



# Wartime Contracting in Afghanistan: Analysis and Issues for Congress

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## Summary

Government contracting in Afghanistan and other wartime environments is different than contracting in peacetime. In peacetime, the goal of contracting is generally to obtain the good or service that is required. The measurements of success are generally getting the right good or service, on schedule, and at a fair price. In wartime, however—and particularly in a counterinsurgency environment—cost, schedule, and performance are often secondary to larger strategic goals of promoting security and denying popular support for the insurgency.

From FY2005 through 2011, the U.S. government obligated more than \$50 billion for contracts performed primarily in Afghanistan. Because a primary goal of defense contracting in Afghanistan is to support the overall mission, it is deemed essential that contracting is not only thought of as a response to immediate needs but also as part of the larger strategy. As General Allen, Commander, International Security Assistance Force, recently wrote, “We must improve our contracting practices to ensure they fully support our mission.”

Many of the weaknesses of the current government acquisition process can be exacerbated and exploited in a wartime environment, making it more difficult to adhere to best practices. These weaknesses include inadequate acquisition planning, poorly written requirements, and an insufficient number of capable acquisition and contract oversight personnel. For example, in a wartime environment, it is more difficult to research and evaluate companies bidding on a contract and more difficult to conduct oversight of projects built in dangerous locations.

In Afghanistan, an effort is currently underway to improve contracting. This effort, led by senior military officers, seeks to take a strategic approach to contracting by 1) articulating the role of contracting in current operations; 2) identifying specific acquisition weaknesses and creating the infrastructure to address them; and 3) using reliable data to make better acquisitions decisions.

Two of the major initiatives to improve contracting in Afghanistan that are well underway are Task Force 2010 and the Vendor Vetting Cell. Task Force 2010 was established in 2010 to help DOD commanders and acquisition personnel better understand with whom they are doing business, to conduct investigations to gain visibility into the flow of money at the subcontractor level, and to promote best contracting practices. The task force also supports efforts to track and recover goods stolen while in the possession of contractors providing logistics support. As of October 2, 2011, Task Force 2010 assisted in recovering over 180,000 pieces of equipment worth over \$170 million and successfully suspended or debarred over 120 companies or individuals.

The Afghanistan Vendor Vetting Cell was established to ensure that government contracts are not awarded to companies with ties to insurgents, warlords, or criminal networks. The cell was set up in the fall of 2010 and is based in CENTCOM headquarters in Tampa, Florida. In June 2011, the vendor vetting cell consisted of 14 analysts capable of vetting approximately 15 companies a week. The cell is expected to have 63 analysts by December 2011.

The billions of contracting dollars spent to support military operations and reconstruction efforts in Afghanistan raise a number of potential questions for Congress that may have significant policy implications for current and future overseas operations. These questions include 1) to what extent U.S. government development and CERP contracts contributing to the overall mission in Afghanistan; 2) how will contract oversight be impacted by a troop drawdown; and 3) to what extent is DOD preparing for the role of contractors in future military operations?

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## Introduction

U.S. actions in a foreign country in wartime can have effects that go far beyond the immediate situation. Building a power plant may not be just about generating power—it may be about employing local nationals who otherwise might join the insurgency, developing relationships with the local population, or developing the economic capacity of the region. U.S. government contracting efforts encompass a significant portion of U.S. activity in Afghanistan and are a key component of the current counterinsurgency (COIN) effort. From FY2005 through 2011, the U.S. government obligated over \$50 billion for contracts performed primarily in Afghanistan.<sup>1</sup> As U.S. General Allen, Commander, International Security Assistance Force – Afghanistan (ISAF), wrote in September 2011, “Integrating contracting into intelligence, plans, and operations, can serve as a force multiplier in obtaining our campaign objectives.... We must improve our contracting practices to ensure they fully support our mission.”<sup>2</sup> Because the primary goal of defense contracting in Afghanistan is to support the overall mission, which in turn is intended to promote U.S. interests abroad, it is deemed essential that contracting is not only thought of as a response to immediate practical needs but also as part of the larger strategy.

## Wartime Contracting Versus Peacetime Contracting

U.S. government contracting in Afghanistan and other wartime environments is different than contracting in peacetime. In peacetime, the goal of contracting is generally to obtain the good or service that is required.<sup>3</sup> The measurements of success are generally getting the right good or service, on schedule and at a fair price.<sup>4</sup> In wartime, however—and particularly in a counterinsurgency environment—cost, schedule, and performance are often secondary to the larger strategic goals of promoting security and denying popular support for the insurgency. For example, in peacetime, the primary purpose of building a road is often to have the road built to specification in the most efficient and least expensive way. Other policy considerations may be factored in (such as small business or environmental concerns), but if the road is built on time, on schedule, and to the required specifications, the contract is usually deemed a success. In wartime, however, these may not be the right measures, as other goals may be equally or more important. Winning the support of the local village is often more important than staying on schedule.

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<sup>1</sup> Data derived from the Federal Procurement Data System-Next Generation, October 18, 2011. The Federal Procurement Data System—Next Generation (FPDS-NG) is a central database of U.S. government-wide procurement. FPDS-NG generally reports information on contracts that exceed \$3,000 in obligations. FPDS-NG does not include data from judicial branch agencies, the Government Accountability Office (GAO), the Congressional Budget Office (CBO), or select executive branch agencies, such as the Central Intelligence Agency and National Security Agency. Due to concerns over data reliability, data from FPDS-NG is used in this report only to identify broad trends and rough estimations. For a more detailed discussion on how FPDS operates and data reliability concerns, see CRS Report R41820, *Department of Defense Trends in Overseas Contract Obligations*, by Moshe Schwartz, Wendy Ginsberg, and Daniel Alexander.

<sup>2</sup> General John R. Allen, Commander International Security Assistance Force-Afghanistan, *COMISAF’s Counterinsurgency (COIN) Contracting Guidance*, Headquarters, International Security Assistance Force-Afghanistan, Kabul, Afghanistan, September 18, 2011.

<sup>3</sup> Additional factors can come in to play in peacetime, including stimulating the economy and creating jobs.

<sup>4</sup> The Federal Acquisition Regulation (FAR 1.102) states that the goal of the government acquisition system is to promote public policy considerations, such as transparency, competition, and promotion of small business. Even within this context, these considerations often play a secondary role to the general focus on cost, schedule and performance.

Helping train local nationals and building up the technical capabilities of local firms may be well worth a substantial increase in contract costs.

