



SIGAR

Office of the Special Inspector General
for Afghanistan Reconstruction

November 25, 2015

The Honorable Ashton B. Carter
Secretary of Defense

Dear Secretary Carter:

My office is conducting a review of the activities and expenditures of the Defense Department's Task Force for Business and Stability Operations (TFBSO).¹ Thus far, we have released several products, including an audit that found TFBSO did not devise long-term planning strategies for its \$282 million investment to develop the mineral, oil, and gas industries in Afghanistan, calling into question the sustainability of those investments, and a report on the nearly \$43 million spent to construct a compressed natural gas automobile filling station when comparable stations would have cost no more than \$500,000.²

Based on allegations we have received from former TFBSO employees and others, today I am writing to request information concerning TFBSO's decision to spend nearly \$150 million, amounting to nearly 20 percent of its budget, on private housing and private security guards for its U.S. government employees in Afghanistan, rather than live on U.S military bases.

SIGAR's preliminary review indicates that TFBSO leadership rented specially furnished, privately owned "villas"³ and hired contractors to provide 24-hour building security, food services, and bodyguards for TFBSO staff and visitors traveling in country. The contractors lived in TFBSO facilities, arranged transportation, and provided security details when TFBSO personnel traveled outside their compounds.⁴ If TFBSO employees had instead lived at DOD facilities in Afghanistan, where housing, security, and food service are routinely provided at little or no extra charge to DOD organizations, it appears the taxpayers would have saved tens of millions of dollars.⁵

¹ TFBSO was created by DOD in 2006 to help revive the post-invasion economy of Iraq. In 2009, TFBSO was redirected to Afghanistan, where its mission was to carry out projects to support economic development. From 2010 through 2014, Congress appropriated approximately \$822 million to TFBSO for Afghanistan, of which the task force obligated approximately \$766 million. TFBSO ceased operations in Afghanistan in December 2014 and was shut down on March 31, 2015.

² SIGAR 15-55-AR, *Afghanistan's Mineral, Oil, and Gas Industries: Unless U.S. Agencies Act Soon to Sustain Investments Made, \$488 Million in Funding is at Risk*, April 2015; SIGAR 16-2-SP, *DOD's Compressed Natural Gas Filling Station in Afghanistan: An Ill-Conceived \$43 Million Project*, October 2015.

³ The term "villas" was used by TFBSO employees and in TFBSO contracting documents to refer to the residences that TFBSO rented in Afghanistan and is therefore the term used here.

⁴ TFBSO's main compound was in Kabul, but TFBSO also rented smaller villas in Herat, Mazar-i-Sharif, and, for a short period, Jalalabad. Former TFBSO officials told SIGAR that the \$150 million TFBSO spent on its accommodations in Afghanistan supported "only a handful" and "no more than 5 to 10" TFBSO staff the majority of the time.

⁵ Similarly, if TFBSO employees had lived at the U.S. Embassy, TFBSO would have been charged only a *pro rata* share of housing, security, food service, and other administrative costs under the State Department's International Cooperative Administrative Support Services (ICASS) system. While it is not possible to determine precisely what this might have cost, in FY 2014, TFBSO's last full year of operation, the average ICASS cost per person at the U.S. Embassy was approximately \$181,000. Therefore, SIGAR estimates that for FY 2014 a TFBSO staff of 10 would have paid approximately \$1.8 million to live at the Embassy.

It appears that TFBSO's decision not to live on U.S. military bases in Afghanistan may have been made by Mr. Paul A. Brinkley, former Deputy Under Secretary of Defense and TFBSO's first director. Mr. Brinkley has explained that:

“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.”⁶

TFBSO contracts describe in detail the services provided by TFBSO's contractors.⁷ For example:

- TFBSO paid over \$57 million from 2010 to 2014 to Triple Canopy for armed support. Services provided by Triple Canopy included “combat life saver qualified personnel for all security movements,” and “20 security teams to support operations in all areas of Afghanistan and secure movement of Task Force staff, senior businessmen, and guests . . .”⁸ The statement of work also required the Contractor to provide life support services for “TFBSO personnel and/or VIP/Industry professionals who are guests of TFBSO.”⁹
- Defense Group Incorporated (DGI) received \$51 million from TFBSO between 2009 and 2011 for extensive security and other services. For example, DGI provided “secured [accommodations] 24 hours a day, 7 days a week by armed guards and [a] CCTV monitoring system which can view the entire perimeter and surrounding area.”¹⁰ The security provided at this facility included “cameras monitored on a 24 hour basis from a central operations room” and required DGI to have “a security reaction team that [can] respond in less than five minutes to an emergency or potential threat of incursion of the perimeter by unauthorized personnel.”¹¹
- TFBSO paid the Muscogee Nation Business Enterprise (MNBE) over \$40 million from 2009 to 2014 to provide “transportation and personal protection from terrorist or criminal attack to [TFBSO] personnel visiting/traveling to and from project worksites.”¹² MNBE also monitored the entrance to all TFBSO accommodations to ensure the safety and security of TFBSO personnel and guests.

