes. However, former TFBSO technical consultants expressed concerns that the Ministry of Mines and Petroleum lacks critical audit and enforcement functions, and said at least one contract awardee has not been held to account for its poor performance and lack of payments to the government. Additionally, a USAID contractor reported in December 2014 that the Afghan government did not approve continued funding for the salaries of the "vast majority" of Afghan Petroleum Authority staff members. Seventy-two of the 97 entity's employees were laid off in December 2014, leaving 35 employees. These layoffs created a risk that TFBSO's capacity building activities have gone or will go to waste.

Mineral Data Collection and Afghan Geological Survey Capacity Building

STATUS: Capacity-building component concluded in 2014. Maps and digital data for 24 areas of interest, as well as an additional 33 subareas, were compiled into a new data center at the Afghan Geological Survey. TFBSO planned to turn over control of this data center to the Afghan government in 2014.

PROJECT DESCRIPTION: TFBSO obligated \$27.9 million to support and expand the U.S. Geological Survey's activities in Afghanistan.⁹⁹ According to its interagency agreements with TFBSO, the U.S. Geological Survey's objectives between 2009 and 2014 included:

- Conducting sampling and ground assessments within 24 areas of interest previously identified by the U.S. Geological Survey;¹⁰⁰

⁹⁸ For further discussion of these funding issues, see page 11 of this report.

⁹⁹ This figure includes \$2 million obligated for a contract with IBM and \$124,564 obligated for a contract with the Simorg Homa Industrial Group to support the new data center at the Afghan Geological Survey, and \$4 million obligated to contracts with Vertical de Aviacion, which provided helicopter transportation to the remote locations where the U.S. Geological Survey conducted its samples.

¹⁰⁰ In 2005, the U.S. Geological Survey, with the support of USAID, initiated a 2-year project to review Afghanistan's national resources. In 2007, it published a preliminary assessment of the country's mineral resources claiming that there are "abundant" resources present in Afghanistan. Working with TFBSO between October 2009 and September 2011, the

- Collecting both existing geological records and new data, and compiling and organizing it within a new TFBSO-funded data center at the Afghan Geological Survey headquarters in Kabul; and
- Conducting institutional capacity building at the Afghan Geological Survey and the Ministry of Mines and Petroleum.

The U.S. Geological Survey generated maps and digital data of the 24 areas of interest, as well as an additional 33 subareas. It compiled these maps and data, along with digitized versions of Soviet-era maps and records, into a new data center constructed at the Afghan Geological Survey headquarters in Kabul. TFBSO officials told us that TFBSO planned to turn the data center over to the Afghans in 2014.

The U.S. Geological Survey's capacity-building efforts included database training, geographic information system software training, remote sensing training, and on-the-job training at field sites and at the Afghan Geological Survey headquarters. One U.S. Geological Survey representative stated that, in their assessment, the Afghan Geological Survey is now capable of producing data information packages without outside assistance. However, the representative also said security, funding, transportation, and infrastructure problems will likely hinder the Afghan Geological Survey's ability to do its work.

Kushka Basin Seismic Reflection Surveys

STATUS: Project discontinued in 2014 after 52 (of 300 required) kilometers worth of data was collected. The Ministry of Mines and Petroleum has awarded no hydrocarbon contracts for the Kushka Basin area.

PROJECT DESCRIPTION: TFBSO obligated \$25.3 million for seismic reflection surveys in the Kushka Basin. TFBSO's intention for the project was to collect subsurface data about hydrocarbon deposits that could be marketed to potential investors. The first contractor, Terraseis Trading Ltd, did not collect any of the required 300 kilometers of seismic data because of delays caused by TFBSO's untimely delivery of necessary equipment, inclement weather, and insurgent attacks. The second contractor, Leidos Holdings Inc., collected only 52 of the required 300 kilometers of seismic data, failing for largely the same reasons as Terraseis. The Afghan government had not awarded any hydrocarbon contracts for the Kushka Basin as of the date of this report.

Banking and Financial Infrastructure Development

STATUS: Project discontinued in 2011 after State and USAID denied their concurrence for TFBSO banking projects. The Electronic Funds Transfer Assistance Center, established in 2010 to resolve complaints by Afghan businesses about electronic fund transfers, was transferred to an unknown coalition entity. We could not determine the current status of this assistance center because of a lack of documentation.

PROJECT DESCRIPTION: TFBSO obligated \$12.9 million to bring the banking system in Afghanistan up to international standards, provide training in electronic banking products, increase the availability of capital financing, provide consulting services to local administrative workers, and facilitate U.S. government electronic payments to contractors. The Electronic Funds Transfer Assistance Center and the Retail Banking Consortium were the two major components of the project. Internal TFBSO documents reported that the assistance center facilitated payments of \$550 million, resolved 300 cases across 250 vendors, and recovered more than \$2 million in incorrect payments, implying a record of success.¹⁰¹ A TFBSO contractor said that it transferred operations of the center to a coalition office, but we could not determine which office it was, or whether the

U.S. Geological Survey conducted another assessment with the goal of identifying particular deposits that could be relatively easily developed. This study identified 24 areas of interest where it deemed there to be potential for early and low-risk exploitation of minerals and hydrocarbons.

¹⁰¹ The available documentation did not explain what it meant to "resolve" a case.

center is still operational. We also could not determine the impact of TFBSO's financial consulting services because of the small number of progress reports available.

Amu Darya Basin and Western Afghan Tajik Basin Seismic Reflection Surveys

STATUS: Project concluded in 2012 after 480 kilometers' worth of data was collected.

PROJECT DESCRIPTION: TFBSO obligated \$12.7 million for seismic reflection surveys in the Amu Darya and Afghan Tajik Basins. The intended outcome of this project was to collect subsurface data about potential hydrocarbon deposits that the Afghan government could market to potential investors. According to TFBSO's 2012 activities report to Congress, the contractor, Terraseis Trading Ltd., successfully collected the 480 kilometers of seismic data required by the contract on schedule. As we discussed above, using this data and with the assistance of TFBSO technical consultants, the Afghan government awarded a hydrocarbons exploration and production-sharing contract for the Amu Darya Basin on December 26, 2011, as well as two hydrocarbons exploration and production-sharing contracts for the Afghan Tajik Basin, both on October 8, 2013.

Herat Agricultural College and Instructional Irrigation System

STATUS: Project concluded in 2012 after TFBSO constructed the building housing Herat University's Agricultural College and equipped it with an instructional irrigation system. The building remains in use by the university; however, the instructional irrigation system is currently inoperable.

PROJECT DESCRIPTION: TFBSO obligated \$7.3 million for a grant to the Norman Borlaug Institute at Texas A&M University.¹⁰² TFBSO's intention for the project was to complete the construction of a building at Herat University that would house the school's Agricultural College. As part of this project, the Borlaug Institute installed an irrigation system to be used by the college in teaching irrigation techniques. TFBSO's economic impact assessment report, which was completed on December 29, 2014, stated that the building was completed and that the agricultural instruction at the Agricultural College had a positive impact on farmers' income and agribusiness productivity. We visited Herat University on March 12, 2017, and confirmed that the building was being used and the irrigation system was in place. However, we found that the irrigation system is currently inoperable. The farm director in charge of the system told us that the college cannot sustain it without additional funding.