Contract risks can also differ greatly between peacetime and wartime. Peacetime risks generally include cost overruns, schedule slips, and poor performance. Additional risks that must be considered when awarding a contract in an environment such as Afghanistan include diverting millions of dollars to warlords, criminal networks, or insurgents; hiring private security and other contractors who may engage in abuses that undermine the legitimacy of coalition forces; and the inflow of large sums of poorly managed contracting dollars fueling corruption. As General Allen stated in his contracting guidance to commanders in Afghanistan, it is important to “look beyond cost, schedule, and performance. Evaluate the success of a contract by the degree to which it supports the Afghan people and economy and our campaign objectives. Include operational criteria in decisions to award contracts, such as the effect of the contract on security, local power dynamics, and the enemy.”<sup>5</sup> For these reasons, contracting in wartime is often far more complex than contracting in peacetime.

Some of the weaknesses of the current federal government acquisition process can be exacerbated by and exploited in a wartime environment, making it more difficult to adhere to best practices. These weaknesses include inadequate acquisition planning, poorly written requirements, and an insufficient number of qualified and capable acquisition and contract oversight personnel.<sup>6</sup> For example, in a wartime environment, it is more difficult to write a good contract that incorporates the sometimes competing goals of counterinsurgency (COIN) contracting, more difficult to research and evaluate companies bidding on a contract, and more difficult to conduct oversight of projects being built in dangerous locations. It is also more difficult to protect against contracting fraud and corruption in countries that have weak law enforcement and judicial systems. Corrupt officials and warlords can exploit these weaknesses to divert contracting funds to their own coffers.

## **Challenges of Wartime Contracting**

The challenge in Afghanistan is to ensure that U.S. funded contracts not only meet the stated requirements of customers, but do so without undermining the overall mission. Ideally, contracts will fulfill requirements while simultaneously contributing in other ways to the overall U.S. and International Security Assistance Force-Afghanistan (ISAF) mission of promoting security, and building Afghan economic and government capacity.

DOD contracts in Afghanistan are generally written to

1. sustain the force (base support, LOGCAP<sup>7</sup>),
2. build physical infrastructure (roads, power plants, cell towers, buildings),
3. develop the capacity of Afghans to sustain government operations and economic growth (training and mentoring Afghans, building technical capabilities of Afghan companies), or

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<sup>5</sup> Page 3 of guidance.

<sup>6</sup> See GAO, *High Risk Series, An Update*, GAO-11-278, February, 2011, p. 125.

<sup>7</sup> The Logistics Civil Augmentation Program (LOGCAP) is a mechanism for contractors to provide goods and services to support U.S. troops in Afghanistan.

4. create a secure environment and diminish violence.

Because defense contracting in Afghanistan is intended to support the overall US military and coalition mission, it is more difficult to write contract requirements that truly capture the underlying goals of the commander. As the example of the road construction project illustrates, while the specific requirement may be for a road, the broader requirement of the commander may be to promote security, economic development, and winning over the local community. Writing a requirement that captures the overall needs of the commander, and structuring a contract that advances the overall mission, is more difficult than writing requirements and structuring a contract for a road. Some contract provisions that can promote counterinsurgency goals include providing incentives to the non-Afghan prime contractor to train Afghan subcontractors in advanced engineering (meeting the goal of developing the economic capacity of Afghans), restricting competition or requiring contractors to employ locals (meeting the goal of promoting security by providing jobs to Afghans who might otherwise join the insurgency or turn to criminal activity), or ensuring that funds are reserved for long-term maintenance and operation of the road (ensuring sustainability of the effort).

Even if the broader intent of the commander is addressed and a project is approached with COIN effects in mind, there is a larger question of how a given project coordinates with other projects to contribute to the overall national strategy. For example, if one area commander focuses on power generation, another focuses on road infrastructure, and a third focuses on irrigation, the result may be that millions of dollars are spent to create a patchwork of uncoordinated and ill-conceived projects that do not substantially contribute to economic development. Some observers believe that such fragmentation of effort is particularly pronounced in Afghanistan, where projects are funded by numerous agencies and organizations, including DOD, Department of State, US Agency for International Development (USAID), the Afghan government, the United Nations, the Asia Development Bank, the governments of other coalition partners, and many others.<sup>8</sup>

Another factor further complicating project development and contracting writing, even when an overarching strategy is in place, is the challenge of figuring out how to create a project to best fit the unique needs and resources of Afghanistan. A number of projects built in Afghanistan were built to western standards; these standards are not always appropriate for Afghanistan. For example, building a school according to American specifications may not be appropriate for Afghanistan if the lighting specifications require bulbs that are not readily available in Afghanistan. Building to western standards also often results in higher operation and maintenance costs – costs that the Afghan government cannot afford to underwrite. Determining what are the most appropriate standards and quality of work in Afghanistan for a specific project further complicates the job of U.S. acquisition personnel who are accustomed to American standards and specifications.

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<sup>8</sup> Approximately 50 donor countries and international organizations have contributed to reconstruction efforts in Afghanistan, primarily through contracts for various projects with private companies. Members of the international donor community who have awarded contracts for reconstruction in Afghanistan include the Republic of Germany, Japan, England, Canada, the United Nations Assistance Mission in Afghanistan (UNAMA), World Bank, Asian Development Bank, Deutsche Gesellschaft fuer Technische Zusammenarbeit (GTZ), and Japan International Cooperations Agency (JICA). See Islamic Republic of Afghanistan National Security Office, *Report Regarding Contract Assessment Among Donors and the Private Sector in Afghanistan*, June 2011, p. 2, 37, which states that there is an “uncoordinated flow of donor funding into Afghanistan.” See also: U.S. Government Accountability Office, *Subject: Afghanistan’s Donor Dependence*, GAO-11-948R, September 20, 2011, p. 2.

## The State of Government Contracting in Afghanistan

### Personnel System Challenges

U.S. government personnel rotate in and out of Afghanistan for tours generally ranging from four to twelve months, and sometimes for as little as three weeks. The constant rotation in and out of theatre makes it difficult to sustain long-term development strategies. For example, one military officer stated that when he was responsible for a region in Afghanistan, he implemented a micro-loan program to stimulate the economy.<sup>9</sup> According to the officer, most loan recipients were repaying their loans. When the brigade rotated out of the region, the incoming brigade instituted a program that offered micro-grants instead of loans. The effect of the micro-grant program was to create divisions within the local community because many locals were upset that they had to repay loans when their neighbors received grants. In another instance, an officer stated that his strategy was to use micro-grants to help nurture the local economy and then graduate to other types of assistance.<sup>10</sup> However, when his unit rotated out, the new unit decided to start a new micro-grant policy, resulting in some of the same people receiving additional grants. These examples illustrate the disruption and lack of coordination caused by constant troop rotation.