⁶ Paul A. Brinkley, *War Front to Store Front: Americans Rebuilding Trust and Hope in Nations Under Fire* (New York, NY: Turner Publishing Company/Wiley General Trade, 2014), p. 272. Although SIGAR has contacted Mr. Brinkley in connection with this inquiry, he is no longer a U.S. government employee and has not cooperated with our requests for information.

⁷ SIGAR has not evaluated the quality of the services provided by these contractors and is not aware of any complaints that the contracts were not performed as required.

⁸ DOD contract number GS-07F-5499R, awarded to Triple Canopy, Statement of Work, p. 7.

⁹ DOD contract number D12PS00025, awarded to Triple Canopy/Edinburgh International, Turnkey Housing Facility for Task Force for Business and Stability Operations (TFBSO) Afghanistan,” Dec. 23, 2011, p. 2 (verified by the Dept. of the Interior, Acquisition Services Directorate, Sep. 16, 2015).

¹⁰ DOD contract number FA7014-09-F-A148, awarded to DGI, Performance Work Statement, Sep. 14, 2009, p. 20.

¹¹ Ibid.

¹² DOD contract number HQ0034-13-C-0101, awarded to MNBE, Statement of Work Task Force for Business and Stability Operations (TFBSO) Afghanistan, Life Support in Herat, Aug. 1, 2013, p. 8.

- TFBSO “made arrangements” with its “neighbors to share information about activity in the area and to provide immediate support if problems occurred.”¹³ This arrangement was supplemented by a security contractor who gathered and processed “all requisite intelligence/threat information to safeguard TFBSO personnel and guests.”¹⁴

In addition to security services, these private contractors provided support services at TFBSO facilities. For example, Triple Canopy provided TFBSO personnel with queen size beds in certain rooms, a flat screen TV in each room that was 27 inches or larger, a DVD player in each room, a mini refrigerator in each room, and an “investor villa” that had “upgraded furniture” and “western-style hotel accommodations.”¹⁵ In terms of food, Triple Canopy was required to provide service that was “at least 3 stars,” with each meal containing at least two entrée choices and three side order choices, as well as three course meals for “Special Events.”¹⁶

Similarly, over this period, MNBE provided “TFBSO Government staff, Contractor staff and guests with full life support services while in country, to include but not be limited to, secure accommodations (outfitted at a 3-star equivalent level or better), secure low profile transportation . . . VOIP [Voice Over Internet Protocol] communications capabilities, on-site laundry service, on-site food & meal service (with light snacks and water/tea/coffee/sodas available 24 hrs.), business office space to include all equipment necessary to conduct business operations (computers, printers, phones, scanners, desks and chairs), housekeeping, maintenance, grounds and cultural advisors and translators.”¹⁷ Figures 1 and 2 show the TFBSO “villas” in Kabul.

Figure 1 - TFBSO Villa in Kabul



Source: TFBSO former employee

Figure 2 - TFBSO Villa in Kabul



Source: TFBSO former employee

¹³ Brinkley, *War Front to Store Front*, p. 270.

¹⁴ DOD contract number GS-07F-5499R, Statement of Work, p. 8.

¹⁵ DOD contract number D12PS00025, Statement of Work, *supra*, p. 2.

¹⁶ *Ibid*, p. 7.

¹⁷ Adam K. Marshall, Barrow & Grimm, P.C., attorneys at law for MNBE, response to SIGAR questions, June 16, 2015.

While it is unclear what benefit the U.S. received as the result of TFBSO's decision to rent private housing and hire private security contractors, rather than living on DOD military bases, or whether any cost-benefit analysis was conducted before the decision was made, outside consultants, in a presentation prepared at the request of TFBSO, hailed the "freedom of movement" enjoyed by TFBSO. For example, Boston Consulting Group (BCG) noted that TFBSO was "not constrained by chief-of-mission requirements", had "no excessive red tape internally in securing travel arrangements", and that personal security details were "critical for mobility in hostile and uncertain environments."¹⁸ In another presentation, BCG explained that TFBSO's "freedom of movement" meant that TFBSO personnel "can meet with local [private sector] leaders, officials, and investors in the field, not on base" and that this "enables execution of innovative and high-potential-impact projects requiring "in-the-field oversight and management".¹⁹

A draft report on TFBSO prepared by the RAND Corporation notes the importance TFBSO employees placed on their "freedom of movement", but notes that TFBSO's lack of coordination with the State Department and other agencies caused "friction" and observes that, "even the U.S. civilian personnel most supportive of the Task Force's activities in Afghanistan reported that more active oversight on the part of the Department of Defense and clearer coordination with civilian authorities would have improved the efficacy of the Task Force."²⁰

None of the foregoing consultant studies discuss the \$150 million cost of TFBSO's decision to reside in private residences rather than at U.S. military bases or the U.S. Embassy, and to hire private contractors to provide security and support services. And, none of these studies discuss whether TFBSO could have carried out its activities just as effectively operating from U.S. military bases or under Chief of Mission authority.

