



Guideline issued by the Public Procurement and Disposal of Public Assets Authority under Sections 50(2), 59B and 97 of the Public Procurement and Disposal of Public Assets Act, 2003

Details covered in this Guideline:

Guideline Subject: *Reservation Schemes to Promote the Participation of Local Providers in Public Procurement*

Guideline Reference: 12/2024

Commencement Date: 22nd March 2024

Guidelines are issued to all Accounting Officers who are responsible for distributing copies to the Contracts Committees, User Departments and Procurement and Disposal Units of the Procuring and Disposing Entities.

This Guideline can be accessed on the PPDA website at www.ppda.go.ug

Guideline Subject: Reservation Schemes to Promote the Participation of Local Providers in Public Procurement

1.0 INTRODUCTION

Pursuant to Sections 50(2), 59B (1), (2) (a) (c) and 97 of the PPDA Act, 2003, the Authority issues this Guideline on reservation schemes to promote the participation of local providers in public procurement.

1.1 Objective of the Guideline: To guide Procuring and Disposing Entities on public procurements reserved for award to different providers.

1.2 Definitions

For this Guideline, unless the context otherwise requires:

“EAC Provider” means a citizen of the East African Community (EAC) or company incorporated in any of the EAC Partner States and has been operational in any of the EAC Partner States for at least ten years with demonstrated evidence of doing business and complying with relevant statutory obligations;

“Local Provider” means a national, resident or EAC provider;

“Manufacturing” means a process of physically or chemically transforming raw materials, substances, or components into new products;

“National Provider” means a Ugandan Citizen or provider registered in Uganda and wholly-owned and controlled by Ugandans;

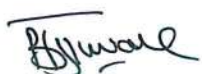
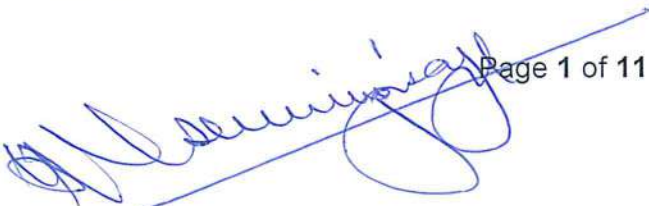
“Provider” means a natural person or an incorporated body including a consultant, contractor or supplier licensed by a competent authority to undertake business activities;

“Reservation” means exclusive preference to procure supplies, works and services set aside by threshold, type of contract or sector and many others as will be determined from time to time;

“Resident Provider” means a provider incorporated in Uganda and is not a national provider;

“Strategic Infrastructure Projects” means projects in the National Development Plan or all projects undertaken by an Entity and are directly linked to the National Development Plan and the Entity’s objectives.

“Vertically Integrated Manufacturing Facility” means an arrangement where the same manufacturer is able to produce and control the different stages of production along the manufacturing line from processing of raw materials to the final product.



1.3 Application

- i. This Guideline shall apply to procurements whose values are above UGX. 10 Million by Local Government Procuring and Disposing Entities and UGX. 30 Million by Central Government Procuring and Disposing Entities.
- ii. Procurements below the above values shall be undertaken under Guideline No.11 of 2024 on Reservation Schemes to promote the participation of registered Associations of Women, Youths and Persons with Disabilities.
- iii. This Guideline shall apply to procurements funded by Government of Uganda and Development Partners. The reservation shall not apply to procurements funded by Development Partners where the conditions of funding limit the application of the reservations.
- iv. To benefit from this reservation, the participating Resident and EAC providers shall be registered in Uganda or their EAC country of origin respectively for at least ten years at the time of submission of the bid.

