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SHEBERGHAN GAS GENERATION ACTIVITY (SGGA)

Contract No. EPP-I-00-03-00004-00, Task Order No. AID-306-TO-12-00002

Joint Program Implementation Strategies and Procedures Manual (Deliverable 1-8)

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Acronyms and Abbreviations

AEAI	Advanced Engineering Associates International, Inc.
AGE	Afghan Gas Enterprise
ANDS	Afghan National Development Strategy
CCN	Cooperating Country National
CO	USAID Contracting Officer
COTR	USAID Contracting Officer's Technical Representative
DABS	Da Afghanistan Breshna Sherkat
EITI	Extractive Industries Transparency Initiative
FAR	USG Federal Acquisition Regulations
GIRoA	Government of Islamic Republic of Afghanistan
IPP	Independent Power Producer
ISP	Implementation Strategies and Procedures
IT	Information Technology
IU	Implementing Unit
M&E	Monitoring & Evaluation
MoF	Ministry of Finance
MoM	Ministry of Mines
MEW	Ministry of Energy and Water
O&GS	General Directorate of Oil & Gas Survey
PMU	Project Management Unit
QA/QC	Quality Assurance/Quality Control
SGDP	Sheberghan Gas Development Project
SGGA	Sheberghan Gas Generation Activity
SPMT	Sheberghan Project Management Team
SME	Subject Matter Expert
SOW	Scope of Work
STTA	Short Term Technical Assistance
SWG	Sheberghan Working Group
TA	Technical Assistance
TOR	Terms of Reference
USAID	United States Agency for International Development
USAIDAR	USAID Acquisition Regulations
USG	United States Government
WP	Work Plan

1 Executive Summary

The Sheberghan Gas Generation Activity (SGGA), supported by the Task Order No. AID-306-TO-12-00002, provides Off-budget technical assistance through Advanced Engineering Associates International, Inc. (AEAI) to serve as a technical and financial advisor to the Ministry of Mines (MoM) for the Sheberghan Gas Development Project (SGDP). That support also includes quality assurance/quality control (QA/QC) for the \$ (financial information omitted) On-budget funding to MoM for SGDP Phase I Sheberghan Gas Field Development and Phase II Construction of a Gas Processing Plant. That scope of work is intended to support the well drilling and gas processing plant construction and operations work plus related capacity building efforts to facilitate the project contracts negotiation to achieve financial closing for the construction of the gas gathering and processing facilities along with the new power plant.

This document presents the Joint Program Implementation Strategies and Procedures Manual (Deliverable 1-8) (the "ISP Manual") for the work by SGGA and MoM. The objective of this ISP Manual is to serve as the guiding document in the day-to-day implementation of the USAID Strategic Objective Grant Agreement for a Thriving Economy Led by the Private Sector (USAID Grant Agreement No. 306-05-00, "the Agreement") and the related Implementation Letter (IL) No. 1 previously issued and any related additional IL to be issued in accordance with Article 2, Section A.2., Annex 2 of the above-referenced Agreement.

SGDP functions as the implementing arrangement on behalf of the Government of the Islamic Republic of Afghanistan (GIROA) assisted by SGGA as a facilitator for the technical and operational work.

United States Agency for International Development (USAID) is the agency of the United States Government (USG) that approves the technical approaches and budget of SGDP that it funds, and as such, USAID financial management, program management, procurement policies and procedures serve as implementation guidelines and final authority for the resolution of any questions that may arise during the implementation process.

This document summarizes the framework through which the SGDP and USAID partnership will be implemented on the basis of coordinated effort on the part of the partners. It is designed to establish sound program management procedures and operational controls over the technical assistance, financial support and provision of goods and services. Such procedures and controls will reinforce mutual accountability and transparent and result-oriented management.

