



**THE PUBLIC PROCUREMENT AND DISPOSAL OF PUBLIC
ASSETS AUTHORITY (PPDA)**



**The 3rd Public Procurement Integrity Survey
Final Report**

BY



**REEV CONSULT INTERNATIONAL
P.O BOX 28224 KAMPALA
TEL: +256414287779/ 772402609
FAX: +256414531116
MAIL: reevconsult@infocom.co.ug
WEBSITE: www.reevconsult.co.ug**

March, 2016

TABLE OF CONTENTS

List of Tables	iv
List of Figures	v
Abbreviations and acronyms	i
Definition of Key Concepts	ii
EXECUTIVE SUMMARY	vi
1.0 INTRODUCTION	1
1.1 Background	1
1.2 About this survey	1
1.3 Overall finding	1
1.4 Overall recommendation	1
2.0 SCOPE OF THIS SURVEY	1
1.5 Organization of the report	1
2.1 Scope	2
2.2 Key objectives of the review	2
2.3 Key terms of reference (ToRs)	2
3.0 METHODOLOGY	3
3.1 Approach	3
3.2 Reasons for this methodology	3
3.3 Sampling and data collection	3
3.4 Data collection tools	5
3.5 Data management and Analysis	6
4.0 GOVERNMENT EXPENDITURE ON PUBLIC PROCUREMENT	7
4.1 National Budget for FY 2014/15	7
4.2 Procurement planning	7
5.0 PROCUREMENT REFORMS	9
5.1 Introduction	9
5.2 Subsequent reforms	9
5.3 The most recent reforms	11
5.4 Impact of the recent reforms	11
5.5 Relevance of transparency, competition and accountability in procurement	14
5.6 Other effects of the reforms on public procurement	17
5.7 Challenges to the reforms	18
5.8 Challenges specific to PPDA	20
6.0 AWARENESS OF THE PPDA.	20
6.1 Introduction	22
6.3 Knowledge of PPDA	22

6.4 Perceptions on effectiveness of PPDA in fighting corruption.....	24
6.5 Main challenges in fighting corruption.....	26
6.6 Efforts by PPDA to deepen knowledge of the Authority	28
7.0 PARTICIPATION OF SMALL AND MEDIUM ENTERPRISES (SME) IN PROCUREMENT.....	30
7.1 Introduction.....	30
7.2 Scale of participation	30
7.3 PPDA initiatives for enhancing participation of small firms in procurement	335
8.0 KEY FINDINGS	336
8.1 Gauging the extent to which corruption is perceived as influencing the outcome of public procurement and disposal in Uganda.....	336
8.2 Identifying the relative prevalence of corruption in different central government ministries and in local authorities and the factors that account for the differences in risk.....	46
8.3 Identifying the vulnerable points in the procurement and disposal system	48
8.4 Identifying deterrent and other measures which are perceived as being effective in reducing the incidence of corruption and in changing attitudes to corruption	52
9.0 EMERGING ISSUES, CONCLUSIONS AND RECOMMENDATIONS	53
9.1Emerging issues and conclusion	53
9.2Recommendations.....	54
Bibliography.....	56

LIST OF TABLES

Table 1: Distribution of the household respondents.....	5
Table 2: Providers visited by category	5
Table 3: Distribution of public official respondents	6
Table 4: Deriving the proportion of the national budget that goes into public procurement.....	Error!
Bookmark not defined.	
Table5:Views of PDEs on the impact of reforms on the public procurement processes.....	11
Table 6: Providers' views of on the impact of reforms on public procurement	12
Table 7: Households' views on the impact of reforms on the public procurement processes	13
Table 8: Overall perception on impact of the recent reforms	13
Table 9: Households' awareness of public projects being implemented.....	16
Table 10: Perception index on whether PPDA was effectively playing her role in fighting corruption.....	26
Table 11: Challenges to fighting corruption in procurement as perceived by the service providers	27
Table 12: Factors that affected firms' participation in public procurement	30
Table 13: Reasons for the views of service providers that corruption influences public procurements.....	334
Table 14: Factors that explain the high prevalence of corruption in procurement	35
Table 15: Demographic and Socio-economic Characteristics of Respondents.....	37
Table 16: Household awareness of forms of corruption.....	37
Table 17: Effect of education attainment on knowledge and awareness of corruption	38
Table 18: Distribution of survey sample by age group	40
Table 19: Perception index on existence of corruption in public procurement	46
Table 20: Perceptions of the stages in the procurement process where corruption is most prevalent	51
Table 21: Recommendations.....	55

LIST OF FIGURES

Fig1: Providers' views on the contribution of the PPDA Act 2003 and related reforms.....	10
Fig.2: Perceptions on the effects of competition on quality of services	15
Fig3: Community awareness of their roles in monitoring public procurement	17
Fig4: Service providers who are in possession of a PPDA Operational Manual	17
Fig5: Providers' awareness of the complaints review mechanism	18
Fig6: Ever reported a case of corruption to the review mechanism	18
Fig.7: Service providers' reasons for not reporting cases of corruption.....	19
Fig8: Service Providers' Knowledge of the PPDA	22
Fig9: Households' knowledge of PPDA	23
Fig10: Households' sources of information about PPDA	24
Fig11: Perceptions of providers about achievements of PPDA	25
Fig 12: Civil Society Perceptions about achievements of PPDA.....	25
Fig13: Household perceptions on whether PPDA has performed well in curbing corruption	26
Fig14: Main challenges in fighting corruption	28
Fig15: Period firms had been in operation	31
Fig17: Perceptions of fair competition amongst SMEs in public procurement	32
Fig18: Service providers' views on corruption in procurement.....	37
Fig19: Views of service providers on whether corruption influences procurement outcomes	37
Fig20: Gratification of public officials for award of public contracts.....	36
Fig21: Proportion of contract value service providers paid as bribes to win contracts	37
Fig22: Households' knowledge of PPDA	40
Fig23: Households' sources of information on PPDA	40
Fig24: Existence of corruption in public procurement as perceived by households	41
Fig25: Perception that corruption influences public procurement	41
Fig26: Extent to which corruption influences the procurement process	41
Fig27: Views on summary dismissal as an effective mitigation.....	42
Fig28: Factors limiting success of government interventions against corruption in procurement	43
Fig29: Perceptions of specialized institutions and civil society on existence of corruption in procurement	
44	
Fig30: Factors impeding success of the fight against corruption in public procurement.....	45
Fig31: Measures suggested by CSO to curb corruption in public procurement	46
Fig32: Existence of corruption in procurement as perceived by public officials	47
Fig33: Public Officials' views on whether corruption influences procurement.....	47
Fig34: Prevalence of corruption at the different levels of government as perceived by service providers	49
Fig35: Prevalence of corruption at the different levels of government as perceived by households.....	50
Fig36: Prevalence of corruption at the different levels of government as perceived by CSO	50
Fig37: The Procurement Cycle	52
Fig38: Knowledge of the of the procedures	53
Fig39: Adherence to the procurement	53

ABBREVIATIONS AND ACRONYMS

ACCU:	Anti-Corruption Coalition of Uganda
CAO:	Chief Administrative Officer
CG:	Central Government
CSOs:	Civil Society Organisations
DANIDA:	Danish International Development Agency
FY:	Financial Year
GoU:	Government of Uganda
IEC:	Information Education Communication
IG:	Inspectorate of Government
IPPU	Institute of Procurement Professionals in Uganda
ISIC:	International Standard Industrial Classification
JLOS:	Justice Law and Order Sector
LAN:	Legal Aid Network
LG:	Local Government
MOFPED:	Ministry of Finance, Planning and Economic Development
MoLG:	Ministry of Local Government
NAADS:	National Agriculture Advisory Services
NGOs:	Non- Governmental Organisations
NHCC:	National Housing Construction Company
NIS III:	Third National Integrity Survey
NSSF:	National Social Security Fund
NUSAF:	Northern Uganda Social Action Fund
NWSC:	National Water Sewerage Company
OAG:	Office of the Auditor General
PAC:	Public Accounts Committee of Parliament
PDE:	Procurement and Disposal Entity
PDU:	Procurement and Disposal Unit
PPDA:	Public Procurement and Disposal of Public Assets Authority
RAs:	Research Assistants
RDC:	Resident District Commissioner
SDU II:	Strengthening Decentralization in Uganda Phase II
SPSS:	Statistical Packages for Social Scientists
TOR:	Terms of Reference
UBC:	Uganda Broadcasting Corporation
UBOS:	Uganda Bureau of Statistics
UDN:	Uganda Debt Network
UETCL:	Uganda Electricity Transmission Company Ltd
UPPC:	Uganda Printing and Publishing Corporation
URA:	Uganda Revenue Authority
USAID:	United States Agency for International Development
VAT:	Value Added Tax

DEFINITION OF KEY CONCEPTS

Concept	Definition
Accounting Officer	" <i>Accounting Officer</i> " means the Accounting Officer of a procuring and disposing entity so appointed by the Secretary to the Treasury, and for the avoidance of doubt includes the Accounting Officer of a Local Government or a statutory body.
Authority	" <i>Authority</i> " means the Public Procurement and Disposal of Public Assets Authority established in section 5 of PPDA Act 2003.
Award	" <i>Award</i> " means a decision by a Tender Board established under the Local Governments Act, 1997 or Contracts Committee provided for in paragraph (b) of section 24, or any other subsidiary body of a procuring and disposing entity to which a Contracts Committee or a Tender Board may delegate powers of adjudication and award within a specified financial threshold, to determine the successful bidder;
Bid	" <i>Bid</i> " means an offer to provide or to acquire works, services or supplies or any combination thereof, and shall include prequalification where applicable;
Bid Notice	" <i>Bid Notice</i> " means any advertisement by which eligible providers are invited to submit written offers to provide or acquire works, services and supplies, or any combination of them in case of procurement and disposal respectively;
Bidder	" <i>Bidder</i> " means a physical or artificial person intending to participate or participating in public procurement or disposal proceedings;
Bribery	The promise, offer or giving of any benefit that improperly affects the actions or decisions of a public official. A bribe may be given to a public servant (direct), or to another person or entity (indirect). A bribe may consist of money, inside information, gifts, entertainment, sexual or other favours, a job, company shares, etc.
Contract	" <i>Contract</i> " means an agreement between a procuring and disposing entity and a provider, resulting from the application of the appropriate and approved procurement or disposal procedures and proceedings as the case may be, concluded in pursuance of a bid award decision of a Contracts Committee or any other appropriate authority.
Contractor	A firm or individual engaged to provide a service, supply goods or do some work on terms agreed with the procuring agency.
Contracts Committee	A team of individuals appointed by the authorized officer to oversee the procurement and disposal of assets on behalf of the procuring agency
Corrupt Practice	" <i>Corrupt Practice</i> " includes the offering, giving, receiving, or soliciting of anything of value to influence the action of a public official in the procurement or disposal process or in contract execution;
Corruption	The Inspectorate of Government Act 2002 defines corruption as "abuse of public office for private gain and includes but is not limited to: embezzlement, bribery, nepotism, influence peddling, theft of public funds or assets, fraud, forgery, causing financial or property loss, and false accounting in public affairs."

Disposal	"Disposal" means the divestiture of public assets, including intellectual and proprietary rights and goodwill, and any other rights of a procuring and disposing entity by any means, including sale, rental, lease, franchise, auction, or any combination however classified other than those regulated by the Public Enterprise Reform and Divestiture Statute, 1993;
Disposal Process	"Disposal Process" means the successive stages in the disposal cycle, including planning, choice of procedure, measures to solicit offers from bidders, examination and evaluation of those offers and award of contract;
Diversion of Funds	Use of public funds on items other than that which is budgeted and/approved. Example: Money meant for Repair of roads used in paying allowances.
Embezzlement	Theft of resources by persons entrusted with authority and control over these valuable resources.
Extortion	This is intentionally gaining some advantage, material or immaterial, from another person or entity by placing illegitimate pressure in the form of threats or intimidation to force him/her to hand over the benefit. This coercion can be under the threat of physical harm, violence or restraint and may even be a threat that a third party will suffer injury. The accused must intend his/her words to be interpreted and act as a threat(s). S/He must also intend to gain some advantage as a result of the threat while knowing that the threat is illegal. Example: A person is threatened with arrest unless s/he pays a border official in order to enter the country.
Favouritism	The provision of services or resources according to personal affiliations such as family ties, party affiliation, tribe, religion, sect and other preferential groupings. Example: A public servant provides extraordinary services, commissions, jobs and favours to political allies, family and friends, while ordinary members of the public do not receive this special treatment.
Foreign Provider	"Foreign provider" means a provider whose business is not registered in Uganda.
Fraud	Fraud is deliberately deceiving another person in order to damage them - usually, to obtain property or services unjustly. Fraud can be accomplished through the aid of forged objects. In the Criminal Law of Jurisdictions, it is called "theft by deception".
Embezzlement	Theft of resources by persons entrusted with authority and control over these valuable resources.
Extortion	This is intentionally gaining some advantage, material or immaterial, from another person or entity by placing illegitimate pressure in the form of threats or intimidation to force him/her to hand over the benefit. This coercion can be under the threat of physical harm, violence or restraint and may even be a threat that a third party will suffer injury. The accused must intend his/her words to be interpreted and act as a threat(s). S/He must also intend to gain some advantage as a result of the threat while knowing that the threat is illegal. Example: A person is threatened with arrest unless s/he pays a border official in order to enter the country.

Favouritism	The provision of services or resources according to personal affiliations such as family ties, party affiliation, tribe, religion, sect and other preferential groupings. Example: A public servant provides extraordinary services, commissions, jobs and favours to political allies, family and friends, while ordinary members of the public do not receive this special treatment.
Foreign Provider	"Foreign provider" means a provider whose business is not registered in Uganda.
Fraud	Fraud is deliberately deceiving another person in order to damage them - usually, to obtain property or services unjustly. Fraud can be accomplished through the aid of forged objects. In the Criminal Law of Jurisdictions, it is called "theft by deception".
Fraudulent Practice	" <i>Fraudulent Practice</i> " includes a misrepresentation of facts in order to influence a procurement or disposal process or the execution of a contract to the detriment of the procuring or disposing entity, and includes collusive practices among bidders prior to or after bid submission designed to establish bid prices at artificial non-competitive levels and to deprive the procuring and disposing entity of the benefits of free and open competition;
Guidelines	" <i>Guidelines</i> " means directives issued by the Authority under section 97 of this Act;
Greed	" <i>Greed</i> " is Insatiable appetite
Industry Standards	" <i>Industry Standards</i> " means those standards defined and codified by internationally recognized providers' associations and professional bodies in the respective fields and includes best practices;
Listed Provider	" <i>Listed Provider</i> " means a provider registered by the Authority in accordance with this Act;
National Provider	" <i>National Provider</i> " means a provider registered in Uganda and wholly owned and controlled by Ugandans;
Nepotism	Ensuring that family members are appointed to the public service or that family members receive contracts from state resources. Similar to conflict of interest and favouritism. For example, a head of department appoints his/her brothers' child to a position even if more suitable candidates applied for the same position.
PPDA	Public Procurement and Disposal of Public Assets Authority (PPDA) is a regulatory body in the public procurement and disposal sector in Uganda under PPDA Act No. 1 of 2003.
"Pre-Qualification"	" <i>Pre-Qualification</i> " means a screening process designed to ensure that invitations to bid are confined to capable providers;
Procurement	" <i>Procurement</i> " means acquisition by purchase, rental, lease, hire purchase, licence, tenancy, franchise, or any other contractual means, of any type of works, services or supplies or any combination;
"Procurement and Disposal Unit"	" <i>Procurement And Disposal Unit</i> " means a division in each procuring and disposing entity responsible for the execution of the procurement and disposal function;
Procurement Process	" <i>Procurement Process</i> " means the successive stages in the procurement cycle including planning, choice of procedure, measures to solicit offers from bidders, examination and evaluation of those offers, award of contract, and contract management;

Procuring and Disposing Entity	<i>"Procuring and Disposing Entity"</i> means a statutory body, department of the central government, local government and any other body or unit established and mandated by government to carry out public functions;
Provider	<i>"Provider"</i> means a natural person or an incorporated body including a consultant, contractor or supplier licensed by a competent authority to undertake business activities;
Public Funds	<i>"Public Funds"</i> means monetary resources appropriated to procuring and disposing entities through budgetary processes, including the Consolidated Fund, grants and credits put at the disposal of the procuring and disposing entities by foreign donors; and revenues generated by the procuring and disposing entities;
Resident Provider"	<i>"Resident Provider"</i> means a provider registered in Uganda who is not a national provider;
Services	<i>"Services"</i> means any object of procurement or disposal other than works and supplies, and includes professional, non professional and commercial types of services as well as supplies and works which are incidental to, but not exceeding the value of those services;
Solicitation Documents	<i>"Solicitation Documents"</i> means bidding documents or any other documents inviting bidders to participate in procurement or disposal proceedings; and includes documents inviting potential bidders to pre-qualify, and standard bidding documents;
Specifications	<i>"Specifications"</i> means the description of an object of procurement or disposal in accordance with national and international standards adopted and approved by the Authority, after consultation with the National Bureau of Standards, or other appropriate trade associations and professions, the use of which shall be mandatory in all bidding documents;
Supplies	<i>"Supplies"</i> means goods, raw materials, products, equipment or objects of any kind and description in solid, liquid or gaseous form, or in the form of electricity, or intellectual and proprietary rights as well as works or services incidental to the provision of those supplies where the value of the works or services does not exceed the value of the supplies;
Tender	<i>"Tender"</i> means "bid";
User Department	<i>"User Department"</i> means any department, division, branch or section of the procuring and disposing entity, including any project unit working under the authority of the procuring and disposing entity, which initiates procurement and disposal requirements and is the user of the requirements;
Works	<i>"Works"</i> means any work associated with the construction, reconstruction, demolition, repair, or renovation of a building or structure, on the surface or underground, on and underwater, and includes the preparation, excavation, erection, assembly, installation, testing and commissioning of any plant, equipment or materials, decoration and finishing, turnkey projects, build own and operate projects, build operate and transfer projects or any arrangement of this nature, or any other form of private and public partnerships or joint development activities, all or any of which may include management, maintenance, testing, commissioning and training; as well as supplies or services incidental to those works where the value of the incidental supplies or services does not exceed the value of the works.

