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United States Government Accountability Office
Washington, DC 20548

December 19, 2012

Congressional Committees

Subject: *Afghanistan Drawdown Preparations: DOD Decision Makers Need Additional Analyses to Determine Costs and Benefits of Returning Excess Equipment*

In June 2011, the United States announced plans to reduce the number of U.S. troops in Afghanistan. The remaining U.S. forces will work to support the U.S. objective of a transition to Afghan-led security by December 2014. The Department of Defense (DOD) has begun planning for this reduction and, as part of its planning, has identified more than 750,000 major end items—equipment important to operational readiness to support the combat forces, such as weapons and vehicles—that can be returned from Afghanistan (to DOD inventories), transferred to another U.S. government agency or another country, or destroyed in theater.[1] According to DOD, this equipment, estimated to be worth more than $36 billion, has accumulated during a 10-year period. DOD officials also estimate that it could cost $5.7 billion to return or transfer equipment from Afghanistan.

We initiated this review to provide Congress with information concerning DOD preparations for the drawdown of equipment in Afghanistan, and prepared this report under the Comptroller General's authority to conduct evaluations on his own initiative. We provided a briefing of our preliminary observations to the House Armed Services Committee on October 10, 2012. We also provided this briefing to the Senate Armed Services Committee on October 24, 2012, and to the Senate and House Defense Appropriations Subcommittees on November 14, 2012.

This report formally transmits the information developed for that briefing and provides information on the preparations for the Afghanistan drawdown, specifically the extent to which DOD has (1) applied relevant lessons learned from the Iraq drawdown in its planning for equipment reductions in Afghanistan; (2) planned for the reduction of equipment in Afghanistan by establishing command structures and guidance, property accountability, and transportation processes; and (3) considered costs in its planning for equipment reductions in Afghanistan.

To determine the extent to which DOD has applied relevant lessons learned from the Iraq drawdown to the Afghanistan drawdown preparations, we reviewed military service documents and GAO products identifying lessons learned in Iraq. We also reviewed DOD preparations for the drawdown of equipment from Afghanistan. To determine the

[1] DOD Manual 4160.28, vol. 1, *Defense Demilitarization: Program Administration* (June 7, 2011). When there is a risk that DOD property could be diverted into the hands of enemies of the United States, it may be necessary to demilitarize or destroy these items. When an item undergoes demilitarization, critical features are removed or destroyed and the item cannot be used for its original purpose.

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extent to which DOD has planned for the reduction of equipment in Afghanistan by establishing command structures and guidance, property accountability, and transportation processes, we examined policies, orders, and processes in those three areas. To determine the extent to which DOD has considered costs in its planning for equipment reductions in Afghanistan, we examined DOD and service processes and documents to ascertain when and how costs were factored into decision-making processes. In support of all these objectives, we contacted officials from the Office of the Secretary of Defense, Joint Staff, U.S. Central Command (CENTCOM), U.S. Forces – Afghanistan (USFOR-A), U.S. Transportation Command (TRANSCOM), Military Surface Deployment and Distribution Command, U.S. Air Force Air Mobility Command, Headquarters Department of the Army/Logistics Retrograde Team, U.S. Army Materiel Command, U.S. Army Sustainment Command, U.S. Army TACOM Life Cycle Management Command, U.S. Marine Corps/Installations and Logistics, U.S. Marine Corps Logistics Command, Headquarters U.S. Navy/Expeditionary Readiness, Headquarters U.S. Air Force/Lessons Learned, Headquarters U.S. Air Force/Equipment Management Branch, Defense Logistics Agency (DLA), and Defense Logistics Agency-Disposition Services.

We conducted this performance audit from November 2011 to December 2012, in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In summary, we found the following:

- The military services and DOD agencies have applied some, but not all, of the relevant lessons learned from the Iraq drawdown to their planning for equipment reductions in Afghanistan. For example, the drawdown from Iraq demonstrated the importance of early planning for equipment drawdown, and the military services have already issued guidance and orders outlining the processes and procedures for drawing down equipment in Afghanistan. However, not all relevant lessons learned from the Iraq drawdown have been applied in Afghanistan. For example, during the Iraq drawdown, the Army identified that contractor equipment must be inventoried and entered into an automated records accounting system, yet inventories in Afghanistan did not include this equipment.[2] We note, however, that USFOR-A officials told us they are establishing a Contractor Drawdown cell that would improve visibility of contractor equipment in Afghanistan.

- DOD has planned for the reduction of equipment from Afghanistan in that it has (a) established command structures and guidance; (b) made efforts to improve property accountability; and (c) established and expanded transportation options, but challenges still remain. Command structures and guidance, property accountability, and transportation options are three areas that we have previously

[2]For the purposes of this report, contractor equipment includes government-owned equipment that was either furnished to contractors by the government or acquired directly by the contractor.

identified as important for drawdown operations.[3] Concerning command structures and guidance, CENTCOM has established USFOR-A as the supported command for retrograde operations, and USFOR-A has published a base closure and transfer guide that outlines processes for the handling of equipment during transition.[4] Regarding planning for property accountability, in September 2011, USFOR-A directed an inventory of all the equipment in Afghanistan to identify items not previously accounted for in DOD's systems of record. However, as described in Objective 1, DOD officials acknowledge that they lack visibility over contractor equipment. In the area of transportation options, DOD has established and increased the potential capacity of transportation routes out of Afghanistan. However, some of the transportation options have limited operational capability for the return of equipment due to the region's complex geopolitical environment.

- Consistent with DOD's supply chain materiel management policy, DOD has issued additional guidance requiring the services to analyze the costs and benefits of transferring or destroying equipment. However, there is no specific guidance requiring the military services to assess and document the costs and benefits associated with the return of equipment from Afghanistan, and they have not done so. Some services told us that they conduct informal cost-benefit analyses to support the return of major end items from Afghanistan. However, none of the services was able to provide us with documentation of these cost-benefit analyses. As a result, the extent to which these analyses are being performed is uncertain. Based on our analysis, this is particularly problematic when considering whether or not to return equipment that is excess to current requirements.[5] When an excess item is returned without consideration of the costs and benefits, there is increased risk of unnecessary expenditures on transportation and storage of unneeded items.

