



# SIGAR

Testimony

Before the Subcommittee on Readiness and  
Management Support

U.S. Senate

DOD Task Force for Business  
and Stability Operations in  
Afghanistan: Preliminary Results  
Show Serious Management and  
Oversight Problems

Statement of John F. Sopko,

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January 20, 2015

Chairman Ayotte, Ranking Member Kaine, and Members of the Subcommittee,

I am pleased to be here today to discuss SIGAR's completed and ongoing work examining the Department of Defense's Task Force for Business and Stability Operations (TFBSO or Task Force) in Afghanistan. The nearly \$800 million Task Force was DOD's principal vehicle for stimulating private sector growth and investment in Afghanistan's war-torn economy.<sup>1</sup>

One of SIGAR's most recent TFBSO reviews examined a TFBSO-funded compressed natural gas (CNG) filling station in the city of Sheberghan, Afghanistan. This project is just one example of well-intentioned TFBSO projects that had little-to-no chance of achieving desired outcomes.

Over the past two years, SIGAR has received more complaints of waste, fraud, and abuse relating to TFBSO activities than for any other organization operating in Afghanistan. Since SIGAR began investigating TFBSO activities, we have conducted more than 50 interviews with former TFBSO officials and contractors, and several dozen more with other U.S. and Afghan government officials with knowledge of TFBSO activities. In addition, SIGAR obtained documents and records related to TFBSO activities from the Task Force before it ceased operations, as well as from contractors, in part through subpoenas. As a result of this work, SIGAR has issued several reports and initiated a number of active criminal investigations.<sup>2</sup> Appendix I contains detailed descriptions and associated outcomes of TFBSO projects examined by SIGAR, and Appendix II contains a complete list of TFBSO activities and associated outcomes.

TFBSO's goals were to "reduce violence, enhance stability, and support economic normalcy" in Afghanistan.<sup>3</sup> TFBSO was intended to contribute to U.S. government objectives in Afghanistan by bolstering a very weak Afghan economy. The Task Force produced some

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<sup>1</sup> Our reviews to date have shown that TFBSO was authorized \$822 million and reportedly obligated \$759 million. SIGAR has not yet performed a comprehensive financial audit of TFBSO or its activities.

<sup>2</sup> See *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 2016; *DOD's Compressed Natural Gas Filling Station in Afghanistan: An Ill-Conceived \$43 Million Project*, SIGAR-16-2-SP, October 22, 2015; *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 Audit 15-55-AR, April 24, 2015; Alert Letter, *TFBSO Pipeline Project*, SIGAR 15-15-AL, December 11, 2014; and, *Gereshk 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.

<sup>3</sup> *Ike Skelton National Defense Authorization Act for Fiscal Year 2011*, Pub. L. No. 111-383, §1535(a)(1), 124 Stat.4426, January 7, 2011. In addition to TFBSO efforts, the Commander's Emergency Response Program, Afghanistan Infrastructure Fund programs, and the Afghan First policy included efforts to stimulate economic activity and fight unemployment.

modest achievements, primarily related to its work in the extractives industries, about which SIGAR recently reported.<sup>4</sup>

Unfortunately though, SIGAR's cumulative work to date has shown that TFBSO's nearly \$800 million investment in Afghanistan has generally not delivered on its stated goals. The CNG filling station is a glaring example of TFBSO projects SIGAR has examined that were ill-conceived, poorly planned, or left unfinished. Further, it appears that TFBSO's activities in Afghanistan were stymied by several avoidable problems and repeated mistakes from its Iraq experience that hindered Task Force operations and outcomes.

### **Background: Started in Iraq Then Migrated to Afghanistan**

TFBSO was originally created by the Deputy Secretary of Defense to help revive the post-invasion economy of Iraq. The Task Force reported to the Office of the Secretary of Defense. At its inception, TFBSO was not envisioned to execute projects and programs, but rather to advise and assist DOD entities on ways to improve contracting processes and procedures. The memorandum establishing the Task Force stated,

*"The Task Force will not be responsible for contracting, but will advise existing DoD contracting offices on improved contracting processes and associated systems solutions consistent with applicable statutory and regulatory requirements as a means to create economic opportunity."<sup>5</sup>*

Over time, TFBSO evolved to take a larger role in identifying economic development needs in Iraq and directly executed programs and projects in response to those needs. In 2009, the Secretary of Defense formalized a new TFBSO mission and called on the Task Force to leverage economic development in Iraq as a strategic and operational tool.<sup>6</sup> Later in 2009, TFBSO was redirected to Afghanistan, and it began operations there in early 2010.

In Afghanistan, TFBSO documents state that it administered initiatives to assist the Commander of U.S. Forces–Afghanistan and the U.S. Ambassador to Afghanistan in support of U.S. security interests by pursuing three broad objectives: (1) restoring productive capacity in the Afghan economy wherever possible, across all industrial sectors; (2) stimulating economic growth; and (3) serving as a catalyst for private investment in Afghanistan by linking the international business community with Afghan business leaders and government officials.

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<sup>4</sup> *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 2016.

<sup>5</sup> Memorandum from Deputy Secretary of Defense Gordon England to the Secretaries of the Military Departments, et al., June 22, 2006.

<sup>6</sup> Memorandum from Secretary of Defense Robert Gates to the Secretaries of the Military Departments, et al., March 11, 2009.

As of September 30, 2015, TFBSO had been appropriated more than \$822.85 million since fiscal year 2009 for operations in Afghanistan. Of this amount, \$758.79 million was obligated and \$638.54 million disbursed.<sup>7</sup> TFBSO ended its programs in Afghanistan on December 31, 2014, and ceased all operations on March 31, 2015.

### **CNG Filling Station: An Ill-Conceived \$43 Million Project**

In October 2015, SIGAR issued a report analyzing the TFBSO Downstream Gas Utilization Project (the formal name of the CNG filling station project). This project was intended to take advantage of Afghanistan's natural gas reserves and reduce the country's reliance on expensive imported gasoline and consisted of the construction and initial operation of a CNG automobile filling station in the city of Sheberghan, near Afghanistan's natural gas fields.<sup>8</sup>

TFBSO initiated the CNG filling station project, the first of its kind in Afghanistan, to demonstrate that compressed natural gas is commercially viable as an automobile fuel in Afghanistan and to promote its wider use in the country. According to TFBSO documents, the overall goals of the project were to:

- Build the first ever CNG complex in Afghanistan, consisting of a fully-functional fueling station with two dispensers/four hoses, one CNG trailer filling point, a car conversion center, an administrative office building, and gas compression and processing equipment;
- Prove that there is an interest on the part of the Afghan government in CNG, thereby reducing the risk to the investor through government support;
- Provide subject matter experts and legal support to the CNG office in the Ministry of Mines and Petroleum in tendering the TFBSO built CNG station;
- Create a market value for a CNG station;
- Expand the CNG industry to Mazar-e-Sharif, the second-largest city in Afghanistan (sic), with a market of 100,000 cars;
- Provide subject matter expert support to the CNG station to increase the size of the CNG market; and

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<sup>7</sup> For its operations in Iraq, the Task Force received \$175 million in appropriations, of which \$86 million was obligated and \$65 million disbursed (see Special Inspector General for Iraq Reconstruction, *Learning from Iraq*, March 2013, p. 56).

<sup>8</sup> Vestige Consulting, LLC; Acertas, LLC, *Economic Impact Assessment, Task Force for Business & Stability Operations (TFBSO) in Afghanistan*, December 29, 2014, p. 96.

- Increase the value of CNG investments in Afghanistan, reduce the risk to investment, and increase the domestic consumption of natural gas.<sup>9</sup>

In August 2011, TFBSO awarded a construction contract to Central Asian Engineering, to build the station on land belonging to the Afghan Ministry of Mines and Petroleum (MOMP).<sup>10</sup> The CNG station became operational in May 2012. TFBSO personnel worked with MOMP and the Ministry of Commerce and Industry to develop the tender and licensing procedures for the station and Qashqari Oil and Gas Services took over operation of the station in May 2014.

### The Reported Cost of Building the Filling Station Far Exceeded the Cost of Building CNG Filling Stations Elsewhere

The contract awarded to Central Asian Engineering to construct the station was for just under \$3 million. SIGAR identified approximately \$2.1 million more in contract costs directly associated with the CNG filling station, bringing the total contract costs to \$5.1 million. However, the actual cost was evidently much higher. SIGAR learned that near the end of its operations in Afghanistan, TFBSO commissioned Vestige Consulting, LLC/Acertas, LLC (referred to as “Vestige”) to perform an economic impact assessment of the contributions that TFBSO programs made to the Afghan economy.<sup>11</sup> In order to complete the assessment, DOD provided TFBSO cost data to Vestige. According to the assessment and SIGAR interviews with Vestige’s Chief Executive Officer, the total cost associated with the CNG filling station project was approximately \$43 million. Specifically:

*“The Task Force spent \$42,718,739 between 2011 and 2014 to fund the construction and to supervise the initial operation of the CNG station (approximately \$12.3 [million] in direct costs and \$30.0 [million] in overhead costs).”<sup>12</sup>*

While the DOD-reported \$43 million cost to construct the CNG filling station has been confirmed by senior officials from DOD and Vestige, some questions remain unanswered. Specifically, DOD has not explained the additional \$7.2 million reported as direct costs or the methods for calculating the reported \$30 million in overhead costs associated with this project.<sup>13</sup>

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<sup>9</sup> TFBSO, *Energy Program Management Report*, November 10, 2014, p. 36.

<sup>10</sup> Department of Defense, Contract awarded to Central Asian Engineering Construction Company, Awarded August 14, 2011; contract modification number P0008, March 12, 2012.

<sup>11</sup> Vestige Consulting, LLC, and Acertas, LLC, *Economic Impact Assessment, Task Force for Business & Stability Operations (TFBSO) in Afghanistan*, Dec. 29, 2014.

<sup>12</sup> Vestige Consulting, LLC; Acertas, LLC, 2014, p. 98.