2.0 PROCUREMENTS RESERVED BY THRESHOLD

2.1 Procurements Reserved for National Providers

- i. A Procuring and Disposing Entity shall reserve procurements to national providers whose estimated cost is within the thresholds indicated in Table 1 below:

Table1: Reserved Procurements by Value to National Providers

No.	Category of Procurement	Value of Procurement (UGX)
1.	Road works	UGX 15 Billion and below
2.	Other public works	UGX 10 Billion and below
3.	Consultancy Services for design and supervision works	UGX 5 Billion and below
4.	Other Consultancy Services	UGX 300 Million and below
5.	Non-Consultancy Services	UGX 300 Million and below
6	Locally manufactured supplies	UGX 1 Billion and below

- ii. The Procuring and Disposing Entities shall use the appropriate procurement method under the PPDA Act, 2003 and PPDA Guideline No. 1/2024 to reserve the procurement to national providers.
- iii. Where a Procuring and Disposing Entity does not receive a bid from a national provider following a procurement process, it shall use the appropriate procurement method to open up the process to resident and East African Community (EAC) providers.
- iv. Where a service, supply or works offered in a bid by a national provider is not responsive to the requirements of the Entity with respect to price,



quality or timelines for delivery, the Procuring and Disposing Entity shall use the appropriate procurement method to open up the process to resident, EAC or foreign providers.

- v. The Accounting Officer shall submit a report to the Authority within 10 working days from the date of signing the contract on procurements undertaken under paragraph (iii) and (iv) above.

2.2 Procurements Reserved for Resident and EAC Providers

- i. A Procuring and Disposing Entity shall reserve procurements to resident and EAC providers whose estimated cost is within the thresholds indicated in Table 2 below:

Table 2: Reserved Procurements by Value to Resident and EAC Providers

No.	Category of Procurement	Value of Procurement (UGX)
1.	Road works	Above UGX 15 Billion but not exceeding UGX 45 Billion
2.	Other public works	Above UGX 10 Billion but not exceeding UGX 15 Billion
3.	Consultancy Services for design and supervision works	Above UGX 5 Billion but not exceeding UGX 10 Billion
4.	Other Consultancy Services	Above UGX 300 Million but not exceeding UGX 1 Billion
5.	Non-Consultancy Services	Above UGX 300 Million but not exceeding UGX 500 Million
6.	Locally manufactured supplies	Above UGX 1 Billion but not exceeding UGX 3 Billion

- ii. The Procuring and Disposing Entities shall use the appropriate procurement method under the PPDA Act, 2003 and PPDA Guideline No. 1/2024 to reserve the procurement to resident and EAC providers.
- iii. Where a Procuring and Disposing Entity does not receive a bid from a resident or EAC provider following a procurement process, it shall use the appropriate procurement method to open up the process to foreign providers.
- iv. Notwithstanding 2.1 and 2.2, where a Procuring and Disposing Entity establishes through a market survey that there is no national, resident or EAC provider, the Procuring and Disposing Entity shall use the appropriate procurement method to open up the process to foreign providers to bid.
- v. The Accounting Officer shall submit a report to the Authority within 10 working days from the date of signing the contract on procurements undertaken under paragraph (iii) and (iv) above.

