

**OVERVIEW OF PUBLIC PROCUREMENT IN MINISTRY
OF INTERIOR OF ISLAMIC REPUBLIC OF AFGHANISTAN.
PERSONAL ACCOUNT OF INSTITUTIONAL TRANSITION IN
A CONFLICT COUNTRY.**

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THE ABSTRACT

This paper discusses the effectiveness of capacity development efforts¹ of the Afghans and international community² and the efficiency of ongoing reform within the Afghan Ministry of Interior [MoI] with specific focus on public procurement. It presents the general legal framework and institutional structure of public procurement as applied by the Ministry. Based on personal experience, the author, being employed as a Mentor to the MoI, points out institutional loopholes and constraints of legal, political and economic nature, such as threat to personal and institutional security, corruption, incomplete legislation and insufficient assistance from international community, that influence functioning of the procurement system in the fragile state. To further discuss it, the author applies *Six step method* proposed by C. Walker. In conclusion, the paper provides some recommendations on the development efforts within public procurement.

INTRODUCTION

Efficient, transparent and accountable public procurement plays a pivotal role in functioning of a state. In case of developing states – if applied in accordance with internationally recognized practices, it becomes *a policy tool for their development* (Thai, 2006:6).

In this paper, ‘public procurement’ shall be understood as a supply of *goods, works and services by entity or through a contractor by use of public funds* (Afghan Public Procurement Law of 2008, article 3). In the general approach to this definition, encompassing all the stages of procurement, it is a process that starts with identification of needs by

requestor unit and ends with a set of actions commonly known as a contract management.

Public procurement counts for approximately 12 – 20% of total expenditures made by states around the world and approximately 4.5 per cent of developing countries' gross domestic product [GDP] (OECD, 2006:2). There is no available official data for the role that public procurement plays in the overall Afghan public administration spending. Taking into consideration, that operating budget of Ministry of Defense as well as Ministry of Interior together accounts for 47% of overall budget in a fiscal year (as provided in report of Ministry of Finance on last year budget) for all the public institutions in Afghanistan - yet approximately 40% - 50% of each of those institutional budgets are spent through procurement – one may come to the conclusion that the overall role of the Afghan public procurement is of significant nature to the functioning of a state.

The assistance given by international community to the Afghan Ministry of Interior is of dual nature: - financial aid and technical support through mentoring and training. During last year, the financial aid accounted for 83% of overall budget of 426 million US dollars (major contributions from CTSC-A – Combined Transition Security Command in Afghanistan LOTFA – Law and Order Trust Fund for Afghanistan, a multi donor, UNDP managed fund). The technical support through mentoring and training involves CTSC-A, United Nation Development Program, United Nation Office on Drugs and Crime, European Union Police Mission to Afghanistan as well as two consultancy firms: DynCorp and MPRI. Aside – there is a number of bilateral agreements with embassies that support various policies of Ministry of Interior.

In an essay titled “Obstacles to Public Procurement Reform in Developing Countries”, Robert Hunja explains that the aim of reform program in developing countries is to establish a strong and well – functioning procurement system that is governed by a clear legal framework that provides rules obtaining transparency, efficiency together with mechanisms of enforcement (Hunja 2002). The principal question being asked by the author in this paper is, whether development efforts are effective and efficient. The example of procurement executed in the Afghan Ministry of Interior can constitute input into evaluation of efforts undertaken and as such contributes to research on finding the answer to the question.

METHODS

The content of this paper has been based on a personal observation of processes occurring in the country that undergoes political, legal and social transition. Despite international efforts ongoing for last eight years, Afghanistan has not yet developed mechanisms, which would assure public access to the information available on the functioning of the state and more specifically on the spending of public money. Moreover, the reports and assessments of Afghanistan prepared by international organizations (i.e. World Bank, OECD, Asian Development Bank) are either inexistent or outdated and usually do not mention the application of procurement legislation by the specific Afghan public institutions. In this respect – the paper provides some original information, constituting grounds for an observation, that normally would not be easily available to scholars around the world. Yet, the author is aware that the same information may come under direct critique for lack of reference to any official and already published academic sources. For this reason – the paper’s subtitle includes wording: ‘a personal account’.