<sup>13</sup> In accordance with our normal practice, SIGAR sent a draft of this report to DOD on September 24, 2015, for review and comment. Per DOD’s request, we extended the comment period by seven days. On October 9, 2015, Principal Deputy Under Secretary of Defense for Policy Brian P. McKeon replied to the report. Under

Furthermore, the \$43 million total cost of the CNG filling station far exceeds the estimated cost of CNG stations elsewhere. According to a 2010 publication of the International Energy Association, “the range of investment for a public [CNG] station serving an economically feasible amount of vehicles varies from \$200,000 to \$500,000. Costs in non-OECD [Organization for Economic Co-operation and Development] countries are likely to be in the lower end of this range.”<sup>14</sup> Consistent with that finding, a 2005 CNG station feasibility study conducted by Pakistan’s Small and Medium Enterprise Development Authority concluded that the total cost of building a CNG station in Pakistan would be approximately \$306,000 at current exchange rates.<sup>15</sup> In short, at \$43 million, the TFBSO filling station in Afghanistan cost 140 times as much as a CNG station in Pakistan.

### **It Appears TFBSO Never Examined the Feasibility of its CNG Filling Station Project Prior to Committing Millions of Dollars to Construction**

SIGAR was unable to find any evidence that TFBSO considered the many potential obstacles to the CNG filling station’s success before initiating the project. On May 18, 2015, SIGAR sent an inquiry letter to DOD requesting information concerning the CNG filling station. Part of that request included copies of any feasibility study conducted prior to building the CNG station. In response, DOD did not provide any such document and instead stated that the Department no longer possessed the personnel expertise to address our questions.<sup>16</sup> The absence of such a study is consistent with what SIGAR learned in the field: an engineer working for USAID on CNG projects in Afghanistan told SIGAR that TFBSO did not regularly conduct feasibility studies for their projects.

If TFBSO had conducted a feasibility study of the project, the Task Force might have noted that Afghanistan lacks the natural gas transmission and local distribution infrastructure necessary to support a viable market for CNG vehicles. According to the World Bank, “[t]he cost of distribution of natural gas to a large number of small consumers can be expensive. The development of such markets often depends on the proximity of gas transmission pipelines which have been financed already through major gas supply projects to the power and industrial sectors.”<sup>17</sup> Similarly, an International Energy Agency analysis found that

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Secretary McKeon’s comments did not dispute any of the facts or findings contained in our draft report, or provide any new information.

<sup>14</sup> Michiel Nijboer, International Energy Agency, *The Contribution of Natural Gas Vehicles to Sustainable Transport*, 2010, p.22.

<sup>15</sup> Small and Medium Enterprise Development Authority, Government of Pakistan, *Pre-Feasibility Study CNG Filling Station*, May 2005, p. 7.

<sup>16</sup> *Inquiry Letter: Downstream Gas Utilization Project*, SIGAR-15-60-SP, May 18, 2015.

<sup>17</sup> John Homer, The World Bank, *Natural Gas in Developing Countries, Evaluating the Benefits to the Environment*, January 1993, p. 19.

natural gas was not competitive with gasoline in markets that lacked “well-developed” transmission and distribution infrastructure.<sup>18</sup>

Furthermore, TFBSO believed that the private operator who took over the Sheberghan station would build a second station in Mazar-e-Sharif (Afghanistan’s fourth largest city which is approximately 120 kilometers from Sheberghan). TFBSO documents state “[r]eliable gas availability at the site of the potential [Mazar-e-Sharif] CNG Station” as essential for expansion of CNG use by automobiles in that city.<sup>19</sup>

However, Mazar-e-Sharif has only a limited supply of natural gas, via a Soviet-built pipeline from Sheberghan to an industrial user in Mazar-e-Sharif. As we previously reported, the pipeline has limited excess capacity and is apparently unsafe to operate at high pressure, which is necessary to increase output and CNG availability in Mazar-e-Sharif, despite a recent partial refurbishment funded by TFBSO.<sup>20</sup> Nevertheless, even if Mazar-e-Sharif were to obtain a reliable supply of natural gas, there is no way to deliver it to small consumers, such as filling stations, because the city’s local distribution network is currently defunct and a USAID study estimates that it would cost \$50 million to rehabilitate it.<sup>21</sup>

Finally, it appears that the cost of converting a gasoline-powered car to run on CNG may be prohibitive for the average Afghan. TFBSO’s contractor, states that conversion to CNG costs \$700 per car; other sources estimate that it costs up to \$800. According to the World Bank, the average annual income in Afghanistan is \$690. This may explain why the U.S. Government paid for the conversion of over 120 Afghan vehicles to CNG so that they could use the filling station: ordinary Afghans simply couldn’t afford to do it. Not surprisingly, SIGAR found no evidence that any other vehicles were converted to CNG during the course of our review and investigation.

### **CNG Filling Station Found to be a “Net Loss” of \$31 Million and its Current Status is Unknown**

TFBSO’s own economic impact assessment found that the CNG filling station (Downstream Gas Utilization project) would have “little-to-no” impact on Afghanistan’s gross domestic product (GDP) through 2018 and that the project was generally a failure, in economic

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<sup>18</sup> Michiel Nijboer, International Energy Agency, 2010, p.37.

<sup>19</sup> TFBSO, Energy Program Management Report, November 10, 2014, p. 36.

<sup>20</sup> Alert Letter, *TFBSO Pipeline Project*, SIGAR 15-15-AL, December 11, 2014.

<sup>21</sup> TFBSO’s January 2015 report to Congress stated that Qashqari Oil and Gas Services, the firm that purportedly was licensed to operate the Sheberghan CNG filling station, “indicated that it will start construction of a sister station in Mazar-e-Sharif.” However, SIGAR was unable to find support for this statement in TFBSO documents and Afghan government documents obtained by SIGAR indicate that the business license of Qashqari Oil and Gas Services expired in November 2014—only six months after Qashqari purportedly began operating the filling station—and has not been renewed.

terms.<sup>22</sup> The assessment went on to state that the project produced no discernable macroeconomic gains and resulted in a discounted net loss of \$31 million.<sup>23</sup>

DOD has been unable to provide any data or assessments indicating the current status of the station or any contributions it has made to the local economy. Further hindering efforts to determine any positive localized outcomes associated with the project is that TFBSO closed without State or USAID having any plans to provide continued monitoring, evaluation, or support for TFBSO initiatives, including the CNG filling station.<sup>24</sup>

As noted in our April 2015 audit report on extractives, the Ike Skelton National Defense Authorization Act for Fiscal Year 2011, Pub. L. No. 111-383, 124 Stat. 4137, 4427, required DOD, State, and USAID to jointly develop and submit to Congress a plan for transition of TFBSO activities in Afghanistan to State or USAID.<sup>25</sup> In that report, we also found that the agencies never developed specific transition procedures for particular projects or specific initiatives. In response to a recommendation in our April 2015 extractives report, USAID noted it has not received funding to oversee or support TFBSO projects.<sup>26</sup> USAID also stated that some former TFBSO projects were not feasible or cost-effective, and, therefore, did not warrant further funding.

## **TFBSO Activities in Afghanistan Stymied by a Lack of Strategy, Leadership, and Coordination**

Based on our work to date examining TFBSO's activities in Afghanistan, SIGAR has identified several factors that appear to have stymied Task Force outcomes. Several such issues with project development and execution, stemming from reviews of TFBSO successes and failures in Iraq, were reported to DOD and TFBSO in the very early stages of its operations in Afghanistan.<sup>27</sup> Addressing its failures in Iraq should have served as the starting point for any similar DOD efforts in Afghanistan. If TFBSO had acted on those observations as it shifted its

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<sup>22</sup> Vestige Consulting, LLC and Acertas, LLC, 2014, p. 98.

<sup>23</sup> Id., pp. 98-101.

<sup>24</sup> *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 Audit 15-55-AR, April 24, 2015, p.15.

<sup>25</sup> *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 Audit 15-55-AR, April 24, 2015, pp. 4-5.

<sup>26</sup> William Hammink, USAID Mission Director in Afghanistan, *Mission Response to SIGAR Report titled "Afghanistan's extractives Industries: \$500 Million in U.S. Funding Is at Risk" (SIGAR Report 15-XX under Code O97A-1)*, April 15, 2015.

<sup>27</sup> See Center for Strategic and International Studies, *Final Report on Lessons Learned Department of Defense Task Force for Business and Stability Operations*, June 2010; GAO, *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; and, RAND National Defense Research Institute, *From Insurgency to Stability Volume I: Key Capabilities and Practices*, 2011.



activities to Afghanistan, the Task Force might have avoided making many of the same mistakes it made in Iraq.

However, TFBSO failed to implement changes based on observations from Iraq into its operations in Afghanistan. We have identified three key issues that marred the TFBSO experience in Afghanistan: (1) the absence of a clear strategy; (2) a lack of focused and consistent management and leadership; and (3) a failure to coordinate efforts with other U.S. government agencies.

### Lack of a Strategy

In Afghanistan, TFBSO and its counterparts (including State and USAID) failed to develop a common strategy for considering and implementing projects and programs in critical sectors of the economy. For example, SIGAR found that there was no overarching, government-wide strategy for the development of Afghanistan's extractive industries—even though developing this sector constituted 36 percent of TFBSO's total contract obligations and had been identified as vital to Afghanistan's long-term economic development and viability.<sup>28</sup>

A senior official from the U.S. Embassy in Kabul told SIGAR that the U.S. government's approach to Afghanistan's extractive industries is articulated in U.S. development strategies, such as the *Afghanistan and Pakistan Regional Stabilization Strategy* and the *U.S. Civil-Military Strategic Framework for Afghanistan*.<sup>29</sup> However, while these two documents discuss the U.S. government's broader development goals for Afghanistan's extractive industries, they do not describe how the U.S. government will work to achieve these goals and State has not otherwise developed a unified strategy specific to Afghanistan's extractive industries. In the absence of a government-wide strategy to guide project development, TFBSO and USAID pursued differing approaches and implemented sometimes competing projects and programs aimed at the development of Afghanistan's extractive industries.