The constant rotation of U.S. personnel also makes it difficult to plan, implement, and oversee contracts. An important aspect of wartime contracting is understanding the local political and economic landscape to ensure that contracts do not have a negative impact on the community, such as inflating prices or undermining the existing political structure. As General Allen wrote, commanders and contracting personnel must “consider both the potential positive effects of contract spending on the Afghan economy and potential negative effects, in concert with the Commander’s campaign plan.”<sup>11</sup> However, it is difficult for commanders, acquisition personnel, and contracting officer representatives to understand the contracting landscape when they have only been in theatre for a short period.

Another personnel related challenge results from the way staff are assigned to positions in Afghanistan. Often, individuals are assigned to positions or given tasks to perform when they have no relevant background or experience in the subject matter—for example, an officer with a PhD in urban planning who was assigned to work at the Afghan Customs Department. As a result of the sometimes ad hoc nature of assigning people in the military, people who have no contracting experience have been assigned to develop contracting strategy, and contracting officer representatives with no construction experience oversee minor construction projects. Some senior ranking officers are assigned ad hoc to lead contracting efforts when they have no relevant experience in the subject matter.<sup>12</sup>

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<sup>9</sup> Based on discussions with military personnel in Afghanistan, August-September, 2011.

<sup>10</sup> Based on discussions with military personnel in Afghanistan, August-September, 2011.

<sup>11</sup> COMISAF’s Counterinsurgency (COIN) Contracting Guidance.

<sup>12</sup> There can be benefits to assigning senior officers to acquisition positions. These benefits include getting fresh perspectives on acquisitions, questioning basic assumptions of the acquisition personnel, and bringing a strategic/operations expertise to acquisition organizations.

## **Insufficient Contract Oversight**

According to some government officials, there are simply not enough contracting officer representatives (CORs) in theatre to conduct adequate oversight.<sup>13</sup> Insufficient numbers of oversight personnel increase the risk of poor contract performance. In Afghanistan—where corruption is rampant, criminal networks are thriving, and an insurgency is actively seeking to disrupt and undermine coalition efforts—insufficient contract oversight creates opportunities for criminals and insurgents to enrich themselves to the detriment of coalition goals.<sup>14</sup> Contract management and oversight are therefore more important in Afghanistan than in peacetime settings. At the same time, actually performing contract oversight in Afghanistan is more difficult.

In some instances the problem is not the number of contracting officer representatives, but the lack of expertise of those assigned to conduct oversight. According to DOD officials, the current training may qualify CORs, but it does not necessarily make them sufficiently capable for their particular assignments.<sup>15</sup> According to a senior contracting official in Afghanistan, CORs with no construction experience are often assigned to oversee minor construction projects. These CORs may be called upon, for example, to determine whether a concrete slab meets the requirement of withstanding 3,000 psi of pressure without the expertise to make such a judgment.

As previously discussed, the shortage of capable CORs is exacerbated by a wartime environment that results in a constant rotation of personnel in and out of theatre, as well as by a security environment that makes it difficult to conduct project oversight in remote locations. The constant rotation of military and civilian personnel means that there is weak continuity of oversight and that the contractors, who have been in Afghanistan for years, have a better understanding of the contracting landscape. Sometimes there are gaps between when one COR leaves theatre and another COR is appointed to a contract. In addition, the lack of security means that even if there are capable oversight personnel in place, it may be difficult to get to the location where a project is being built or a service is being performed. In September 2011, a contracting officer representative working for the Army Corps of Engineers was kidnapped and killed by an Afghan security guard. The victim is not the first American believed to have been killed as a result of efforts to conduct oversight. Because many contractors and their employees are Afghan, effective oversight is further hampered by the inability of most contract oversight personnel to speak to workers without an interpreter.

All these factors combine to create an environment where there is insufficient oversight of many U.S. funded projects currently underway in Afghanistan. As a result, some contracts are not being performed to required specifications and tens of millions of dollars' worth of equipment, repair parts, and supplies are stolen.<sup>16</sup> According to numerous government officials, intelligence sources,

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<sup>13</sup> Based on author's discussions with military and civilian personnel in Kabul, Afghanistan August-September 2011, and on data indicating that in some areas, half of COR positions may be vacant.

<sup>14</sup> See Department of Defense, *Report on Progress Toward Security and Stability in Afghanistan*, October 2011, p. 81. which states "[The] extension of effective governance in Afghanistan continues to face significant challenges, including... widespread corruption." See also *Report Regarding Contract Assessment Among Donors and the Private Sector in Afghanistan*, p. 47, 59; Eray Bassar, *Afghanistan in Transition: An Overview of Corruption in Afghanistan*, Civil Military Fusion Center, Part 1 of a 6-Part Series on Corruption & Anti-Corruption Issues in Afghanistan, November 2011; *COMISAF's Counterinsurgency (COIN) Contracting Guidance*, p. 3.

<sup>15</sup> Based on discussions with military personnel in Afghanistan, August-September, 2011.

<sup>16</sup> Based on TF 2010 Information Papers provided to CRS, dated May 8, 2011. See also discussion below (*Building the Infrastructure to Improve How Contracts are Awarded and Investigate Misconduct*).



and contractor reports, significant amounts of contracting funds flow to criminal networks and insurgents.<sup>17</sup>

The lack of effective oversight also enables corruption and fraud.<sup>18</sup> According to acquisition officials in Afghanistan, documents are signed accepting the work of contractors even when government officials have not inspected the goods or services being delivered and without rejecting work that does not meet the contract requirements. A number of analysts and officials have argued that until commanders view contract performance as a priority, contract oversight will continue to suffer.<sup>19</sup>

## **Corruption and Criminal Activity**

Another challenge is contracting in an environment that is rife with corruption, defined in this context as the misuse of a position of authority for personal gain, to the detriment of society and the goals of the mission. Many analysts believe that firms and individuals in Afghanistan are able to operate within the existing U.S. and ISAF procurement processes without fear of prosecution due to connections to corrupt power brokers and government officials.<sup>20</sup>

Studies have shown that Afghanistan regularly ranks as one of the most corrupt countries in the world and one of the most difficult countries in which to do business.<sup>21</sup> One USAID official estimated that on some projects, up to 30% of contracted project costs can be attributed to corruption.<sup>22</sup> A number of government and industry officials stated that corruption is the “price of doing business” in Afghanistan.<sup>23</sup> Corruption takes many forms, including government officials charging bribes for transporting goods across the border and extorting protection payments. Many analysts view large swaths of the judicial sector and the attorney general’s office as corrupt, as evidenced by the lack of prosecutions against high-ranking government officials or warlords accused of being involved in criminal activity or rampant corruption.<sup>24</sup> In other instances,

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<sup>17</sup> Ibid.