Mineral Exploration and Drill Rig Training

STATUS: Project concluded in 2014. Data from the exploration component was added to the data center TFBSO set up at the Afghan Geological Survey. The training component resulted in 9.5 weeks of instruction (of a planned 12-week curriculum) and graduated 14 individuals at varying levels.

PROJECT DESCRIPTION: TFBSO obligated \$7.2 million for preliminary mineral exploration in North Aynak and Dasht-e-Newar, as well as an instructional course and on-the-job training for Afghan technicians so that they could perform similar work in the future. Normally, mineral exploration is performed by mining companies. But because these companies generally lacked interest in investing resources into Afghanistan, TFBSO opted to do some preliminary exploration in promising areas, with the intent of using the data to increase investor interest. TFBSO contracted with Central Asian Mining Services to conduct exploratory drilling for copper deposits in North Aynak, and with CENTAR American Technical Services Inc. to do the same for lithium deposits in Dasht-e-

¹⁰² The Norman Borlaug Institute is represented in contracts by Texas A&M AgriLife Research, which is also a member of the Texas A&M system.

Newar, Ghazni province. Additionally, TFBSO tasked Emissary Transition Group LLC with training the Afghan Geological Survey on its drilling rigs so that it could perform similar work in the future.

TFBSO records indicate that both the North Aynak and Dasht-e-Nawar expeditions concluded successfully and confirmed the quality of those areas' copper and lithium deposits, respectively. However, the training component had mixed results. Emissary Transition Group LLC reported that it commissioned and operationalized three drilling rigs and graduated of two drillers, three driller assistants, five driller helpers, two senior mechanic/welders, and two mechanic/welders. However, the contractor also voiced several concerns with the project. It reported that the Afghan Geological Survey did not appear to screen the trainees it nominated, resulting in the majority of the trainees being functionally illiterate and innumerate, and in approximately half the trainees openly acknowledging that they only attended the drill rig trainings for the free lunches and salary benefits. Additionally, Emissary Transition Group LLC noted that the poor quality of several of the drill rigs resulted in breakages and delays. Finally, the contractor expressed reservations about the project length itself, which it felt was far too short. It wrote that training a person to become a driller can be a 1- to 2-year process, much longer than the 3-month project commissioned by TFBSO.

We could not determine whether the Afghan government has found any use for the North Aynak and Dasht-e-Nawar data, or whether the Afghan Geological Survey has conducted any further drilling expeditions.

Business Innovation Hubs

STATUS: Project ongoing. AUAF Business Innovation Hubs remain open in both Kabul and Herat, and continue to provide services. However, their management teams say they receive few fees and will continue to need grant money from AUAF and other donors to sustain operations.

PROJECT DESCRIPTION: TFBSO obligated \$5.3 million on a grant to the Friends of AUAF to establish Business Innovation Hubs in two locations, one each in Kabul and Herat, to provide business development services to local businesses. A representative from the Friends of AUAF said that this project differentiated itself from the Herat Incubator (described above) by focusing on providing “accelerator” services to established companies rather than start-ups and by charging fees rather than offering its services for free.

The performance work statements for this grant required the Friends of AUAF to identify and vet more than 50 potential companies and deliver consulting services to at least 38 companies. The only record of progress on TFBSO's hard drive reported that the Kabul Business Innovation Hub researched 40 companies. DOD did not otherwise provide progress reports for the Kabul or Herat Business Innovation Hubs, so we could not determine the extent to which TFBSO's grant met its objectives during the grant period.

According to the Friends of AUAF, the Business Innovation Hubs continue to provide services in Kabul and Herat and has located several new revenue streams to continue operations. However, the Hubs' executive director told us that they have thus far received few fees from clients and will continue to need grant money from other donors. We visited both the Kabul and Herat Business Innovation Hubs and found them still in use. The staff members at each location said that their clientele has grown as more local businesses recognize the value of their services. However, one former AUAF client told us that the Business Innovation Hubs' staff and clientele is dwindling, and that their resident experts are unqualified to provide business consultancy services. Photos 7 and 8 depict the Kabul and Herat Business Innovation Hubs, respectively.

Photo 7 - Kabul Business Innovation Hub



Source: SIGAR, March 20, 2017

Photo 8 - Herat Business Innovation Hub



Source: SIGAR, March 16, 2017

International Center for Afghan Women’s Economic Development

STATUS: Project ongoing. According to Friends of AUAF, the center has become “the most successful part of the university” and remains a significant resource for women at AUAF. However, the center’s management told us that it has not yet become fully self-sustaining, and requires donor funding for its operational budget.

PROJECT DESCRIPTION: TFBSO obligated \$5 million for a grant to assist with establishing and constructing of the International Center for Afghan Women’s Economic Development at the AUAF. The project aimed to construct and fully equip a 5,500 square meter facility located on the AUAF campus, and to lead and coordinate international and Afghan efforts to advance the role of women in the economic stabilization of Afghanistan. TFBSO reports indicate that AUAF opened the center and initiated its programming in the spring of 2013. When we visited the center on March 20, 2017, we found that it was still open and being used by the university. Representatives from the Friends of AUAF told us that the center has become “the most successful part of the university” and remains a significant resource for women at AUAF. They stated that the center increased the share of female students at the university from 10 percent to 45 percent. However, the center’s management told us that it has not yet become fully self-sustaining, and requires donor funding for its operational budget. Photos 9 and 10 depict the center’s building and offices, respectively.

Photo 9 - International Center for Afghan Women's Economic Development Building Exterior



Source: SIGAR, March 20, 2017

Photo 10 - International Center for Afghan Women's Economic Development Offices



Source: SIGAR, March 20, 2017

Compressed Natural Gas Fueling Station and Generators

STATUS: Project concluded in 2013 after TFBSO built a fueling station and two bi-fuel generators. TFBSO transferred ownership of the fueling station to the Afghan government, which awarded an operations and maintenance contract to a private Afghan company; TFBSO transferred ownership of the two bi-fuel generators to the Afghan National Defense and Security Forces. TFBSO's FY 2014 concurrence plan stated that TFBSO would assist the Ministry of Mines and Petroleum to further develop the compressed natural gas sector, and TFBSO's FY 2014 activities report noted that the private Afghan company operating the fueling station planned to start construction of a sister station in Mazar-e-Sharif. However, we have no evidence that this has happened. The fueling station continues to be operated and maintained by the same Afghan company. The current status of the two bi-fuel generators is unknown.

