

SIGAR

**Special Inspector General for
Afghanistan Reconstruction**

OFFICE OF SPECIAL PROJECTS

DEPARTMENT OF DEFENSE SPENDING ON AFGHANISTAN RECONSTRUCTION: CONTRACTS COMPRISED \$21 BILLION OF \$66 BILLION IN TOTAL APPROPRIATIONS, 2002 – MAY 2014

This product was completed under SIGAR's Office of Special Projects, the Special Inspector General's response team created to examine emerging issues in prompt, actionable reports to federal agencies and the Congress. The work was conducted pursuant to the Special Inspector General's authorities and responsibilities under the National Defense Authorization Act for FY 2008 (Pub. L. No. 110-181).



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Office of the Special Inspector General
for Afghanistan Reconstruction

March 18, 2015

Congressional Committees:

Congress appropriated approximately \$104 billion between fiscal year (FY) 2002 and FY 2014 for Afghanistan reconstruction, principally for the Departments of Defense (DOD) and State (State) and the United States Agency for International Development (USAID). Of that \$104 billion, Congress appropriated approximately \$66 billion to DOD.

DOD, State, and USAID rely extensively on contractors and other implementing partners to undertake reconstruction projects in Afghanistan. To provide more effective oversight and to meet our reporting requirements to monitor contracts and reconstruction activities in Afghanistan, the Office of the Special Inspector General for Afghanistan Reconstruction (SIGAR) has requested information from U.S. Government agencies concerning how and where U.S. funds appropriated for the reconstruction of Afghanistan are spent.

In February 2013, SIGAR issued an inquiry requesting that all U.S. Government agencies conducting reconstruction activities in Afghanistan provide comprehensive information on all contracts, grants, and cooperative agreements awarded for those activities, from fiscal year 2002 through the date of the inquiry. DOD provided its initial data submission in April 2013. DOD provided an updated data submission in July of 2014 covering the period from FY 2002 through May 2014.

This report provides an analysis of the information from DOD's submission. The submission accounts for approximately \$21 billion in total contract awards. The discrepancy between this amount and the total appropriation is due to how DOD executed its Afghanistan Reconstruction Funding and how that execution was tracked within DOD and Federal accounting systems.

For example, prior to 2010, DOD did not report the Treasury account code when entering contracts in the Federal Procurement Data System (FPDS). Therefore, a contract awarded with Afghan Security Force Fund (ASFF) funding prior to that time would not be linked to that fund in FPDS. DOD stated that the majority of the contract data that they were unable to provide is from the pre-2010 time period.

Another reason for the discrepancy is the fact that reconstruction funds that are transferred between DOD entities, to another U.S. government agency, or to an Afghan government entity were not included in the submission. For example, ASFF funding transferred from the Army to the Defense Security Cooperation Agency (DSCA) is not tracked as ASFF funds in FPDS and hence is not included in the DOD data submission. SIGAR is currently examining DSCA FMS databases to determine whether or not it will be feasible to issue a similar report detailing FMS transactions executed with Afghanistan reconstruction funding. Where appropriate, this report describes DOD accounting practices and how those practices affected the Department's contract data submission.

This report does not include any recommendations. SIGAR is presenting this data here to inform Congress and the U.S. taxpayer how their reconstruction dollars are being spent in Afghanistan.

This product was completed under SIGAR's Office of Special Projects, the SIGAR response team created to examine emerging issues in reports to federal agencies and the Congress. The work was conducted under the authority of Public Law No. 110-181, as amended; the Inspector General Act of 1978; as amended.

Sincerely,

A handwritten signature in black ink, appearing to read 'John F. Sopko', with a long horizontal flourish extending to the right.

John F. Sopko
Special Inspector General
for Afghanistan Reconstruction

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Summary

As of June 30, 2014, the Department of Defense (DOD) had obligated a total of \$56 billion of the total \$66 billion in Afghanistan reconstruction funding appropriated to the department through the end of that fiscal year. In its contract data submission to SIGAR, DOD reported approximately \$21 billion in total contract obligations from reconstruction funds through May of 2014.¹ There are several reasons for the gap between DOD's reported contract obligations and total reported reconstruction fund obligations.

The DOD data submission described in this report only accounted for Afghanistan reconstruction funding obligated as contracts. In addition to appropriated reconstruction funds obligated directly as contracts, DOD obligates reconstruction funds for other purposes including transfer within DOD, transfer to other U.S. Government agencies, and transfer to Afghan government entities. For example, the Department of the Army is the DOD executive agent for the Afghan Security Forces Fund (ASFF). The Department of the Army transfers some of ASFF funding to the Defense Security Cooperation Agency to be executed as Foreign Military Sales (FMS) to equip and train the Afghan security forces. DOD also provides "on-budget" financial assistance to the Afghan Ministry of Defense and Ministry of Interior. Because these transactions were not initially obligated as contracts, the DOD data submission did not include them.