Implementation Methodology

SGGA will take an advisory and supporting partner approach to help the MoM successfully implement the SGDP. Through the provision of technical advisory support when needed by SGDP, the Expatriate to Afghan human capacity development process will concurrently help strengthen and improve the effectiveness of the SGDP. This program is intended to support both MoM primarily and other GIROA entities, such as Ministry of Energy and Water (MEW) and Da Afghanistan Breshna Sherkat (DABS). This is intended to enable the integrated Sheberghan gas-to-power project to be established, financed, and implemented as a long term, sustainable, commercially viable operation, and any support to GIROA will go through SGGA, unless otherwise directed by USAID.

The SGDP program supports and contributes to the achievement of the USAID/Afghanistan strategic objectives related to building the capability of GIRoA and training some citizens in the energy industry skill sets. As part of this initiative, SGGA will be the primary provider of training and instruction for the relevant government ministries and agencies to improve their human capital to re-invigorate and strengthen market-oriented natural gas development and related operations work in Afghanistan.

This SGDP program will aid in the development and effective utilization of Afghanistan's hydrocarbon reserves. The ultimate goal is to enable the SGGA to build the local capacity to develop additional gas wells to delineate and commercialize natural gas supplies for long-term operation of the 200 MW plant and other future large consumers of Sheberghan gas.

The SGDP program will increase the capacity of

- MoM with implementation of infrastructure activities necessary to identify, quantify and develop gas fields, such as testing and re-working existing wells, drilling new wells, and construction of a gas processing (sweetening) plant. This will include assistance to MoM staff in scheduling, procurement, construction, inspection, and all other related gas and electrical power development activities;
- MoM to commercialize the Afghan Gas Enterprise (AGE) or other appropriate entity's components relevant to the SGDP;
- MEW in developing policy and the regulatory foundation for private investment in the power sector, enabling MEW to become a "champion" for private investment by acting as a "single window" point of contact between private investors and GIRoA; and
- DABS in technical and commercial areas directly relevant to the 200 MW IPP, thus assuring DABS becomes a knowledgeable, commercially viable and partner to the SGDP

All components will be carried out in tandem with the SGGA, with the goal of leaving behind sustainable systems, procedures, staff and curricula -- in effect the institutionalization of the outcomes of the SGDP program.

Revision of the ISP Manual

This ISP Manual is intended be a "living" document continuing from the initial predecessor document, the Operations Manual, July 30, 2012 version. Its terms will be adapted, clarified and improved during the implementation period of the SGDP program. The document will be reviewed on a quarterly basis and revised as necessary by the Sheberghan Project Management Team (SPMT). The SPMT will be responsible for coordinating daily activities and will provide information and requested guidance to the MoM's special Monitoring, Evaluation, and Reporting Committee, donors and other stakeholders on all aspects of Sheberghan gas and related infrastructure projects.

In order to harmonize program implementation, such review and revision will take into account any changes made in the SGDP Work Plan and Monitoring & Evaluation Plan.

In a subsequent report, PMU Agreements with MoM, DABS, and MEW including Expat to Afghan Transition Plans, Deliverables, 1-10, there will be an elaboration on the roles and responsibilities of the SGGA and MoM, DABS, and MEW staff.

2 SGDP Background

The foundation of the Sheberghan Gas Development Project (SGDP) is the United States Agency for International Development's (USAID) Strategic Objective Grant Agreement for a Thriving Economy Led by the Private Sector (USAID Grant Agreement No.306-05-00, "the Agreement").

2.1 Sheberghan Gas Development Project

2.1.1 SGDP Mission Statement

The foundation of the Sheberghan Gas Development Project (SGDP) is the United States Agency for International Development's (USAID) Strategic Objective Grant Agreement for a Thriving Economy Led by the Private Sector (USAID Grant Agreement No.306-05-00, "the Agreement"). The Implementation Letter (IL) No. 1 was issued and future Implementation Letters will be issued in accordance with Article 2, Section A.2., Annex 2 of the above-referenced Agreement. Those ILs serves to record the mutual understandings and agreement of the Government of the Islamic Republic of Afghanistan ("the Grantee" or "GIROA"), and the United States Government (USG) to set forth the terms and conditions and their respective roles and responsibilities with regard to the SGDP.