To assist us in better understanding the basis on which this decision was made, please provide the following information:

1. Did DOD or TFBSO prepare a cost-benefit analysis prior to deciding that TFBSO staff would use private accommodations, security, and support services in Afghanistan, as opposed to using U.S. government facilities and military support? If so, please provide a copy of any such cost-benefit analysis.
2. During the period in which TFBSO operated in Afghanistan (September 2009 to December 2014), were DOD organizations or employees assessed charges for living on DOD facilities in Afghanistan? If so, what was the approximate rate per organization and employee?
3. Was TFBSO specifically authorized by DOD or some other authority to allow its staff to reside in private residences in Afghanistan and to hire private security guards and private support services? If so, please provide a copy of that authorization.
4. How were the "villas" used by TFBSO in Kabul selected and who selected them?
5. TFBSO documents refer to "Leadership Villas" in Kabul. How did these "Leadership Villas" differ from other "villas" in TFBSO's private compound in Kabul?
6. Mr. Brinkley has stated that TFBSO brought potential private investors to Afghanistan to consider investing in the country. Please provide a list of all such investors and the dates on which they visited Afghanistan, from 2009 through 2014.

¹⁸ Boston Consulting Group, *TFBSO Operations Playbook*, Oct. 2013, p. 33.

¹⁹ Boston Consulting Group, *TFBSO Summary Report – Private Sector Operations as Stability and Security Tool*, Oct. 2013, p. 16.

²⁰ S. R. Zimmerman, D. Egel, and I. Blum, *Task Force for Business and Stability Operations – Lessons from Afghanistan*, RAND Corp. Draft Report prepared for the Office of the Secretary of Defense, June 2015, pp. 66-67.

7. What was the outcome of these investor visits? Did any of the private investors that TFBSO invited to Afghanistan invest in Afghanistan? If so, please identify and describe all such investors, the amounts invested, and the businesses in which the investments were made.
8. Did TFBSO persuade any Afghan investors to invest in businesses in Afghanistan? If so, please identify and describe all such investors, the amounts invested, and the businesses in which the investments were made.

I am submitting this request pursuant to my authority under Public Law No. 110-181, as amended, and the Inspector General Act of 1978, as amended. Please direct your staff to provide the information requested no later than December 11, 2015, to my Director of Special Projects, Mr. Jack Mitchell, at [REDACTED]. Should you have any questions about this request, your staff may contact Mr. Mitchell by email or at [REDACTED].

Sincerely,



John F. Sopko
Special Inspector General
for Afghanistan Reconstruction

cc:
Brian P. McKeon
Principal Deputy Under Secretary of Defense (Policy)
Office of the Secretary of Defense



POLICY

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FEB - 5 2016

The Honorable John F. Sopko
Special Inspector General for Afghanistan Reconstruction
2350 Crystal Drive
Arlington, Virginia 22202-3940

Dear Mr. Sopko:

I am replying on behalf of the Department of Defense to your letter of November 25, 2015, concerning the Task Force for Business and Stability Operations' (TFBSO) expenditures on housing and security for U.S. Government employees in Afghanistan in the years prior to TFBSO concluding operations in Afghanistan on December 31, 2014. The documents referenced below are included on the enclosed compact disk, and are for SIGAR use only, and not for further dissemination due to their containing information exempt from the disclosure requirements of the Freedom of Information Act (5 U.S.C. § 552). These documents are being provided pursuant to the terms discussed in our exchange of letters of December 16, December 23, and December 28, 2015.

When TFBSO was established, it was specifically designed to be expeditionary in order to catalyze economic development and job creation in Iraq, and then Afghanistan, in support of the military campaigns. As you know, the task force operated under the authority of the military commander, rather than Chief of Mission authority. This unique status gave the task force a certain freedom to move around the country and engage more directly with Afghans than employees of the U.S. Embassy were able to do, given security concerns.

Another manifestation of TFBSO's unique role was the use of private housing and private security guards for its employees in Afghanistan. The arrangement was an outgrowth of the unique nature of the task force's mission, and provided the flexibility the task force believed that it required. As I understand it, in order to promote business development, TFBSO hosted meetings with Afghan officials at off-hours and in locations atypical of non-military engagements, such as late in the evening or at a host location. The U.S. military's logistic or movement planning also did not factor in the nature of TFBSO's business. Therefore, to satisfy the irregular movement schedule to numerous locations outside forward operating bases (FOB), TFBSO contracted for private housing, security, and transportation logistics. The merits of this approach should be examined, and we welcome your review.