In conclusion, the military services can return major end items without documentation of cost and benefit considerations or analyses used in the decision-making process. Because the services have not consistently performed and documented analyses to support decision making concerning the return of excess major end items from Afghanistan, there is a risk that the costs of returning excess items may outweigh the benefits of returning them.

[3] GAO, *Iraq and Afghanistan: Availability of Forces, Equipment and Infrastructure Should Be Considered in Developing U.S. Strategy and Plans,* GAO-09-380T (Washington, D.C.: February 12, 2009); and *Operation Iraqi Freedom: Actions Needed to Enhance DOD Planning for Reposturing of U.S. Forces from Iraq.* GAO-08-930 (Washington, D.C.: September 10, 2008).

[4] In the context of command relationships, the supported commander has primary responsibility for all aspects of a task, such as drawdown from Afghanistan, and receives assistance from other commanders' forces or capabilities as required to accomplish the assigned mission.

[5] DOD defines excess equipment as any quantity of equipment above the sum of the approved requirement, as well as equipment retained for economic and/or contingency purposes.

Recommendations for Executive Action

To reduce the risk of returning excess major end items from Afghanistan without full consideration of costs and benefits, we recommend that the Secretary of Defense ensure that the Service Secretaries and the Commander, U.S. Central Command, conduct and document analyses to support the decisions to return excess major end items by taking the following two actions:

1) Conduct and document analyses to compare the costs of returning excess major end items with the benefits of returning them. These analyses might include considerations of factors such as:

- Repair;
- Transportation and storage;
- Handling;
- Condition of the item; and
- Sensitivity of the item.

2) Use these cost-benefit analyses as a key factor in decision making concerning the return of excess major end items.

See the enclosure that contains the information prepared for our briefing and provides additional details regarding our findings.

Agency Comments and Our Evaluation

DOD did not provide signed written comments but did provide draft comments that we have used for this evaluation. DOD concurred with both of our recommendations, stating that our report accurately captures DOD's and the services' analyses and processes for disposition of excess major end items in compliance with DOD guidance. Our draft report initially recommended that DOD develop and implement policies to ensure that analyses are conducted, documented, and used to support decisions to return excess major end items. After further discussions with DOD officials, we agreed that DOD Instruction 4140.01, which states that DOD components shall consider all costs in making best-value decisions across the supply chain, sufficiently addresses the need for the services to conduct cost-benefit analyses and therefore, no new policies or guidance were required. However, as we state in this report, the services could not provide evidence that they complied with this instruction by conducting analyses to compare the costs of returning excess major end items with the benefits of returning them and using these analyses in their decision making. As a result, we amended our recommendation language to state that the Secretary of Defense ensure that the services and CENTCOM conduct, document, and use these analyses as a key factor in decision making concerning the return of excess major end items, and DOD subsequently concurred with these recommendations in its comments. DOD also provided technical comments that we have incorporated into this report where appropriate.

DOD concurred with our first recommendation that the Secretary of Defense ensure that the services and CENTCOM conduct and document analyses to compare the costs of returning excess major end items with the benefits of returning them. DOD's comments indicated that two of the services, the Army and Marine Corps, were conducting cost-benefit analyses. DOD commented that the Army has worksheets, processes, and a tracking system that clearly depict cost benefit analyses. During the course of this

engagement we reviewed and assessed these worksheets, processes, and a description of the tracking system. We found that none of these products weighs the costs and benefits of returning excess equipment from Afghanistan. Moreover, they do not inform decision making on this issue, because these documents relate to other drawdown issues—that is, the drawdown of equipment in Iraq and the transfer of equipment in Afghanistan. Furthermore, in meetings with officials from Headquarters Department of the Army, Logistics Retrograde Team; U.S. Army Materiel Command; U.S. Army Sustainment Command; U.S. Army TACOM Life Cycle Management Command; and Headquarters Department of the Army, Director of Supply, none could provide documentation of a cost-benefit analysis for the return of excess equipment from Afghanistan. However, the cited Army documents demonstrate its ability to conduct, document, and use cost-benefit analyses in its decision making to reduce the risk of unnecessary expenditures. We believe that analyses specifically focused on weighing the costs and benefits of returning excess major end items from Afghanistan will reduce the risk of unnecessary expenditures, and DOD concurs with our recommendation.

DOD comments indicated that the Marine Corps currently assesses each item by condition, sensitivity, and enduring warfighting requirement to determine whether the item is economical to repair and is handled in accordance with pertinent orders and directives. We acknowledge that these steps may minimize the cost of drawdown. However, Marine Corps officials told us that they do not consider and document costs, such as transportation costs, against the benefits of returning equipment from Afghanistan. Therefore, we believe that DOD needs to take action as recommended to ensure that the Army, the Marine Corps and the other services conduct and document cost-benefit analyses to inform retrograde decision making and reduce the risk of unnecessary expenditures.

DOD concurred with our second recommendation that the Secretary of Defense ensure that the services and CENTCOM use these cost-benefit analyses as a key factor in decision making concerning the return of excess major end items. DOD commented that the services, in coordination with DOD, already conduct cost-benefit analyses to ensure cost and non-cost factors are applied and documented. However, as stated in our report, some services told us that they conduct informal cost-benefit analyses to support the return of major end items from Afghanistan. None of the services was able to provide us with documentation of these cost-benefit analyses. DOD comments indicate that it intends to continue to review its policies to reduce the risk of returning excess major items from Afghanistan without full consideration of costs and benefits. Until DOD implements our recommendations, we believe that this risk will continue to exist. As noted above, conducting and documenting cost-benefit analyses can help the department reduce this risk.

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We are sending copies of this report to the Secretary of Defense and appropriate congressional committees. The report also is available at no charge on the GAO website at http://www.gao.gov.