The objective of SGDP is supporting the Grantee, represented principally by the MoM, to increase utilization of indigenous natural resources and support generation of electrical energy for sustained economic and social benefits, locally and at a national level. Specifically, the SGDP is to support the development of a 200 megawatt ("MW") natural gas-fired electricity generation plant in the form of an independent power producer ("IPP") in the vicinity of the city of Sheberghan in Jowzjan Province of Northern Afghanistan.

SGDP includes two distinct components to be implemented in two separate phases as follows:

Phase I: Sheberghan Gas Field Development:

This component of SGDP includes the rehabilitation of two existing gas wells and drilling of up to two additional gas wells. The objective of this component is to prove gas reserves and develop the wells for gas production.

Phase II: Construction of a Gas Processing Plant:

This component of SGDP includes the construction of a gas processing plant capable of sweetening sufficient gas from the Sheberghan wells to meet the needs of the planned 200 MW IPP which is expected to be constructed by the private sector. This includes the continuous removal of sulfur and other contaminants from the gas, a prerequisite to utilization by the IPP.

Additionally, the USG through USAID is providing off-budget technical assistance for the Sheberghan Gas Generation Activity (SGGA) to serve as a technical and financial advisor to the MoM, [MEW, and DABS] and provide quality assurance/quality control (QA/QC) for the on-budget activities.

2.1.2 Mission and Vision of the Ministry Of Mines

The Ministry of Mines (MoM) has stated the following as its Mission and Vision, which aligns with the efforts involving the Sheberghan Gas Development Project (SGDP).

"The Ministry of Mines has a mandate to deliver on the Government's vision for sustainable, market-based, economically successful minerals and hydrocarbons sectors that encourages and protects

private capital investments and enterprises as set out in the Constitution of Afghanistan and the Afghan National Development Strategy (ANDS). To achieve this, the Government is committed to establishing Afghanistan as an attractive destination for private sector investment in the exploration and development of mineral and hydrocarbon resources.

In this context, the Ministry of Mines' vision, mission and strategy are defined in the following way:

Vision: To be the leading economic ministry in the Government of Afghanistan, supporting national and local economic development and ensuring optimum revenues for Afghanistan from its mineral resources in a responsible manner.

Mission: To be an enabler of the mining sector's development and steward of all mineral, hydrocarbon and ground water resources through the implementation of international best practice policies, regulations and procedures to encourage environmentally and socially acceptable private investment."

In the implementation of the SGDP, the ISP Manual recognizes and embraces the Ministry of Mines' vision, mission and strategy.

2.2 Sheberghan Gas Generation Activity

The Sheberghan Gas Generation Activity (SGGA), supported by the Task Order No. AID-306-TO-12-00002, provides "Off-budget" technical assistance through AEAI to serve as a technical and financial advisor to the MoM for the Sheberghan Gas Development Project. That support also includes quality assurance/quality control (QA/QC) for the \$ (financial information omitted) On-budget funding for SGDP Phase I Sheberghan Gas Field Development and Phase II Construction of a Gas Processing Plant.

3 The ISP Manual

3.1 Overview

The ISP Manual describes the organization structure to implement the SGDP along with the procedures for operationalization. The MoM, AGE, MEW, DABS, and SGGA acknowledge that the most efficient and effective way of working together in a coordinated manner would be through an operating committee with the generic name of Project Management Unit (PMU) staffed by management and employee staff from their respective organizations. The MoM, AGE, MEW, DABS, and SGGA have agreed to create and operationalize a PMU for MoM/AGE, DABS and MEW. The PMU for MoM will be named the Sheberghan Project Management Team ("SPMT").

The MoM, AGE, MEW, DABS, and SGGA expect to coordinate and cooperate with the PMU or any successor body, confer regularly to facilitate monitoring and review of progress on the SGDP, timely report on potential problems or delays, and otherwise share relevant information internally and with the stakeholders, including the United States Agency for International Development ("USAID"), Overseas Private Investment Corporation ("OPIC") along with the expected power plant equity investors and operators.