<sup>18</sup> See *Report Regarding Contract Assessment Among Donors and the Private Sector in Afghanistan*, p. 59, which states “Current financial tracking and control mechanisms are inadequate to prevent large scale corruption, waste and abuse.”

<sup>19</sup> Based on discussions with military personnel in Afghanistan, August-September, 2011 and review of reports on contracting in Afghanistan.

<sup>20</sup> See *Report Regarding Contract Assessment Among Donors and the Private Sector in Afghanistan*, Executive Summary, p. 46, which states “Firms and individuals are able to operate within the existing procurement process with impunity due to connections to power brokers and government officials.”; *Report on Progress Toward Security and Stability in Afghanistan*, p. 84. Based also on discussions with military and State Department officials involved in counter-corruption efforts in Afghanistan, August, 2011.

<sup>21</sup> According to Transparency International’s 2010 Corruption Perceptions Index, Afghanistan ranks 176 out of 178 countries, tied with Myanmar for the rank of 2nd most corrupt country in the world (see [http://transparency.org/policy\\_research/surveys\\_indices/cpi/2010](http://transparency.org/policy_research/surveys_indices/cpi/2010)). According to Foreign Policy Magazine and Fund for Peace’s Failed State Index, Afghanistan is considered in “critical” condition for becoming a failed state, ranking as the 7th most failed state out 177 countries (see <http://www.fundforpeace.org/global/?q=fsi>). The World Bank’s 2010 Doing Business report ranks Afghanistan as one of the most difficult countries to do business in (see <http://www.doingbusiness.org/rankings>).

<sup>22</sup> This rough estimate was in line with the estimates of other government and contractor officials in Afghanistan.

<sup>23</sup> Based on more than a dozen interviews with officials from DOD, USAID, the Department of State, Industry, and coalition forces, Kabul, Afghanistan, August-September, 2011.

<sup>24</sup> Based on information provided by ISAF and State Department officials, September, 2011.

members of the Afghan security forces use their position to demand bribes and extort shipping companies at Afghan borders and airports.

According to many analysts, substantial sums of aid money flowing into Afghanistan are being pocketed by corrupt officials and criminal networks, and are being diverted out of the country into bank accounts in Dubai and other overseas destinations. According to one joint Afghan government-ISAF estimate, the amount of goods flowing into Afghanistan should generate approximately \$2 billion of customs revenue annually; instead, approximately \$1 billion flows to the government and \$1 billion is being diverted by local officials at the border.<sup>25</sup> Approximately \$70 million a week (more than \$3.5 billion annually) flows out of Afghanistan legally, and many analysts believe that the illegal flow of money is substantially higher. This compares to the Afghan government's total core budget of \$3.4 billion in FY 2010.<sup>26</sup>

At a strategic level, the extent of corruption in Afghanistan raises questions as to how much of the money spent on U.S. government contracting is having a positive impact on the Afghan economy, and how much of the funds is actually staying in country. At a project level, the threat of corruption raises a number of questions for commanders and contracting officers, including whether a given project is an appropriate use of funds if the "corruption cost" is high, and how contracts can be structured or oversight can be performed to mitigate the threat of corruption. Among many Afghans, there is a perception that U.S. government contracting practices have enriched a select few at the expense of the general population.

## **Current Efforts to Improve Contracting Afghanistan**

Numerous reports have been written about the state of contracting in Iraq and Afghanistan. Some of these reports have highlighted the failure of ISAF and DOD to incorporate contracting into strategy, vet contractors, and conduct oversight of contractor performance. Many of these reports issued recommendations calling for better acquisition planning, more competition, better cost estimating and market research, and improved oversight. Other recommendations have called for mechanisms for improving interagency coordination or elevating the importance of contracting by creating senior agency positions responsible for contingency contracting matters.<sup>27</sup>

Other analysts have argued that nothing short of a culture shift in the military is required to improve contracting during contingency operations. A report commissioned by the Army and published in 2008 (the Gansler Report) found that despite the importance of acquisitions to military performance, "the Army apparently has not valued the skill and experience required to

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<sup>25</sup> According to military and Afghan officials, in some instances, local officials are diverting money and redirecting a portion of the money to the local community. These officials believe that the central government is fundamentally corrupt and that the money collected at the border will be primarily used to enrich government officials instead of flowing back to the Afghan people.

<sup>26</sup> Core budget reflects fund budgeted by the Afghan government, excluding donor-financed off-budget expenditures. Approximately two-thirds of Afghanistan's core budget is also donor financed.

<sup>27</sup> Reports include those issued by the Commission on Wartime Contracting in Iraq and Afghanistan (available at <http://www.wartimecontracting.gov/index.php/reports>), the Special Inspector General for Afghan Reconstruction (available at <http://www.sigar.mil/auditreports.asp>), and the Government Accountability Office (available at <http://www.gao.gov>).

perform those processes ... [W]ithout significant systemic change, the Army acquisition processes [contracting process] can be expected to inevitably return to below-mediocrity.<sup>28</sup>

The Government Accountability Office (GAO) has stated that improving contracting at the strategic level sets the stage for improving contracting at the transactional, or project, level.<sup>29</sup> According to a GAO report, the first step in improving contracting at the strategic level is senior leadership articulating the importance of contracting – the first step in changing the culture. In Afghanistan, an effort is currently underway to set the stage for better contracting.<sup>30</sup> This effort, which is being spearheaded at the general officer level, seeks to take a strategic approach to contracting by 1) articulating the role of contracting in current operations; 2) identifying specific acquisition weaknesses and creating the infrastructure to address them; and 3) using more reliable data to make better acquisitions decisions. Senior military officials acknowledge that elements of the overall effort are still in the early stages of development and that ISAF should have pursued these and other initiatives years earlier.

The effectiveness of the efforts to improve contracting can have an impact on the overall success of the U.S. mission in Afghanistan. The counterinsurgency manual written by then Lieutenant Generals David Petraeus (Army) and James Amos (Marine Corps) states “In COIN [counterinsurgency], the side that learns faster and adapts more rapidly—the better learning organization—usually wins.”<sup>31</sup> Given the role that contracting plays in supporting U.S. efforts in Afghanistan, the questions emerge: After more than ten years in Afghanistan, what has been learned about contracting in a wartime environment? Are these lessons being used to adapt contracting efforts? Is the U.S. adapting fast enough to achieve mission objectives?

