



SIGAR

Office of the Special Inspector General
for Afghanistan Reconstruction

October 15, 2014

The Honorable John F. Kerry
Secretary of State

Dear Secretary Kerry:

I am writing concerning a State Department contract to purchase three mobile television production trucks for donation to various Afghan television networks. Apparently, these television trucks were delivered more than two years late, the price of two of the trucks more than tripled, and they are now sitting under tarps in Kabul, still unused.

In August 2011, the State Department entered into a contract for purchase of the trucks, with a requirement for delivery to the U.S. Embassy in Kabul within 180-210 days.¹ The contract originally specified five trucks at a cost of \$6 million (three satellite/microwave television broadcast trucks at the unit price of \$1,786,779, two Ford ES350 trucks at a unit price of \$157,300 and various communications equipment). The primary use of the vehicles was for “live sporting events, such as Buzkashi, Soccer, Cricket and other sports.”² On September 16, 2013, the contract was amended to require only 3 trucks, at a cost of \$3.6 million (one satellite/microwave television broadcast truck at the unit price of \$1,589,557 and two Ford ES350 trucks at a unit price of \$568,062).³ SIGAR has been told that the contractor received unspecified compensation for costs incurred under the original contract.

SIGAR has been advised that the three trucks arrived in Afghanistan on or about July 18, 2014, and that one of the trucks was damaged in transit. Figures 1 and 2 show the trucks prior to shipment to Afghanistan. The trucks were still covered by shipping material as of September 2014 (see figures 3 and 4), and my office has been told that none of the trucks has yet been placed into service. According to the information provided to my staff, the State Department has not accepted delivery and could cancel the contract due to the delay in delivering the trucks.

Not only were the trucks delivered years late, but apparently the unit cost increased substantially. While the unit price of the satellite/microwave television broadcast truck was reduced by almost \$200,000, the two Ford ES350 trucks (originally priced at \$157,300 each) more than tripled in price, to \$568,062 each under the subsequent contract modification.

If this information is accurate, it suggests that something is seriously wrong with the way this contract was managed. If it is true that the State Department may still be able to cancel the contract for default, then it may be something State may wish to consider.

¹ American Consulate General Frankfurt, contract number SGE500-11-C-0056, (August 2, 2011), p.4.

² American Consulate General Frankfurt, contract number SGE500-11-C-0056, (August 2, 2011), p.7.

³ Amendment/Modification M003 to contract SGE500-11-C-0056, (September 16, 2013).

In any event, to help SIGAR better understand what happened in this case, please provide the following information:

- A copy of Modifications M001 and M002 to Contract SGE50011C0056 for Satellite/Microwave Television Broadcast Trucks for Kabul, Afghanistan.
- Copies of all documents, including electronic communications, related to the decisions that led to the modifications of contract SGE50011C0056.
- Copies of all documents reflecting any payments made to the contractor for either the original or modified contract.
- Copies of all documents related to the statement of work and payments made to any consultants in support of contract SGE50011C0056.
- Explain the reason for the price increases over the original contract. Please provide copies of all documents pertaining to these price increases.
- Explain why the contractor did not meet the specified delivery schedule and the actions taken by the State Department as a result.⁴
- Explain the current plans and timeline for delivery or deployment of the trucks. Are the original requirements still valid? Which Afghan broadcasters will receive these trucks and under what conditions?



FIGURE 1



FIGURE 2



FIGURE 3

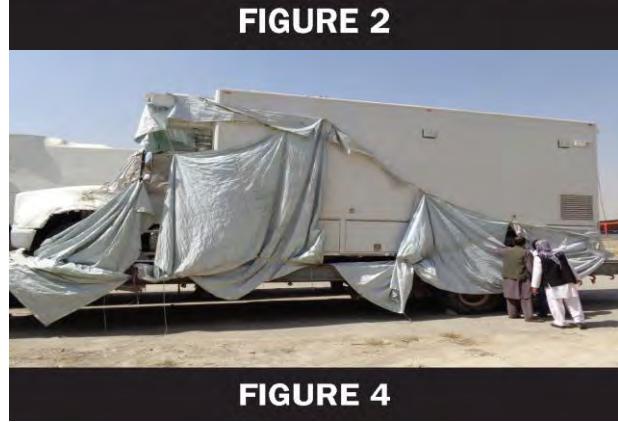


FIGURE 4

⁴ Number of days to manufacture and deliver to the U.S. Embassy in Kabul, Afghanistan (180-210 days); American Consulate General, Frankfurt, contract number SGE500-11-C-0056 (August 2, 2011), p.4.