Significant security constraint (due to insurgency unrests) influences daily life and narrows possibilities for meetings and discussions outside the secured locations like ministerial compounds or military or international camps. The academic research in archives, among those that exist in Kabul or at libraries of Kabul university has remained outside of author’s reach due to impossibility for movements to locations other than the ones mentioned above.

To discuss effectiveness and efficiency of processes and issues observed, the author has applied a “Six step method” proposed by C. Walker (Walker 2002) as well as made use of general academic research available online. In addition, the information obtained from relevant individuals, as well as in course of professional assignment has become a tool for development of observation allowing the author to come to a set of recommendations and proposals mentioned in this paper. Since the international support is ongoing and transition of the system occurs on daily basis – the facts presented hereby, refer to status as of March 2010.

The views presented hereinafter do not necessarily reflect the opinions of institutions or organizations associated with the author and as such present only the individual perspective on all the issues discussed.

AFGHANISTAN AS A CONFLICT STATE

Looking at the magnitude of the public procurement mentioned in the introduction and its role in the economy of any state, it may be concluded that it becomes an important tool of state development or its degradation through misuse of public funds. It is especially seen in countries with weak governance and limited capacity for development, commonly known as *fragile states*.³ In such countries obedience to international standards becomes challenging, sometimes impossible and as such vulnerable to illegal activities like corruption.

According to Transparency International Corruption Perception Index in year 2008, Afghanistan ranked 176th out of 180 countries placing it fifth-worst in the world. Corruption has constituted *a serious threat to Afghanistan's state building and development agenda* (World Bank, 2009:2). Yet, it has not been the only threat.

Afghanistan has a fledged insurgency, the latest stage in 30 years of violent conflict. The enduring paradigm over that time has been [...] power holders preying on the local population –[...] the Soviets,[...] then the Taliban, and now the warlords and a resurgent Taliban (Grono, 2009:1). In 2001 and the years after, following collapse of Taliban, the key economic institutions such as central bank, budget preparation, execution and monitoring, tax collection and customs, statistics, civil service, law and order and the judicial system – have been extremely weak (World Bank 2002:3). Despite international efforts, the country has continued to face insurgency threats and attacks. The combination of all those factors leads to the conclusion Afghanistan remains both *a fragile state* and a conflict state, in spite of its international classification as a 'post-conflict state'.⁴ Here, territorial integrity, fight against insurgents, as well as establishment and uphold of public order becomes priority in state building efforts, which will give way to further and more sustainable development. For this reason, in the author's view, in the Afghan case, the attention of international community is given to activities undertaken by two Ministries: Ministry of Defense - responsible for protecting territorial integrity and undertaking military actions against insurgents, as well as Ministry of Interior [MoI] – responsible for putting in and assuring place public order. More specifically, the Ministry of Interior is responsible across the country for police and other internal security forces, the Afghan counter- narcotics efforts as well as administration of districts and provinces (together with another institution called Independent Directorate for Local Governance).

INSTITUTIONAL AND LEGAL FRAMEWORK OF PUBLIC PROCUREMENT IN AFGHANISTAN AND ITS APPLICATION BY THE AFGHAN MINISTRY OF INTERIOR

As explained above, the Afghan Ministry of Interior [MoI] remains one of the public institutions that plays a crucial role in the state building efforts. Approximately 40% of the MoI yearly budget⁵ is spent through public procurement. Taking into consideration last year budget of 426 million USD (Ministry of Finance: 1388) approximately 170,4 million USD is spent through public procurement (the author's own calculation through analysis of budget available and the contracts signed by the MoI).