Should you or your staff have any questions on the matters discussed in this report, please contact me at (202) 512-5431 or russellc@gao.gov. Contact points for our offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are Guy LoFaro, Assistant

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Cary Russell
Acting Director
Defense Capabilities and Management

Enclosure

List of Committees

The Honorable Carl Levin
Chairman
The Honorable John McCain
Ranking Member
Committee on Armed Services
United States Senate

The Honorable John Kerry
Chairman
The Honorable Richard Lugar
Ranking Member
Committee on Foreign Relations
United States Senate

The Honorable Joseph Lieberman
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The Honorable Susan Collins
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Committee on Homeland Security and Governmental Affairs
United States Senate

The Honorable Daniel K. Inouye
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Ranking Member
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Committee on Appropriations
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Chairman
The Honorable Adam Smith
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Committee on Armed Services
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The Honorable Ileana Ros-Lehtinen
Chairman
The Honorable Howard Berman
Ranking Member
Committee on Foreign Affairs
House of Representatives

The Honorable C.W. “Bill” Young
Chairman
The Honorable Norman D. Dicks
Ranking Member
Subcommittee on Defense
Committee on Appropriations
House of Representative

AFGHANISTAN DRAWDOWN PREPARATIONS: DOD Decision Makers Need Additional Analyses to Determine Costs and Benefits of Returning Excess Equipment

DECEMBER 2012

Results of Work Prepared for Congressional Committees

Briefing Overview

- Introduction and Background
- Objectives, Scope, and Methodology
- Summary
- Findings
- Conclusions
- Recommendations
- Appendix I: Marine Corps Reset Playbook Sample
- Appendix II: Marine Corps Playbook Process
- Related GAO Products

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Introduction

- U.S. forces have been operating in Afghanistan since 2001.
- In December 2009, the President ordered an additional 30,000 troops into Afghanistan.
- The 2010 NATO Summit in Lisbon affirmed NATO's support for Afghan forces to assume full responsibility for security throughout Afghanistan by the end of 2014.
- In June 2011, the United States announced plans to begin reducing the number of U.S. forces in Afghanistan:
  - The United States completed the reduction of 33,000 troops from Afghanistan in September 2012.
  - The remaining U.S. forces (approximately 68,000) will work to support the U.S. objective of a transition to Afghan-led security by December 2014.
- In May 2012, the United States and the Government of the Islamic Republic of Afghanistan signed a Strategic Partnership Agreement that provided for continued access to Afghan facilities for U.S. forces through December 2014. It also provided for negotiations that would result in a bilateral security agreement within one year.

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Background

- In fiscal year 2011, U.S. Transportation Command (TRANSCOM) shipped over 268,000 tons (more than 42,000 containers) of supplies into Afghanistan through its northern surface routes.[1]
- The Army has said that 10 years' inflow of equipment without corresponding outflow has created an abundance of equipment in Afghanistan.
- Preparations are underway to dispose of stocks in Afghanistan, ranging from consumables to major end items. Major end items are equipment that is important to operational readiness such as aircraft; boats; motorized wheeled, tracked, and towed vehicles; and weapons.
- The military services estimate that more than 750,000 major end items—worth more than $36 billion—are in Afghanistan.
- DOD officials have estimated that it could cost $5.7 billion to transfer or return the equipment from Afghanistan.

[1] A container or 20-foot equivalent unit is an inexact unit of cargo capacity often used to describe the capacity of container ships. It is based on the volume of a 20-foot-long standard sized metal box, which can easily be transferred between modes of transportation.

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Background (cont.)

- To reduce or draw down the number of items in Afghanistan, DOD has three primary disposal options: transfer the equipment to another U.S. agency or another country; destroy the equipment in country; or retrograde (return) the equipment to other DOD locations.
  - **Transfer:** DOD plans to redistribute some equipment to either another U.S. agency or other country.
  - **Destruction:** DOD plans to destroy (demilitarize) some equipment at Defense Logistics Agency (DLA) disposition sites.[2] There are currently three disposition sites in Afghanistan, and there are plans to add a fourth in 2012.
  - **Return:** DOD plans to prepare equipment for return through 10 Army Redistribution Property Assistance Team (RPAT) yards situated throughout Afghanistan. These yards are operated by the 401st Army Field Support Brigade, which inspects and prepares equipment for transport.

[2] DOD Manual 4160.28, vol. 1, *Defense Demilitarization: Program Administration* (June 7, 2011). When there is a risk that DOD property could be diverted into the hands of enemies of the United States, it may be necessary to demilitarize or destroy these items. When an item undergoes demilitarization, critical features are removed or destroyed and the item cannot be used for its original purpose.

Background (cont.)

- According to the Army Execute Order for the reduction of equipment currently in Afghanistan, the conditions affecting the drawdown from Afghanistan are vastly different from those in Iraq.
- Some examples of the differing conditions are as follows:
  - Unlike Iraq, Afghanistan is landlocked. In addition, U.S. forces in Afghanistan do not have easy ground access to a large U.S. military logistics hub, as U.S. forces in Iraq had in Kuwait.
  - In Iraq, U.S. forces could drive equipment to Kuwait, from whose ports it could be shipped onward. Getting equipment out of Afghanistan by ground requires transiting routes that pass through Pakistan or surface routes through European and central Asian countries, from which the equipment can be loaded onto ships for onward movement. However, TRANSCOM is currently conducting tests to determine the capacity of the main ground routes for the return of equipment from Afghanistan. Due to geopolitical complexities in the region it is unknown when these ground routes will be operational for retrograde.
  - According to DOD officials, DOD faces space limitations in Afghanistan. For example, U.S. forces cannot expand the RPAT and DLA disposition yards to their desired sizes because of challenges associated with de-mining, obtaining property rights, and providing additional security.
  - According to DOD officials, as compared with Iraq, the Government of the Islamic Republic of Afghanistan has a more limited ability to absorb and maintain transferred equipment.

Objectives, Scope, Methodology

To what extent has DOD:

1) Applied relevant lessons learned from the Iraq drawdown in its planning for equipment reductions in Afghanistan?

2) Planned for the reduction of equipment in Afghanistan by establishing command structures and guidance, property accountability, and transportation processes?

3) Considered costs in its planning for equipment reductions in Afghanistan?

Objectives, Scope, and Methodology (cont.)

To determine the extent to which DOD has identified and applied relevant lessons learned from the drawdown in Iraq to its efforts to reduce equipment in Afghanistan, we reviewed military service documents and GAO products that identify lessons learned from the Iraq drawdown. We then evaluated planning documents for the Afghanistan drawdown to determine whether the relevant lessons identified from Iraq had been applied to Afghanistan operations.

To determine the extent to which DOD has planned for the reduction of equipment in Afghanistan by establishing (a) command structures and guidance, (b) property accountability, and (c) transportation processes, we examined policies, orders, and processes in those three areas.