EXECUTIVE SUMMARY

A: Introduction

The report presents the findings from the Third Procurement Integrity Survey. The overall objective of this survey was to assess the impact of the reforms on public perception of integrity of the procurement processes in Uganda. The specific objectives were:

- A1. To gauge the extent to which corruption is perceived as influencing the outcome of public procurement and disposal in Uganda;
- A2. To identify the vulnerable points in the procurement and disposal system;
- A3: To identify the relative prevalence of corruption in different central government ministries (that have direct relevance to local governments) and in local authorities and the factors that account for the differences in risk;
- A4. To identify the deterrent and other measures which are perceived as being effective in reducing the incidence of corruption and in changing attitudes to corruption.

Approach and Methodology

The study approach and methodology involved a cross-sectional survey of 470 households; 162 purposively selected service providers; 68 public officials purposively selected from the key sectors and 12 specialized institutions and civil society respondents drawn from 15 districts and 6 municipalities; across the four traditional regions of Uganda. Representative sampling was used to gather balanced views across different strata at both local and central government. The selection of districts was carefully done to as much as possible cover the same districts of the previous survey to enable establishment of trends in the key indicators.

The method of data collection was largely in-depth interviews with identified respondents using semi structured interview guides/questionnaires. The tools, customized to targeted respondents were pre-designed. They included: a semi-structured household questionnaire for the household survey and specific sets of interview guides for each category of identified key informants.

Data analysis was done using descriptive analysis (for quantitative data); thematic analysis (for qualitative data); and content analysis (for data from secondary sources). Statistical analysis (for quantitative data) was done using STATA –data analysis software.

B: Background information

B1: National budget for FY 2014/2015 and expenditure on procurement

According to the national budget framework paper; the total resource inflows in Financial Year 2014/15 were projected to amount to Shs14, 317.2bn. Calculations based on procurement plans submitted to PPDA by compliant PDEs; and their respective budgetary allocations show that 50.2% of the national budget was projected to go towards procurement.

Much as it is mandatory for all PDEs to submit procurement plans and file returns; only about 54% (104 out of 185 for central and 58 out of 112 local) submitted plans; and not all those that submitted plans filed regular quarterly returns: according to the compliance report for that FY 2014/15 with PPDA; average performance on filing returns by the central government entities that submitted plans was 68% while that of the local government entities was 76%; averaging 72%.

B2: Procurement reforms

Public procurement in Uganda has been undergoing reforms since 1999; the major milestone being abolition of the Central Tender Board and enactment of the PPDA Act (2003) that established PPDA as a regulatory authority for all public procurements. The reforms that followed enactment of the PPDA Act

(2003) aimed at strengthening the functionality of the Authority. The most recent reforms involved amendment of the PPDA Act (2003) and establishment of e-procurement.

On impact of the earlier reforms: 33.3% of the service providers said procedures had been standardized; 31.2% said there is more transparency; 22.2% said bidding is now more open. 7.5% said the reforms reduced political interference in the public procurement processes; and 5.8% said the reforms instilled fear in would-be corrupt individuals.

On impact of the recent reforms especially amendment of the PPDA Act, 2003: overall; 55.6% of all the respondents (providers, public officials and households) said the reforms improved public procurement in general. Specifically: 39% said that the amendments improved accountability; 60.2% said the reforms increased competition; while 67.5% said the reforms promoted transparency.

However, whereas the patterns showed agreement on transparency and competition, there were divergent views on the effect of the reforms on accountability: while the majority (61.8%) of the public officials said the reforms improved accountability **only** 44.7% of the households and 10.5% of the providers could agree with that view. The divergence could be attributed to the fact that the majority of the Public Officials who answered this question were purposively drawn from PDUs of PDEs; hence, they were commenting about themselves; and would not criticize themselves. This could explain the apparent exaggeration of their *positivity* about improved accountability.

In regard to effect of increased competition: the majority (64.2%) of the providers were of the view that competition improved the quality of services. Interestingly 29.5% said competition can lead to deterioration in quality of services provided. Similarly 6.3% did not think that competition had any effect on the quality of services. The arguments for the opposing views were that:

- Since there are many players wishing to supply the same market, then, the providers would improve quality to win over a bigger share of the market.
- Due to stiff competition sometimes bidders quoted very low to out-compete other contenders, to the extent that the funds offered are unable to accomplish the contracted work to quality standards. Secondly, when competition is stiff, the propensity to corrupt officials increases. And when officials are corrupted; they either do not supervise efficiently or they become accomplices in provision of poor quality service.

Challenges to the reforms

The following were listed as the main challenges to the reforms to effectively achieve their objective:

- Ineffective monitoring;
- Government bureaucracy;
- Delays in establishing-governance
- Low literacy levels;
- Inadequate knowledge of the reforms;
- Limited supervision;
- Political interference

B3: Awareness of the PPDA

PPDA has been implementing initiatives aimed at increasing public awareness of PPDA. The rationale is that the stakeholders- clear understanding of PPDA's roles would contribute immensely to PPDA's success in regulating and streamlining public procurement. The survey established that: all (100%) of the government agency staff consulted demonstrated high knowledge of PPDA and its role as a regulatory

body for public procurement At the local authorities' level; all (100%) of the district level staff at *Officer Level* demonstrated high knowledge of PPDA; however at sub county level, about one in four (25%) of the members of staff demonstrated limited knowledge of PPDA. All (100%) of the civil society respondents; 85% of the service providers and 28% of the households knew PPDA; On whether PPDA' was performing well in fighting corruption in public procurement: 36.8% of all the respondents were of the view that PPDA **had effectively** played their role in fighting corruption in public procurement. On the contrary, 34.8% were of the view that PPDA **had NOT** played their role effectively while 29.1% were indifferent; i.e. expressed a neutral view. Specifically; 50.9% of the providers; 30% of Civil Society; and 29.4% of the households said PPDA were effectively playing their role. On the other hand, 23.6% of the providers; 45% of Civil Society and 34.8% of the household thought PPDA had not been effective. And 25.5% of the service providers; 25% of civil society and 26.9% of households were indifferent.

B4: Participation of SMEs in procurement

Participation in public procurement is open to all SMEs irrespective of size. PPDA has implemented initiatives; to build the capacity of SMEs levelling the ground for fair competition in public procurement. These include:

- Conducting capacity building for SMEs: PPDA
- Training courses for SMEs in public sector procurement
- Study conducted to document the experiences and barriers faced by SMEs, and the challenges of PDEs in engaging SMEs.
- Amendments in the PPDA Act introducing reservation schemes which among other things; allowed preferential consideration on the basis of geographical location

Of the 162 providers that were interviewed for this survey; 98 (or 61%) were small scale; 44 (27%) medium scale and 20 (12%) were large scale. On period spent in same type of business: 70% of the large firms; 45% of the medium scale firms and 17% of the small firms had been in their type of business for more than twenty years. On the other hand: while none of the big firms had operated less than five years: 36.8% of the medium size firms and 8% of the small firms had operated for less than five years. The implication is that the bigger firms had been in their type of business longer; hence higher capacity and accumulated experience. The common perception is that the stringent requirements by PPDA favour medium and large enterprises over the small firms: 68% of the respondents were of the view that there is unfair competition in public procurement with the ground favouring bigger firms. Only 32% of the providers said that there is fair competition. The following were listed as the main factors that affected participation of firms in public procurement:

- Bigger firms have more financial and human resources; 74.5%
- Big firms can offer bigger bribes; 70.2%
- Bigger and more established firms have accumulated experience which is essential; in evaluation of bids; 53.5%
- There is no consideration for size of firm; 44.6%
- Bigger firms can afford exorbitant bid securities; 44.6%
- The big firms are able to use their own resources to implement contracts and get paid later; 47.2%
- Medium scale firms engage in visible corporate social Responsibility which enhances their visibility; 18.2%

C. Key Findings:

C.1: *Extent to which corruption is perceived as influencing the outcome of public procurement and disposal in Uganda*

85% of all the respondents (comprising 77.5% of the service providers; 91% of the households and 87.6% of public officials) were of the view that corruption influences procurement decisions. 86% of the service providers; 65% of the households; 51.1% of the public officials and 85% of civil society agreed that there is rampant corruption in public procurement. The perception index about existence of corruption in public procurement was 71.8% in this survey, up from 69.8% in the previous survey.

On the factors for the high prevalence of corruption in procurement among public officials as perceived by service providers, the following were mentioned: **greed**: 52.2%; **ineffective punishment**: 20.1%; **low salary**: 15.1%; **poor supervision**: 10%; **limited civic competence**: 1.2%; and **job insecurity**: 0.4%.

On gratification of public officials for award of public contracts: 59.8% (comprising 24.3% for *frequently* and 35.5% for *sometimes*), had ever gratified public officials to influence winning of tenders. 33.7% vehemently replied “NO” while 6.5% made no comment). And the extent of gratification: 48.6% of the respondents said bribes ranged between 10 percent and 20 percent of the contracted sum. 24.5% said the range was 5percent to 9percent; 15.4% quoted 1percent to 4 percent while 5.4% said it was over 20 percent.

On factors limiting success of government interventions against corruption in procurement: households held the following views: political interference: 61.7%; lack of evidence of corrupt malpractices: 16.8%; limited civic awareness among the population; 10.9%; and fear of victimization: 9.9%. For civil society; 58.5% cited political meddling in public procurement; 20% said low civic awareness; 15.2% cited a culture that venerates wealth and 6% fear of retribution among service providers.

C.2: *Identifying the relative prevalence of corruption in different central government ministries and in local authorities and the factors that account for the differences in risk*

Service providers and households expressed the view that there is higher prevalence of corruption at local authorities (76.2% and 56.2% respectively) while the majority view (78.2%) among civil society (CSO) was that prevalence of corruption was higher at central government level. The difference in perception between civil society and the other categories of respondents may be explained by the fact that civil society respondents were purposively selected on the basis of their anti-corruption work; which has shaped their understanding or perception of corruption. However, the views expressed by the providers and households are consistent with findings of other studies of integrity in public office (such as NIS, 2008 by the IG and one by Directorate of Ethics and integrity (2013) that placed higher prevalence of corruption with the local authorities.

24.3% of the service providers revealed that they **frequently** gratified public officials; 35.5% said they **sometimes** did; 33.7% said they **never** did so; while 6.5% chose **not to comment**. Of the service providers who answered in the affirmative: 67%% said that they gratified officials at local government level more frequently than they did to officials at central government level while 33% said that they had gratified officials at central government level more frequently.

C.3: *Identifying the vulnerable points in the procurement and disposal system*

Evaluation of bids emerged as the stage perceived to be most high risk in the procurement cycle: Similarly, at the last survey the majority (57%) rated this stage to be the most vulnerable. **Award of contracts** featured highly reported by 12.5% in this survey and 20% in the last survey; as the second most vulnerable stage and; **receipt and opening of bids** was in this survey placed in third position reported by 12.4% up

from 4% at the last survey. Others that were mentioned are: review of evaluation of bids: 10.2%; contract monitoring: 6.3%; contract performance evaluation: 4.0%; Signing contracts: 1.1%; and advertising: 0.7%.

87% of the service providers had said they had reasonable knowledge of the public procurement procedures. 65.7% of those who demonstrated knowledge of the procedures said they **strictly** adhered to the procedures; 21.1% said they applied the procedures **moderately**; 8% said they applied the procedures **poorly** while 4.2 % said they **never** applied the procedures.

C4. Identifying deterrent and other measures which are perceived as being effective in reducing the incidence of corruption and in changing attitudes to corruption

This study identified the following as having been effective in alleviating corruption in public procurement:

- i) **Successive reforms:**
 - Establishment of PPDA as the national regulatory body for public procurement replacing Central Tender Board streamlined public procurement
 - Strengthening the functionality of PPDA enabled her to monitor PDUs; thereby streamlining procurement in PDEs.
 - The more recent reforms involving amendment of the PPDA Act (2003) and introduction of e-procurement will enhance the efficiency of PPDA and PDUs.
- ii) **standardization of procurement procedures and guidelines** has promoting transparency in public procurement processes;
- iii) **sensitization of stakeholders** especially training service providers on preparation of bid documents promoted competition in public procurement;
- iv) **Decentralization of operations**, establishing regional offices has enabled PPDA to effectively supervise procurement operations at local government level.
- v) **Establishment of the Institute** of Procurement Professionals in Uganda (IPPU) is expected to instil professional work ethics in its members.

D: Emerging issues and recommendations

D.1: Emerging issues

Public perception of integrity in procurement is low largely because of insufficient accountability. The corruption in the processes is allegedly perpetrated by the very officials handling public procurement in the PDEs. Key issues emerging from this survey are that:

- Accountability is still low in public procurement though the reforms have tremendously improved transparency and increased completion;
- Despite the guidelines and legislation in place to address “*conflict of interest*” it continues to be a major challenge in public procurement. Corrupt public officials sustained their corrupt practices, by changing tactics; devising new ways of going around the initiatives introduced to curb corruption.
- Prevalence of corruption is higher at the local government level than at central government level. However, the corruption at central level involves higher losses to government.
- Decisions on public procurement, at both local and central government level are highly influenced by political interference and influence peddling;
- Fear of retribution among the service providers was the key reason for their not reporting cases of corruption;
- “Evaluation of Bids” was perceived to be the most risky stage in the procurement cycle.