The MoM, AGE, MEW, DABS, and SGGA have agreed to sign an agreement to memorialize their understandings to actively participate in and support the performance of the work required from their organizations to successfully develop, implement and operate the SGDP on a commercially viable and sustainable basis.

The ISP Manual also describes the procedures for the proper implementation of the SGDP by following the requirement set forth in the existing and future Implementation Letters between USAID and MoM.do go through These actions must be consistent with the Governing and Guiding Principles set forth below including achieving and maintaining Sustainability and reporting to the Monitoring and Evaluation Committee.

3.2 PMU Role

The proper performance of the SDGP work will require a coordinated effort with the applicable GIRoA counterparts, which is proposed to be formalized in the proposed organizations with the generic title of Project Management Unit (PMU). There will likely be three separate groups, one each for MoM, DABS, and MEW.

The MoM PMU, SPMT, has the role to manage daily operations and set priorities to meet the SGDP's goals and requires a dedicated support group during both Phases I and II. The SPMT will also provide information and requested guidance to the Ministry of Mines' special Monitoring, Evaluation, and Reporting Committee, the donors, and other stakeholders on all aspects of Sheberghan gas and related infrastructure projects. The PMUs for DABS and MEW will have similar responsibilities of providing information and requested guidance to their senior management, donors and other stakeholders. Additionally, all three PMUs should have key roles in the capacity building effort.

3.2.1 PMU's Objectives

The PMUs will have the following project objectives:

- Information gathering and dissemination: Serve as an information and data gathering clearing house for the Ministries, international donors, and financial institutions and other stakeholders for information regarding the Sheberghan gas fields and associated projects that utilize the gas;
- Stakeholder consultation and coordination: Serve as a coordination body to synchronize donor and financial institution activities related to the utilization of the Sheberghan gas fields; including identification of critical infrastructure, funding gaps, and project risks as well as coordinating an effective response;
- Capacity building and project sustainability: Integrate capacity building efforts into all facets of the PMU work; including the planned replacement of key expatriate staff by Afghan nationals over the next two years, development of internal training programs by existing expatriate staff and consultants, and targeted capacity building to facilitate the corporatization of Afghan Gas Enterprise (AGE);
- Operations and Maintenance (O&M) Sustainment: The PMU will lead the formation of the O&M entity for the assets built under the SGDP. Building upon the work of the AGE and O&GS, the MoM can form an effective gas business entity, including a competent O&M entity that can ensure sustainable operations;
- Gas Market Development: The SPMT can work with stakeholders to encourage the development of domestic residential and industrial markets to utilize the gas produced from the Sheberghan gas fields in a way that is commercially viable and sustainable; and
- Recruitment and Training: The SPMT will operate as an initial operations and maintenance recruitment and capacity building team. The PMU will support a number of different Ministries, international donors, financial institutions, and other stakeholders.

3.2.2 PMU's Overall Responsibility

The PMU's will have the following overall responsibilities:

- Track, prioritize, and coordinate all Sheberghan gas and related infrastructure activities with the Ministry of Mines (MoM), and other Government of the Islamic Republic of Afghanistan (GIROA) agencies, donors, and multilateral financial institutions regarding development, financing and implementation of the proposed projects and to assure synergy, minimize overlap and avoid gaps.
- Serve as the main conduit for all data and information associated with Sheberghan gas and related infrastructure activities.
- Assist MoM in developing similar projects and supporting policy to further develop the gas fields and related infrastructure.
- Design, develop, and integrate capacity building programs that assure project sustainability, knowledge transfer, and a skilled Afghan workforce.
- Provide technical expertise and prepare required technical documentation for such purposes as tender offers, terms of reference for field oversight, installation, and commissioning of equipment for both gas and power. Power related activities will be conducted in close consultation/ collaboration with the MEW and DABS.
- Conduct technical, financial/economic, and environmental impact assessments of gas and power related infrastructure on an as-needed basis through resident experts, when possible, or through technical assistance contracts.
- Develop short, medium, and long-term work plans for Sheberghan gas and related infrastructure.
- Provide business, legal, and regulatory support with respect to gas and power related contracts/agreements to MoM, AGE, MEW, and DABS;
- Establish a critical interface with the Ministry of Mine's special Monitoring, Evaluation, and Reporting Committee and facilitate the processing of various reports and provide active surveillance feedback to the Committee on at least a monthly basis.

