

CHALLENGES OF PUBLIC PROCUREMENT IN AFGHANISTAN:
A CASE STUDY OF FINANCE AND ADMINISTRATIVE
DIRECTORATE IN KUNAR

By

Ziauddin
ID: 19372012

A thesis submitted to the Department of BRAC Institute of Governance and Development
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Declaration

I sincerely and honestly hereby declare that the thesis entitled “Challenges of public procurement in Afghanistan: A case study of Finance and administrative directorate in Kunar” submitted to the BRAC Institute of Governance and Development, BRAC University for the degree of Masters in Governance and Development is totally my own and original work. This work or any part of this thesis has not previously been published or submitted to any other University or Institute for any degree/diploma or for other similar purposes of assessment. Taking out terminologies and references are cited in the work, I confirm that the intellectual content of this work is the result of my own efforts.

February, 2020

Ziauddin

Batch-10, Spring 2020

Student ID: 19372012

BRAC Institute of Governance and Development

BRAC University

Approval

The thesis titled “Challenges of public procurement in Afghanistan: A case study of Finance and administrative directorate in Kunar” submitted by **Ziauddin** ID: 19372012 of Spring 2020 has been accepted as satisfactory in partial fulfillment of the requirement for the degree of Master of Arts in Governance and Development.

Supervisor:

Professor Dr. Nasiruddin Ahmed
Senior Professor, BIGD
BRAC University

Ethics Statement

For being a respected person in the society, you need to respect others. My priority is respect to all those who are around me especially my parents, teachers and friends. I promised that I will be honest and truthful in my whole life. I will never go for dishonest, copying, unlawful things or something which can cause of hurting someone and stand against those who are doing illegal things and tried to break the laws and rules.

I will never lose the opportunity which can help me to improve my knowledge and skills. I will keep on my struggles for getting knowledge and experiences everywhere and every time. Time management can help you to be a successful person and I will try to handle my time more efficiently, because it can make me perfect in my life and through time management I can achieve me desired goals.

Finally, all the above mentioned characters are very important for a perfect student. As a result I can say; through my ethics, others can recognize me and my activities and I believe that all the above characters can guide me to a right direction in my whole life.

Abstract

The importance of public procurement has accepted all over the world. Public Procurement is the procedure of gaining goods, services and works for the public organization. The GoA has made significant reforms in public procurement. It was expected that the imposition of 2005 procurement law would help to overcome the challenges of public procurement in Afghanistan. However, still public procurement processes are faced with number of challenges.

Through this study the researcher has tried to find out the major challenges of public procurement in Kunar, Afghanistan. The research was conducted through a descriptive survey research design. The study concerned fifty one (51) public organizations in Kunar. Related literature review about the study was reviewed based on the national and international researches and scientific papers about public procurement. Data was collected through the usage of survey questionnaires, KIIs and FDGs. The collected data were analyzed by descriptive statistics and percentages. From the research findings the major challenges were; Lack of e-procurement system, Complexity of procurement documents, Corruption in finance departments and low accountability and transparency in the procurement processes, Insufficient fund, Interference of senior officials in procurement processes, Unapropriate record keeping system for public procurement documents and Lack of security. The final recommendation was for further research to be undertaken on the relevant areas.

Keywords: Public Procurement, Challenges, Transparency, Interference, procedures and Kunar, Afghansitan.

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List of Acronyms

NPA	National Procurement Authority
GoA	Government of Afghanistan
UNDP	United Nations Development Program
GDP	Gross Domestic Product
NPC	National Procurement Commission
ARDS	Afghanistan Reconstruction & Development Services
PPU	Procurement Policy Unit
CMO	Contract Management Office
SPC	Special Procurement Commission
OECD	Organization for Economic Co-operation & Development
GPA	Government Procurement Agreement
WTO	World Trade Organization
PGO	Provincial governor office
NPI	National Procurement Institute
MoF	Ministry of Finance
RFB	Request for Bid
RFP	Request for Proposal
RFQ	Request for Quotation
SPDs	Standard Procurement Documents
STDs	Standard Tender Documents
KII	Key Informant Interview
FGDs	Focus Group Discussions
UNCITRAL	United Nations Commission on International Trade Arbitration Law
CKP	Charles Kendall Partners
CA	Crown Agents

Glossary

Bid:	The proposal or quotation presented by a bidder in response to bidding documents, request for proposal, or request for quotation and will include quantity and quality, specifications, unit price, total price and other required conditions of procurement (Procurement law, 2005).
Bidding Documents:	The documents describing the eligibility conditions of bidders, the conditions and standards of evaluation, quantity, quality, and specifications of the goods, non-consultative services, work to be procured, and the method of submitting a bid put to the disposal of bidders by entities (Ibid).
Bidder:	A natural or legal entity who, either he or his legal representative participates in procurement proceedings for submitting an offer as per the provisions of this law and conditions set forth in the bidding documents (Ibid).
Responsive Bid:	A bid that after evaluation meets the technical and qualitative standards and the requirements set forth in the bidding documents (Ibid).
Tendering:	Any formal and competitive procurement procedure through which bids are requested, received and evaluated and as a consequence of which a contract award is made to the successful bidder identified (Ibid).
Open Tendering:	The procurement method in which any bidder may submit a bid concerning the procurement of his/her interest, in compliance with the specifications set forth in the bidding documents, to the relevant entity (Ibid).
Restricted Tendering:	The procurement method in which a limited number of bidders are invited to bid for specific procurement, in accordance with provisions of this Law (Ibid).
Contract:	The written agreement made between an entity and successful bidder, according to the provisions of this law, and will include the specifications and requirements set forth in the bidding documents, as well as obligations of both parties and is effective within the duration of contract (Ibid).
Contractor:	A successful bidder who signs the procurement contract with the respective Entity (Ibid).
Procurement Office:	An Office in-charge of managing all procurement of the respective entity in accordance with the provisions of this law (Ibid).
Entity	Ministries, General Directorates, independent state commissions, municipalities, state-owned enterprises, and their secondary budgetary units, other budgetary units or state-owned companies and private-state owned companies (Ibid).

Chapter 1

Introduction

This is the first chapter of the study which contains introductory background to the whole study and develops it. It has presented in the following subsections; Context and background of the study, problem statement, research objectives, research questions, propose of the study, scope of the study, contribution of the study and format of the study.

1.1 Context and Background of the Study

Generally, Efficient, transparent and accountable procurement system has the fundamental role in service delivery and it shows the performance of governmental organization especially responsible departments. The main duty of government is to provide goods and services to the citizen through public contracts and satisfied the citizens by their services (Uyarra & Flanagan, 2009). Definitely, public procurement contains the process through government can provide goods and services to the society (Roodhooft & Abbeele, 2006). Public sector involves all the governmental departments and public institutions, which responsible for providing services; such as transportation, telecommunication systems health services and etc. Normally these institutions have responsibilities to provide services and goods through public procurement system (Uyarra & Flanagan, 2009).

Currently, procurement plays very important role in human society's for the development at both national and international levels. In addition, public procurement system leads to economic and socio-political stability in a country. Public procurement is the process through governmental agencies like; ministries, independent directorates and departments can get goods and services. Goods are consisting of gasoline, furniture, construction and stationery, in addition services are involves; health services, telecommunication services, education and other infrastructural services for the people, and provide opportunities for business

improvement and helps with citizens for their bright future. (Dzuke & Naude, as cited in Roodhooft & Abbeele, 2006).

According to Dobler, Burt & Starling, (2003) public procurement established transparency, accountability, decrease extra expenses and protects public funds. Public procurement utilizes public fund more effectively, supply better services for the citizens through competitive manner (Monczka et al, 2008). Public procurement has vital role in governmental administration and it can measure by delivering services with the quality and time (UNDP, 2006).

Each country has their own officially acceptable framework and which are different from each others. Basically, they affected the implementation and result of public procurement process and services. In case of Afghanistan, public procurement process is control by National Procurement Authority (NPA). The Government of Islamic Republic of Afghanistan noticed that public procurement has the key role in the improvement of a country (NPA, 2017). A survey shows that nearly 50 percent of National budget and 33.84 percent of Gross Domestic Products (GDP) used up through public procurement, thus the government wants to make significant procurement reforms to provide better and timely services to the society, and also try to create a useful, successful and transparent procurement system, for controlling public expenditures, and reduce the corruption (Ibid). It's mentionable that the public procurement process of each country is organized by procurement law and producers.

In 2014, with accordance a specific decree (No. 16) of His Excellency president of Islamic republic of Afghanistan Dr. Mohammad Ashraf Ghani established the NPA (National Procurement Authority) under the supervision of president administrative office (NPA, 2017). After that , based on various number decrees of Islamic republic of Afghanistan different commissions established such as; SPC (Special Procurement Commission), NPC

(National Procurement Commission), CMO (Contract Management Office), ARDS (Afghanistan Reconstruction & Development Services), and PPU (Procurement Policy Unit) which works together under the guidance and supervision of National Procurement Authority (NPA) (Ibid).the main function of NPA is to control and supervise the processes of public procurement within the entire ministries, public institutions and local governance based on procurement law and procedure (Procurement law, 2005).

Such commissions have their own duties and responsibilities but here the researcher wants to mention the main responsibilities of the NPC (National Procurement Commission) through the article 54th of procurement law consist in; evaluation and approval of all those contracts which are beyond the award authority, collecting information from all the award authorities of procurement organizations about the contracts and its implementation , nominating the NPC (National Procurement Commission) members by the chairman of NPC, evaluate planned projects and procurement issues for endorsement, Deciding whether to approve, cancel or return the contracts and Sometimes the NPC takes appropriate decisions, depending on the country's situation and national interests (Procurement law, 2005).

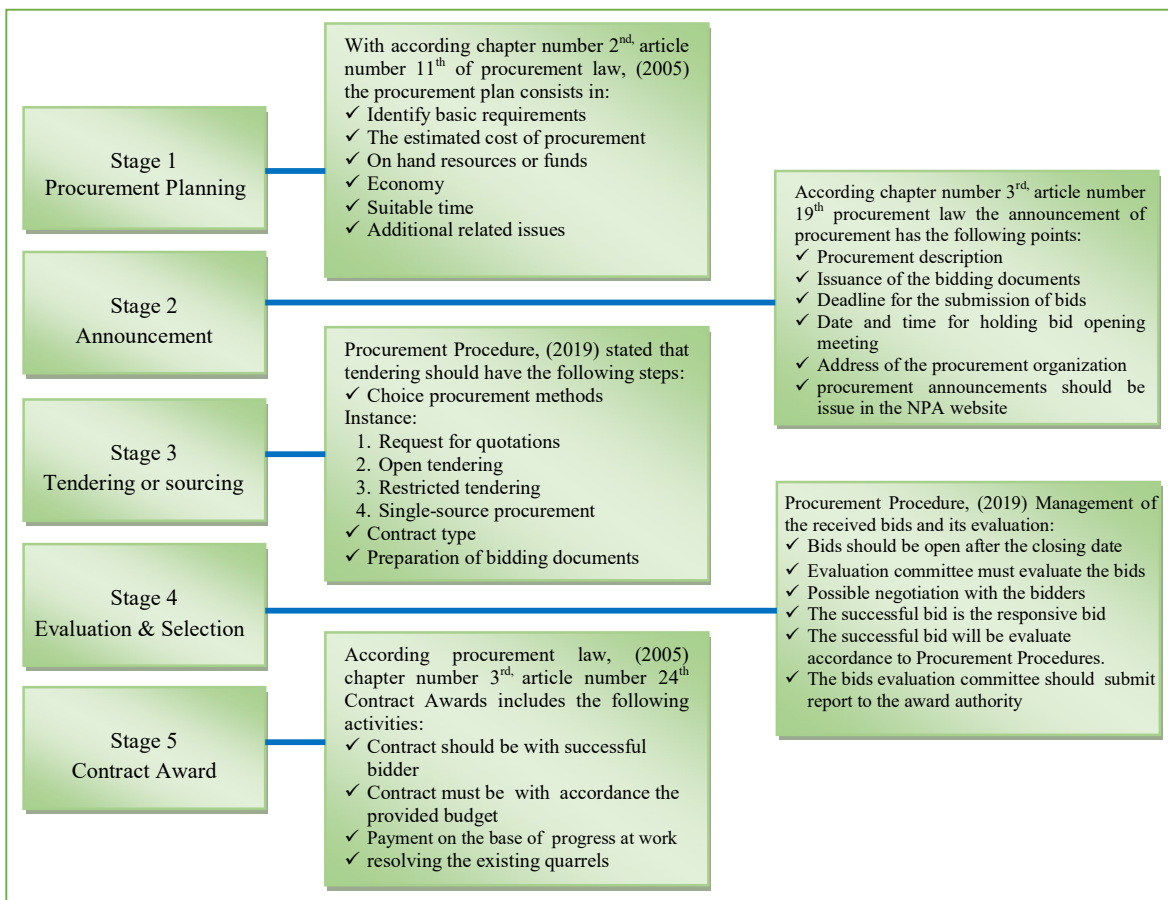
Finally, the most important point of the study is to present a general overview of the public procurement process in Afghanistan and identify procurement challenges in the public sector, especially in procurement departments. In addition, the study seeks to offer appropriate solutions to all exiting challenges that are important to the development of the public procurement system in Afghanistan.

As mentioned at the beginning, that procurement is the gaining of goods, works and services from an outdoor resource. It is a favorable way that the citizens acquire the goods, works and services through procurement to meet their needs by low cost with high quality within short period of time. Normally, all the procurement process is lead by a set of standard rules,

regulations, and policies which helped that how the procurement institutions can structure their procurement actions (Dzuke & Naude as cited in Azeem, 2007).

In Afghanistan, the procurement law sums up all the procurement rules and regulations which are completely explained in the procurement procedure (NPA, 2017). The public procurement procedure was passed and issued with accordance to the provisions of the articles 55, 57.1.3 and 68 of procurement law and presidential decree number 3582 dated 19.03.2018 of Islamic republic of Afghanistan (Procurement procedure, 2019). The procedure of procurement is used in different governmental organizations with accordance to the procurement cycles and other bureaucratic requirements.