- Corruption starts at the earliest stages of the cycle, particularly at designing of the requirements of a given procurement by ensuring that the so called requirements fit their favoured choice or by waiving the requirements their choice may fail to meet.
- Manipulation of systems; the most common being tampering with bids, including “switching” and “doctoring” submitted documents was emerging fast as a highly risky stage in the cycle. Contract management (including supervision) was also considered as high risk.
- Establishment of e-government has lagged behind schedule; and this has in turn delayed e-procurement
- Red tape in the procurement cycle and other government bureaucracies such as waiting for parliament to debate the Auditor General’s report before issues pertaining to PPDA are addressed further delayed the already long process.
- PPDA has substantially invested in training procurement personnel of PDEs. However, the Authority lacks the capacity (personnel and other resources) to train and monitor all PDEs at both Central and Local Government levels;
- Some PDEs have not been filing their procurement plans as required; only 104 out of 156 submitted in 2014
- Perceptions of low integrity of the Police Force has diminished public confidence in the anti-corruption forum to effectively fight corruption in public procurement;
- Greed is the main reason public officials are corrupt. Public officials negotiated “kick back” as a percentage (up to twenty percent) of contract value;
- Low salary also featured as a possible fundamental reason for public officials to be corrupt;
- Despite several initiatives to level the arena for fair competition amongst SMEs; perceptions are that big and medium firms are favoured over their smaller counterparts to win big contracts.
- Low civic awareness coupled with insufficient information is affecting people’s participation in monitoring of public projects. Household knowledge of Public procurement is very low; only 28%;
- Trends show growing confidence among providers (36.8% up from 24.4% at last survey) that PPDA was effectively playing her role in fighting corruption in public procurement.

D.2. Follow up on previous recommendations

The Second Procurement Integrity Survey (2009) made a number of recommendations. Among the main recommendations directed to PPDA to spearhead action on; included:

- To promote fair competition for public procurement contracts among the SMEs regardless of size;
- Translate PPDA Guidelines into local languages;
- Review the procurement processes with the aim of reducing the time between initiating and accomplishing a public procurement.
- Put in place clear guidelines and procedures to address issues of conflict of interest particularly among members of the Contracts Committees;
- Sensitization and training of providers on how to prepare bid documents.

Findings of this survey show that most of the recommendations were implemented fully or in part as shown below:

- ✓ The long procurement processes were reviewed and amendments made (effected in 2014) in the law (PPDA Act 2003) to expedite the processes;
- ✓ PPDA in collaboration with partners, conducted short term procurement courses for heads of SMEs to build their capacity to compete fairly;
- ✓ reservation schemes were introduced which among other things encouraged local sourcing to help in building local capacity;

- ✓ PPDA has vigorously sensitized stakeholders including training the providers on how to preparation of bid documents; and
- ✓ This survey learnt that PPDA was presently formulating stronger guidelines and procedures to address issues of conflict of interest especially among members of the contracts committees.
- ✓ However, at the time of this survey, PPDA was yet to translate the Operation Manual and Guidelines in the local languages.

D3: Recommendations of this Survey

These recommendations, presented in matrix form in the body of this report, are in response to key findings and emerging issues. The presentation apportions centres of responsibility at Central Government level; Local Governments and PPDA respectively, suggests how the recommendations may be implemented and the expected effect on integrity in public procurement.

Central Government Level Stakeholders

The recommendations that can be spearheaded by the Central Government level stakeholders include:

- Fast track establishment of e-government to facilitate e-procurement. This will greatly increase efficiency and reduce interface between providers and public officials thereby reducing room for negotiating corruption;
- Provide adequate funding to PPDA to carry out their mandate efficiently;
- Lobby parliament to accept PPDA reports at committee level. This would enable the PPDA to expedite action other than wait for tabling of the Auditor General's report; which in most cases takes long;
- DEI should develop and proactively instigate a national value system that cherishes morality, integrity and accountability while clearly defining corruption as a vice. Implementation can follow an approach similar to that presently used with teaching "patriotism"; implementing the initiative through homes, schools and religious institutions.
- Revitalize the functionality of the anti-corruption forum (IG, OAG, PPDA, JLOS, and DEI) with clearly defined mandates to tackle corruption head on. This may require initiatives in public relations) to improve the perceived bad image of some of the members of the forum.
- Tighten the punishment for corruption to make it extremely high risk
- Enhance the welfare of public officials especially those in high risk offices.

Local Governments

- Build civic competence through continuous sensitization and using varied methods to create awareness about the effect of corruption on service delivery;
- In collaboration with CSOs, conduct systematic sensitization of the public to empower communities to demand for services and accountability;
- Ensure close supervision and encourage monitoring of public projects by the communities;
- Introduce suggestion boxes where citizens can "report" cases/complaints of corruption in confidence.

PPDA (the Authority)

- Enforce the requirement that all PDEs must submit their annual procurement plans to PPDA;
- Expedite e-procurement;
- Continuously build the technical capacity of staff handling public procurement;
- Take the lead in supporting the process for formation and operationalization of the IPPU; the body for professional procurement personnel;
- Scale up measures addressing conflict of interest;

- Focus on central government entities as high risk areas while strengthening monitoring at the local government entities;
- To encourage submission of procurement plans; PPDA should set a threshold above which all procurements must be endorsed by PPDA.
- Encourage service providers to form associations through which they can report their complaints other than doing it individually;
- Scale-up initiatives that encourage fair participation for all SMEs in public procurement;
- Scale-up engagement in initiatives that promote PPDA's visibility to the public.

1.0 INTRODUCTION

1.1 Background

Among the recommendations in the Country Procurement Assessment Review (CPAR 2004) was that 'The IG and PPDA should collaborate with other stakeholders to conduct annual national public procurement surveys. As a result, the Public Procurement and Disposal of Public Assets Authority (PPDA) together with the Inspectorate of Government (IG) commissioned the first baseline survey to measure perceptions of corruption in public procurement in 2006. The survey which was carried out with assistance from the USAID funded project Strengthening Decentralization in Uganda; Phase II (SDU II) was conducted on a similar basis to the National Integrity Surveys, focusing on perceptions of corruption in public procurement and disposal at both local and central government levels. The Authority conducted the 2nd survey in 2009; making this the third such survey.

1.2 About this survey

Since the 2nd Public Procurement Integrity Survey was conducted in 2009, a number of significant events have taken place in the realm of public procurement; the main ones being: reforms in the guidelines, creation of a multiplicity of districts, municipalities and sub counties; and the setting up of procurement structures in the local governments. More pronounced of the most recent reforms is the amendment of the PPDA Act (2003). Efforts to introduce e-procurement were ongoing at the time of this survey. This survey focused more on the most recent reforms since the past reforms were analyzed in detail in the previous surveys. The 3rd Procurement Integrity Survey therefore comes into play in light of the above and as a requirement of the new Strategic Plan for FY 2014/15-2018/19.

1.3 Overall finding

The overall perception index on existence of corruption in public procurement in this survey was 71.8%. The consensus view among all categories of respondents is that corruption influences decision making in public procurement. The rating of integrity in public procurement is low. The entire process is characterized by insufficient accountability. Corruption in the procurement processes is allegedly perpetrated through collusion between the very officials handling public procurement in the PDEs; and the service providers seeking favours to outcompete other participants in winning tenders.

1.4 Overall recommendation

Professionalizing public procurement is the antidote to most of the challenges that public procurement faces. Specialized skills in criminal investigation, auditing, accounting and value-for-money procedures are critical prerequisites. Professionalization involves sharpening the skills of the targeted officials in their line of work; and instilling high ethical standards in all people handling public procurement.

Skills development will require continuous technical training and mentoring of the personnel who are directly engaged in public procurement targeting staff of PDUs as well as support personnel in Audit and Investigation departments. The ethical aspect will involve PPDA encouraging and supporting operationalization of the Institute of Procurement Professionals of Uganda; the national body for procurement professional to which all procurement staff in PDEs must be registered members. Such professional bodies have been instrumental in instilling and monitoring ethical conduct of its members. PPDA must ensure that all staffs of PDEs are not only technically qualified but also registered members of the professional body bringing together all procurement personnel in the country.

1.5 Organization of the report

This report is organized under three main sections: namely; a) background information; b) key findings and iii) emerging issues and recommendations. The back ground information section comprises: seven chapters which are: chapter one as the introduction; chapter two presenting the scope of this survey and chapter three the methodology used. Chapter four examines government expenditure on public procurement and chapter five is about procurement reforms; chapter six is on awareness of the PPDA; while chapter seven is about participation of SMEs in procurement. Section two comprises chapter 8 which presents the key findings on: i) gauging the extent to which corruption is perceived as influencing the outcome of public procurement and disposal in Uganda; ii) identifying the relative prevalence of corruption in different central government ministries (that have direct relevance to local governments) and in local authorities and the factors that account for the differences in risk; iii) identifying the vulnerable points in the procurement and disposal system, and iv) identifying the deterrent and other measures which are perceived as being effective in reducing the incidence of corruption and in changing attitudes to corruption. The third section comprising chapter 9 presents the emerging issues and recommendations.

2.0 SCOPE OF THIS SURVEY

2.1 Scope

The study comprised of 5 major clusters of respondents. These are: i) The general public that focused on households; ii) private sector that included randomly selected SMEs; iii) the public sector covering Central and Local Governments; iv) specialized institutions; and v) Civil Society (CSOs). The respondents were drawn from 15 districts (including Kampala) across the four regions of Uganda. Six of the districts had municipalities that were also covered independently. The household survey was conducted among 470 households; 162 service providers; 68 public officials drawn from both Central and Local Governments; five (5) specialized institutions and seven (7) Civil Society organizations (CSOs).

2.2 Key objectives of the review

The overall objective of this survey, as the case was with the previous two; is to assess the perception of integrity of the public procurement processes in Uganda. The specific objectives were:

- i) To gauge the extent to which corruption is perceived as influencing the outcome of public procurement and disposal in Uganda;
- ii) To identify the relative prevalence of corruption in different central government ministries (that have direct relevance to local governments) and in local authorities and the factors that account for the differences in risk;
- iii) To identify the vulnerable points in the procurement and disposal system, and
- iv) To identify the deterrent and other measures which are perceived as being effective in reducing the incidence of corruption and in changing attitudes to corruption.

2.3 Key terms of reference (ToRs)

The terms of reference (ToRs); for this PPDA third integrity survey were nine (9); and were:

- i) Gauge the extent to which corruption is perceived as influencing the outcome of public procurement and disposal in Uganda.
- ii) Identify the vulnerable points in the procurement and disposal system.
- iii) Identify the relative prevalence of corruption in different central government ministries (that have direct relevance to local governments) and in local authorities; and the factors that account for the differences in risk.

- iv) Gain broad insight into how public procurement works in Uganda as presented by an independent consultant.
- v) Analyze the progress made by Uganda in modernizing its public procurement system.
- vi) Recommend measures in grasping the challenges of integrity in public procurement.
- vii) Encourage mutual learning without necessarily seeking comparisons with other national systems.
- viii) Identify the deterrent and other measures which are perceived as being effective in reducing the incidence of corruption and in changing attitudes to corruption.
- ix) Produce recommendations on improving integrity in public procurement in Uganda.

3.0 METHODOLOGY

3.1 Approach

The study was designed as a cross-sectional descriptive assessment employing both qualitative and quantitative techniques of data collection. It adopted a participatory approach involving a wide range of stakeholders in procurement; namely, the service providers, the service beneficiaries (households) and the implementers of government programmes/projects (PDEs). At the Ministry of Finance (MoFPED); the team consulted the Deputy Secretary to Treasury, Commissioner for Finance and Planning and the...; Principal Economist particularly on budgeting and government expenditure. During the entire period of the assignment, the consultant kept in close touch with PPDA for guidance and clarity of technical issues. In particular the staff of the Corporate Department who provided the required information and guidance. Appropriate literature was reviewed to corroborate the primary data.

3.2 Reasons for this methodology

This approach was preferred because it provided an opportunity for all the participants in public procurement, direct and indirect, to express their perceptions of the integrity of public procurement processes. The households were useful in giving their views about the quality and quantity of services received; service providers, more than anybody else, have deeper insight into the conduct of public officials in regard to public procurement because they interface with them directly on business matters; and of course, the public officials on the other hand, also have their own views of the service providers and the intended beneficiaries. The Specialized Institutions and Civil Society Organizations were selected on the basis of their anti-corruption work. The participatory approach therefore was appropriate to ensure validity and reliability of the findings.

3.3 Sampling and data collection

Being that the aim of the study was to establish public perceptions about the effect of the reforms on the general integrity of public procurement processes, it was important to collect views expressed by different categories of stakeholders. This survey identified five key stakeholders to include: Households; the service providers; public officials; specialized institutions and agencies as well as civil society organizations. Appropriate sampling was done to adequately represent each category. This wide selection provided a variety of views that the survey based on; to develop the perception index.

a) Selection of Households

Collection of quantitative household data was based on a representative sample. A multi stage sampling design of districts and household respondents was done from which interviews were obtained. The sample size for the household survey was statistically determined using the Kish formula (The details are indicated in the Inception Report (Page 11) for this study. To enable establishment of trends as shown by

the results, this survey as much as possible, covered the districts that were visited for the 2nd Integrity Survey. The municipalities are: Masaka; Soroti; Mbale; Kabale; Gulu and Lira.

Table 1 shows the distribution of the household sample.

Table 1: Distribution of the household respondents

Region	District	No. of respondents
Central	Masaka	32
	Kampala	47
	Mityana	30
	Luwero	29
Eastern	Kamuli	30
	Soroti	31
	Mbale	60
	Bugiri	30
Western	Kabale	30
	Kamwenge	31
	Kiruhura	30
	Hoima	30
Northern	Pader	30
	Moroto	30
	Arua	30
Total	15	470

b) Selection of Providers

Overall, a total of 162 purposively selected private enterprises (providers) across the country were covered. The respondents under this category were drawn from purposively selected private enterprises that were doing business with government or public institutions (hospitals, schools, army barracks, prisons, etc).

A sample size of at least 2 enterprises was covered in each of the sampled districts; and a minimum of 3 in each of the municipalities. Given that Kampala is the central business hub in the country, a relatively larger sample (62 enterprises) was selected as presented in table 2.

Table 2: Providers visited by category

Category	Location/Service Base			Total
	DLG	Municipality	Kampala	
Works	35	6	22	63
Supplies/goods	22	12	16	50
Services	16	9	24	49
Total	73	27	62	162

In all cases, the respondents were drawn from purposively selected private enterprises that were doing business with government or public institutions; albeit taking care to include the three categories of public procurement; namely: goods and supplies; works; and services.; hence: of the 162 providers that were interviewed:98 (or 61%) were small scale;44 (27%) were medium scale; while 20 (or 12%) were large

scale¹.73 were based in rural districts and therefore mainly dealt with DLG; 27 were drawn from the Municipalities and the 62 drawn from Kampala mainly dealt with Central Government. It should be noted that all the large scale enterprises that participated in this study were based in Kampala.

c) Selection of Public Officials

Public officials were selected from seven key sectors; namely: Agriculture; Trade and Industry; Health; Education; JLOS; Public Service and Works (Roads and Infrastructure). The study purposively targeted officials within the ranks of: top management, middle management and operations in each of the selected sectors. In operations, the staffs of Procurement Units were preferentially targeted. This purposive selection was done to enable collection of balanced views along the organizational structures. In addition, efforts were made to select respondents from both Central and Local Governments. Table 3 shows the distribution of public official respondents.

Table 3: Distribution of public official respondents

Category	Location/service base			Total
	Central	DLG	Kampala	
Trade and Industry	2	5	3	10
Health	4	5	2	11
Education	4	6	2	12
Works (Public Service)	3	8	5	16
Agriculture	2	6	2	10
JLOS	3	2	4	9
Total	18	32	18	68

d) Selection of specialized institutions and Agencies and Civil Society Organizations (CSO)

This study considered it important to interact with public institutions that hold the oversight mandate; as well as Civil Society Organizations especially those engaged in advocacy for good governance. The reason is that these bodies/ organizations access a lot of information regarding corruption and other forms of injustice that was relevant for this study. The area of convergence was their anti-corruption work.

The institutions that this study consulted include: the Inspectorate of Government (IG); the Office of the Auditor General (OAG); and sections of the Uganda Police Force. Government Agencies that were covered by the study include: National Water and Sewerage Corporation (NWSC), National Housing and Construction Company Limited, the Uganda Printing and Publishing Corporation (UPPC), and The New Vision Publications. The Civil Society Organizations that consultations were made with are: Uganda Debt Network (UDN), Anti-corruption Coalition of Uganda (ACCU), Advocates Coalition for Development and Environment (ACODE); Civil Society Budget Advocacy Group (CSBAG); and the National NGO Forum.