In the cover letter to its data submission, DOD stated that there are gaps in some of the contract data it provided to SIGAR. DOD stated that most of the missing contract data is due to the fact that prior to mid-FY 2010, DOD did not report the Treasury account symbol for funding authorization used to fund specific contracts in the Federal Procurement Data System (FPDS). Hence, pre-2010 reconstruction funding contracts will be entered into FPDS but will not be tied to a particular fund. However, in July 2010, as a result of a change in policy prompted by passage of the Federal Funding Accountability and Transparency Act of 2006, Pub. L. No. 109-282, DOD began reporting the Treasury account symbols to the Federal Procurement Data System (FPDS) when reporting contract actions.²

DOD has had a similar problem tracking which contracts are funded under CERP. According to DOD, the primary cause of the problem is that "CERP is an authority to spend funds within the Army's operation and maintenance appropriation and not a separate appropriation like ASFF."³ DOD indicated that the lack of a separate appropriation means that the Department of the Treasury will not create separate accounting codes that would allow for CERP contracts to be tracked in FPDS.⁴ It should be noted that not all CERP funds are executed as formal contracts. According to a DOD official, CERP projects under \$500,000 do not have to involve a contract officer. Hence, some CERP funding was not accounted for as contracts and would not be included in the DOD data submission to SIGAR.

In some instances, individual DOD entities, such as USACE, did include funding authorization information in their internal contract data systems. This was not a department-wide practice.

The Department of Defense (DOD) reported obligations of approximately \$21 billion through the award of 18,962 contracts for reconstruction in Afghanistan between fiscal year (FY) 2002 through May 2014. DOD relies on five main sources of funds to pay for Afghanistan reconstruction contracts: the Afghan Security Forces Fund, the Commander's Emergency Response Program, the Drug Interdiction and Counter-Drug Activities Fund, the Afghanistan Infrastructure Fund, and the Task Force for Business and Stabilization Operations. DOD reconstruction funding is used to fund the development of the Afghan National Security Forces (ANSF), development of Afghan Counternarcotics forces and capabilities, economic development projects intended to foster stability and security, and large-scale infrastructure projects.

¹ According to the Department of Defense, the provided reconstruction fund data accounts for contracts through the following dates: DOD CN, AIF, CERP, and TFBSO data accounts for contracts issued through September 30, 2013. Data for ASFF funding covers the period through May 9, 2014. Because ASFF funding accounts for over 80 percent of the described data, the May 2014 date is used in the title of this report and summary statements.

² Memorandum of Shay D. Assad, Director, Defense Procurement and Acquisition Policy (July 15, 2010).

³ Letter from Jennifer Walsh, Principal Director, Afghanistan, Pakistan, and Central Asia, Office of the Assistant Secretary of Defense, to John F. Sopko, Special Inspector General for Afghanistan Reconstruction (July 29, 2014).

⁴ *Id.*

- The Afghan Security Forces Fund (ASFF) accounted for the largest portion of DOD contract obligations with \$17.3 billion in awards, or 83 percent of total obligations. In addition to the contracts funded by ASFF, DOD transferred a significant portion of total ASFF appropriations to the Defense Security Cooperation Administration (DSCA) to be executed as Foreign Military Sales to equip and supply the ANSF. (See page 7 for more detail on ASFF contract awards.)
- The Drug Interdiction and Counter-Drug Activities Fund (DOD CN) accounted for the second highest total contract obligations of DOD reconstruction funding with \$1.8 billion, or nine percent of total reported awards.⁵ (See page 8.)
- The Commander's Emergency Response Program contracts accounted for \$795 million total contract obligations, or four percent of total awards. (See page 9.)
- The Afghanistan Infrastructure Fund contracts accounted for \$385 million in obligations, or 2 percent of total awards. (See page 10.)
- The Task Force for Business and Stabilization Operations contracts accounted for \$696 million in obligations, or three percent of total awards. (See page 11.)

The Asia Global Shipping Group of Companies (AGS) was the top overall recipient of reported obligations for DOD Afghanistan reconstruction funding, with \$1.8 billion in awards. The second overall recipient, with approximately \$1.4 billion, was the Parwan Group. AGS and the Parwan Group are Afghan-based logistics companies that provided transportation, building supplies, and fuel to the ANSF.

In separate reporting to SIGAR, the U.S. Army Corps of Engineers (USACE) reported that it had obligated over \$8 billion in reconstruction funding. USACE reported obligations from seven U.S. government reconstruction funds, including the five DOD funds, as well as the International Narcotics Control and Law Enforcement fund administered by the Department of State, and the Economic Support Fund administered by the U.S. Agency for International Development. USACE maintains an internal electronic accounting system that identifies contracts by budget account. Because of the differences in the information provided by the Department of Defense as a whole and individually by USACE and the potential for overlap in the data, it was not feasible to combine USACE data with data provided by DOD. USACE contracts obligating ASFF funding accounted for nearly \$6.8 billion, or 82 percent of total reconstruction funds obligated by USACE. Also in separate reporting to SIGAR, Army Contracting Command reported awarding Afghanistan reconstruction contracts worth \$9 billion.

