

Responsible Contracting in a Counterinsurgency Campaign

BY CAPTAIN JOHN T. O'CONNOR

The goal of the Afghan First policy is to create lasting peace in Afghanistan by bolstering the nation's economy, but money intended to support the counterinsurgency campaign can end up also funding the insurgency.

On 23 April 2010, the North Atlantic Treaty Organization (NATO) published the NATO Afghan First policy. This policy suggests that, whenever possible, NATO and the International Security Assistance Force (ISAF) will look first toward Afghan goods and services to accomplish missions, thereby “promoting the development of the Afghan private sector and supporting the economic development of the country.”

This policy parallels numerous texts on economic lines of effort in counterinsurgency (COIN) operations, notably Field Manual (FM) 3–24, Counterinsurgency, and Dr. David Kilcullen's “Three Pillars of Counterinsurgency.” Both of these texts stress economic development as a critical aspect of COIN. FM 3–24 states that “after security has been achieved, dollars and ballots will have more important effects than bombs and bullets.” Dr. Kilcullen reminds the COIN warfighter that “tailoring [economic] efforts to the society's capacity to absorb spending, as well as efforts to increase absorptive capacity, underpin other development activities.”

With these two texts in mind, the Afghan First policy was created with the goal of assisting in creating lasting peace in Afghanistan. However, implementing this policy has been rocky.

Know the Contractors

Aram Rostrom's 2009 article for *The Nation*, “How the U.S. Funds the Taliban,” painted a scathing picture of the United States' haphazard use of funds that are allocated to host-nation trucking (HNT) contracts. Rostrom's article led to the longer and even more critical congressional report, “Warlord, Inc.” This report was prepared by the Subcommittee on National Security, Homeland Defense, and Foreign Affairs of the House Committee on Oversight and Government Reform.

The report shows in painstaking detail how money intended for supporting the ISAF COIN campaign ended up directly funding the insurgency. Although the report calls for intense contract oversight and audit pro-

cedures for future trucking contracts, it does not recommend a ground-up reevaluation of the implementation of the Afghan First policy as it relates to contracting. Further, it does not address the fact that potentially hundreds of other local and regional contracts may be funneling money to the insurgency in similar ways.

To ensure the success of the economic aspect of the ongoing COIN campaign, changes are required in every level of the contract acquisition and management process. The first step in this process is to identify the contractor. All regional contracting command offices in Afghanistan have a list of vendors for potential contracts—from manual labor to skilled labor and logistics services—but reports like “Warlord, Inc.” show just how little is often known about the contractors themselves.

As contracting in Afghanistan is a multibillion dollar industry, the list of all potential contractors needs more thorough vetting than has occurred in the past. In fact, an entire agency or team may need to be created solely for the purpose of this research. Such research should include who the owner of the company is and his historical ties to society. This is not to say that a former gunrunner cannot be an effective business partner, but offering funds to a known criminal for services rendered may not be the most successful way to promote economic or political stability in Afghanistan.

This proposed process is hardly discriminatory; instead, it is a foundation of solid business. Just as a businessperson in the United States would think twice before investing money with a known criminal, ISAF must seriously consider not only how much money is being paid for the contracted service but also who that money is going to.

Choose Afghan Contractors

An additional aspect to consider when vetting the list of potential contractors is the nationality of the contractors in question. The HNT contract, the largest of its type, pays hundreds of millions of dollars to contrac-



Afghan workers spread asphalt across a new road at Forward Operating Base Sharana. To help stimulate the economy and grow a skilled workforce in Afghanistan, the 243d Construction Management Team, Task Force Sword, follows the Afghan First policy when selecting contractors for jobs. (Photo by SPC David Huddleston)

tors not based in Afghanistan. While the employees of the trucking companies are largely Afghan, the contractors pay those employees very little compared to what they receive from the United States and NATO for each mission. And because the contractors' overhead costs are quite low, they pocket most of the money they receive for the contract. As such, hundreds of millions of dollars per year intended to bolster the Afghan economy instead flow to companies based in Pakistan, the United Arab Emirates, and the United States.

Although some economic models support a regional wealth theory—which means that by increasing the wealth of the surrounding countries, Afghanistan will eventually become wealthier—it is the long way to economic stability. Rather than paying enormous sums to contractors outside of Afghanistan, the process can be amended to ensure Afghan contractors alone are receiving bids.