3.4 Data collection tools

Data was collected using pre-designed tools. Each category of respondents had its own set of tools. These included: a semi-structured household questionnaire for the household survey targeting the head of household or any household member above the age of 18 years; and a special interview guide for each of

¹These categories are fully defined in Chapter Ten (10) of this report

the other categories of identified respondents; namely, providers; public officials; specialized institutions and CSOs.

These specific respective tools are indicated as: key informant Interview guide for CAO, Heads of Procurement and Disposal Units (Annex II); Interview guide for service providers (Annex III); Interview Guide with staff of Procurement Units at MDAs (Annex IV); Secondary data checklist (Annex V); and Household Questionnaire (Annex VI).

These tools were administered by a team of well trained research assistants/data collectors specially oriented to this assignment.

3.5 Data management and Analysis

Data management comprised the following: i) data editing to ensure consistency and range tolerance of the responses; ii) data entry /data capture; and iii) building the data set.

Data analysis was done using descriptive analysis (for quantitative data); thematic analysis (for qualitative data); and content analysis (for data from secondary sources). Statistical analysis (for quantitative data) was done using STATA –data analysis software.

4.0 GOVERNMENT EXPENDITURE ON PUBLIC PROCUREMENT

4.1 Government Revenue for FY 2014/15

According to the national budget framework paper; the total resource inflows in Financial Year 2014/15 were projected to amount to Shs14, 317.2bn. These comprised of Shs10, 127.3bn from domestic revenues; Shs221.0bn of budget support; Shs601.7bn from project support; and Shs550.3bn financing on a net basis, from the domestic banking system. The National Budget is the key instrument through which government implements its policies. The National Budget Framework Paper (BFP) provides the link between government's overall policies and the annual budget. It also forms the basis for the detailed estimates of revenue and expenditure.

4.2 Government expenditure on procurement for FY 2014/15

Besides providing the link between government's overall policies and the annual budget, the BFP also forms the basis for the detailed estimates of expenditure for the different sectors of government. Public procurement is implemented at two levels of government: central and local government levels. At central government level, the PDEs comprise Government Ministries, Departments and Agencies while at the local government level; the PDEs are District Local Governments and Local Authorities (Municipal Councils). Public procurement comprises: goods, services and works. To estimate the proportion of the national budget that goes towards procurement, this survey calculated the average proportion of the procurement plan totals of 101 PDEs as a percentage of the budgetary allocations. This number comprised 63 PDEs at central government level and 38 PDEs at local government level. Annexes I & IV; show how the average share of procurement in the budgets for central and local government entities respectively were derived. For the central government entities, the proportion that went into public procurement was determined as the average of the percentage of the procurement plan totals submitted by the compliant PDEs in the FY 2014/15 in the budgetary allocations for the respective entities in the BFP. For the local governments, the proportion towards procurement was calculated as a percentage of the procurement plans in the central government transfers to the respective local governments. The overall average (both central and local) was considered to be the average proportion of the budget that goes into public procurement. Table 4 shows how the overall average was derived.

Table 4: Deriving the proportion of the national budget that goes into public procurement

Level of PDE	No. of compliant PDES	Procurement plan totals as a proportion of budgetary allocation/transfers from central government
Central government	63	68.9%
Local government	38	31.4%
Overall average		50.2%

Source: Adopted from the National Budget Framework Paper FY 2014/15 – FY 2018/19 (MoFPED, 2014) and compliance status of PDEs (PPDA)

4.3 Implication of government expenditure on public procurement

At over 50% (table 4): public procurement accounts for a substantial part of the national budget. That such a big chunk of the national budget goes towards procurement; underscores public procurement as a key component of government operations to ensure service delivery. It therefore calls for an efficient and effective public procurement system that can facilitate sustainable growth and development; hence the relevance of perception of integrity in the public procurement processes.

5.0 PROCUREMENT REFORMS

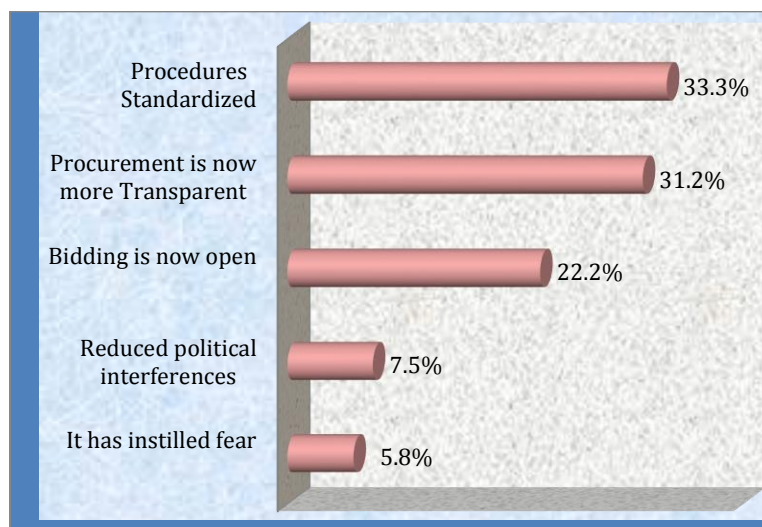
5.1 Introduction

Since 1999, public procurement in Uganda has progressively undergone reforms with the aim of promoting transparency, competition (fairness) and accountability (fighting corruption); and ensuring value for money in the bidding process. The reforms culminated in the enactment of the PPDA Act 2003 which abolished the Central Tender Board and established PPDA as the national regulatory body for public procurement. Procedural regulations and guidelines were standardized. The overall objective was to curb rampant corruption in the award of contracts. Curbing corruption is an uphill task that can only be achieved overtime and through vigilance and continued efforts to close any gaps in the process. For this reason, more reforms continue to be implemented.

5.2 Subsequent reforms

The persistent loss of huge sums of money in poorly managed procurement processes and continued allegations of corruption in the award of contracts necessitated further reforms to progressively streamline the procurement processes. The reforms that followed enactment of the PPDA Act (2003) targeted strengthening the functionality of PPDA. In particular, this set of reforms focussed on the following functions for PPDA: advisory; data management; capacity building; and the audit function. The impact of these reforms was analyzed in detail in the 2nd Procurement Integrity Survey conducted in 2009. However, to determine the extent to which this set of reforms achieved their objective; this survey sought the views of service providers on the contribution of the PPDA Act 2003 and subsequent reforms in the fight against corruption. Preferred respondents were those service providers who had been in operation since 1999; the time implementation of the reforms in public procurement started. The aim of benchmarking 1999 was to gather relevant views based on experience that could project the changes that have taken place over the years as a result of the various reforms implemented in the procurement subsector. Figure 1 presents the providers' views.

Fig1: Providers' views on the contribution of the PPDA Act 2003 and related reforms



According to Figure 1; 33.3% of the providers said that the PPDA Act (2003) and the related reforms standardized public procurement procedures. 31.2% commended the reforms for making procurement more transparent. 22.2% said the reforms had brought bidding into the open while 7.5% were of the view that the reforms reduced political interference in the public procurement processes; and 5.8% held that the reforms instilled fear in the would-be perpetrators of corruption.

It should be noted that the 2nd Public Procurement Integrity Survey made several recommendations in regard to improving transparency of the procurement process. Among the specific recommendations was to push for reforms in the law; particularly addressing the time taken to initiate and accomplish a public procurement with a view to shortening the process so as to make the system more efficient.

5.3 The most recent reforms

Whereas the reforms discussed above registered substantial achievements, there remained a number of pertinent challenges to address. In addition, new developments had taken place that affected public procurement: the most notable of these included the creation of a multiplicity of new districts; the setting up of procurement structures in the Local Governments in conformity with the PPD Act (2003); and introduction of a procurement performance measurement system (PPMS) in both Central and Local Government entities to measure and report on procurement performance. These developments inevitably necessitated more reforms; hence, amendment of the PPDA Act (2003). As a further measure to enhance efficiency; introduction of e-procurement was also mooted.

5.3.2 Amendment of the PPDA Act (2003)

Since its enactment, there were persistent complaints about some provisions in the PPDA Act (2003); that these provisions in the law hampered expeditious procurements because of the numerous requirements. This led to persistent calls for; and eventual amendment in 2011. The amended law is the PPDA (Amendment) Act, 2011; and became effective 2014. Among the salient issues, were the special provisions to regulate *Force Account* and provisions addressing the procurement of medicines and medical supplies. The general amendments provided for: further functions and powers of the Authority; further functions of the contracts committees; accreditation for alternative procurement systems; procurement planning; the different types of contracts to be used for procurement; the procedure for administrative review; the limitation of contracts with members of procuring and disposing entities; the suspension of providers; establishment of the Public Procurement and Disposal of Public Assets Tribunal; creation of new offences; the making of regulations for procuring and disposing entities outside Uganda and for related matters.

5.4 Impact of the recent reforms

At the time of this survey, the PPDA Act had been amended (in 2011). However, e-procurement was yet to be introduced and operationalized as the infrastructure to support e-government was still under construction.

Nonetheless, the gist of this survey was to assess the impact; real and envisaged, of these most recent reforms on public procurement. The consultant was tasked to determine the extent to which the objectives of the reforms have been achieved; more specifically the extent to which the reforms have promoted the key principles of public procurement, namely transparency, competition, and accountability. The overall spirit of the reforms is to enhance integrity in the process. This survey sought out views of providers; public officials and households in regard to the impact of the recent reforms in eliminating practices that promote corruption. On e-procurement, the responses were largely expectations since its establishment was still underway.

i) Views of PDEs on the impact of the recent reforms

This survey sought the views of public officials in regard to the reforms. A mixed sample of officials of PDUs both at Central and Local Government levels was targeted; and were asked about how the reforms have impacted their work. Their specific views are shown in table 5.

Table 5: Views of PDEs on the impact of reforms on the public procurement processes (N=68)

Impact	No. of responses	%
Promote transparency	57	83.4
Increase competition	49	71.1
Improve accountability	42	61.8

The results show that 83.4% of the public officials said that the reforms promoted transparency; 71.1% cited increased competition as a result of the reforms while 61.8% said accountability had improved. These results show that according to the public officials, the reforms promoted transparency, increased competition and improved accountability in that order.

In advancing their view, the officials reasoned that once their operations become more efficient as a result of the reforms; there will be more transparency; improved access to information and consequently more accountability as people will demand for clarifications and clear explanations. They emphasized increased efficiency as the starting point for improved accountability. In supporting their views they advanced several arguments: for example, observing that by publishing all the procurement opportunities in one place, government will spend less money on advertising through the media. Access to information, according to them, will make the procuring entities more accountable because all the information will be available to the public; hence, the public and providers can easily track progress of bids. All the information on procurement can be monitored more easily and any queries addressed timely; thereby creating more business opportunities for the public. Ultimately, people will gain more confidence in the process thereby improving perceptions about integrity.

ii) Providers' views on the impact of the recent reforms

The providers' were asked to indicate what impact they thought the reforms had had (real)/ or would have (expected) on promoting transparency, increasing competition and enhancing accountability in public procurement; and table 6 presents the results.

Table 6: Providers' views of on the impact of reforms on public procurement [N=162]

Impact	No. of responses	%
Promote transparency	84	51.8
Increase competition	83	51.2
Improve accountability	17	10.5

According to table 6; 51.8% of the providers said the recent reforms increased competition; 51.2% were of the view that the recent reforms were progressively promoting transparency in public procurement; while 10.5% cited improved accountability as a result of the reforms.

At the last survey, a similar question was asked; and 48% of the providers said the then reforms increased competition; 38.2% cited increased transparency; while 13.8% were of the view that the reforms improved accountability. Scrutiny of the two sets of results shows that the point of convergence for the two surveys is that while the reforms are making good progress in increasing competition and making the processes more transparent, little has been achieved in improving accountability. People believe that public procurement is riddled with corruption; mainly perpetrated by corrupt public officials managing public

procurement. It is also apparent that public officials responsible for procurement have not sought to turn around this perception by reaching out to the people to explain the challenges in providing public services as well as educate them (the people) about their civic responsibilities. As a result, there is low civic participation which the unscrupulous officials exploit to advance their corrupt ways.

iii) Households' views on impact of the recent reforms

Although the ordinary citizens (households) generally lack adequate knowledge of PPDA and its workings; it was important to assess their views about the reforms on public procurement because they are the principle beneficiaries. After explaining the reforms in question; household respondents who had demonstrated knowledge of PPDA (Figure 8); were further asked what they thought the impact of the reforms would be on public procurement in regard to transparency, competition and accountability; and the responses are presented in table 7.

Table 7: Households' views on the impact of reforms on the public procurement processes (N=132)

Impact	No. of responses	%
Promote transparency	89	67.4
Increase competition	77	58.3
Improve accountability	59	44.7

According to table 7; 67.4% of the household respondents said the reforms to promoted transparency in public procurement; 58.3% cited increased competition while 44.7% said the reforms improved accountability in the procurement processes.

These results show that the households' views were consistent with those of the providers; i.e. that the reforms improved transparency and increased competition but accountability was still wanting. Table 8 illustrates the aggregate impact of the reforms to improve public procurement.

The results show that, overall, 55.6% of all the respondents said the reforms improved public procurement in general. Of these: 67.5% of all the respondents' said the reforms promoted transparency; 60.2% said competition increased and 39% said the reforms improved accountability.

Table 8: Overall perception on impact of the recent reforms

Impact	PDE Officials	Providers	Households	Average
Promote transparency	83.4	51.8	67.4	67.5
Increase competition	71.1	51.2	58.3	60.2
Improve accountability	61.8	10.5	44.7	39.0
Average				55.6

By and large, these are encouraging findings for the PPDA. However, more needs to be done to achieve public procurement that is accountable and free of corruption. The challenge with corruption is that it benefits both the *"rent seeking"* officials in charge of procurement and the *"rent paying providers"* seeking favouritism to win tenders: both parties are beneficiaries; and are interested in covering for each other.

This makes it extremely difficult to gather evidence on corruption. The onus is on the public to demand accountability. The starting point to creating an accountable procurement process is to generate public civic competence so that the population can demand for services and accountability.

5.5 Relevance of transparency, competition and accountability in procurement

The essence of all the reforms implemented is to curb corruption in public procurement by ensuring the three cardinal principles of public procurement; namely transparency, competition and accountability.

a) Transparency,

Limited access to pertinent information about public procurement opportunities has hitherto been largely blamed for unfair competition. Providers contend that public display of all information to all stakeholders is bound to make the process more transparent. Since all the information is in the open; there is little room for corrupt officials to manipulate the bids. E-procurement will reduce physical interface between providers and the officials responsible for procurement; hence, reducing the space for negotiating corruption. E-procurement is a further positive move given that past initiatives already set the ground: bids are handled in the open during the procurement process and the winner is immediately announced to the rest of the participating stakeholders. Establishment of the *Public Procurement and Disposal of Public Assets Tribunal* and the procedure for *administrative review* in the amended law; provided a platform for the discontented participants to appeal.

Officials responsible for procurement appreciated that the reforms are improving efficiency: reducing paper work/workload and making it possible for them to expedite the processes. Some of them were happy that the developments would vindicate them as they were usually “unfairly” accused of deliberate delays to create room for corruption. Amendments in the law such as procurement planning, according to them, has streamlined the process, making it more transparent and preventing stampedes in procurement. They also indicated that reforms making the entire process transparent will save them the “arm twisting” influence of the politicians who usually seek to influence decisions in the award of contracts.