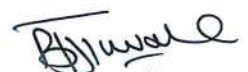
Page 3 of 11




3.0 PROCUREMENTS RESERVED TO PROVIDERS WITH MANUFACTURING FACILITIES IN UGANDA

3.1 Supply of Uniforms and Related Clothing Materials

- i. A reservation shall apply to procurements for the supply of uniforms and related clothing materials to providers that have vertically integrated manufacturing facilities in Uganda.
- ii. The uniforms and related clothing materials shall include but not limited to:
 - a) Armed forces uniforms;
 - b) Health workers' uniforms;
 - c) School uniforms;
 - d) Gowns/aprons;
 - e) Sweaters;
 - f) Ponchos;
 - g) Tents;
 - h) Backpacks;
 - i) Uniform related clothing such as socks; t-shirts; warm suits and jackets.
 - j) Sleeping mats;
 - k) Bed sheets;
 - l) Curtains; and
 - m) Personal Protective Equipment such as face masks.
- iii. A provider eligible under this reservation shall:
 - a) Have a vertically integrated manufacturing facility in Uganda producing uniforms and related clothing materials;
 - b) Possess a Tax Identification Number (TIN) or its equivalent;
 - c) Use locally grown cotton where available and other local inputs;
 - d) Have products certified by the Uganda National Bureau of Standards (UNBS) or an equivalent competent Standards Body in the region; and
 - e) Be registered on the PPDA Register of Providers.
- iv. Where the Entity has failed to procure from a national or resident provider, it shall invite an EAC provider with a vertically integrated manufacturing facility in the EAC region to bid for the supply of uniforms and related clothing materials.
- v. The following conditions shall apply to the Entity reserving the procurement of uniforms and related clothing materials:
 - a) Use of the appropriate procurement method with reservation to providers that have vertically integrated manufacturing facilities in Uganda; and
 - b) The supplies shall conform to UNBS standards.



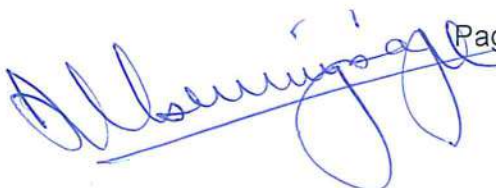
- vi. Where the Entity is unable to get responsive bids from an eligible provider, the Entity may procure the supplies from a provider who is not eligible for this reservation.
- vii. The Accounting Officer shall submit a report to the Authority within 10 working days from signing the contract on procurements undertaken under paragraph (iv) above.

3.2 Supply of Medicines and Medical Supplies

- i. A reservation shall apply to procurements for the supply of medicines and medical supplies manufactured in Uganda to providers that have production facilities in Uganda.
- ii. A provider eligible under this reservation shall:
 - a) Have a manufacturing facility in Uganda;
 - b) Possess a Tax Identification Number (TIN) or its equivalent;
 - c) Have the manufacturing facility and products certified by the National Drug Authority and the medicines registered on the National Drug Authority Register; and
 - d) Be registered on the PPDA Register of providers.
- iii. The competent authority for the manufactured medicines and medical supplies is National Drug Authority.
- iv. The Procuring and Disposing Entities shall use the appropriate procurement method under the PPDA Act, 2003 and PPDA Guideline No. 1/2024 to reserve the procurement for supply of medicines and medical supplies manufactured in Uganda to providers with production facilities in Uganda.
- v. Where the Entity has failed to procure from a provider with production facilities in Uganda, it shall procure the supplies from a provider who is not eligible for this reservation.
- vi. The Accounting Officer shall submit a report to the Authority within 10 working days from signing the contract on procurements undertaken under paragraph (v) above.

3.3 Supply of Electrical Cables and Conductors

- i. A reservation shall apply to procurements for the supply of electrical cables, conductors and bundle cables to providers with manufacturing facilities in Uganda.
- ii. A provider eligible under this reservation shall:
 - a) Have a manufacturing facility in Uganda;
 - b) Possess a Tax Identification Number (TIN) or its equivalent;

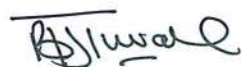


- c) Have products certified by the Uganda National Bureau of Standards (UNBS) or an equivalent competent Standards Body in the region; and
 - d) Be registered on the PPDA Register of Providers.
- iii. Where the Entity has failed to procure from a national or resident provider with manufacturing facilities in Uganda, it shall invite an EAC provider with a manufacturing facility in the EAC region to bid for the supply of electrical cables and conductors.
- iv. The following conditions shall apply to the Entity reserving the procurement of electrical cables and conductors:
 - a) Use of the appropriate procurement method with reservation to providers that have manufacturing facilities in Uganda; and
 - b) The supplies shall conform to UNBS standards.
- v. Where the Entity has failed to procure from a provider with production facilities in Uganda, it shall procure the supplies from a provider who is not eligible for this reservation.
- vi. The Accounting Officer shall submit a report to the Authority within 10 working days from signing the contract on procurements undertaken under paragraph (v) above.

