Procurement Reform in Afghanistan

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05, Feb, 2018
Landlocked and mountainous
Population: 35 million
GDP Per Capita: 670 USD
Procurement Constitutes 19% of the country GDP
Geographic Location: South Asia
Languages: Pashtu and Dari
Provinces: 34
Capital: Kabul
Mission

Strengthen Public Procurement System and Foster Economic Growth

Visionary Reform

Vision & Mission

- Mission
- Strengthen Public Procurement System and Foster Economic Growth

- Political Will
- Resources
- Strategy

Compliant with International standards

Procurement system

Effective, Efficient, Transparent, Fair & Accountable
Business sentiment remained suppressed, with the number of new firm registrations having continued to decline over the past four years.

Real GDP growth increased from 1.1 percent in 2015 to 2.2 percent in 2016, and to 2.6 percent in 2017 mainly driven by strong growth in the agriculture sector.
National Budget 1397 (2018)

Total Budget $5.13 Billion

Ordinary Budget $3.83 Billion
Development Budget $1.3 Billion

Nearly 50% of national budget will be consumed through public procurement.
NPA’s Role & Responsibilities

Facilitating Procurement Services
Rendering Secretariat Services to NPC
Monitoring Procurement Processes
Contracts Progress Monitoring
Strengthening Regulatory Framework
Investment Promotion
Certification of Private Companies
Rendering Secretariat Services to ARC
Managing Debarment of Companies
Capacity & Institutional Development
Establishment and Institutionalization of E-Procurement
Capacity Certification
Facilitation of mining contracts
Post Contract Monitoring

Major Activities
Organizational Restructuring

National Procurement Commission-NPC

Administrative Office of the President

NPC Secretariat Directorate

Strategic communication Directorate

Ensuring Transparency Directorate

Deputy for Professional and Policy Development

Deputy for Capacity Monitoring and Contracts progress

Deputy for Operation and Resources

Procurement Policy Directorate

Procurement Institute Directorate

Project Analysis and Program Development Directorate

Human Resource and Cadre Management Directorate

Commonly used Items Directorate

Procurement Processes Monitoring and capacity certification Directorate

Capacity Certification for the Private Sector Directorate

Project Analysis and Program Development Directorate

Procurement Processes Monitoring and capacity certification Directorate

Contract Progress and Monitoring Directorate

Procurement Institute Directorate

Procurement Policy Directorate

Procurement Institute Directorate
NPC achievements

- NPC held 135 consecutive weekly sessions chaired by H.E. the President
- More than 3000 contracts have been submitted to the NPC
- NPC approved more than 2500 of these contracts
- The total value of these approved contracts are more than 5.4 Billion USD
Savings in awarded contracts:

- Approx.: $150 M in 2017
- About $400 M in 3 years
- Increase in Tax Compliance due to procurement policies
NPA performance:

Facilitated

464 projects in three years

With the total value of 2 Billion USD

Transparency in contracts = equality
NPC Secretariat

Reviewed: More than 3000 cases project in three years
Value: $ 6 billion
The information of **1900** approved contracts have been shared publicly on the NPA website based on Open Data Contracting Standards.

![Contract Progress Monitoring Dashboard](image-url)

- **1511** Number of approved contracts
- **963** Number of published contracts data
- **548** Number of unpublished contracts data

**Awarded Contracts**
- **COUNT:** 963
- **TOTAL VALUE:** 356.9 B (AFN)

**Planned Payments**
- **PERCENTAGE:** 34.84%
- **AMOUNT:** 114.2 B (AFN)

**Actual Payments**
- **PERCENTAGE:** 21.08%
- **AMOUNT:** 69.1 B (AFN)

**Amended contracts**
- **COUNT:** 280
- **AMENDED AMOUNT:** 16.5 B (AFN)
Regulatory and Policy Reform:

- Procurement Law Amendment and endorsed
- Rules of Procedures Amended and approved
- Procurement Regulation developed
- SBDs revised and newly developed
- Framework Agreement Mechanism
- Circulars reduced
- Standard Operating Procedures developed for ARC and Debarment
- Domestic Preference Policy increased to 25%
- Structures of Procurement Entities and Terms of References of Procurement Positions for over 1000 positions of the civil service standardized
Established the National Procurement Institute (NPI) to increase the capacity of procurement staff of the public and private sector.

**2580** employees received training

**697** new procurement staff have been recruited
Strategic Communication & Access to Information Mechanisms

- NPA Website
- Social Media: FB, Twitter, YouTube
- Highest Media Coverage
- Press Conferences
- Annual Reports, infographics, email alerts
- Stakeholders Engagement & Cooperation/DgMarket
- Anti-corruption Campaigns – Artlords

Public Awareness & Information Sharing
Zero tolerance for the corruption!

Debarment:
133 offending and fraudulent companies have been debarred, for 2-5 years after the review.
Debarment

Debarment of 133 Fraudulent Companies

NPA has also set up a system to blacklist companies that present false information in procurement biddings. To date, NPA has blacklisted 133 companies and sent their information to the Attorney General for follow-up.

Forfeiture of 6 Million USD in Bid & Performance Guarantees

If you fake, you will be debarred from procurement process.
Complaints Handling- Administrative Review Committee

Now not only bidders and contractors can complain about deficiencies or misuse of power but any one from inside and outside are encouraged to raise issues, misconduct or violation with the complaints handling section of the NPA.

Under the previous mechanism more than 638 complaints have been recorded.

The future development of Afghanistan depends on transparent procurement.
A Coalition for Reform is formed

MoU is signed with Major Task Force
MoU is signed with Open Contract Partnership
OGP Initiative in Afghanistan
MoUs are signed with Kabul University and Poly technique University
Inauguration of some big projects
Major Challenges

All the successes were no short of challenges and they are summarized as follows:

- Resistance to change
- Efforts by the mafia to sabotage reform process
- Threats to NPA and its staff
- Shortage of capacity at PEs level
- Lack of professional and big companies in Afghanistan to implement the large projects.
- Lack of Procurement Capacity at the Public and Private Sector Organizations and the Labor Market.
Future Plan

• Strengthen the procurement reform

• Fight against corruption in all procurement processes

• Strengthen of Public Private Partnership

• Facilitating the mining contracts

• Strengthen the initiative for coalition for reform

• Increase the capacity of procurement staff

• Working with civil society activists to ensure transparency in all procurement process

Implementation of reform = Tackling of corruption
Questions & Recommendations for Afghanistan Procurement System?

The transparency door is open in public procurement.