



## Afghanistan Engineer District North



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### **AED-N Partners With Afghanistan Investment Support Agency to Boost Afghan Economy**

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KABUL, Afghanistan -- Representatives from the U.S. Army Corps of Engineers' Afghanistan Engineer District-North in Kabul helped explain to Afghan contractors how to do business with the Corps at an Afghan business development conference.

Sponsored by the Afghanistan Investment Support Agency, Corps officials gave presentations on everything from how to provide security at job sites to filling out standard U.S. Army Corps of Engineers contracting forms.

"We wanted an Afghan company or agency connected with (local businesses) to advertise our projects," said Mike Weaver, AED-North Deputy for Afghan Small Business Development. "AISA issues business certificates and they've got more than 3000 businesses registered with their agency. (The district) will do well in excess of three billion dollars worth of projects this year. There's a lot of money going into the country and we want that money to stay in the country."

According to its website, AISA's sole purpose in Afghanistan is to "seek investment for the country." Since USACE Contracting is the business end of the Corps, Weaver said it was only natural to have a partner that was in tune with that.



"They're very influential people and they hold regular meetings between the ministers and other Afghanistan government officials."

The conference keynote speaker, AED-North Commander COL Michael McCormick, praised AISA as a pro-active organization that is attracting investors to unique opportunities in Afghanistan and highlighting the country's exportable products. At the 29<sup>th</sup> annual India International Trade Fair in New Delhi in November, McCormick noted the Afghan Pavilion featured a variety of Afghan products – carpets, saffron, dried and fresh fruit and other goods. The Afghan entry won First Place and a Gold Medal Award, outdoing the other 28 participating countries.



McCormick told the crowd that the Corps of Engineers expects to award about 300 large construction and service contracts in Afghanistan in 2010, six or seven times the number of contracts it awarded in 2009. "We expect the majority of those contracts will be awarded to Afghan companies. Of the 300 contracts we expect to award this year, about 140 will be for projects valued at 1 million to 5 million dollars each. The remaining 160 contracts will be for projects in excess of 5 million dollars."

McCormick explained an important change to AED-North's processes and procedures that's taking place this year. The "One Contract, One Project" methodology will reduce the number of projects that can be awarded by a single contract.

"We learned that was not helpful to Afghan general contractors. Too often, contractors were unable to deliver all of the projects on their contracts and we overburdened them. We were in error and we're not going to make that mistake again," said McCormick. "This year, each

project will have its own contract. This approach will offer many benefits. The most important is that it will allow you to focus all of your attention on a single project, so that you're more successful."

In addition, McCormick said AED-North will disperse work as much as possible to local construction companies that are located close to the projects that need to be built. With this approach, he explained, people in each village will feel more association with the projects. "We encourage you to hire local villagers for construction and security jobs, and to buy supplies from other local companies."

McCormick said the scope of work scheduled to be awarded this fiscal year includes construction of Afghanistan National Police stations, Afghanistan National Army bases, roads and more. In just the northern and eastern areas of Afghanistan, he said the Corps expects to award more than 2.2 billion dollars worth of contracts in 2010.

Weaver reiterated that the Corps of Engineers is committed to providing as much of an economic boost to Afghanistan's economy as possible. The "Afghan First" initiative, he said, is designed to keep contracting legitimate, and will help promote economic stability and security in Afghanistan.





“What we’ve seen in the past is the prime contractor would get the money and take a percentage of 10 or 20 percent off of the top,” he explained. “They would then sell the contract to someone else instead of taking an active part in management or building. There was only 80 percent of the money left. If you divide that amongst the subcontractors that are doing the work then that means less money is available for the workers at the bottom. That’s not helping the economy.

“Afghan First is directed at keeping money in country, and COL McCormick wants to make sure that the prime contractors know that they’re going to have some responsibility in that contract. It can be management, it can be building processes, but it has to be 25% of what’s going on with that contract.”

Overall, Weaver said organizations like AISIA are key to helping the Afghan people help themselves. The push is on to streamline contracting rules and regulations to help Afghanistan become a more stable country both economically and politically.

“The quicker these companies bring in educated people and the more experience they’ve got working on projects that we offer, the quicker they’re going to be able to take hold and take over from us when we leave Afghanistan.”