3.4 Supply of Transformers

- i. A reservation shall apply to procurements for the supply of transformers to Providers that have manufacturing facilities in Uganda.
- ii. A provider eligible under this reservation shall:
 - a) Have a manufacturing facility in the region;
 - b) Possess a Tax Identification Number (TIN) or its equivalent;
 - c) Have products certified by the Uganda National Bureau of Standards (UNBS) or an equivalent competent Standards Body in the region; and
- iii. Where the Entity has failed to procure from a national or resident provider with manufacturing facilities in Uganda, it shall invite an EAC provider with a manufacturing facility in the EAC region to bid for supply of transformers.
- iv. The following conditions shall apply to the Entity reserving the procurement of transformers:
 - a) Use of the appropriate procurement method with reservation to providers that have manufacturing facilities in Uganda; and
 - b) The supplies shall conform to UNBS standards.


Page 6 of 11



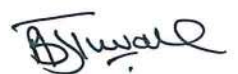
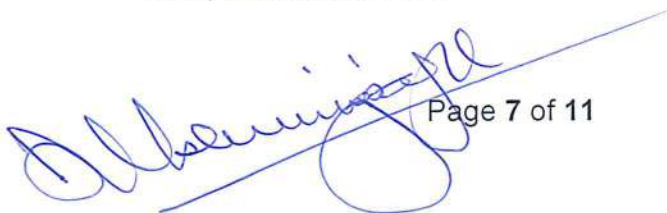
- v. Where the Entity has failed to procure from a provider with production facilities in Uganda, it shall procure the supplies from a provider who is not eligible for this reservation.
- vi. The Accounting Officer shall submit a report to the Authority within 10 working days from signing the contract on procurements undertaken under paragraph (v) above.

3.5 Supply of Motorcycles

- i. A reservation shall apply to procurements for the supply of motorcycles to providers that have manufacturing facilities in Uganda.
- ii. A provider eligible under this reservation shall:
 - a) Have a manufacturing facility in the region;
 - b) Possess a Tax Identification Number (TIN) or its equivalent; and
 - c) Have the motorcycles certified by a competent authority
- iii. Where the Entity has failed to procure from a national or resident provider with manufacturing facilities in Uganda, it shall invite an EAC provider with a manufacturing facility in the EAC region to bid for the supply of motorcycles.
- iv. The following conditions shall apply to the Entity reserving the procurement of motorcycles:
 - a) Use of the appropriate procurement method with reservation to providers that have manufacturing facilities in Uganda; and
 - b) The motorcycles shall be certified by the competent authority.
- v. Where the Entity has failed to procure from a provider with production facilities in Uganda, it shall procure the supplies from a provider who is not eligible for this reservation.
- vi. The Accounting Officer shall submit a report to the Authority within 10 working days from signing the contract on procurements undertaken under paragraph (v) above.

3.6 Supply of Power Tiller/walk Behind Tractors


- i. A reservation shall apply to procurements for supply of Power Tiller/walk behind tractors to providers that have manufacturing facilities in Uganda.
- ii. A provider eligible under this reservation shall:
 - a) Have a manufacturing facility in Uganda;
 - b) Possess a Tax Identification Number (TIN) or its equivalent; and
 - c) Have Power Tiller/walk Behind Tractors certified by the relevant competent authorities.

