



Islamic Republic Of Afghanistan
National Assembly (House of Representative)
Defense and Territory Integrity Affairs Committee



NO: 166

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To: The Commanding General; Combined Security Transition Command Afghanistan (CSTC-A)

From: **Eng. Mir Haider Afzali**
Chairman, Defense Affairs Committee, Wolesi Jirga

CC: Ministry of Finance
Ministry of Defense
Ministry of Interior

Subject: Off-Budget to On-Budget Transition of ANDSF Commodity Supply Contracts

Dear Lieutenant General Deedrick:

The Wolesi Jirga, literally translated as "The House of the People," sends heartfelt prayers and best wishes from the Afghan nation that this letter finds you, your family and your command in good health.

The Wolesi Jirga appreciates and values your contributions while serving as CSTC-A's commanding General. The Defense Commission, as well as the entire Wolesi Jirga deeply values the longstanding alliance between our two countries and is highly appreciative of the sacrifices, both in blood and treasure, the United States has contributed in establishing our nascent democracy.

We place the utmost value on the alliance between our two nations and will continue to offer our cooperation, support and assistance to you and your Command as you execute on this formidable mission. As you are assuredly aware, we do and will continue to address issues of mutual concern. This communique specifically addresses the transition timeline from Off-Budget to On-Budget contracting of high value commodity supply contracts for the ANDSF.

Parliamentary Oversight and Support of Security Ministries

The Wolesi Jirga is committed to guaranteeing the ANDSF maintains the highest levels of operational readiness as well as the ability to execute on its primary missions of ensuring Afghanistan's National Security through ongoing efforts combating insurgent, terrorist, and extremist groups. Paramount to the Wolesi Jirga's effort is proactive and aggressive oversight of GIROA's acquisition processes. Over the past year and a half, this Wolesi Jirga has consistently asserted its constitutional authority to serve as a strong check and balance to GIROA by scrutinizing the Ministry of Defense, Ministry of Interior and Ministry of Finance through numerous inquiries of ministry officials, investigations and audits.

The Defense Commission conducted the first ever on-ground audit of Afghan Army Corps throughout the country, as was previously shared with you. We focused our audit

towards "On-Budget" commodities and services related to soldier readiness. Our approach was hands on, visiting barracks, mess halls, and field hospitals, among other locations, and meeting with the rank and file, from Corps Commanders to infantrymen. We discovered that soldier readiness was impacted by insufficient food, medicine, and uniforms among other necessities. In some cases, we identified corruption, waste, fraud, and abuse as the root causes of the problem, and in several cases contract mismanagement was to blame. Following the audit, our Defense Commission worked alongside the Afghan National Army and Ministry of Defense to assist them in improving their acquisition policies and procedures for commodity supply contracts; improvements which are currently being implemented.

As the Wolesi Jirga considers the issue of transitioning high value commodity supply contracts from Off-Budget to On-Budget contracting, we remain very concerned about the impact this transition will have on ANDSF operational readiness, and the disastrous implications of donor funding generously provided by the United States Government and taxpayers being squandered by corruption or mismanagement.

Repeating Mistakes of the Past

As you are aware, SIGAR has extensively documented how the On-Budget contracting process has been fraught with corrupt and criminal activities. Three previous attempts by CSTC-A to transition fuel contracting administration to "on budget" in 2014-2017 have resulted in catastrophic failures.

As of April 2018, there have been 70 fuel investigations by SIGAR that identified at least \$154.4M of fuel theft, resulted in the arrest and conviction of dozens of ANDSF officials, diminished operational capacity for ANDSF and prompted CSTC-A to take contracting authority away from ANDSF and return it to Army Contracting Command - Afghanistan on three separate occasions.

The Wolesi Jirga possesses near-certainty that a transition from Off-Budget to On-Budget contracting will effectuate repetition of mistakes seen in the recent past. We have paid close attention to SIGAR's findings and recommendations, as a result we have established measures to prevent contract mismanagement, corruption, bribery and illegal activity, as well as the potential of limited Afghan Treasury funding and generous United States Government and taxpayer funding flowing not only to the Insurgents, but also to adversaries including Iran and Russia.

