



Road construction, Kapisa province, Afghanistan. (Defense photo)

Chapter 4

Looming sustainment costs risk massive new waste



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Withdrawals of U.S. military forces from Iraq and Afghanistan are under way. Without effective action, ending the U.S. military presence and related contracting activities in those countries may reveal massive *new* waste if host nations are unable to operate and maintain projects and programs started and funded by the United States.¹

The U.S. military presence in Iraq is scheduled to end by December 31, 2011. U.S. troops began leaving Afghanistan in July 2011, the first step in drawing down the surge of 2009. “By 2014,” the President has said, “this process of transition will be complete, and the Afghan people will be responsible for their own security.”²

Enduring costs risk wasting billions of dollars of American taxpayers’ money—possibly dwarfing the tens of billions in waste already incurred.

American troops are leaving, but a U.S.-funded presence will linger in both countries in the form of programs, schools, clinics, roads, power plants, barracks, hospitals, irrigation projects, prisons, training centers, and other efforts

undertaken through U.S. government contracts. These will remain in Iraq and Afghanistan, as will the armies and national police forces created and supported with U.S. funds, long after U.S. troops and major funding have disappeared.

What will *not* disappear is the cost of sustaining those projects and programs. As the World Bank said of Afghanistan:

These investments and programs are creating substantial expenditure liabilities for the future—roads will need to be maintained, teachers paid, and the sustaining costs of the Afghan National Army and other security services covered. The same will be true of investment programs in sectors like electric power and irrigation.³

1. The Commissioners concluded this emerging threat of waste from unsustainable efforts was serious enough to warrant a special report to Congress. Special Report 5, “Sustainability: hidden costs risk new waste,” was issued June 3, 2011. This chapter expands and updates the report.

2. Remarks by President Barack Obama, Washington, D.C., June 22, 2011.

3. The World Bank, Afghanistan Public Finance Management Project, Report No. 34582-AF, “Afghanistan: Managing Public Finances for Development,” December 22, 2005, 8.

These enduring costs risk wasting billions of dollars of American taxpayers' money—possibly dwarfing the tens of billions in waste already incurred—if funding from the Iraqi and Afghan governments or the international donor community cannot cover them.

Large cash inflows distort host-nation markets

Another challenge to achieving project and program sustainability is dealing with the legacy of economic distortions induced by massive inflows of cash into a largely agricultural society with an underdeveloped financial infrastructure. In addition to concerns about the impact of particular flows of funds within an economy, difficulties can arise from the economy's overall "absorptive capacity"—its "ability to use additional aid without pronounced inefficiency of public spending and without induced adverse effects."⁴

Afghanistan's inflation-adjusted gross domestic product (GDP) grew at a 22.5 percent rate in 2009-2010, the World Bank reports, driven by "the security economy that generates demand for goods and services, equipment and operations and maintenance of the national army, as well as higher spending by donors, and their large off-budget contributions."⁵ Such rapid growth, starting from a low base in a country lacking a modern financial and technological infrastructure, inevitably risks creating disruptions and distortions in the economy.

Iraq faces challenges similar to Afghanistan's, but Iraq has a more developed infrastructure, more diversified markets and trade access, and substantial revenue-producing potential from its large oil reserves.

Pouring large sums of money into less-developed economies with limited absorptive capacity creates both short-term and long-lived distortions. As a recent U.S. Senate committee staff report notes, "Foreign aid, when misspent, can fuel corruption, distort labor and goods markets, undermine the host government's ability to exert control over resources, and contribute to insecurity."⁶ For example:

Street scene,
Joykhoja,
Afghanistan.
(U.S. Air Force
photo)



4. World Institute for Development Economics Research, Research Paper No. 2006/47, "Absorptive Capacity and Achieving the MDGs [Millennium Development Goals]," May 2006, 1.

5. The World Bank, "Growth in Afghanistan," updated February 2011.

6. U.S. Senate Committee on Foreign Relations, Majority Staff Report, "Evaluating U.S. Foreign Assistance to Afghanistan," June 8, 2011, 2.

- Foreign-funded contractors in urgent need of fuel, concrete, timber, wire, or other goods can bid up prices in local markets, creating hardship for local citizens and firms.
- Competition for skilled local workers can lure people out of Afghan government jobs, companies, or skilled trades, causing staffing and capability shortfalls that can affect normal economic activity and output for years.
- Foreign money flooding into a culture of widespread acceptance of bribes and kickbacks can raise transaction costs and impede competition on merit.