PROJECT DESCRIPTION: TFBSO obligated about \$5 million¹⁰³ to construct several compressed natural gas installations. These included a compressed natural gas fueling station in Sheberghan, Jowzjan province—along with parts kits to convert automobile engines to run on compressed natural gas fuel—and four bi-fuel (diesel/compressed natural gas) generators at the Afghan Border Police Regional Training Center and the Afghan National Army Regional Headquarters in Sheberghan. According to TFBSO documentation, the fueling station began operations in May 2012, and in 2014, the Afghan government awarded a contract that granted

¹⁰³ In October 2015, we released a special project report questioning TFBSO's decision to build this compressed natural gas fueling station (SIGAR, *DOD's Compressed Natural Gas Filling Station in Afghanistan: An Ill-Conceived \$43 Million Project*, SIGAR 16-2-SP, October 22, 2015). The report cites a TFBSO study that said the fueling station's total costs, including overhead, was \$42.7 million. In later congressional testimony, DOD stated, "the support cost data available to us do not provide the necessary fidelity to determine overhead costs in support of the [compressed natural gas] project."¹⁰³ While the organization that wrote the study stood by the conclusions of its report, it wrote to the Senate Armed Services Committee that, per guidance from TFBSO, it allocated 41 percent of all overhead costs to TFBSO's energy projects, and also divided TFBSO's energy experts' labor costs evenly across these projects. One of the report's authors suggested that this may have inflated the costs of smaller projects, such as the fueling station, which did not actually require as much time and labor as larger projects. A DOD comptroller tasked with reviewing the overhead costs allocated to the CNG station stated that while he could not substantiate the final overhead costs allocated to the station, he also could not figure an alternative amount of overhead. The comptroller stated that the overhead costs could have been much higher or much lower and that it was impossible to determine definitively. For the purposes of this report, we are reporting only the obligation amounts tied directly to the contracts without overhead or subject matter expert labor costs. As noted earlier, out of more than \$675 million in total program obligations, TFBSO obligated \$359.5 million for overhead costs.

operational rights to a local Afghan company. We visited the fueling station on June 11, 2017, and observed that it continues to be operated and appears to be in good condition. A representative from the Afghan company operating the fueling station told us that it is fully self-sustaining on gas sales, that their clientele is growing, and that they hope to increase services and provide more compressed natural gas as automotive fuel to the Sheberghan community. However, we were unable to independently verify these statements. Two of the bi-fuel generators were installed in 2013, but it is unclear whether the two remaining generators were installed. We could not determine whether the generators are still in use.

Mazar-e-Sharif Industrial Park

STATUS: Project concluded in 2014 after TFBSO built, equipped, and transferred ownership of a glass plant and power plant to a private company as a part of a planned industrial park. The power plant is currently nonfunctional, and the glass plant can perform only its secondary function of tempering glass imported from elsewhere because the Afghan government cannot or will not provide the natural gas that is necessary to generate power and manufacture glass. According to a Yasmin ARA official, no other businesses have set up operations inside the industrial park because of the lack of power.

PROJECT DESCRIPTION: TFBSO obligated \$4.5 million to create an industrial park near Mazar-e Sharif and establish an “anchor tenant” in the form of a glass manufacturing plant and natural gas-fired power plant. TFBSO awarded the contract to Yasmin ARA, which was responsible for acquiring silica mining rights, preparing the site, building the glass plant and power plant, and operating those facilities once completed. According to State and USAID representatives, the success of this project was contingent on TFBSO’s successful rehabilitation of the natural gas pipeline between Sheberghan and Mazar-e Sharif, because the pipeline was not transporting enough gas at that time to meet the needs of an industrial park.

In a written audit follow-up statement to SIGAR, USAID reported that TFBSO’s attempts to rehabilitate the existing natural gas pipeline were not complete by the time TFBSO concluded its operations in Afghanistan. Subsequently, Yasmin ARA was unable to negotiate an alternative natural gas supply arrangement with the Ministry of Mines and Petroleum. We spoke with a representative from Yasmin ARA, who told us that the glass plant was in good condition and has been able to adapt its operations somewhat to temper glass imported from elsewhere. However, he said Yasmin ARA has not been able to manufacture glass on site because of the lack of natural gas needed to operate the glass manufacturing equipment. Written and photographic evidence provided to us by another representative from Yasmin ARA corroborated this statement. The Yasmin ARA official said the glass plant was supposed to draw in other businesses to the industrial park with its electrical plant and steady power supply, but as Yasmin ARA has been unable to produce electricity because of the lack of natural gas, no other businesses have set up operations inside the industrial park.

Indigenous Industries Trade Shows

STATUS: Project concluded in 2014 after the contractor participated in 16 trade shows on behalf of Afghan artisans.

PROJECT DESCRIPTION: TFBSO obligated \$4.1 million to Bell Pottinger Communications to participate in trade shows around the world to display Afghanistan’s carpets, jewelry, and cashmere industries, which TFBSO hoped would expand their reach in international markets. The contract required Bell Pottinger Communications to participate in at least seven trade shows. The contractor reported participating in 16 trade shows and received a strong performance review from TFBSO, indicating that this project achieved its overall objectives. However, aside from securing advertising for “AfghanMade Carpets”—TFBSO’s trade name for the artisanal products it supported—it is unclear if this project resulted in expanded sales for Afghan products or whether any such gains were sustainable.

Gereshk Cold Storage and Distribution Center

STATUS: Project discontinued in 2013 after TFBSO constructed a cold storage and distribution center but was unable to find a private investor to equip, operate, and maintain it. Its current status is unknown.

PROJECT DESCRIPTION: TFBSO obligated \$3.4 million for the construction of a cold storage and distribution center in Helmand province. TFBSO's intention for the project was to create a central distribution center that would connect with a wider network of cold storage and packing facilities. TFBSO located an investor to run the facility after it was completed, but the company suffered damages to one of its other holdings and withdrew from the project. TFBSO was not able to identify another investor who would furnish the building with packing equipment and begin operations. As of 2014, TFBSO records indicated that the building had been completed but was not being used or maintained.¹⁰⁴ The current status of the facility is unknown.

Planning, Management, and Technical Support for Village Stability Operations Projects

STATUS: Project discontinued in 2013 after the Ministry of Mines and Petroleum asked TFBSO to focus its efforts on areas of greater priority to the ministry.

PROJECT DESCRIPTION: TFBSO obligated \$2.6 million to plan mining sector-oriented Village Stability Operations projects. TFBSO intended for its contractors to support Combined Joint Special Operations Task Force and Special Operations Task Force teams in training local partners in proper artisanal mining methods and identifying potential small-scale mineral development projects. TFBSO's contractors told us that they did some preliminary work in facilitating site visits to potential Village Stability Operations project locations. However, in an internal progress report, one of the contractors that provided consulting services to TFBSO wrote that nearly every Village Stability Operations milestone was incomplete at the end of the contractors' periods of performance, and that this was largely because the contractors were still waiting for TFBSO to authorize the start of any Village Stability Operations project. TFBSO officials told us that they had plans to execute at least two Village Stability Operations projects. However, they said that following the highly visible failure of the Khas Kunar chromite mining project, described in further detail below, the Ministry of Mines and Petroleum did not approve any further village-level projects and asked TFBSO to focus its efforts elsewhere.

Cashmere Farm and Certification Laboratory

STATUS: Project was scheduled to end in 2014, but the contracting office granted a no-cost extension until June 2015. The Ministry of Agriculture, Irrigation, and Livestock is unaware of the current status of farm and does not communicate with the company expected to operate and maintain it. We found that the facility has been abandoned and stripped of equipment.

PROJECT DESCRIPTION: TFBSO obligated \$2.3 million to create a sustainable cashmere-producing farm of 2,000 goats and a certification laboratory. TFBSO's intention for this project was to generate a herd of goats producing lighter and whiter cashmere, which would command higher prices than Afghanistan's typically heavy and dark cashmere. TFBSO expected that once this model farm and its certification laboratory were set up, the Afghan government would sell ownership rights to a private entity that would then expand the model throughout Afghanistan.

The grantee, Colorado State University, reported on October 31, 2014, that it had met many of its objectives related to constructing the farm and laboratory, equipping these facilities, and breeding an initial herd. However, TFBSO officials reported that Colorado State University did not fully meet these objectives in a timely fashion. Colorado State University raised concerns with the short time frame of the project, indicating that

¹⁰⁴ SIGAR, Gereshk Cold and Dry Storage Facility, Inspection Report 14-82, July 16, 2014, p. 3.