Figure 1 Stages of the public procurement processes in Afghanistan



Source: Adapted from the procurement law 2005 and procurement procedure 2019

1.2 Problem Statement

Procurement is the gaining of goods, services, and works. The related services must provide through responsible bodies with accordance to the procurement law by using public funds (Procurement law, 2005). For providing various essential services such as; telecommunication services, education, infrastructure and health services, government need to acquire goods and services from market. So in this case procurement organizations can decide to supply a publicly funded wellbeing services through own production or contract with a private supplier (Strömbäck, 2015).

Most recently, the government of Afghanistan has been made a number of efforts to establish an efficient, responsible, transparent, economy, accountable procurement system, provide equal opportunities for all prospective suppliers of goods, works and services to participate in a competitive way in public procurement processes, also tried to avoid corruption, cheating and other kind of illegal actions in public procurement system, (Procurement Procedure, 2019). On the other hand the main aim is to buoy up the global standard procurement system, satisfied the supporters and fulfill the requirements of third world countries. In order, the government of Afghanistan passed the procurement law in 2005. The law requires from all public entities to be obliged to carry out their procurement duties.

However, In spite of it seems that public institutions in Afghanistan are faced with serious barriers in the performance of their procurement duties. It is assumed some extent such as; the problems, interference of senior officials, complexity usage of NPI standard forms, lack of e-procurement system, Inappropriate records keeping, insufficient financial support,

sluggish and complicated procurement process, non-registration of wholesalers with NPA, and limited capacity of public procurement officials in the field of public procurement.

1.3 Research Objectives

1. To access the existing situation of public procurement in Afghanistan.
2. To find out the challenges of public procurement in Afghanistan.
3. To identify practical solutions to those challenges identified by the study.

1.4 The Research Questions

1. How does the public procurement system operate in Afghanistan?
2. What are the key challenges in the public procurement process that negatively affect services in Afghanistan?
3. How can these challenges be overcome?

1.5 Propose of the Study

The main aim of this research is to investigate and find out the existing serious challenges faced by public procurement in Afghanistan.

1.6 Scope of the Study

The study was conducted in Kunar, one of the remote provinces of Afghanistan. Kunar province is situated in the northeast of Afghanistan. It has boundaries with Nangrahar province, Nuristan province, Laghman province and also has a boundary with Pakistan. The total area of the Kunar province is 4925 km². Almost (86%) of the province is mountainous or semi mountainous land. Kunar province has 15 districts. Asadabad city is the capital of the province. The total population of Kunar province is 490,690. Approximately 96% of the

population of Kunar province lives in rural areas and 4% lives in urban areas (Demographic & Statistic Directorate, 2019).

Figure 2 Afghanistan map with of the study area



Source: geology.com 2009

Mostly, the primary data for the study was collected from the different organizations of Afghanistan such as; National Procurement Authority (NPA), Ministry of Finance, Ministry for economics, Directorate of Finance and administration, Directorate of Human resource, Directorate of governor office, Directorate of Technical and Sectoral Services, University of Syed Jamaluddin Afghani and Directorate of Labor and Social Affairs.

With regards to secondary data, review made from international and national journals, articles and particularly from the records which provided by the National Procurement Authority (NPA), as well as the NPA website (www.npa.gov.af).

1.7 Format of the Study

This research is containing five chapters. In chapter one, discussed the background and context of the study. It includes Introduction, problem statement, objectives of the study, research questions, Propose of the study, Contribution of the study, Scope of the study, Limitations of the study and format of the study. Chapter two consists of literature review. It includes Introduction, Importance of literature review, Definition and meaning of Procurement, Public procurement scenario of developing countries, Public procurement legal framework in Afghanistan, Afghanistan public procurement system's reform, similarities & differences between public & private sector procurement and Research gaps. The methods of the study is outline and discuss in chapter three as well as the study design, population and sample size, sampling technique, questionnaire development, data collection, data analysis and limitations. Chapter four analysis and present the quantitative and qualitative data analysis, primary data analysis and as well as discussion, while chapter five comes with conclusion and recommendations and suggestions for future research.

Chapter 2

Literature review

2.1 Introduction

The previous chapter dealt with the introductory background to the study which was adopted for the study. It presented the different areas such as; problem statement, research objectives, research questions, propose of the study, scope of the study, contribution of the study and format of the study. This chapter develops Literature review. It has been presented in the following subsections; Importance of literature review, Definition and Meaning of Procurement, Public Procurement Scenario of Developing Countries, Public Procurement Legal Framework in Afghanistan, Afghanistan Public Procurement System's Reform, Similarities & Differences between Public & Private Sector Procurement and Research Gaps.

2.2 Importance of Literature Review

Before conducting a research, it is quite important for researcher to take a look to the research area, For instance how many researches have been done in the relevant area and what are the key findings and recommendations of those studies. Definitely, it can help the researcher during conducting his/her research. Thus, the main aim of the research form observing literatures review are: informative purpose, as the researcher want to have information about the relevant field, to specify the research areas and help to finding out, in which parts researches have done and what are the missing parts from these researches and what will be the target for researcher to cover in his/her study. Therefore the researcher reviewed some global and domestic articles, reports and books which issued by different research institutions. The researcher has been used two kinds of sources to collect data for the study: the first one is internet and the second one is libraries to identify relevant literature. Then the researcher narrowed down the collected data by using their own words. Although reading the

articles, the researcher tried to identify three mechanisms; theoretical foundation, the empirical area and the methodological approach.

2.3 Definition and Meaning of Procurement

Procurement is the acquisition of goods, services and works by responsible entities through using public funds with accordance procurement law. (Procurement law, 2005, p. 2)

Procurement is the process of gaining goods, services and works from an outdoor resource which is normally carried out through tendering process (Avotri, 2012). In other words, procurement is viewed as the process through an organization acquires goods, services and works (Ibid). In the above mentioned definition there are two key concepts the first one is *process* and the second one is *acquire* which are elaborated below;

Process is the systematic and rational steps therefore each and every organization need to follow all these steps for acquisition of equipments. Avotri, (2012) stated public procurement stages something like; planning, estimation of needs, specifying of needs, advertisement of procurement, contractor selection for procurement, awarding contract, contract management, finally, evaluations and auditing.

Handfield, (2011) wrote *process* should be contained:

- ✓ Recognizing opportunities.
- ✓ Classify business necessities.
- ✓ Explore business, supply cycle and suppliers to create opportunities.
- ✓ Make a strategic plan.
- ✓ Apply the plan by negotiating value-added contracts.
- ✓ Creates ongoing supplier management and continuous development in delivery of services.

Additionally, for efficient and effectiveness ensuring of the process should be the attempt of procurement stakeholders within an organization (Ibid).

Acquire, the acquisition part in the above mentioned definition have numerous meanings. Thus the organizations gain goods, works and services through various ways. These are containing; acquiring goods or services, getting hold some things, contract and lease. Very shortly, all those things which are ask by contractor to provide like; goods, works and services for an organization.

2.4 Public Procurement Scenario of Developing Countries

Kashap (2004) stated that public procurement is purchasing of goods, works and services by central or local government to provide modern and high quality office equipments and services. A successful and well-performance of public procurement system is requirement for effective public procurement, reduce corruption and increase the value of money, founding transparency, accountability and competition during procurement processes (Osei-Owusu & Gyapong, 2013). This is the fact which has been known through supporter organization, they are urging on reforming of procurement process. It is not amazing that all developing or least developed countries are based on foreign aids and these grants are sometimes necessary for stability, with some competitive advantages in procurement reform and loans or donations by an external force-backed organization in the context of the situation. Shortly, most of them can be the case of reform (Witting & Jeng, 2004). The countries which have been recognized as a new regime of procurement under the supervision of World Bank are consisting in; Afghanistan, Bangladesh, Ghana, Peru, Rwanda, Sierra Leon, Tanzania and Uganda (Oppong, 2013).

Kashap, (2004) contributed that still a number of countries and financial firms are trying to protect public procurement in their highest legal appliance such as constitutions. “South

Africa is one of them who provided for special attention through section 217 of post-apartheid Constitution in 1995” (Ibid).

Inadequate documentation and inappropriate record keeping, irreverence of public procurement law and regulations, lack of skillful staff, lack of professional evaluation teams and poor supply of resources are the major challenges for efficient and successful public procurement inspection in Ghana (Etse & Asenso-Boakye, 2014).

Procurement can manage overall success though radically, effectively and rapidly with a single response. In fact all developing countries are faced in generally with poor management problems, sub-standard qualified and institutional abilities, lack of state institutions and politics to evaluate procurement issues and penalize the transgressors appropriately, Legal audit and public audit foundation resource limitations (OECD, 2008). It is like a universal fact and accepted everywhere that in administration procurement is the main resource of corruption. Thus the requirement of strict guideline plus power over public procurement activities can’t be over emphasize.

Gradually, public procurement becomes a political issue among the developing and developed countries. It can be case of the Government Procurement Agreement (GPA) which was signed in 1979 and it was extended ten times during the Uruguay Round negotiations and eventually the process resulted in the creation of a World Trade Organization (WTO) (Kashap, 2004).

2.5 Public Procurement Legal Framework in Afghanistan

The delivery of goods, works and services through respected ministries and all dependent and independent directorates are based on the public fund, which is normally run by the procurement law, rules and corresponding regulations which organized through the particular division of the NPA. The legal framework of Afghan public procurement has four legal

components such as: Constitution, procurement law, the procedure of procurement and also circulars (NPA, 2017). In 2005 the previous version of procurement law has been revised with accordance UNICTRAL model law. Similar to other developing countries, the correction of the procurement law was done with help of a foreign group. In term of Afghanistan, during the revision of procurement law it was CKP (Charles Kendall Partners). Which helped and took responsibilities of drafting and updating the Procurement Law, the sponsor of the project was WB (World Bank) (World Bank, 2009).

Note: It is also mentionable that the previous version of procurement law was also revised by the assistance of the CA (Crown Agents) and that time also the sponsor was (World Bank).

Procurement law delivered for a sound, transparent and sustains procurement system which should be hold internationally accepted standards the content which is approved by Donors especially World Bank (Procurement Law, 2005).

The main purposes of procurement law are; to ensure transparency in the procurement presses, to have effective control of financial affairs and public expenditures, ensuring economy in the procurement of goods, works and services and providing tendering opportunities for participation to all qualified bidders in procurement process (Procurement law, 2005, p. 1).

Procurement law delivered, to allow all eligible and qualified bidders to take part in public procurement process. Procurement law has eight (8) chapters and these entire chapters consist in sixty eight (68) articles. Chapter number three (3) is focusing on procurement process and its implementation, and as well as introduces procurement methods through the public organization can acquire goods, works and services, these methods are:

National open tendering, which is indeed the main way to bid, International open tendering, national restricted tendering, International restricted tendering, National Single Source

Procurement, international single source procurement request for quotation, National and International request for proposals for consultancy services. Every one of the mentioned methods has their own conditions to be held. The estimated costs of public procurement are shown in the below given table;

Table 1 Public procurement methods in Afghanistan

S.No	Estimated cost of public procurement	Procurement Method
1	Less than 5,000 Afg	Single Source Procurement
2	From 5,000 to 500,000 Afg	Request for quotation
3	More than 500,000 Afg	Open tendering/Restricted tendering

Source: Adapted from the procurement procedure 2019

The distributed bids must be submit from twenty one (21) to ninety (90) formal days mean working days. Without late bids all bids are acceptable and will be open in the opening bid, with accordance bidding documents in the existence of bidders or their legal representatives.

Chapter number five (5) focus on Principles of transparency, accountability, contract award, failed Bidders, Records of procurement process, responsibility of procurement employers, contractors and bidders, bidders ineligibility and Co-operation with authorities.

2.6 Afghanistan Public Procurement System’s Reform

Noori, (2017) stated that in 2014’s after a conflicted presidential election, Dr. Muhammad Ashraf Ghani becomes the president of Afghanistan and Dr. Abdullah Abdullah becomes the executive director of Afghanistan, along with other goals president Ghani proposes the priority of combating corruption over the reform of procurement system. Under the supervision of president, the administrative office of the president started straggles to establish a central procurement directorate; as a result, the organization was renamed the National Procurement Authority (NPA).

Based on different number and date decrees of Islamic republic of Afghanistan established particular commissions for instance; SPC (Special Procurement Commission), NPC (National Procurement Commission), CMO (Contract Management Office), ARDS (Afghanistan Reconstruction & Development Services), and PPU (Procurement Policy Unit) which are working together under the supervision of national procurement authority (NPA) (NPA, 2017). The contract approve commission chaired by President Ghani counting as members, Chief Executive Officer of the Unity Government, Ministers of Finance, Justice and Economy was re-established to review and approve all high value contracts for 64 procuring entities in the country, the commission is called National Procurement Commission (NPC) (Noori, 2017). The main responsibilities of the NPC (National Procurement Commission) through the article 54th of procurement law consist in; evaluation and approval of all those contracts which are beyond the award authority, collecting information from all the award authorities of procurement organizations about the contracts and its implementation , nominating the NPC (National Procurement Commission) members by the chairman of NPC, evaluate planned projects and procurement issues for endorsement, Deciding whether to approve, cancel or return the contracts and Sometimes the NPC takes appropriate decisions, depending on the country's situation and national interests (Procurement law, 2005).

Table 2 National Procurement Commission Members

S.No	NPC Members	Position
1	President	Head and Member of NPC
2	Chief Executive	Member
3	2nd Vice President	Member
4	Minister of Finance	Member
5	Minister of Economy	Member
6	Minister of Justice	Member
7	Senior Advisor to the President on Infrastructure	Member

Source: NPA, 2017, Procurement law, 2005 and procurement procedure 2019

Consequently, in the amalgamation process three institutions along with their resources and procedures were integrated into NPA (National Procurement Authority). These institutions were procurement policy unit of ministry of finance, ministry of economy and contract management office of ministry of finance (Noori, 2017). Lastly, the procurement system of Afghanistan was reformed in 2014 and still it is not evaluated as positive and effective system because of some major challenges (Ibid). It is also mentionable that the researcher has been used both methods qualitative and quantitative in the above research, in order to collect primary data and secondary data to feed the research.