If a host country has limited absorptive capacity, influxes of external aid may reach a point at which the net benefit of additional funds turns *negative* as economic distortions proliferate and grow.⁷

As the Special Inspector General for Iraq Reconstruction testified at the Commission's first hearing:

Absorptive capacity is a key issue to think about in deciding how much aid to offer. ... Iraq did not have the absorptive capacity for \$25 [billion] or \$18 billion ... because as I said, their army was fired, most of the senior government was fired. It was essentially a U.S.-driven endeavor subcontracted out, and that required capacity building, not a focus of the IRRF [the \$18 billion Iraq Relief and Reconstruction Fund, created by Congress in 2003] ...

How it applies to Afghanistan? Hugely important question, because this is a country that does not have the kind of bureaucracy or operations or resources that Iraq has and, therefore, will have a much more gradual or much lower absorptive capacity.⁸

The Commission sees no indication that Defense, State, and USAID are making adequate plans to ensure that host nations will be able to operate and maintain U.S.-funded projects on their own. Nor are they effectively taking sustainability risks into account when devising new projects or programs.

7. See, for example, Paolo De Renzio, "Increased Aid vs. Absorptive Capacity: Challenges and Opportunities towards 2015," *Institute of Development Studies Bulletin* 36.3 (2005), 20-27.

8. Stuart Bowen, Jr., Special Inspector General for Iraq Reconstruction (SIGIR), Commission hearing, February 2, 2009, transcript, 115.



Afghan men working on USAID canal restoration project, Taktehpol, Afghanistan. (U.S. Air Force photo)

Threats of unsustainability can be hard to assess

Spotting and assessing the threat of waste from an unsustainable project or program is not as simple as examining construction quality, performance of services, schedule compliance, or the accuracy of labor and materials billings. An investment may be carefully planned, well executed, and economical, but still *become* wasteful if the host nation cannot provide trained staff, afford parts or fuel, perform necessary maintenance, or produce intended outcomes.

U.S.-funded contingency operations in Iraq and Afghanistan have presented and will continue to present numerous opportunities for well-conceived and well-executed projects and programs to turn into waste.

- In Iraq, U.S. contractors built and equipped 133 primary health-care centers for about \$345 million. The U.S. paid a contractor to operate and repair the facilities for one year, but failed to build the capacity of the Iraqi Ministry of Health to sustain the facilities.
- In Afghanistan, the United States has contracted for schools and clinics that lack adequate personnel, supplies, and security; a large power plant that the host country cannot maintain or operate unassisted; roads that will need substantial and continuing maintenance; and security-force training and support whose costs exceed Afghan funding capabilities.

The threat of billions of dollars in new waste through unsustainability stems from, among other things:

- inadequate assessment of host-country needs and capabilities,
- overly ambitious or inappropriate plans,
- contractors' inability or willful failure to perform,
- projects selected for political/military impact rather than for long-term feasibility,
- weak interagency coordination for including multi-national partners,
- poor planning and weak coordination for transition hand-off, and
- inadequate follow-through by federal officials.

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In short, the threat of waste stems from failure to apply realistic analysis and effective acquisition discipline in the stress of a contingency setting.

In overseas contingencies that require funding for contracts, planning for projects and programs must take into account the host country's technical and financial capabilities to operate and maintain them once international donors' support is gone. Failure to do so not only wastes U.S. taxpayers' funds, but undermines local-government credibility and impedes progress in reconstruction and stabilization.

Iraq faces unsustainability issues

The United States has committed more than \$60 billion to reconstruction activities in Iraq since 2003—an average of \$17 million a day.⁹ Projects range from universities to rural health clinics, and from rule-of-law programs to training Iraqi security forces.

Iraqis face a major transition after 2011, when (barring any changes in the U.S.-Iraqi arrangements) only a limited number of U.S. military advisers will remain in the country, and the U.S. Department of State will take over from the Department of Defense as the most conspicuous American presence. Iraqis will also face the challenge of paying for the operation and maintenance of many hundreds of projects and facilities launched with U.S. funding—sometimes against their wishes.