The PMU diagram is shown in the following page.

Figure 1- PMUs Diagram



4 SGDP Program Governance

4.1 Governing Principles

The following key principles govern the ISP Manual:

- The ISP Manual does not constitute a contractual document under Afghan or United States law, and it is not legally binding upon the stakeholders;
- SGGA will have a supportive/facilitative role in the provision of technical assistance and the provision of goods and services, in accordance with the contract signed with USAID;
 - Based upon USAID rules, SGDP resources cannot be allocated or expended for civil servants who serve under the GIRoA organization chart or Tashkeel.
 - In implementation of the ISP Manual, SGDP embraces the spirit and intent of the USG's Afghanistan objectives with *Afghan's Leading* and *Afghan First* policies;
 - The SGGA is the implementing partner of USAID for MoM in the SGDP program. It is mandated by the Order No. AID-306-TO-12-00002 to provide to Off-budget technical assistance through AEAI to serve as a technical and financial advisor to the MoM and provide quality assurance/quality control (QA/QC) for the \$ (financial information omitted) On-budget funding for the rehabilitation of existing wells and drilling new well(s) and construction of a new gathering system and gas processing plant.

5 Strategic Planning Process Flow

5.1 Guiding Principles

With USAID's approval of the SGDP program, the related technical assistance, and the associated procurement budget for the rehabilitation of existing wells and drilling new well(s) and construction of a new gas processing plant, the work components and tasks under the SGDP will have as its guiding principles the following:

- **AFGHAN OWNERSHIP:** SGDP program must be seen as supportive of the GIRoA, not as increased foreign presence, and must work within new and existing Afghan structures.
- **SUSTAINABLE AND MARKET DRIVEN:** The SGDP must support the GIRoA's vision for sustainable, market-based, economically successful hydrocarbons sectors that encourages and protects private capital investments and enterprises as set out in the Constitution of Afghanistan and the Afghan National Development Strategy (ANDS).
- **INCLUSIVE CAPACITY DEVELOPMENT:** SGDP program should focus on institutional development of the MoM and MEW in the long term, while helping the AGE and DABS to deliver specific outcomes in the short run.
- **EFFECTIVENESS:** The SGDP program reports to both the GIRoA and USAID on the impact of its work.
- **PARTNERSHIP WITH THE SGGA:** The SGGA is the logical partner of SGDP program for the sustainable skills building initiative and the SGGA will be reporting to the USAID on the impact of SGDP work.
- **TRAINING OF AFGHANS:** The Three Year Joint Capacity Enhancement, Training, and Mentoring Program developed by SGGA and SPMT should facilitate an Expatriate to Afghan Transition Plan.

5.2 Sustainability Summary

The SPMT, a transitional MoM organization, will support the SGDP and may provide support in staffing and setup of the future gas producing entity. The Sustainability of Operations and Maintenance Plan (also required by Implementation Letter No. 1), has identified an operational staffing organization with staff to be selected by the SPMT in the short-term. In the long-term, SPMT may be used in the corporatization of Afghan Gas Enterprise or in other support roles as determined by MoM and SGGA.

The Sustainability of Operations and Maintenance Plan presented several viable alternatives on how to proceed forward in sustaining the assets and facilities developed by SGDP. The SPMT will assist MOM in selecting the most appropriate sustainment option for Afghanistan and will assist in initiating whichever entity is created, perhaps even providing seed-staff.

5.3 Monitoring & Evaluation

SGGA and SPMT will work together to finalize an appropriate Monitoring & Evaluation (M&E) plan for the SGDP work. A draft Monitoring, Evaluation and Reporting Plan has been prepared and is attached to the SGGA Performance Monitoring Plan, Deliverable 1-3.

