
II. BACKGROUND

Supplying the Troops

Afghanistan ... is a landlocked country whose neighbors range from uneasy U.S. allies, such as Pakistan and Uzbekistan, to outright adversaries, such as Iran. Thirty years of war have devastated what little infrastructure the country had. In the south, scattered population centers are separated by deserts; in the east, they're divided by mountains. Winter brings storms and snow; spring brings floods.²

The U.S. operation in Afghanistan has presented the U.S. military with the most complex logistical operation it has ever undertaken. By September 2010, under President Barack Obama's plan to increase troop strength, the United States will have 100,000 troops in Afghanistan, with an additional 38,000 allied forces under NATO command. Military logistics officers are responsible for providing the troops with the food, water, shelter, weapons, ammunition, and fuel they need to perform their duties.

To put the scope of the logistics operation into perspective, U.S. and NATO forces required 1.1 million gallons of fuel *per day* in 2009. That year, as troop levels grew from 31,800 to 68,000, U.S. military and contractor planes delivered 187,394 tons of cargo.³ Given that the backbone of the military's distribution network is overland, the cargo transported by trucks is nearly ten times that amount. Eighty percent of goods and materiel reach Afghanistan by land.⁴

Getting cargo to Afghanistan is a tricky endeavor. Unlike Iraq, which has access to the Persian Gulf and is bordered by several U.S. allies, Afghanistan is landlocked between countries with unstable security, impenetrable geographic barriers, and governments hostile to the United States. The most direct route to redeploy goods and materiel from Iraq to Afghanistan runs through Iran and is therefore unusable. To the north, the government in Turkmenistan has refused to allow U.S. supply routes to pass through the country.

There are two main land routes into Afghanistan, one from the south through Pakistan and the other from the north through Central Asia. The southern route is the most used and the most dangerous. Cargo is processed in the port of Karachi and then sent north, where it must pass through "the Pashtun tribal lands, where insurgents unfriendly to both Kabul and Islamabad have strong support."⁵ These insurgents include the Quetta Shura, led by the top leaders of the deposed Afghan Taliban. On June 8, 2010, for example, militants in Pakistan attacked a convoy of contractor supply trucks carrying U.S. goods as it stopped at a depot just outside of Islamabad, burning 30 trucks and killing six.⁶

The northern route through Central Asia is safer, but also longer and significantly more expensive, adding 10-20 days of transport time and two to three times the cost. The northern route also passes through several countries, necessitating significant diplomatic support to ensure that

border crossings run smoothly.⁷ Central Asia is also plagued by pockets of political instability. In Kyrgyzstan, for example, the sitting president was deposed in April. The country's southern region, which includes important rail networks used for U.S. supplies, has erupted in an ethnic pogrom.⁸