To determine the extent to which DOD has considered costs in its planning for equipment reductions in Afghanistan, we examined the Army, Navy, Marine Corps, and Air Force processes and documents to ascertain when and how costs were factored into decision-making processes that will determine whether equipment should be transferred, destroyed, or returned.

In support of all these objectives, we conducted site visits and interviewed officials from the Office of the Secretary of Defense, Joint Staff, military services, combatant commands, subordinate commands, and other agencies. A detailed list of the organizations we visited is presented below.

Objectives, Scope, and Methodology (cont.)
Agencies Contacted

- Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics
- Joint Staff
- U.S. Central Command (CENTCOM)
  - U.S. Forces – Afghanistan (USFOR-A)
- U.S. Transportation Command (TRANSCOM) and component commands:
  - Military Surface Deployment and Distribution Command
  - U.S. Air Force Air Mobility Command
- Headquarters Department of the Army / Logistics Retrograde Team
- U.S. Army Materiel Command
- U.S. Army Sustainment Command
- U.S. Army TACOM Life Cycle Management Command
- U.S. Marine Corps / Installations and Logistics
- U.S. Marine Corps Logistics Command
- Headquarters U.S. Navy / Expeditionary Readiness
- Headquarters U.S. Air Force / Equipment Management Branch
- Headquarters U.S. Air Force / Lessons Learned
- DLA
  - DLA – Disposition Services

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Summary

Objective 1: Applying Lessons Learned

The military services and DOD agencies have applied some of the relevant lessons learned from the Iraq drawdown to their planning for equipment reductions in Afghanistan. For example, the Iraq drawdown demonstrated the importance of early planning for equipment drawdown, and the military services have already issued guidance and orders outlining the processes and procedures for drawing down equipment in Afghanistan. However, not all relevant lessons learned from the Iraq drawdown have been applied in Afghanistan. For example, during the Iraq drawdown, the Army identified that contractor equipment must be inventoried and entered into an automated records accounting system, yet inventories in Afghanistan did not include this equipment.[3] We note, however, that USFOR-A officials told us they are establishing a Contractor Drawdown cell to improve visibility of contractor equipment in Afghanistan.

[3] For the purposes of this briefing, contractor equipment includes government-owned equipment that was either furnished to contractors by the government or acquired directly by the contractor.

Summary (cont.)

Objective 2: Planning for Equipment Reduction

DOD has planned for the reduction of equipment from Afghanistan by establishing (a) command structures and guidance, (b) property accountability, and (c) transportation options—three areas we have previously identified as important for drawdown operations.[4] Concerning command structures and guidance, CENTCOM has established USFOR-A as the supported command for retrograde operations, and USFOR-A has published a base closure and transfer guide that outlines processes for the handling of equipment during transition.[5] Regarding property accountability, in September 2011 USFOR-A directed an inventory of all the equipment in Afghanistan to identify items not previously accounted for in DOD's systems of record. In the area of transportation options, DOD has established and increased the potential capacity of transportation routes out of Afghanistan. However, some of the transportation options have limited operational capability for the return of equipment due to the region's complex geopolitical environment.

[4] GAO, *Iraq and Afghanistan: Availability of Forces, Equipment and Infrastructure Should Be Considered in Developing U.S. Strategy and Plans,* GAO-09-380T (Washington, D.C.: February 12, 2009); and *Operation Iraqi Freedom: Actions Needed to Enhance DOD Planning for Reposturing of U.S. Forces from Iraq,* GAO-08-930 (Washington, D.C.: September 10, 2008).

[5] In the context of command relationships, the supported commander has primary responsibility for all aspects of a task, such as drawdown from Afghanistan, and receives assistance from other commanders' forces or capabilities as required to accomplish the assigned mission.

Summary (cont.)

Objective 3: Consideration of Costs

Consistent with DOD's supply chain materiel management policy, DOD has issued additional guidance requiring the services to analyze the costs and benefits of transferring or destroying equipment. However, there is no specific guidance requiring the military services to assess and document the costs and benefits associated with the return of equipment from Afghanistan, and they have not done so. Some services told us that they conduct informal cost-benefit analyses to support the return of major end items from Afghanistan. However, none of the services was able to provide us with documentation of these cost-benefit analyses. As a result, the extent to which these analyses are being performed is uncertain. Based on our analysis, this is particularly problematic when considering whether or not to return equipment that is excess to current requirements. When an excess item is returned without consideration of the costs and benefits, there is increased risk of unnecessary expenditures on transportation and storage of unneeded items.

Objective 1: Applying Lessons Learned

A DOD-wide program gathers lessons learned to enhance the combatant commander's ability to prepare, integrate, and synchronize combat and support forces.[6] In addition, the military services and major commands have identified specific lessons learned from Iraq for application in Afghanistan.

[6] The Joint Lessons Learned Program (JLLP) is a DOD-wide effort to enhance the joint operator's ability to learn from the conduct of operations across all levels of engagement and improve mission effectiveness.

Objective 1: Applying Lessons Learned (cont.)

- DOD lessons learned from the Iraq drawdown that have been applied in Afghanistan include the following:
  - The early initiation of planning for the drawdown. An example of this is the Marine Corps effort initiated in 2009 to review its requirements, which led to the Marine Corps Equipment Reset Strategy and a detailed Reset Playbook in 2011. We have highlighted the Marine Corps Reset Playbook in appendixes I and II as an example of a detailed planning tool for the drawdown that could be useful if adopted by other services and DOD.

  - The early establishment of disposition instructions. The Navy, for example, issued instructions to units in March 2009 to determine disposition for equipment in Afghanistan. In September 2010, the Army issued disposition instructions for the return of serviceable equipment from Afghanistan.

Objective 1: Applying Lessons Learned (cont.)

- The reduction of equipment through early identification, screening, and disposition. USFOR-A and DLA began early processing of some vehicles and other equipment for transfer, destruction, or return.