6 Financial Management

6.1 SGDP Planning Process

The process of operationalizing the SGDP program components requires that the details of each component be translated into implementable tasks and action plans, which in turn calls for clear identification of SGDP resources – the \$ (financial information omitted) On-budget funding to MoM for SGDP Phase I. Sheberghan Gas Field Development and Phase II. Construction of a Gas Processing Plant. Supporting the On-budget work will be the USAID's Technical Assistance to Afghanistan's Ministry of Mines ("MoM"), Task Order No. AID-306-TO-12-00002. That Technical Assistance for a gas development program and a 200-MW power plant in Sheberghan, Afghanistan will be performed by the Sheberghan Gas Generation Activity ("SGGA") from 2012 through 2014.

The Technical Assistance scope of work is intended to support the well drilling and gas processing plant construction and operations work plus related capacity building efforts to facilitate the project contracts negotiation to achieve financial closing for the construction of the gas gathering and processing facilities along with the new power plant.

The scope specifically includes "Enhancing MoM capacity for planning, arranging funding (not included in [the] current project), and procuring goods and services to develop additional wells to delineate and secure natural gas supplies for long-term operation." Procurement is addressed in the following section while QA/QC for planning and arranging funding is addressed below.

6.2 SGDP Processing of Contractors' Invoices

The provision of funds from USAID to MoM for Phase I and II is being administered through periodically issued Implementation Letters (ILs) to address specified scope of work. The ILs contain conditions precedent to funding that are intended to ensure that the Grantee is prepared to administer the funds, the funds are appropriately applied to achieve the program objectives through reporting and an oversight committee, plus to certify to USAID that funds will not be used to purchase ineligible commodities, finance a restricted commodity, or be used to deal with ammonium nitrate or calcium ammonium nitrate.

As the Grantee of the funds, MoM is ultimately responsible for assuring compliance with Implementation Letter(s) requirements in the processing of the invoices from the Contractors for the drilling, gathering system, gas processing plant work and the MoM On- Site Field Representative involved in the oversight of that work. SGGA may provide validation and verification work through the SPMT upon request for MoM; otherwise MoM will process the invoices as shown in the following diagram.

The work funded by USAID will be performed according to the contracts with payments due on a milestone basis in arrears as set forth in the agreements. For the well drilling contractor, upon completion of the milestone work, the contractor will issue an invoice. The invoice will be reviewed first by the On-Site Field Representative to review the requested Milestone Payment compared with the actual work. The Professional Engineer under contract to MoM is available to assist the invoice validation. In the event that there is not a variance, then the

Milestone Payment will be approved and conveyed to the MoM Contracts Manager and the Contractor will be notified of the amount in dispute. The Contractor, the Professional Engineer supporting the MoM On-Site Field Representative will work to resolve the amount in dispute within 30 days of notice of the disputed invoice amount.

Upon receipt of a contractor's invoice requesting reimbursement that is approved by the MoM On-Site Field Representative, MoM may immediately request a transfer of funds by USAID to the Ministry of Finance Special Account No. 27461 in the amount of the Contractor's request for reimbursement. The approved form for the Request for Reimbursement Letter is Attachment 1 to Implementation Letter Number 45-03 for Sheberghan Gas Development Project. USAID will process the transfer reimbursement request within 24 business hours and remit the funds into the separate, authorized MoM/SGDP US\$ Bank Account.

The MoM Contracts Manager will compare the invoice work with the contract terms and if acceptable, forward the invoice to the MoM department or individual responsible for recording and processing. In turn, that department or person will submit the invoice to the USAID liaison at the Ministry of Finance. The invoice will then be submitted to USAID together with a written verification that the goods or services specified in the invoice were delivered and accepted by the Grantee. Thereafter, the funds will be disbursed to the drilling contractor.

In the event that at any step after the on-site review there is a dispute over the eligibility for payment of any or all invoice submitted by the Contractor, then the main dispute resolution provision is Clause 10 of Part B, Particular Conditions of Contract. USAID also may elect in addition to the above, as determined on a case-by-case basis, to require presentation by the Grantee of written verification from its contractor or supplier of payment from the Grantee.

