



Public Procurement & Disposal of Public Assets Authority

9th PROCUREMENT CADRE FORUM FOR CENTRAL GOVERNMENT PDEs 28 - 29 MAY 2014

OPENING REMARKS

BY

CORNELIA K. SABIITI

EXECUTIVE DIRECTOR – PPDA



Welcome Remarks

- The Procurement Cadre
- Distinguished presenters
- Colleagues from PPDA
- Ladies and Gentlemen

It gives me great pleasure to officiate at the opening of this two - day's cadre forum for procurement practitioners from Central Government Entities. These cadre forums are organised as part of our mandate of building procurement and disposal capacity amongst the stakeholders.



OVERVIEW

- Introduction
- Amendments to strengthen performance
- Key Challenges under the Amendments
- Critical Success Factors to ensure performance
- Common areas of breach of the law
- Indicators to measure performance
- Conclusion



Public Procurement & Disposal of Public Assets Authority

Introduction

- This is the 9th procurement cadre forum in the Central Government entities. The forum has been organized under the theme; **“Improving Performance in Public Procurement and Disposal by the Amended PPDA Act 2003”**
- As you are all aware, the PPDA Act and Regulations 2003 were amended and the new law was commenced on 3rd March 2014. It is therefore my belief and conviction that you are all conducting procurement and disposals in accordance to the provisions under the amended law.
- It is in this cadre forum that we expect you to give us feedback on the amended law, and to discuss how best we can improve on procurement and disposal performance.



Public Procurement & Disposal of Public Assets Authority

How Amendments will strengthen Public procurement performance

- Accounting Officers personally liable for procurement in PDEs.
- Regulation of Procurement Planning and Evaluation
- Increasing thresholds for procurement methods.
- Special procurement procedures for medicines and medical supplies.
- Preference and Reservation schemes to promote local businesses.
- Reducing the cost of doing business by accepting the bid securing declarations.
- Limiting complaints by increasing Administrative Review fees to range from UGX 500,000 to UGX 15,000,000
- Addressing corruption and influence peddling, by prohibiting PDEs staff and line ministers to do business with their entities
- Use of force account mechanism to execute works



Key challenges under the amended law

- How will entities be audited under the amendments for the procurements that were done before amendments?
- Requiring 10% performance security on every call off order issued under frame work contracts
- Whether the signature on the bid securing declaration should be the same on the bid submission sheet and the powers of attorney.
- The limitation of 30% advance payment for monopolists such as hotels, land, etc



Key challenges under the amended law

- A member of a PDE or its line minister not doing business with its on entity; what if the a sole provider in the region and the owner is a PDE employee.
- Reviewing the AO's decision under administrative review by the Authority yet the complainant can appeal to PPDA
- Which market price to refer to, owing to the fact that similar goods are sold at different prices in the various markets
- Terminating the contract after consulting the Attorney general yet some contracts are of small values & the grounds are clear.



Common breaches of the PPDA Law

- **Prolonged procurement process:** Procurement process taking over one year e.g Ministry of Works and Transport.
- **Payment before delivery of goods:** This is common around June when the financial year is closing
- Lack of confidentiality at evaluation leading to leakage of information and complaints.
- Signing contracts before SG clearance
- Signing contracts after expiry of bid validity period.
- Failing bidders on non material requirements e.g. **copies of trading licenses that are not certified**



Common Breaches - Contd

- Poor supervision of contracts due to continued failure to appoint contract managers.
- Collusion of bidders
- Inadequate and unpredictable funding to implement procurement & disposal plans
- Under staffing of PDEs
- Inadequate capacity of local providers & hence shoddy work
- Budget cuts & late release of funds by Govt
- Forgery of documents by bidders



Suspension of Providers

A total of 58 providers were suspended in the FY 2012/13

- 27 submitted forged bid securities
- 12 failed to complete works on time
- 3 abandoned the site
- 1 deviated from the contract specifications without approval by the Contracts Committee
- 1 used higher rates than those originally quoted in the bills of quantities
- 3 failed to rectify the works as requested
- 2 forged Tax Clearance Certificates



Examples of breaches of the law

1. In the tender for construction of Olweny Irrigation Scheme in Lira District worth UGX.42,829,333,360 a Bidder complained to PPDA because the Evaluation Committee irregularly conducted all the three stages of TCS simultaneously. **The entity was ordered to Re-evaluate all the bids.**



Examples of breaches Cont'd

2. In the tender for supply and installation of ERP System in entity **A!!** Worth USD. 601,900.34, the bidding document required *the bid security demand guarantee quoted ICC publication No. 458 instead of 758. M/s T T C S did not receive any notification for the change of the bid security demand Guarantee quoting ICC publication number 458 in RFP to 758. The entity sent an email clarifying the change of the bid security from ICC publication 458 to 758 which was never received by the bidder, Entity was directed to re-tender the procurement since they failed to provide the amended clauses of the bidding document to the complainant*



Critical Success Factors for Performance

- Procurement Planning: start procurements early do not wait for funds release
- Economy: Realistic costs and specifications
- Efficiency: Address unnecessary delays lead times
- Transparency: Display of the procurement plans, debrief bidders and post on Tender Portal
- Fairness : Adhere to the disclosed evaluation criteria and avoid conflict of interest.
- Contract Implementation and Management: completion on time, and to the agreed cost and quality standards
- Capacity of Officers and Providers



Indicators to measure Performance

- Variance between the approved procurement plan/ disposal plan and what is actually procured / disposed.
- Bid evaluation versus criteria disclosed
- Increased average number of bids received AND number of responsive bids (measured at financial evaluation stage)
- Reduction in procurement lead time
- Contracts delivered as per technical and financial specification
- Variance in prices paid versus market reference price
- Contracts where contract completion time / cost is within the contract period time / cost.
- Actual time of payment versus contractual payment period
- Compliance issues: Procurement records, Use of Proper methods, Reporting, Implementation of recommendations



Conclusion

Finally I would like to urge all of you to take this forum seriously and during these two days interact freely with one another, be open, frank and focused and at the end of it come up with recommendations that will help to improve further the public procurement and disposal practices for effective and efficient service delivery.

With these few remarks, I now take this opportunity to officially declare this 9th Procurement Cadre Forum open and wish you fruitful deliberations and an enjoyable stay in Masaka over the next two days.



Public Procurement & Disposal of Public Assets Authority

For God and My Country