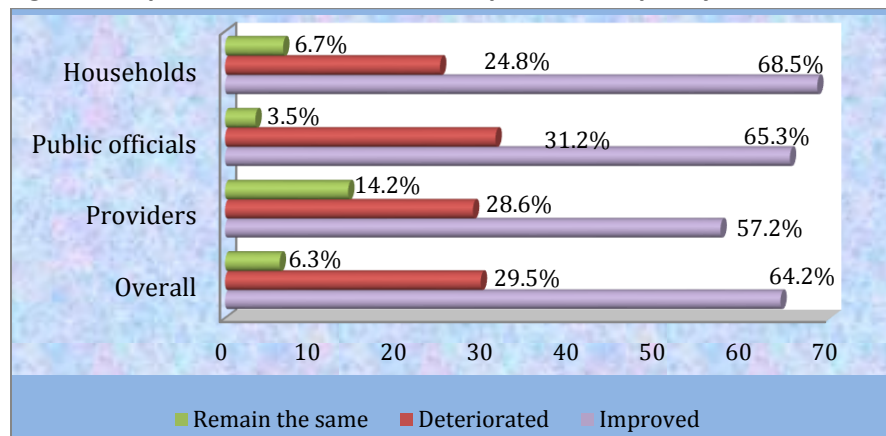
Much as the general view was that the reforms will improve transparency, sections of respondents (especially providers) were sceptical; expressing the fear that strengthening (giving more functions) the contracts committees could impede the positive impacts of the reforms. The argument hinges on the perception that evaluation of bids being the stage most susceptible to corruption; giving the managers of that stage more powers; is creating more room for corruption.

b) Competition

Competition is a key objective in the reforms implemented in public procurement because it brings more actors onboard and widens the range of choices. It also promotes quality in service delivery: the rationale being that a contractor who wins a tender will want to deliver high quality output so that they are considered at the next opportunity. In this survey, providers, public officials and households were asked whether, in their opinion, competition led to improved quality; deteriorated quality or no change in quality of services. Figure 2 presents views of respective categories of respondents.

According to Figure 2; 64.2% of the providers were of the view that competition improved the quality of services; while 29.5% interestingly said competition can lead to deterioration in quality of services provided and 6.3% did not think that competition had any effect on the quality of services. The pattern of responses was similar amongst all the respondents

Fig.2: Perceptions on the effects of competition on quality of services



These views are rather consistent with those expressed at the last survey. The responses to a similar question were: improved quality (64.7%); deteriorating quality (21.8%) and no effect or remained the same (13.4%). The argument for increased quality was that since there are many players wishing to supply the same market, then, the providers would improve quality to win over a bigger share of the market. Rational consumers choose the higher quality. High quality services are to the benefit of the service consumers; hence, “value for money”. On the other hand, those who contended that competition can lead to deterioration in quality argued that due to stiff competition sometimes bidders quoted very low to out-compete other contenders, to the extent that the funds offered are unable to accomplish the contracted work to quality standards. Secondly, when officials are corrupted; they do not supervise efficiently and actually become accomplices in provision of poor quality service. This ends in substandard work being done or poor quality goods supplied.

c) Accountability

i) Views of the providers

Public perception is that corruption in public procurement is mainly perpetrated by corrupt public officials responsible for procurement. The officials collude with providers and cover up their trucks impeding accountability and transparency. To sustain their corrupt practices, they keep changing tactics; devising new ways of going around the initiatives introduced to curb corruption. Corruption starts in the early stages when the officials are formulating the requirements (terms of reference /statement of work) of a given procurements by ensuring that the so called requirements fit their favoured choice or waiving those requirements that their favoured bidder may not be able to fulfil. It is also common for the corrupt officials to pass on pertinent insider information to their accomplices well in advance of that information being made public.

Interestingly, the providers who collude with the public officials to favour them win contracts argue that they are mere victims of the vice rather than perpetrators. According to them, as long as the officials are not fully transparent, and given the stiff competition; corruption will persist. The respondents observed, for example, that while e-procurement may reduce room for negotiating corruption, they were sceptical about effectiveness in curbing corruption as there are many ways corrupt service providers and corrupt officials; can communicate. They were also of the view that complicating the process (making it computer/internet based) may even invite more corruption as the unscrupulous officials can take

advantage of limited knowledge of some providers. In their own opinion, interventions to curb corruption should primarily target the public officials to observe their work ethic and professional integrity.

This study was in agreement with this view: people managing public procurement must conduct themselves professionally. One way is by demanding that they all subscribe to (enrol with) the newly created professional body of procurement professionals (the Institute of Procurement Professionals in Uganda (IPPU). Professional bodies have been effective in instilling professional ethics in their membership.

ii) Views of households

A civically aware public should be able to demand accountability from duty bearers in regard to provision of public services. ; They also should report to appropriate authorities whenever they are not satisfied with the explanations given. Such category of citizens is also at liberty to report observed or suspected cases of corruption. Once the duty bearers feel that they are being “watched”; they will avoid situations (corrupt acts) that they are not able to explain. Findings of this survey show that people were despondent about demanding accountability. Among the reasons they advanced was that they usually did not have adequate information to enable them effectively monitor projects being implemented in their communities to enable them demand accountability. To test community awareness of their monitoring roles in public procurement; household respondents were asked whether they were aware of public projects being implemented in their area in the last one year; and to mention them. Table 9 shows the findings.

Table 9: Households’ awareness of public projects being implemented (N=470)

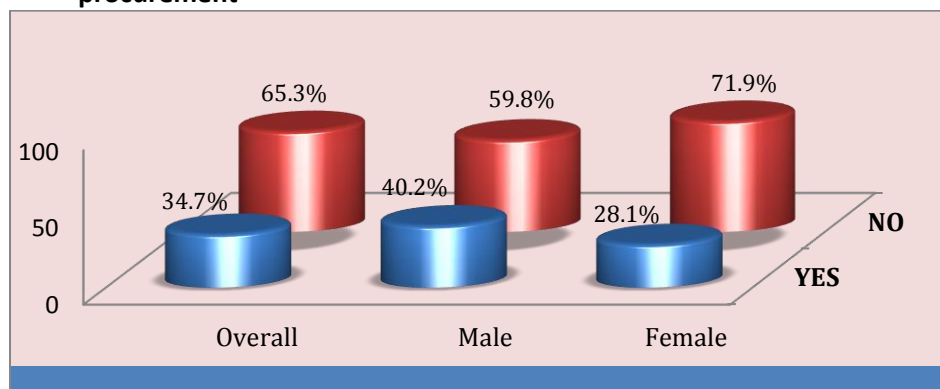
Projects in the area	%
Road works	43.0
School facility supported by government	13.1
Public toilets	0.9
Health centre construction	12.0
None	30.3
Others	0.7

The findings indicate that 43% of the respondents were aware of roadwork projects supported by government whereas 12% mentioned construction of Health Centres in their localities. 13.1% mentioned schools and 0.9% toilets. However, a surprisingly high 30.3% reported that they did not know of any public project implemented in their locality in the past one year.

Source: Field data, June 2015

These results **may not** show a precise picture in regard to awareness of public projects and several inferences can be drawn: one; that people had limited knowledgeable of public projects in their localities; two, that the 30.3% who said “**none**” were not aware of public projects in their localities; and three, that there were simply no public projects in the areas where the 30.3% of the respondents were drawn. Whatever the situation, it is important that people should know the public projects being implemented for their benefit. Such knowledge inculcates a sense of ownership; and this sense of ownership promotes sustainability of such public investments. To enhance accountability, the knowledge of public projects ties in well with civic awareness; awareness of civic roles and responsibilities. Household respondents were further asked whether they were aware of the roles in monitoring public procurements; and figure 3 presents the answers.

Fig3: Community awareness of their roles in monitoring public procurement



According to Figure 3; 34.7% of the respondents were knowledgeable about their roles in monitoring public procurements, while 65.3 % did not have any idea what their role in public procurement ought to.

The implication of these results is that the communities' awareness of their roles in monitoring public procurement is low. And because of the low awareness, they are unable to effectively monitor public projects. Accountability will remain low as long as the targeted beneficiaries do not own investments implemented for their benefit.

5.6 Other effects of the reforms on public procurement

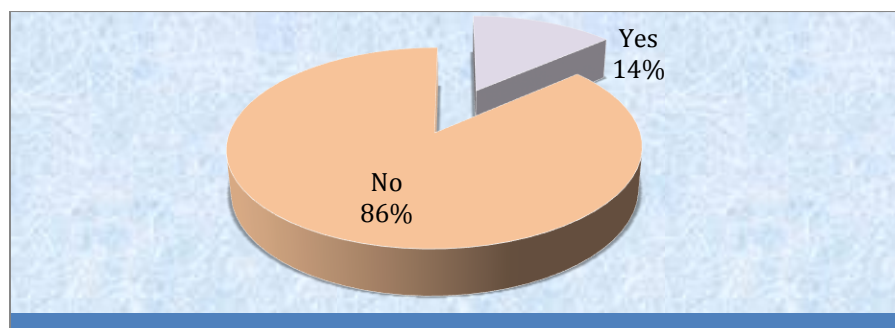
Besides promoting transparency, increasing competition and improving accountability in public procurement; the reforms have had other residual benefits all of which have positively impacted the processes of public procurement. Among the main ones included: providers accessing and owning copies of PPDA Operational Manual; increased awareness of the complaints review mechanism and vigilance in reporting cases of corruption. All these are essential in streamlining the procurement process.

5.6.1 Providers with copies of PPDA Operational Manual

Public procurement guidelines are detailed in the PPDA Operational Manual. This manual is meant to assist the providers to comprehend the important aspects of the procurement process.

It is therefore extremely important that all providers; individual or as an organization, should have a copy. In this survey, service providers were asked whether they had a copy; and according to Figure 4, only 14% answered this question in the affirmative.

Fig4: Service providers who are in possession of a PPDA Operational Manual



Much as the credit for the 14% who had an Operational Manual can be attributed to the reforms and capacity building efforts by PPDA; it meant that the majority (86%) of the providers were operating without reference to standard guidelines and procedures. This state of affairs partly explains why some sections of the providers met challenges of understanding key aspects of the processes while bidding. It also poses a challenge to PPDA to evolve more effective methods of reaching and educating the providers (and the public) about the operations of the Authority.

5.6.2 Providers' awareness of the complaints review mechanism

Institution of the complaints review mechanism was a major milestone in streamlining the procurement processes. It was meant to expedite resolution of complaints filed by participants in procurement so as to ensure fairness to all stakeholders. The complaints review mechanism provided a platform for a fair hearing to players who felt dissatisfied with decisions reached by the contracts committee. People were encouraged to proactively report cases of corruption.

This survey sought to establish the extent to which providers were aware of the complaints review mechanisms; and whether they reported cases of corruption in public procurement. Providers were asked whether they were aware of the complaints handling mechanisms; and those who answered in the affirmative were further asked whether they had ever reported a case of corruption since 2006. The results are presented in Figure 5 and Figure 6 respectively.

Fig5: Providers' awareness of the complaints review mechanism

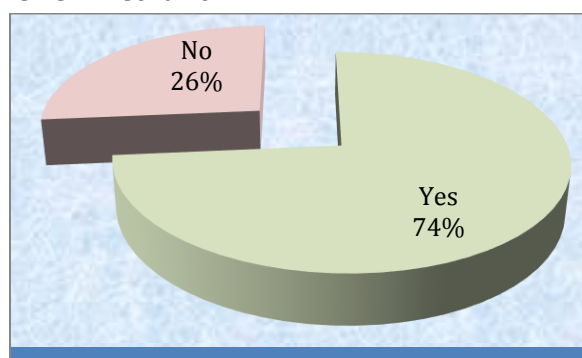
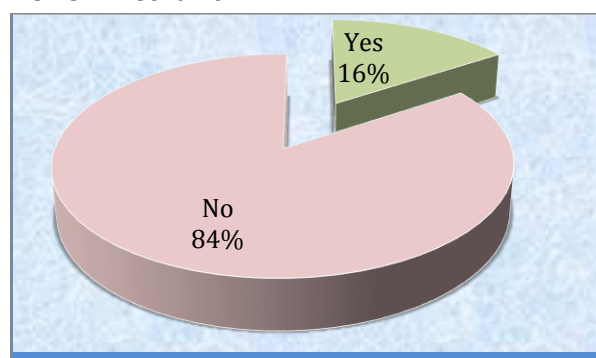
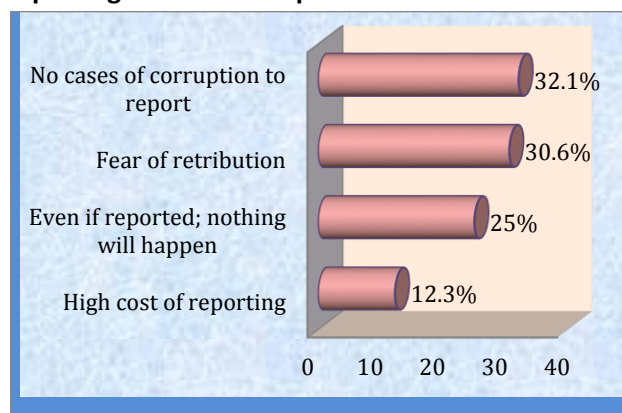


Fig6: Ever reported a case of corruption to the review mechanism



According to Figure 5; 74% of the respondents said they were aware of the complaints review mechanisms. However, despite this awareness; only 16% of those who demonstrated awareness had ever reported a case of corruption (Figure 6). Compared to the results of the previous survey; 13.6% had ever reported a case of corruption. The striking feature is that in both cases, the reporting is very low. Despite the slight increase (1.9%), reporting has not been responsive to the established mechanisms. Providers, who are dissatisfied with the contracts committee decisions, are not appealing to the complaints review systems. Figure 79 shows the various reasons providers cited.

Fig.7: Service providers' reasons for not reporting cases of corruption



According to Figure 7; the main reason the majority (32.1%) cited for not reporting cases of corruption was that there were “*No cases of corruption to report*”. This position was consistent with the last survey where 54.2% gave the same reason. 30.6% presently and 12.1% in 2009; did not report for “*fear of retribution*”; while 25% and 18.7% respectively said that even if they reported “*nothing will be done*”. 12.3% presently as did 15% at the last survey cited the high cost of reporting. This is rather contentious given that the costs of lodging a complaint have since increased; hence the expectation would be an increase in the number of those citing this reason. .

It is apparent that the reasons cited by the providers were largely evasive given that earlier; 86.0% of them had demonstrated awareness of existence of corruption in public procurement (table 12) and 59.8% of the providers revealed having participated in corrupting public officials (Figure 4). On probing further, it was established that the issue, rather than being “*no cases to report*”; actually implied “*difficulty in proving*” cases of corruption; hence, people opted not to report. The people involved in corruption are increasingly sophisticated making it increasingly difficult to prove cases of corruption against them because they leave no footprints (evidence) anywhere. On the other hand, the results provide ground for arguing that the hyped corruption in procurement is an unverified perception that is only in the mind of those who accuse public officials of the vice. The opinion of the study team, is that the response by the 25% (presently and 18.7% at the last survey) who said, “*Even if reported; nothing will be done*” was more instructive. It is this perception that is creating the despondency among the people against reporting cases of corruption because according to them; reporting is merely a waste of time. No action is taken (probably more accurately “*no action is seen to be taken*”). This view is consistent with earlier calls that punishment for corruption should be severe and “*visible*” so that “*justice is seen to be done*”; and becomes deterrent. *Short of this*, people will be less vigilant to report cases of corruption, driving the systems deeper into the malpractice.

Further, to take serious note of; are the increasing numbers of service providers who do not report corruption for “*fear of retribution*” (30.6% presently; up from 12.1% as at last survey). The explanation is that they are aware of public officials engaging in corruption, but choose not to report them lest the officials use their positions to victimise them (accusers). The providers fear losing business opportunities in future. This has been raised several times in the integrity surveys conducted by the Inspectorate of Government (IG); with recommendations to put in place measures to protect whistle blowers and other witnesses in these delicate cases of corruption. We reiterate the same recommendations to PPDA; to institute measures that protect anybody who reports corruption.