## **Articulating the Role of Contracting**

Over the last year, senior DOD and U.S. Embassy leadership in Afghanistan has begun to articulate a clear contracting policy and emphasize the importance of contracting in the overall ISAF mission. On September 8, 2010, COMISAF General David Petraeus issued COIN Contracting Guidance. The guidance articulated the importance of contracting in the overall mission, stating that contracting is “commander’s business.” The guidance set forth clear and specific goals for contracting, including an emphasis on improving contract oversight, pursuing an Afghan First policy, and making contracting decisions that support overall COIN objectives.<sup>32</sup> U.S. Ambassador Carl Eikenberry issued similar contracting guidance to Department of State and U.S. Agency for International Development personnel in November of the same year.<sup>33</sup>

On September 18, 2011, within three months of assuming command of ISAF, General John Allen updated COMISAF Contracting Guidance, with the intent of reinforcing the message that

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<sup>28</sup> Urgent Reform Required: Army Expeditionary Contracting, p. 9; see also New American Foundation, *Changing the Culture of Pentagon Contracting*, November 5, 2008.

<sup>29</sup> See U.S. Government Accountability Office, *Defense Acquisitions: Tailored Approach Needed to Improve Service Acquisition Outcomes*, GAO-07-20, November 9, 2006, Highlights Page and p. 9.

<sup>30</sup> Based on discussions with more than a dozen military officers and the review of numerous documents.

<sup>31</sup> David H. Petraeus and James F. Amos, *Counterinsurgency*, Headquarters Department of the Army, FM 3-24, Washington, DC, December 15, 2006, p. ix.

<sup>32</sup> Afghan First is a policy to give preference to hiring Afghan companies and hire Afghan employees.

<sup>33</sup> Ambassador Karl W. Eikenberry, *Contracting Oversight in Counterinsurgency (COIN) Strategy*, The Embassy of the United States, Kabul, Afghanistan, November 3, 2010.

contracting plays a critical role in the overall mission. According to a U.S. Embassy official in Afghanistan, updated contracting guidance to Department of State and U.S. Agency for International Development personnel is being developed and should be issued in December.<sup>34</sup>

The guidance issued by the ISAF commanders, as well as comments made by other military commanders and high-ranking officials, was intended to highlight the importance of contracting to the overall mission in Afghanistan. The message was, if done right, contracting is a powerful way of supporting and promoting the mission; if done wrong, contracting can undermine the mission. This message is reinforced when commanders discuss contracting as part of overall discussions, as was recently done when General Allen discussed the new National Afghan Trucking contract in the daily COMISAF standup briefing.

According to analysts and government officials, the contracting guidance has raised the awareness of the importance of contracting and the impact that contracting can have, both positive and negative, on the overall mission in Afghanistan. To many, the contracting guidance represented a philosophical shift requiring operational commanders to be more actively involved in contracting decisions and ensuring that contracting is more integrated with logistics, operations, intelligence, and COIN strategy.<sup>35</sup>

The role of contracting was also elevated when responsibility for contracting strategy and execution became the responsibility of generals. Under General Petraeus, the position of Senior Contracting Officer-Afghanistan was elevated from a colonel to a brigadier general. Under General Allen, implementation and coordination of COIN contracting guidance is the responsibility of several brigadier generals (see discussion below).

Some analysts and military personnel believe there is room for senior leadership to engage even more on contracting issues, such as requiring contracting and economic development to be more fully integrated into daily leadership briefings. A number of general officers and acquisition personnel believe that the current level of leadership engagement is starting to change the way people think about how contracting is being done in Afghanistan. According to these officials, a critical part of leadership engagement is the increase in resources being dedicated to developing contracting strategy, coordinating contracting across agencies and governments, and conducting better contract management and oversight.

### **Building the Institutional Infrastructure to Support Contracting in Wartime**

According to GAO and others, a key step in improving government contracting is building infrastructure that supports integrating contracting efforts into operational plans, improving intra- and interagency coordination, and improving contract execution (including writing better requirements and contracts and improving oversight). This infrastructure becomes more important in a wartime environment. As the Senior Contracting Officer-Afghanistan stated, the key to improving contracting in Afghanistan is to identify the most glaring weaknesses in the acquisition process and build the right infrastructure and support to overcome those weaknesses.<sup>36</sup>

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<sup>34</sup> Based on email correspondence, November 9, 2011.

<sup>35</sup> Based on DOD documentation provided to CRS and discussion with DOD officials in Afghanistan, August-September, 2011.

<sup>36</sup> August 2011 in Kabul, Afghanistan.

The importance of establishing infrastructure to support contracting activities in wartime can be seen in a current effort underway to improve contracting oversight. Task Force 2010, discussed in greater detail below, is implementing an initiative to train CORs at the various regional commands throughout Afghanistan. However, because of the constant rotation of personnel, there is no guarantee that Task Force 2010 will always have experienced and qualified personnel to train CORs in theatre. Without putting infrastructure in place that perpetuates the program, the effort could fail. One option for perpetuating the program is to create a permanent billet in Afghanistan filled by Defense Acquisition University. Such an approach would ensure that Task Force 2010 has the infrastructure to perpetuate COR training beyond the tour of a single individual.

### ***Building the Infrastructure to Improve How Contracts Are Awarded and Investigate Misconduct***

A number of different task forces and organizations have been created to improve how requirements are written, market research is conducted, vendors are vetted, and oversight is conducted. The two major efforts in this area are Task Force 2010 and the Vendor Vetting Cell.

DOD established Task Force 2010 in July 2010 to help commanders and acquisition personnel better understand with whom they are doing business, to conduct investigations to gain visibility into the flow of money at the subcontractor levels, and to promote and distribute best contracting practices.<sup>37</sup> Task Force 2010 also supports efforts to track and recover goods that are stolen while in the possession of contractors providing logistics support to the U.S. government. It is the ISAF and U.S. Forces-Afghanistan link to the U.S. Army Procurement Fraud Branch, which leads the suspensions and debarment effort for Afghanistan. According to government officials, as of October 2, 2011, Task Force 2010 had assisted in the recovery of over 180,000 pieces of equipment worth over \$170 million and successfully suspended or debarred over 120 companies or individuals.<sup>38</sup>

The Afghanistan Vendor Vetting Cell was established to ensure that government contracts are not awarded to companies with ties to insurgents, warlords, or criminal networks. The cell was set up in the fall of 2010 and is based in CENTCOM headquarters in Tampa, Florida. In June 2011, the vendor vetting cell consisted of 14 analysts capable of vetting approximately 15 companies a week. The cell is expected to have 63 analysts by December 2011.<sup>39</sup>

The cell uses public and classified information to vet non-U.S. companies competing for U.S. government contracts in Afghanistan.<sup>40</sup> The information is used to evaluate and rate companies according to risk levels.<sup>41</sup> Vendors deemed unacceptable are proposed for suspension or debarment. In July-August of 2011, 520 companies were vetted, of which 44 were rejected.

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<sup>37</sup> Based on documentation provided to CRS by Task Force 2010, dated May 8, 2011.