1) Legal framework

The supply of goods, works and services by MoI based on the national budget, as for all other public entities, is governed by *the Public Procurement Law* and complementary legislation managed by the specialized unit within Ministry of Finance. The legal framework for the public procurement in Afghanistan consists of four types of legal documents: *Constitution* (art 75, section 4), the *Public Procurement Law*, the *Rules of Procedure for Public Procurement in Afghanistan* as well as *Circulars*. The *Public Procurement Law* enacted by the presidential Decree in year 2008 and further amended in January of 2009, is based on the UNICTRAL Model Law of Public Procurement (the previous version of law was enacted back in October 2005 and is no longer in force). As in case of many other developing states, the drafting and revision of the Public Procurement Law was done with assistance of a foreign consultancy company. In case of Afghanistan, for the Law of 2008, it was *CKP* (Charles Kendall Partners)⁶ – that took on task of assisting in drafting and revision of Public Procurement Law, within the project financed by the World Bank (World Bank (2), 2009:V. Note: the earlier version of Law was drafted with assistance of the *Crown Agents* and also was financed by the World Bank). The Public Procurement Law of 2008 regulates both domestic and foreign procurement of goods, works and services for administrations, institutions and companies with major public ownership. The document *Rules of Procedure for Public Procurement in Afghanistan* of November 2009 constitutes the complementary legislation issued in accordance with article 95 of the Procurement Law by the Procurement Policy Unit [PPU] and approved by the Afghan Ministry of Finance. Its purpose is to

establish detailed rules and procedures, to fulfill the objectives and, to implement the provisions of the Law. Compliance with the Afghan procurement legislation is obligatory to all the procuring entities and other participants of the public procurement process. The Law, as well as the Rules, is complemented by a set of Circulars – which are issued by the PPU, when the need for further specification arises.

2) Institutional framework

The PPU is the central unit established within the Afghan Ministry of Finance for policy and professional development within the area of public procurement.⁷ It remains a principal procurement performance monitoring organ for procuring entities across Afghanistan including central and provincial administration. The article 80 of the Law states that the PPU is responsible also for daily procurement operations such as establishment and functioning of Procurement Appeal Committee as well as debarment of bidders and issuance of circulars for all the procuring entities.

Despite a wide range of functions assigned to the unit, its human resources remain significantly narrowed. There are currently six Afghan Officials directly charged with executing the functions prescribed by the article 80 of the Law⁸ assisted by one foreign adviser employed by the United Nations.

De facto, due to the resource limitation, the PPU's assistance to the procuring entities as well as its impact on day – to – day procurement process within various ministries and in provinces remains of limited nature.

Aside the PPU, there is the *Afghanistan Reconstruction Development Services* [ARDS] - a public organization (originated within the Ministry of Economy) of over 50 individuals trained in conduct of procurement services.⁹ The existence and involvement of this organization in the Afghan public procurement is regulated by article 93.1 of Public Procurement Law of 2008, on *interim procurement arrangements*. Created in 2003 and trained with assistance of World Bank funds (World Bank (2), 2009:15), ARDS remains a central procurement facilitation service provider responsible for putting in place emergency procurement capacity to facilitate rapid and transparent utilization of donor resources for the country's reconstruction and development. Based in Kabul – it provides assistance also to procuring entities in the provinces. As the legal basis, the ARDS uses relevant guidelines of funding agencies, since its function is to assist the procuring entities in expenditure of funds originated from various donors contributing in the country under operations financed directly by International Development Agency

[IDA], IDA-administered Trust Fund as well as non-IDA funded contracts including domestic funded contracts.¹⁰ As provided in article 3 of the PPU Circular *ref. PPU/ C010/1386*, issued on the grounds of Procurement Law of 2005, for procurement of goods and services valued 200,000USD or more, and for works 500,000 USD or more – all the procuring entities shall refer to ARDS-PU for procurement facilitation and support.¹¹ For procurement of a lower value – the decision to refer to ARDS-PU remains at the discretion of the procuring entities. The same circular issued by PPU in its article 5, excludes the procurement conducted by Ministry of Interior and Ministry of Defense from the obligation to refer to ARDS-PU for support. Therefore, the acquisition of goods, works and services by those two ministries, despite their value, has been largely dependable upon own professional and human capacities.

The situation becomes even more complex, taking into consideration fact that the circular *ref. PPU/ C010/1386* mentioned above has been issued on the grounds of the former Law (Public Procurement Law of October 2005), which is circumvented by the Law of 2008. Unfortunately, the PPU circular referring to the most recent Law has not yet been published. Therefore in author's view, according to the current legal framework none of the procuring entities (and this includes the Ministry of Interior) has the obligation to refer to the ARDS-PU for assistance in conduct of high-value procurement.