- Setting monthly targets for the reduction of equipment. USFOR-A established equipment reduction goals for vehicles and containers; its goal is to eventually achieve the sustained monthly reduction of 1,200 vehicles and 1,000 containers of materiel. USFOR-A has identified more than 50,000 vehicles and more than 90,000 containers of materiel in Afghanistan requiring disposition, and has begun keeping metrics on the reduction of this equipment. Specifically, in July 2012 the Army:
  - Processed and TRANSCOM shipped 579 vehicles out of Afghanistan;
  - Delivered 183 vehicles to DLA-Disposition Services yards for destruction;
  - Identified 9 vehicles for foreign military sales.[7]

[7] The quantities listed for the July 2012 reduction of equipment in Afghanistan reflect quantities reduced up to July 26, 2012.

Objective 1: Applying Lessons Learned (cont.)

Not all relevant lessons learned from the Iraq drawdown have been applied in Afghanistan. For example, DOD still has limited visibility over contractor equipment:

- In the Iraq drawdown, the Army determined that contractor equipment should be inventoried and entered into an automated records accounting system; however, inventories in Afghanistan did not include contractor equipment.

- In September 2011, we recommended that the Secretary of Defense direct the Under Secretary of Defense for Acquisition, Technology, and Logistics, in conjunction with the Secretary of the Army and the Commander, U.S. Central Command, to approve and implement a process, as appropriate, to include associated policy and training, for acquiring and maintaining real-time visibility of contractor equipment before it is delivered to the U.S. government that meets the needs of operational forces while retaining oversight features inherent to DOD's current processes.[8] At that time, DOD agreed with our recommendation.

- USFOR-A and Army officials told us that full inventory of contractor equipment has not yet been attained in Afghanistan. We note, however, Army officials also told us they are increasing automation and publishing guidance to improve visibility of contractor equipment in Afghanistan. In addition, USFOR-A officials told us they are establishing a Contractor Drawdown cell that would improve visibility of contractor equipment in Afghanistan.

[8] GAO, *Iraq Drawdown: Opportunities Exist to Improve Equipment Visibility, Contractor Demobilization, and Clarity of Post-2011 DOD Role*, GAO-11-774 (Washington, D.C.: September16, 2011).

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Objective 2: Planning for Equipment Reduction – Command Structures and Guidance

DOD has planned for the reduction of equipment from Afghanistan by establishing (a) command structures and guidance, (b) property accountability, and (c) transportation options.

A) Command structures and guidance. According to Joint Doctrine, supported commanders must identify an organizational structure to control and execute the redeployment of forces. Additionally, the supported commander is to establish priorities and provide guidance to accomplish redeployment tasks. We found that command structures and guidance for the reduction of equipment in Afghanistan have been established. Specifically:

- DOD has issued guidance establishing who can approve the transfer of equipment (by cost threshold) to the Government of the Islamic Republic of Afghanistan.
- CENTCOM has established USFOR-A as the supported command for retrograde operations.
- USFOR-A has published a base closure and transfer guide that outlines processes for the handling and disposition of equipment during transition.

Objective 2: Planning for Equipment Reduction – Property Accountability

B) Property accountability. To efficiently and effectively plan for the reduction of equipment, planners must know what and how much must be moved. According to the Army Execute Order for the reduction of equipment in Afghanistan, 10 years of inflow without corresponding outflow has led to the accumulation of equipment in Afghanistan.

- DOD officials said Operation Clean Sweep improved equipment accountability and has provided planners with a more accurate picture of the amount of equipment they will ultimately need to process in Afghanistan. However, as described in Objective 1, DOD officials acknowledge that they lack visibility over contractor equipment.

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Objective 2: Planning for Equipment Reduction – Transportation

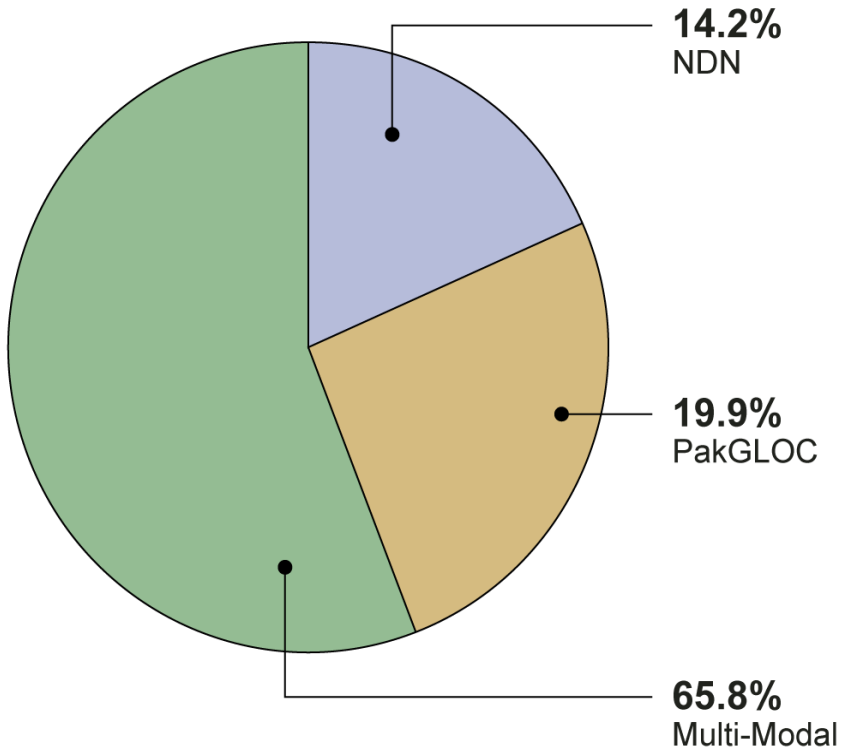
C) Transportation Options: Joint Doctrine emphasizes the need to adjust or reprioritize transportation assets to meet operational requirements. To this end, DOD has established and increased the potential capacity of transportation routes out of Afghanistan. However, an assumption on which DOD has based its drawdown planning is the availability of ground routes: the Pakistan ground routes (PakGLOC) and the Northern Distribution Network (NDN), a surface route through European and central Asian countries.[9] At present, these routes have limited operational capability for the return of equipment due to the complex geopolitical environment in the region. Specifically:

- To date, the NDN is operational for inbound sustainment, but not fully operational for outbound equipment.
  - TRANSCOM officials stated that DOD faces challenges in converting the NDN routes to support outbound flow due to customs and diplomatic clearance issues.
  - U.S. forces still rely on the NDN for inbound sustainment, limiting its capacity to support the return of equipment. A number of NDN routes are approved for the return of equipment and TRANSCOM is currently conducting tests to determine route capacity.
- Since November 2011, the PakGLOC has not been operational for the return of equipment. While the United States and Pakistan agreed to open the PakGLOC in July 2012, the route is still in the test phase for the return of equipment. As a result, DOD has had to rely on multi-modal (air and sea) transport, a more costly transportation option.