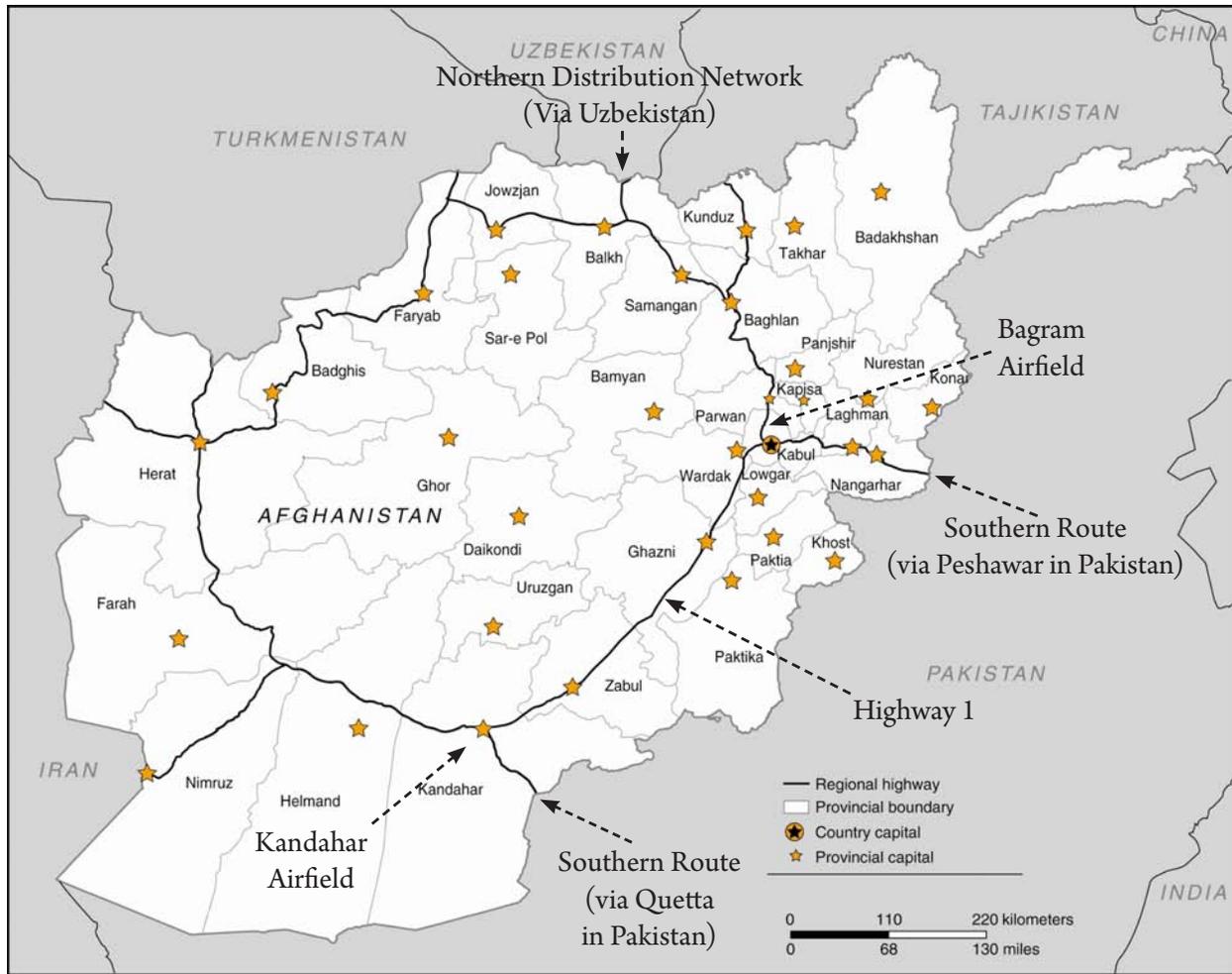
The fastest route to Afghanistan is by air. However, the lack of airport infrastructure places significant constraints on the military's ability to rely on air transport to supply the troops. Afghanistan has only 16 airports with paved runways, and of those, only four are accessible to non-military aircraft (including contractor-operated cargo planes).⁹ Air transport is also the most costly shipping option. Thus, while air transport is available, it is limited to personnel and high-priority cargo. Only about 20 percent of cargo reaches Afghanistan by air.¹⁰

Distribution within Afghanistan

Once cargo reaches Afghanistan, it is taken to one of a handful of distribution hubs, the largest of which are Bagram Airfield in the north and Kandahar Airfield in the south. From there, the supplies must be distributed throughout the country to over 200 U.S. forward operating bases and combat outposts, many of which are located in remote and dangerous areas. While helicopters can be used for some transport, harsh flying conditions, weight limits, frequent maintenance downtimes, high costs, and the sheer size of the country place significant limits on how much helicopters can be utilized.¹¹ Thus, the vast majority of in-country transport is accomplished by truck.

Afghanistan presents a uniquely challenging environment for ground transport. The terrain is unforgiving: deserts that kick up sandstorms in the summer become flooded and muddy in the spring, and treacherous mountain roads leave no room for error. Summer heat regularly reaches 120 degrees. Mountain weather can change in an instant, bringing snow and freezing rain. In the winter, the single tunnel that connects Kabul to northern Afghanistan is frequently cut off by avalanches. A break-down in the mountains can close a route for days, until the vehicle can be disassembled and airlifted out.¹² The lack of infrastructure – including a dearth of paved roads – leaves drivers to face the elements unassisted.

If terrain and weather were not challenging enough, man-made hazards pose an even bigger threat to trucks in Afghanistan. Explosives can be easily planted and concealed along transport routes, and insurgents regularly attack. General Duncan McNabb, commander of U.S. Transportation Command, told Congress last year, “[i]f you ask me what I worry about at night, it is the fact that our supply chain is always under attack.”¹³



Source: GAO analysis of data from the Consultative Group for the Transport Sector and USAID.