2.7 Similarities & Differences between Public & Private Sector

Procurement

There is no specific reason that public and private procurement entities should obtain goods and services for their better performance. In this case Lynch, (2016) stated that the main difference between private and public procurement entities is the reason of support to acquire goods and services. Additionally, He said that the public organizations focused on social benefits and the other hand private organizations focused on profit.

To finding out the similarity and difference between public and private sector procurement the Lynch, (2016) advanced the following outline. Private sector procurement activities are support the core objectives of a business company and those objectives are to make profit. We should accept that some of private organizations may also look for the social welfare. Though, this is not their main business objective. With accordance Lynch, (2016) all public organizations have two chief purposes for gaining goods and services which are; First one is keep up *public functions* and the second one is to supply *public services*.

Besides, Lynch, (2016) also mentioned that another key difference between private sector and public sector procurement is financial support, which is clear for all that private sector

procurement is support by investors and or stakeholders of the corporation. And the other hands public sector procurement is support by government of the country.

Regarding the rules and regulations, Lynch, (2016) have said that the procurement of the private sector is primarily in agreement with contracts or trade law that relate to the formation of agreements, but their procurement methods are running through the company's approaches. Oppositely, the all public sector procurement procedures are running through public procurement legal frameworks such as; procurement act, rules and procedures. Private sector procurement is also run by company policies. These policies are not essentially prescribed by law and rules, but they are the main objectives of a company. A private company may share a contract with another private company or a person, and the procurement method is completely determined by the company's policies (Ibid).

Lynch, (2016) elucidated that in nearly all countries public sector procurement is running by the public procurement law and rules. Every country has their own procurement law and procedures through they can governs the procurement and acquire goods, works and services with public resources. These rules put the starting point for organizing public procurement and helping the different methods of procurement in the different situation. Public procurement must be fixing to established principles. The process of procurement should be clear, accountable, and also open to public investigation. The procurement law is completed with high level of essential features and elements; sometimes it covers only the basics, leaving the further details for procurement procedure, rules and regulations. They should be enlarge and clarify but not break and change the public procurement law (Lynch, 2016).

Lynch, (2016) stated that the procurement process of private sector is generally is not open to public inquiry and no one allowed to investigate; without stakeholders, only they can inquire the procurement process. On the contrary the procurement process of public sector is

difference, it is open to public inspection and scrutiny, and procurement practitioners are responsible for their dealings and activities, they should be ensure public procurement process with accordance the principles and procedures which is clear mentioned in the public procurement law and procedures (Lynch, 2016).

Lynch, (2016) also stated that the procurement procedures addressed public procurement administration, needs classification and budget allowance, procurement planning and approach of development, selection of procurement method, documents for announcement, submission of proposal and bid, evaluation, and contract honor to exclude. Public procurement authorities are not free to use a procurement manner which is not set in the procurement law and procedure. Private sector procurement practitioners are responsible only for their activities to the management, and public sector procurement practitioners are accountable for what they do or fail to do when managing public funds (Lynch, 2016).

At the end Lynch, (2016) mentioned that the final aim of public sector procurement is to supply better services and support public activities at all levels inside the country. This definition clearly excludes private sector procurement.

2.8 Research Gaps

Public procurement always refers to the acquisition of goods, services and works through procuring units by using public funds. Generally, Public funds are generating through taxes and customs which should spend in a transparent and accountable way (Hui et al, as cited in Dzuke & Naude, 2015). Many countries have reformed procurement laws and regulations in order to improve and implement transparency and accountability in the public procurement process. Though, the major challenges have been cased to fail the procurement administrations to implement the rules and regulations (Lisa, as cited in Dzuke&Naude, 2015). This research report on the Challenges of Public Procurement in Afghanistan: A Case

Study of Finance and Administration Directorate in Kunar are delivering the following mandatory parts:

- ✓ Role of Public procurement
- ✓ Process of public procurement
- ✓ Find out the key challenges of Public procurement
- ✓ Recommending solutions for challenges

This study is a reference for those who want to study in the field of public procurement in Afghanistan, and also it is the study to help as a reference to public organization. Shortly, it is a hope for the government of Afghanistan to make and use this research in their future attempts and public procurement processes. The findings and recommendations of the research may help with Afghan government in the development and implementation of action plans for the desired improvements of public procurement.

2.9 Contribution of the Study

The research helped to find out the existing challenges in public procurement system, which has a major role to achieve the overall set objectives of the. There are very little empirical researches on the challenges of public procurement in Afghanistan and the study attempts to reduce this gap by explore the indigenous obstacles which can challenge public procurement institutions during the implementation of the procurement process.

This research is a reference for those who want to study in the field of public procurement in Afghanistan, and also it is the study to help as a reference to public institutions. Very shortly, it is a hope for the government of Afghanistan to make and use this research in their future attempts and public procurement process. The findings and recommendations of the research may help with Afghan government in the development and implementation of action plans for the desired improvements of public procurement.

Chapter 3

Methodology

3.1 Introduction

The previous chapter dealt with the literature review which was adopted for the study. It presented the different areas of literature review such as; Importance of literature review, Definition and Meaning of Procurement, Public Procurement Scenario of Developing Countries, Public Procurement Legal Framework in Afghanistan, Afghanistan Public Procurement System's Reform, Similarities & Differences between Public & Private Sector Procurement and Research Gaps. This chapter develops the research methodology. It has presented in the following subsections; the study design, population and sample size, sampling technique, questionnaire development, data collection, data analysis and limitations of the study in order to achieve the stated objectives of the study.

3.2 The study Design

The study was based on both qualitative and quantitative methods. The quantitative method was used to acquire quantified data by the use of relevant models and numbers to explain the data, simplify the results from the sample population on the chosen area. On the other hand Qualitative method was used by the conductor to acquire non statistical data, which really helped in the explanation of the fundamental reasons.

Consequently, the questionnaire method was used in this research. The researcher has used the documents that have been reviewed in the procurement law of Afghanistan, scientific works on public procurement in Afghanistan, and other related scientific papers.

3.3 Population and Sample Size

The research targeted public procurement professionals in Kunar, Afghanistan. These professionals consist of; Directors, consultants, lectures, contractors, procurement managers and also Afghan's public organizations such as; ministries, directorates & departments and public entities. In these groups of people some of contractors and procurement managers were directly targeted and generally all those who works in public organizations in Afghanistan.

Table 3 Numbers of public organizations in Kunar

S.N	Organizations	Population
1	Directorates	30
2	Independent commissions	2
3	Districts	15
4	Independent departments	4
Total		51

Source: Kunar PGO (Provincial governor office), 2020

A single sample of the respondents was selected for the research because the targeted population was similar. The selected respondents were public procurement experts, finance & accounting managers, procurement managers and contractors. The sample respondents were 108 who developed questionnaires.

Table 4 Selected respondents for questionnaires

S.N	Position	Number of Respondents	Percentage
1	Directors	14	12.96
2	Consultants	7	6.48
3	Procurement Managers	20	18.51
4	Lecturers	16	14.82
5	Others	51	47.23
Total		108	100%

Source: Researcher (adopted from field work)

Table 5 Selected respondents for KII (Key informative interview)

S.N	Position	Number of respondents	Percentage
1	Directors	9	69.23
2	Others	4	30.77
Total		13	100%

Source: Researcher (adopted from field work)

Table 6 Selected respondents for FGD (Focus group discussion)

S.N	Group	FGD with	Years	No. participants	Percentage
1	First group	Lecturers & procurement officers	25-55	9	32.14
2	Second group	Financial & Accounting officers	28-65	9	32.14
3	Third group	Contractors	25-50	10	35.72
Total				28	100%

Source: Researcher (adopted from field work)

3.4 Sampling Technique

In this study, the researcher relied on non-probability sampling methods to collect the basic data on the study. Purposive sampling is a kind of non-probability sampling which is characterized through preplanned efforts to obtain representative samples including typical areas in the sample. Purposive sampling targets a specific group of people. “The importance of purposive sampling lies in selecting information rich cases, for in depth analysis related to the central issues being studied” (Saikou Saïdy Jeng as cited in Avotri, 2012).

Purposive sampling may be used in examples where the specialty of an authority can select more representative sample that can bring more exact results than by using other probability sampling techniques. The process is simply nothing but intentionally and purposely choosing

individuals from the population based on the researcher's knowledge and judgment. The researcher's objective of using purposive sampling method was to allow the research to deal with people who are professional, skillful, well known about procurement and can draw attention to solutions for the betterment of public procurement organizations in Afghanistan.

Table 7 Data collection at glance

S.N	Stakeholders	Sample Size	Percentage
1	Directors	23	15.43
2	Consultants	7	4.70
3	Procurement managers	20	13.42
4	Lecturer	16	10.73
5	Others	55	36.91
6	FGD 1 st group	9	6.05
7	FGD 2 nd group	9	6.05
8	FGD 3 rd group	10	6.71
Total		149	100.00%

Source: Researcher (adopted from field work)

3.5 Questionnaire development

This study was conducted on the base of both primary and secondary data collection methods. Primary data was collected by questionnaires, which were organized for the respondents through ICT. Mcleod, (2014) stated that questionnaire can be a kind of written interview. It can be face to face, by telephone or mailing. Questionnaire provides a low priced, immediate and efficient way of acquiring huge amounts of information from a large group of people.

Generally, questionnaire has four parts, each part focus on a specific issue. Thus, first part is about personal information of the respondents, Second part closed ended questions, in this section all questions were structured in such a way to allow only answers which fit into

categories that have been decided in advanced by the researcher, third part is open ended questions, which encouraged the respondents to share the information as much as possible. The open ended questions format allow to respondents to express what they think in their own words, and in final part normally asked for possible solutions and recommendations to those challenges which recognized in the previous sections. The importance of the questionnaire is to produce unique and basic data for the study.

Regards to secondary data, as earlier mentioned secondary data was collected from prior scientific works, scientific papers about public procurement and the website of the Afghanistan National Procurement Authority (NPA).The value of secondary data is to enable the researcher to save cost and time in the collection of data for the research.

3.6 Data Collection

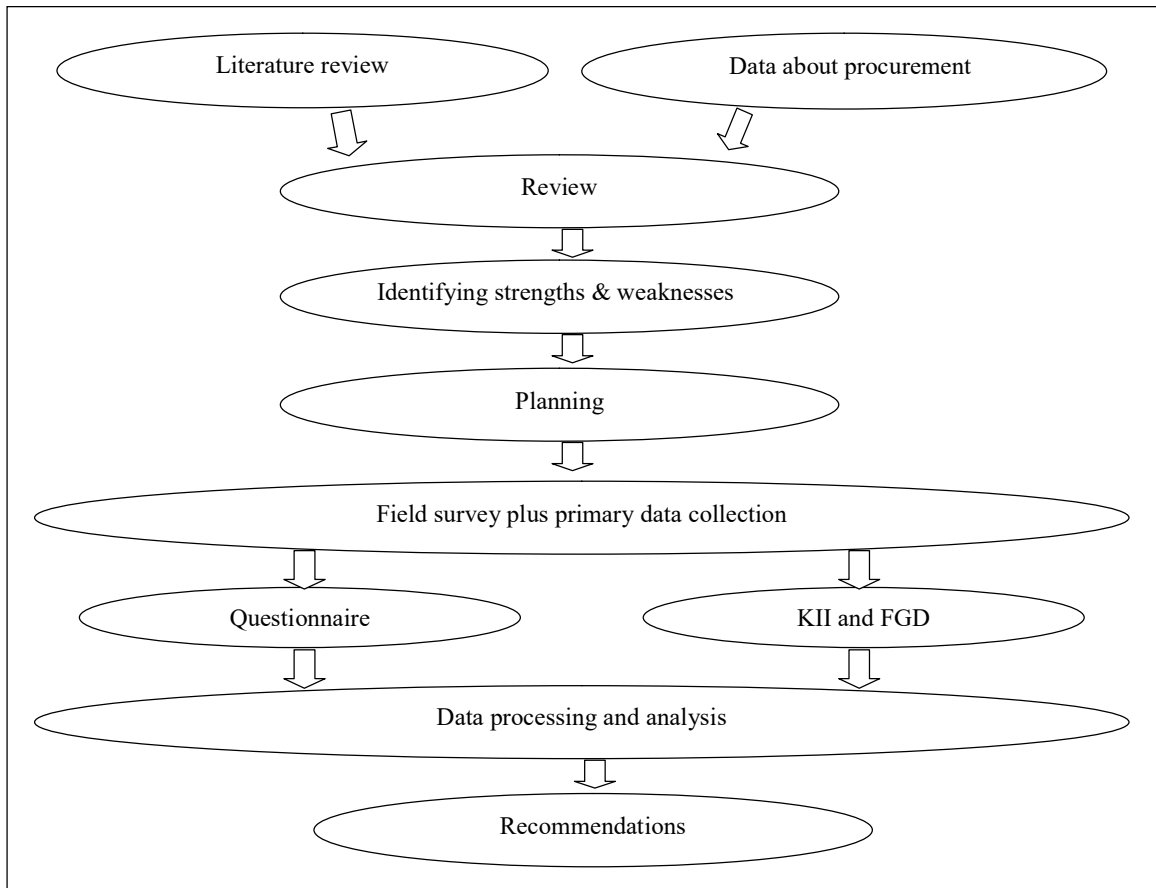
This section focuses on that, how the data was collected for the research. First of all, a literature review was conducted on public procurement; definition and meaning of procurement, public procurement scenario of developing countries, public procurement legal framework in Afghanistan, Afghanistan public procurement system's reform and similarities & differences between public & private sector procurement. This helped to understand the different aspects of the research.

Secondly, semi structured interview was conducted with procurement professionals in Kunar, Afghanistan, to express their own ideas on the different issues that rose from literature review, especially the main topic challenges of public procurement in Afghanistan.