Unfortunately, this potentially creates a situation in

which a less-capable contractor inside Afghanistan receives a contract rather than a foreign contractor who could perhaps provide better service and value. However, a less-equipped contractor who can provide tailored local service may be better suited to the task than an outside contractor who does not meaningfully engage at a local level. Afghanistan is a rural and tribal country, and business solutions that most engage the populace of a specific area are crucial to building provincial stability. Regardless, a long-term view must be adopted in cases like this because directly funding the economy of Afghanistan will eventually result in contractors whose quality will be on par with that of the surrounding countries.

Ensure the Money Is Well Spent

Ensuring that the contractors themselves are based in Afghanistan will not completely alleviate the irresponsible distribution of contract funds. The Central

Intelligence Agency World Factbook ranks Afghanistan 212 out of 229 countries in gross domestic product per capita based on purchasing power parity. Afghanistan has a 35 percent unemployment rate, with 36 percent of the population living beneath the poverty line and only 28 percent of the population literate.

Despite the billions of dollars in both aid and contracting spent over the last decade, Afghanistan remains one of the poorest, unhealthiest, and most uneducated countries in the world. The massive influx of funds has not substantially raised the quality of life for the average individual, and stories of graft and corruption are common at the lowest levels of civic activity and at the highest levels of the Afghan Government.

Continuing to inject funds at a high rate without the infrastructure to absorb them will remain a destabilizing factor in and of itself. If the United States and NATO forces are paying immense sums of money to local contractors, it is the responsibility of those providing the funds to ensure that they are distributed equitably. This is not to suggest that contractors should be forced to give up their hard-earned money to organizations or efforts they have no stake in, but allowing a contractor to absorb the majority of a contract award while paying his employees next to nothing will not help to close the colossal income gap in Afghanistan.

Income gaps of such severity are a notable destabilizing agent, both currently and through recent history. To prevent the income gap from growing, contractors should be subject to greater oversight of what they do with the funds provided. Fair wages to employees is the absolute minimum initiative that should be accepted by U.S. and NATO forces.

Beyond fair wages to contracted employees, many opportunities exist to advance the communities of the contractors through the efforts of provincial reconstruction teams (PRTs) and agricultural development teams (ADTs). Investments provided by a contractor to the recipients of PRT and ADT efforts, whether in the form of nonpredatory lending or microfinance, parallel other lines of effort to isolate insurgents and further the goals of the COIN campaign.

It is not in the best interest of the United States or NATO simply to assume that western best-business practices will prevail if enough money is thrown at the problem. Without critical oversight into how the contractor is spending the money paid to him, the door will remain open to war profiteers.

Identify the True Requirements

The last step for increased oversight of contracting in Afghanistan is to reexamine both the process and the requirements for initiating a contract. Currently, a company-level unit can initiate a contract worth hundreds of thousands of dollars, with no guarantee that a totally holistic approach was taken in defining

customer needs or the potential effects of pushing so much unchecked money into the local economy. While different commands have different philosophies and practices on when to use local contracting, the fact remains that it is a remarkably easy process.

Since the potential positive effects of responsible contracting are great, in terms of economic lines of effort, it is in the best interests of all to have an acquisition process that is not so complicated that it scares away potential customers. However, reports like “Warlord, Inc.” have demonstrated just how funds intended for innocuous contracts can end up harming U.S. and NATO Soldiers.

With this in mind, not only does the acquisition process need to be reevaluated to ensure that the customer and the contract administering agency are performing with due diligence but all existing contracts need to be reevaluated for their value. Day laborers to perform janitorial tasks may make deployed life easier for Soldiers, but the money paid to those contractors may be used directly to counter the U.S. and NATO lines of effort.

These suggestions are not quick fixes. In addition to thoroughly vetting all potential contractors, ensuring the contractors are not based outside of Afghanistan, and reexamining the process and requirements for initiating a contract, a theater-wide reeducation on the potentially deleterious effects of negligent contracting is needed.

Dr. Killcullen, in explaining his three pillars of counterinsurgency, places as much weight on the economic pillar as he does on the political and security pillars. And much like a three-legged stool, removing any one of these lines of effort results in a collapse.

The United States and its NATO partners can no longer pretend that the economics of the COIN campaign exist in a vacuum. One commander’s contract may be funding the rocket-propelled grenade used against another commander’s Soldiers. Without meaningful reform to the local contracting process and its implementation, Afghanistan will never fully develop as a country and the COIN campaign will not succeed.

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