Supplemented by Subcommittee staff

Finally, limited processing capacity at the distribution hubs can delay distribution. For example, Kandahar Airfield has had significant problems handling the volume of cargo it receives, leading to backlogs of trucks waiting to take goods for distribution. A 24-hour truck yard for trucks contracted to carry military supplies has alleviated the problem to some degree, but delays persist.¹⁴ Contractors report that in some instances their drivers have waited outside Kandahar Airfield for several weeks until they were permitted to unload cargo.

Taken together, these elements pose considerable challenges for the logistics officers in charge of making sure supplies reach the troops. The experience of the U.S. military in Iraq – a country with decent infrastructure and manageable terrain – is not comparable. As a senior

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– Senior U.S. Military Official

military official who has spent time in both Iraq and Afghanistan noted, “[i]n Iraq, logistics was on cruise control. In Afghanistan, it’s graduate-level logistics to make it happen.”¹⁵ Another official described Afghanistan as “the harshest logistics environment on earth.”¹⁶

Despite the best efforts of military logisticians, the supply chain does not always work, delaying critical life support to the troops. A military official who served in Afghanistan in 2007 and 2008 noted that at times “we had guys out there at the outposts in my area of operations starving because we couldn’t get resupply in to them.”¹⁷

Afghan Trucking

The U.S. military relies on local Afghan trucking companies for almost all of its ground transport needs. The trucking industry is a key part of the Afghan economy, providing employment opportunities for a large segment of the population who otherwise would have trouble finding work due to the high rate of illiteracy. U.S. trucking contracts provide a relatively lucrative source of income in this very poor country. The owner of one of the trucking companies supporting the U.S. supply chain reported that between the drivers, assistant drivers, managers, and mechanics, his company single-handedly feeds 20,000 people.¹⁸



Photo Credit: Defense Imagery

According to this owner, “truck drivers are captains of their own ships.”¹⁹ With little infrastructure to support them, a driver and his assistant (usually a young son) must have the wherewithal to survive for weeks or even months on the road. Truckers will often decorate their trucks in an ornate manner, and these so-called “Jingle Trucks” – named for the sound they make as they drive – are found throughout the roads of Afghanistan.

The Host Nation Trucking Contract

The HNT contract is a \$2.16 billion dollar indefinite delivery/indefinite quantity (IDIQ) contract to provide ground transportation in Afghanistan for over 70 percent of Department of Defense goods and materiel, including food, water, fuel, equipment, and ammunition.²⁰ The Department of Defense initially requested a statement of capabilities for the current HNT contract in August 2008 and issued a request for proposals in September 2008. Thirty-five contractors submitted bids, and the competitive range was narrowed to ten.²¹

The contract was awarded to six contractors on March 15, 2009, and performance began on May 1, 2009.²² Although the contract started with a total contract cap of \$360 million dollars, according to the Department of Defense, “[t]wo weeks after performance began requirements skyrocketed at a pace that acquisition planners could not have anticipated” due to the surge in troops.²³ In July 2009, Acting Assistant Secretary of the Army Dean Popps signed a “Justification and Approval for Out of Scope Modification” that increased the total contract size to \$2.16 billion, with an individual cap of \$360 million per HNT contractor.²⁴ For context, the total annual gross domestic product of Afghanistan was just over \$13 billion in 2009.²⁵

Prior to this HNT contract, the Department of Defense’s supply transportation was provided under a blanket purchase agreement (BPA)²⁶ with several companies, some of whom are now prime or sub-contractors for the current HNT contract. The new HNT contract was conceived to add capacity, simplify pricing, and solve several problems with the BPA, including concerns regarding corruption and bribery among BPA contractors and, in one case, a U.S. Army contracting officer.²⁷

The “Contractor is Responsible for All Security”

Importantly, the HNT contract included one new critical provision: section 4.9 of the Statement of Work provides that the “Contractor is responsible for all security” and that “[t]he Contractor will conduct convoys independently, without military escorts, unless otherwise determined by the USG [U.S. government] at its sole direction.” The Statement of Work acknowledges the risk to drivers: “the USG will not intentionally direct the Contractor to pass through an area where the chance of hostilities is high. However, the USG cannot foreclose the possibility of hostile acts occurring.”²⁸