Thirdly, close ended questionnaires were developed to acquire responses from the different respondents on the issues that were emerged from literature review and semi structured interview. The questionnaires were distributed to the procurement professionals who work with public organizations in Kunar, Afghanistan. In these professionals includes Directors, consultants, lectures, contractors and procurement managers.

Out of the one hundred twenty (120) distributed questionnaires, one hundred eight (108) responses were get back and they are able for analysis process, which representing 90 percent of response rate. The response rate was seen to be efficient when compared with other surveys in Afghanistan.

Figure 3 Research data collection flow chart



Source: Researcher (adopted from field work)

3.7 Data Analysis

For conducting research, data were collected through both qualitative and quantitative research methods. The primary data were collected by questionnaires, key informant interviews (KII) and as well as focus group discussion (FGD) with directors, lectures, financial, accounting, procurement managers and contractors. Regards to secondary data, it was collected from the literature review, NPA website, NPI documents, academic works,

scientific papers and year wise office reports. This section shows how the qualitative and quantitative data were analyzed. These have been presented in below subsections.

3.7.1 Qualitative Data Analysis

Qualitative analysis is very important to take insights from the interview data, and process the data in order to get more information and have clear understanding about the study. The written forms of interviews were classified by using qualitative data analysis software. The written forms of interview were coded through the discussions and major findings in interviews. Eventually, the major findings were categorized and organized with accordance the collected data

3.7.2 Quantitative Data Analysis

The information acquired through questionnaire survey which was analyzed here by the using of quantitative techniques. The questionnaire survey was consisted three sections; Section A was about personal information such as: Name, gender, age, education & qualification, organization, designation and experience. Section B was about closed ended questions. In this part all the questions were multiple chose the answers were set by the researcher and the respondents can select one of them with accordance their understanding and experiences. Sections C was about opened ended questions, this part allowed the respondents to express their own ideas by their own words, and also asked for possible solutions and recommendations for the study.

For quantitative Data analysis needed a critical analysis to explain the statistics and numbers, and also attempts to discover rationale behind the emergence of major findings. Compare the primary research findings with the literature review which are really important for both kind of research, qualitative and quantitative. The majority of the quantitative consequences in this study are offered as percentages, percentages were calculated by using the number of KIIs

and questionnaires that have been answered by different professional respondents of public procurement. Every single response value was rated maximum of 100 percent, while multiple responses value were rated more than 100 percent.

3.8 Limitations of the study

Limited time was the great limitation for the research. It was apparent during the preparation of questionnaires, key informative interviews (KII) and focus group discussions (FGD), collecting data and its analysis. Beside these, this research was limited for only public procurement departments, because of the limited time. Otherwise undertaking a full research to cover all public and private procurement entities would be a huge, difficult and beyond of the researcher's touch.

Chapter 4

Data Analysis and Presentation

4.1 Introduction

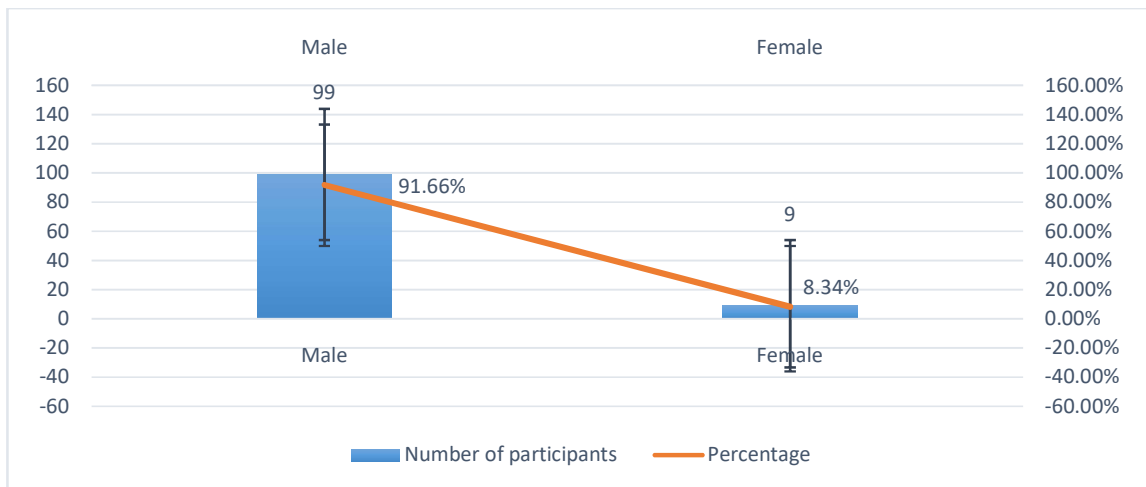
The previous chapter dealt with the research methodology which was adopted for the study. It presented the different areas of research methodology such as; the study design, population and sample size, sampling technique, questionnaire development, data collection, data analysis and limitations of the study. This chapter develops the data analysis and presentation. It has presented in the following subsections; quantitative and qualitative data analysis, primary data analysis and as well as discussion.

4.2 Quantitative Data

4.1.1 Findings and Analysis of the Questionnaire Survey

Using proven information will be difficult to understand unless analyzed and explained. Therefore, the researcher uses statistical tools for the data analysis and presentation, to make it understandable and easier. As a result, tables and charts were used to analysis and reflect the field work data through percentages and numbers.

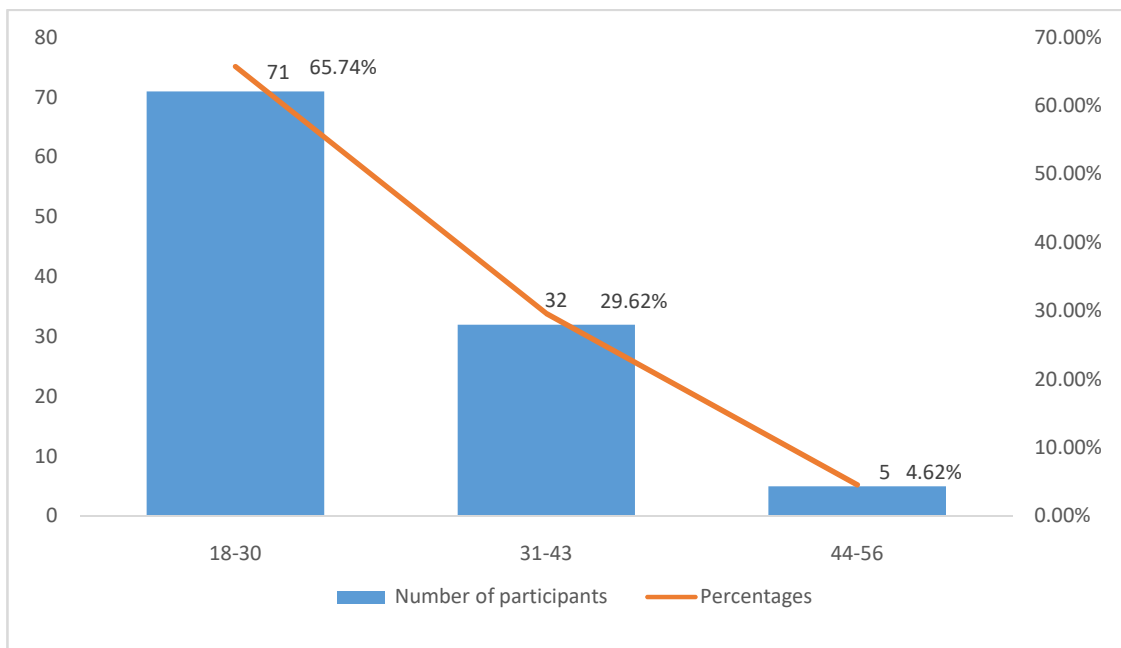
Figure 4 Gender of Respondents



Source: Researcher (adopted from field work)

With accordance the above Figure 4, out of one hundred twenty (120) distributed questionnaires, one hundred eight (108) respondents have responded to survey questionnaires. It was consist both male and female, the researcher has found that out of one hundred eight (108) ninety nine (99) respondents , which being 91.66 percent, they were male and the rest nine (9) respondents , represented by 8.34 percent, were female. These percentages show that, the majority of respondents were excess than female and as well as shows that, the number of male employers is more than female in Afghan’s public administrations.

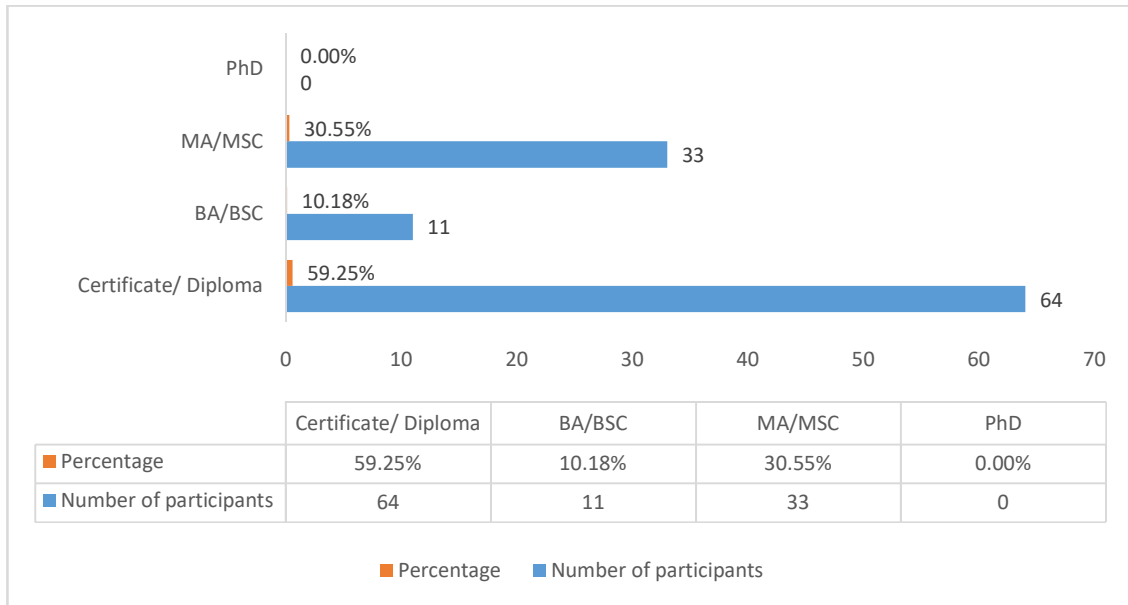
Figure 5 Age range of Respondents



Source: Researcher (adopted from field work)

The Figure 5 shows that the majority of respondents , seventy one (71) out of one hundred eight (108) which represented by 65.74 percents age range were 18-30, then 31-43 age range were thirty two (32) which being 29.62 percents and 44-56 age range respondents were only five (5) which represented by 4.62 percents. It means ages of the responder are very necessary, because it ensure and help the researcher to understand the value of all those responses which have been presented by respondents.

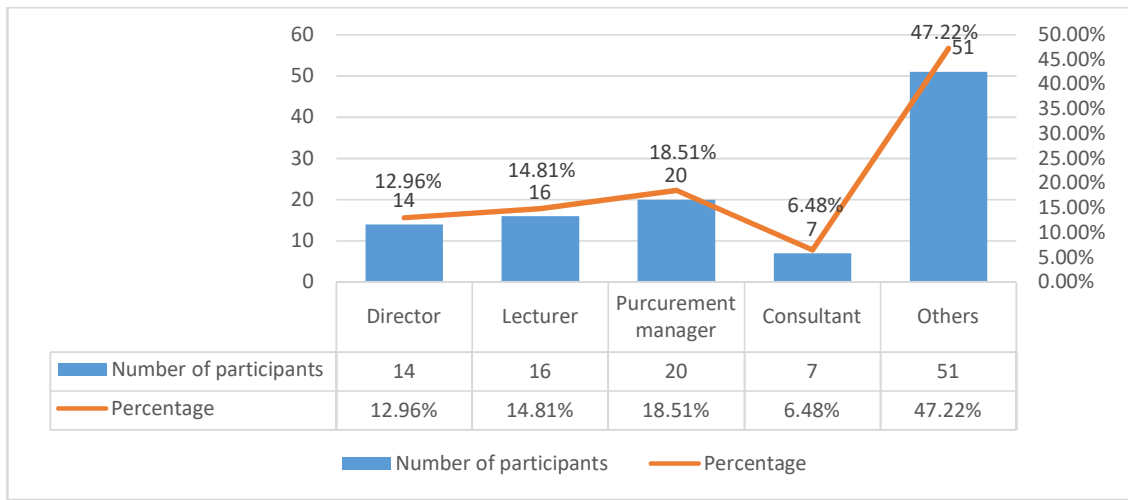
Figure 6 Education & qualification of Respondents



Source: Researcher (adopted from field work)

Figure 6 shows that out of all respondents , the majority of respondents , sixty four (64) respondents which being 59.25 percents had Certificate/Diploma, 33 respondents , represented by 30.55 percents had completed their M.A/MSc degrees and the rest eleven (11) respondents which being 10.18 percents had B.A/BSc degrees. The information also shows that there was no one PhD holder.