### Lack of Focused and Consistent Management and Leadership

SIGAR's April 2015 report examining TFBSO investments in Afghanistan's extractives industries found that senior TFBSO officials claimed that the uncertainty around TFBSO's annual budget and high turnover among its leadership led to frequent shifts in TFBSO's

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<sup>28</sup> The World Bank has stated that the development of Afghanistan's natural resources could underpin future economic growth in the face of declining external aid (see, World Bank, *Afghanistan Economic Update*, April 2015, p. 22). Similarly, President Ghani listed mining as one of the country's most important economic assets in his recent interview with SIGAR (see, SIGAR, *Quarterly Report to Congress*, October 30, 2015).

<sup>29</sup> The U.S. *Civil-Military Strategic Framework* was originally issued in October 2012 and focused on ensuring that civilian and military efforts were fully integrated and complimentary. The updated version, issued in August 2013, includes the addition of a stand-alone section on transition, greater emphasis on preserving gains, and further clarity on the Transformation Decade (see, *U.S. Civil-Military Strategic Framework for Afghanistan*, August 2013). State's *Afghanistan and Pakistan Regional Stabilization Strategy* includes broad development objectives applicable to the extractive industries but not concrete strategies for achieving them (see, State, *Afghanistan and Pakistan Regional Stabilization Strategy*, February 2010).

organizational direction. For example, TFBSO senior officials stated that while the organization's overall goals for developing Afghanistan's extractive industries did not change, the various TFBSO directors' "rearticulations" of the roadmap for achieving these goals resulted in little documentation because of the fluid nature of the plans.<sup>30</sup>

One such example of these "rearticulations" of the TFBSO roadmap came after the Afghan government used the TFBSO-developed tenders and initial exploratory data to award a hydrocarbons exploration and production sharing contract for three oil blocks in the Amu Darya Basin to a Chinese company, CNPC. Following that award, Paul Brinkley (TFBSO's first director) told us that he issued a directive stating that TFBSO would not conduct seismic testing for oil and gas deposits in Northern Afghanistan because the successful bidder should pay for the exploration.<sup>31</sup> Nevertheless, following Mr. Brinkley's departure, the Task Force spent more than \$35 million conducting seismic testing in Northern Afghanistan. When we asked Dr. Joseph Catalino (TFBSO's last director) why the prohibition on seismic testing was overturned, he responded that he did not know that seismic testing had begun prior to his time at TFBSO and that he was unaware of any directive prohibiting the use of TFBSO funds for seismic testing.<sup>32</sup>

During TFBSO's five years in Afghanistan, it had five different directors—three of whom were acting in the role while DOD searched for a more permanent replacement—and experienced persistent fluctuations within other senior positions. For example, a year after the start of TFBSO operations in Afghanistan, much of the Task Force's senior staff resigned, including founding director Paul Brinkley. According to Mr. Brinkley, nine of his 11 most senior leaders resigned within 60 days following the passage of the National Defense Authorization Act for fiscal year 2011, which effectively shut down operations in Iraq and required the Task Force to prepare to transition its activities to USAID.<sup>33</sup>

Mr. Brinkley also told SIGAR that without experienced, senior level people making decisions, young and inexperienced managers made decisions that put lives in danger. According to a RAND report commissioned by TFBSO to derive lessons from TFBSO's experience in Afghanistan, Mr. Brinkley sent a memorandum to the Secretary of Defense on June 3, 2011 stating that TFBSO had insufficient managerial capacity to support its operations beyond the

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<sup>30</sup> *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 Audit 15-55-AR, April 24, 2015, p.10.

<sup>31</sup> Paul Brinkley, interview by SIGAR, December 17, 2015.

<sup>32</sup> Dr. Joseph Catalino, interview by SIGAR, January 6, 2016.

<sup>33</sup> Paul Brinkley, interview by SIGAR, December 17, 2015. According to RAND's 2016 report and a SIGAR interview with Paul Brinkley in December 2015, the provisions of the fiscal year 2011 National Defense Authorization Act came after a spring 2010 decision by DOD's Office of General Counsel that stated that the TFBSO mission violated DOD's legal authorities because it was a foreign assistance mission, rather than a military mission.

end of that month, and Mr. Brinkley called for a reduction in Task Force activities.<sup>34</sup> However, TFBSO spending peaked in 2012.<sup>35</sup>

Another troubling management issue is that Mr. Brinkley told SIGAR that as TFBSO director, he approved programs without knowing what they would cost. Mr. Brinkley said he did not know the cost of any project; his managers simply established requirements and then removed themselves from the contracting process.<sup>36</sup> This is particularly surprising, given that RAND found that most project managers at TFBSO were trained as Contracting Officer's Representatives and that Dr. Catalino, who served as TFBSO deputy director to James Bullion and later as director, told SIGAR that he knew program costs and that it was very surprising that Mr. Brinkley did not.<sup>37</sup>

This lack of consistent program management and strategic direction had direct, negative implications for TFBSO efforts to achieve its overarching goals, and those issues were identified even as TFBSO transitioned from Iraq to Afghanistan. As the Center for Strategic and International Studies (CSIS) warned in 2010,

*There has been no coordinated way to integrate the private sector (whether U.S. or foreign) into economic operations in conflict zones. Both the government of Iraq and the Task Force have sought to attract foreign direct investment since 2006. As with the other policy issues, CSIS was unable to find this issue being addressed in an organized manner within the U.S. government.*<sup>38</sup>

Additionally, in 2011, GAO found that there was no written guidance for TFBSO personnel managing Task Force projects in Afghanistan.<sup>39</sup> Specifically, GAO found that while senior leadership provided broad goals, an operating philosophy, and management practices, there were no established project selection criteria, requirements to establish project metrics,

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<sup>34</sup> According to RAND National Defense Research Institute, *Task Force for Business and Stability Operations Lessons from Afghanistan*, 2016, p.18, which cites Paul A. Brinkley, Deputy Under Secretary of Defense and Director, "Proposed Succession Plan," *TFBSO Memorandum to Secretary of Defense, Robert M. Gates, U.S. Department of Defense*, June 3, 2011. As of January 13, 2015, SIGAR has not obtained this memorandum from the Department of Defense.

<sup>35</sup> Ultimately, on December 16, 2014 President Obama signed the Consolidated and Further Continuing Appropriations Act, 2015, which cut off TFBSO funding; the Task Force shut down a few months later.

<sup>36</sup> Paul Brinkley, interview by SIGAR, December 17, 2015.

<sup>37</sup> See RAND National Defense Research Institute, 2016, p.101, and Dr. Joseph Catalino, interview by SIGAR, January 6, 2016.

<sup>38</sup> Center for Strategic and International Studies, *Final Report on Lessons Learned Department of Defense Task Force for Business and Stability Operations*, June 2010, p.3.

<sup>39</sup> GAO, *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, p.9.

monitoring and evaluation processes, or requirements for the type of project information to be collected and documented.<sup>40</sup>

To date, our work has shown that TFBSO does not appear to have applied these lessons from its Iraq experience or from its early experiences in Afghanistan. This lack of strategic direction and inconsistent management resulted in a scattershot approach to economic development, in which the Task Force invested in everything from importing rare blond Italian goats to bolster the cashmere industry in Herat, to landmine removal, to biofuel research, to funding large-scale projects to support the development of extractives industries (see appendix II for a list of all TFBSO programs and their status). Based on TFBSO's own economic assessment, this inconsistent, unfocused approach has done little to spur economic growth in Afghanistan.<sup>41</sup>

### Lack of Coordination

Strategic and project-based coordination between government departments and agencies, as well as with host government structures, other donors, and the local populace, is critical to executing a whole-of-government approach and achieving U.S. government objectives in Afghanistan. As we previously reported, TFBSO and its counterparts in Afghanistan, including State and USAID, failed to coordinate their activities in several critical sectors, such as extractives.<sup>42</sup>

Failures in coordination were identified as an issue in Iraq, as well, and those same challenges might have been mitigated in Afghanistan had DOD and TFBSO leadership learned from its Iraq experience. For example, in 2011, RAND noted that many TFBSO projects in Iraq, “were designed and implemented without U.S. civilian agency input or coordination.”<sup>43</sup> Similarly, the Special Inspector General for Iraq Reconstruction found that, “...Defense’s Task Force for Business and Stability Operations was not sufficiently coordinated with local, provincial, or regional initiatives” and “it failed to integrate its

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<sup>40</sup> Although an October 2013 assessment by Boston Consulting Group noted improvements in TFBSO's strategic-level analysis, project evaluation, and planning activities, a separate Boston Consulting Group study released the same month concluded that TFBSO's temporary mandate and the limited historical record of its activities continued to be limitations to its effectiveness (See Boston Consulting Group, *TFBSO Operations Playbook, October 2013* and *TFBSO Summary Report: Private Sector Operations as Stability and Security Tool*, October 2013.).

<sup>41</sup> As envisioned by the economic impact assessment, TFBSO programs would have resulted in an additional \$1.28 billion growth in GDP in 2015. No such growth has occurred; in fact, the International Monetary Fund estimated a decline in Afghanistan's GDP from approximately \$20.4 billion in 2014 to \$19.7 billion in 2015 and 2016. See, Vestige Consulting, LLC and Acertas, LLC, 2014, p.15, and IMF, *World Economic Outlook Database*, October 2015

<sup>42</sup> *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 Audit 15-55-AR, April 24, 2015.