Being excluded from the legal obligation to refer to the professional institution dealing with high value procurement (both on the grounds of old circular and on the grounds of lack of current provisions in that respect) leaves Ministry of Interior vulnerable to complexity of procurement process without necessary capacity in terms of competence and knowledge.

Currently within the Ministry of Interior procurement activities involve three departments: Logistics and Procurement Department with assistance of Finance Department. Those three departments – with personnel spread across the provinces – conduct procurement for the Ministry of Interior (this includes numerous Afghan National Police employees placed across Afghanistan). In the author's view, while rationale for existence of the departments in the MoI is well grounded in the Public Procurement Law of 2008, the factual division of responsibilities related to procurement between Logistics [in the Law as *Requestor Unit*] and Procurement Department (in the Law: as *Procurement Office*) is not clear. In fact, the MoI Procurement Department acts mainly as a facilitator of the process, without any real influence on form of the procurement conducted. Decision to initiate procurement process, market research and contract drafting is done within MoI Logistics department.

Procurement needs are established based on the sum of variables including ad hoc requests coming from the chain of command in the Ministry which may and may not be indicated in the procurement plan. This, in author's view may have an impact on the procurement and decision making process within MoI. As the responsibility to conduct transparent and efficient procurement is spread between the two MoI departments the final signature approving award of the contract is given (based on the recommendation of advisors referred as Procurement Committee in accordance with Procurement Law) by Minister of Interior or his appointee.

All three departments report to the MoI Deputy Minister for Administration and Support. When it comes to all matters related to control of activities undertaken by the MoI staff – there is Administrative Inspection Unit, Audit and Inspection Unit as well as Anti-Corruption Unit within Inspector General Office [IGO]. Both the MoI Deputy Minister of Administration and Support and Inspector General coordinate directly their daily work with Senior Deputy Minister for Security and indirectly with Deputy Minister responsible for Policy and Strategy. The Deputy Minister responsible for Policy and Strategy has been tasked with drafting of Anti-corruption policy for the whole Ministry. All the Deputy Ministers and their departments fall under command of Minister of Interior. The Finance Department of MoI remains a liaison office to the Ministry of Finance for all financial aspects of the procurement – including providing availability of funds for a given acquisition.

Within each Ministry – and this includes Ministry of Interior, there is one Procurement Controller recruited by the Procurement Policy Unit based on the contract with Ministry of Finance (World Bank, 2009:16). According to the circular issued by the PPU, the range of responsibilities of Procurement Controller includes *inter alia* providing monthly reports to the PPU on the procurement activities conducted by the MoI (Circular PPU/CO21/1387). In addition, as stated in the circular, Procurement Controller facilitates the procurement proceedings that are beyond threshold limits and provides procurement advice to Procurement Committees as well as Minister of Interior acting as award authority. According to the circular, the Procurement Controller reviews procurement records and monitors the procurement proceedings. In practice, the role of Procurement Controller remains yet to be fully implemented to correspond to provisions of the circular.

3) Procurement in provinces

Currently, across Afghanistan, there are 168 persons employed to execute procurement activities for the MoI (central - Kabul and

provinces), approximate one fourth of them being placed within the MoI Headquarters. There is a similar number of personnel working in the MoI Logistics department across the country. In total this makes over 300 staff dealing with procurement activities all over Afghanistan. In comparison: ARDS employs fifty persons that deal with procurement for all entities, while the PPU – six. It may therefore lead to a conclusion that the procurement conducted in MoI is of significant nature in terms of quantity, type of procurement as well as importance to the development of the country.