Contract Transition Criteria

In your letter to the Ministry of Finance dated 05 OCTOBER 2020, you specifically acknowledged the role of the Wolesi Jirga in approving the ministry budgets. In addition to budgetary approval, the Wolesi Jirga also has the responsibility and authority to ensure that all ministries, including the Ministries of Defense and Interior's acquisition processes are sound, transparent and structured in such a way that spending achieves desired outcomes. To that end, we have taken a proactive approach to certify the approval of ANDSF budgets will only occur when the Ministries have fully convinced and demonstrated to the Wolesi Jirga that they have the administrative capacity, capabilities and the will to deliver on objectives. We have developed a detailed set of approval criteria for ANDSF budgets supporting acquisition, we assess each component of the full acquisition lifecycle, and if we are not compelled of the ability to execute, both with precision and affect, the budgets are not approved.

Specifically, our assessment will include a rigorous deep dive into the following aspects:

- Procurement Plan Creation
 - Development of a "1 to N" wish list
 - Provide a broad description and projected cost of each unique requirement (Initial Budgeting)
 - Cull unsustainable requirements based on potentially available funding
- Requirements Development
 - Fully and accurately define the requirement
 - Develop the requirement in a manner that is supportable and executable
 - Define requirements by CORPS, Zone, Unit, etc.
 - Provide thorough, accurate and detailed:
 - Market Research
 - Domestic Sources available?
 - International Competition?
 - Costing
 - Quality Assurance Measures and Plans
 - Performance Monitoring
 - Contract Administration Plans and Policies
 - Clearly delineates requirement owner(s)
- Standard Bid Development
 - Executable bid package that can be:
 - Fulfilled
 - Supported
 - Defines the tasks/services to be performed, inclusive of:
 - When
 - Where
 - Provides clear definition of roles for:
 - Contractors
 - GIRoA
 - Defines how Contract will be administered, by whom
 - Identifies sanctions for performance deficiencies
 - Provides a well-structured, implementable and enforceable oversight mechanism and plan
 - Crystal-clear description of evaluation criteria, inclusive of:
 - Past performance
 - Financial Capability
 - Self-performance
 - Ownership of assets required to enable and sustain performance
 - Contract Implementation dates
- Bid Evaluation and Source Selection
 - Follows, exactly, evaluation criteria
 - Identifies who the evaluators will be
 - Assures competency of evaluation team
 - Assures award(s) made based on evaluation criteria
 - Validates Past performance, financial capabilities, self-performance abilities, adequate assets to support and sustain requirement(s)
- Approval of Bid Evaluation and Source Selection
 - Evaluates findings of Evaluation Team
 - Reconfirms accuracy of requirement

- Reaffirms funding availability
- Revalidates vendor capabilities
- Prepares NPC package
- NPC Processing
 - Presidential level briefing prepared.
 - Submitted for approval
 - NPC deliberations
 - Approve/Disapprove
 - If disapprove, restart Acquisition Process
- Post Award
 - Competent resources availed for contract administration
 - Contract administration plan developed, reviewed, approved/revise
 - Vendor pay mechanisms and processes established
 - Performance monitoring plan developed and implemented
 - Actions requiring corrective action/contract cure are:
 - Defined
 - Monitored
 - Implemented
 - Administered

The Wolesi Jirga understands this review process is exceedingly robust, however; National Security is clearly a matter of utmost importance. Furthermore, understanding Afghanistan's historically poor reality of co-opting criminality and corruption, such rigor is essential to success. Of equal importance, as the directly elected voice of the people of Afghanistan, we are indebted to not only our constituents, we have been tasked with fiduciary responsibility and accountability to our benefactors, especially to the generosity afforded Afghanistan by the United States Government and taxpayer. Shirking such responsibility is, simply put, untenable.