9. SIGIR Quarterly Report to the United States Congress, April 30, 2011, 3.

In June 2006, the U.S. government terminated for default a contract with Parsons Delaware, Inc. to build the Kahn Bani Sa'ad Correctional Facility in Diyala Province, Iraq, northeast of Baghdad. After awarding three additional contracts to complete the prison, the U.S. government cited security concerns and terminated all remaining work in June 2007, leaving more than \$1.2 million in materials on site.¹⁰

The United States unilaterally transferred the Kahn Bani Sa'ad Correctional Facility to the government of Iraq on August 1, 2007, even though that country's Ministry of Justice had made clear it had no intention of completing, occupying, or securing the \$40 million project, which was still unfinished and had major construction deficiencies documented by the U.S. Army Corps of Engineers.¹¹

The prison project, intended to house 3,600 inmates, remains unused and unsecured. It is perhaps the ultimate instance of unsustainability: a project that not only might be unusable or unsustainable by the host government, but one that the host government didn't even *want*.

In another example, the Iraqi government has sought American technical and financial assistance for the \$277 million, U.S.-funded Nassiriya water-treatment plant, which was built without an assured source of electric power, is frequently off-line, and produces murky water that many locals refuse to use. A Special Inspector General for Iraq Reconstruction (SIGIR) report noted, "Dissatisfaction with the quality of the water of the Nassiriya WTP is so profound that only 14 percent use it as their main source of drinking water; the remaining 86 percent either purchase water or use water from rivers and streams."¹²

Considering that the Nassiriya plant is the largest single U.S.-funded reconstruction project in Iraq, and that its goals included



Kahn Bani Sa'ad Correctional Facility, Iraq, at the time of Parsons' termination, 2006. (U.S. Army Corps of Engineers photo)



The Nassiriya water-treatment plant, Iraq, 2007. (U.S. Army Corps of Engineers photo)

10. SIGIR Audit Report PA-08-138, "Kahn Bani Sa'ad Correctional Facility, Kahn Bani Sa'ad, Iraq," July 25, 2008, i.

11. Ibid., ii.

12. SIGIR Review EV-1002, "Review of Major U.S. Government Infrastructure Projects in Iraq: Nassiriya and Ifraz Water Treatment Plants," October 28, 2010, i.

improving public health, building Iraqis' confidence in their government, and supporting U.S. counter-insurgency efforts, this outcome is a major disappointment. The decidedly mixed results rest on causes that include sustainability issues:

A SIGIR inspection cited the inability of the GOI [Government of Iraq] to provide reliable power, improve the old distribution network, remove illegal taps in the transmission line, and provide a qualified and motivated staff to attend O&M [operations and maintenance] training as the main reasons for the water system's poor overall performance.¹³

On a smaller scale, the story of a \$1 million attempt to provide a water park for the citizens of Baghdad again illustrates the threat of waste from unsustainability. In early 2008, a U.S. Army general ordered an empty lagoon to be refilled and turned into a water park using money from the Commander's Emergency Response Program (CERP). New pumps were installed and new amenities put in place. The park drew large crowds at first, but the local power supply fell off, the pumps stopped working, and required maintenance was not performed.

Park managers refused to commit to keeping the facility operational. As of early 2011, more than two years after the park's opening ceremony, "the Baghdad park is nearly waterless ... Much of the compound is in ruins, swing sets have become piles of twisted steel, and the personal watercrafts' engines have been gutted for spare parts."¹⁴

Finally, lack of host-country commitment threatens the future of the Iraqi International Academy, a \$26 million-contract project led by U.S. Forces-Iraq. The Academy, under construction on a site near Baghdad's International Zone, is intended to train Iraqi security forces and officials in English and other subjects, and to function as a "regional center of excellence" offering instruction in international relations, public administration, and related topics.¹⁵

The Academy is due to be turned over to the Government of Iraq upon completion (scheduled for September 2011), but the SIGIR has reported that the Iraqi government "has no plan to fund the operation of the [Academy]," and that an

13. Ibid., 16.

14. "Demise of Iraqi water park illustrates limitations, abuse of U.S. funding program," *The Washington Post*, January 3, 2011.

15. SIGIR letter to Commander, U.S. Central Command, SIGIR 11-009, "Iraqi Government Support for the Iraq International Academy," January 26, 2011, 1.

Iraqi Ministry of Defense official “simply assumed the United States would fund the operation ... for at least a year.”¹⁶

Providing additional examples would simply belabor a hard truth: the threat of major waste in Iraq is daunting. But circumstances in Afghanistan make the risk of emerging, enormous new waste there especially severe.