<sup>43</sup> RAND National Defense Research Institute, *From Insurgency to Stability Volume I: Key Capabilities and Practices*, 2011, p. 46.

ambitious initiatives into the ongoing work [of other organizations].”<sup>44</sup> Former TFBSO director Brinkley told us that TFBSO and State had a contentious relationship in Iraq and there was a perception that the Task Force had been non-collaborative.<sup>45</sup>

A statement from the 2010 CSIS lessons learned report on the TFBSO experience in Iraq warned, “Successful economic operations will need better communication and coordination within the U.S. government and across the multilateral and NGO communities.”<sup>46</sup> Unfortunately, former TFBSO director James Bullion told SIGAR that, from the beginning of operations in Afghanistan, the Task Force did not establish effective relationships with either USAID or State.<sup>47</sup>

In Afghanistan, this lack of coordination manifested itself in hundreds of millions of dollars’ worth of unfinished projects that failed to deliver intended outcomes. In April 2015, we found that nearly all of TFBSO’s large extractive projects remained incomplete when TFBSO concluded activities in Afghanistan and not one TFBSO initiative in the extractives sector was transferred to State or USAID.<sup>48</sup> For example, none of the mineral or cement tenders supported by the Task Force resulted in a signed contract and two hydrocarbon tenders were incomplete.<sup>49</sup>

When SIGAR asked USAID and State officials why their agencies would not continue any TFBSO initiatives, they stated that it was because their leaderships were not interested. In fact, USAID and State considered some TFBSO initiatives, such as the Sheberghan-Mazar pipeline, to be liabilities due to safety concerns, lack of sustainability, and other problems.<sup>50</sup>

TFBSO’s last director, Dr. Joseph Catalino, confirmed this, telling SIGAR that during planning meetings with USAID and State in the summer of 2013, it became clear that neither State nor USAID had any interest in continuing TFBSO programs. Dr. Catalino also told SIGAR that the word “transition” was overused when referring to the conclusion of TFBSO and its programs.<sup>51</sup> According to Dr. Catalino, the word “transition” was only used because it was specifically referenced in the National Defense Authorization Act for fiscal year 2011 and

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<sup>44</sup> Special Inspector General for Iraq Reconstruction, *Learning from Iraq*, March 2013, p.27.

<sup>45</sup> Paul Brinkley, interview by SIGAR, December 17, 2015.

<sup>46</sup> Center for Strategic and International Studies, Final Report on Lessons Learned Department of Defense Task Force for Business and Stability Operations, June 2010, p.4.

<sup>47</sup> James Bullion, interview by SIGAR, January 23, 2015.

<sup>48</sup> *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 Audit 15-55-AR, April 24, 2015.

<sup>49</sup> *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 Audit 15-55-AR, April 24, 2015, p.14.

<sup>50</sup> SIGAR 15-15-AL.

<sup>51</sup> Dr. Joseph Catalino, interview by SIGAR, January 6, 2016.

that the Task Force was really working to close out the projects by shutting them down or transitioning them to private sector interests or the Afghan government.<sup>52</sup>

Equally troubling is the apparent lack of coordination between the Task Force and the military commanders it was intended to support. CSIS reported in June 2010 that in Iraq, TFBSO “added value and met its charter by supporting theater commanders’ goals for reconstruction and economic development.”<sup>53</sup> However, RAND found that in Afghanistan, 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.”<sup>54</sup>

### **Closure of TFBSO has Hindered Oversight of Task Force Activities and the Ability of DOD to Respond to Requests for Information**

While not the focus of our initial efforts related to TFBSO, the closure of TFBSO on March 31, 2015, has raised serious concerns regarding the lack of institutional knowledge within DOD related to TFBSO activities and decisions. Since April 2015, DOD has stated that since Congress ended funding for TFBSO, the Department does not have the expertise, authority, or funding to respond to investigations related to TFBSO activities in Afghanistan.

At the time TFBSO shut down, its reporting structure within DOD had been clearly established through various memoranda and directives.<sup>55</sup> However, it appears that structure did not help retain institutional knowledge within DOD of TFBSO activities following the dissolution of the Task Force. For example, on March 16, 2015, two weeks before DOD shut down TFBSO, SIGAR provided a draft audit report to DOD for review and comment.<sup>56</sup> DOD declined to comment on the findings of the report or the associated recommendation because TFBSO had since closed.

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<sup>52</sup> Dr. Joseph Catalino, interview by SIGAR, January 6, 2016.

<sup>53</sup> Center for Strategic and International Studies, Final Report on Lessons Learned Department of Defense Task Force for Business and Stability Operations, June 2010, p. 4.

<sup>54</sup> RAND National Defense Research Institute, 2016, p.50.

<sup>55</sup> The 2006 Deputy Secretary of Defense memorandum that first established TFBSO, stated that the Task Force would report directly to the Secretary of Defense. Five years later, a 2011 memorandum from the Secretary of Defense clarified TFBSO reporting and coordination responsibilities and called for the director of TFBSO to coordinate closely with the Under Secretary of Defense for Acquisition, Technology, and Logistics, and with the Deputy Chief Management Officer regarding TFBSO’s day-to-day functions. The memorandum also required the TFBSO director to keep the Chairman of the Joint Chiefs of Staff and the Under Secretary of Defense for Policy apprised of TFBSO activities. See Memorandum from Deputy Secretary of Defense Gordon England to the Secretaries of the Military Departments, et al., June 22, 2006; Memorandum from Secretary of Defense Robert Gates to the Secretaries of the Military Departments, et al., March 25, 2010.

<sup>56</sup> *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 Audit 15-55-AR, April 24, 2015.

Similarly, in response to a SIGAR request in May 2015 for a meeting to discuss the findings of another draft audit report that included issues related to the efficacy of TFBSO programs, a senior official within the Office of the Under Secretary of Defense for Policy told SIGAR via e-mail that

*“DoD no longer works on TFBSO issues (Congressional authority to do any TFBSO related work has lapsed) so we don’t have anyone or any expertise to comment on the report.”<sup>57</sup>*

One month later, in June 2015, in response to SIGAR’s request for information about the CNG filling station, the Principal Deputy Under Secretary for Policy stated that the closure of TFBSO resulted in the Office of the Secretary of Defense “no longer possessing the personnel expertise to address these questions or to assess properly the TFBSO information and documentation retained by WHS in the OSD Executive Archive.”<sup>58</sup> And again, on October 9, 2015, DOD reiterated its earlier position that it was unable to respond to inquiries related to TFBSO.<sup>59</sup>

As recently as January 8, 2016, after an extended 60-day comment period, the Principal Deputy Under Secretary for Policy did not comment on the findings or other content of our most recent audit examining the outcomes of TFBSO initiatives to develop the extractive industries in Afghanistan. Instead, DOD’s response simply directed SIGAR to a RAND analysis of lessons it derived from the Task Force’s experience.

DOD’s responses to SIGAR requests since March 2015 raises a question whether TFBSO operated independent of any internal DOD management and oversight, even though TFBSO was created by the Deputy Secretary of Defense and throughout its existence reported directly to the Office of the Secretary of Defense.<sup>60</sup> Moreover, for the last seven months of its existence, TFBSO reported to the Principal Deputy Under Secretary of Defense for Policy.

DOD’s inability to respond to our inquiries also raises some questions since it appears that several former TFBSO officials, including the most recent director of the Task Force, Dr. Joseph Catalino, still work for the Department and other former TFBSO employees remain in

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<sup>57</sup> E-mail from DOD official in the Office of the Secretary of Defense for Policy to SIGAR Senior Audit Manager, May 27, 2015.

<sup>58</sup> See SIGAR-15-60-SP and Principal Deputy Under Secretary of Defense, *Letter to The Honorable John F. Sopko*, June 17, 2015. In an October 2015 letter to SIGAR responding to the SIGAR report on the \$43 million CNG filling station, DOD reiterated its earlier position that because TFBSO closed in March 2015, the Department no longer has the expertise to answer any of SIGAR’s questions about this project or about any other TFBSO activities.

<sup>59</sup> Letter to the Honorable John F. Sopko, Principal Deputy Under Secretary of Defense Brian P. McKeon, October 9, 2015.

<sup>60</sup> Memorandum from Deputy Secretary of Defense Gordon England to the Secretaries of the Military Departments, et al., June 22, 2006

the military and under the general purview of DOD.<sup>61</sup> SIGAR recently learned that Dr. Catalino has been working in the Office of the Under Secretary of Defense for Policy since June 2015 and the Department had not tasked him with responding to any TFBSO-related inquiries since the Task Force shut down.<sup>62</sup> Similarly, Dr. Catalino told SIGAR that DOD had not asked for his input in reviewing the draft report RAND submitted to DOD in June 2015, which was finally published in January 2016. At this point, it remains unclear who at DOD was tasked with reviewing the contents of the RAND report between June 2015 and January 2016.

DOD's failure to identify and use its existing internal expertise to respond to information requests, comment on findings and recommendations made to the Department, and review lessons learned reports is unfortunate. More troubling though are the circumstances and timing of Dr. Catalino's return to the Office of the Under Secretary of Defense for Policy.

Specifically, Dr. Catalino stated that the Acting Chief Operating Officer for the Office of the Under Secretary of Defense for Policy was the individual who contacted, interviewed, and hired him in June 2015 for his new position as Senior Advisor to the Office of the Deputy Assistant Secretary of Defense for Special Operations and Combating Terrorism; a position that also falls under the purview of the Chief Operating Officer and the Principal Deputy Under Secretary Policy. Thus, despite statements made in formal letters and in meetings with SIGAR, it appears that senior officials in the Office of the Under Secretary of Defense for Policy clearly knew that the most recent TFBSO director had returned to work for them.

Lastly, DOD's apparent unwillingness or inability to respond to inquiries related to TFBSO operations is cause for broader concern for both Congress and other oversight bodies as activities continue to wind down in Afghanistan. The stated failure of the Department to retain any institutional knowledge, and its apparent failure to seek input from what institutional knowledge remained at DOD, indicates a fundamental lack of planning that has resulted in adverse effects on oversight and accountability. This failure inhibits oversight of the activities of a Task Force that obligated approximately \$760 million and was a unique experiment in economic development by DOD. Furthermore, the manner in which TFBSO was shut down, and the purported effect of its closure on DOD's ability to respond to inquiries, raises the specter that future oversight of multi-billion programs now unique to Afghanistan (such as the Commander's Emergency Response Program and the Afghanistan Infrastructure Program) will no longer be possible once the programs conclude.

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<sup>61</sup> On January 14, 2016, SIGAR received a letter from Principal Deputy Under Secretary of Defense Brian P. McKeon identifying a number of former TFBSO employees that now work for DOD. On January 14, 2016, Under Secretary McKeon also provided SIGAR with a hard drive that he stated contains a copy of TFBSO records stored at the Office of the Secretary of Defense Archives of the Washington Headquarters Service. SIGAR has not yet performed a full review the records contained in the hard drive.