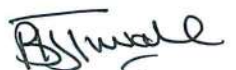


- iii. Where the Entity has failed to procure from a national or resident provider with manufacturing facilities in Uganda, it shall invite an EAC provider with a manufacturing facility in the EAC region to bid for the supply of tiller/walk behind tractors.
- iv. The following conditions shall apply to the Entity reserving the procurement of tiller/walk behind tractors:
 - a) Use of the appropriate procurement method with reservation to providers that have manufacturing facilities in Uganda; and
 - b) The tiller/walk behind tractors shall be certified by a competent authority.
- v. Where the Entity has failed to procure from a provider with production facilities in Uganda, it shall procure the supplies from a provider who is not eligible for this reservation.
- vi. The Accounting Officer shall submit a report to the Authority within 10 working days from signing the contract on procurements undertaken under paragraph (v) above.

3.7 Supply of Wood Products

- i. A reservation shall apply to procurements for the supply of wood products to providers that have manufacturing facilities in Uganda.
- ii. Wood products shall include but not limited to:
 - a) Office furniture;
 - b) School furniture such as desks, chairs, beds;
 - c) Medical beds;
 - d) Wooden wardrobes; and
 - e) Other products in the forestry sector like timber, steel-wood composite products, wooden transmission poles, pellets, paper and packaging.
- iii. A provider eligible under this reservation shall:
 - a) Have the wood products certified by Uganda National Bureau of Standards (UNBS) where there is a national standard; or have an agreed standard with UNBS where no national standard exists;
 - b) The provider shall possess a Tax Identification Number (TIN) or its equivalent; and
 - c) Be registered on the PPDA Register of Providers.
- iv. The following conditions shall apply to the Entity reserving the procurement of wood products.
 - a) Use the appropriate procurement method with reservation to providers that have manufacturing facilities in Uganda; and
 - b) The supplies shall be certified by a competent authority.


Page 8 of 11



- v. Where the Entity has failed to procure from a national or resident provider with manufacturing facilities in Uganda, it shall invite an EAC provider with a manufacturing facility in the EAC region to bid for the supply of wood products.
- vi. Where the Entity has failed to procure from a provider with production facilities in the EAC, it shall procure the supplies from a provider who is not eligible for this reservation.
- vii. The Accounting Officer shall submit a report to the Authority within 10 working days from signing the contract on procurements undertaken under paragraph (vi) above.

4.0 RESERVATIONS WITH RESPECT TO PROCUREMENT OF WORKS

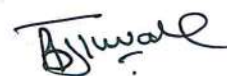
4.1 Sub-contracting

- i. A reservation requiring sub-contracting of a minimum of at least 30% of the value of the works to national or resident providers shall apply for the procurement of road works above UGX 45 Billion and other public works above UGX 15 Billion for foreign bidders.
- ii. The bidding document issued by the Procuring and Disposing Entity for the above works shall require that where a bidder is foreign:
 - a) It shall sub-contract a minimum of at least 30% of the value of the works to national or resident providers;
 - b) Indicate the form and scope of sub-contracting, the value and description of the works to be sub-contracted.
 - c) Submission of sub-contracting agreement(s) between the foreign provider and the national or resident providers in the bid at least fourteen days after contract signing.
- iii. The Contract Manager and the Supervising Consultant of the works shall ensure that the foreign provider sub-contracts the value of the works as indicated in its bid and where the foreign provider terminates the sub-contractor's contract, the replacement shall be a national or resident provider approved by the Procuring and Disposing Entity.
- iv. The Contract Manager shall ensure resolution of all complaints between the subcontractor and the foreign provider in accordance with the dispute handling mechanism under the contract.

4.2 Use of Local Inputs and local consultants in Works Contracts

- i. A reservation shall apply for use of local inputs manufactured in Uganda and local consultants where available in works contracts including Engineering Procurement and Construction (EPC) projects and Turnkey contracting arrangements.