Sustainment challenges in Afghanistan are daunting

A prime example of unsustainability stands in Kabul, Afghanistan. American taxpayers’ dollars paid for building the \$300 million Tarakhil Power Plant, also known as the Kabul Power Plant. The plant is completed. But it is seldom used, and the cost to operate and maintain it is too great for the Afghan government to sustain from its own resources.

USAID, having agreed to support U.S. political and military objectives, awarded contracts to build the plant so that reliable electric power could promote economic growth and improve the quality of life in the Kabul area. The Afghan government committed in April 2007 to pay for the plant’s fuel and operating costs starting a year after its completion, but later advised that it could not afford fuel and would need assistance with operating costs.¹⁷



Kabul Power Plant, Afghanistan, 2010. (SIGAR photo)

By November 2009, however, an audit by USAID’s inspector general found:

The host government may not be able to afford to operate the Kabul power plant once it is completed. Specifically, the host government may not be able to meet its commitment to pay for diesel fuel to operate the plant because of the rising cost of diesel fuel and the government’s inability to collect revenue for the generated electricity.¹⁸

Part of the problem was that the plant was designed as dual-fueled, able to burn either diesel or heavy fuel oil. But diesel fuel is very costly in Afghanistan, while

16. Ibid., 4.

17. SIGAR Audit Report 10-6, “Contract Delays Led to Cost Overruns for the Kabul Power Plant and Sustainability Remains a Key Challenge,” January 20, 2010, 10-11; USAID IG Audit Report 5-306-10-002-P, “Audit of USAID/Afghanistan’s Power Sector Activities under its Afghanistan Infrastructure Rehabilitation Program,” November 10, 2009, 14.

18. USAID IG Report 5-306-10-002, “Audit of USAID/Afghanistan’s Power Sector Activities under its Afghanistan Infrastructure Rehabilitation Program,” November 10, 2009, 2.

using the alternative heavy fuel oil entails greater wear and tear on the generators. Further, the dual-fuel technology itself complicates maintenance.

Meanwhile, the Afghan government negotiated electricity purchases from neighboring Uzbekistan at a fraction of the cost of Tarakhil energy. The unsustainable Tarakhil Power Plant, intended as a reliable, round-the-clock facility, will instead serve as a costly peaking or back-up facility—and as a textbook case of poor planning and waste.¹⁹

A 2011 USAID contract to build a diesel-fueled power plant in Kandahar faces similar

A huge generator transported in pieces through a bitter firefight with insurgents remains unassembled and rusting, partly because the concrete needed for its foundation was never delivered.

sustainability challenges, even if it promotes geopolitical and military stabilization objectives. In addition, financing plans have not been made for the transmission-and-distribution grid that would make the plant a useful source of energy. Power-plant sustainability challenges in Afghanistan include not only the challenge of the Afghan government's ability to pay for fuel, operations, and maintenance, but the more fundamental difficulties that it faces in collecting payments from customers and finding technically competent staff.²⁰

A different USAID-funded project to upgrade the Kajaki Dam on the Helmand River is years behind schedule. A huge generator transported in pieces through a bitter firefight with insurgents remains unassembled and rusting, partly because the concrete needed for its foundation was never delivered. In addition, completing the power-plant upgrade will require modernizing the local transmission-and-distribution system. Here again is a project that will require large outlays to complete, operate, and maintain.

As a Special Inspector General for Afghanistan Reconstruction report warns:

Years of neglect cannot be overcome until the Afghanistan government has the capability to recover costs, expand its capabilities, and conduct operations and maintenance of the energy sector. Until that time, Afghanistan will continue to rely

19. SIGAR Audit Report 10-6, "Contract Delays led to Cost Overrun for the Kabul Power Plant and Sustainability remains a Key Challenge," January 20, 2010, note 5, 2. Note: As criticism of the project has grown, some U.S. officials have claimed the plant was intended only as a back-up or peaking facility. However, the Afghanistan Infrastructure and Rehabilitation Program website, which carries a copyright notice for contractors Black & Veatch and Louis Berger Group as well as a note about USAID support, contains a legacy page as of mid-July 2011 saying, "Upon completion, the 100 MW power plant will provide the people of Kabul with reliable, sustainable power"—not a characterization one would expect to be made for a peaking plant. Additionally, the SIGAR report stated at page 2, note 5, "USAID officials noted that the Kabul Power Plant will be used sparingly when cheaper sources of power are available, while potentially running 24 hours a day, seven days a week when lower cost options are not available (for example, during the winter months when water levels are low and hydro electric power is less plentiful)"—that is, it would be a base-load plant for months at a time.