<sup>62</sup> Dr. Joseph Catalino, interview by SIGAR, January 6, 2016.



## Conclusion

After 14 years, hundreds of billions spent to support U.S. military operations, and almost \$110 billion appropriated for the largest reconstruction effort in U.S. history, the United States has shown an enduring commitment to the mission in Afghanistan. Although many U.S. troops have come home and Congress has reduced annual appropriations for Afghanistan reconstruction, there was still approximately \$8.9 billion left to be spent for reconstruction as of September 30, 2015.<sup>63</sup> Further, the U.S. government has committed to providing tens of billions more in reconstruction aid over the course of Afghanistan's "Transformation Decade" and recently committed to an extended military presence to support the Afghan government until it is able to sustain itself and independently secure itself from insurgent threats.<sup>64</sup>

Despite those commitments, managing and overseeing this massive, ongoing effort is being left to a decreasing number of U.S. military and civilian personnel in Afghanistan. The reduction in resources means that oversight and active learning from the U.S. government's experience in Afghanistan and Iraq are more important than ever. Together, with Congress, we must ensure that every dollar is spent as effectively and efficiently as possible and used as intended. In that same vein, we must seek to understand where we, as a nation, did not accomplish our goals, learn from those mistakes, and take meaningful corrective action as we move forward in Afghanistan's reconstruction. Failing to do so reduces the likelihood that Afghanistan will become a secure and stable nation, thus risking all the United States, the Afghan government, and our allies have invested.

Although TFBSO is now shut down, this nearly \$800 million program was DOD's principal vehicle for stimulating private sector investment in Afghanistan in order to reduce violence, enhance stability, and stimulate the economy. An understanding of the successes and failures of TFBSO activities is critical for Congress and future administrations when considering economic development activities in future contingency operations.

To date, SIGAR has not been able to find credible evidence showing that TFBSO's activities in Afghanistan produced the intended economic growth or stabilization outcomes that justified its creation. On the contrary, TFBSO's legacy in Afghanistan is marred by unfinished, poorly planned, and ill-conceived projects. The CNG filling station is an example. Given the high cost of the project, the absence of national or even regional natural gas transmission

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<sup>63</sup> On December 16, 2014, President Obama signed the Consolidated and Further Continuing Appropriations Act, 2015, funding the U.S. government for the rest of the fiscal year and providing an additional \$5.20 billion to four of the seven major Afghanistan reconstruction funds. As of September 30, 2015, more than \$2.17 billion of FY 2015 funding had been obligated and more than \$1.93 billion of that amount had been disbursed.

<sup>64</sup> In August 2013, the Departments of Defense and State released the most recent revision of the U.S. Civil-Military Strategic Framework for Afghanistan. The framework provides strategic guidance for all American civilian and military personnel serving in Afghanistan and outlines U.S. priorities through what the framework calls the "Transformation Decade" of 2015- 2024.

and local distribution infrastructure to support a network of CNG stations, and the absence of any consumer market for such a station (and with no clear incentive for motorists to convert their vehicles to CNG), it remains unclear why TFBSO believed the CNG filling station project should have been undertaken in the first place.

Finally, it does not appear that DOD or Task Force leadership responded to and applied lessons identified early in its Afghanistan operations. Specifically, TFBSO operations in Afghanistan: (1) lacked a comprehensive strategy; (2) focused and consistent processes and leadership, and (3) coordination with other U.S. and Afghan government stakeholders, as well as with other donors and local populations. DOD's and the Task Force's failure to respond and implement changes based on prior lessons appears to have contributed to the unfulfilled expectations for TFBSO activities in Afghanistan.

The National Defense Authorization Act for Fiscal Year 2012 allowed the continuation of TFBSO. However, the accompanying House Armed Services Committee Report noted that "the function of private sector business development falls outside the core competency of the Department of Defense."<sup>65</sup>

That cautionary statement now seems quite prescient in light of our findings to date of TFBSO activities. Specifically, our analysis has shown that the Task Force did not achieve most of its goals, both in the short-term and, it would appear, in the long-term. In addition, SIGAR's ongoing review of TFBSO activities in Afghanistan raises several key questions that remain unanswered and should be considered by Congress and any Administration contemplating such TFBSO-like programs in the future. For example:

- Should DOD be leading these types of economic development activities in future contingency operations?
- What impediments inhibited TFBSO, State, and USAID coordination and ultimately led to duplicative and sometimes competing activities and how can they be addressed in the future?
- How much private sector direct investment did TFBSO's \$760 million obligation yield and how does that compare to traditional reconstruction models using USAID and the Department of State?
- What impact did TFBSO projects and programs have on stabilizing Afghanistan, even at the local level and can any of its successes be sustained?
- Were there systemic problems with DOD's management and oversight of TFBSO activities in Afghanistan which need to be addressed?

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<sup>65</sup> United States House of Representatives, *National Defense Authorization Act for Fiscal Year 2012, Committee Report (to Accompany H.R. 1540)*, 2011, Section 1533

DOD's apparent final word on TFBSO, the 2016 RAND report, does not sufficiently answer these questions and declares lessons learned without making an attempt to determine if TFBSO was effective in advancing its congressionally mandated goals.<sup>66</sup> While we appreciate that RAND has left the questions of TFBSO effectiveness—either at the level of an individual project or the overall effort—to SIGAR, we worry that DOD has yet to provide any evidence that TFBSO reduced violence or increased stability despite its expenditure of nearly \$800 million dollars of taxpayer funds..

SIGAR remains committed to uncovering the successes and stumbles of the Task Force in Afghanistan and answering these questions in order to inform Congress, the Administration, and the American people.

Thank you for the opportunity to testify today. I look forward to answering your questions.

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<sup>66</sup> RAND National Defense Research Institute, *Task Force for Business and Stability Operations Lessons from Afghanistan*, 2016, p.xi.

## Appendix I - Detailed Descriptions and Outcomes of Select Task Force for Business and Stability Operations Projects

SIGAR has published reports on many Task Force for Business and Stability Operations (TFBSO or Task Force) projects and examined available documentation and conducted interviews related to several others. In addition to SIGAR's work related to the TFBSO compressed natural gas filling station, SIGAR's work has found the following:

- SIGAR-16-11-AR, *Afghanistan's Oil, Gas, and Minerals Industries: \$488 Million in U.S. Efforts Show Limited Progress Overall, and Challenges Prevent Further Investment and Growth* is the second of two SIGAR reports focused on the U.S. efforts to develop Afghanistan's extractive industries. Related to TFBSO projects, SIGAR found that Task Force assistance to Afghanistan's extractive industries has been directed toward developing capacity at the Afghan Ministry of Mines and Petroleum (MOMP) and its component organizations, and toward making regulatory reforms to attract private sector investment. TFBSO generally pursued short-term projects seeking immediate results and its 11 effort produced mixed results, with three of those projects showing little to no achievement of their project objectives, five partially met project objectives, and the final three generally met project objectives.
- SIGAR-16-2-SP, *TFBSO Security Inquiry Letter*, sought answers to questions related to the costly decision by TFBSO leadership to protect, house, and feed its personnel primarily on facilities that were not operated by the U.S. government at a cost of nearly \$150 million. SIGAR has not yet found any data or documentation that analytically demonstrates the return on investment the Task Force gained from its decision to operate in Afghanistan from locations not controlled by either the U.S. military or Chief of Mission.

Former TFBSO director Paul Brinkley told SIGAR that TFBSO's mission dictated that TFBSO operate on its own, but that DOD personnel, including General Stanley McCrystal, were aware of the living, security, and travel arrangements of TFBSO.<sup>67</sup> Mr. Brinkley and others have repeatedly cited the Task Force's freedom of movement as a key advantage over embassy-bound USAID and State Department personnel who were subject to the Embassy's Regional Security Office's decisions and protocols.<sup>68</sup> In 2016, RAND stated the freedom of movement enjoyed by Task Force personnel was widely cited as "vital to the successes of the Task Force."<sup>69</sup> However, other than those (and similar) broad assertions pertaining to the need for, and effect of,

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<sup>67</sup> Paul Brinkley, interview by SIGAR, December 17, 2015.

<sup>68</sup> RAND National Defense Research Institute, 2016, pp.97-99.

<sup>69</sup> RAND National Defense Research Institute, 2016, p.98.

TFBSO's freedom of movement on stimulating investments, project execution, or oversight, SIGAR has not yet seen evidence that TFBSO performed a cost-benefit analysis of its \$150 million dollar expenditure prior to making the decision to live outside of established U.S. government facilities or any analysis identifying the ultimate return on that investment. To date, DOD has failed to respond to our requests for information related to this inquiry.

- 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*, found TFBSO and the USAID have been the two U.S. government entities that provided assistance in direct support of Afghanistan's extractive industries. TFBSO documents state that it administered 11 initiatives aimed at developing Afghanistan's extractive industries by pursuing three broad objectives: (1) restoring productive capacity in the Afghan economy wherever possible, across all industrial sectors, (2) stimulating economic growth, and (3) serving as a catalyst for private investment in Afghanistan by linking the international business community with Afghan business leaders and government officials. In addition to minerals and hydrocarbons development, TFBSO activities included projects to facilitate private investment, industrial development, and other projects that the Secretary of Defense, with the concurrence of the Secretary of State, determined would strengthen stability or provide strategic support to the counterinsurgency campaign in Afghanistan. TFBSO implemented these efforts through contracts, purchase orders, and interagency agreements totaling \$282 million. SIGAR also found that there was no overall U.S. government strategy for the development of Afghanistan's extractives industries, poor interagency coordination, and a lack of planning.
- SIGAR 14-82-IP, *Gereshk Cold and Dry Storage Facility: Quality of Construction Appears To Be Good, but the Facility Has Not Been Used to Date*, found that TFBSO spent nearly \$3 million to build a facility intended to improve the ability of local Afghan farmers to preserve fruits and vegetables for sale to national and international markets, which could generate revenues far greater than selling their produce locally. The facility appeared well-built and ready for productive use. However, TFBSO contracted for and built the facility without buy-in and formal commitment from a private investor and the facility remains unused, resulting in a nearly \$3 million waste.