The next two slides depict projections for the outbound flow of equipment by route and mode of transportation, and the costs associated with moving equipment over each route.

[9] According to military doctrine, an assumption is a supposition about a current military situation or future course of events assumed to be true in the absence of facts. Assumptions that address gaps in knowledge are critical for the planning process to continue. Assumptions must be continually reviewed to ensure validity.

Objective 2: Planning for Equipment Reduction – Transportation (cont.)



Source: GAO analysis of DOD data.

- This graphic shows TRANSCOM projections that 14.2 percent of all returning equipment will be transported via the NDN, 19.9 percent via the PakGLOC, and 65.8 percent via multi-modal.
- However, as the previous slide notes, use of the NDN and PakGLOC may have limitations, and a greater dependence on multi-modal transportation may become necessary.

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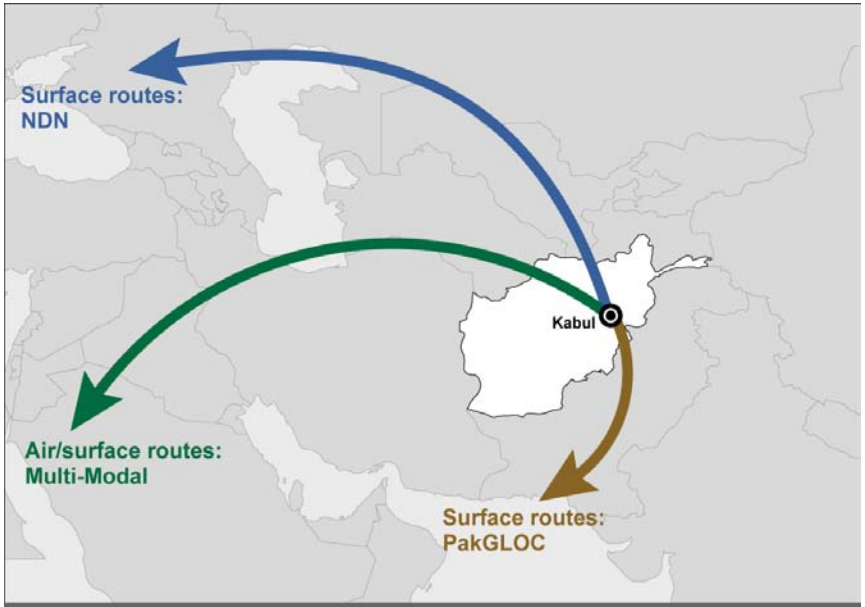
Objective 2: Planning for Equipment Reduction – Transportation (cont.)



Route	Single container	Single vehicle
Surface routes	$8,000 - $20,000	$19,000 - $43,000
Multi-Modal Military routes	$18,000 - $50,000	$30,000 - $75,000
Multi-Modal Commercial routes	$50,000 - $67,000	$116,000 - $153,000

Source: GAO analysis of DOD data.

- This graphic depicts the routes and estimated associated costs for the return of equipment from Afghanistan.
- The costs vary, depending on such factors as type of equipment being shipped, customs, and shipping standards. For example, according to DOD data, transportation costs for the return of a single vehicle or container can range from $8,000 to $153,000.

Objective 3: Consideration of Costs in Equipment Reduction – Transfer, Destroy, or Return

- According to DOD guidance, DOD components shall consider all costs associated with materiel management in making best value decisions throughout the DOD supply chain. [10] The guidance further states that best value decisions should be determined through the use of a business case analysis methodology that evaluates both cost and non-cost factors. Examples of cost factors could include transportation, repair, handling, and storage costs; non-cost factors could include the condition of the item, existing requirements for the item, and the sensitivity of an item (which may dictate its return even if the item is no longer required).
- Consistent with DOD's supply chain materiel management policy, DOD has issued additional guidance requiring an assessment and documentation of the costs and benefits of transferring or destroying equipment. Specifically:
    - Transfer – In order to transfer equipment, the Assistant Secretary of Defense for Logistics and Materiel Readiness requires the military services to provide analyses and documentation demonstrating that the benefit to the United States will be commensurate with the value of the property transferred.
    - Destroy – If an item is to be destroyed, USFOR-A requires certification that the item has been vetted through a service process and that all avenues for reutilization/transfer have been exhausted, or that a cost-benefit analysis was conducted and destruction found to be the most cost-effective option.

[10] DOD Instruction 4140.01, *DOD Supply Chain Materiel Management Policy* (Dec. 14, 2011).

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Objective 3: Consideration of Costs in Equipment Reduction – Transfer, Destroy, or Return (cont.)

Return – Unlike transfer or destruction of equipment in Afghanistan, there is no specific guidance requiring the military services to assess and document the costs and benefits for the return of equipment. The services have not fully considered the costs and benefits of returning major end items from Afghanistan. While some service officials stated that they conduct informal cost-benefit analyses, none of the services was able to provide documentation of these cost-benefit analyses, and so the extent to which these analyses are being performed is uncertain.

- Army officials said that cost-benefit analyses for the return of equipment from Afghanistan are being conducted informally. However, because the Army could not provide documentation of these cost benefit analyses, the extent to which these analyses are being performed is uncertain.
- The Air Force is not currently performing such cost-benefit analyses.
- Marine Corps officials said that in their decisions to return equipment they give consideration to whether the repair of the equipment is more cost-effective than new procurement, but do not consider transportation costs. However, the Marine Corps could not provide documentation of cost-benefit analyses. Also, the Marine Corps has developed a tool that decision makers could use to analyze the possible costs and benefits of returning major end items (see appendix II).

Objective 3: Consideration of Costs in Equipment Reduction – Transfer, Destroy, or Return (cont.)