Background

DOD funds reconstruction contracts in Afghanistan using the following five funding sources:

- The Afghan Security Forces Fund (ASFF) provides the Afghan National Security Forces (ANSF) with equipment, supplies, services, training, and funding, as well as facility and infrastructure repair, renovation, and construction.
- The Commander's Emergency Response Program (CERP) enables U.S. commanders in Afghanistan to respond to urgent humanitarian relief and reconstruction requirements in their areas of responsibility by supporting programs that will immediately assist the local population.
- The Drug Interdiction and Counter-Drug Activities Fund (DOD CN) supports efforts to stabilize Afghanistan by combating the drug trade and related activities. DOD uses the DOD CN to provide assistance to the counter-narcotics effort by supporting military operations against drug traffickers; expanding Afghan interdiction operations; and building the capacity of Afghan law enforcement bodies—including the Afghan Border Police—with specialized training, equipment, and facilities.
- The Afghanistan Infrastructure Fund (AIF) provides funding for high-priority, large-scale infrastructure projects that support U.S. civilian-military efforts in Afghanistan. Congress intended for projects funded by the AIF to be jointly selected and managed by DOD and State.
- The Task Force for Business and Stabilization Operations (TFBSO) conducts operations intended to stabilize the country and counter economically-motivated violence by decreasing unemployment and creating economic opportunities for Afghans.

⁵ DOD CN is the acronym used by the Department for the Drug Interdiction and Counter-Drug Activities Fund.

Of the total of approximately \$56 billion in reported Afghanistan reconstruction fund obligations, DOD reported approximately \$21 billion in contract obligations. DOD obligates reconstruction funding through contracts with commercial vendors for property or services intended to support reconstruction objectives in Afghanistan. In addition to contracts, DOD executes internal transfers of reconstruction funding to specific DOD entities for execution. For example, DOD transfers ASFF funding to the Defense Security Cooperation Administration to purchase weapons systems, vehicles, equipment, and training for the ANSF through the Foreign Military Sales (FMS) process. DOD also transfers ASFF funding directly to the Afghan Ministry of Defense and the Ministry of Interior Affairs via electronic fund transfers (EFTs) to support the ANSF. With the exception of a limited number of interagency and interservice agreements reported by the Task Force for Business and Stability Operations (TFBSO), DOD only provided data on funds obligated as contracts; therefore this report does not include information on reconstruction funds obligated as internal transfers or EFTs. Information on the small number of interagency and interservice agreements reported by TFBSO is included in this report.

DOD REPORTED CONTRACT OBLIGATIONS OF APPROXIMATELY \$21 BILLION FROM FIVE AFGHANISTAN RECONSTRUCTION FUNDS BETWEEN FISCAL YEAR 2002 AND MAY 2014

The Department of Defense reported obligations for \$20.9 billion in 18,988 contracts awarded to 2,542 vendors from the Afghan Security Forces Fund (ASFF), the Commander's Emergency Response Program (CERP), the Afghan Infrastructure Fund (AIF), the Department of Defense Drug Interdiction and Counter-Drug Activities fund (DOD CN), and the Task Force for Business and Stability Operations (TFBSO) between FY 2002 and May 2014. With the exception of a limited number of interservice and interagency agreements, all of the obligations reported by DOD to SIGAR were contracts; DOD did not report any cooperative agreements or grants.⁶ ASFF funding accounted for approximately 83 percent of DOD contract obligations of Afghanistan reconstruction funds. Of the \$20.9 billion obligated, DOD reported:

- \$17.3 billion, or 82.5 percent of total reported awards, from the ASFF;
- \$1.8 billion, or 8.5 percent of total reported awards, from the DOD CN fund;
- \$795 million, or 3.8 percent of total reported awards, from CERP;
- \$695.7 million, or 3.3 percent of total reported awards, from TFBSO; and
- \$385 million, or 1.8 percent of total reported awards, from AIF.

Figure 1 illustrates the distribution of total DOD reported obligations by Afghanistan reconstruction fund.

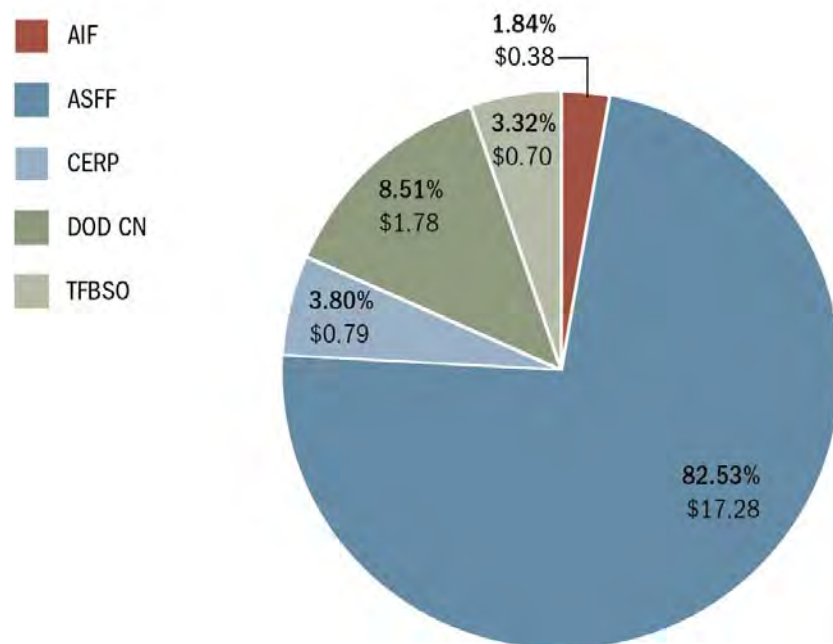


Figure 1. Proportion of reported DOD contract obligations and total obligations by Afghanistan reconstruction fund (\$billions), FY 2002-May 2014