<sup>38</sup> According to DOD officials, 78 U.S., International, and Afghan individuals or companies have been debarred (U.S. Army - 37; USAID - 37; DOS - 4), 45 individuals and companies have been suspended (U.S. Army - 42; USAF - 1; DLA - 2), and an additional 131 Individuals and companies have been referred for action (U.S. Army - 121; USAID - 10).

<sup>39</sup> The vendor vetting cell exclusively vets U.S. contracts. ISAF is currently standing up a vendor vetting cell as well. The ISAF vetting cell will also be based in Tampa, Florida.

<sup>40</sup> For legal reasons, the cell does not investigate or vet U.S. companies or individuals.

<sup>41</sup> Risks include the risk of contractors engaging in criminal activity or supporting insurgents. The information is used (continued...)

Only prime contractors with contracts estimated to be worth more than \$100,000 are vetted. The vetting cell has a backlog of approximately 2,500 companies, which with current resources would take approximately two years to clear. Because of the backlog, companies are prioritized for vetting based on risk. Priority is given to vetting companies vying for information technology contracts, security contracts, transportation contracts, and high-value contracts (those over \$1 million). Subcontractors are generally not vetted.<sup>42</sup>

### ***Building the Infrastructure to Take a Strategic Approach to Contracting***

Senior military leaders in Afghanistan have recognized that there is no coordinated, strategic approach to government contracting and are working to develop one. COMISAF contracting guidance calls for integrating contracting into intelligence, plans, and operations, and for coordinating contracting efforts in the battle space.

The ISAF COIN Contracting Economic Enterprise (ICCEE) was established to implement and coordinate the COMISAF COIN contracting guidance theatre-wide. This enterprise is responsible for integrating contracting into the overall ISAF economic development effort, gathering and using data to measure the effectiveness of contracting, and coordinating contracting efforts across coalition partners.

There are three distinct groups within the ICCEE effort: the Executive Steering Committee, the Economic Enterprise Board, and the Economic Enterprise Cell. The Executive Steering Committee meets every other month and is a forum for coordinating contracting efforts across government and military organizations, including ISAF, USFOR-A, USAID and other civilian governmental agencies and coalition partners. Part of the coordination effort includes gathering data, determining the appropriate benchmarks for measuring success, and comparing the data against these benchmarks. For example, the Steering Committee seeks to measure the effectiveness of the Afghan First policy (a policy that calls for hiring Afghan workers and Afghan companies whenever possible) by measuring what percentage of contracts are awarded to Afghan firms and what percentage of contract employees are Afghan. Representatives from the regional commands participate via teleconference in the Steering Committee meetings to try to connect higher headquarters coordination to regional activities.

Whereas the Executive Steering Committee is a forum for government agencies to coordinate contracting efforts at a strategic level, the Economic Enterprise Board is a forum for coordinating ISAF and government contracting efforts with the Afghan government and non-governmental organizations.

The Economic Enterprise Cell is the action arm that supports the Steering Committee and the Enterprise Board. The cell is responsible for developing and refining the metrics used to measure the effectiveness of Contracting and Economic Development efforts, create a common operating

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(...continued)

by contracting officers to evaluate bidders in accordance with Federal Acquisition Regulation 9.402(a), which states “Agencies shall solicit offers from, award contracts to, and consent to subcontracts with responsible contractors only. Debarment and suspension are discretionary actions that, taken in accordance with this subpart, are appropriate means to effectuate this policy.”

<sup>42</sup> Based on DOD documentation provided to CRS and discussion with DOD officials in Afghanistan, August-September, 2011.

picture of contracting across the Afghan theatre, and draft and implement contracting policy. The cell is responsible for coordinating the development of an overarching economic plan that supports the ISAF operational plan. This plan is intended to create the strategic framework for contracting activities.

The ICCEE effort has senior leadership involvement. The Executive Steering Committee is co-chaired by three brigadier generals, including representation from Task Force 2010, and the Senior Contracting Official-Afghanistan. The Economic Enterprise Board is chaired by a Major General and co-chaired by two brigadier generals.

The ICCEE effort is in early stages of development. There have been some meetings of the Executive Committee and the Enterprise Board, and the ICCEE cell is still bringing on staff. It remains to be seen how effective the ICCEE effort will be in implementing COMISAF contracting guidance throughout Afghanistan, particularly at the regional level. To address the issue of implementing contracting guidance at the regional level, there is an effort underway to establish a Commander's Interagency COIN Management Board (CICMB) at every regional command. The Commander's Interagency COIN Management Board is intended to ensure that contracting efforts support regional strategic priorities, and coordinate projects among the various agencies, governments, and NGOs. The first CICMB was stood up in Regional Command East in the fall of 2011.

### **Improving Data to Measure the Impact of Contracting**

Billions of dollars are being spent on contracts in Afghanistan.<sup>43</sup> Without gathering data and using it to evaluate the effect of contracts, it is difficult to know to what extent contracting efforts are successful. For example, ISAF has a stated policy that whenever possible, contracts should be awarded to Afghan companies. However, without good data, it is impossible to determine what percent of contracts are in fact going to Afghan firms and whether steps need to be taken to increase the number of Afghan firms winning contracts.

ISAF and the U.S. government do not accurately or sufficiently track data upon which to make strategic contracting decisions in Afghanistan.<sup>44</sup> Current databases are not sufficiently customized to track important contract data. For example, there is no consolidated theatre-wide database capable of tracking the amount of money spent on reconstruction or the amount of money spent on contracting in Afghanistan.<sup>45</sup> Further, because people are often assigned to perform tasks in areas where they have little or no experience, officials who should have the information are not always aware that the data exists.<sup>46</sup> A number of military and civilian personnel involved in developing COIN contracting strategies and policies were not aware of the existence of the

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<sup>43</sup> CRS Report R40764, *Department of Defense Contractors in Afghanistan and Iraq: Background and Analysis*, by Moshe Schwartz and Joyprada Swain.

<sup>44</sup> Based on author's discussions with military officials and with contractors responsible for managing ISAF data, August-September, 2011. See also, See *Report Regarding Contract Assessment Among Donors and the Private Sector in Afghanistan*, p. 15, which states "Due to a lack of reliable information, neither the Afghan government nor the international community can determine the amount of money spent in Afghanistan over the past 10 years."

<sup>45</sup> Report Regarding Contract Assessment Among Donors and the Private Sector in Afghanistan, June-July 2011, Executive Summary, page 10.

<sup>46</sup> Based on discussions with acquisition personnel who were unaware of relevant existing data sources, August-September 2011, Kabul, Afghanistan.