TFBSO did not give it a reasonable amount of time to reach its intended objectives. Toward the end of the grant performance period, Colorado State University reported several critical problems, including an outbreak of a disease that necessitated culling a portion of the herd, and a determination that the farm lacked sufficient grazing space for the size of its herd, necessitating costly purchases of feedstock. When the Afghan company that TFBSO had expected to take over operations and management, the Afghanistan Cashmere Manufacturing Association, backed out 2 months before the project was scheduled to end, Colorado State University requested a no-cost, 6-month extension to June 2015, to ensure a successful transition to another Afghan company. Washington Headquarters Services granted the extension on TFBSO's behalf, as TFBSO ceased operations in Afghanistan in December 2014 and would be closing its administrative offices in March 2015.

As of June 2015, Colorado State University reported that it had completed construction, breeding, and training at the farm and laboratory, and wrote that it had located another Afghan company, Noor Agro Group, willing to take over operations and management. However, it was unable to facilitate the necessary memorandum of agreement between Noor Agro Group and the Ministry of Agriculture, Irrigation, and Livestock, putting the future of the facility at risk. A ministry representative later told us that the ministry has not been in contact with the Noor Agro Group and do not know what it had done with the facility. We first visited the cashmere goat farm and laboratory in April 2016 and observed that the facilities appeared to be in operation. When we returned on April 8, 2017, it had been abandoned and stripped of its equipment.

Kandahar Raisin Processing Facility

STATUS: Project completed in 2011, but reports indicate that the quality of workmanship was poor. The rights to operate and maintain the facility were transferred to Tabasom Raisin and Dry Fruit Processing Company; however we found the building is now unoccupied.

PROJECT DESCRIPTION: TFBSO obligated about \$2 million to build a 30,000-square-foot raisin processing facility at the Shorandam Industrial Park in Kandahar. The contract was awarded to Tabasom Raisin and Dry Fruit Processing Company to build, maintain, manage, and staff the facility. A project scope review from 2012 indicates that Tabasom completed construction of facility structures, but that the quality of its workmanship was deemed poor and several deficiencies needed to be repaired. We visited the facility on April 3, 2017, and found that the building remains unoccupied and unused.

Gemstone and Jewelry Business Development Project

STATUS: Project completed in 2014. Aayenda Jewelry—the company established by TFBSO to facilitate sales by local Afghan gemstone artisans to international buyers and wholesalers—maintains a website where orders of jewelry can be taken. We could not determine the extent to which Aayenda Jewelry provides continued learning opportunities and support to Afghan gemstone artisans.

PROJECT DESCRIPTION: TFBSO obligated about \$1.9 million to Partners for Sustainable Development and its partner, the Future Brilliance Afghanistan Organization, to promote the growth of the gemstone jewelry sector in Afghanistan by building the technical and business skills of gemstone artisans. The project had three objectives: (1) training semi-skilled Afghan gemstone and jewelry artisans to international industry standards; (2) exposing Afghan gems and jewelry to international markets to develop demand; and (3) generating sustainable jobs for a generation of graduates and continuing to create new market linkages. The grantees met or exceeded the goals of the grant according to the quarterly and final reports they submitted to TFBSO. The task force reported that the project resulted in the creation of 300 jobs and training of 36 individuals, who in some cases went on to found their own jewelry businesses. However, though the grantees appear to have met their objectives by the end of the performance period, TFBSO program officers reported significant difficulties caused by one senior Future Brilliance project manager, which led to concerns regarding mismanagement and a general lack of progress. One of these program officers stated that TFBSO's concerns were significant enough that it considered cancelling the project before Partners for Sustainable Development

intervened to put the project back on track for completion. We could not determine from the documentation available whether the reported outputs of this project have been sustained since the completion of the grant in November 2014, although we found that Aayenda Jewelry, the company established by TFBSO to facilitate sales by local Afghan gemstone artisans to international buyers and wholesalers, continues to maintain a website where orders of Afghan jewelry can be taken. We continue to examine the award, oversight, and financial management of this grant.

Artisanal Craft Development

STATUS: Project ongoing. An official from Turquoise Mountain Trust reported that in 2017 it continued to provide support to 10 Afghan vendors, which have made further sales to international buyers.

PROJECT DESCRIPTION: TFBSO obligated \$1.6 million to the Turquoise Mountain Trust for the development and implementation of a project to link indigenous Afghan artisans to international markets. TFBSO expected the contractor to meet the following objectives:

- identify high-quality Afghan vendors using indigenous materials and traditional design elements;
- secure new sales outlets for Afghan vendors;
- facilitate Afghan vendors to create product prototypes, samples, and promotional materials for new markets;
- support vendors to establish contact with specific wholesalers and retailers, ensure that vendors meet international quality and order fulfillment standards, and assist with exporting to new customers; and
- mentor and support Afghan vendors to be functioning and reliable producers and export partners.

In its final report to TFBSO, Turquoise Mountain wrote that it achieved most of these objectives, saying that it:

- identified 10 Afghan vendors, compared with an expected minimum of 3;
- secured 1 new sales outlet for Afghan vendors, compared with an expected minimum of 3, and had leads for several more;
- facilitated 4 international orders, compared with an expected minimum of 5, and had leads for several more;
- carried out several activities to improve the quality of Afghan artisanal products, such as implementing a quality control checklist for artisanal products and organizing a workshop focused on improving Afghan jewelers' technical skills; and
- provided "mentoring and support" to 10 Afghan vendors.

It further reported that its activities "produced exceptionally visible results," with \$2.5 million in reported sales of Afghan crafts. Turquoise Mountain continues to train artisans and assist Afghan artisanal goods businesses with exporting their products. A Turquoise Mountain official told us that TFBSO's involvement led to the establishment of 13 companies employing more than 200 people in total. The official also stated that at least 10 of these businesses continue to export goods internationally. We were unable to independently verify this information.

Food Safety and Training

STATUS: Project completed in 2012. The current status of the facilities TFBSO built or repaired is unknown.

PROJECT DESCRIPTION: TFBSO obligated \$1.4 million to train Afghan farmers and improve hygiene practices in the Afghan agricultural sector. The intended outcome for the project was to bring Afghan produce up to international safety standards. According to the contractor, TFBSO's food safety project consisted of three major objectives:

- constructing potato-farming training farms and building 60 latrines in rural areas of Bamyan province so that local farmers would not compromise the hygiene of their crops with human waste;
- building training farms for raisin vineyards in Kandahar; and
- repairing and replacing solar panels at a food packing facility in Marjah, Helmand province, and providing safety trainings to farmers using the facility.

The contractor, Agrilinks Afghanistan, told us that it completed all three objectives. This Agrilinks representative further stated that, in his estimation, about half of the training farms have since been destroyed by insurgents. He also told us that the Marjah packing facility was attacked once more following the completion of TFBSO's activities. We could not ascertain whether it is still operational or the extent to which it is being used.

Micro-Hydroelectric Generators

STATUS: Project discontinued in 2012; however, the contractor later returned and completed installation of generators and grid on its own. Both generators are currently operational, but the villages that own and operate them dismantled the interconnected grid, so generators now serve separate networks.