The Asia Global Shipping Group of Companies (AGS) was the top overall recipient of reported obligations of DOD's Afghanistan reconstruction funding. AGS is an Afghan logistics company and received close to \$1.8 billion in DOD reconstruction contract awards. The second overall recipient, with approximately \$1.4 billion, was the Parwan Group. Similar to AGS, the Parwan Group is an Afghan-based logistics company. Both

⁶ Interservice agreements are used when a DOD agency provides support and/or accepts funds from other agencies within the Department of Defense.

companies provided transportation, building supplies, and fuel for ANSF vehicles. Table 1 includes the top ten overall recipients of reported DOD Afghanistan reconstruction fund obligations.

Table 1: Top Ten Recipients of DOD Afghanistan Reconstruction Contract Awards by Total Obligations, 2002-May 2014

Vendor	Total Obligations (\$millions)	Percentage of Total Obligation
Asia Global Shipping Group of Companies	1,762	8.42%
Parwan Group	1,397	6.67%
Aria Target Logistics Services	922	4.41%
Saleen Najib Tawana Company	653	3.12%
Academi Training Center, Incorporated ⁷	569	2.72%
Basir Hashimi Construction Company	494	2.36%
Afghan Armada	413	1.97%
OT Training Solutions, Incorporated	348	1.66%
National Trading Company	343	1.64%
MG Services, Limited	338	1.61%
Sub-Total (10)	7,238	34.58%
Remaining Vendors (2,532)	13,694	65.42%
Grand Total (2,542)	\$20,932	100%

Note: Totals affected by rounding.

DOD Reported Contract Obligations of Approximately \$17 Billion from the Afghan Security Forces Fund between FY 2005 and May 2014

Congress created the ASFF to provide the ANSF with equipment, supplies, services, training, and direct funding, as well as facility and infrastructure repair, renovation and construction. DOD reported \$17.3 billion in contract obligations between FY 2005 and May 2014 from the ASFF.

DOD told SIGAR that there are some gaps in ASFF contract reporting. According to the DOD, prior to 2010 the Federal Procurement Data System (FPDS) did not require that agencies report the sources of funds used to pay for contracts. Therefore, although contracts funded by the ASFF (and other funds) prior to 2010 are in the FPDS, they are not identified with particular funding sources. In 2010, as a result of a change in policy prompted by passage of the Federal Funding Accountability and Transparency Act of 2006, Pub. L. No. 109-282, DOD began requiring that funding source information be included in its contract databases. DOD stated that all contracts funded by the ASFF after 2010 are now recognized as such in current DOD contract databases.

A significant portion of ASFF funds have been transferred to the Defense Security Cooperation Administration (DSCA) to be executed as Foreign Military Sales (FMS) funding. DOD stated that once ASFF funds are transferred to DSCA for FMS execution, the funds are no longer tracked as ASFF funding. Therefore, the ASFF contract data provided by DOD to SIGAR did not include any of the contracts executed as FMS. DOD stated

⁷Data for Academi Training Center includes contracts for the Blackwater private security firm. Academi Training Center bought Blackwater in 2010. The companies share the same Data Universal Numbering System (DUNS) and hence contracts awarded to Blackwater are reported under the current owner of the DUNS number in FPDS.

that it would be extremely labor intensive to compile information on all of the contracts awarded as FMS with ASFF funding.⁸

The Asia Global Shipping Group of Companies (AGS) was the top overall recipient of the ASFF contract awards reported by DOD. AGS is an Afghan company that provides logistics services and received close to \$1.8 billion in DOD awards. The second overall recipient in ASFF awards, with approximately \$1.4 billion, was the Parwan Group. Similar to AGS, the Parwan Group is an Afghan-based logistics company. Both companies provided transportation, building supplies, and fuel to the ANSF. Table 1 includes the top ten overall recipients of reported ASFF contract obligations.

Table 2. Top Ten Recipients of ASFF awards by Total Obligations, FY 2005-May 2014

Vendor	Total Obligations (\$millions)	Percentage of Total Obligation
Asia Global Shipping Group of Companies	1,762	10.20%
Parwan Group	1,397	8.08%
Aria Target Logistics Services	922	5.34%
Saleen Najib Tawana Company	653	3.78%
Basir Hashimi Construction Company	494	2.86%
Afghan Armada	413	2.39%
OT Training Solutions, Incorporated	348	2.02%
National Trading Company	343	1.98%
MG Services, Limited	338	1.95%
Eve Corporation	294	1.70%
Sub-Total (10)	6,962	40.30%
Remaining Vendors (2,256)	10,313	59.70%
Grand Total (2,266)	\$17,276	100%

Note: Totals affected by rounding.