- Herat Business Incubator: TFBSO funded the \$46.8 million<sup>70</sup> Herat Incubator Project to "create an environment with necessary network and computing resources that fostered a creative atmosphere and begin linking the international IT industry to this center" and established what was intended to be a "true Silicon Valley-style start-up incubator" in Herat.<sup>71</sup> According to Paul Brinkley, he had the idea for the incubator following the revelation that there were "long-haired" Silicon Valley-type Afghans already operating businesses in the city that could benefit from TFBSO assistance.<sup>72</sup> Additionally, Herat was appealing because the city was generally stable with a relatively high quality of human capital, stable electricity, and airport access.<sup>73</sup>

However, neither the incubator model nor the businesses it sought to develop appear to have been sustainable. In an interview with SIGAR, one former TFBSO employee told us, "In fact, nothing was sustainable."<sup>74</sup> Similarly, a former TFBSO director, James Bullion, told SIGAR that the contractor implementing the project, "did nothing" and that contractor staff were rarely on site in Herat.<sup>75</sup> Ultimately, Mr. Bullion stated that refused to renew the contract for the incubator project because it appeared to him it "did nothing." SIGAR is still investigating this program.

- Village Stability Operations: TFBSO's Village Stability Operations initiative is perhaps the Task Force program most explicitly tied to TFBSO's mandated stabilization mission. This \$14.4 million program was intended to support a bottom-up counterinsurgency strategy that was supposed to expand security while connecting local governance to district government, and district governance to the national government.<sup>76</sup> Of these funds, TFBSO obligated \$14.3 million to identify potential small-scale mineral development opportunities in strategic villages and to develop a plan for training local partners in proper artisanal mining methods. From these plans, TFBSO undertook only one \$55,000 activity for purchases of chromite-processing equipment.

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<sup>70</sup> In June 2015, in response to SIGAR questions, counsel for the TFBSO contractor implementing the incubator project stated the company had received \$46,832,494.64. According to TFBSO's Economic Impact Assessment report issued in December 2014, the project cost \$42,352,992.20. Here, SIGAR is using the \$46.8 million figure since it is more recent.

<sup>71</sup> 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. 291.

<sup>72</sup> Paul Brinkley, interview by SIGAR, December 17, 2015.

<sup>73</sup> RAND National Defense Research Institute, 2016, p. 32.

<sup>74</sup> By 2012, analysis of lessons identified from the incubator led to a gradual shift of the model to one that became called an "accelerator," which focused on taking local companies with track records of success across a range of sectors and helping them grow.

<sup>75</sup> James Bullion, interview by SIGAR, January 23, 2015.

<sup>76</sup> SIGAR, *Quarterly Report to the U.S. Congress*, January 30, 2014, p. 121.

The cost difference between developing plans and actual programming was not the most egregious aspect of this program. The one activity TFBSO actually executed was for the purchase and delivery of chromite-processing equipment that would allow a commander and deputy commander of the Afghan Local Police to begin chromite processing. When TFBSO officials later consulted with Afghan legal experts, they learned that their chromite facility violated the Afghan Minerals Law, which prohibits the granting of mining licenses to, among other Afghan officials, employees of the Ministry of Interior. Fortunately, once TFBSO learned of this violation, they contacted the Minister of Mines and Petroleum to explain the violation, and the project was later cancelled at the minister's behest. TFBSO's ignorance of the minerals law, despite significant investments in planning this activity, is particularly concerning since TFBSO provided the MOMP with legal advice to help Afghanistan meet worldwide standards for transparency and social responsibility in mineral exploitation.<sup>77</sup>

- Amu Darya Oil Basin: TFBSO's \$73 million efforts to assist the MOMP and the Afghanistan Petroleum Authority in initiating and managing contract tenders for the development of Afghanistan's oil and natural gas reserves focused primarily on the Amu Darya and Afghan-Tajik Basins in northern Afghanistan.<sup>78</sup> Building from TFBSO's work in December 2011, the Afghan government approved a hydrocarbons exploration and production sharing contract with CNPC and its Afghan partner, Watan Oil and Gas, for three oil blocks in the Amu Darya Basin.<sup>79</sup> The CNPC award prompted the Senate Armed Services Committee to include the following language in its Committee Report accompanying the fiscal year 2014 National Defense Authorization Act, "The TFBSO has contributed to the stability of Afghanistan's economy, particularly the development of its mining sector. However, the committee strongly believes that TFBSO funds for the development of Afghanistan's mining should not go towards subsidizing the ability of foreign companies, in particular the Chinese mineral extraction industry, to exploit the estimated \$1.0 trillion worth of Afghanistan resources. The committee believes that companies who mine Afghanistan's rare earth minerals should be the ones investing in the mining infrastructure of Afghanistan."<sup>80</sup>

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<sup>77</sup> Vestige Consulting, LLC and Acertas, LLC, 2014, pp. 66–69.

<sup>78</sup> The total costs included support for multiple hydrocarbon tenders and seismic testing at Amu Darya and Afghan-Tajik Basins; the discrete costs associated with TFBSO work supporting the Amu Darya Oil Basin could not be disaggregated from the total expenditures with available documentation.

<sup>79</sup> Also in the Amu Darya Basin, TFBSO experts worked with MoMP to rehabilitate and reopen an additional four oil wells. To reduce the security risk for international oil companies to enter the Amu Darya region, TFBSO also funded the clearance of 41,200 square meters of landmines.

<sup>80</sup> Committee on Armed Services, United States Senate, *Report 113-44 to Accompany S.1197*, June 20, 2013.

In August 2015, Tolo News reported that an Afghan government investigation found that CNPC had violated the terms of its 2011 contract to extract oil from three blocks in the Amu Darya Basin.<sup>81</sup> The Afghan government accused CNPC of owing the government \$68 million for not developing land surrounding their operations as stipulated, and of improper extractions leading to corruption.<sup>82</sup>

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<sup>81</sup> Tolo News, “Ministry Looks to Enforce Contract Signed with Chinese Firm for Amu River Oil Fields,” August 6, 2015.

<sup>82</sup> While TFBSO provided technical assistance to the MOMP for this award, USAID, which funds the only U.S. government extractives assistance program in Afghanistan, is not involved and could provide further information.



## Appendix II - Summary of All Select Task Force for Business and Stability Operations Projects

This summary utilizes Task Force for Business and Stability Operations (TFBSO) cost and expenditure data from Economic Impact Assessment (denoted by “\*” next to the project name) and cost and expenditure data from project contracts reviewed by SIGAR (denoted by “\*\*” next to the project name).<sup>83</sup>

Project	Project Cost	Dates Active	Purpose	Outcome
<b>Hydrocarbon Tender Development</b>				
\$104,375,666.04				
First Hydrocarbon Tender**	\$1,900,000.00	2009-2010	The purpose of this program was the provision of promotion and advisory services for TFBSO's first hydrocarbon tender round, as well as a follow-up hydrocarbon tender.	This program failed to garner significant interest or tender offers from the international business community, and resulted in the failure of TFBSO's first hydrocarbon promotion efforts.
Subsequent Hydrocarbon Tender Support**	\$60,077,029.04	2010-2014	This program was dedicated to providing the MoMP, and the APA, with support in tendering exploration and production sharing contracts for Afghanistan's hydrocarbon resources.	TFBSO's hydrocarbon tender development efforts resulted in three finalized hydrocarbons contracts. Additionally, TFBSO officials stated that they had another two contract tenders “well underway,” and the Afghan government had received several bids for one of these contracts. However, the MoMP did not complete the tender process for these two projects before TFBSO departed Afghanistan in December 2014.  TFBSO officials stated that it was also instrumental in helping to establish the APA as

<sup>83</sup> This list and associated costs may not be exhaustive and we have not verified all data. However, the list contains the best available information as of January 13, 2016.

Project	Project Cost	Dates Active	Purpose	Outcome
				the Ministry's central authority for hydrocarbons. However, the contractor for USAID's SGGA program reported that the new central government did not approve continued funding for the salaries of the "vast majority of APA staff members"; 72 APA employees were laid off in December 2014, leaving only approximately 35.
Afghan-Tajik and Amu Darya Seismic**	\$12,714,000.00	2011-2012	During its hydrocarbon tender development efforts, TFBSO determined that seismic reflection surveys could help to confirm prior data collected by geologists during the Soviet era, and that this would help spur further exploration investment by international oil and gas companies. To this end, TFBSO contracted to collect seismic reflection data from the Afghan-Tajik and Amu Darya basins in Northern Afghanistan.	TFBSO activities reports indicate that it successfully collected the 460 kilometers of seismic data required under the Afghan-Tajik and Amu Darya contract. During an interview with SIGAR, Mr. Brinkley, TFBSO's first director, stated that he issued a memorandum prohibiting seismic testing in northern Afghanistan. This memorandum was ignored or overturned by later directors.
Kushka Seismic**	\$29,637,939.00	2012-2014	Similar to efforts to collect seismic reflection data within the Afghan-Tajik and Amu Darya basins in Northern Afghanistan, TFBSO twice contracted to collect data in the Kushka basin.	According to TFBSO, its first, firm fixed-price contract did not result in the collection of any seismic data from the Kushka basin due to security concerns and inclement weather. After granting several months of delays, in March 2013, TFBSO terminated this contract for default.  In September 2013, TFBSO executed a second contract to collect seismic data in the Kushka Basin. TFBSO officials stated that TFBSO leadership proceeded with the second and more expensive cost-plus-fixed-fee contract over the objections of the project managers and subject