Yet, the legislation provided by the central institution does not include specification on how procurement in provinces should be executed (refer to Public Procurement Law of 2009 and the relevant circulars available on website of Ministry of Finance). It seems that within the MoI – the approach varies. Based on the informal interviews, the officers in districts and provinces often do not have access to procurement law and are not aware of changes introduced to the legislation. There is no uniform chain of command, when it comes to procurement activities. The procurement law does not specify how purchasing of goods, works and services should take place in districts and provinces. Yet there is a police law of 2009, applicable to police staff (being a major percentage of overall personnel of the MoI) that includes articles on chain of command without consideration of procurement. The PPU circular drafted for the provinces remains outdated – as it is based on the law that has been already revised (the PPU circular n. PPU/C011/1386 available on website of PPU). For an external observer, there is confusion between role that logistics and procurement officers –who are also members of police force - play within procurement in provinces. This is due to lack of precise job descriptions, which would also include reporting system. In addition, as observed by the author, a provincial governor (since 2009, under guidance of the President – introduced to lead decentralization), who according to procurement law of 2009, is not a procuring entity nor have place within MoI structure, continues to influence decentralized MoI contracting due to his important cultural and traditional role. All those constraints add to often insufficient use of public funds and give grounds to corruptive practices.

INVOLVEMENT OF INTERNATIONAL COMMUNITY IN SUPPORTING MINISTRY OF INTERIOR

During London Conference of 28th January 2010, more than 70 countries and international organizations agreed with the Government of Afghanistan on inter alia *working to improve procurement processes, including establishing additional measures to ensure due diligence in international contracting procedures*. (London Conference Communiqué, 2010:7).

Since 2002, World Bank through International Development Agency [IDA] has been assisting the Afghan institutions in procurement capacity building (World Bank 2006:3). The financial and technical assistance resulted in establishment of the ARDS (Afghanistan Reconstruction and Development Services) and its gradual development to a professional service provider for most of the public entities. The ARDS as explained above does not however provide the assistance to the MoI. Therefore any procurement executed by the MoI occurs only based on the human and professional resources available within this institution.

Based on the agreement with the Ministry of Interior, there is currently a number of international partners present in the Ministry of Interior. Within procurement area - Combined Security Transition Command-Afghanistan (CTSC-A), European Union Police Mission to Afghanistan [EUPOL Afghanistan] as well as the DynCorp International and the MPRI play an active role. Within the scope of the public procurement they are charged with capacity development and monitoring of process – although their focus so far has been principally on ‘mentoring’.

The heads of the MoI Procurement and Logistics departments are shadowed by a number of ‘mentors’ (two or three assigned to each Head of Department in addition to other mentors assigned to a given department), who remain with their mentoree all throughout the day. The principal language of communication between mentors and Afghan Heads of MoI Departments is Dari / Pashtu. As the mentors often do not know Dari or Pashtu and frequently Afghan mentorees do not use English – each of mentors has been assigned with a local translator to provide English – Dari/Pashtu – English translation of any conversation occurring within MoI working hours (translators are employed based on the contract with respective organization/company).

DISCUSSION

From the observation presented above, one may come to conclusion that having a number of system loopholes, public procurement in the Afghan Ministry of Interior is inefficient and ineffective. In author's view, however it is not the case. Evaluation of effectiveness and efficiency of the procurement is of much more complex nature and requires application of various perspectives. One of the possible perspectives has been suggested by C. Walker in her article "Setting up a Public Procurement Method. The six step method" (Walker 2002). According to Walker the "six step method" leads to establishment of an effective public procurement system in developing countries (Walker, 2002:3). The "six step method" consists of points, which do not require to be followed in a concrete order: *Support from the highest political levels (1); Publicity about the advantages of the new system (2); Cooperation between private and public sector (3); Good procurement training (4) Good procurement legislation (5) Establishment of a central public procurement office/ division/ board (6)* (Walker, 2002:3). As Walker states: *When all the six steps are followed, success is much more likely. [...] The six step method seems to have worked almost universally and has resulted almost in setting up an effective public procurement system* (Walker, 2002:3).

Although Walker's proposal relates to a procurement system for a whole country – it may in the author's view constitute a point of reference for attempting to evaluate effectiveness of procurement activities on a smaller scale, in a single ministry. Since, as mentioned by Walker, it is necessary that all steps are followed (Walker 2002:3) – in the author's view, it is enough if one of the six points is missing to state ineffectiveness of the system.