DOD Reported Contract Obligations of Approximately \$1.8 Billion from the DOD Drug Interdiction and Counter-Drug Activities Fund between FY 2002 and September 2013

DOD’s Drug Interdiction and Counter-Drug Activities fund (DOD CN) supports efforts to stabilize Afghanistan by combating the drug trade and related activities.⁹ DOD uses DOD CN funding to assist the counternarcotics effort by supporting military operations against drug traffickers; expanding Afghan interdiction operations; and building the capacity of Afghan law enforcement bodies—including the Afghan Border Police—with specialized training, equipment, and facilities. DOD stated that the data submitted provides a full accounting of all DOD CN contract obligations for the requested time period.¹⁰

⁸ Data provided separately by Army Contracting Command did include contracts that were likely executed as FMS with ASFF funding. (See page 16)

⁹ While the full title of the fund does not include the term “Counternarcotics,” DOD uses the acronym “DOD CN” when referring to this fund.

¹⁰ DOD CN funds are located in a single, department-wide account. DOD transfers the funds from the Counter-narcotics Central Transfer Account (CTA) to the military services and defense agencies, which track obligations of the transferred funds.

DOD reported obligating approximately \$1.8 billion in DOD CN funding for Afghanistan reconstruction efforts between FY 2002 and September 2013. The top recipient of DOD CN fund awards was Academi Training Center, Incorporated, with approximately \$569 million, or 32 percent of all obligations. Academi Training Center provided training, equipment, and logistical support to Afghan counternarcotics entities, including the Afghan National Interdiction Unit, the Ministry of Interior, and the Afghan Border Police. The recipient of the second-highest total awards was Northrop Grumman Space and Mission Systems (Northrop Grumman), with \$250 million, or 14 percent of all obligations. Northrop Grumman provided support to Afghan air capability dedicated to counternarcotics missions. Northrop Grumman also provided some logistics support to the Afghan National Interdiction Unit.

Table 3. Top Ten Recipients of DOD CN Awards by Total Obligations, FY 2002-September 2013

Vendor	Total Obligations (\$millions)	Percentage of Total Obligation
Academi Training Center, Incorporated	569	31.96%
Northrop Grumman Space & Mission Systems	250	14.07%
CACI	248	13.97%
Lockheed Martin Integrated Systems Incorporated	195	10.97%
Northrop Grumman	113	6.32%
Raytheon Technical Services Company, Limited Liability Corporation	88	4.91%
Special Operations Technology, Incorporated	74	4.19%
SESI	46	2.60%
ARL	37	2.09%
Contract International, Incorporated	28	1.56%
Subtotal (10)	1,649	92.64%
Remaining Vendors (29)	131	7.36%
Grand Total (39)	\$1,781	100%

Note: Totals affected by rounding.

DOD Reported Contract Obligations of Approximately \$795 Million in Commander's Emergency Response Program Funds between July 2010 and September 2013

The Commander's Emergency Response Program (CERP) enables U.S. commanders in Afghanistan to respond to urgent humanitarian relief and reconstruction requirements in their areas of responsibility by supporting programs that will immediately assist the local population. Funding under this program is intended for projects that are estimated to cost less than \$500,000 each. Projects with cost estimates exceeding \$1 million are permitted, but they require approval from the Commander of U.S. Central Command; projects over \$5 million require approval from the Afghanistan Resources Oversight Council (AROC).¹¹ Individual CERP-funded projects may not exceed \$20 million.¹²

¹¹ The AROC is an approval body convened to provide senior-level review of expenditures of Afghanistan Reconstruction Funding. The AROC is comprised of Principal Deputy Under Secretaries for The Office of the Under Secretary of Defense (OUSD) (Policy), OUSD(Acquisition, Technology, and Logistics), and OUSD(Comptroller), as well as senior representatives from the Joint Staff, U.S. Central Command, and Assistant Secretary of the Army (Financial Management and Comptroller).

¹² Consolidated Appropriations Act, 2014, Pub. L. No. 113-76, § 9005, 128 Stat. 5, 147.

DOD stated that it could identify contracting data for only about 57 percent of all Afghanistan CERP obligations, which total about \$795 million for the period between FY 2002 and the September 2013. DOD representatives told SIGAR that data for contracts paid for with Commander's Emergency Response Program (CERP) funds are still limited because there is no separate Treasury accounting code for CERP contracts.¹³ . Not all CERP funding is executed as formal procurement contracts. According to a DOD official, CERP projects under \$500,000 can be executed without the approval of a warranted contracting officer. Many CERP projects would therefore not be entered into DOD or U.S. government procurement database systems. The current DOD CERP Management Tool tracks CERP projects but does not currently include contract data. DOD officials stated that they were currently examining the feasibility of adding this data to the management tool.

The single biggest recipient of reported CERP contracts in Afghanistan was the Southern Heritage Neighbors Corporation, with \$36 million in construction contracts. The Southern Heritage Neighborhoods Corporation contract accounted for over four percent of total reported CERP obligations. The recipient of the second highest total amount of CERP awards was listed as WADAN, with \$32 million, or four percent of total awards. DOD indicated that the contract with WADAN was for education support services. Table 4 includes the top ten reported recipients of CERP funding for Afghanistan reconstruction.