20. SIGAR Audit Report 10-4, "Afghanistan Energy Supply Has Increased but An Updated Master Plan Is Needed and Delays and Sustainability Concerns Remain," January 15, 2010, 2-5.

heavily on donor funds in order to ensure that investments do not fall to waste.²¹

The Afghan security force is undermined by financial insecurity

Another formidable example of potential waste is the U.S.-funded contracting for training of, and facilities construction for, the Afghan National Security Forces (ANSF), comprising the Army, Border Police, and National Police.

Between FY 2006 and FY 2011, Congress appropriated nearly \$39 billion to set up and maintain the ANSF; the fiscal year 2012 budget request would add almost \$13 billion to that total. Nearly half of the FY 2012 request—over \$5 billion—would go toward clothing, equipping, and paying the ANSF.²²

Prospects for the Afghan government's sustaining the ANSF are dubious. The entire country's gross domestic product (GDP) for FY 2011 is about \$16 billion at the official exchange rate, and the national government's domestic revenues are about \$2 billion.²³ The Afghan Ministry of Finance budget proposal for 2011-2012 indicates that given the increased security costs from the increase in size of the ANSF, the Afghan government is expected to continue to depend on donor grants for up to 30% of its operating budget.²⁴



DynCorp trainer with Afghan National Police recruits. (U.S. Air Force photo)

The outlook for sustaining the Afghan army and national police is complicated by several factors:

- The ANSF, currently numbering about 305,000 personnel, is growing toward a newly authorized strength of 352,000, which will increase sustainment costs.

21. Ibid., 16.

22. Office of the Secretary of Defense, "DoD Budget for FY 2012: Justification for FY 2012 Overseas Contingency Operations Afghanistan Security Forces Fund (ASFF)," February 2011, 2.

23. Islamic Republic of Afghanistan, Ministry of Finance, "1390 National Budget Statement Draft" [1390 is the solar Islamic calendar equivalent of years 2011-2012 in the Gregorian calendar], February 2011, 2.

24. Ibid.

- The Commission has received a preliminary U.S. military estimate of ANSF sustainment costs for just the period 2014-2017 in the neighborhood of \$30 billion.
- The International Monetary Fund has concluded that the Afghan government will be incapable of paying ANSF costs until at least 2023.²⁵
- Donor-community support depends upon unpredictable political decisions that may be heavily influenced by severe fiscal pressure on most developed countries' budgets.

Meanwhile, Afghanistan's potential to bolster its own revenues in the near future suffers from the facts that Afghanistan:

- is one of the world's most underdeveloped countries, with a per capita gross domestic product (GDP) of about \$900, a 70 percent illiteracy rate, and an average life expectancy of 45 years;²⁶
- lacks the petroleum and natural-gas riches of Iraq; and
- is building from a dismal baseline of no effective central government, no basic public services, no developed financial system, and no consistent rule of law.



Afghan girl asking for food, Kandahar province, Afghanistan. (U.S. Army photo)

Senior U.S. officials have publicly acknowledged that Afghanistan cannot sustain its own security budget. Then-Secretary of Defense Robert Gates said in February 2011:

Let's not kid ourselves. We are the only ones paying for this in any significant way. How long can we sustain it? The Afghan ability to sustain a force would be a fraction of what they already have.²⁷

25. International Monetary Fund, *Islamic Republic of Afghanistan: Sixth Review Under the Arrangement Under the Poverty Reduction and Growth Facility, Request for Waiver of Nonobservance of a Performance Criterion, Modification and Performance Criteria, and Rephasing and Extension of the Arrangement*, Country Report No. 10/22: January 2010, 11.

26. Central Intelligence Agency, "World Factbook for Afghanistan," 2010.

27. American Forces Press Service (DoD), "Gates: U.S. Must Consider Sustainability of Afghan Forces," February 17, 2011.

In a similar vein, the Acting Special Inspector General for Afghanistan Reconstruction told the Commission, “The Government of Afghanistan has never had the financial resources to sustain ANP [Afghan National Police] salaries at either the current or projected levels.”²⁸

Besides spending billions on contracts to train, clothe, and equip the ANSF, the United States has also committed \$11.4 billion since 2005 to build bases, police stations, border outposts, and other facilities for the ANSF. In addition, the U.S. Army Corps of Engineers awarded two contracts in 2010 for ITT Corporation to provide \$800 million in operation-and-maintenance services for 663 ANSF facilities over a five-year period.