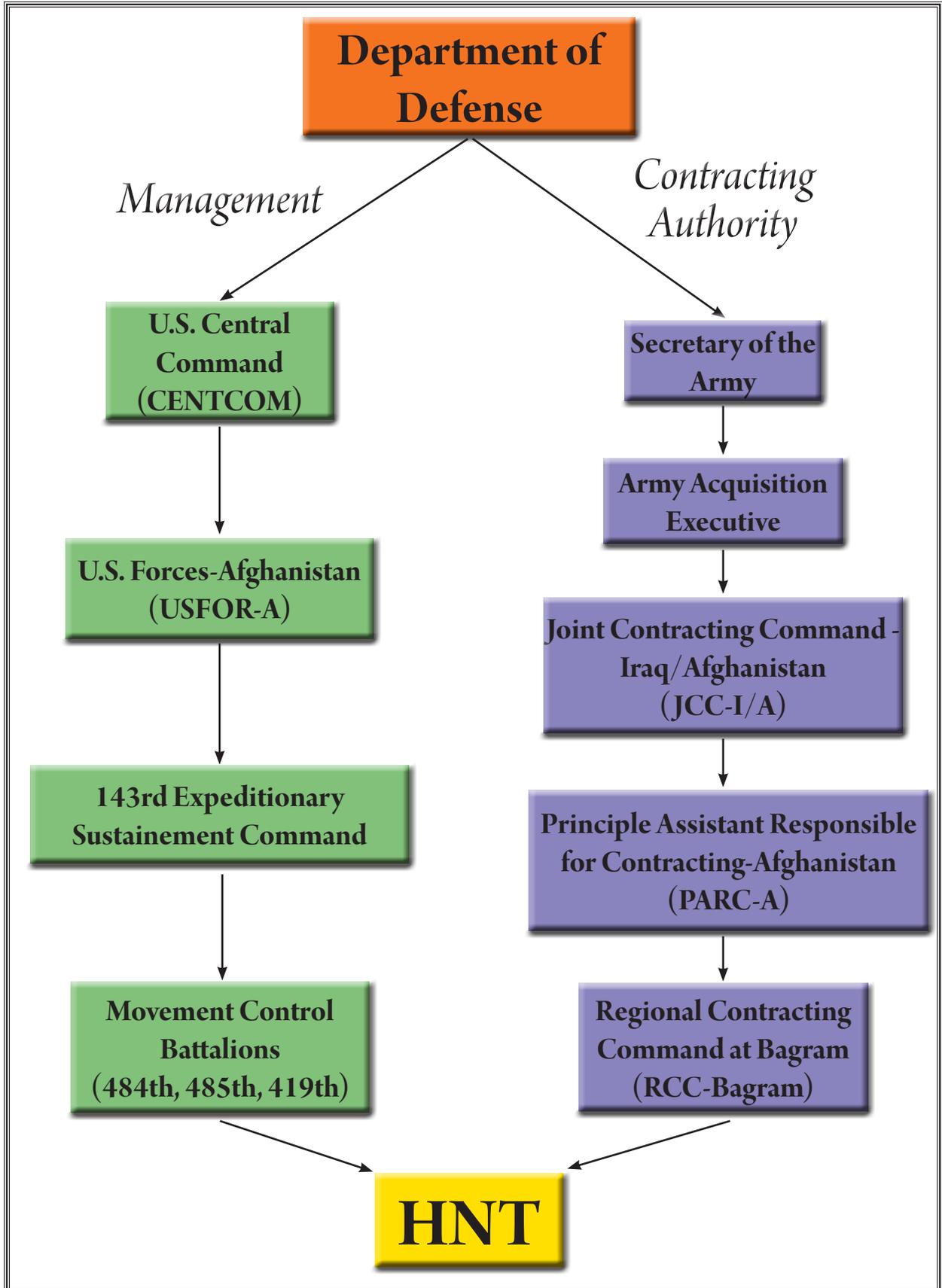
The Statement of Work further regulates the minimum security that each HNT contractor must provide for each mission: two security vehicles for every five trucks. In addition, the contract provides that “all weapons utilized will be provided by the Contractor and will be within the prescribed USG authorized weapon listing.”²⁹

Department of Defense Management and Oversight of HNT

Operational management of the HNT contract was initially handled by the 484th Movement Control Battalion of the U.S. Army.³⁰ In February 2010, the 419th Movement Control Battalion took over management of the contract.³¹ For HNT, both movement control battalions reported to the 143rd Expeditionary Sustainment Brigade.