Table 4. Top Ten Recipients of DOD CERP Contracts for Afghanistan, by Total Obligations, FY 2002 - September 2013

Vendor	Total Obligations (\$millions)	Percentage of Total Obligation
Southern Heritage Neighborhoods Corporation	36	4.48%
Wadan	32	4.02%
Apptis Technology Solutions, Limited Liability Corporation	31	3.89%
Al Ghurair Printing and Publishing House	24	2.99%
Kabul Marine Construction Company	21	2.69%
Aadin Construction Company	19	2.43%
Central Asia Development Group, Incorporated	19	2.35%
Faizi Masroor Construction and Supply Company	17	2.15%
Jubaili Brother Company, Limited	17	2.12%
Hero Logistic Construction Company	17	2.09%
Subtotal (10)	232	29.21%
Remaining Vendors (178)	563	70.79%
Grand Total (188)	795	100.00%

Note: Totals affected by rounding.

DOD Reported Contract Obligations of Approximately \$385 Million from the Afghanistan Infrastructure Fund between FY 2011 and September 2013

Congress established the Afghanistan Infrastructure Fund (AIF) in FY 2011 to pay for high-priority, large-scale infrastructure projects that support the U.S. civilian-military effort.¹⁴

¹³ Letter from Jennifer Walsh, Principal Director, Afghanistan, Pakistan, and Central Asia, Office of the Assistant Secretary of Defense, to John F. Sopko, Special Inspector General for Afghanistan Reconstruction (July 29, 2014).

¹⁴ Department of Defense and Full-Year Continuing Appropriations Act, 2011, Pub. L. No. 112-10, 125 Stat. 38, 89-90.

DOD reported contract obligations of approximately \$385 million from the AIF for 86 contracts with six different vendors between FY 2011 and September 2013. DOD stated that it had provided “[e]ssentially a full accounting” for AIF funds obligated as contracts.¹⁵

A joint venture between Bryan International Limited Liability Company, a subsidiary of a U.S. construction company, and 77 Construction Company, a Turkish construction company, received the largest total of reported AIF awards, with \$125 million, or 33 percent, of total AIF awards. The Bryan-77 Construction joint venture performed improvement work on the Dahla Dam. The second largest recipient of total awards was the Tutor Perini Corporation with \$109 million, or 28 percent of total AIF awards. The Tutor Perini Corporation implemented electrical infrastructure projects. “Miscellaneous Foreign Awardees” received \$29 million in total AIF awards. U.S. government officials use the Miscellaneous Foreign Awardees designator in the Federal Procurement Data System when issuing contract awards to vendors located outside the United States that do not have U.S. government-recognized identification numbers.¹⁶ Table 5 includes all of the named vendors who received AIF awards.

Table 5: Recipients of Reported AIF Funding for Afghanistan, by Total Obligations, 2002-September 2013

Vendor	Total Obligations (\$millions)	Percentage of Total Obligation
Bryan International, Limited Liability Corporation and 77 Construction Joint Venture	125	32.53%
Tutor Perini Corporation	109	28.20%
State Corps, Incorporated	93	24.11%
Miscellaneous Foreign Awardees ^a	29	7.65%
Metag Insaat Tecaret, a.s.	26	6.66%
Jamal Aziz and Gaggar Baba Construction and Engineering Company Joint Venture	3	0.85%
Total	385	100.00%

Note: Totals affected by rounding.

^a Miscellaneous Foreign Awardees may include a number of vendors.

DOD Reported Contract Obligations of Approximately \$696 Million from the Task Force for Business and Stability Operations between FY 2002 and September 2013

In 2010, the Task Force for Business and Stability Operations (TFBSO) began operations in Afghanistan aimed at stabilizing the country and countering economically motivated violence by decreasing unemployment and creating economic opportunities for Afghans. TFBSO ceased operations at the end FY2014. TFBSO projects were intended to facilitate private investment, industrial development, banking and financial-system development, agricultural diversification and revitalization, and energy development.

DOD reported obligating nearly \$696 million in TFBSO funding between the program’s inception in FY 2010 and September 2013. The top ten recipients of TFBSO funding received \$389 million, nearly 60 percent of total TFBSO funding. The top recipient was IBM with \$65 million in obligations, over nine percent of total

¹⁵ Letter from Jennifer Walsh, Principal Director, Afghanistan, Pakistan, and Central Asia, Office of the Assistant Secretary of Defense, to John F. Sopko, Special Inspector General for Afghanistan Reconstruction (July 29, 2014).

¹⁶ U.S. government-recognized identification numbers include the Data Universal Numbering System or the Associated Contractor and Government Entity code.

TFBSO awards. IBM implemented projects designed to foster the use of information technology in order to bolster the Afghan economy. Defense Group Incorporated (DGI) was the second largest recipient of TFBSO funding with \$53 million in total awards. DGI provided life support and logistics services to TFBSO personnel deployed to Afghanistan. Table 6 includes the top-ten recipients of TFBSO funding¹⁷

Table 6: Top-Ten Recipients of DOD TFBSO Funding for Afghanistan, by Total Obligations, FY2010-September 2013

Recipient	Total Obligations (\$millions)	Percentage of Total Obligation
IBM	65	9.41%
Defense Group Inc (DGI)	53	7.63%
Muscogee National Business Enterprise	52	7.44%
GTW Consultants and Associates, Limited Liability Corporation	43	6.19%
Zantech	43	6.15%
Defense Logistics Agency	38	5.47%
Triple Canopy	35	5.03%
Terraseis Trading Limited	32	4.62%
United States Geological Service	26	3.77%
Transformation Advisors Group, Limited Liability Corporation	23	3.31%
Subtotal (10)	411	59.03%
Remaining Vendors (98)	285	40.97%
Grand Total (108)	696	100.00%

Note: Totals affected by rounding.