PROJECT DESCRIPTION: TFBSO obligated \$1.3 million to construct two micro-hydroelectric generators that would supply electricity to an interconnected power network spanning two villages—Shah Delir and Tira Koh—in Parwan province. The project encountered several delays and a deteriorating security situation. TFBSO terminated the contract for convenience in 2012, but a representative from the contractor, Sustainable Energy Services Afghanistan, said that the contractor later came back on its own to finish installing the generators and the interconnected grid. However, the representative further stated that because TFBSO neglected local engagement, the two benefitting villages are now fighting over who will pay for the upkeep of the generators, and locals severed the two generators from the interconnected grid. We visited both project sites on March 25, 2017, and found the micro-hydroelectric generators were still operational and generating power for more than 500 households in Shah Delir. However, members of the Tira Koh community expressed concern that some users were extracting power from the system illegally and not paying maintenance fees. Photo 11 shows water flowing into Shah Delir's micro-hydroelectric dam, and photo 12 shows the household metering system.

Photo 11 - Shah Delir Micro-Hydroelectric System



Source: Sustainable Energy Services Afghanistan, November 11, 2016

Photo 12 - Prepaid Meters for Household Consumption Monitoring



Source: Sustainable Energy Services Afghanistan, November 11, 2016

Vocational Training Center for Women

STATUS: Project completed in 2012. TFBSO stopped monitoring the implementing partner, the Noori Foundation, following the conclusion of the project. In November 2016, we spoke to a representative from the Noori Foundation who told us that the vocational center continues to employ two teachers, though it now operates at a much more limited capacity because of a lack of funding. He said that the Noori Foundation itself has downsized to a small office, but is still having trouble affording rent payments and is on the verge of closure.

PROJECT DESCRIPTION: TFBSO obligated \$1.1 million for the Noori Foundation to pilot, develop, implement, and transfer an integrated program “to address the barriers in advancing and reintegrating ALL (widowed, disadvantaged, professional and university and high school girls) women into Afghanistan Civil Society as outlined the Afghanistan National Development Strategy.” Progress reports submitted by the Noori Foundation to TFBSO indicate that the foundation successfully secured classroom facilities, enrolled 200 students, and provided health services to students, children, and instructors. Furthermore, a TFBSO internal management report dated in April 2014 listed the project as 100 percent completed. However, there is little to no other evidence demonstrating that the Noori Foundation delivered the specific trainings TFBSO described in the performance work statement. Furthermore, while TFBSO and the Noori Foundation tracked some indicators of project success, such as class attendance, we did not find any data, such as testing results, showing that the students were absorbing the concepts being taught, and neither the Noori Foundation nor TFBSO appear to have tracked what happened to students who successfully graduated from the program. In November 2016, we spoke to a representative from the Noori Foundation who told us that the vocational center continues to employ two teachers, though it now operates at a much more limited capacity due to a lack of funding. He said that the Noori Foundation itself downsized to a small office, but is still having trouble affording rent payments and is on the verge of closure.

Carpet Hub

STATUS: Project discontinued in 2012 because of poor performance by the contractor.

PROJECT DESCRIPTION: TFBSO obligated \$803,062 to Tremayne Consulting Inc. to train 32 individuals to wash and finish carpets and identify and develop logistics and export routes for the Afghan carpet market. The contractor developed a “carpet hub” in Istanbul, Turkey, to serve the latter objective. The hub opened sometime in late 2011 and closed in May 2012. The contractor trained only seven individuals. An internal TFBSO report states the project was largely unsuccessful, noting that it had been unable to deliver upon its goals of buyer outreach and education, brand messaging development, and strategic marketing and public relations.

Retail Banking Consortium

STATUS: Project discontinued in 2011 after State and USAID denied their concurrence for TFBSO banking projects. Ownership of the resulting “Afghan Payments System” was transferred to a consortium of five member banks. This Afghan Payments System began operations in June 2016, but as of December 2016, the consortium has not yet begun issuing debit cards as planned.

PROJECT DESCRIPTION: TFBSO obligated at least \$639,720 for the creation of the “Afghanistan Payments System,” a financial network that would allow member banks to interoperate more efficiently. Five small national Afghan banks are members of a consortium that owns and operates the Afghanistan Payment System, and they plan to distribute a local debit card that is accepted by all of the consortium’s member banks. The head of a nonmember bank told us that the Afghanistan Payments System began operations in June 2016, but as of December 2016, the consortium had not yet begun issuing debit cards. He said that his bank currently

had few incentives to join the consortium because doing so would not significantly increase its market share. This individual also noted that Da Afghanistan Bank refused to join the consortium for similar reasons.

Nangarhar Agricultural College

STATUS: Project concluded in 2011 after TFBSO provided chemicals and laboratory equipment for Nangarhar Agricultural College, which was built and funded earlier that year by partner organizations. While the college is still used for teaching and administrative purposes, and the lab equipment TFBSO purchased appears to still be there, the building was constructed with low-quality materials requiring multiple repairs, and the college's staff has not cleaned or maintained the building to keep it in good condition.

PROJECT DESCRIPTION: TFBSO obligated \$505,000 to procure equipment for a research facility at the Nangarhar Agricultural College. TFBSO partner organizations, Norman Borlaug Institute at Texas A&M University and the Howard Buffett Foundation, funded the construction of the building, while TFBSO alone provided funding to furnish the facility with chemicals and laboratory equipment. Work was completed on the building and the TFBSO-funded equipment was delivered in 2011. We visited the Nangarhar Agricultural College on April 9, 2017. We found that while the college is still used for teaching and administrative purposes, and the lab equipment TFBSO purchased appears to still be there, the building was constructed with low quality materials requiring multiple repairs. Its exterior has cracked in two places, and wastewater and water systems have leaked in multiple places, and the college's staff has not cleaned or maintained the building to keep it in good condition.

Training and Curriculum Development at Kabul Polytechnic University

STATUS: Project concluded in 2014 after planned training curriculum was delivered. Academics from the University of Missouri told us that they still communicate occasionally with their Afghan counterparts in an unofficial capacity, but they have no further plans to train Kabul Polytechnic faculty without additional funding.

PROJECT DESCRIPTION: TFBSO obligated \$500,000 to sponsor an intercollegiate information exchange for Kabul Polytechnic University professors specializing in geology and mining. TFBSO officials told us that they partnered with three international universities to update Kabul Polytechnic's mining curriculum and train professors in contemporary mining practices. According to both TFBSO and Afghan government officials, schools like Kabul Polytechnic University needed this support because their curricula still reflected Soviet central planning practices, and they were not graduating students with the knowledge and skills that the Ministry of Mines and Petroleum needed. Although DOD did not provide us with project reports, both TFBSO and its implementing partner, the University of Missouri, said that they met their objectives and that their training efforts at Kabul Polytechnic were highly successful. However, representatives from the University of Missouri told us that TFBSO was unable to locate another donor willing to sustain the project after 2014, even though there was interest from both the University of Missouri and Kabul Polytechnic. Academics from the University of Missouri told us that they still communicate occasionally with their Afghan counterparts in an unofficial capacity, but they have no further plans to train Kabul Polytechnic faculty without additional funding.

Herat Carpet Facility

STATUS: Project concluded in 2011 after TFBSO built and equipped a facility in the Herat Industrial Park where Afghan artisans could cut and wash carpets. TFBSO transferred responsibility for operations and management of the facility to a local collective, the Afghanistan-Herat Carpet Union. The facility opened in July 2012 and is still being operated and maintained, employing between 12 and 30 staff and seeing daily use from local artisans.