Actual signing authority for the HNT contract flowed through a complex hierarchy of military commands. The HNT contract is immediately overseen by the Regional Contracting Center in Bagram (RCC-Bagram). RCC-Bagram is one of a handful of contracting centers in Afghanistan that report to the Principal Assistant Responsible for Contracting-Afghanistan (PARC-A). The PARC-A reports to the Joint Contracting Command-Iraq/Afghanistan (JCC-I/A). JCC-I/A gets contracting authority from the Army Acquisition Executive and the Secretary of the Army, but as a practical matter reports to the Commander of U.S. Central Command (CENTCOM).

“The Contractor is responsible for all security. The Contractor will conduct convoys independently, without military escorts, unless otherwise determined by the U.S. government at its sole discretion.”
– HNT Statement of Work



HNT Contractors

The HNT contract was originally awarded to six contractors, four of whom previously held contracts under the BPA. In late 2009, two additional companies were added, both of which had previous trucking experience under the BPA.³² The two companies that had not been prime contractors under the BPA had both worked as subcontractors under that agreement.

Several of the prime contractors for HNT do not own trucks and subcontract out all of their trucking needs. In other words, they essentially serve as brokers to the local Afghan trucking companies. In several cases, the prime contractors have only a handful of personnel in Afghanistan, and in at least one case, the contractor had no prior experience in the trucking business. Prime contractors reported that there is a finite “pool” of trucks in Afghanistan, and many of the prime contractors compete with each other through subcontractors for the use of the same vehicles.³³

The following companies are prime contractors under the HNT contract:³⁴

NCL Holdings (NCL) – NCL was founded in May 2005 by Hamed Wardak, the son of the Afghan Defense Minister, Abdul Rahim Wardak. The company is based in Northern Virginia. Prior to receiving the HNT contract in 2009, NCL performed security operations in Afghanistan for Department of Defense contractors. NCL subcontracts out all of its trucking operations under HNT, and had no direct experience with managing trucking before this contract.

The Sandi Group – The Sandi Group is based in Washington, D.C. and has worked in private sector development in both Iraq and Afghanistan. To perform HNT missions, the Sandi Group has subcontracted out all trucking to local Afghan subcontractors.

Mesopotamia Group and EMA, Joint Venture – Mesopotamia Group, a Delaware-based company and EMA, an Afghan company, received an HNT contract as a joint venture after having worked on the BPA contract in a contractor-subcontractor relationship, with EMA as the local subcontractor. EMA owns many of its own trucks and also brokers with owner-operators from local tribes. Mesopotamia Group provides management and capital to the joint venture.

HEB International Logistics – HEB is an international logistics and transportation company based in Dubai. HEB owns some of its own trucks but principally relies on local Afghan subcontractors. HEB performed trucking operations under the BPA prior to receiving the HNT contract.

Anham, LLC – Anham is a partnership that was formed in 2004 by a Virginia-based investment group (HII-Finance), a Saudi conglomerate, and a Jordanian investment group. It is based in Dubai. Anham owns its own trucks and does not subcontract to local companies, but it performs far fewer missions than the leading HNT contractors.

The Four Horsemen International (Four Horsemen) and Three Bullets Incorporated (Three Bullets), Joint Venture – Four Horsemen is a New Jersey-based security company with principal operations in Afghanistan managed by Western military expatriates; Three Bullets is an Afghan-based transportation company that owns some of its own trucks and brokers with local owner-operators. Four Horsemen provides the security force for the joint venture. Four Horsemen had previously performed security operations under the BPA with other companies, and Three Bullets performed trucking operations on the BPA.

Afghan American Army Services (AAA) – AAA is Afghan-owned and was added to the HNT contract in November 2009 following a bid protest before the U.S. Government Accountability Office. AAA had previously worked under the BPA and had performed trucking operations since July 2006. Under HNT, AAA subcontracts out trucking operations to several local companies.

Guzar Mir Bacha Kot Transportation (GMT) – GMT is an Afghan-owned company that was added to the HNT contract in November 2009 in order to increase trucking capacity. GMT was a prime contractor on the BPA and the company has provided trucking services in Afghanistan for more than 15 years. GMT provides its own trucks and, before receiving the HNT contract, worked as a subcontractor for other HNT prime contractors.