U.S. Army Corps of Engineers Reported Contract Obligations of Approximately \$8.3 Billion in Afghanistan Reconstruction Funding Between FY 2002 and December 2013¹⁸

The U.S. Army Corps of Engineers (USACE) is the U.S. government agency tasked with administering a significant amount of the construction of infrastructure in Afghanistan and facilities for Afghan government institutions. To execute these projects, USACE received Afghanistan reconstruction funding from DOD, State, and USAID. USACE administered the construction of facilities for the Afghan National Security Forces and for other government institutions. USACE also administered the construction of some economic infrastructure projects such as roads.

USACE reported contract obligations of \$8.3 billion in Afghanistan reconstruction funding between FY2002 and December 2013. USACE awarded 6,858 contracts to 484 vendors, using funding from the DOD-administered reconstruction funds including the ASFF, DOD CN, AIF, and CERP. USACE also awarded contracts with funds from accounts administered by the Department of State and USAID, including the Economic Support Fund (ESF), Foreign Military Sales (FMS), and International Narcotics Control and Law Enforcement (INCLE) funds.

¹⁷ Two recipients of TFSBO funding were U.S. government agencies, the U.S. Geological Service (USGS) and the Defense Logistics Agency (DLA). Funds were rendered via interservice transfers (DLA) and interagency transfers (USGS).

¹⁸ USACE maintains an internal electronic accounting system that identifies contracts by budget account. Because of the differences in the information provided by the Department of Defense as a whole and individually by USACE and the potential for overlap in the data, it was not feasible to combine USACE data with data provided by DOD.

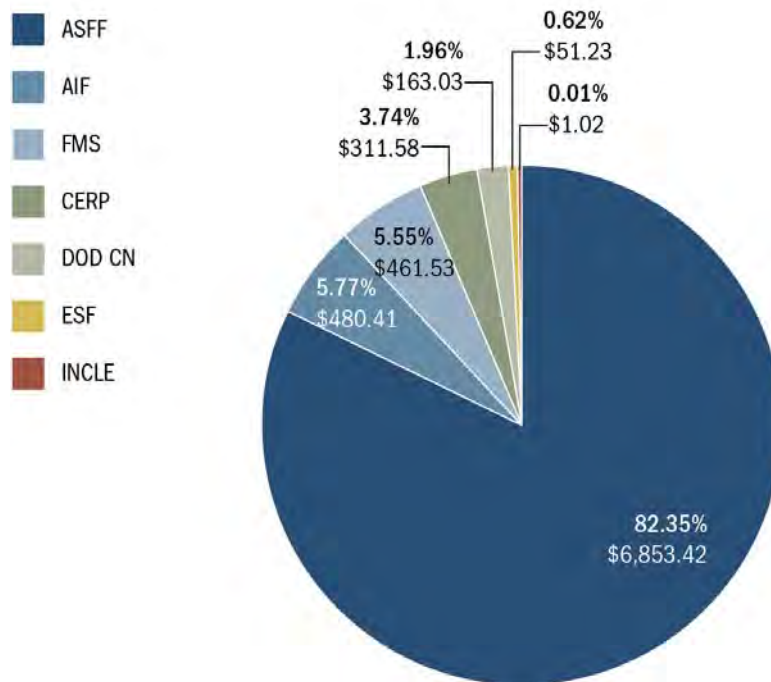


Figure 2 – Proportion of total USACE contract obligations and total obligations by reconstruction fund (\$ millions), FY 2002 – December 2013

The top ten vendors awarded Afghanistan reconstruction funds by USACE received a total of \$3.6 billion in obligations, or 44 percent of total USACE reconstruction awards for Afghanistan. Contract International Incorporated received the highest number of USACE reconstruction awards, with \$891 million, or nearly 11 percent of USACE awards. Contract International is a U.S.-based engineering, procurement, and construction company. In Afghanistan, Contract International constructed infrastructure projects and facilities for the ANSF. ECC International received the second-highest total amount of USACE reconstruction awards for Afghanistan, with \$473 million, or nearly six percent of total USACE reconstruction awards. Table 8 includes the top ten recipients of USACE reconstruction awards for Afghanistan between FY2002 and December 2013.