Considering the first step of the method: *support from the highest political levels*, which is seen as necessary for any organizational change to succeed, as it avoids any doubt about the government's commitment to reform – both the Afghan government and the president Hamid Karzai have openly expressed their desire for a transparent and sound procurement across all state institutions. There are national and ministerial Anti-Corruption Strategies put in place (called National Development Strategy as well as Anti-corruption Policy for the Ministry of Interior), which explicitly mention procurement as one of the areas vulnerable to corruption. As explained above, the Inspector General Office within MoI has been assigned to monitor the procurement activities. The international partners are active in daily procurement operations of the MoI. There is the PPU – a principal procurement monitoring entity established together with well-staffed Procurement Department of the MoI. The Public Procurement Law of 2008 provides legal framework in

accordance with internationally recognized practices. With the aim to fight corruption among public servants, the Ministry of Interior has been establishing a number of tools (phone line and task forces charged with investigating corruptive practices) to achieve its goal. There is an ongoing public campaign – which perhaps does not focus on procurement only – but identifies corruptive practices occurring also during public bidding. This adds to the promotion of the advantages of the new procurement system.

Achieving of the last two steps among ‘the six step method’ mainly: *Cooperation between private and public sector and good procurement training* remains a challenge for the Ministry of Interior. *Cooperation between private and public sector* requires good understanding of the advantages of the Public Procurement Law and its provisions and a strong commitment on both sides for obedience to the written law. As explained above, Afghanistan remains a fragile state, where the state institutions are weak and the threat to personal security is high. Survival and improvement of living conditions remains a priority in daily life of many Afghans. For years institution of ‘baksheesh’ has grown into the Afghan culture as a mean for achieving desired goal. From this perspective – award of a government contract providing a sustainable means for living becomes a priority obtained through means culturally acceptable yet sometimes remaining in breach with the law. To understand the necessity of transparent and corruption free procurement there is a need for further training for both – bidders and procurement personnel of the Ministry of Interior. As explained above, the competences and skills of the procurement personnel have a space for improvement. So far, ad hoc trainings conducted for the MoI personnel have not created a sustainable procurement capacity and remain literally ‘a drop in the sea of training needs’. The awareness training for bidders on procurement standards and law requires continued effort of all public institutions.

The outcome of the analysis based on ‘the six step method’ shows that there is a large space for improvement in achieving effectiveness of the procurement conducted in the MoI. Does it mean that its procurement activities are not effective? The first step to answer this question is to analyze definition of *effectiveness*.

In the most commonly known approach *effectiveness* means “capability to produce an effect”. The Afghan Ministry of Interior continues to sign government contracts of small and high value. Goods, works and services are being delivered and new public tenders are being published. Therefore – from another perspective: the MoI procurement can be considered as effective.

Efficient procurement, on the other hand means acquisition of goods works and services through *best value for money*, taking into consideration both financial and technical advantages deriving from that purchase. In this meaning, *efficiency* relates to the process and not necessarily to a result of a given action. Comparing Afghan procurement in practice as described above, to the *best practices*¹² as provided in the UNCITRAL Model Law leads to the conclusion that there is an ongoing need to further strengthen the skills and competences of the procurement personnel together with assuring assistance on the proper implementation of the Law. The efficiency of procurement may be increased only if there is cooperation between Ministry of Interior, the PPU and the international partners involved.

In author's view, multiplicity of the mentors, active in Ministry of Interior, gives impression of a control or supervision over the procurement activities involving large quantities of money – yet does not directly or indirectly influence capacity development of the procurement personnel or increase efficiency of the whole system. The average length of mentor's assignment in any ministry ranges from 6 – 12 months and often a 'newcomer' does not take on activities of his/her predecessor (Wehrle, 2010). This leads to situation, in which there is no continuity of capacity development despite numerous strategies (i.e. Anti-corruption strategy) put in place. The question of sustainability of the efforts remains open. The other problem in delivery of international assistance remains with efficiency of the efforts.

The support of international partners given to the MoI should be coordinated and a 'one voice approach' towards the Ministry (being a recipient of the aid) should become a rule. Instead – despite the numerous attempts - since the development aid is often linked with national or organization's interests and/or international development obligations (OECD – Official Development Aid) of countries contributing, there is a possibility for donors to compete in providing assistance. In such situation, a development aid helps the donors rather than the recipients, and in result the goal of developing a state institution becomes a secondary one.

