



SIGAR

**Office of the Special Inspector General
for Afghanistan Reconstruction**

December 10, 2014

The Honorable Chuck Hagel
Secretary of Defense

Dear Secretary Hagel,

I am writing to request information about the Task Force for Business and Stability Operations (TFBSO). My office is conducting a review of TFBSO operations. It is my understanding that in pursuing its mission of economic stabilization, TFBSO has focused on decreasing unemployment and creating economic opportunities through increased private investment, improved industrial development, growth in the banking and financial system, agricultural diversification, and energy development. Between the beginning of its operations in Afghanistan in 2010 and March 2013, TFBSO obligated nearly \$700 million of Department of Defense (DOD) funds in pursuit of its mission.

SIGAR has received troubling allegations related to TFBSO practices involving imprudent spending, profligate travel by employees and contractors, and possible mismanagement. For example, we received allegations of mismanagement concerning seismic testing related to hydrocarbon exploration in Western Afghanistan, matters which we plan to address in an upcoming audit of TFBSO support of Afghan extractive industries.¹ My office will soon be issuing a letter expressing safety concerns relating to a natural gas pipeline in northern Afghanistan that TFBSO helped to repair.²

In addition to the extractive industries audit, SIGAR is reviewing significant financial expenditures by TFBSO to develop the Afghan gem industry. It is our understanding that TFBSO sent Afghan jewelers to months-long gem training programs in India and sent other individuals to locations including Paris and Milan. Despite these expenditures, it is not clear to me that the gem industry program produced any positive and lasting economic development or increased employment in Afghanistan.

¹ SIGAR plans to issue the audit of U.S. efforts to develop Afghanistan's extractive industries in early 2015.

² Forthcoming SIGAR Audit Letter 15-15 (TFBSO Pipeline).

To assist SIGAR's review of TFBSO's operations, please provide the following information:

1. The names of the DOD component or officials that oversaw the spending and approved the programs initiated by the TFBSO. All written policies or procedures governing the spending and programs initiated by the TFBSO.
2. All travel documents, authorizations, and vouchers for November 30, 2012 through November 30, 2014 for the fifteen TFBSO employees who traveled most frequently during that period. Include copies of position descriptions for the employees, the names of the employee(s) approving the travel, and any documents establishing the purpose or necessity of each trip.
3. All evaluations of the TFBSO program that sent Afghan jewelry manufacturers and gem designers to classes in India, or to jewelry shows in Europe or Asia. Include any analysis of program outcomes and outputs, the stated goals of the program, and any other methods or metrics by which TFBSO measured the success or accomplishments of this program.
4. All copies of the soon-to-be completed Economic Impact Assessment (EIA). My staff was informed that the EIA report will produce a thorough and comprehensive picture of metrics, achievements, successes, and projections of future effects of TFBSO operations in Afghanistan. In addition, provide a copy of the contract with the firm that produced the EIA, and if it is not otherwise part of the report, the methodology for measuring accomplishments of TFBSO programs and how data for individual programs was captured.
5. Copies of all TFBSO contracts with the Boston Consulting Group, Claremont College, Rand Corporation, Kinsey Group, Vestige LLC, and Acertas, together with an accounting of funds obligated and disbursed for these contracts, and copies of all contract deliverables including reports in final or draft form.

Finally, given that TFBSO is ceasing its operations in March 2015, please ensure that all the task force's records are preserved for SIGAR's ongoing review. I am submitting this request pursuant to my authority under Public Law No. 110-181, as amended, and the Inspector General Act of 1978, as amended. Please direct your staff to provide the information requested no later than December 24, 2014, to my Director of Special Projects, Mr. Jack Mitchell, at [REDACTED] or at [REDACTED]. Please do not hesitate to contact him if you have any questions.

Sincerely,



John F. Sopko
Special Inspector General
For Afghanistan Reconstruction