Table 8: Top ten recipients of USACE Reconstruction Awards, FY2002-December 2013

Vendor	Total Obligations (\$millions)	Percentage of Total Obligation
Contract International, Incorporated	891	10.70%
ECC International, Limited Liability Corporation	473	5.68%
FCEC UIPROJECTS JV	438	5.27%
Technologists, Incorporated	430	5.16%
State Corps	275	3.30%
Lakeshore-Toltest JV, Limited Liability Corporation	247	2.97%
METAG INSAAT TICARET A.S.	245	2.95%
Omran Holding Group	220	2.64%
ECCI-C METAG JV	209	2.52%
Road & Roof Construction Company	201	2.41%
Subtotal (10)	3,628	43.61%
Remaining Vendors (475)	4,691	56.39%
Total	8,323	100.00%

Note: Totals affected by rounding

The U.S. Army Contracting Command Reported Contract Obligations of \$9 Billion in Afghanistan Reconstruction Funding Between FY 2002 and April 2013

The Army Contracting Command (ACC) identified 377 contracts worth \$9 billion in Afghanistan reconstruction funding, which were awarded to 65 vendors between FY2002 and April 2013.¹⁹ The top ten recipients of Afghanistan reconstruction funding awarded by the ACC received nearly \$8.8 billion in award obligations, or 97 percent of total ACC reconstruction awards. AM General had the largest total amount of reconstruction awards with \$5.5 billion in total awards, or 60 percent. Among other services and goods included in the contracts with this vendor, AM General delivered M115A2 “Humvee” vehicles for provision to the ANSF.

Table 9: Top ten recipients of ACC Reconstruction Awards, FY2002-April 2013

Vendor	Total Obligations (\$millions)	Percentage of Total Obligation
AM General Limited Liability Corporation	5,532	60.68%
Navistar Defense Limited Liability Corporation	781	8.57%
Dyncorps International, Limited Liability Corporation	704	7.72%
Datron	677	7.43%
Textron Marine & Land System	632	6.93%
Global Fleet Sales	249	2.73%
CACI	154	1.68%
GFS	56	0.61%
JLG Industries	50	0.55%
Polaris Sales Incorporated	42	0.46%
Subtotal (10)	8,877	97.36%
Remaining Vendors (345)	240	2.64%
Total	9,117	100.00%

Note: Totals affected by rounding

Agency Comments

The Department of Defense reviewed a draft of this fact sheet and provided technical comments relating to the reporting period of the data sets provided as well as the manner in which contracting processes were described. SIGAR incorporated their comments into the final draft where appropriate.

¹⁹ Army Contracting Command reported its contract information separately from the principal DOD submission. The majority of the contracts included were not attributed to a specific reconstruction fund but SIGAR subject matter experts state that ASFF is the most likely source for funding. Because of this uncertainty and the potential for duplication of records, it was not feasible to combine ACC data with that submitted by DOD as a whole.

APPENDIX I: RECIPIENTS OF DEPARTMENT OF DEFENSE RECONSTRUCTION FUNDS BY TOTAL AWARDS OVER \$100 MILLION

Thirty-eight vendors received total award obligations of more than \$100 million in DOD reconstruction funding. Vendors that received more than \$100 million accounted for 58 percent of total DOD reconstruction contract obligations.

Table 1 – Vendors receiving greater than \$100 million in DOD Afghanistan reconstruction contracts, FY2002 – May 2014.

Vendor	Value of Total Awards By Obligation
Asia Global Shipping Group of Companies	\$ 1,761,555,577.02
Parwan	\$ 1,396,590,531.49
Aria Target Logistics Services	\$ 922,497,931.53
Saleen Najib Tawana Company	\$ 652,907,578.86
Academi Training Center, Incorporated	\$ 569,001,219.04
Basir Hashimi Construction Company	\$ 494,084,242.41
Afghan Armada	\$ 412,955,890.12
OT Training Solutions, Incorporated	\$ 348,117,363.25
National Trading Company	\$ 342,515,782.85
MG Services LTD	\$ 337,671,116.08
Eve Corporation	\$ 293,526,520.93
SMN Group of Companies	\$ 257,031,581.37
CACI	\$ 251,496,833.98
Northrop Grumman Space & Mission Systems	\$ 250,470,987.97
AGE Procurement Services and Services and Logistics, Ltd.	\$ 245,994,415.39
Higher Education Institute of Karwan	\$ 236,755,875.02
CERETECHS	\$ 224,868,661.67
Shine Global Logistic Services	\$ 221,265,487.60
Kingdom Eagle Construction Company	\$ 214,012,400.00
Qaisar Engineering and Construction Company	\$ 213,853,044.62
Continental Construction Company	\$ 210,143,373.55
Eve Corporation Limited	\$ 196,528,345.44
Lockheed Martin Integrated Systems Incorporated	\$ 195,355,901.13
Network Innovations, Incorporated	\$ 191,051,391.78
Global Investment Group, LIMITED LIABILITY CORPORATION	\$ 178,061,493.73
Apple ASAL Logistics Services	\$ 175,990,122.39
Hamid Chardiwal Construction and Logistics Company	\$ 166,293,505.59
Worldwide Procurement and Construction, Incorporated/Adams Logistics Afghanistan	\$ 157,249,157.44
Nadeem Roman Oil, Ltd.	\$ 147,190,554.78
Bryan 77 Construction	\$ 125,231,192.96
Zia Construction Material and Logistics	\$ 117,056,938.20
Aircraft Portfolio Management	\$ 116,554,347.28
Decent Trading Company	\$ 116,337,731.24
Peace Bridge Construction Company	\$ 113,656,210.67
Northrop Grumman	\$ 112,525,936.60
Perini Management Services, Incorporated	\$ 108,565,053.00
Zeba Medical Company, Ltd.	\$ 106,451,706.58
Jubaili Brothers Company, Ltd.	\$ 105,560,841.97
Total	\$ 12,286,976,845.53

SIGAR's Mission

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

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

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