CENTCOM quarterly contractor census that is released by the office of the Deputy Assistant Secretary of Defense (Program Support).<sup>47</sup> Many of these officials are also unfamiliar with the contracting data contained in the Federal Procurement Data System (FPDS-NG).<sup>48</sup> These sources include information directly related to contracting in Afghanistan.<sup>49</sup>

Within the last few months, U.S. government and coalition partners have made a concerted effort to identify the type of data needed to make good contract decisions, identify sources of data, and to gather the identified data. Senior officials within ISAF and DOD, in coordination with USAID, State, and a number of other coalition partners, have started gathering data on contracting, including, data on the number and value of contracts in Afghanistan, how contracts are being written, and to what extent Afghan firms and Afghan employees are benefitting from ISAF, DOD, civilian agency, and coalition contracting. Not only is this data being collected, it is beginning to be used to measure the effectiveness of contract efforts in Afghanistan.

Even when information is tracked, however, questions remain as to the reliability of the information. One reliability concern is that data is not getting put into the appropriate databases. According to database managers, a lot of data is kept at the local level and does not flow up to the central database.<sup>50</sup> Even when data is tracked and sent to the central database, the data is often incomplete and unreliable. For example, there are five required data elements for reconstruction projects: 1) project start date; 2) project end date; 3) project type; 4) amount spent; and 5) project location. According to the managers of the theatre-wide database, in one instance, of approximately 59,000 records submitted to the database, only about 8,000 (14%) contained all five required elements.

Some areas of data are more accurately tracked than others. For example, data managers stated that situation reports (sitreps), such as IED attacks, are entered fairly consistently and accurately. CERP (Commanders Emergency Response Program) data was not accurately tracked until 2009, when an emphasis was placed on accurately tracking CERP data. ISAF data managers estimated that overall, only about 10% of all data records are eventually put into the central database and that the error rate of data that is in the system is approximately 50%.<sup>51</sup> Given current concerns over the reliability of contracting data, the information in the central database may not be sufficiently reliable for decision making at the strategic level.

Highlighting questions of data reliability, different sources of government contracting information sometimes appear to contain conflicting information. The FPDS-NG database contains information on the number and value of contracts awarded to Afghan firms that appears to

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<sup>47</sup> The data is posted on the website at [http://www.acq.osd.mil/log/PS/CENTCOM\\_reports.html](http://www.acq.osd.mil/log/PS/CENTCOM_reports.html)

<sup>48</sup> The Federal Procurement Data System—Next Generation (FPDS-NG) is a central database of U.S. government-wide procurement. The purpose of FPDS-NG is to provide data that can be used as “[A] basis for recurring and special reports to the President, the Congress, the Government Accountability Office, Federal executive agencies, and the general public.” For more information on FPDS-NG, see: Schwartz, Moshe, Wendy Ginsberg, Daniel Alexander, *Department of Defense Trends in Overseas Contract Obligations*, Congressional Research Service, June 11, 2011.

<sup>49</sup> The information contained in these data sources includes the number of DOD contractor and sub-contractor employees in Afghanistan, including number of Afghans employed through DOD funded contracts; total contract obligations in Afghanistan, broken out by quarter, agency, and high-level spending category; and number and value of contract obligations awarded to Afghan companies.

<sup>50</sup> This finding was confirmed by a COIN contracting steering committee which found that the total number of active contracts is not always reported. Coin Contracting Executive Steering Committee, August 24, 2011.

<sup>51</sup> The 50% error rate is an improvement; database managers estimated that the rate was previously substantially higher.



conflict with information compiled in Afghanistan. And the CENTCOM quarterly census contains information on the number of Afghans employed by DOD contractors and subcontractors that conflicts with information compiled in Afghanistan. According to GAO, DOD officials are aware of the conflicting sources of information and are working to reconcile the data and improve its reliability.<sup>52</sup>

## **The Host Nation Trucking Contract: A Case Study<sup>53</sup>**

The Host Nation Trucking Contract has become a lightning rod for what is perceived as wrong with contracting in Afghanistan.<sup>54</sup> The Department of Defense signed this contract for ground transportation to provide over 70% of the total dry goods and fuel for US and coalition troops. The contract was awarded to eight prime contractors: two U.S., three Afghan, and three multi-national joint-venture companies. According to the contract, each contractor was responsible for its own security. The contract started in March 2009 and ended on September 15, 2011. Over \$700 million was paid to eight transportation companies for delivery of services because of what DOD acquisition officials believe were inflated U.S. government cost estimates.<sup>55</sup>

Several Host Nation Trucking vendors are believed to have directed money through subcontractors to warlords and insurgents.<sup>56</sup> Vendors were linked to criminal networks.<sup>57</sup> According to military officials in Afghanistan, poor accountability and enforcement of supply procedures made cargo loads susceptible to fraud and pilferage. But because there were only eight prime contractors available to bring in large volumes of goods, there was little option but to use all of the contractors regardless of how well they performed or what they did. Because deliveries were not awarded based on performance, the U.S. government had limited ability to affect contractor behavior. Eventually, most of the prime contractors were suspended or debarred.

In September 2011, the Host Nation Trucking Contract was replaced with a new contract, the National Afghan Trucking Contract. Leveraging some of the infrastructure that was put in place to improve contracting in Afghanistan, the new contract is viewed by many DOD officials and analysts as more effectively tailored to account for the unique wartime environment.<sup>58</sup> Task Force

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<sup>52</sup> It is unclear which sources of information are more accurate. Data reliability questions have been raised concerning the information contained in FPDS-NG and the CENTCOM quarterly census. See *Department of Defense Trends in Overseas Contract Obligations*; U.S. Government Accountability Office, *Federal Contracting: Observations on the Government's Contracting Data Systems*, GAO-09-1032T, September 29, 2009, p. Highlights.

<sup>53</sup> Information Paper on Transportation Contracting Fraud and Measures Taken to Mitigate, August 23, 2011.

<sup>54</sup> The National Security and Foreign Affairs Subcommittee of the House Committee on Oversight and Government Reform conducted a hearing which focused on problems associated with the Host Nation Trucking contract. See U.S. Congress, House Committee on Oversight and Government Reform, Subcommittee on National Security and Foreign Affairs, Investigation of Protection Payments for Safe Passage along the Afghan Supply Chain, 111th Cong., 2nd sess., June 22, 2010. The majority issued a report *Warlord, Inc.: Extortion and Corruption Along the U.S. Supply Chain in Afghanistan*, detailing the findings of their investigation.

<sup>55</sup> Based on discussions with DOD acquisition personnel in Afghanistan who were involved with the contract.