- Navy officials told us that they use an economic analysis that considers transportation costs concerning the return of equipment from Afghanistan. The Navy has issued guidance stating that, in general, the return of equipment must be more cost-effective than new procurement, adding that units should return only those pieces for which a clear business case can be made. Navy officials said that such assessments include transportation costs and the condition of the equipment. However, the Navy could not provide documentation of these analyses, so the extent to which they are being performed is uncertain.

Based on our analysis, the return of major end items without consideration of the costs and benefits is particularly problematic for returning equipment that is excess to current requirements. When an excess item is returned without consideration of costs and benefits, there is increased risk of transportation and storage expenditures on unneeded items.

Conclusions

- DOD has applied some relevant lessons learned from the Iraq drawdown to its plans for the reduction of equipment in Afghanistan. DOD has also planned for the reduction of equipment in Afghanistan by establishing (a) command structures and guidance, (b) property accountability, and (c) transportation options. However, DOD decision makers do not have cost-benefit information concerning the return of equipment from Afghanistan.
- The military services can return major end items without documentation of cost and benefit considerations or analyses used in the decision-making process.
- Because the services have not consistently performed and documented analyses to support decision making concerning the return of excess major end items from Afghanistan, there is a risk that the cost of returning excess items may outweigh the benefits of returning them.
- Decision makers cannot make fully informed decisions concerning costs and benefits associated with the return of excess equipment without documented supporting analyses.

Recommendations

To reduce the risk of returning excess major end items from Afghanistan without full consideration of costs and benefits, we recommend that the Secretary of Defense ensure that the Service Secretaries and the Commander, U.S. Central Command, conduct and document analyses to support the decisions to return excess major end items by taking the following two actions:

1) Conduct and document analyses to compare the costs of returning excess major end items with the benefits of returning them. These analyses might include considerations of factors such as:

- Repair;
- Transportation and storage;
- Handling;
- Condition of the item; and
- Sensitivity of the item.

2) Use these cost-benefit analyses as a key factor in decision making concerning the return of excess major end items.

Appendix I: Marine Corps Reset Playbook Sample

- As early as 2009 the Marine Corps began a review of its requirements that led to the Marine Corps Equipment Reset Strategy.[11]
- As a result of its requirements review the Marine Corps also developed a Reset Playbook—a single, detailed accounting of each of its 78,168 major end items in Afghanistan— that contains the following information for each item:
    - current and future requirements data;
    - on-hand inventories in Afghanistan and service-wide;
    - the initially forecast disposition instructions (return, transfer, or destroy) for each item; and
    - the information used to determine the best mode of transportation for return.
- The information contained in the Playbook is updated periodically based on inputs from Afghanistan and Marine Corps inventory managers. Excerpts from this playbook are contained in the following slides.

[11] The Marine Corps broadly defines reset as the repair, recapitalization, and replacement actions taken to restore unit equipment to a desired level of combat capability commensurate with the unit's future mission.

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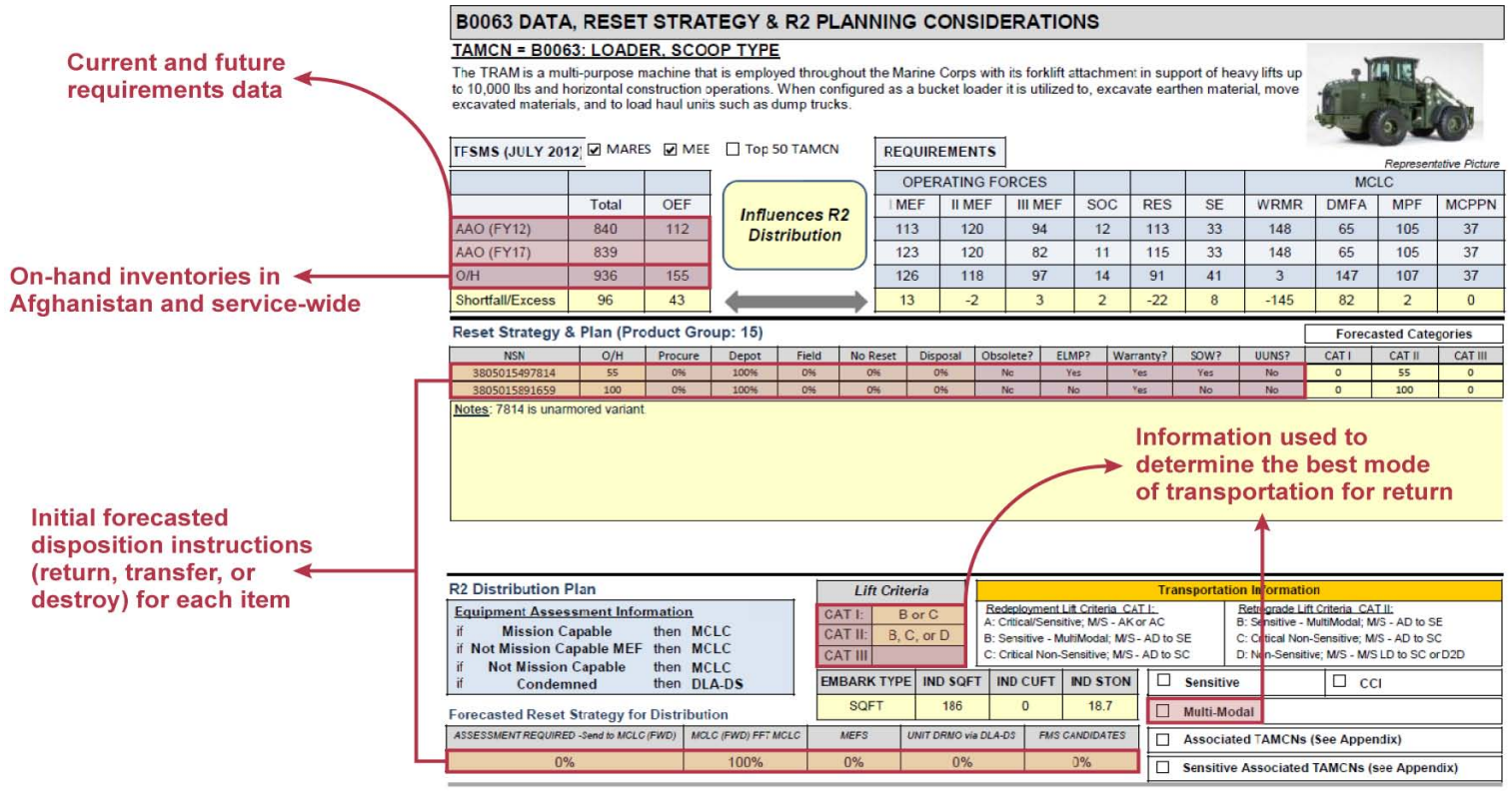
Appendix I: Marine Corps Reset Playbook Sample (Cont.)