Project	Project Cost	Dates Active	Purpose	Outcome
				matter experts. The second contract ultimately failed for similar reasons as the first. TFBSO ended the contract following the collection of data on 52 kilometers of 300 contracted kilometers.
Landmine Removal**	\$46,698.00	2011	TFBSO funded the removal of landmines at prospective hydrocarbon well sites in the Amu Darya basin.	The contractor cleared 41,200 square meters of landmines.
<b>Enhancing Access to Energy Resources</b>				
\$82,337,139.15				
Compressed Natural Gas Station*	\$42,718,739.00	2011-2013	This program funded the construction and operation of a CNG fueling station, two dispensers, one CNG trailer filling point, car conversion center, administrative office building, and gas compression and processing equipment.	We found no indication that, prior to construction, TFBSO considered the feasibility of achieving the station's broader objectives or considered any of the potentially considerable obstacles to the project's success. The station was purportedly passed to a private company. However, kits to convert a vehicle to CNG cost the equivalent of the average Afghan's annual salary, leaving them out of reach for many Afghans.
Sheberghan - MeS Pipeline**	\$39,618,400.15	2012-2014	The purpose of this project was (1) to rehabilitate the 45-year-old, 89.1-kilometer pipeline connecting the Khoja Gorgordak natural gas field near Sheberghan, Jowzjan province to the Northern Fertilizer and Power Plant in Mazar-e-Sharif, Balkh province; and (2) to facilitate the construction of a new 89.1-kilometer pipeline to run alongside	With materials and technical assistance provided by TFBSO, AGE completed repairs for 12 of the 15 kilometers of pipeline targeted. USAID reported in July 2015 that AGE has not yet managed to complete the remaining 3 kilometers of planned repairs due to security concerns in the project areas. USAID and Department of State officials say that they remain skeptical of the

Project	Project Cost	Dates Active	Purpose	Outcome
			<p>the old one.</p> <p>Alongside these pipeline projects, TFBSO provided materials and support for the construction of an amine plant, for processing the sulfur out of natural gas, and a compressor facility, to increase the pressure of natural gas flowing through the Sheberghan pipelines.</p>	<p>partially rehabilitated pipeline's safety.</p> <p>TFBSO reportedly expedited delivery of 94.5 kilometers of pipe for construction of the new pipeline. However, these construction materials remain unused at locations in Sheberghan and Mazar-e-Sharif. U.S. officials are unable to visit the Sheberghan location and confirm the status of these materials due to security concerns.</p> <p>TFBSO completed the compressor facility, and successfully constructed (but did not commission) the amine plant in 2014. A TFBSO subject matter expert stated that, at their current levels of knowledge and capacity, it would be "irresponsible" for the Afghans to operate and maintain the amine plant. He estimated that it would cost about \$5 million to hire four expatriate contractors to perform operation and maintenance for this facility. USAID claimed that TFBSO's amine plant will be of limited use to the Afghan government, should it ever be commissioned, as it cannot remove certain corrosive contaminants prevalent in the gas produced in the Sheberghan area, and it does not have sufficiently high capacity.</p>
<p><b>Mineral Development Projects</b></p> <p>\$72,859,440.64</p>				

Project	Project Cost	Dates Active	Purpose	Outcome
Mineral Tenders**	\$65,686,294.89	2010-2014	<p>The purpose of this program was to provide the MoMP with commercial, technical, and legal expertise for the minerals tendering process. TFBSO expected these activities would result in at least eight new mineral contracts—ideally with reputable multinational mining companies with expertise in developing mines in post-conflict states—and improved capacity at the MoMP to execute future contracts.</p>	<p>TFBSO’s mineral tender consultants, in conjunction with the USGS and the MoMP, identified four areas of interest for development, referred to as the “Round 1” tenders. TFBSO signed follow-on contracts in September 2012 in order to support the launch of tenders for four additional sites, referred to as the “Round 2” tenders. These projects were scheduled to begin in March 2013 and conclude before June 2014.</p> <p>TFBSO’s Round 1 tenders required significantly more time than expected. As of July 2015, the Round 1 mineral tenders and cement tenders remained incomplete, and the Round 2 mineral tenders have not yet been launched.</p> <p>In a follow up response to our first audit, USAID reported that there is a very high probability that the Afghan government and MoMP will seek an independent legal review of the terms and structure of all mining contracts negotiated under the previous administration before finalizing these contracts. Furthermore, according to senior representatives from USAID’s MIDAS program, the documents that TFBSO prepared for the Round 2 tenders are substantively incomplete and will require further work before the MoMP can utilize them in future tenders. Finally, even if TFBSO’s tenders become finalized contracts, the tendering model that TFBSO followed does not appear to be sustainable for the Afghan government. In a report, MIDAS subject matter experts suggested that it might be 10 to 15 years before any of the early-stage exploration projects</p>

Project	Project Cost	Dates Active	Purpose	Outcome
				currently underway will produce significant revenue for the Afghan government.
North Aynak Drilling**	\$5,126,948.75	2012-2013	This program was designed to conduct capacity building and exploratory drilling for copper deposits in North Aynak.	The drilling program in North Aynak was completed successfully. The contract required the contractor to mobilize all equipment to the drilling site, conduct 1,500 meters of core drilling and 1,000 meters of reverse circulation, and then restore the drilling site to its approximate preexisting condition. According to the contractors' final report, 2,101 meters of core drilling and reverse circulation alongside 12 embedded AGS personnel was performed. SIGAR has been unable to determine if the exploratory drilling found significant copper deposits in North Aynak.
Lithium Drilling**	\$1,823,336.00	2014	This program was designed to perform exploratory drilling for lithium deposits in Dasht-e-Newar, Ghazni Province.	In its Activities Report to Congress for Fiscal Year 2014, TFBSO stated that the lithium drilling project successfully confirmed the quality of lithium in the area. SIGAR has not conducted an independent analysis of the lithium drilling program.
Drill Training Support**	\$222,861.00	2013	The purpose of this program was to develop and implement a training curriculum for the Chinese-manufactured drilling rigs that the MoMP owned but did not know how to use.	Unplanned and unavoidable delays resulted in the completion of only 9.5 weeks of the planned 12-week curriculum. Nonetheless, the contractor reported that, as a result of the program, the AGS now has several operational drilling rigs as well as an adequate and experienced driller and crew who can operate drilling machines under supervision. However, the contractor also voiced

Project	Project Cost	Dates Active	Purpose	Outcome
				several concerns with the project, including the fact that the AGS did not appear to screen the trainees it nominated, resulting in the majority of the trainees being functionally illiterate and innumerate, and approximately half the trainees openly acknowledge that they only attended the drill rig trainings for the free lunches and salary benefits. Additionally, the contractor expressed reservations about the program length, which it felt was far too short. They wrote that training a person to become a driller who can safely and independently operate a drill can be a one- to two-year process, longer than the 3-month program executed by TFBSO.
<b>Banking and Finance Support</b>				
\$69,219,230.00				
Banking and Financial Systems Development Support*	\$69,219,230.00	2010-2012	The purpose of this program was to promote the electronic transfer of funds between government agencies and Afghan businesses. This program also resulted in the Economic Roundtable Conference, which pushed a holistic approach to business transformation in Afghanistan.	SIGAR has not conducted an independent analysis of the banking and financial systems development programs.
<b>Business Advisory Sector Support</b>				
\$42,352,992.00				
Business	\$42,352,992.00	2011-2014	The purpose of the program was to	SIGAR is currently conducting a review of the

Project	Project Cost	Dates Active	Purpose	Outcome
Incubator and Accelerator*			develop a Silicon Valley-modeled start up incubator in Afghanistan. As the program grew, it shifted to small-and-medium sized businesses, paying for consultants to work with enrolled businesses.	business advisory programs and has found that the program lacked a way of measuring success and appears to be a failure. Mr. Bullion, a former director of TFBSO stated that he refused to renew IBM's contract because IBM "did nothing" on the project ant that IBM staff were "never there."
<b>Capacity Building for MoMP and AGS</b>				
\$38,511,289.57				
USGS Support**	\$36,157,563.18	2009-2014	The purpose of this program was to support USGS activities in Afghanistan. According to USGS officials, the USGS requires a sponsoring agency in order to conduct operations outside of the U.S. USAID provided initial support to USGS, and TFBSO later became the sponsoring agency for the USGS activities in Afghanistan.	The USGS successfully compiled digital data for the 24 areas of interest, as well as an additional 33 sub-areas. USGS geologists and hydrologists performed laboratory studies and remote sensing studies within and outside the areas of interest. The USGS compiled these maps and data, along with digitized versions of older Soviet maps and records, into a new data center constructed by TFBSO at the AGS headquarters in Kabul. USGS led 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 AGS headquarters. However, TFBSO did not provide any program reporting that would be useful for assessing the successes or failures of these trainings. One USGS representative stated that, in their assessment, the AGS is now capable of producing new data and information packages without outside assistance. However, this representative also said that security, funding, transportation, and infrastructure problems will



Project	Project Cost	Dates Active	Purpose	Outcome
				continue to hinder AGS's work.
Contractor Support for Data Center**	\$1,504,276.39	2010-2012	Provision of equipment and support to the creation and operation of the AGS data center in Kabul to contain USGS collected and analyzed geologic data.	The contractors provided equipment and support to the creation and operation of the AGS data center in Kabul. The AGS data center was turned over to the Afghan government when TFBSO concluded operations in Afghanistan at the end of 2014. The USGS collected and analyzed geologic data is available at the data center as well as on a related website.
Educational Exchange**	\$500,000.00	2014	The purpose of this program was to update Kabul Polytechnic's mining curriculum and train its geology professors in contemporary mining practices. According to representatives from TFBSO and the MoMP, schools such as Kabul Polytechnic University needed this support because their curricula still reflected Soviet central planning practices.	TFBSO sponsored an intercollegiate information exchange between Kabul Polytechnic University and three international universities. Seven senior professors received training and then mentored younger associate professors. USGS officials also hosted several classes at Kabul Polytechnic that were open to anyone in the Afghan government who was involved or interested in the extractives industries. Although TFBSO did not provide us with program reports, TFBSO and USGS representatives both claimed that the training efforts at Kabul Polytechnic were highly successful. In an attempt to secure continued funding, TFBSO representatives say they met with State and USAID to try to reach an agreement for transitioning the program. However, none of these efforts were successful, and the program has been discontinued.
BLM Support**	\$349,450.00	2014	BLM provided training in support of USGS activities in Afghanistan.	BLM supported USGS activities in Afghanistan.