Constraints and Shortcomings

As you are aware the Security Ministries have NO FUNDS allocated in the FY 1400 Budget to administer or partially pay for high value commodity supply contracts. Moreover, the FY1400 budget carries over a provision from the FY1399 budget that imposes financial constraints on the Ministry of Finance and National Procurement Agency's ability to allocate resources and personnel towards supporting the transition of high dollar or high value commodity supply contracts from Off-Budget to On-Budget. The Parliament enacted this provision to prevent a repeat of past mistakes in the acquisition lifecycle that caused a severe detrimental impact on ANDSF troop readiness. In the FY1400 budget the Parliament will enact even stricter financial constraints to limit new funding requests from GIRA given the increase in spending required to battle the COVID-19 pandemic that is affecting millions upon millions of Afghans. COVID-19 has devastated Afghanistan's economy and healthcare system, exacerbated by the realities of a nascent healthcare system, distant population centers, remote area access issues due to road conditions and severe weather, and a rapidly deteriorating security situation.

The significant increase in violent attacks across the country at the hands of insurgents and antigovernment groups has put a tremendous strain on the brave men and women of the ANDSF.

Every day the ANDSF suffers injuries and casualties during missions to protect the freedom of the resilient people of Afghanistan. This heightened operational tempo has the ANDSF and its leadership actively engaged in pushing back the insurgency in almost all parts of the country. ANDSF leadership is also fully invested in providing much needed support to the soldiers to help achieve national security objectives. In such a turbulent time, with the dual threats of COVID-19 and a belligerent insurgency looming, asking the Ministries to divert their attention away from the battlefield and towards developing the capacity to manage the full acquisition lifecycle of a mission critical commodity like fuel, is ill-advised and puts National Security, and the ongoing Peace Process in severe jeopardy.

As Afghanistan braces for the full impact of the deadly second wave of COVID-19, we are also preparing for an escalation in adverse impacts to the timelines, effectiveness, and mere availability of a reliable supply chain. Under these circumstances the ANDSF would not be able to find a source of fuel that can deliver without delay or disruption, let alone effectively administer a contract for the fuel. We fully expect regional supply chains to be affected by strict lockdowns, shutdowns, rationing of exports and other factors that would cause any attempt by the ANDSF to administer high value commodity supply contracts to result in a failure which we all cannot afford.

Contract Transition Timeline

With absolute candor, we wish to be clear regarding our position on the issue of commodity supply contract transition timelines. The ANDSF, as well as their supporting Governmental Institutions (inclusive of, but not limited to, the Ministry of Finance, and the National Procurement Authority) have thus far not exhibited the institutional and oversight capacities to support requisite acquisition activities beyond recurring transactional based requirements (low impact, high frequency items such as office supplies, basic spare parts for non-tactical vehicles, etc.). Endeavoring to assume responsibility for and accountability of complex Operational Sustainment and Execution related acquisitions of high value commodity items is beyond the capability of already over-tasked Ministries with well-known shortages of competent, professional acquisition support functionality. Moreover, COVID-19 has put the Afghan economy in a deep recession and forced our Government to seek economic relief from the IMF. **Resultantly, the Defense Commission will not approve the transition of high value commodity supply contracts from Off-Budget to On-Budget in FY1400. With your help, Sir, we are hopeful to begin the transition process in FY1401.**

The Wolesi Jirga is eager to see the day when the ANDSF is self-sufficient, scalable, competent and sustainable. Summarily, the Wolesi Jirga will evaluate the merits of a transition from Off-Budget to On-Budget contracting for ANDSF's high value commodity supplies against the detailed evaluation criteria mentioned above. We have identified critical supporting actions where CSTC-A can directly assist. We strongly encourage you to further embrace Directed Advising Efforts that lead to Specific Outcomes, with incentives for success and sanctions for failure. Rest assured, the Wolesi Jirga will remain as a key partner and honest broker in delivering on your vision.

The Wolesi Jirga remains ready and available for further discussions and support.

Regards,

Eng. Mir Haidar Afzali
Chairman, Defense Affairs Committee