Source: GAO analysis of Marine Corps data.

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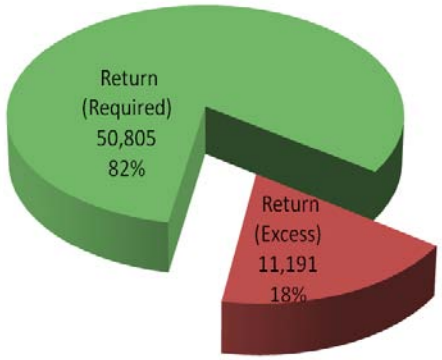
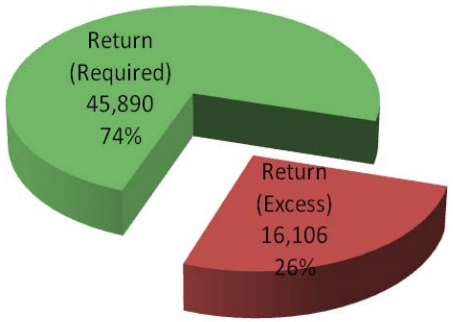
Appendix II: Marine Corps Playbook Process

Fiscal Year 2012 Requirements



Fiscal Year 2017 Requirements



Source: GAO analysis of Marine Corps data

- Using the Playbook, decision makers can identify equipment in Afghanistan that is forecast to return, but is excess to their requirements. The Marine Corps currently plans to return 61,996 major end items from Afghanistan. Of the 61,996 items forecast to be returned, 11,191 (18%) do not have a fiscal year 2012 requirement or other documented justification for return; 16,106 (26%) do not have a fiscal year 2017 requirement or other documented justification for return.

Appendix II: Marine Corps Playbook Process (cont.)

- Using the Playbook, decision makers could determine possible costs and benefits of returning major end items.

- The items that follow are examples of major end items that are forecast to be returned, but may be excess to requirements. The wide disparity in transportation costs for returning equipment could be a deciding factor in the determination of whether to return an item.

- Even if the items are excess, there may be a rationale for returning them, rather than transferring or destroying the items.

- A documented analysis that considers both cost (e.g., transportation) and non-cost (e.g., sensitivity of the item) factors would validate the decision to return excess items or to dispose of them in country (transfer or destroy).

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Appendix II: Marine Corps Playbook Process (cont.)

Van, Z Backscatter

(July 2012 Playbook, p. 268)

There are a total of 33 Marine Corps Backscatter Vans in Afghanistan, all of which are forecast to be returned via multimodal transportation. Based on the Playbook requirement, the return of 28 could meet Marine Corps-wide requirements.

If the remaining 5 vans are determined to be excess when the disposition instructions are issued, the transportation cost for the return of these vans could range from $150,000 to $765,000, underscoring the importance of a cost-benefit analysis.

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Appendix II: Marine Corps Playbook Process (cont.)

Loader, Scoop Type

(July 2012 Playbook, p. 292)

There are155 Marine Corps Scoop Type Loaders in Afghanistan, all of which are forecast to be returned. Based on the Playbook requirement, the return of 59 could meet Marine Corps-wide requirements.

If the remaining 96 loaders are determined to be excess when the disposition instructions are issued, the transportation cost for the return of these loaders could range from $1.8 million to $14.7 million, underscoring the importance of a cost-benefit analysis.

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Appendix II: Marine Corps Playbook Process (cont.)

Small Field Refrigerator

(July 2012 Playbook, p. 299)

There are 217 Marine Corps Small Field Refrigerators in Afghanistan. Depending on when disposition occurs, all 217 of these refrigerators in Afghanistan could be excess to Marine Corps-wide requirements. However, all of them are forecast to be returned from Afghanistan if serviceable.

Appendix II: Marine Corps Playbook Process (cont.)

- Marine Corps officials told us that they are preparing an interim policy regarding cost-benefit analysis for the return of excess equipment from Afghanistan. This analysis would be used to determine disposition instructions for excess equipment that is forecast for return.
- Marine Corps processes and the use of cost-benefit analyses could be applied to all the military services.
  - Marine Corps equipment has more than 70,000 major end items in Afghanistan. The Army has the most major end items in Afghanistan—more than 640,000.
  - Transportation costs could be reduced if items are moved from the return option to the transfer or destroy options.

Related GAO Products

Operation Iraqi Freedom: Actions Needed to Enhance DOD Planning for Reposturing of U.S. Forces from Iraq. GAO-08-930. Washington, D.C.: September 10, 2008.

Iraq and Afghanistan: Availability of Forces, Equipment and Infrastructure Should Be Considered in Developing U.S. Strategy and Plans. GAO-09-380T. Washington, D.C.: February 12, 2009.

Operation Iraqi Freedom: Preliminary Observations on DOD Planning for the Drawdown of U.S. Forces from Iraq. GAO-10-179. Washington, D.C.: November 2, 2009.

Operation Iraqi Freedom: Actions Needed to Facilitate the Efficient Drawdown of U.S. Forces and Equipment from Iraq. GAO-10-376. Washington, D.C.: April 19, 2010.

Warfighter Support: Preliminary Observations on DOD's Progress and Challenges in Distributing Supplies and Equipment to Afghanistan. GAO-10-842T. Washington, D.C.: June 25, 2010.

Defense Logistics: DOD Needs to Take Additional Actions to Address Challenges in Supply Chain Management. GAO-11-569. Washington, D.C.: July 28, 2011.

Iraq Drawdown: Opportunities Exist to Improve Equipment Visibility, Contractor Demobilization, and Clarity of Post-2011 DOD Role. GAO-11-774. Washington, D.C.: September 16, 2011.

Warfighter Support: DOD Has Made Progress, but Supply and Distribution Challenges Remain In Afghanistan. GAO-12-138. Washington, D.C.: October 7, 2011.

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