

Exhibit A



*Embassy of the United States of America
Kabul, Afghanistan*

MEMORANDUM

November 3, 2010

TO: All Mission Personnel

SUBJECT: Contracting Oversight in Counterinsurgency (COIN) Strategy

Our counterinsurgency efforts in Afghanistan demand a holistic approach that brings all aspects of our national power to bear, both civilian and military. Recently General Petraeus emphasized to his commanders the need for oversight of procurement and contracting actions as part of our counterinsurgency (COIN) strategy. Our mission must fully share in that oversight as we carry out our programs and operations.

While the principle of “Afghanization” remains the key to ensure that Afghans lead, not follow, in their path to a secure and economically viable nation, it is nevertheless incumbent on all Mission leaders and staff to ensure that we are not placing money in the hands of insurgents, criminal patronage networks, corrupt powerbrokers or other malign actors that fatally undermine the legitimacy of GIROA. Contracts and grants executed without understanding the local environment, applying proper controls and providing sufficient oversight, can inadvertently fuel the insurgency and delay progress in the establishment of viable economic and civil institutions in Afghanistan. In the complex and unique environment in Afghanistan, agency and section heads have the responsibility to ensure that the contract objectives are met while simultaneously avoiding actions that abet corruption and aid the enemy.

Contracting in Afghanistan poses unique challenges not found in other parts of the world. This problem is exacerbated by geographic separation between Contracting Officers (CO)/Contracting Officer’s Representatives (COR) and the place of performance. We need to improve post award oversight, while at the same time building the capacity of local organizations and increasing the use of local procurement. Agency leads should recognize that a degree of prudent risk must be accepted. Solutions should leverage existing markets with the understanding that doing so may stretch Afghan capacity. Therefore, Contracting professionals must use due diligence to assist our Afghan business partners to develop their skills and capacity, and to identify and develop alternative suppliers to break up supply monopolies. Contractual remedies should be applied to influence behavior after the award, which may include termination in some cases.

Agency and Section Heads should have a comprehensive understanding of contracting efforts and their effects. Transparency in sub-contracting is key to our efforts. Ever increasing layers of sub-contracts are a significant barrier to oversight of the final product and the transparent flow of funds. Overpaying often leads to an excessive numbers of sub-contractors, provides opportunities for corruption and results in the purchase of substandard goods and services. Civilian agencies must coordinate, communicate and share information, not only with DoD, but within the civilian interagency. It is critical that our contracts support our mutual campaign plan and that policy and procedures are shared. As in any contracting environment, we must ensure that we get what we paid for and that quality standards are met. We must also hold program

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management responsible and accountable for the performance of prime contractors and their subcontractors in order to ensure on-time, quality delivery of goods or services and the elimination of corruption. Recognition should be given to those COs/CORs who decline to award or delay the award of a contract because it is not possible to determine where the money would go, or because adequate oversight (including performance audits) is not possible.

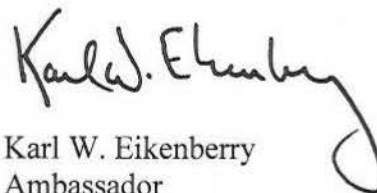
International military forces and development agencies are significant players in the Afghan economy. Our influence will be more positive to the extent that we actively partner with Afghans and Afghan companies to create jobs. Hiring Afghans, buying Afghan products, and building Afghan capacity is a central component of COIN contracting in this country. Properly executed and administered procurement actions reinforce the COIN strategy, and contribute to a solid economic foundation. Our guiding principles are:

- 1. Afghan Leadership and Ownership:** Ensure that procurement responds to the needs of Afghans and is accountable to the Afghans it is meant to support.
- 2. Afghan Participation:** Promote the Afghan private sector in their management and delivery of goods, services and construction while fostering entrepreneurship.
- 3. Afghan Capacity Development:** Assist in developing Afghan labor force's skills and capabilities.
- 4. Afghan Sustainability:** Focus on business opportunities via local procurement thereby reducing support for the insurgency, making foreign assistance more effective, and ultimately reducing Afghan dependence on development assistance.

Part of strengthening the capacity of the Afghan Government is taking concrete steps that preclude activities that fatally risk undermining it. Contracting dollars spent in-country can have a positive effect on the Afghan economy and the Afghan people, but only when money is spent carefully, purposefully and with adequate oversight. In Afghanistan, the measure of success in contracting is not the amount of money spent or the number of projects initiated. Success must be measured by the extent to which our contracting dollars support our overall counterinsurgency and development strategies.

In short, we must do things differently. We must understand and act on the knowledge that where our money goes is as important – possibly more important – than the product or service delivered. To put it simply: We are who we fund.

Respectfully,



Karl W. Eikenberry
Ambassador