In June 2011, the outgoing Director of the task force, Paul Brinkley, issued an internal memo to TFBSO staff directing the closure of off-FOB housing and the relocation of TFBSO personnel to International Security Assistance Force-managed compounds. It is unclear why Mr. Brinkley's memo was not implemented following his departure, and the Department of Defense



is continuing to review the records to determine what subsequent decisions were made. A copy of the June 2011 memo is provided on the disk. In July 2014, Colonel Michael Philbin authored an After Action Review (AAR) regarding TFBSO operations. Colonel Philbin discussed the task force's practice regarding villas, private security, property management, and other facets of its operations, and makes recommendations on each. The AAR captures the task force's rationale for how it operated at the time, and is also included on the enclosed disk. What follows are responses to your specific questions.

- 1) Did DOD or TFBSO prepare a cost-benefit analysis prior to deciding that TFBSO staff would use private accommodations, security, and support services in Afghanistan, as opposed to using U.S. government facilities and military support? If so, please provide a copy of any such cost-benefit analysis.**

Although TFBSO went through a formal approval and review process conducted by the US Army Central Command's Coalition Acquisition Review Board (CARB) for the private accommodations and security, which included justifications for the accommodations, security, and support services, we are unable to find a document that specifically analyzed the costs and benefits of using private accommodations compared to using U.S. government facilities and military support. Please see the document entitled "TFBSO CARB 3100 final approved" as an example of the approval and review process.

- 2) During the period in which TFBSO operated in Afghanistan (September 2009 to December 2014), were DOD organizations or employees assessed charges for living on DOD facilities in Afghanistan? If so, what was the approximate rate per organization and employee?**

We are not aware of whether TFBSO assessed such charges. Please see the document "TFBSO CARB 3100 final approved," which alludes to the estimated cost per bed per day for staying at TFBSO private housing.

- 3) Was TFBSO specifically authorized by DOD or some other authority to allow its staff to reside in private residences in Afghanistan and to hire private security guards and private support services? If so, please provide a copy of that authorization.**

Please see the response to Question 1.

- 4) How were the "villas" used by TFBSO in Kabul selected and who selected them?**

TFBSO utilized housing in Afghanistan in order to implement TFBSO's economic revitalization initiatives. Please see document "03-13-2009 SecDef Robert Gates TFBSO 2009 Continuation Memo." The Department of Interior Contracting Agency selected and awarded Life Support contracts for villas.

- 5) TFBSO documents refer to "Leadership Villas" in Kabul. How did these "Leadership Villas" differ from other "villas" in TFBSO's private compound in Kabul?**

The "Leadership Villa" was in a separate location from the other villas, and was not on the same compound. It is our understanding that the "Leadership Villa" operated for six months from April 2011-September 2011, whereas the other Kabul villa, referred to as the "Kabul Banking and Energy Villa," operated through the end of TFBSO's operations in December 2014. Please see the document entitled "Life Support Overview."

- 6) **Mr. Brinkley has stated that TFBSO brought potential private investors to Afghanistan to consider investing in the country. Please provide a list of all such investors and the dates on which they visited Afghanistan, from 2009 through 2014.**

Our initial review of the TFBSO archive has identified documentation for only one of the TFBSO sponsored investor trips. See document "After_Action_Report_Investor_Visit_Trip_FINAL," To date, we have not been able to locate a list or lists cataloguing potential private investors in the records archive.

- 7) **What was the outcome of these investor trips? Did any of the private investors that TFBSO invited to Afghanistan invest in Afghanistan? If so, please identify and describe all such investors, the amounts invested, and the businesses in which the investments were made.**

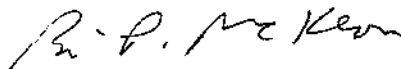
To date, we have not been able to locate a list or lists cataloguing private investment facilitated by TFBSO.

- 8) **Did TFBSO persuade any Afghan investors to invest in businesses in Afghanistan? If so, please identify and describe all such investors, the amounts invested, and the businesses in which investments were made.**

See documents "FY14 TFBSO Transition Plan_Congress," the FY13 report to Congress on TFBSO, FY12 report to Congress on TFBSO, and "Incubator Metrics 2012-12." To our knowledge, the task force did not maintain a list of Afghan investors who decided to invest in Afghanistan as a result of TFBSO's work.

In addition to the documents mentioned above, we have included several other files on the compact disk that we believe may be relevant to your review of TFBSO's expenditures on housing and security. The Department remains committed to accommodating SIGAR's review of TFBSO's operations.

Sincerely,



Brian P. McKeon

Enclosures: As Stated.