5.7 Challenges to the reforms

The general view was that the reforms have progressively improved transparency in the procurement process. There was mention of increasing competition which is generally promoting delivery of higher quality services. In particular, amendment of the procurement law has addressed a number of issues such as legislating against conflict of interest and black listing non-compliant providers. However, some

respondents expressed dissatisfaction with some aspects of the reforms which in their view, perpetrates corruption. Among the main complaints was:

- i) **Ineffective monitoring:** contract management was pointed out as one of the high risk stages where money changed hands. It involves bribing monitoring teams who ultimately file good reports covering up the misdeeds of the providers. This collusion compromises the quality of services as the corrupted officers cannot be objective in monitoring the work for which they have been bribed. Their reports are subjective and quality of output highly compromised. The challenge is compounded by PPDA's limited capacity to closely monitor all PDEs both at the central government and local authorities' levels.
- ii) **Government bureaucracy:** while the reforms are partly meant to expedite the process, red tape in the procurement cycle is not fully addressed. For example, the mandatory consultations and approvals of contracts by the Solicitor General for all big contracts sometimes delay the process. Likewise, waiting for parliament to debate the Auditor General's report before issues pertaining to PPDA are addressed impedes expeditious handling of such issues.
- iii) **Delays in establishing government:** the success of e-procurement largely depends on access to e-government. The infrastructure for e-government is yet to be completed. Even after the infrastructure is in place, there are likely to be challenges especially at the local government level where some districts do not have reliable power supply; and/or internet connectivity. E-procurement will only succeed when there is full inter-connectivity between and among all the stakeholders.
- iv) **Low literacy levels;** some service providers are illiterate generally or computer illiterate; meaning that sophisticated initiatives such as e-procurement are likely to pose serious challenges; Many providers are not conversant with use of computers and the internet.
- v) **Inadequate knowledge of the reforms;** as earlier mentioned, only a few service providers were aware of e-procurement and amendments in the PPDA Act, 2003. Only a handful (26%) had the Operations Manual. This means that service providers were participants in procurement without adequate knowledge of the regulations.
- vi) **Limited supervision:** For one reason or other, some PDEs are not adequately supervising their PDUs (officers responsible for procurement). In some PDEs, the PDUs are headed by unqualified persons. Such weaknesses provide the staff of PDUs liberty to flout some regulations leading to complacency and impunity.
- viii) **Political interference:** public officers responsible for procurement revealed that at times, there was political interference that influenced the decisions they make in the procurement processes. Despite creation of PPDA to regulate public procurement, politics is an influencing factor especially in the awarding of big contracts.

5.8 Challenges specific to PPDA

While the above challenges are general to the procurement process, some of them are specific to PPDA as the regulatory authority. The major ones impeding achievement of their objectives are:

- a) **Limited capacity:** PPDA does not have adequate capacity especially manpower, to carry out its functions including monitoring all PDUs in all public PDEs at both central and local government levels. More resources (funding) are needed to enable PPDA fully execute her mandate.
- (b) **Delays in establishing e-government to promote e-procurement:** Much as PPDA hoped to improve efficiency through e-procurement, the efforts have been thwarted by prolonged delays in rolling out e- **government** infrastructure. However, a procurement portal has already been established at PPDA. The process should be fast-tracked to kick off the initiative.
- (c) **Weaknesses in the law:** while the amendment of the PPDA Act (2003) has given PPDA some more powers and functions; there are still some weak areas that need redress. For example, while popular

opinion is for severe reprimand for anybody perpetrating corruption in public procurement; the law only provides for “*black listing*” of companies flouting procurement regulations. Giving prosecutorial powers would strengthen PPDA operationally.

- (d) Conflict of interests:** *PPDA has progressively put in place guidelines to address conflict of interest.* For example, members of contracts committees are usually required to declare any interest they may have in a procurement they are assigned to handle. However, existence of the vice was variously mentioned as one of the big challenges. Implementation of the guidelines needs to be strengthened.
- (e) Political interference:** Much as the PPDA was created to regulate all public procurement, political interference and influence peddling persist in public procurement especially of big contracts. More safeguards should be instituted to strengthen the regulations. In addition, appropriate offices (DEI) should ensure political will at all levels to stamp out corruption in public office in general and public procurement in particular.

6.0 AWARENESS OF THE PPDA

6.1 Introduction

Given that PPDA (Procurement and Disposal of Public Assets Authority) is the regulatory body for all public procurement in Uganda; it is important that all stakeholders gain clear understanding of this body: its objectives, roles and the regulations that guide its operations. Among the tasks of this survey was to establish the levels of awareness of PPDA among the key stakeholders; mainly: service providers, civil society, Local and Central Government staff as well as the general public.

6.2 Knowledge of PPDA

This study assessed knowledge of PPDA among key stakeholders that included: the service providers (private sector), public officials (central and local government personnel); Civil Society and the households.

6.2.1 Knowledge of PPDA by Central Government Agencies

The study team interacted with a number of Government Agencies whose operations involve procurement. These included the JLOS institutions, public companies among them: National Water and Sewerage Corporation (NWSC) National Housing and Construction Company Limited, the Uganda Printing and Publishing Corporation (UPPC), and The New Vision Publications and mainstream Central Government Departments.

All (100%) of the government agency staff consulted demonstrated knowledge of PPDA and its role as a regulatory body for public procurement.

6.2.2 Knowledge of PPDA by Local Governments

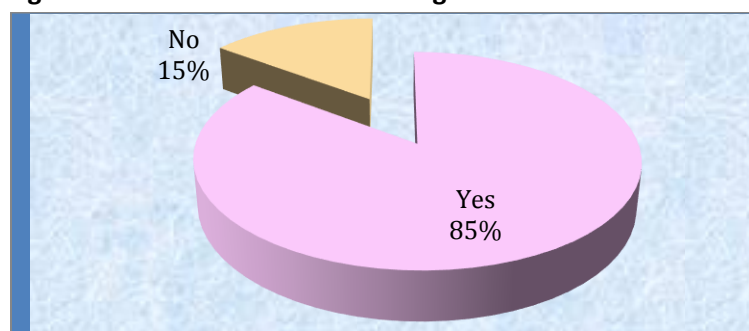
All the district level staff at *Officer* Level; that this survey team interacted with, demonstrated knowledge of PPDA. However, it was beyond the scope of this study to establish the depth of their knowledge. Nonetheless, at the sub county level, about one in four (25%) of the members of staff were not precise about their knowledge of PPDA beyond saying that they had ever heard about PPDA; hence, demonstrating limited knowledge of PPDA.

6.2.3 Knowledge of PPDA by private sector actors

Being that the respondents were service providers who had been purposively selected; they were largely aware of PPDA. Most of them mentioned the guiding Act (PPDA Act, 2003). Figure 8 shows the proportion of providers who demonstrated knowledge of PPDA.

According to Figure 8; 85% of the service providers in the present survey demonstrated knowledge of PPDA; while 15% did not. At the last survey; 72.8% were knowledgeable about PPDA compared to 27.2% who had no knowledge of PPDA. The comparison of the two sets of results (trends) shows increasing knowledge of PPDA amongst the service providers.

Fig8: Service Providers' Knowledge of the PPDA



The results show reasonable understanding of the PPDA among the service providers. This is remarkable considering that the bigger proportion of the service providers interviewed was rural based; mainly dealing with local governments on small value contracts. The increasing levels of knowledge notwithstanding, these results imply that 15% of the providers are transacting public procurement business without full knowledge of the regulations. It is extremely important that all service providers; big and small, should have thorough understanding of PPDA to prevent unscrupulous officials taking advantage of providers' limited understanding.

6.2.4 Knowledge of PPDA by Civil Society

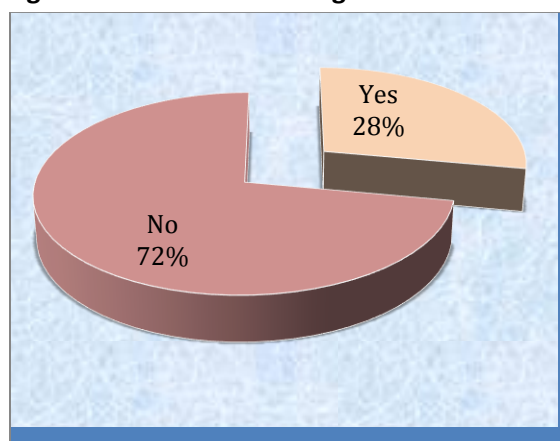
Among the civil society organizations, consultations were made with Uganda Debt Network (UDN) and Anti-corruption Coalition of Uganda (ACCU), Advocates Coalition for Development and Environment (ACODE); Civil Society Coalition on Budget Advocacy Group (CSBAG); and the National NGO Forum.

All (100%) of them were knowledgeable about the PPDA; and had read the PPDA Act, 2003. They were also aware of the amendments made in 2011. This of course, was expected of civil society given that most of them have been involved in public accountability advocacy.

6.2.5 Knowledge of PPDA by Households

Given that there is limited interaction between households and PPDA; "knowledge" was limited to households having simply ever heard about PPDA. In order to establish their level of knowledge, household respondents were, during the survey, asked whether they have ever heard of PPDA. The results are indicated in Figure 9.

Fig9: Households' knowledge of PPDA



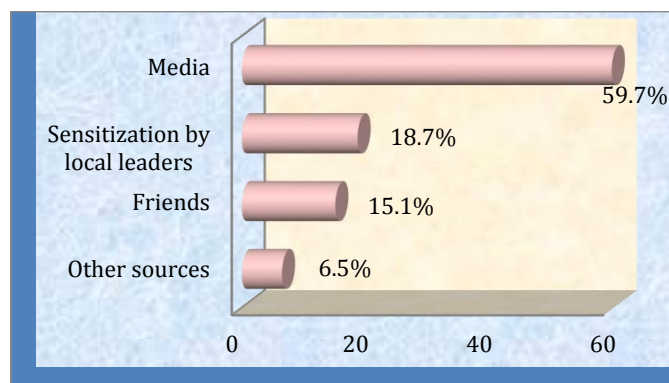
The findings in Figure 9 show that 28% of the household respondents in this survey had ever heard about PPDA. 72% had never. Though in the minority, this level of knowledge is reasonable considering that the household respondents largely comprised a rural population; of ordinary people that did not do much business with government. According to table 3 (in Chapter Five); the majority (40.4%) of the household respondents were farmers by occupation. 32.7% were engaged in small scale business; mostly in the informal sector. Only 2.9% were engaged in large scale business and 7% in professional private sector (services). This shows low capacity to participate in public procurement.

The argument above is not to condone low levels of knowledge among citizens because there are many public projects where ordinary citizens are stakeholders; hence, the importance of knowledge of public procurement. The relevance is that public investments are for the benefit of the ordinary people; and as responsible citizens it is their civic duty to demand for services and monitor public projects. This, they will not do effectively unless they have adequate knowledge of public procurement including the Authority that regulates it.

6.2.6: Sources of information about PPDA for households

The household respondents who reported having ever heard about PPDA were further asked about the sources of their information about PPDA; and Figure 10 shows the results.

Fig10: Households' sources of information about PPDA



The findings indicate that the media (electronic and print) was the main source of information about PPDA for the households: 85.5% of the respondents cited this source. 18.7% got information through sensitization by their local leaders; while 15.1% got their information through friends by word of mouth. 6.5% of the respondents mentioned various other sources. The “other sources” included: church/mosque gatherings, billboards, district and sub county contractors, public notice boards, workshop by PPDA; and radio talk shows. .

The implication here is that the media is an effective channel through which the people can be reached with messages about PPDA’s work and other public procurement messages in general. It is the view of this study that the Authority should continuously sensitize the public about public procurement and the roles of PPDA. In doing this sensitization, PPDA should be aware that generally, the attitude of the population towards government programs is rather negative; and little attention is paid to them. The effective way to do it is to collaborate with civil society organizations (community based organizations) already doing civic work in the communities. A lot needs to be done in terms of civic education to sensitize people that they are the principle beneficiaries of government programs and therefore they need to be able to hold government to account for the failure to provide services or the poor quality of services provided; hence, they must develop interest in procurement activities. Civil society (NGO/CBO) has been effective in mobilizing and sensitizing communities about their civic rights and responsibilities. Collaboration between PPDA and selected CSOs can promote participation of communities in governance.

6.3 Perceptions on effectiveness of PPDA in fighting corruption

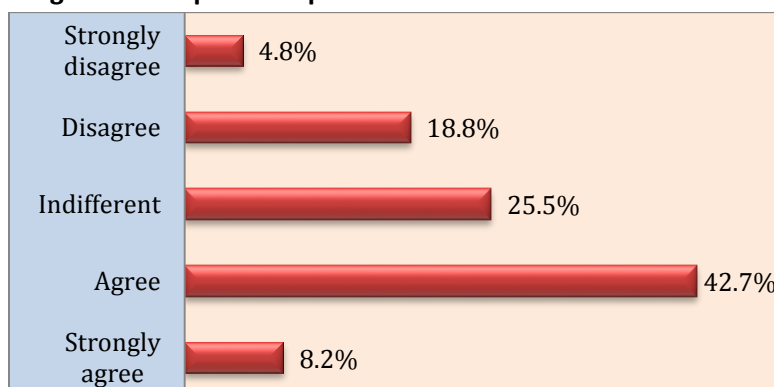
The survey sought to establish the extent to which PPDA was perceived to be effectively performing its role in addressing corruption in the procurement process. On a five-tier scale ranging from “*Strongly Agree*” to “*Strongly Disagree*”; the respective respondents were requested to rank the performance of PPDA. To assess performance of PPDA in fighting corruption in public procurement as perceived by the various segments of the ordinary population; this survey requested the respondents of the various categories who had demonstrated knowledge of PPDA; to rank

6.3.1 Perceptions of providers

The providers (who knew PPDA) were asked to rate PPDA performance by indicating the extent to which they “agreed” that PPDA was performing its roles well in regulating public procurement, especially curbing corruption; and Figure 11 shows the answers.

According to figure 11; 50.9% of the providers (comprising 8.2% who strongly agreed and 42.7% who agreed) said PPDA were effectively playing their role. On the other hand; 13.6% (comprising 4.8% who strongly disagreed and 18.8% who disagreed) thought PPDA had not been effective in fighting corruption in public procurement. 25.5% were indifferent.

Fig11: Perceptions of providers about achievements of PPDA

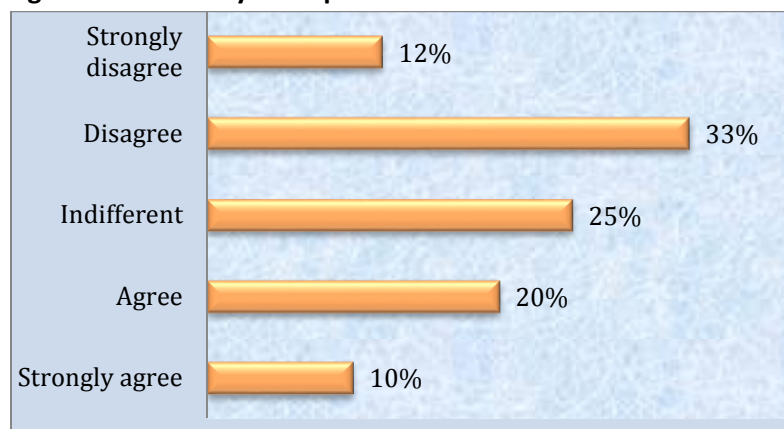


The providers, in support of their generally positive view, argued that PPDA was doing well; and had put in place mechanisms promoting transparency. However, according to them a few “grey areas” remained during evaluation of bids. They also mentioned public officials fronting bidding companies and passing on privileged information to favoured bidders.

6.3.2 Perceptions of Civil Society

The civil society respondents were asked to rate PPDA performance by indicating the extent to which they “agreed” that PPDA was performing its roles well in regulating public procurement, especially curbing corruption; and Figure 12 shows the answers.

Fig 12: Civil Society Perceptions about achievements of PPDA



According to figure 12; 30% of the civil society respondents (comprising 10% who *strongly agreed* and 20% who *agreed*); said PPDA were effectively playing their role. On the other hand; 45% (comprising 12% who *strongly disagreed* and 33% who *disagreed*) thought PPDA had not been effective in fighting corruption in public procurement. 25% were indifferent.