The Afghan Security Environment

The security environment in Afghanistan has rapidly deteriorated in the past two years and, as a result, trucking operations have become increasingly dangerous.³⁵ The number of incidents involving trucks on the road, including ambushes, IEDs, and kidnappings, has risen sharply. Trucking companies also face repercussions for working with the U.S. military. One company owner reported that he and his drivers receive death threats for working with the United States and that he often has had to pay money to militants to recover the bodies of drivers who were killed on the roads.³⁶ Trucking convoys have become favorite targets of the Taliban and other insurgents, who frequently stop convoys to demand money, set the trucks on fire, and kill or kidnap the drivers.³⁷

As the security situation has deteriorated, there has been a marked increase in the use of IEDs on Afghanistan's roads.³⁸ By one account, "all told, the U.S. military recorded 8,159 IED incidents in Afghanistan in 2009, compared with 3,867 in 2008 and 2,677 the year before."³⁹

Lieutenant General Michael Oates, the director of the Department of Defense’s Joint IED Defeat Organization, was quoted in March 2010: “[we] don’t have years to wait and start changing the momentum in Afghanistan.”⁴⁰ To add to the sense of urgency, a June 2010 *New York Times* article cited a U.N. report as finding that there has been “a near-doubling of roadside bombings for the first four months of 2010 compared with the same period in 2009.”⁴¹

Private Security Contractors

According to the Afghan Ministry of Interior, there are currently 52 licensed private security companies with a total of roughly 25,000 registered armed guards in Afghanistan.⁴² There are also hundreds of additional unregistered private security providers and some estimate up to 70,000 total private armed guards.⁴³ Given perilous security conditions in Afghanistan, U.S. and allied contractors in Afghanistan have little choice but to employ private security companies. Whether securing truck convoys, guarding a road project, or providing personal security details, private security services are widely used.

The U.S. military increasingly relies on private security contractors in Afghanistan for a variety of significant security needs, from transportation to static protection of U.S. bases.⁴⁴ Unlike in Iraq where a majority of the armed guards are third-country nationals (*e.g.*, Peruvians, Ugandans, Nepalese), 95 percent of the private armed guards used by the Department of Defense in Afghanistan are local nationals. Indeed, the Department’s “Afghan First” campaign directs contractors to hire at least half of all workers from nearby towns or villages.⁴⁵

Department of Defense Private Security Contractor Personnel⁴⁶	Total	U.S. Citizens	Third Country National	Local/Host Country National
Afghanistan	14,439	114	409	13,916
Iraq	11,095	776	9,127	1,192

Regulation of Private Security Contractors

There are significant legal and regulatory restrictions on the use of private security contractors. Although Department of Defense regulations provide that it should only use private security contractors licensed with the host nation, the military directly employs a significant number of unlicensed private security contractors for use as guards at its forward operating bases.⁴⁷

Notably, in a 2006 memorandum on the legality of using private security contractors to protect U.S. personnel and property in Iraq, a Department of Defense Deputy General Counsel wrote:

[T]his opinion should not be construed to mean that contractors may perform all security functions in Iraq and Afghanistan. Private Security Companies should not be employed in situations where the likelihood of direct participation in hostilities is high. For example, they should not be employed in quick-reaction force (QRF) missions, local patrolling, or military convoy security operations where the likelihood of hostile contact is high.⁴⁸

The Department of Defense's use of private security contractors in Iraq and Afghanistan has received significant media attention over the last several years. High-profile incidents in which security contractors were accused of shooting civilians, using excessive force, being insensitive to local customs or beliefs, or otherwise behaving inappropriately prompted Congress to call for regulations to increase oversight and accountability of private security contractors employed in contingency operations.

In July 2009, the Department promulgated Instruction 3020.50, *Private Security Contractors Operating in Contingency Operations*, which established policies for selecting, training, equipping, and managing private security contractors in contingency operations. This regulation, which was mandated under the National Defense Authorization Act of Fiscal Year 2008,⁴⁹ requires the Department of Defense to account for private security contractor equipment, track incidents involving their personnel, and investigate any of the following occurrences:

1. The injury or death of private security contractor personnel;
2. The discharge of weapons by or at such personnel;
3. The injury, death, or damage of property caused by the actions of such personnel; or
4. Incidents of alleged misconduct.

The regulations make clear that they also apply to private security contractor subcontractors working for Department of Defense contractors.⁵⁰