The sequence of the conceptual steps from well drilling contractor invoice submittal, invoice review, reimbursement request and disbursement are set forth in the following Sample diagram for the well drilling contract.

7 Procurement

7.1 SGDP Procedures for Procurement

Procurement from the perspective of the Sheberghan Gas Development Project (SGDP) will be conducted through a shared process between the Ministry of Mines (MoM) and Afghanistan Reconstruction Development Service (ARDS). The Procurement Policy Unit (PPU) Circular PPU/C022/1387 dated February 28th, 2009 and signed by the Minister of Finance, established ARDS under the supervision of the Ministry of Economy to carry on “works” procurement on behalf of all ministries beyond a fixed dollar threshold, presently \$ 500,000 and “services” procurement above \$200,000. This circular, in Paragraph I (iii), states that “where the procurement estimated cost is above the mentioned thresholds, it is mandatory for entities to refer to ARDS to provide procurement facilitation and support.” Also, Paragraph I (iv) states “the ownership of the procurement process shall remain vested with the entity.” For the purposes of SGDP, the division of procurement responsibilities between the two organizations will be shared as follows:

ARDS: ARDS will complete the objective portions of procurements for SGDP. This will include development of the tender, advertising, receipt of bids, bid opening (both entities involved), preparation of contract award documents, and staffing of the contract award (both entities involved). The procedures ARDS will follow are in compliance with Afghan Law and Afghan procurement rules.

MoM: MoM will develop or concur with the technical specifications and tender document before advertising, assist in bid opening, conduct the bid evaluation, and approve the contract award using two different procurement committees for greater independence in decision making. The committees are temporary in nature and will dissolve after they complete their work of bid opening and bid evaluation since they have no other procurement authority.

SPC: The Afghan Special Procurement Commission (SPC) will review and approve proposed contracts prior to award in accordance with Afghan procedures.

USAID: The United States Agency for International Development (USAID) will review and approve proposed contracts prior to award in accordance with the Implementation Letter.

The SGDP is accountable for the goods and services after received as well as responsible for assuring the performance of services arranged under contract.

Upon the written acceptance of goods and services, SGDP will facilitate payments to the contractors/vendors as indicated in section 7.2 SGDP Processing of Contractors' Invoices.

SGDP should report periodically on all work milestones approved and be responsible for closing out of contracts where such a step is required.

At the end of the SGGA Program, all items procured during the implementation of the program will be formally handed over to the SGDP under a written and acknowledged “Agreement to Turnover of Property Procured”.

8 Special Inspector General for Afghanistan Reconstruction

The Office of the Special Inspector General for Afghanistan Reconstruction (SIGAR) is an independent agency created by the United States Congress to provide oversight on the use and potential misuse of the funds allocated for reconstruction for Afghanistan. SIGAR recently established a regional office in Kabul. SIGAR provides independent and objective oversight of US public funds for reconstruction through comprehensive audits, inspections and investigations and issues reports on the results of such activities. It actively seeks public information (that may be communicated confidentially) on how public funds are spent by USG offices and agencies in the two countries. The SGGA-SGDP program, as the recipient of such funds, is subject to SIGAR's oversight.

9 Security

The security of MoM embedded staff is the responsibility of MoM and the security of SGGA embedded staff is the responsibility of SGGA. SGGA has a security management office that has the working knowledge and technical capability to ensure that SGGA advisory staff movements in Kabul and in the regions and transport of SGGA assets and resources are accomplished in a safe and secure manner. This is carried out in cooperation with the SGGA staff that has an understanding of the security environment for a specific area. Precautionary actions, such as delays or cancellations of personnel movements, will be made on a case-by-case basis.

Every effort will be made by SGGA to keep the SGDP forewarned of decisions to curtail work and/ or movements of its embedded staff and changes in the transportation of assets and resources. In addition, reports on the security issues concerned as well as briefings will be provided to the SGDP by the SGGA security management office.

The SGGA will designate one of its officials to liaison with the MoM security staff.