PROJECT DESCRIPTION: TFBSO obligated \$498,060 to construct a facility in the Herat Industrial Park where Afghan artisans could cut and wash carpets, turning them into finished products that would fetch a higher price

on international markets. An internal TFBSO management report from August 2014 stated that TFBSO transferred responsibility for operations and management of the facility to a local collective, the Afghanistan-Herat Carpet Union. We obtained news reports from Pajhwok, an Afghan media entity, indicating that the processing facility opened in June 2012. We visited the carpet cut-and-wash facility on March 13, 2017, and found that it is still being operated and maintained, and employed between 12 and 30 staff. The facility's staff told us that while the Herat Industrial Park as a whole has collapsed after a trader was kidnapped, the carpet cut and wash facility has continued to see daily use, and they are planning to expand to accommodate increasing demand. Photos 13 and 14 show a carpet being washed and dried at this facility

Photo 13 - Carpet Being Washed at Herat Carpet Facility



Source: SIGAR, March 13, 2017

Photo 14 - Drying Machine at Herat Carpet Facility



Source: SIGAR, March 13, 2017

Carpet Child Labor-Free Certifications

STATUS: Project discontinued in 2012 after poor performance by the contractor.

PROJECT DESCRIPTION: TFBSO obligated \$442,825 to GoodWeave International with the goal of reducing child labor and ensuring that carpets serviced at TFBSO's cut-and-wash facility complied with international child labor standards for the carpet industry. The contractor was expected to (1) form five partnerships with government and nongovernmental organizations, exporters, importers, and other stakeholders to ensure a long-term commitment for minimizing child labor, and (2) ensure that carpets sold at TFBSO's carpet hub in Istanbul were certified as child-labor-free. GoodWeave did not achieve most of these performance objectives, as GoodWeave established only one partnership during the performance period of the contract. GoodWeave was not able to quantify a reduction in the use of child labor in the Afghan carpet industry because of its activities. TFBSO and GoodWeave appeared to have had a contentious relationship throughout the execution of the contract, and both parties accused the other of being ambiguous in their expectations and communications. This contract was not terminated, even though the contracting office indicated that there was adequate justification to do so, because GoodWeave had already been paid for the majority of the contract's period of performance and that potential "litigative [sic]" risks existed for the U.S. government.

Kandahar Pomegranate Cold Storage Center

STATUS: Project discontinued in 2011 because of nonperformance by the contractor. We visited the Shorandam Industrial Park on April 3, 2017 and found no evidence of a pomegranate cold storage center.

PROJECT DESCRIPTION: TFBSO obligated \$435,504 to build a pomegranate cold storage facility and packing line in the Shorandam Industrial Park in Kandahar. The intended outcome for this project was to improve local

farmers' ability to pack pomegranates for export to international customers. TFBSO reported that the contractor, Tak Dana Dry and Fresh Fruit Processing, completed construction of the cold storage facility but never delivered the equipment for the pomegranate packing line. As a result, TFBSO terminated the contract for cause. We visited the Shorandam Industrial Park on April 3, 2017 and found no evidence of either the building or the equipment. When we spoke to officials at the Agriculture, Commerce, and Industries Directorate in Kandahar, they told us they did not know of any pomegranate cold storage and packing facilities in the area.

Bamyan Potato Pack House

STATUS: Project concluded in 2013 after TFBSO built and equipped a potato packing facility in Bamyan province, then provided training on its use. Ownership of the facility was planned to be transferred to a public-private partnership. We visited the Bamyan Potato Pack House on March 29, 2017, and found that it continues to be operated and maintained by a local potato farming cooperative.

PROJECT DESCRIPTION: TFBSO obligated \$323,793 to construct and equip a potato packing facility in Bamyan. The intended outcome of the project was to modernize food storage facilities in Bamyan and assist in bringing local potatoes to market "at international standards for export." A Bamyan-based company, Shah Fohladi, and two Bamyan potato cooperatives independently constructed the facility, and TFBSO paid Agrilinks Agriculture, through a subcontract under an unrelated Science Applications International Corp., contract, to provide equipment and training. After this, TFBSO signed a memorandum of agreement with the Wise Global Group to transition ownership, operation, and management to an Afghan-owned, private-public partnership. We later spoke to an Agrilinks representative, who expressed concerns that the packing facility lacked sufficient access to water and that potatoes would frequently get smashed while being transported to market because of the packing facility's remote location. When we visited the Bamyan Potato Pack House on March 29, 2017, the pack house's management team told us that it hires 10 people for 7 months each year to assist with storing, processing, and selling potatoes, and provides training programs and seeds to local farmers. However, members of the cooperative also said the pack house has been unable to find new users because of its low marketing capacity, and generates little income from its existing user base. The pack house's operational budget is currently being supported by another donor organization through the end of 2017, and the facility's management expressed concern that they will be unable to continue operations without additional international donor support.

Bost Cotton Gin

STATUS: Project concluded in 2011 after TFBSO repaired and reopened a cotton gin at a factory in Lakshar Gah (Bost), Helmand province. The current status of the cotton gin is unknown.

PROJECT DESCRIPTION: TFBSO obligated \$82,139 to repair a cotton gin at a factory in Lashkar Gah (Bost), Helmand province. The cotton factory was originally built in the 1960s and produced most of the cotton for Helmand province. TFBSO's program management report stated that the goal for this project was to improve the plant's operating efficiency, increase employment, and promote stability in the province. Two of these reports indicate that the plant was reopened successfully, with TFBSO remaining involved in an advisory capacity. However, we could not determine the lasting impact of the project from the information available.

Amu Darya Basin Landmine Removal

STATUS: Project concluded in 2011 after contractor removed all landmines and unexploded ordinance from the project area.

PROJECT DESCRIPTION: TFBSO obligated \$46,698 to remove landmines and unexploded ordinance near hydrocarbon wells in the Amu Darya Basin. The intended outcome of this project was to make the site more amenable for private-sector investment. According to TFBSO's 2011 activities report to Congress, the

contractor removed all landmines and unexploded ordinance from the project area. As discussed earlier, with the assistance of TFBSO technical consultants, the Afghan government awarded a hydrocarbons exploration- and production-sharing contract for the Amu Darya Basin on December 26, 2011.

Chromite Mining in Khas Kunar

STATUS: Project discontinued in 2012 after TFBSO learned that Afghan Local Police—who TFBSO trained to operate and maintain the chromite-processing equipment it delivered to Khas Kunar, Kunar province—are restricted by Afghan law from controlling mining facilities.

PROJECT DESCRIPTION: TFBSO obligated \$29,950 to purchase and rush deliver chromite-processing equipment to be used by artisanal miners in Khas Kunar, Kunar province. TFBSO then trained the local commander and deputy commander of the Afghan Local Police to set up a small chromite-processing unit for the local community without first consulting central government officials about the project. When TFBSO officials later consulted with Afghan legal experts, they learned that the chromite facility in fact violated the Afghan Minerals Law, which prohibits granting mining licenses to, among other officials, employees of the Ministry of Interior. A senior TFBSO official told us that upon learning this, TFBSO wrote a letter to the Minister of Mines and Petroleum explaining the violation, and terminated it at the Minister's request.