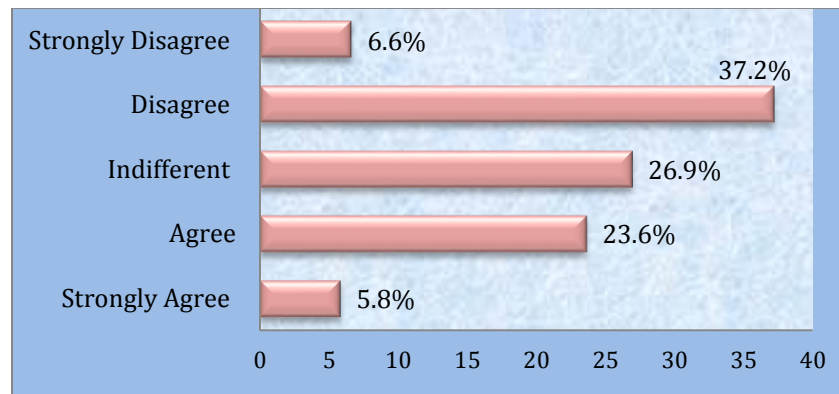
Given that they are quite knowledgeable about PPDA, Civil Society respondents advanced a number of arguments. Based on the mechanisms such as the complaints tribunals, standardized procedures among others; they said PPDA was being effective. However, they thought that the effectiveness of PPDA was being watered down by political interference and arm-twisting. They also thought that PPDA was not doing enough to create civic competence for people to demand accountability in service delivery; which according to them is the most effective antidote against corruption.

6.3.3: Perceptions of Households

. The household respondents (who knew PPDA) were asked to rate PPDA performance by indicating the extent to which they “agreed” that PPDA was performing its roles well in regulating public procurement, especially curbing corruption; and Figure 13 shows the findings.

Results show that 5.8% of the household respondents *strongly agreed* and 23.6% *agreed* that PPDA had effectively played their role in fighting corruption in public procurement. On the other hand, 6.6% *strongly disagreed* and 37.2% *disagreed with the view* that PPDA had played their role effectively to fight corruption in public procurement.

Fig13: Household perceptions on whether PPDA has performed well in curbing corruption



These results show that only 29.4% of the household respondents were positive that PPDA had effectively played their role. On the contrary, 43.8% thought that PPDA had **NOT** played their role effectively to fight corruption in public procurement. While 26.9% were of neither view.

6.3.4: Overall perceptions on performance of PPDA

The respective perceptions by the different categories of respondents were aggregated to derive a perception index on this matter; and table 10 shows the details.

Table 10: Perception index on whether PPDA was effectively playing her role in fighting corruption

Respondent category	Strongly agree	Agree	Indifferent	Disagree	Strongly disagree
Providers	8.2%	42.7%	25.5%	18.8%	4.8%
Civil society	10%	20%	25%	33%	12%
Households	5.8%	23.6%	26.9%	37.2%	6.6%
Average	8%	28.8%	29.1%	27%	7.8%

According to table 10; overall, 36.8% of all the respondents (comprising 8% for *strongly agree* and 28.8% for *agree*) were of the view that PPDA **had effectively** played their role in fighting corruption in public procurement. On the contrary, 34.8% (comprising 7.8% who *strongly disagreed* and 27% who *disagreed*) were of the view that PPDA **had NOT** played their role effectively to fight corruption in public procurement. 29.1% were indifferent; i.e. expressed a neutral view. At the last survey; majority (75.6%) of the respondents said that PPDA had not achieved the objective to address corruption in procurement. 24.4% held contrary views; that PPDA had done well. And 65.8% of the respondents (who knew the role of PPDA) ranked the performance of PPDA *fairly*; 9.9% ranked PPDA *highly* while 24.3% ranked PPDA *poorly* in achieving its objectives.

The sharp decline (from 75.6% to 34.8%) in the negative perception implies growing confidence in the effectiveness of PPDA to fight corruption in public procurement; implying that PPDA is indeed making steady progress in fighting corruption in public procurement. However, more needs to be done to eradicate the vice. For example, earlier findings show that people are sometimes aware of irregularities and corrupt practices in public procurement; however, they hardly report such cases. Providers are not appealing irregularities despite existence **a complaint review mechanism** put in place by PPDA. The result is that the procurement process continues to be compromised resulting in poor quality service.

6.4: Main challenges in fighting corruption

With regard to challenges in the fight against corruption in Uganda; this study, separately sought views of the service providers and those of household respondents.

6.4.1 Service providers' views on challenges

Much as they provided suggestions to improve the complaints system in particular and the entire procurement process in general (Figure 1); the service providers expressed that there are challenges in fighting corruption in public procurement. Table 11 presents the major challenges as perceived by the service providers.

Table 11: Challenges to fighting corruption in procurement as perceived by the service providers

Providers' views	%
Political interference	32.2
Corrupt tendencies are too strong	24.5
Conflict of interest in public procurement	18.6
Inadequate knowledge on procurement	10.4
Systems are manipulated	8.5
Resistance to change	5.8

According to table 11; the majority (32.2%) of the providers were of the view that political interference is the main impediment to fighting corruption in public procurement. 24.5% said corrupt tendencies are too strong. This is a popular view among all categories of respondents; they hold that corruption is characterized by collusion between providers and officials managing procurement which makes it very strong and extremely difficult to fight.

Despite the several steps PPDA has taken; up to 18.6% of the providers pointed to conflict of interest in public procurement. This is mainly characterized by officials fronting their disguised companies to win public tenders. 10.4% blamed persistent corruption on inadequate knowledge of procurement processes by the providers and 8.5% cited manipulation of systems; the most common being tampering with bids,

including “switching” and “doctoring” submitted documents. Finally, 5.8% pointed to resistance to change. The argument is that the public officials managing public procurement are benefitting so much; albeit corruptly that they will resist any changes tampering with their benefitting ways.

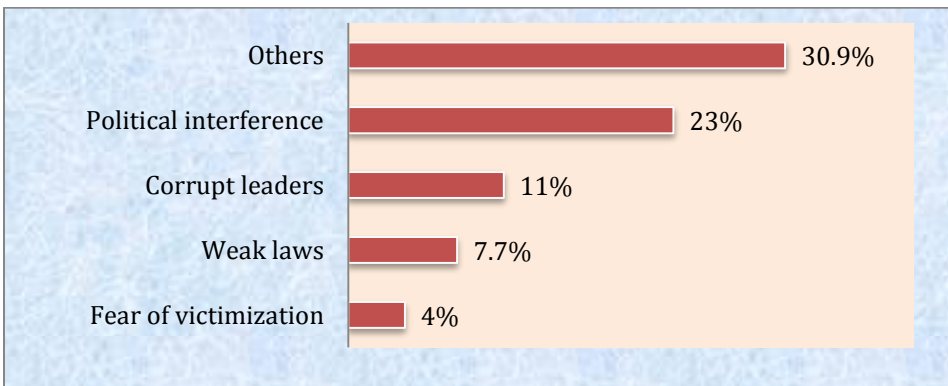
It should be noted that PPDA has already put in place guidelines and legislation to address some of these challenges such as “conflict of interest”. PPDA has also been sensitizing stakeholders particularly about the procurement procedures. Continually citing these very challenges implies that the initiatives and guidelines tackling those challenges should be strengthened and implemented more vigorously. PPDA should regularly study the character of corruption at different times because trends show that the perpetrators of the vice keep changing tactics; hence measures to tackle corruption should likewise keep changing accordingly.

6.4.2 Households’ views on challenges

The household views on what they perceived to be the major challenges in the fight against corruption in procurement are presented in Figure 14.

The findings reveal that 23% of the respondents pointed to political interference as the main challenge. 11% cited corruption among leaders; 7.7% cited weak laws while 4% attributed corruption to fear of victimization.

Fig14: Main challenges in fighting corruption



The arguments households cited are that powerful people in government use their positions to influence public procurement decisions; and that the leaders are dishonest and selectively dispense justice. Because of the apparent “selective justice” people hesitate to report corrupt practices. In addition, the laws (as mentioned many times in this report) are criticised for prescribing light punishment for convicted culprits; hence, not being deterrent enough.

6.5 Efforts by PPDA to deepen knowledge of the Authority

This survey learnt PPDA has engaged in several initiatives to make herself known to the general public. The initiatives include interactive radio talk shows, corporate social responsibility activities, collaboration with other actors (civil society) on anti-corruption campaigns among others. However, it was apparent that knowledge of PPDA among some sections of the population was limited. For example, earlier results (in Figure 13) show that 26.9% of the respondents were “indifferent”: i.e. neither “agreeing” nor “disagreeing”, while responding to whether or not PPDA has performed their role well towards curbing

corruption in public procurement. The reason for such an answer was because they do not have adequate knowledge of PPDA.

Furthermore, responding to a question about their source of information about PPDA (Figure 10), only 6.5% of the household respondents mentioned initiatives by PPDA (such as workshops and bill boards). These results imply that PPDA is not the main source of information about themselves; further implying that the authority needs to do more to publicize itself amongst the ordinary population. Suggestions have already been made hinting on collaboration with civil society that has proved effective in community mobilization and sensitization initiatives.

7.0 PARTICIPATION OF SMALL AND MEDIUM ENTERPRISES (SME) IN PROCUREMENT

7.1 Introduction

Small and Medium Enterprises (SMEs) are widely defined in terms of their characteristics, which include the size of capital investment, the number of employees, the turnover, the management style, and the market share. Country context plays a major role in determining the nature of these characteristics, especially, the size of investment in terms of capital and the number of employees. For developing countries, small-scale enterprises would generally imply enterprises with less than 50 workers and medium-size enterprises would usually imply those that have 50-99 workers. In Uganda, a small-scale enterprise is one employing more than 5 but with a maximum of 50 employees; with the value of assets of less than Ug.shs 50 million (US\$ 30,000)-excluding land, buildings and working capital; and annual income turnover of between Ugshs.10-50 million (US\$6,000-30,000). A medium size enterprise is a firm, employing between 50-100 workers (*L. Kasekende and H. Opondo, 2003*)².

With this definition, most enterprises in Uganda fit the small scale category, largely because of limited capital and challenges associated with accessing credit. Of the 162 providers that were interviewed for this survey; 98 (or 61%) were small scale while 44 (27%) could be described as medium scale and 20 (12%) were large scale (no in-depth verification was done though).

7.2 Scale of participation

Some sections of the providers interviewed for this survey expressed the view that the stringent guidelines and complex procedures of the procurement process stifled participation of potential actors; creating less competition to the advantage of others. They contend that the technical aspects of the process work against people of modest education; while requirements such as bid security; experience in similar work as that being tendered; financial and human resource capacity; quantity and quality of equipment among other requirements disadvantaged small and up-starting firms. According to them, reforms such as e-procurement were likely to “knock out” many firms on the basis of limited capacity. In simple terms, the argument was that size of firm or scale of operations presented challenges for enterprises interested in participating in public procurement as contractors. Providers, especially those owning small firms submitted that PPDA guidelines disadvantaged them. They cited the example of evaluating bids according to equipment, technical specialization of key staff and financial capacity of the firm as major impediments to growth of small firms. The requirement to have done “similar work” is grossly unfair for up-starting firms. Insistence on “experience” meant well established old firms were favoured; offering no chance for growing local capacity given that the well established firms are mostly foreign-owned.

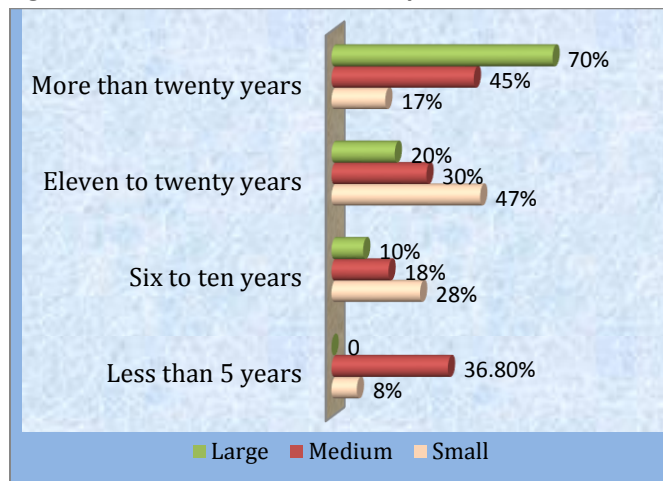
This study delved into operations of SMEs of different characteristics to gauge whether the ground was level for them to compete fairly. As earlier indicated; of the 162 SMEs that participated in this survey; 98 were small; 44 were medium while 20 were large scale firms. The study examined: period the respective firms had been in operation; participation in bidding for government contracts; Perceptions of fair competition viz-as-viz size of firm; and their perception of factors that affected firms’ participation in public procurement.

i) Period the respective firms had been in operation

²Bank of Uganda Working Paper: Financing Small and Medium-Scale Enterprises (SMEs): Uganda’s Experience.

On experience, heads of SMEs were requested to indicate the period they had been in their present type of business. Four answer categories were provided: Less than five years; six to ten years; eleven to twenty years; and more than twenty years; and Figure 15; shows the distribution.

Fig15: Period firms had been in operation



The results show that the majority (70%) of the large firms had been in their type of business for more than twenty years; 20% had operated for eleven to twenty years; 10% for six to ten years while none had operated less than five years. Likewise, the majority (45%) of the medium scale firms had been in their type of business for more than twenty years; 30% for eleven to twenty years; 18% for six to ten years while 36.8% had operated less than five years. On the other hand; the majority (47%) of the small firms had operated their type of business for eleven to twenty years; 28% for six to ten years; 17% for more than twenty years and 8% less than five years.

The inference from the results is that the bigger firms had been in their type of business longer. The relevance of this finding is that businesses grow overtime both in capacity and accumulated experience. These are essential considerations in ensuring value for money in procurement and service delivery; hence the perception that bigger firms are favoured.

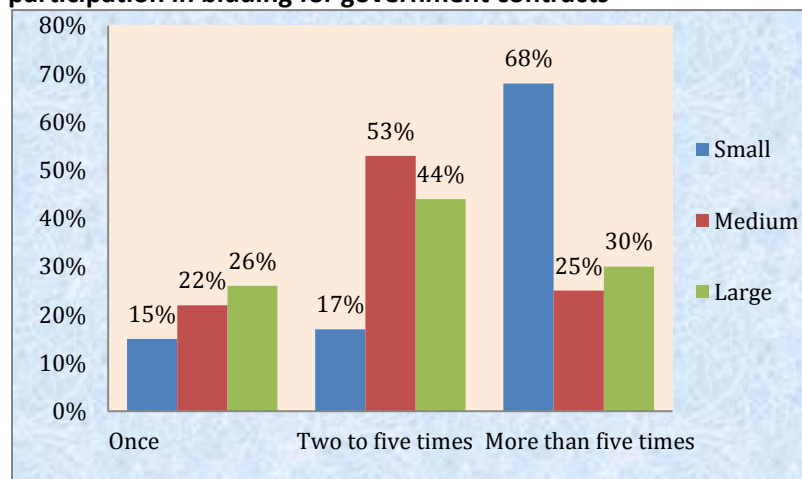
ii) Participation in bidding for government contracts

To examine how the different categories participated in public procurement, the respondents were asked about the number of times they submitted bids for government contracts the previous financial year (FY 2013/14). Three categories of answers were provided: once; two to five times; and more than five times; and Figure 16 shows the results.

According to Figure 16; the most firms submitted more than one bid last FY; in most cases two to five times. However, it is clear that the small firms submitted the most times: 68% of them compared to 25% of medium and 30% of large firms submitted more than five times. On the other hand, the large firms were the majority (26%) amongst those who sent bids only once. Medium scale was 22% and small scale was 15% in that category.