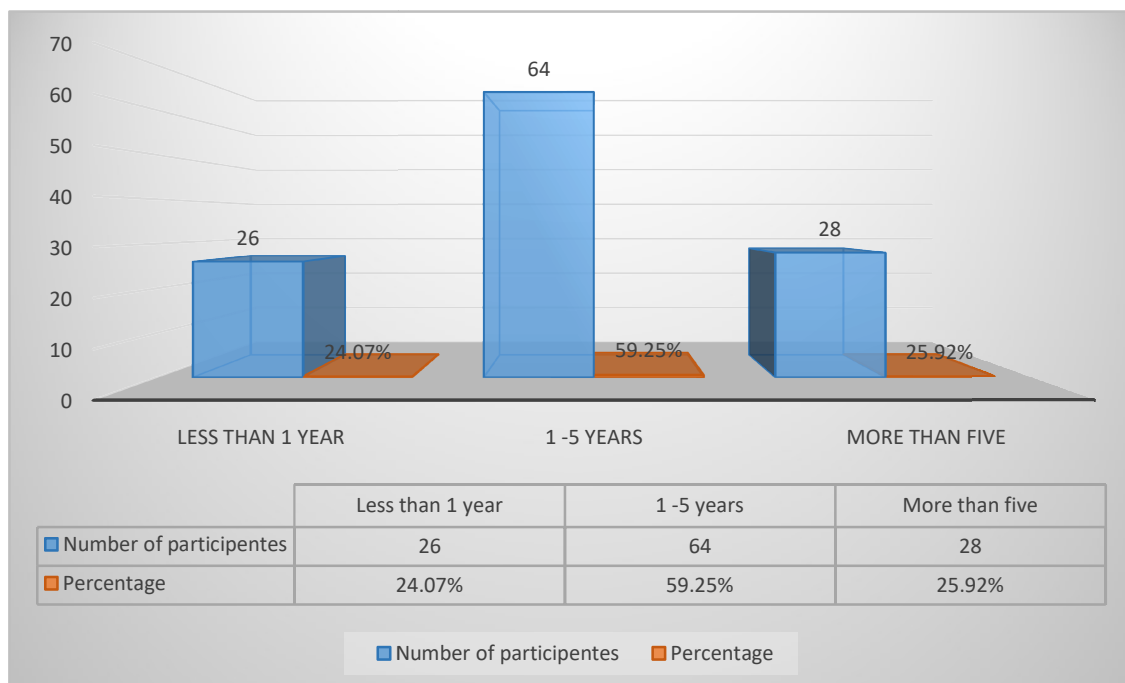
Figure 7 Current designation of Respondents



Source: Researcher (adopted from field work)

Based on the above Figure 7 information, the good number of respondents had good quality jobs, fourteen (14) out of one hundred eight (108) respondents which represented by 12.96 percents were directors of different directorates in Kunar province of Afghanistan, sixteen (16) represented by 14.81 percents were lecturers of the universities, twenty (20) represented by 18.51 percents were public procurement managers, seven (7) respondents, represented by 6.48 percent were consultants which are working in the field of procurement with various number of public administrations and remaining fifty one (51) respondents represented by 47.22 percents were others, others mean accounting, budget and financial officers who have very close relationship with procurement processes.

Figure 8 Work experience of Respondents

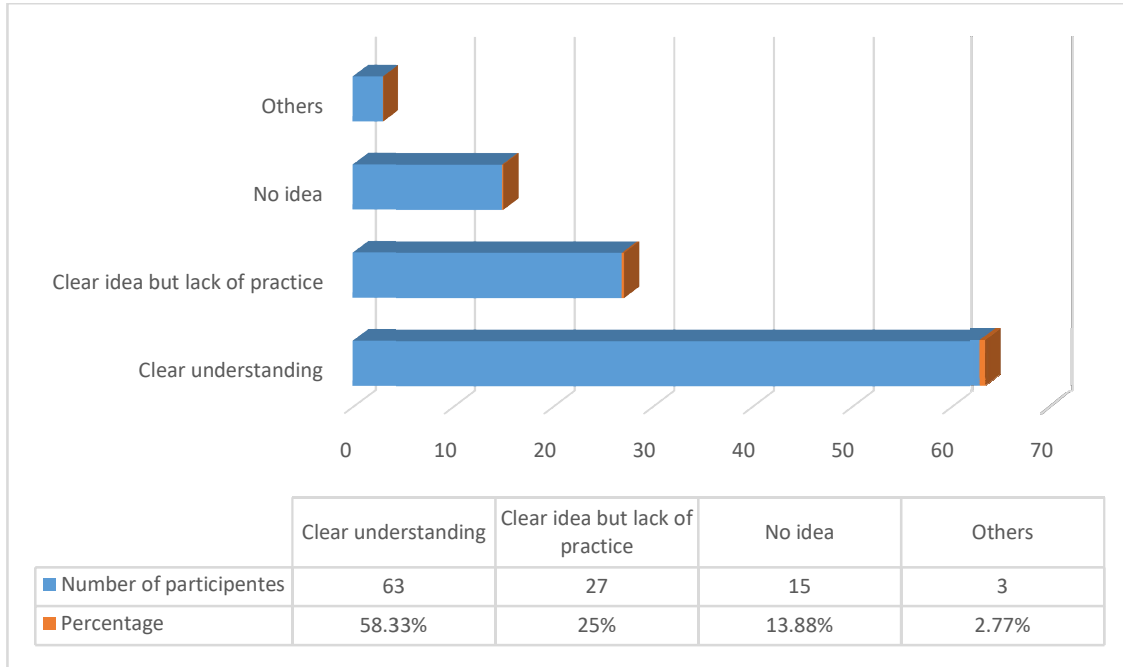


Source: Researcher (adopted from field work)

The Figure 8 shows that the majority of respondents selected their work experience from one to five (1-5) years, which were sixty four (64) respondents out of one hundred eight (108) which being 59.25 percents, twenty six (26) respondents, represented by 24.07 percents selected their work experience Less than one (1) year, and the remaining were twenty eight

(28) which being 25.92 percents selected their woke experience more than five years. Work experience can help the researcher to find out the professional and skillful persons for the study area, and ask them from different aspects to obtain some imperative information about the research topic.

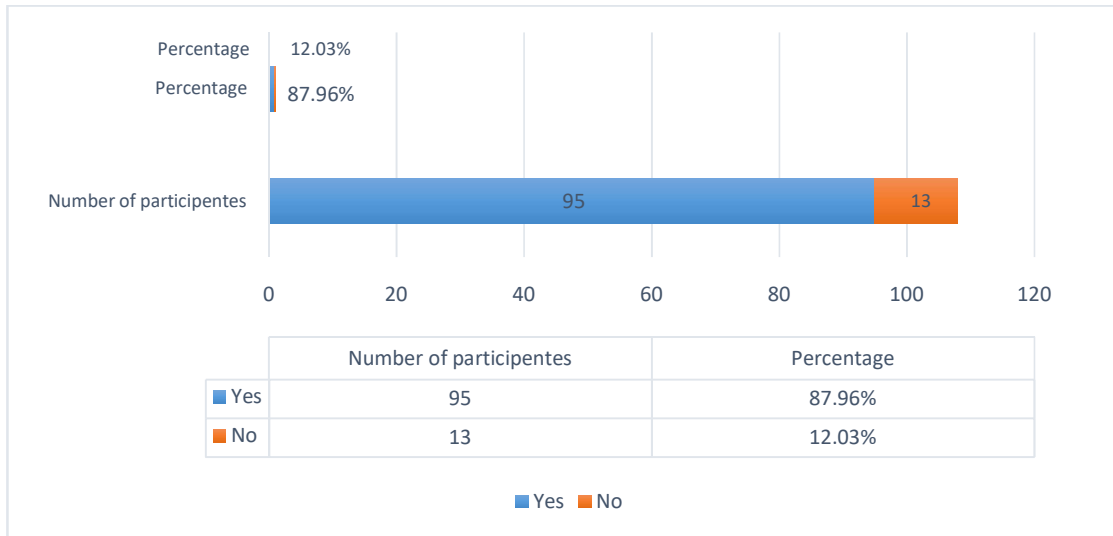
Figure 9 Understanding of respondents about public procurement



Source: Researcher (adopted from field work)

Based on Figure 9, sixty three (63) out of one hundred eight (108) which being 58.33 percent were the majority of respondents that shows, they have clear understanding about public procurement, twenty seven (27) which being 25 percent showed that they have clear understanding about public procurement system and processes but they don't have practical experience, fifteen (15) respondents , represented by 13.88 percent indicates that, they don't have any idea about public procurement system and the rest three (3) respondents which being 2.77 percent selected the other option.

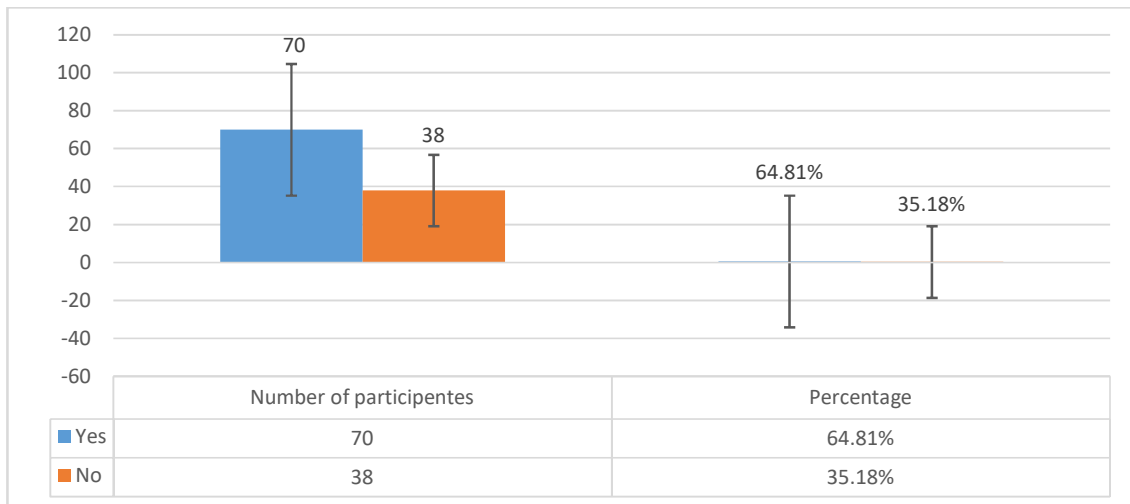
Figure 10 Importance public procurement



Source: Researcher (adopted from field work)

The above Figure 10 shows that ninety five (95) out of all respondents which being 87.96 percent have said *Yes* and accepted that they know the importance of public procurement, because they have years of experience in the motioned field, and the remaining thirteen (13) respondents , represented by 12.03 percent have said *No*, for the reason that they don't have any direct connections with public procurement so that is why they don't know the importance of public procurement.

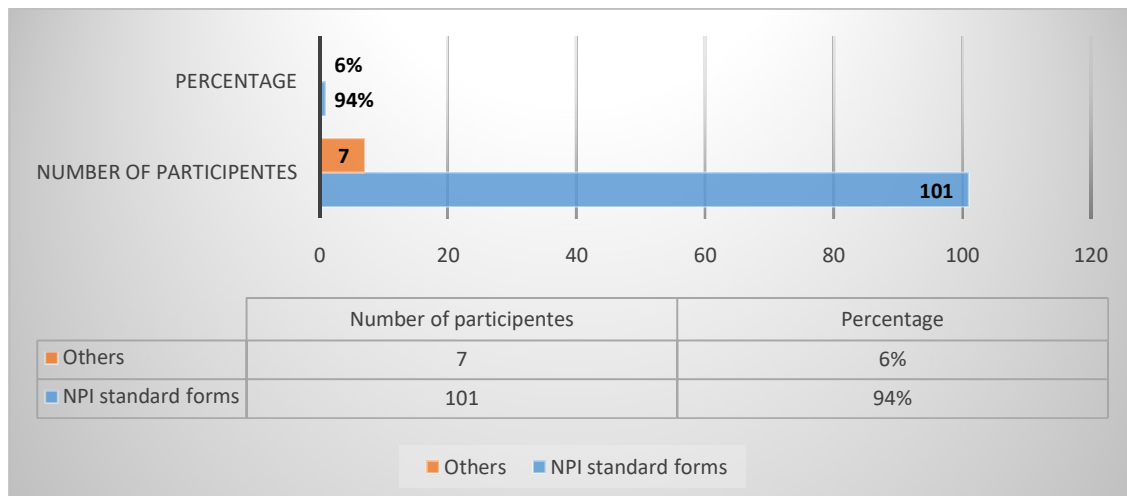
Figure 11 Attending trainings on public procurement



Source: Researcher (adopted from field work)

Figure 11 shows that the majority of the respondents , seventy (70) out of one hundred eight (108) respondents , represented by 64.81 percent have answer this question by *Yes* because they have attend some short term trainings and workshops on the public procurement processes and changes which normally designed by the NPI under the guidance of NPA every year. The remaining thirty eight (38) respondents which being 35.18 percent have answer with *No*, the main cause of the negative response was shown by the respected respondents, the limitation of NPI workshops for only the public procurement employers, they didn't provide any opportunities for other relevant public administrations such as; financial, accounting and budget departments to attend such a useful trainings. At the end, NPI should increase the number of workshops for the betterment of public procurement system; this can play a key role in the establishment of a sustainable and transparent procurement system in Afghanistan.

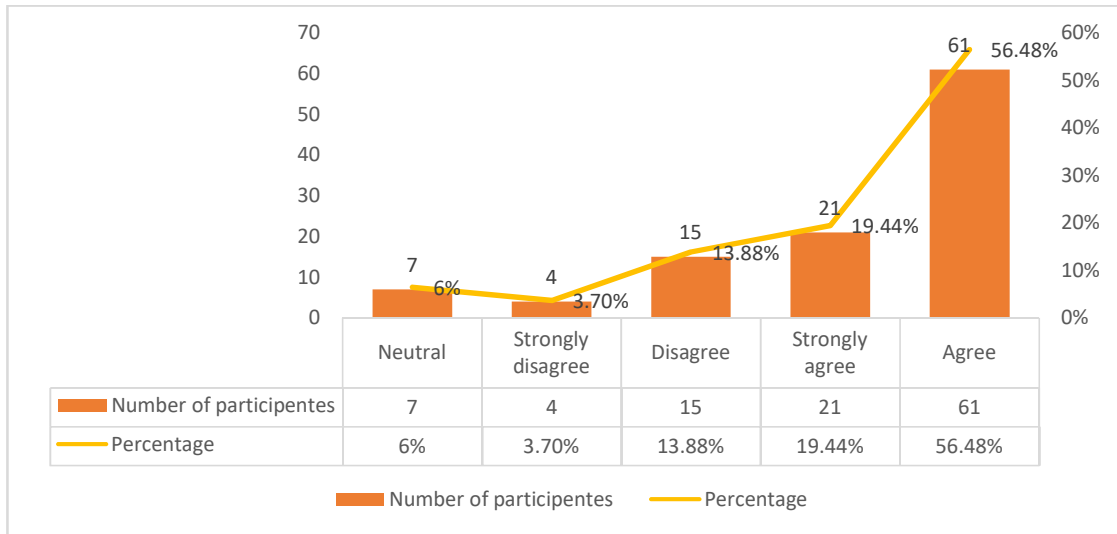
Figure 12 Documents of public procurement



Source: Researcher (adopted from field work)

The above Figure 12 shows that one hundred one (101) respondents out of one hundred eight (108) respondents , represented by 94 percent have selected *NPI standard form* because they are using these forms in their daily public procurement processes and the rest seven (7) persons which being 6 percent selected *others*. Others mean the previous documents and forms of public procurements that now revised and change.