CONCLUSION

Role of Ministry of Interior in state building, institutional loopholes and constraints of legal, political and economic nature have a significant impact on functioning of the procurement system within this Ministry. All those factors should be taken into consideration while elaborating a single approach to the development efforts undertaken by the international community in Afghanistan. What comes as a general conclusion is, that it is essential, that the procurement capacity development occurs not only through mentoring, but also through detailed assessment of needs in terms of trainings and resources, identification of target groups as well as continuous work on identification of loopholes in the system. All this should be based on the cooperation between international partners and may only be achieved through day – to – day work with the Afghans based on long term and continuous planning that includes not only highest political levels but rather practitioners and their supervisors placed in the field. If the current duration of assignment of consultants may not be changed for various reasons, perhaps project approach shall be established – identifying issues that may be resolved or established in a short periods of time. This way development of procurement capacity would happen step by step resulting ultimately in a more effective and efficient system in place.

NOTES

1. According to UNDP, *capacity development* is a long term, continuing process of helping governments, civil society and other partners to build the skills, knowledge and experience they need to improve peoples' lives. In other words: it is the creation of an enabling environment with appropriate policy and legal frameworks, institutional development, including community participation, human resources development and strengthening of managerial systems. Refer to website: http://www.undp.org/capacity/our_approach.shtml [Retrieved March 24, 2010].
2. *International community* – shall be understood as a group of representatives of states, international organizations as well foreign companies present in Afghanistan and assisting in capacity development of the Afghan state institutions.
3. World Bank definition [online] available at <http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/STRATEGIES/EXTLICUS/0,,contentMDK:22230573~pa>

gePK:64171531~menuPK:4448982~piPK:64171507~theSite
PK:511778,00.html

4. According to International Development Agency [IDA] classification prepared in 2007, Afghanistan is considered as *a post-conflict country*, while World Bank describes it as a *fragile situation*. IDA defines *post-conflict countries* as:

- (i) a country that has suffered from a severe and long-lasting conflict, which has led to inactivity of the borrower for an extended period of, or at least a substantial decline in the level of external assistance, including from IDA;

- (ii) a country that has experienced a short, but highly intensive, conflict leading to a disruption of IDA involvement; and

- (iii) a newly sovereign state that has emerged through the violent break-up of a former sovereign entity.

Refer to website:

<http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/STRATEGIES/EXTLICUS/0,,contentMDK:22230573~pagePK:64171531~menuPK:4448982~piPK:64171507~theSitePK:511778,00.html>

[Retrieved January 10, 2010]

5. On the 21st March 2010, Afghanistan entered into 1389 solar year. The estimates have been elaborated by the author, based on the data provided by Ministry of Finance, as well as personnel of Finance Department of Ministry of Interior and the respective Mentors.
6. Information available online. Refer to: <http://www.charleskendall.com/news/charles-kendall-consulting-appointed-540m-programme> [Retrieved March 28, 2010]
7. Information available on line. Refer to: <http://www.ppu.gov.af/> [Retrieved March 15, 2010]
8. Information available on line. Refer to: <http://www.ppu.gov.af/English/Contactus.aspx> [Retrieved March 15, 2010]
9. Refer to: www.ards.org.af/ [Retrieved March 17, 2010]
10. Refer to: www.ards.org.af/ [Retrieved March 17, 2010]

11. Refer to: <http://www.ppu.gov.af/English/PPU/PPUC.aspx> [Retrieved March 17, 2010]
12. The *best practices* encompass the following objectives – as provided by the UNCITRAL Model Law: 1) Maximizing economy and efficiency in procurement; 2) Fostering and encouraging participation in procurement proceedings by suppliers and contractors, especially where appropriate, participation by suppliers and contractors regardless of nationality, and thereby promoting international trade; 3) Promoting competition among suppliers and contractors for the supply of the goods, construction or services to be procured; 4) Providing for the fair and equitable treatment of all suppliers and Contractors; 5) Promoting the integrity of, and fairness and public confidence in, the procurement process; 6) Achieving transparency in the procedures relating to procurement.
Refer to:
<http://www.uncitral.org/pdf/english/texts/procure/ml-procurement/ml-procure.pdf> [Retrieved March 22, 2010]

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