APPENDIX V - TASK FORCE FOR BUSINESS AND STABILITY OPERATIONS INDIRECT COSTS

This appendix presents data related to the \$299.8 million in indirect costs that the Task Force for Business and Stability Operations (TFBSO) obligated in support of its projects. Indirect costs funded technical consultants; project management support; and life support, logistics, and security for TFBSO staff and contractors. Due the general lack of TFBSO performance data and progress reports, we could not determine how many hours these contractors spent supporting individual TFBSO projects. Table 7 shows the total amount of money obligated to each contractor that provided an indirect project support service, the contractor's period of performance, and a brief summary of the services rendered.

Table 7 - TFBSO's Indirect Costs

Contractor	Total Obligation	Time Frame	Description of Services
Muscogee Nation Business Enterprise	\$71,211,278	9/18/2009 - 7/31/2014	Life support and security for TFBSO villas, logistical and operational support, and subject matter experts in various areas.
Triple Canopy	\$67,485,358	8/10/2011 - 12/31/2014	Life support and security for TFBSO villas, logistical and operational support, and subject matter experts in various areas.
Defense Group Inc.	\$51,560,064	9/14/2009 - 9/30/2011	Life support and security for TFBSO villas, logistical and operational support, and subject matter experts in various areas.
Zantech Information Technology Services Inc.	\$46,263,006	12/14/2010 - 12/27/2014	Advisory services, technical assessment, training materials, and other nonpersonal services in support of the design, implementation, and operation of energy development and access projects.
Transformation Advisors Group LLC	\$37,847,137	7/29/2010 - 11/01/2011; 9/21/2012 - 12/31/2014	Analytical support, direct programmatic support, and subject matter experts in various areas.
Expertech	\$11,704,556	9/29/2010 - 9/29/2012	Subject matter experts in various areas.
ERSM (Afghanistan) Ltd.	\$10,428,450	8/4/2010 - 9/30/2015	Life support and security for TFBSO villas, logistical and operational support.

Hickory Ground Solutions LLC	\$1,706,424	9/30/2010 - 9/29/2011	Village Stability Operations facilitation and Afghan air services.
Deloitte Consulting LLP	\$1,020,000	Unknown	Information and communication technology subject matter experts.
Global Millennium Services	\$587,664	4/23/2010 - 4/22/2012	Support TFBSO's indigenous industries team by providing strategic analysis, policy formulation, and project oversight for raisin processing and carpet manufacturing in Afghanistan.
Abdullilah Qadeer/Erfan Afghan Interpretation Services	\$22,916	9/28/2010 - 9/27/2011	Providing liaison services between TFBSO and the Ministry of Mines and Petroleum.

Source: SIGAR analysis of TFBSO contract documents and records, interviews with former TFBSO personnel, and interviews with former TFBSO contractors.

APPENDIX VI - TASK FORCE FOR BUSINESS AND STABILITY OPERATIONS GENERAL AND ADMINISTRATIVE COSTS

This appendix presents data related to the \$59.7 million the Task Force for Business and Stability Operations (TFBSO) obligated for general and administrative costs. These overhead costs supported TFBSO's operations and management instead of project design and implementation. Examples of general and administrative costs include TFBSO's office space in Arlington, Virginia, telecommunications support, and website production. They also include contracts TFBSO had with various management consulting firms, such as McKinsey & Company and the Boston Consulting Firm, to provide the task force with strategy documents, staff training events, and lessons-learned reports. Table 8 lists the total amount of money obligated to each contractor or interagency partner that provided a general or administrative service, the contractor or interagency partner's period of performance, and a brief summary of the services rendered.

Table 8 - TFBSO's General and Administrative Costs

Contractor(s) or Interagency Partner	Total Obligation	Time Frame	Description
McKinsey & Company	\$18,639,809	6/24/2009 - 8/23/2010	Private-sector partnerships.
Kingfisher Systems Inc.; MorganFranklin Corp.	\$10,561,114	6/8/2010 - 9/29/2012	Vetting Reachback Cell Support services and intelligence analysts in Afghanistan and Iraq.
International Business Machines Corp. (IBM) and Futron Inc.	\$7,630,387	8/4/2012 - 12/31/2014	Information technology support.
IBM	\$4,870,497	9/30/2010 - 3/30/2012	Information technology services: hardware, software, and communication services in Kabul, Herat, and Mazar-e Sharif.
Hickory Ground Solutions LLC	\$3,875,125	9/9/2011 - 9/27/2012	Contingency acquisition accountability support.
Leidos Holdings Inc.	\$3,431,604	9/19/2013 - 9/18/2014	Economic impact assessment for TFBSO's projects in Afghanistan.
CACI International Inc.	\$2,326,923	5/01/2009 - 4/30/2012	Acquisition support services.
The Boston Consulting Group	\$1,612,000	6/24/2013 - 9/27/2013	Analysis of the future role of TFBSO.

IBM Alliant	\$1,364,159	3/31/2012 - 8/31/2012	Unknown.
Brooks & Associates CPAs LLC	\$890,961	9/28/2010 - 9/27/2011	Acquisition support services for contract award and administration.
Booz Allen Hamilton	\$835,611	5/27/2010 - 11/26/2013	Development and delivery of warfighter requirements seminars, including economic roundtables and logistics.
Booz Allen Hamilton	\$711,447	Unknown	Afghan rail feasibility analysis to produce the Afghanistan National Rail Plan.
Netcentrics Corp.	\$429,759	9/13/2013 - 3/31/2014	Information technology support in the United States.
Lagoon Spring Company	\$352,200	9/29/2007 - 10/29/2007	Fiscal year 2007 lost funds.
Kethink	\$370,034	6/17/2010 - 6/16/2011	Unknown.
Williams, Adley & Company	\$321,331	12/23/2014 - 03/31/2015	TFBSO closure audit.
Washington Headquarters Service	\$255,867	Unknown	Support for TFBSO's Field Support Office from the Washington Headquarters Service.
University of Tennessee	\$249,910	9/27/2010 - 2/26/2011	Afghan biofuels study.
RAND Corp.	\$204,258	5/30/2014 - 3/29/2015	Lessons-learned study analyzing TFBSO's work in Afghanistan.
Rising International	\$160,200	9/23/2010 - 11/22/2011	Public relations for interagency personnel agreement.
Exelis Inc.	\$149,730	4/29/2009 - 10/28/2014	Combatant command planning and support.
U.S. Navy	\$125,221	1/15/2014 - 9/30/2014	Subject matter expert to create a cultural heritage preservation plan to address concerns regarding TFBSO's work in the extractives sphere.

Naval Surface Warfare Center - Crane Division	\$100,000	Unknown	Funding to Naval Surface Warfare Center - Crane Division.
National Technical Information Service	\$71,923	12/19/2013 - 12/18/2018	TFBSO website support.
Interagency Agreement with Defense Information Systems Agency	\$52,827	Unknown	SharePoint migration services.
U.S. Army Information Technology Agency	\$42,788	Unknown	Information technology services: phone installation of Secret Internet Protocol Router Network, six Non-Classified Internet Protocol Router Network Drops.
Fedstore Corp.	\$38,770	7/19/2013 - 8/19/2013	Information technology equipment for TFBSO's offices outside of the United States.
Golden Relief Resources LLC	\$22,593	3/10/2011 - 3/23/2012	Nontactical vehicles support at Camp Leatherneck.
Worldwide Procurement and Construction Inc./Adams Logistics Afghanistan	\$14,496	2/15/2010 - 2/14/2011	Administrative and technical support services and security for the Afghanistan Banking and Financial Networks Team in Afghanistan.
Export-Import Bank of the United States	\$13,000	Unknown	Advisory services from the Export-Import Bank of the United States.
General Algebraic Modeling System Development Corp.	\$5,440	One-time purchase	Economic impact assessment software purchase.
Afghan Wireless Communication Company	\$3,380	5/30/2013 - 5/29/2014	Cellular phones and cellular phone service in Afghanistan.
International Cement Review	\$3,000	11/19/2013 - 12/18/2013	Unknown.
Metro Office Solutions Inc.	\$2,741	One-time purchase	Furniture purchase.