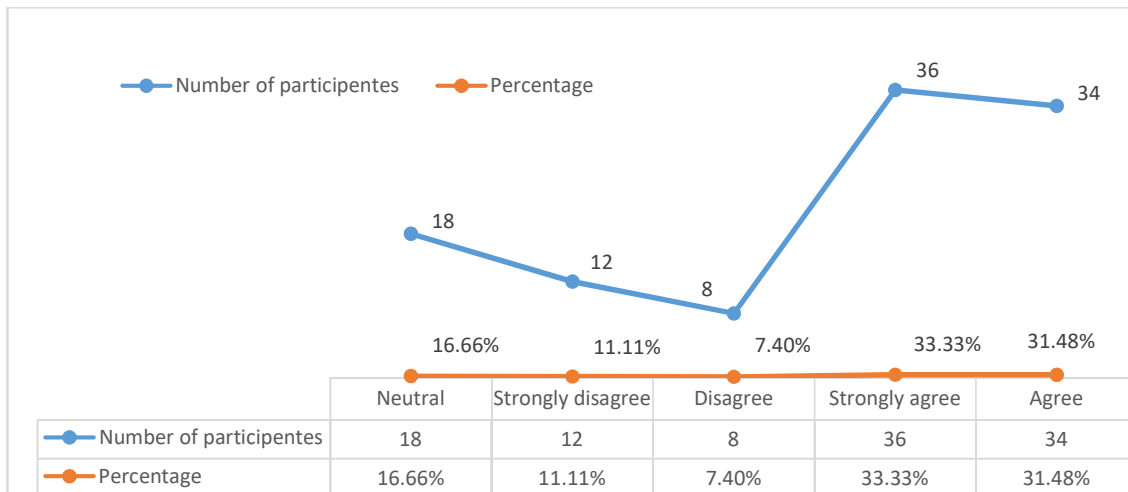
Figure 13 Inappropriate public procurement record keeping system



Source: Researcher (adopted from field work)

Figure 13 information indicates that sixty one (61) respondents which being 56.48 percent out of one hundred eight (108) *agreed* and twenty one (21) respondents, represented by 19.44 percent *strongly agreed*. Then, fifteen (15) persons which represented by 13.88 percent *disagree* with the mentioned question and four (4) persons which being 3.70 percent *strongly disagreed*. The remaining seven (7) persons which being 6 percent have selected *Neutral* option. So shortly, still it is a challenge for procurement departments in Afghanistan.

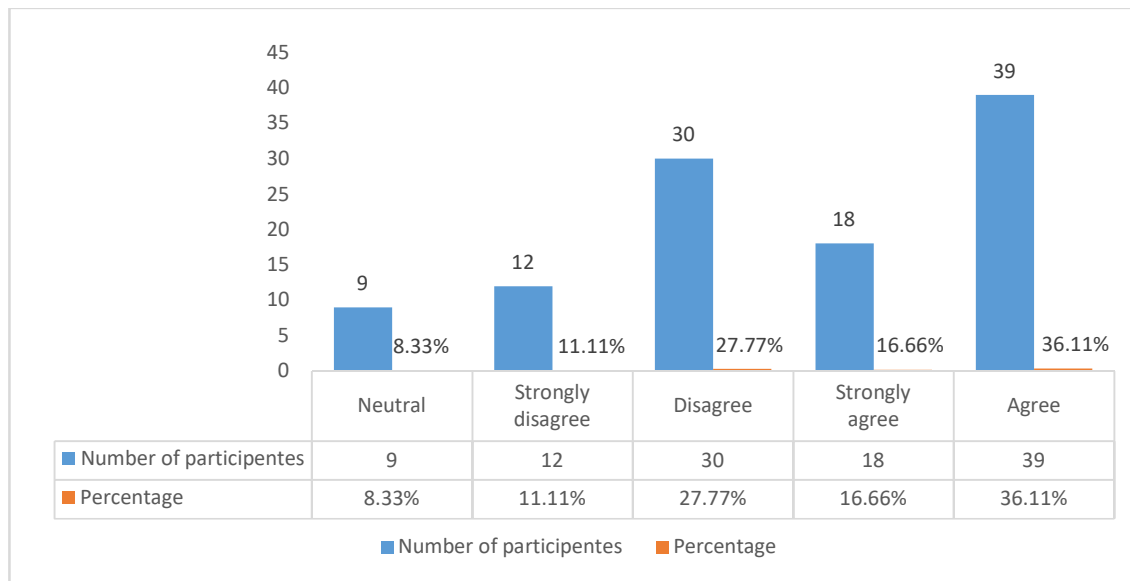
Figure 14 Interference of senior officials



Source: Researcher (adopted from field work)

From Figure 14 seems that, vast majority of respondents agreed that *senior officials interfere* in public procurement processes for their won benefits. They don't obey the rules and law. In this case thirty four (34) respondents which being 31.48 percent out of one hundred eight (108) were *agree* and thirty six (36) respondents represented by 33.33 percent *strongly agreed*, eight (8) respondents which represented by 8 percent were *disagree* and twelve (12) respondents which being 3.70 percents *strongly disagreed*. The remaining seven (7) respondents which being 6 percent, click on *Neutral*. The analysis shows that it is a major challenge for procurement process in Afghanistan.

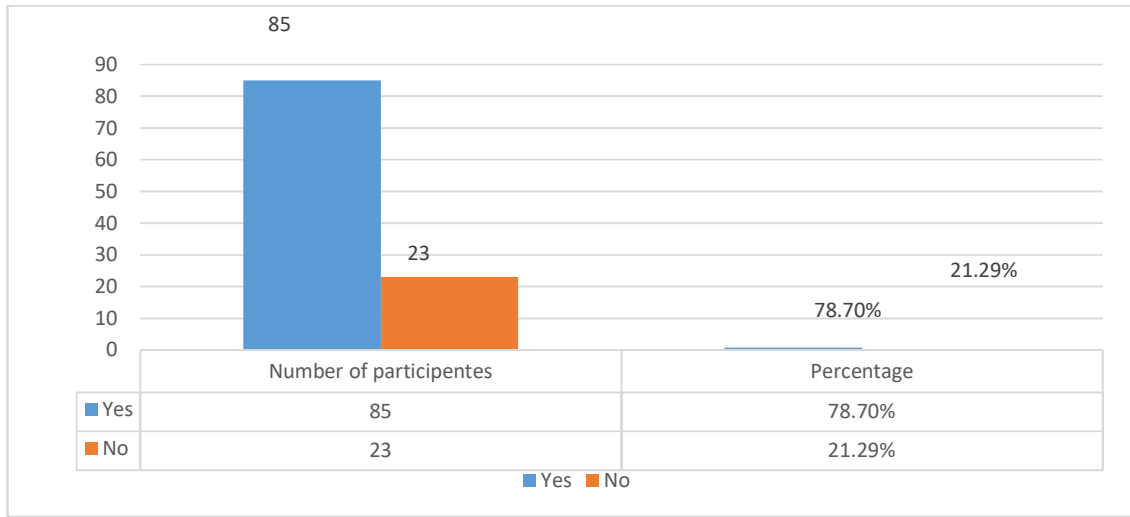
Figure 15 Limited capacity of public procurement officers in procurement



Source: Researcher (adopted from field work)

The Items in Figure 15 indicates that, the vast majority of the respondents agreed with the statement “those who are working in Public Procurement they have limited capacity in the motioned area”. Thirty nine (39) respondents, represented by 36.11 percent *agreed* and eighteen (18) respondents represented by 16.66 percent *strongly agreed*. While, thirty (30) respondents which being 27.77 percent *disagreed* and other twelve (12) respondents which being 11.11 percent *strongly disagreed* and the rest nine (9) respondents , represented by 8.33 percent selected *Neutral*. Additionally, the information shows that, before it was a big challenge but now it becomes reduce. Because of short and long terms trainings and workshops which are generally design and support by NPA through NPI.

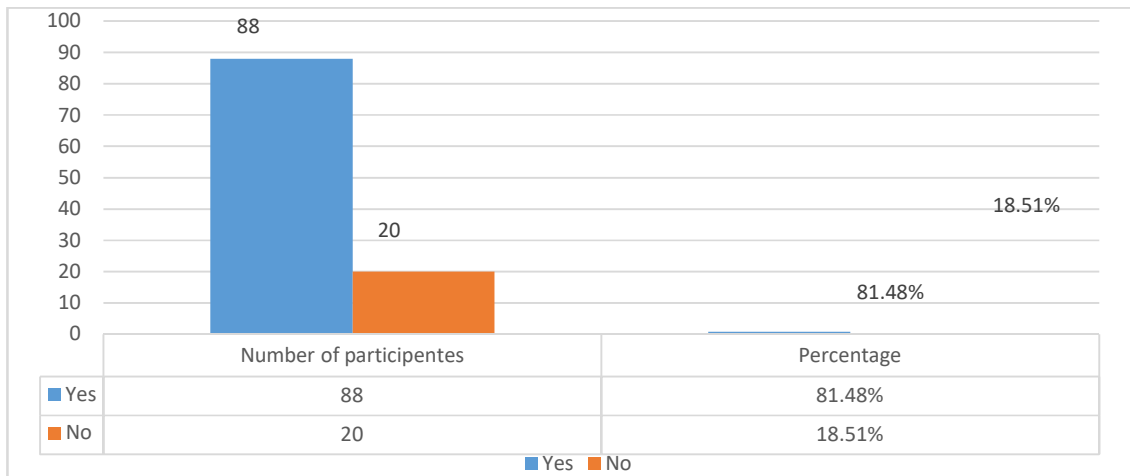
Figure 16 Awareness about decision making in public procurement



Source: Researcher (adopted from field work)

The information as shown in Figure 16 indicates that, the majority of respondents , eighty five (85) respondents which represented by 78.70 percent out of one hundred eight (108) have responded with *Yes* while twenty three (23) respondents , represented by 21.29 percent have responded with *No*. Thus it indicates that, those who are working in the public procurement and making decisions they have enough information and experience in the procurement.

Figure 17 Performance of procurement processes with accordance procurement Law & procurement Procedure

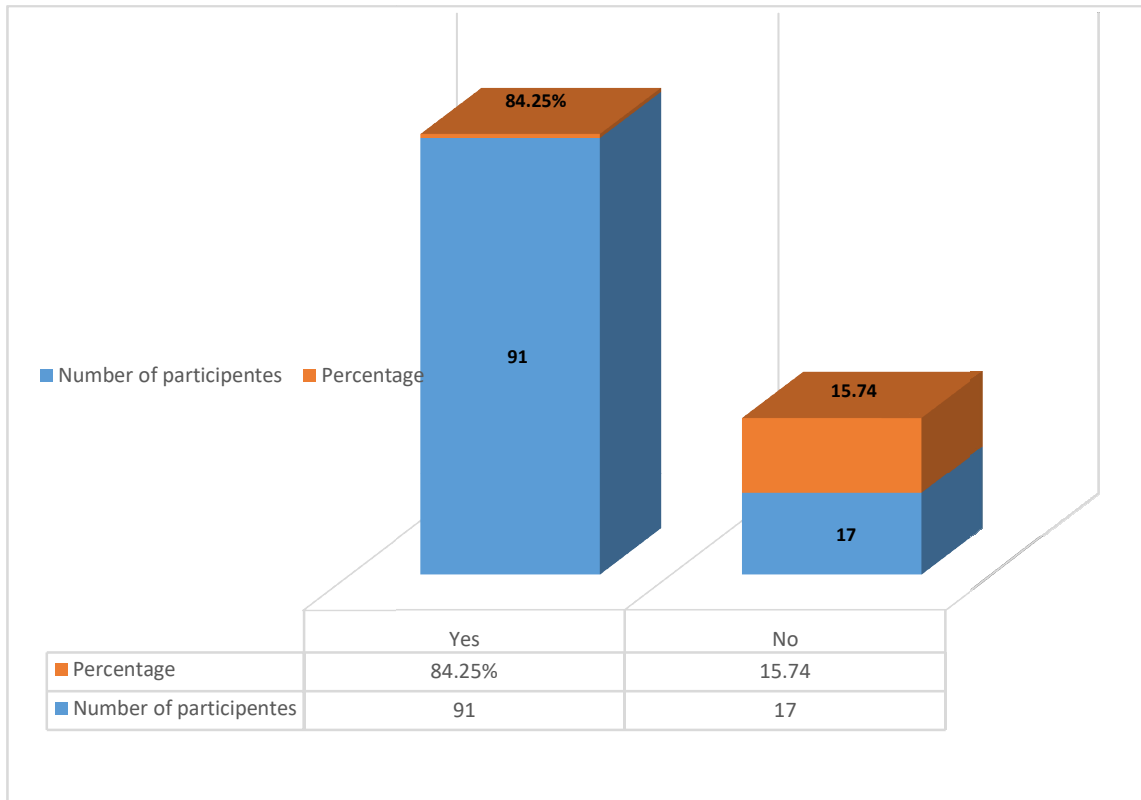


Source: Researcher (adopted from field work)

Based on the above figure 17, eighty eight (88) respondents which represented by 81.48 percent out of one hundred eight (108) have selected *yes* which presented the majority of

them and the remaining twenty (20) respondents which being 18.51 percent were answered with *no*. For negative responses they have stated some reasons which related to challenges and it presented in the conclusion section.