<sup>56</sup> See Subcommittee on National Security and Foreign Affairs of the House Committee on Oversight and Government Reform, "Warlord Inc.: Extortion and Corruption Along the U.S. Supply Chain in Afghanistan," June 22, 2010; Paul Richter, "Audit: U.S. Funds Went to Taliban, Subcontractors on an Afghan project may have paid more than \$5 million for security," *Los Angeles Times*, October 1, 2010. Information also based on discussions with military officials in Afghanistan and CRS review of documents provided by DOD in Kabul, Afghanistan, August-September, 2011.

<sup>57</sup> *ibid.*

<sup>58</sup> Based on discussions with military personnel in Afghanistan and with government analysts, August-September, 2011, and with government analysts.

2010 reviewed the Host Nation Trucking contract and found that the way the statement of work was structured created opportunities for excessive profit and waste. For example, the same fee was paid without regard to whether security was actually used, and the payment structure inflated the market price, thus adversely impacting the local economy by adversely distorting market prices.

With the help of Task Force 2010 and with senior leadership attention at military headquarters in Afghanistan, the new contract includes a number of different strategies, including

- providing separate cost structures depending on the specific security needs associated with the convoy in question, to ensure that the government only pays for actual security costs;
- inserting contract clauses that require prime contractors to provide information on subcontractors; and
- increasing the number of transportation companies from 8 to 20 to provide more flexibility in giving work to good companies and limiting the need to subcontract.

Other changes include an order-of-merit list that awards new missions based on contractor performance and incorporation of new technologies aimed at getting better in-transit visibility and timely delivery. While many analysts consider the new contract to be an improvement over the previous contract, only time – and effective oversight – will tell to what extent these changes are effective.

## **Issues for Congress**

The allocation of billions of contracting dollars to support military operations and reconstruction efforts in Afghanistan raise a number of potential questions for Congress that may have significant policy implications for current and future overseas operations.

### ***To what extent are U.S. government development and CERP contracts contributing to the overall mission in Afghanistan?***

Billions of contracting dollars have been spent to support U.S. interests in Afghanistan, yet it is not always clear to what extent these contracting efforts are actually supporting strategic-level campaign goals. For example, an April, 2011 report by the Counterinsurgency Advisory & Assistance Team – ISAF, stated

Despite hundreds of millions in investments, there is no persuasive evidence that the Commander's Emergency Response Program (CERP) has fostered improved interdependence relationships between the host government and the population – arguably the key indicator of counterinsurgency success.<sup>59</sup>

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<sup>59</sup> Counterinsurgency Advisory & Assistance Team - International Security Assistance Force - Afghanistan, *Less Boom for the Buck: Projects for COIN Effects and Transition*, April 2011, p. 2.

Given the extent of corruption in Afghanistan, the lack of effective planning and coordination of many projects, and the inability of the Afghan government to sustain the projects that have already been completed, Congress may wish to examine more closely the extent to which U.S. contracting activities effectively meet overall strategic objectives.

***To what extent is DOD taking the appropriate steps to improve contracting in Afghanistan?***

Many of the problems with contracting in Afghanistan are partly a result of the difficulties inherent in contracting in a wartime environment. These weaknesses include a lack of reliable data upon which to make contracting decisions, failure to sufficiently integrate contracting into operational plans, insufficient oversight, and the difficulty in executing contracts quickly. This raises a number of issues which may be of interest to Congress, including: What are DOD and other agencies doing to gather reliable data upon which to coordinate activities and to make critical contracting decisions? What steps are being taken to understand the root causes of the weaknesses in the way DOD acquires goods and services? What is DOD doing to improve wartime contracting? To what extent are the efforts being taken to improve contracting addressing the underlying problems with the contracting effort as it is performed in Afghanistan? Is legislation required to address some of the differences between peacetime and wartime contracting?

***How will development projects be sustained?***

According to the Commission on Wartime Contracting, the U.S. government has built many projects in Iraq and Afghanistan that have proved unsustainable.<sup>60</sup> As the World Bank noted, these investments and programs are creating substantial expenditure liabilities for the future that the Afghan government cannot afford.<sup>61</sup> Senior U.S. officials have publicly acknowledged that Afghanistan cannot sustain its own security budget.<sup>62</sup> This raises a number of issues which may be of interest to Congress, including: Given the inability of the Afghan government to independently sustain existing projects, should contracts for new or ongoing projects be suspended until the Afghan government can afford to maintain the projects? Instead of funding new or completing current projects that cannot be sustained, should aid money be deposited into an account that will fund future operations and maintenance? Do all appropriate reconstruction projects require that Afghan firms be sufficiently trained and capable of operating and maintaining the completed project? Should all new and ongoing contracts be structured to ensure that sufficient funds are set aside to guarantee that the project can be sustained for a specified number of years? Should funding and authorization documents include operation and maintenance funds when procurement or military construction funds are committed?

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<sup>60</sup> Commission on Wartime Contracting in Afghanistan and Iraq, *Transforming Wartime Contracting: Controlling Costs, Reducing Risks*, Page 2, August 2011.

<sup>61</sup> The World Bank, Afghanistan Public Finance Management Project, Report No. 34582-AF, "Afghanistan: Managing Public Finances for Development," December 22, 2005.

<sup>62</sup> See American Forces Press Service (DoD), "Gates: U.S. Must Consider Sustainability of Afghan Forces," February 17, 2011. Secretary Gates was quoted as saying "Let's not kid ourselves. We are the only ones paying for this in any significant way. How long can we sustain it? The Afghan ability to sustain a force would be a fraction of what they already have."

***How will contract oversight be impacted by the drawdown in Afghanistan?***

According to U.S. military officials, in some instances, contractors will be used to replace uniform personnel who are withdrawing from Afghanistan. Replacing uniform personnel with contractors could result in an increase in the proportion of contractors in Afghanistan. In addition, the drawdown could result in fewer acquisition personnel and fewer resources dedicated to contract management and oversight. To what extent will the drawdown result in an increased reliance on contractors? To what extent is the drawdown being planned to account for contract management and oversight? Will Task Force 2010 and other task forces or organizations involved in acquisitions be disproportionately affected by the drawdown?

***To what extent is DOD preparing for the role of contractors in future military operations?***

As a number of Congressional reports have pointed out and DOD officials have acknowledged, many lessons can be learned from the experience in Iraq and Afghanistan. Yet there does not appear to be a clear, comprehensive strategy to capture contracting lessons learned and incorporate those lessons into training, education, and doctrine. To what extent is DOD integrating the use of contractors into future planning? How are lessons learned being used to update doctrine? To what extent is the development of the future force structure being informed by a well-thought-out plan for how contractors will be used in future operations? To what extent is DOD adapting what is taught in military educational institutions and how field exercises are conducted to prepare the operational force for how contractors will be used in future operations?

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