Project	Project Cost	Dates Active	Purpose	Outcome
<b>Private Sector and Public Private Partnership</b>				
\$37,692,232.00				
Private Sector and Public Private Partnership Support*	\$27,876,331.00	2012-2014	This program was designed to facilitate large investment projects by private sector actors and the Afghan government. TFBSO worked to bring international investors and the Afghan government together to create an independent power producer, a glass tempering facility, and develop a scrap steel industry.	SIGAR has not conducted an independent analysis of the Private Sector and Public Private Partnership programs.
Private Investment Support*	\$9,815,901.00	2013-2014	This program was designed to vet and market small-to-medium sized businesses to the international investment community. Additionally, TFBSO helped the Afghan businesses with loan applications, financial models, and marketing materials.	SIGAR has not conducted an independent analysis of the Private Investment programs.
<b>Agriculture Sector Support</b>				
\$28,425,689.00				
Agricultural Diversification Support*	\$28,425,689.00	2010-2013	The purpose of the program was to improve crop yields, quality, and distribution processes. TFBSO provided equipment; built facilities, including the Gereshk cold storage facility; and provided training to farmers and	SIGAR has performed an inspection of the Gereshk cold storage facility constructed under this program and found it to be unused by Afghan farmers and businesses. SIGAR has not conducted a full, independent analysis of the remainder of the agricultural diversification

Project	Project Cost	Dates Active	Purpose	Outcome
			universities.	programs.
<b>Local Industries Support</b>				
\$20,970,007.00				
Carpet Support*	\$7,560,758.00	2011-2014	The program was designed to increase the sales of hand knotted carpets from Afghanistan through the construction of two cut and wash facilities, training in new weaving techniques with Afghan carpet businesses, and presenting products at tradeshow.	SIGAR has not conducted a full, independent analysis of the carpet support program. TFBSO claims to have created nearly 10,000 carpet weaving jobs through this program, however our initial analysis has left us questioning the veracity of this figure.
Artisanal Industry Support*	\$7,316,112.00	2011-2014	The program was designed to develop a market for high-end artisanal gemstone, woodworking and ceramic products from Afghanistan in international markets. TFBSO focused on training jewelry makers, developing a market for Afghanistan branded jewelry, and generating employment.	SIGAR has not conducted a full, independent review of the artisanal support program. Initial analysis has found concerns related to the sustainability of the program, as well as personnel costs.
Cashmere Support*	\$6,093,137.00	2012-2014	This program was designed to improve the quality and quantity of Afghan cashmere and increase Afghanistan's international profile. TFBSO worked to increase expertise at the farm level, obtain quality certifications for companies and technicians, and increase product visibility at trade shows.	SIGAR has not conducted an independent analysis of the cashmere support program. TFBSO's EIA claims to have created 250 - 350 jobs with this program. Additionally, TFBSO worked with the Afghan government to ban the export of raw/greasy cashmere. According to SIGAR's initial analysis, TFBSO purchased 9 male goats from Italy, constructed a farming facility, and provided funding and built and staffed a laboratory to certify Afghan cashmere according

Project	Project Cost	Dates Active	Purpose	Outcome
				to internationally-recognized standards.
<b>TFBSO Funded Reviews of Operations</b>				
\$20,643,214.90				
TFBSO Funded Reviews of Operations	\$20,643,214.90	2010-2015	TFBSO or DOD TFBSO funded a series of reviews of its operations, management, and close-out. Boston Consulting Group was paid approximately \$1.6 million, McKinsey and Company approximately \$17 million for a series of assessments, Leidos approximately \$2 million for an economic impact assessment (ultimately completed by Acertas LLC and Vestige LLC.), and RAND approximately \$204,000 for another lessons learned report.	SIGAR has not conducted a full, independent review of TFBSO funded reviews of operations
<b>Village Stability Operations</b>				
\$14,404,816.69				
Village Stability Operations Planning**	\$14,349,916.68	2012-2013	The purpose of this program was to contract with private sector business to develop a concept of operations and provide management support for mining sector-oriented VSO projects. TFBSO intended for 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	TFBSO did not provide us with any documentation of activities for one contractor. According to the final monthly status report of a second contractor, remote sensing analysis was commissioned in order to identify tracts that might be favorable for future Village Stability Operations and coal exploration projects, as well as provide capacity building to AGS geologists. However, this contractor reported nearly every other Village Stability Operations milestone as

Project	Project Cost	Dates Active	Purpose	Outcome
			potential small scale mineral development opportunities in strategic villages.	incomplete or premature. Following the cancellation of TFBSO's first VSO project, the MoMP refused to approve any other TFBSO supported VSO projects. This resulted in the waste of remaining project funds.
Chromite Mining**	\$54,900.01	2011-2012	TFBSO executed one Village Stability Operations-related project, for the purchases of chromite processing equipment to be utilized by artisanal miners in Khas Kunar, Kunar Province.	TFBSO purchased and rush delivered the chromite processing equipment between December 2011 and April 2012. TFBSO trained the local commander and deputy commander of the Afghan Local Police to set up a small chromite processing unit for the local community. When TFBSO officials later consulted with Afghan legal experts, they learned that the chromite facility violated the Afghan Minerals Law, which prohibits the granting of mining licenses to employees of the Ministry of Interior Affairs. A senior TFBSO official told SIGAR Investigations that, upon learning this, he wrote a letter to the Minister of Mines and Petroleum explaining the violation, and the project was later cancelled at the Minister's behest. Following the cancellation of this project, the MoMP refused to approve any additional TFBSO supported VSO projects.
<b>Alternative Energy Development Support</b>				
\$11,042,402.00				
Micro hydroelectric Support*	\$10,792,492.00	2011-2012	The goal of this program was to connect the Tira Koh pumping station to a micro hydroelectric grid along with the capacity to expand to other grids.	SIGAR has not conducted an independent analysis of the micro hydroelectric program. According to TFBSO's EIA, this project was cancelled before any gains were realized.

Project	Project Cost	Dates Active	Purpose	Outcome
Biofuel Research**	\$249,910.00	2010-2011	The purpose of this program was to fund an Afghan biofuels study.	SIGAR has not conducted an independent analysis of the Afghan biofuels program
<b>Women's Advancement Support</b>				
\$10,856,233.00				
Women's Advancement Support*	\$10,856,233.00	2011	The purpose of this program was to enhance women's involvement in the information, communications, and indigenous industries. The program worked to establish the International Center for Afghan Women's Economic Development at the American University of Afghanistan.	SIGAR has not conducted an independent analysis of the women's advancement programs.
<b>Cross Program Support</b>				
\$5,917,173.60				
Transportation Support**	\$5,519,464.00	2012-2014	The purpose of this program was to provide fixed and rotary wing transportation support for TFBSO initiatives.	SIGAR has not conducted an independent analysis of the transportation support program.
Accounting Transparency Support**	\$215,000.00	2011	This program was designed to promote accounting transparency.	SIGAR has not conducted an independent analysis of the accounting transparency program.
Advisory Support for Resource	\$159,793.92	2014	The purpose of this program was to provide natural resource exploration advisory support services.	SIGAR has not conducted an independent analysis of the mineral exploration advisory program as the contract was cancelled for the

Project	Project Cost	Dates Active	Purpose	Outcome
Exploration**				government's convenience.
Liaison Services**	\$22,915.68	2010-2011	The purpose of this program was to provide a liaison between TFBSO and the Afghan government.	SIGAR has not conducted an independent analysis of the liaison services program
<b>Industrial Development Support</b>				
\$451,760.00				
Industrial Development Support*	\$451,760.00	2010-2012	The purpose of this program was to develop infrastructure in Afghanistan. The program built security infrastructure at Herat government buildings; constructed the Emaar Girls School, Herat Teacher's Training Institute, and Herat University's women's dormitory; and equipped the Lashkar Gah marble factory with grinding machines.	SIGAR has not conducted an independent analysis of the industrial development programs.
<b>TFBSO Security Costs</b>				
\$148,000,000.00				
TFBSO Security Costs	\$148,000,000.00	2010-2014	TFBSO paid security contractors to provide continuous security and life support services.	TFBSO utilized housing and life support functions outside of Embassy and DOD control. This allowed TFBSO employees and contractors greater freedom of movement throughout Afghanistan. SIGAR is currently conducting a review of TFBSO's security costs.
<b>Total:</b>	<b>\$560,059,285.59</b>			





## Appendix III - Relevant Reports on TFBSO

### SIGAR

1. SIGAR-16-11-AR, *Afghanistan's Oil, Gas, and Minerals Industries: \$488 Million in U.S. Efforts Show Limited Progress Overall, and Challenges Prevent Further Investment and Growth*, January 2016.
2. SIGAR-16-2-SP, *DOD's Compressed Natural Gas Filling Station in Afghanistan: An Ill-Conceived \$43 Million Project*, October 22, 2015.
3. SIGAR Audit 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 24, 2015.
4. SIGAR 15-15-AL, *TFBSO Pipeline*, December 11, 2014.
5. SIGAR 14-82-IP, *Gereshk Cold and Dry Storage Facility: Quality of Construction Appears To Be Good, but the Facility Has Not Been Used to Date*, July 16, 2014.
6. SIGAR, *High-Risk List*, December 2014.

### Others

1. Center for Strategic and International Studies, *Final Report on Lessons Learned Department of Defense Task Force for Business and Stability Operations*, June 2010.
2. GAO, *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.
3. GAO, *Agencies Could Benefit from a Shared and More Comprehensive Database on U.S. Efforts*, GAO-13-34, November 7, 2012.
4. RAND National Defense Research Institute, *From Insurgency to Stability Volume I: Key Capabilities and Practices*, 2011.
5. RAND National Defense Research Institute, *Task Force for Business and Stability Operations Lessons from Afghanistan*, 2016.
6. Special Inspector General for Iraq Reconstruction, *Learning from Iraq*, March 2013.
7. Vestige Consulting, LLC and Acertas, LLC, *Economic Impact Assessment Task Force for Business and Stability Operations (TFBSO) in Afghanistan*, December 29, 2014.