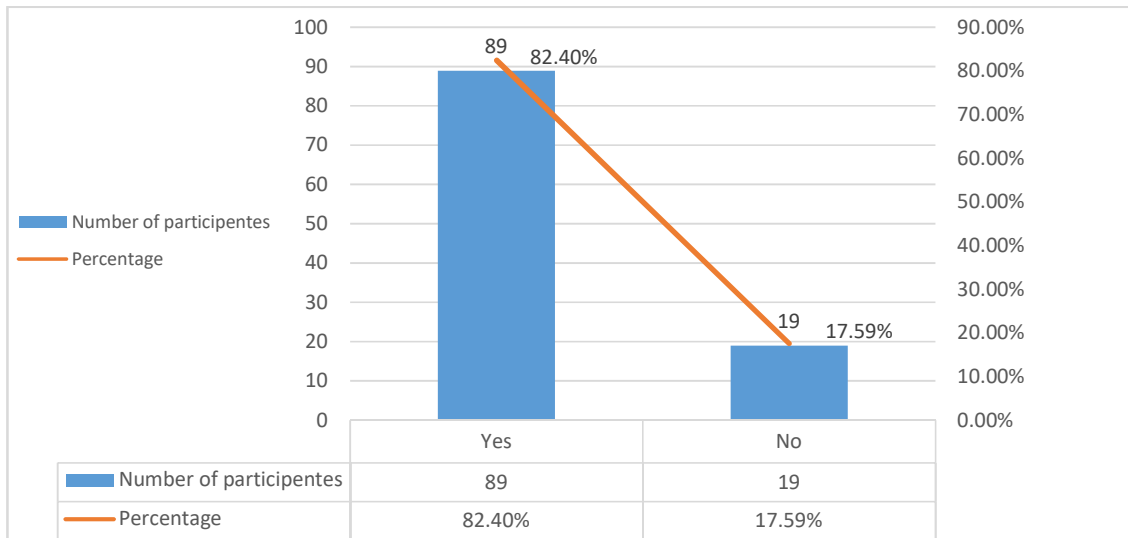
Figure 18 Difference between current procurement system & former one



Source: Researcher (adopted from field work)

Based on Figure 18 information, the balance opinion from the respondents to the statement “Is there any difference between current procurement system and former one”. Out of one hundred eight (108), ninety one (91) respondents, represented by 84.25 percents have said *yes*. On the other hand seventeen (17) respondents, represented by 15.74 percents have said *no*. As a result, indeed there is a huge of difference among current and former procurement system.

Figure 19 Effectiveness of current procurement system



Source: Researcher (adopted from field work)

Figure 19 shows that the vast majority of the respondents agreed and supports the statement “current public procurement system is effective and successful” 89 respondents which being 82.40 percents out of one hundred eight (108), have selected *Yes* and the rest 19 respondents, represented by 17.59 percent have click on *No*. Finally, the NPI must be serious about the development of procurement system and as well as public procurement staff to fill the remaining gaps in the future. (Appendix 1)

4.2. Analysis of the KII (Key Informant Interview)

4.2.1 KII (Key Informant Interview) with Directors

KII (Key informant interview) have been conducted with a few directors who are currently working in different directorates in Kunar, Afghanistan. They have been asked to give their views regarding the challenges of public procurement in Kunar, Afghanistan. Most of them have given their respected views about current procurement system in Kunar, Afghanistan and all the challenges which presently public procurement processes are faced. Most of them have mentioned some major challenges which were consist in; lack of e-procurement system, lack of professional and skillful staff, inappropriate budget as it clear to all without enough

fund smooth development is impossible especially for constructions and supply services, dishonesty of contractors and security. Additionally, they have argued that those who are working in constructions or providing services, they are not commit to the quality and those who are commit to the quality they can face with competitive disadvantages by those groups which are not commitment to the quality. Therefore they have suggested an inspection team to evaluate and control the quality of all those materials which are available in the market and as well as services. They have mentioned that one of the main problems that currently all public procurement entities are suffering from it, the lack of knowledge and awareness of the company owners, they do not have enough information about these processes, when they becoming fail in the procurement processes, then immediately shouting and try to make problems for procurement departments by making meaningless complains against procurement committees.

Finally, they have been asked for the solutions of above identified challenges. Then they have stated that, for overcoming the identified challenges needs time and knowledge to be aware about the importance and value of public procurement process/system. They have been suggested that, first of all government should pay attention to the security, without security nothing is possible. For making procurement processes easier NPA must establish e-procurement system though out the country but in short run NPA needs to provide some short terms training and courses for the company owners to know the rules and regulations of public procurement. Otherwise it will be a huge problem for all procurement entities.

(Appendix 2)

4.3. Analyzing of FGDs (Focus Group Discussions)

Focus group discussions (FGDs) were conducted to expand and verify the major challenges which faced the public procurement system in Afghanistan. The data which have been

collected through FGDs were very rich and deeper rather than survey questionnaires because it was not only the sample way to ask the participants, what are you thinking? But ask them professionally and technically to present their respected views about the study. Usually, FGD take one to two hours but in my case as I have done three (3) FGDs they were between 45 and 60 minutes. All FGDs (Focus group discussions) are analyzed in the following subsections.

Table 8 FGD with Lecturers and Procurement officers (Appendix 3)

S.N	Lectures and Procurement officers	
1	Number of participants	9
2	Age rang	25-55 years
3	Location	Kunar, Afghanistan
4	Conductor	Ziauddin
5	Facilitator	Kifayatullah
6	Language	Pashto
7	Date	08 Jan 2020
8	Time	10:00 AM

Source: Researcher (adopted from field work)

Table 9 FGD with Financial and Accounting officers (Appendix 4)

S.N	Financial and Accounting officers	
1	Number of participants	9
2	Age rang	28-65 years
3	Location	Kunar, Afghanistan
4	Conductor	Ziauddin
5	Facilitator	Kifayatullah
6	Language	Pashto
7	Date	08 Jan 2020
8	Time	10:50 AM

Source: Researcher (adopted from field work)

Table 10 FGD with Contractors (Appendix 5)

S.N	Contractors	
1	Number of participants	10
2	Age rang	25-50 years
3	Location	Kunar, Afghanistan
4	Conductor	Ziauddin
5	Facilitator	Kifayatullah
6	Language	Pashto
7	Date	08 Jan 2020
8	Time	12:00 PM

Source: Researcher (adopted from field work)

During conducting focus group discussions (FGDs) the researcher have been found that the majority of participants had clear understanding about public procurement processes and its major challenges, from the ethical aspect first of all the conductor have been introduced the topic, then presented some entail and basic information about the topic. After the introduction the conductor explained and simplified the set goals for focus group discussions (FGDs). In generally the most of the questions were about same in all FGDs but asked from different level of people for different ideas and thoughts. The entire questions were set for the desired data collection.

After that the discussions were started, all questions were based on the study objectives. As the researcher has noted previously, that all FGDs' questions were about same but conducted with different levels of skilled and professional people in order to obtain the preferred data in three (3) separate groups. With regards to the first and second questions, most of the participants in each group have claimed that they have clear understanding about public procurement process and known the importance of public procurement because of much experience and practices in the stated field. In the answering of third and fourth questions

they have been answered that they have received some short terms courses, training and workshops on procurement from the NPA through NPI and the ministry of finance (MoF). They have been said that currently they are using NPI stander forms for procurement processes. With accordance fifth and sixth questions they have discussed and accepted that public procurement entities don't have appropriate record keeping system for keeping their procurement documents and also they have shared their own experiences with each other's regarding to the mentioned problems, which they have faced in their working life. Besides, the majority of participants was agreed and have said that many times senior official's interference in public procurement processes for their won benefits and breakup the rules and regulations. About question number seven and eight they have said that furthermore the limitation and being late of budget is a serious problem for procurement and about the public procurement authorities they have said "yeah they have enough information and ability to make decisions about the public procurement processes". Regarding to question number nine they have discussed that all procurement organization perform their activities with according procurement law and procurement procedure, in this area there is no obstacles.

At the end of sections they have been asked for; what are the key challenges during public procurement in Afghanistan? How can the identified challenges overcome? And, what are your suggestions for the betterment of public procurement system? Hence the majority of participants have discussed and shared their opinions regarding to the above questions. Beyond the stated challenges they have mentioned some additional challenges which are; *corruption, security, lake of e- procurement system, complexity of procurement documents, inappropriate budget*. These were the key challenges which have been discussed in the FGDs. In the terms of overcoming they have said *ensure accountability and transparency in public procurement processes, heavy punishment for corrupted persons, esurient of security and arranging public procurement documents on both languages **Pashto** and **Dari***. Regarding

to the last question of the section they have been asked for some suggestions for the betterment of procurement system they have suggested some suggestions which are: *Recruit professional persons, establishment of e-procurement system, continuously undertaking training and workshop, bureaucracy, stave off the interferences of senior official's procurement processes and social mobilization about public procurement that civil people be familiar with the public procurement.* All these were the areas which have been discussed in the focus group discussions (FGDs).

4.4 Qualitative data analysis

This section summarizes results from open ended questions in the survey questionnaire for research. Out of all one hundred eight (108) respondents which being 100 percent have stated the similar ideas about challenges of public procurement in Kunar, Afghanistan which consist in; *Lack of e-procurement system, interference of senior officials in procurement processes, unapraporate record keeping system for public procurement documents and complexity of procurement documents such as; RFB (Request for Bid), RFP (Request for Proposal), RFQ (Request for Quotation), SPDs (Standard Procurement Documents), STDs (Standard Tender Documents) and so on.* On the other hand, thirty one (31) out of the one hundred eight (108) respondents represented by 28.7 percent have stated a few more challenges beyond the above ones, which they have been faced them in their daily activities which consist in; *lake of security* which is too important and essential issues for procurement it can direct affected the public procurement processes, *Insufficient fund, corruption in finance departments, low accountability and transparency in the procurement processes.* These all were the obstacles and challenges which have summarized form the open ended questions with accordance the respondents' opinions and experiences which they have presented in the questionnaire survey.

4.5 Secondary data analysis

This section presents the results of the secondary data which have been collected from different recourses such as; procurement law 2005, procurement procedure 2019, SPDs (Standard Procurement Documents), NPA (National Procurement Authority), NPI (National Procurement Institute), Procurement plans, Annual reports of procurement department, Annual budget reports, Annual reports of financial directorate and some standard researches and academic articles about public procurement within the country (Afghanistan) and international level. Form the above mentioned recourses the targeted data have collected and observed that the majority of the data have shows the same challenges about public procurement. In generally the procumbent practices showed that public procurement has vital roles in the GDP of a country. Public procurement tries in to simplify the processes of procurement, reduce the prices of raw materials and to find out the better sources for supply.

4.6 Discussion

This section summarized the results of both quantitative and qualitative data which have been collected through survey questionnaires, KIIs (Key informative interviews), FGDs (Focus Group Discussions) and as well as secondary data for the study, which have collected from different resources as mentioned earlier like; procurement Act 2005, procurement procedure 2019, SPDs (Standard Procurement Documents), NPA (National Procurement Authority), NPI (National Procurement Institute), yearly based procurement plans, Annual reports of procurement department, Annual budget reports, Annual reports of financial directorate and some national and international researches and scientific papers on public procurement.

The researcher has used three ways for collecting the primary data which includes; survey questionnaires, KIIs (Key informative interviews) and FGDs (Focus group discussions). For survey among one hundred twenty (120) distributed questionnaires one hundred eight (108)

have returned with verity of responses which represented by 90 percent, KIIs (Key informative interviews) have done with thirteen (13) persons in which the majority were directors represented by 100 percent and three (3) FGDs (Focus group discussions) have done with different level of people such as; procurement managers and lectures, Finance and accounting officers and contractors. In the first and second groups the numbers of participants were nine (9) in each group and the last one was ten (10) which being twenty eight (28) participants represented by 100 percent.

In their responses they have stated all those challenges and obstacles which presently challenges for the procurement system of Afghanistan such as; lack of e-procurement system, interference of senior officials in procurement processes, unapropriate record keeping system for public procurement documents, complexity of procurement documents, lake of security, corruption in finance departments and low accountability and transparency in the procurement processes. Beside all these they have revealed too that the main cause of delaying public procurement processes is late approval of budget and inadequate fund. At the end they have noted that the reduction of existing barriers not only can help them but in addition it can help with public organization to expand the market for the acquisition of goods and services.

Chapter 5

Conclusion and Recommendations

5.1 Introduction

The previous chapter dealt with the data analysis and presentation which was adopted for the study. It presented the different areas of analysis such as; quantitative and qualitative data analysis, primary data analysis and discussion. This chapter develops the Conclusion and Recommendations. It has presented in the next subsections; conclusion, recommendations, recommendations for further readings, recommendations for further research.

5.2 Conclusion

The research was intended to identify the major challenges of public procurement in Kunar, Afghanistan. Relevant literature review about the study showed that almost, all developing countries have faced different challenges in public procurement processes, because every country has its own social, cultural, political, and economical environment. The universally public procurement is a procedure through public organization acquires their needed goods and services. In the term of Afghanistan, procurement processes are controlling and leading by NPA (National Procurement Authority). The main task of the NPA is to standardize and ensure accountability & transparency in the procurement processes with accordance the procurement law and procedure. After the presidential election of 2014, Dr. Muhammad Ashraf Ghani selected as the president of Afghanistan. He had lots of plans with verity of objectives but he proposed the priority of combating corruption over the reform of procurement system. With accordance the guidance and supervision of president, the administrative office of the president started straggles to establish a central procurement directorate so as a result, the organization was renamed the NPA (Noori, 2017).

Moreover, from the all data analysis, consequences and field work for the study have revealed some key challenges faced by public procurement institutes in Kunar, Afghanistan.

Various challenges which have been identified from the study mostly are;

- ✓ Lack of security
- ✓ Insufficient fund
- ✓ Lack of e-procurement system
- ✓ Complexity of procurement documents
- ✓ Interference of senior officials in procurement processes
- ✓ Unappropriate record keeping system for public procurement documents
- ✓ Corruption in finance departments and low accountability and transparency in the procurement processes

Though, if someone evaluates this study on “challenges of public procurement in Afghanistan”, he/she will find out that the study has exposed a number of challenges which is currently barriers for public procurement departments in procurement processes and as well as suggested a few linked solutions for the noted challenges, The limitation for the researcher was that there was no previous researches on this topic in Kunar, Afghanistan. As well as this is an opportunity for further researches and the researcher expects that it will be carry out in the future.