“The Government of Afghanistan has never had the financial resources to sustain ANP [Afghan National Police] salaries at either the current or projected levels.”

— SIGAR

The Afghan government has already indicated that it cannot pay such costs from its resources.²⁹ The Special Inspector General for Afghanistan Reconstruction told the Commission at its January 24, 2011, construction hearing that “the entire \$11.4 billion [in construction spending] is at risk,” and “both contracts are expected to exhaust their funding well before [the end of] their five-year performance period.”³⁰

Examples can only hint at potential unsustainability waste

Because some threats of waste through sustainability have not yet risen to detectable levels, there can be no complete tally at this time. But the variety and impact of unsustainability risks can be inferred from examples such as these:

- Funding outside of the Afghan government’s control, including 16,000 Commander’s Emergency Response Program (CERP) projects totaling \$2 billion from the U.S. military, has created thousands of projects that lack plans for sustaining them.³¹ CERP project files often lack required letters committing local officials to funding, and officials often cannot collect the taxes needed to meet their commitments.

28. Herbert Richardson, Acting Special Inspector General for Afghanistan Reconstruction (SIGAR), statement, Commission hearing, April 25, 2011, 4.

29. SIGAR Audit Report 11-6, “Inadequate Planning for ANSF Facilities Increases Risks for \$11.4 Billion Program,” January 27, 2011, 9.

30. Herbert Richardson, Acting Special Inspector General for Afghanistan Reconstruction, (SIGAR), statement, Commission hearing, April 25, 2011, 5.

31. SIGAR Audit Report 11-7, “Commander’s Emergency Response Program in Laghman Province Provided Some Benefits, but Oversight Weaknesses and Sustainment Concerns Led to Questionable Outcomes and Potential Waste,” January 27, 2011.

- Over the past five years, the State Department has spent about \$2 billion on counter-narcotics programs in Afghanistan, including support for two compounds near the Kabul airport and in Kunduz province. The U.S. objective is to transfer the compounds to the Afghan government, but State's Inspector General says the department "has not addressed how and when the Afghan Government will be able to assume control and sustain day-to-day operations."³²

Without immediate and effective attention to these and other sustainability problems, the United States faces a vast new toll of waste in Iraq and Afghanistan. Beyond the potential direct waste of U.S. taxpayers' money lie both the opportunity cost of the foregone projects that might otherwise have been completed with the funds and the political cost to U.S. interests if local nationals feel betrayal or resentment when promised improvements to their lives do not materialize.

A recent congressional staff review summarized the imperative for change after a review of Afghan projects and programs, but its advice could apply anywhere that U.S.-funded contingency projects are to be taken over by a host government: "We should follow a simple rule: *Donors should not implement projects if Afghans cannot sustain them.*"³³

The only alternatives to making effective plans for sustainment with the host government are to abandon projects in part or whole, or to continue tapping U.S. taxpayers for an indefinite future—a course that may simply postpone abandonment if budget stress and voter discontent snap the checkbook shut.

Counter-narcotics operation, Zabol province, Afghanistan, 2010. (U.S. Navy photo)



32. State IG Audit Report MERO-I-11-02, "Performance Evaluation of PAE Operations and Maintenance Support for the Bureau of International Narcotics and Law Enforcement Affairs' Counter-narcotics Compounds in Afghanistan," February 2011, 7.

33. U.S. Senate Committee on Foreign Relations, Majority Staff Report, "Evaluating U.S. Foreign Assistance to Afghanistan," June 8, 2011, 4-5.

Avoiding or mitigating such waste requires prompt and effective measures.

► **RECOMMENDATION 5**

Take actions to mitigate the threat of additional waste from unsustainability

Officials at Defense, State, and USAID should:

- examine both completed and current projects for risk of sustainment failure and take appropriate action to cancel or redesign programs and projects that have no credible prospect of being sustained;
- ensure that any new requirements and acquisition strategies for contingency contracts for projects or services to be handed over to a host nation include a detailed assessment of long-term costs and of host nations' ability and willingness to meet those costs; and
- report to Congress, by December 31, 2011, and annually thereafter, their analysis and proposed actions for mitigating sustainability risks.