 Page 9 of 11



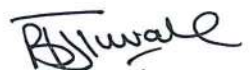
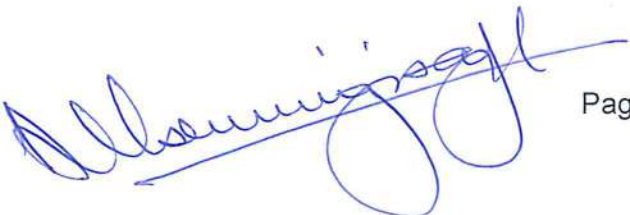
- ii. The bidding document issued by the Procuring and Disposing Entity for the works shall require bidders to indicate the source and origin of the materials used for the works.
- iii. The Contract Manager and the Supervising Consultant of the works shall ensure that the bidder uses local inputs manufactured in Uganda where applicable.

4.3 Requirement for Attachment of Graduate Trainees

- i. A Procuring and Disposing Entity shall in respect to the procurement of works projects above UGX 5 Billion and strategic infrastructure projects require the bidder to attach graduate trainees to the project.
- ii. The bidding document shall require the bidder to attach graduate trainees of not more than two years after graduation to the technical components of the projects at a ratio of at least one graduate trainee to four Registered Engineers / Architects to promote knowledge transfer.

5.0 RESERVATIONS WITH RESPECT TO NON-CONSULTANCY SERVICES FOR PRINTING AND PUBLICATION

- i. A reservation shall apply to procurements for printing and publishing services to providers that have printing facilities in Uganda.
- ii. The Ministry of Education and Sports shall reserve the procurement of at least 60% in value of instructional and educational materials i.e. textbooks (learners and teachers' guides), manuals to national and resident providers.
- iii. A provider eligible under this reservation shall:
 - a) Have a printing facility in Uganda;
 - b) Possess a Tax Identification Number (TIN) or its equivalent; and
 - c) Be registered on the PPDA Register of Providers.
- iv. Procuring and Disposing Entities shall use the appropriate procurement method under the PPDA Act, 2003 and PPDA Guideline No. 1/2024 to reserve the printing services to providers with printing facilities in Uganda.
- v. Where the Entity has failed to procure from a provider with printing facilities in Uganda, it shall invite an EAC provider with printing facilities in the EAC region to bid for the printing services.
- vi. The Accounting Officer shall submit a report to the Authority within 10 working days from signing the contract on procurements undertaken under paragraph (v) above.



6.0 GENERAL PROVISIONS

6.1 Planning, Reporting and Monitoring

- i. Procuring and Disposing Entities shall disclose in their respective procurement plans the procurements that shall be subjected to reservation.
- ii. Procuring and Disposing Entities shall indicate in their monthly reports submitted to the Authority contracts that have been awarded/completed under the reservation schemes using Form 2 of the PPDA (Procuring and Disposing Entities) Regulations, 2023.
- iii. The reports above shall:
 - a) Confirm compliance with the provisions of this Guideline; and
 - b) Provide disaggregated data to indicate the number of reservations awarded by a Procuring and Disposing Entity.
- iv. A report shall be submitted by the Accounting Officer following any non-application of reservation schemes. The report to be submitted by the Accounting Officer shall indicate the following:
 - a) The subject of procurement;
 - b) Efforts undertaken to procure from a national or resident provider eligible for the reservation;
 - c) The contracted foreign provider and the contract price; and
 - d) Reasons as to why the reservation could not be applied.
- v. The Authority shall monitor the implementation of the reservation schemes by Entities on a quarterly basis and undertake an annual assessment based on predetermined indicators.

6.2 Review of the Guideline


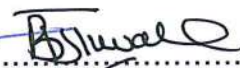
The Authority shall regularly review the provisions of this Guideline to assess its efficacy and make appropriate changes.

6.3 Transitional Provision

This Guideline shall not apply to procurements where bids had been received by the Entity at the commencement date of the Guideline.

6.4 Revocation of Guideline 1/2018

Guideline No. 1/2018 issued on 15th February 2018 is revoked.

 Julius K. Ishungisa BOARD CHAIRMAN	 Benson Turamye EXECUTIVE DIRECTOR
 18/03/2024 DATE	