Source: SIGAR analysis of TFBSO contract documents and records, interviews with former TFBSO personnel, and interviews with former TFBSO contractors and interagency partners.

APPENDIX VII - COMMENTS FROM THE DEPARTMENT OF DEFENSE



ASIAN AND PACIFIC
SECURITY AFFAIRS

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
2700 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-2700

OCT 26 2017

The Honorable John Sopko
Special Inspector General for Afghanistan Reconstruction
1550 Crystal Drive, 9th Floor
Arlington, VA 22202

Dear Mr. Sopko:

Thank you for the opportunity to review the Special Inspector General for Afghanistan Reconstruction (SIGAR) draft audit report, *"DOD Task Force for Business and Stability Operations: \$675 Million in Spending Led to Mixed Results, Waste, and Unsustained Projects."*

We appreciate SIGAR's efforts to assess the performance of the Task Force for Business and Stability Operations (TFBSO), which ended operations in Afghanistan in December 2014 and closed its U.S. offices in March 2015. The draft report is consistent with other independent assessments that concluded that TFBSO had mixed results. As the report notes, TFBSO "occupied a potentially useful niche" in Afghanistan, but did not achieve all of its intended objectives.

We are pleased that SIGAR found that 28 of TFBSO's 35 projects met or partially met their intended objectives. However, this is not sufficient. The report documents unacceptable weaknesses and shortcomings. We can – and must – do better.

SIGAR Comment 1

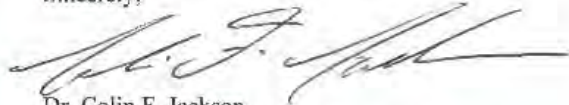
It is worth noting that the Afghan Government continues to build on some of the work TFBSO was unable to complete. For example, the draft report documents TFBSO's effort to assist the Afghan Ministry of Mines and Petroleum with tendering contracts for Afghanistan's mineral deposits. According to the report, "TFBSO succeeded in assisting four contracts partway through the tender process," but noted that the Afghan Government did not authorize any contract awards. In the recently launched U.S.-Afghan Compact, the Afghan Government included resolution of these contracts among more than 200 measurable benchmarks of reform, including other mining sector reforms.

SIGAR Comment 2



I would like to thank the SIGAR audit team for working closely with the Department of Defense during the development of this report. We welcome SIGAR's concluding advice on how to improve our financial management and accountability in conflict zones.

Sincerely,



Dr. Colin F. Jackson
Deputy Assistant Secretary of Defense
for Afghanistan, Pakistan, and Central Asia

Enclosure:
Technical Comments to SIGAR Draft Audit Report

SIGAR Comment 1. It is important to understand the difference between projects that met or partially met their *contractual* deliverables and projects that actually met or partially met their *program* objectives. DOD is correct in observing that this report finds the contracts directly supporting 16 TFBSO projects generally met their contract deliverables and that contracts directly supporting 12 projects partially met their contract deliverables (or in one case, met them after significant delay). However, just because some TFBSO contractors met their contract deliverables in whole or in part does not necessarily mean that the projects they supported had successful or sustainable outcomes. For example, there are several documented cases where TFBSO contractors completed construction and equipment of a facility, but TFBSO was unable to locate a private company able to operate and maintain it, leading that facility to fall into a state of disuse or disrepair. Furthermore, as we note in the report, because TFBSO did not consistently track outcomes data, such as the jobs created and government revenues generated by their projects, TFBSO was generally unable to demonstrate whether its projects met its overall objectives to “reduce violence, enhance stability, and support economic normalcy in Afghanistan.” (See appendix IV of this report for summaries of our detailed analyses and the final known status of all TFBSO projects we are aware of).

SIGAR Comment 2. While the U.S. government may continue to encourage the Afghan government to sign the four mining contracts that TFBSO supported between 2011 and 2014, as of the publication of this report, the four contracts had not been signed. Furthermore, as we note in appendix IV, TFBSO’s own subject matter experts expressed concerns to us that even if the Afghan government eventually awards these contracts, the Ministry of Mines and Petroleum continues to lack critical audit and enforcement capabilities, and may not be able to hold contract awardees accountable in the event that they violate the terms of their contracts. It is worth noting that the Ministry of Mines and Petroleum has not announced any additional tenders for mining contracts, raising questions about whether the expensive technical training TFBSO (and later, the U.S. Agency for International Development) provided to the ministry has been put to effective use. We would caution DOD and other U.S. government agencies against thinking that success in Afghanistan’s mining sector is only a few contract signatures away, as the Afghan government will likely need continued assistance to effectively oversee, regulate, and receive the royalty payments it is entitled to for these contracts. Furthermore, according to civil society representatives, at least one of these unsigned contracts has a project area that has fallen under the insurgency’s control since 2014. This raises further questions about how security will be provided for these contracts if the Afghan government awards them.

APPENDIX VIII - ACKNOWLEDGMENTS

Chris Borgeson, Senior Program Manager

Zachary Rosenfeld, Analyst-in-Charge

Collin Chatterley, Program Analyst

Madeline Krahn, Program Analyst

Justin Markley, Senior Program Analyst

Jonathan Ned, Investigative Analyst

This performance audit was conducted
under project code SIGAR-114A.

SIGAR's Mission

The mission of the Special Inspector General for Afghanistan Reconstruction (SIGAR) is to enhance oversight of programs for the reconstruction of Afghanistan by conducting independent and objective audits, inspections, and investigations on the use of taxpayer dollars and related funds. SIGAR works to provide accurate and balanced information, evaluations, analysis, and recommendations to help the U.S. Congress, U.S. agencies, and other decision-makers to make informed oversight, policy, and funding decisions to:

- improve effectiveness of the overall reconstruction strategy and its component programs;
- improve management and accountability over funds administered by U.S. and Afghan agencies and their contractors;
- improve contracting and contract management processes;
- prevent fraud, waste, and abuse; and
- advance U.S. interests in reconstructing Afghanistan.

Obtaining Copies of SIGAR Reports and Testimonies

To obtain copies of SIGAR documents at no cost, go to SIGAR's Web site (www.sigar.mil). SIGAR posts all publicly released reports, testimonies, and correspondence on its Web site.

To Report Fraud, Waste, and Abuse in Afghanistan Reconstruction Programs

To help prevent fraud, waste, and abuse by reporting allegations of fraud, waste, abuse, mismanagement, and reprisal, contact SIGAR's hotline:

- Web: www.sigar.mil/fraud
- Email: sigar.pentagon.inv.mbx.hotline@mail.mil
- Phone Afghanistan: +93 (0) 700-10-7300
- Phone DSN Afghanistan: 318-237-3912 ext. 7303
- Phone International: +1-866-329-8893
- 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