Please provide your response no later than October 29, 2014. 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 provide the requested information to Jack Mitchell, Director of the Office of Special Projects, at [REDACTED] or [REDACTED]. Please contact him if you have any questions.

Sincerely,



John F. Sopko
Special Inspector General
for Afghanistan Reconstruction



United States Department of State

Washington, D.C. 20520

November 10, 2014

TO: Mr. John Sopko, Special Inspector General for Afghanistan Reconstruction

FROM: Hilary Olsin-Windecker, Director of Communications and Public Diplomacy, Public Affairs Section, U.S. Embassy, Kabul

SUBJECT: SIGAR Letter of Inquiry 15-09-SP

The Public Affairs Section (PAS) Kabul in coordination with the Bureau of South and Central Asian Affairs, U.S. Department of State, submits the following responses to your Letter of Inquiry regarding mobile television production trucks in Afghanistan.

15-09-IL-5: Explain the reason for the price increases over the original contract. Please provide copies of all documents pertaining to these price increases.

The overall cost of the contract decreased by more than \$2.5 million (41%). The initial contract called for two large TV trucks that would serve as full broadcast vehicles and work in conjunction with two Sprinter vans and an additional truck that would have both broadcast and transmission capabilities. The trucks would serve to broadcast live events throughout the country and would have provided a valuable source of national and regional reporting, including live town hall events and presidential debates, during the first democratic election in Afghanistan. Their use was also intended to broadcast live, outside the studio events, such as sporting events. The ability to connect regions of Afghanistan with each other through live media helps forge a sense of national unity, across regions and ethnic and political divides.

In 2012, 7 months after the initial proposal, the Director of Communications and Public Diplomacy at Embassy Kabul re-evaluated the truck project and changed the scope of the contract. It became clear that one large truck was sufficient to serve the needs of the sports broadcasters in Kabul, and the two smaller trucks would be more sustainable in difficult road and environmental conditions and could be used more effectively in the field, especially for live news events, due to their size and flexibility.

The first modification significantly decreased the size of the contract from \$6,063,140 to \$3,532,473. The unit cost of the two sprinter vans did increase due to the change in specifications. The Embassy decided it would be expedient and cost effective to redirect and fit the sprinter vans with equipment that had already been procured prior to the notice of partial termination for convenience, the cost of which was non-recoverable and non-refundable.

15-09-IL-6: Explain why the contractor did not meet the specified delivery schedule and the actions taken by the State Department as a result.

Changes in specifications requested by the government pushed back the production schedule by 18 months. Frontline, the primary contractor, began preparations for shipping in late 2013 with Move One, the company that they engaged as a sub-contractor to transport the three vehicles through Pakistan to Afghanistan with a final destination of Kabul.

Move One did not follow the proper steps for the importation and clearance of the trucks, did not receive a permit from the Ministry of the Interior before importing the trucks into Afghanistan, and did not properly follow up the processing of documents with relevant Afghan Ministries.

The GSO at Embassy Kabul has made every effort to assist in the process of clearing the trucks through customs with diplomatic notes and follow up correspondence, from the time this issue was brought to their attention in mid-April 2014 until today. PAS Kabul expected to wait for the trucks to clear Afghan customs, but fault for the protracted delay remains squarely with the shipping company.

15-09-IL-7: Explain the current plans and timeline for the delivery or deployment of the trucks. Are the original requirements still valid? Which Afghan broadcasters will receive these trucks and under what conditions?

It is expected that the trucks will clear Afghan customs by the end of November. As soon as the trucks are released, the two undamaged trucks will be delivered to a USG-controlled facility. The third, damaged truck will be delivered to the same facility once it is repaired. PAS Kabul will process payment to Frontline as each truck is delivered, minus costs for the repair.

In anticipation of the arrival of the trucks in the spring of 2014, an RFGP was issued and in July 2014, two Afghan media outlets were chosen to receive the trucks via property grants. The recipients will be trained in the use and maintenance of the trucks and equipment for two weeks, before they take possession of the trucks that they will operate under the terms and conditions of the 2-year property grants, with required annual reporting on inventory and use.

Attachments:

Compact Disc containing all documents requested in requests 15-09-IL-1 through 15-09-IL-4.

N.B. Included on this disk is an e-mail dated December 29, 2012, from Andy Callaway of Frontline to Colum Mullan of RPSO, Frankfurt, with three attachments: #1 the summary of cancellation costs; #2 the summary of the change order pricing; #3 the new project summary inclusive of cancellations, new pricing and items unchanged.

Should you have any additional questions, please feel free to contact Ms. Vitessa Del Prete at [REDACTED] or [REDACTED].