5.3 Recommendations

The key findings and conclusions of this research have made it possible for a number of recommendations to be made for public procurement organizations/departments in Kunar, Afghanistan. With accordance the study findings the under beneath recommendations are recommended as a solution to those challenges which have been recognized through the study;

- ✓ GoA should support NPA to establish e-procurement systems.
- ✓ The procurement law and procedure should decentralize the public procurement.
- ✓ Public procurement personnel should train in order to have clear understanding and concept about procurement law and procedure.
- ✓ Sustain goods supplier affairs.
- ✓ Public Procurement organizations should have sufficient funds to provide effective and valuable services.
- ✓ Reduce all those Expenses which are not important.
- ✓ GoA should ensure sustainable security.
- ✓ NPA should make the procurement documents easier and translate to both languages *Pashto* and *Dari*.
- ✓ Interference of senior officials should be avoided through heavy punishment and the relevant commission should be authorized for a ceaseless evaluation.
- ✓ NPI should arrange some short term trainings and workshops for the contractors.

5.4 Recommendations for further readings

Due to the limitation of time, the study has been conducted only on public procurement and as well as in a specific area to find out the major challenges of public procurement in Kunar, Afghanistan. For more extensive study is recommended Country Procurement Assessment 2007, Public Procurement in Developing Countries 2016, Procurement Reform in Afghanistan 2018 and Using Public Procurement to Develop, Strengthen Local SMEs 2017 and a Practical Guide to Transforming Procurement Systems 2011.

5.5 Recommendations for Further Research

Based on findings of the study, the following areas are recommended for further research: first of all, it is recommended that further studies should conduct in order to develop public procurement system in Afghanistan which can help the practitioners of public procurement. Then, research can be done to find other new ways that can help to build the capacity of public procurement professionals.

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Appendix 1

Challenges of Public Procurement in Afghanistan: A Case Study of Finance and

Administrative Directorate in Kunar

FGD with Lecturers and Procurement Officers

Dear Respondent,

This is Ziauddin, a student of BRAC University at Dhaka, Bangladesh. I am here to conduct a research which is part of my study. The main aim of this research is to generate knowledge and data on “Challenges of public procurement in Afghanistan: A case study of finance and administrative directorate in Kunar”. Thus the information you are requested to present will be used only for academic purposes. Please kindly answer those questions which given through questionnaire. You can use tick mark (✓) where applicable or give a brief explanation where required.

Note: The information which indicates your identity will be removed and will not be linked to your responses. If you have any questions, suggestions or criticisms at all, please feel free and contact with the researcher on [+8801305279804](tel:+8801305279804)/[+93777401202](tel:+93777401202) or by email: ziauddinzia207@gmail.com

Part A:

No of participants

Age range

Place of discussion

Directorate

Department

Date

Time

Part B:

1. What is your understanding about the public procurement?
 - Clear understanding
 - Clear idea but lack of practice
 - No Idea
 - Other

2. Do you know the importance public procurement?
 - Yes
 - No
3. Have you ever received any training on public procurement?
 - Yes
 - No

If yes, please clarify from which organization.....
4. What kind of documents do you use for procurement?
 - NPI standard forms
 - Others
5. Public procurement organizations have inappropriate record keeping system
 - Neutral
 - Strongly disagree
 - Disagree
 - Strongly agree
 - Agree
6. Interference of senior officials is a major challenge for public procurement process
 - Neutral
 - Strongly disagree
 - Disagree
 - Strongly agree
 - Agree
7. Public procurement employees have limited capacity in the field
 - Neutral
 - Strongly disagree
 - Disagree
 - Strongly agree
 - Agree
8. Do you know the key factors which can affect public procurement processes?
 - Yes
 - No

If yes, please explain
9. Do you think public organizations perform all the procurement processes with accordance Public Procurement Law and Public Procurement Procedure?
 - Yes
 - No
10. Do you think, those who make decision in public procurement have sufficient information about procurement?
 - Yes
 - No

If yes, please explain.....

Part C:

1. What are the key challenges for public procurement process in Afghanistan?
2. How can the above identified challenges overcome? Please clarify.
3. What is your suggestion for the betterment of public procurement system?

Appendix 2

Challenges of Public Procurement in Afghanistan: A Case Study of Finance and

Administrative Directorate in Kunar

FGD with Financial and Accounting Officers

Dear Respondent,

This is Ziauddin, a student of BRAC University at Dhaka, Bangladesh. I am here to conduct a research which is part of my study. The main aim of this research is to generate knowledge and data on “Challenges of public procurement in Afghanistan: A case study of finance and administrative directorate in Kunar”. Thus the information you are requested to present will be used only for academic purposes. Please kindly answer those questions which given through questionnaire. You can use tick mark (✓) where applicable or give a brief explanation where required.

Note: The information which indicates your identity will be removed and will not be linked to your responses. If you have any questions, suggestions or criticisms at all, please feel free and contact with the researcher on [+8801305279804](tel:+8801305279804)/[+93777401202](tel:+93777401202) or by email: ziauddinzia207@gmail.com

Part A:

No of participants

Age range

Place of discussion

Directorate

Department

Date

Time

Part B:

1. What is your understanding about the public procurement?
 - Clear understanding
 - Clear idea but lack of practice
 - No Idea
 - Other

2. Have you ever received any training on public procurement?
 - Yes
 - No
 If yes, please clarify from which organization.....
3. What kind of documents do you use for procurement?
 - NPI standard forms
 - Others
4. Public procurement organizations have inappropriate record keeping system
 - Neutral
 - Strongly disagree
 - Disagree
 - Strongly agree
 - Agree
5. Interference of senior officials is a major challenge for public procurement process
 - Neutral
 - Strongly disagree
 - Disagree
 - Strongly agree
 - Agree
6. Public procurement employees have limited capacity in the field
 - Neutral
 - Strongly disagree
 - Disagree
 - Strongly agree
 - Agree
7. Do you know the key factors which can affect public procurement processes?
 - Yes
 - No
 If yes, please explain.....
8. Do you think, those who make decision in public procurement have sufficient information about procurement?
 - Yes
 - No
 If no, please clarify.....

Part C:

1. What are the key challenges for public procurement process in Afghanistan?
2. How can the above identified challenges overcome? Please clarify.
3. What is your suggestion for the betterment of public procurement system?

Appendix 3

Challenges of Public Procurement in Afghanistan: A Case Study of Finance and

Administrative Directorate in Kunar

FGD with Contractors

Dear Respondent,

This is Ziauddin, a student of BRAC University at Dhaka, Bangladesh. I am here to conduct a research which is part of my study. The main aim of this research is to generate knowledge and data on “Challenges of public procurement in Afghanistan: A case study of finance and administrative directorate in Kunar”. Thus the information you are requested to present will be used only for academic purposes. Please kindly answer those questions which given through questionnaire. You can use tick mark (✓) where applicable or give a brief explanation where required.

Note: The information which indicates your identity will be removed and will not be linked to your responses. If you have any questions, suggestions or criticisms at all, please feel free and contact with the researcher on [+8801305279804](tel:+8801305279804)/[+93777401202](tel:+93777401202) or by email: ziauddinzia207@gmail.com

Part A:

No of participants

Age range

Place of discussion

Directorate

Department

Date

Time

Part B:

1. Total number of procurement activities per year
 - Less than 20
 - 20-50
 - More than 50
 - Other

2. Average of estimated cost for any single procurement activity
 - Less than 500,000 Afg
 - 500,000-1,000,000 Afg
 - More than 1,000,000 Afg
 - Others
3. What kind of documents do you use for procurement?
 - NPI standard forms
 - Others
4. The use of NPI standard forms are complex
 - Neutral
 - Strongly disagree
 - Disagree
 - Strongly agree
 - Agree
5. Lack of e-procurement system in public institutions
 - Neutral
 - Strongly disagree
 - Disagree
 - Strongly agree
 - Agree
6. Public procurement organizations have inappropriate record keeping system
 - Neutral
 - Strongly disagree
 - Disagree
 - Strongly agree
 - Agree
7. Interference of senior officials is a major challenge for public procurement process
 - Neutral
 - Strongly disagree
 - Disagree
 - Strongly agree
 - Agree
8. Public procurement employees have limited capacity in the field
 - Neutral
 - Strongly disagree
 - Disagree
 - Strongly agree
 - Agree

Part C:

1. Did you face any challenges during the procurement process? Please explain.
2. According to your opinion, what can cause to delay public procurement processes?
3. How can the above identified challenges overcome? Please clarify.

Appendix 4

Challenges of Public Procurement in Afghanistan: A Case Study of Finance and

Administrative Directorate in Kunar

KII (Key informant interview) with Directors

Dear Respondent,

This is Ziauddin, a student of BRAC University at Dhaka, Bangladesh. I am here to conduct a research which is part of my study. The main aim of this research is to generate knowledge and data on “Challenges of public procurement in Afghanistan: A case study of finance and administrative directorate in Kunar”. Thus the information you are requested to present will be used only for academic purposes. Please kindly answer those questions which given through questionnaire. You can use tick mark (✓) where applicable or give a brief explanation where required.

Note: The information which indicates your identity will be removed and will not be linked to your responses. If you have any questions, suggestions or criticisms at all, please feel free and contact with the researcher on [+8801305279804](tel:+8801305279804)/[+93777401202](tel:+93777401202) or by email: ziauddinzia207@gmail.com

Part A

1. Name
2. Gender
 - Male
 - Female
2. Age
 - 18 – 30
 - 31 – 50
 - More than 51
3. Education and qualification
 - Certificate/Diploma
 - B.A/BSc
 - M.A/MSc
 - PhD
4. Organization

5. Current designation:

- Director
- Lecturer
- Procurement manager
- Consultant
- Others, please explain.....

6. For how long are you serving in this position?

- Less than 1 year
- 1-5 years
- More than 5 years

Part B:

7. What is your understanding about the public procurement?

- Clear understanding
- Clear idea but lack of practice
- No Idea
- Other

8. Total number of procurement activities per year

- Less than 20
- 20-50
- More than 50
- Other

9. Average of estimated cost for any single procurement activity

- Less than 500,000 Afg
- 500,000-1,000,000 Afg
- More than 1,000,000 Afg
- Others

10. What kind of documents do you use for procurement?

- NPI standard forms
- Others

11. Public procurement organizations have inappropriate record keeping system

- Neutral
- Strongly disagree
- Disagree
- Strongly agree
- Agree

12. Interference of senior officials is a major challenge for public procurement process

- Neutral
- Strongly disagree
- Disagree
- Strongly agree
- Agree

13. Companies you deal with are registered with National Procurement Institution (NPI)

- Neutral
- Strongly disagree
- Disagree
- Strongly agree
- Agree

14. Public procurement employees have limited capacity in the field

- Neutral
- Strongly disagree
- Disagree
- Strongly agree
- Agree

Part C:

1. What are the key challenges which you usually face in the procurement processes?
2. What can cause to delay public procurement processes? Please explain.
3. How can the above identified challenges overcome? Please clarify.

Appendix 5

**Challenges of Public Procurement in Afghanistan: A Case Study of Finance and
Administrative Directorate in Kunar**

Questionnaire

Dear Respondent,

This is Ziauddin, a student of BRAC University at Dhaka, Bangladesh. I am here to conduct a research which is part of my study. The main aim of this research is to generate knowledge and data on “Challenges of public procurement in Afghanistan: A case study of finance and administrative directorate in Kunar”. Thus the information you are requested to present will be used only for academic purposes. Please kindly answer those questions which given through questionnaire. You can use tick mark (✓) where applicable or give a brief explanation where required.

Note: The information which indicates your identity will be removed and will not be linked to your responses. If you have any questions, suggestions or criticisms at all, please feel free and contact with the researcher on [+8801305279804](tel:+8801305279804)/[+93777401202](tel:+93777401202) or by email: ziauddinzia207@gmail.com

Part A

1. Name
2. Gender
 - Male
 - Female
3. Age
 - 18 – 30
 - 31 – 50
 - More than 51

4. Education and qualification
- Certificate/Diploma
 - B.A/BSc
 - M.A/MSc
 - PhD
5. Organization
6. Current designation:
- Director
 - Lecturer
 - Procurement manager
 - Consultant
 - Others, please explain
7. For how long are you serving in this position?
- Less than 1 year
 - 1-5 years
 - More than 5 years

Part B

1. What is your understanding about the public procurement?
- Clear understanding
 - Clear idea but lack of practice
 - No Idea
 - Others, please explain
2. Do you know the importance public procurement?
- Yes
 - No
3. Have you ever received any training on public procurement?
- Yes
 - No
- If yes, from which organization.....
4. What kind of documents do you use for procurement?
- NPI standard forms
 - Others
5. The use of NPI standard forms are complex
- Neutral
 - Strongly disagree
 - Disagree
 - Strongly agree
 - Agree
6. Public procurement organizations have inappropriate record keeping system
- Neutral
 - Strongly disagree
 - Disagree
 - Strongly agree
 - Agree

7. Interference of senior officials is a major challenge for public procurement process

- Neutral
- Strongly disagree
- Disagree
- Strongly agree
- Agree

8. Public procurement workers have limited capacity in the field

- Neutral
- Strongly disagree
- Disagree
- Strongly agree
- Agree

9. Do you think, those who make decision in public procurement have sufficient information about procurement?

- Yes
- No

If no, please clarify.....

10. Do you think public organizations perform all the procurement processes with accordance Public Procurement Law and Public Procurement Procedure?

- Yes
- No

Part C

1. Is there any difference between current procurement system and former one? If your response is yes so please clarify.
2. What is the best way to have an effective and successful procurement system?
3. What are the major challenges for public procurement in Afghanistan and how can overcome those challenges? Please clarify.