Fig16: Firms'

participation in bidding for government contracts



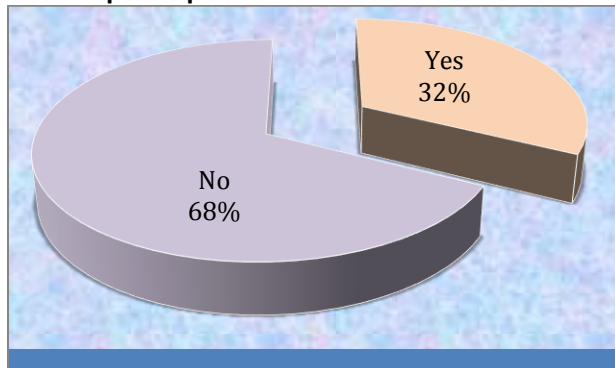
A quick inference from these variations is that large firms easily won contracts. This is consistent with the claims by small firm entrepreneurs that requirements favoured big firms. These are big contracts spanning long periods to accomplish. The smaller firms have less chances of winning; hence the several attempts they make. When they win; the contracts are small and end quickly; hence, the need for continuous bidding for other opportunities. However, these results confirm that small, medium and large firms all participated actively in the procurement process.

iii) Perceptions of fair competition among the SMEs

Owners of small business the study team interacted with; complained about the complicated and long processes. The bid documents are bulky; and written in a way that many of them often failed to understand. According to them, the bidding process involves a lot of documentation some of which the small firm owners; especially new firms, lacked capacity to interpret or comprehend. The common view among them was that the hefty documentation and lengthy processes are fertile grounds to breed corruption. The complexity of the documents provide the unscrupulous procurement staff to take advantage of the less knowledgeable providers; while the providers will look out for short cuts of the long procedures. They expressed scepticism about e-procurement as its introduction this will complicate the procedures further given that many owners of small business are not comfortable using computers. They complained about standardization such as the requirement to present standard technical and financial proposals which were a challenge to many. Moreover, they argue; these processes cost money which “eats” into the meagre resources they operate with; only to be out-competed by bigger firms which meet the many requirements. The situation, according to them, creates an advantage for big and medium scale firms with more years of experience and better resource outlays.

So to what extent is the competition fair for the small and medium firms? This question was put to all the respondents; and the results are presented in Figure 17.

Fig17: Perceptions of fair competition amongst SMEs in public procurement



According to Figure 17; only 32% of the providers expressed the view that there is fair competition in public procurement for all firms irrespective of size; while 68% thought the contrary was true. At the last survey, 42.3% said there was fairness for all the firms while 57.7% held contrary views. The trends imply that more providers presently; than at last survey think the competition is unfair. This unfairness, they argued, provides fertile ground for corruption as the small firms struggle to catch up with their bigger counterparts.

The two sets of results are consistently showing perceptions of unfair participation. They create a temptation to agree with the small firms, that the stringent requirements for participation in public procurement (especially those aiming at realizing value-for-money) could be hurting the small firms. In pursuing value-for-money; many issues such as building local capacity are usually peripheral. Merit or capacity to deliver is the guiding principle.

Given that the majority of the large and medium scale firms are foreign owned; the stringent guidelines particularly irked local entrepreneurs to the extent that they “accused” public procurement entities of favouring foreign firms in awarding big value contracts. According to them, the smaller firms resorted to bidding for small assignments such as catering; cleaning; supplying stationery while the bigger firms go for roads and infrastructure. Staff of PDUs agreed that the stringent requirements disqualified many small firms but said stifling competition or favouring larger firms was never the intention of instituting these regulations or the reforms PPDA implemented. They explained that the regulations and elaborate procedures are to ensure value for money. On their part, the big and medium firms, especially foreign owned firms; did not see much advantage arguing that there are some more stringent requirements which exclusively applied to them (foreign owned firms); and not to the local firms. That, for example, the cost of doing business is higher for foreign firms than it is for local firms. They cited variations in taxation and other fees. They also mentioned the tendency by some government departments/agencies especially local governments to prefer local to foreign firms.

iv) Factors that affected firms' participation in public procurement

The providers, who cited unfair competition in public procurement were further asked what factors explained the unfair competition between the SMEs. Respondents were at liberty to mention as many factors as they wished. Seven main factors were severally mentioned as indicated in table 12.

Table 12: Factors that affected firms' participation in public procurement [N=162]

Factor	%
Bigger firms have more financial and human resources	74.5
Big firms can offer bigger bribes	70.2
Bigger and more established firms have accumulated experience which is essential in evaluation of bids	53.5
There is no consideration for size of firm	44.6
Bigger firms can afford exorbitant bid securities	44.6
The big firms are able to use their own resources to implement contracts and get paid later	47.2
Medium scale firms engage in visible Corporate Social Responsibility which enhances their visibility	18.2

Source: Field data, June 2015

According to table 12; 74.5% of the respondents mentioned the financial advantage of the bigger firms. The financial advantage spills to other areas including most of the other reasons that are mentioned; such as affording the costly bulky documents, employing qualified staff and; interestingly; *"capacity to offer higher bribes"*. That *"capacity to offer higher bribes"* is considered among the factors for unfair competition is quite disturbing: it implies that *"offering bribes is part of the procurement process"*; and the highest bidder in terms of bribes, wins. Much as it may be a perception, it suggests that there is higher corruption in terms of lost value in regard to big contracts than it is with smaller value contracts. This explains the wide publicity usually given to alleged corruption scandals associated with big public projects such as roads. These results are consistent with those of the last survey where the majority (17.3%) also cited unfair competition based on the financial advantage the bigger firms had over their smaller counterparts.

A study conducted by the Commonwealth Secretariat in Uganda, reported that the main reasons for not winning contracts included: insufficient knowledge of the formal bidding process & contractor expectations; lack of feedback on about previous unsuccessful bids; lack of opportunity to meet the decision makers/buyers; lack of capacity to service large contracts; lengthy procurement process and unsuitable terms of payment offered³. Discrimination; lack of knowledge on writing a formal tender; have no long established record; no subcontracting opportunities are available on large contracts; Excessive requirements of financial guarantees (for example insurance, public liability, or professional indemnity requirements); lack of knowledge on what is available are the other cited challenges.

Public officials responsible for procurement agreed with some of the views expressed although they thought they were rather exaggerated and over emphasized. The officials explained that firms that participate in public procurement are required to fulfil a number of conditions some of which are

³See Commonwealth Secretariat (2011) Improving SME Access to the Public Procurement Market Report

cumbersome and costly: tax clearance, pre-qualification, company registration and legal status, performance bonds, etc; which small firms sometimes failed to satisfy. However, much as it is good to promote small firms, more important is that there must be value for money in public procurement.

7.3 PPDA initiatives for enhancing participation of small firms in procurement

Despite the “accusations” that PPDA regulations favoured large and medium firms over the small; PPDA has initiated initiatives aimed at promoting small firms to fairly or even favourably compete in public procurement. For example, *local sourcing* is encouraged at local government level to build local capacity. While the medium/large (often foreign) firms are perceived to have better opportunities in regard to large scale procurements at the central government level they are disadvantaged by higher operating costs. This gives an edge to participating local firms. There are instances where the local firms get no competition from big firms for local assignments that the big firms consider too small. Some of the initiatives that PPDA has implemented to enhance the competitiveness of SMEs include the following:

- **Conducting capacity building for SMEs:** PPDA has initiated enterprise-level interventions to broaden the skills, competencies and proficiencies of SME owner-managers. The interventions involved new capabilities and encouraged adoption of new practices by which SMEs can build market share in public sector markets. Strategic Partners in this intervention included the PPDA, National Register of Providers (NRP), Enterprise Uganda (EU), Private Sector Foundation Uganda (PSFU) and the UK Trade and Investment (UKTI)
Study conducted to document the experiences and barriers faced by SMEs, and the challenges of PDEs in engaging SMEs. The studies aim at gauging the SMEs’ experiences and challenges in general and unique challenges faced by women-owned SMEs.
- **Training courses for SMEs** in public sector procurement; identifying opportunities to supply the public sector; and the tendering process and effective tendering was designed and implemented⁴.
- **Amendments in the PPDA Act 2003 effected in 2011;** introduced reservation schemes which among other things; allowed preferential consideration on the basis of geographical location to: a) promote the use of local expertise and material; b) promote the participation of local communities or local organizations; or c) apply specific technologies⁵.

⁴Commonwealth Secretariat: (2010). Improving SMEs access to the public market: Trade, Enterprise & Agricultural Department, October, Draft report, Republic of Uganda

⁵Public Procurement and Disposal of Public Assets, (Amended 2011) Section 59

8.0 KEY FINDINGS:

The key findings are presented as per the objectives of this study. While the overall objective was to assess public perception of integrity of the procurement processes in Uganda; the specific objectives were to:

- 1) gauge the extent to which corruption is perceived as influencing the outcome of public procurement and disposal in Uganda;
- 2) identify the relative prevalence of corruption in different central government ministries (that have direct relevance to local governments) and in local authorities and the factors that account for the differences in risk;
- 3) identify the vulnerable points in the procurement and disposal system; and
- 4) Identify the deterrent and other measures which are perceived as being effective in reducing the incidence of corruption and in changing attitudes to corruption.

8.1: Gauging the extent to which corruption is perceived as influencing the outcome of public procurement and disposal in Uganda

8.1.1 Introduction

This chapter presents the perceptions of stakeholders on corruption in public procurement of goods and services. The stakeholders that participated in this survey included service providers, households, civil society organizations as well as public officials drawn from both central government and local authorities. The views/perceptions of each category of respondents are examined singly and an aggregate perception index is derived as an average of the different views.

8.1.2 Perceptions of service providers

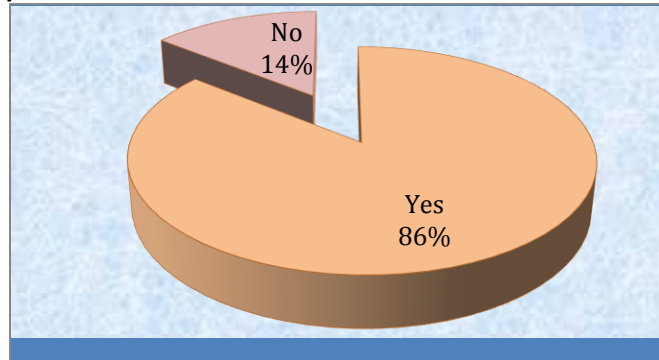
Views of service providers sought on whether there is corruption in public procurement; whether the corruption influences the making of decisions in public procurement; and the reasons that inform their views. They were also asked about the extent to which corruption prevailed at the different levels of government; the factors accounting for the perceived high prevalence of corruption among public officials; and the gratification of public officials for award of public contracts.

i) Service providers' views on existence of corruption in public procurement

Service providers were categorical that there is high corruption in public procurement. Many of them confided to the study team; albeit with exaggerated undertones that: *"presently it is impossible to win a government contract without bribing at least one person along the chain of public officers responsible for awarding contracts"*. According to them, bribing to be awarded public contracts has become so institutionalized that the public officers go as far as negotiating the amount of bribe; usually as a percentage of the value of the contract. This, they claimed, was the reason some work on government projects turned out to be shoddy: one; because the contractors were left with inadequate funds to accomplish the contracted work; and two, monitoring becomes weak because the monitors/ supervisors are compromised: the contractors bribed them to write favourable reports. Figure 18 indicates service providers' views on existence of corruption in public procurement.

According to Figure 18; 86% of the service providers in this survey expressed the view that there is rampant corruption in public procurement. 14% held contrary views. These assertions should be taken seriously because given that service providers are party to the procurement process, it may not be mere perception that corruption is rampant. Not only do they (providers) possess first hand information but also participate in those corrupt practices. These corrupt practices undermine the integrity of the entire procurement process.

Fig18: Service providers' views on corruption in procurement

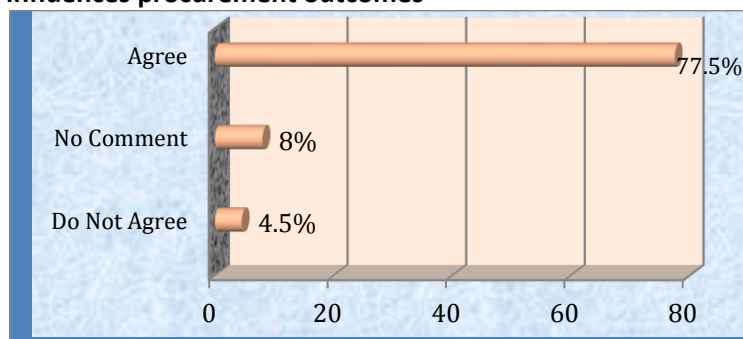


Our argument is that since *"it takes two to tangle"*; then, for the mitigation measures to be effective they should go beyond targeting the public officials alone but the providers as well since both parties benefit from the corrupt practices. Both parties should face severe reprimand.

ii) Views on the influence of corruption on making public procurement decisions

In order to quantify the views of service providers about whether corruption influences procurement decisions, the service providers who said there was corruption in public procurement were further asked whether they agreed or otherwise; with the view that corruption influences decision making in public procurement. Figure 19 presents the results.

Fig19: Views of service providers on whether corruption influences procurement outcomes



According to Figure 19; 77.5% of the respondents ***"agreed"*** with the view that corruption influences public procurement decisions. However, on the other hand, 14.5% ***"disagreed"*** and 8.0% ***did not comment***. It is apparent that this category that declined comment comprised beneficiaries of the malpractice who did not want to discuss it overtly, lest they lost out on the benefits from the vice.

That notwithstanding, the overall implication of these results is that perceptions of corruption in public procurement are becoming a public secret and deeply entrenched; at least as perceived by the service providers. At the last survey; 69.8% agreed; 19.4% did not agree while 10.8% made no comment. This comparison shows that more providers; now than at last survey, believe that corruption influences procurement outcomes. Whereas one can argue that these are mere perceptions, the fact that more providers, key stakeholders in public procurement, express doubt about integrity of the procurement processes, it is instructive that they are progressively losing confidence in the process. This situation calls for more action to increase transparency in the processes. It is not to imply that nothing is/has been done;

but more effective mitigation measures must be implemented. Many respondents in this survey across the various categories were particularly of the view that the punishment for corruption is not deterrent enough. Many cited examples where a public official who embezzles *“billions of tax payers’ money”* is fined *“a few millions”* or imprisoned a few years only to come out and enjoy the loot. They want corruption to be turned into a high risk undertaking. Public officials caught in corruption should not only be summarily dismissed and prosecuted but wealth accumulated from corruption should be impounded and forfeited to government. The providers caught in corrupt practices should be banned from doing business with government. Where benefits from their corrupt practices can be located; they should likewise suffer forfeiture to government. PPDA has over the years implemented initiatives to mitigate corruption; and some of the initiatives have been quite effective. However, the challenge is that actions to change perceptions must be *“seen”* rather than be administered silently, however hard-biting they may be. What the providers are implying is that some of the measures presently in place are not visible to the public.

As a follow on; service provider respondents who *“agreed”* that corruption influenced procurement decisions were asked what the main reason for their views was; and table 13 presents the results side by side with those of the last survey.

Table 13: Reasons for the views of service providers that corruption influences public procurements

Reasons	Response (%)	
	2015	2009
Without corruption you cannot get anything done	24.1	20.4
Companies that win tenders are either owned by government officials, their relatives or friends	21.1	17.5
It is a culture today, in Uganda that money talks more	18.6	22.3
There is a lot of bribery during the procurement process	18.5	14.6
Public officials demand for money before even adverts are made.	17.6	25.2

Source: Field data, June2015

According to table 13; the majority (24.1%) view in this survey was that *“without corruption you cannot get anything done”*. 21.2% were of the opinion that *“Companies that win tenders are either owned by government officials, their relatives or friends”*. There is need to study this particular finding in further detail because not only does it violate the *“conflict of interest”* rules, but also gives incompetent contractors unfair advantage over their competitors; with the likely effect of compromising the quality of output. At the last survey; the majority (25.2%) held the view that given that *“public officials demanded for money before even adverts were made”* was clear indication that corruption influenced decisions in public procurement. 22.3% submitted that *“it is a culture today in Uganda that money talks more”*. While this may imply that corrupt officials keep changing tactics; the view that *“Companies that win tenders are either owned by the very officials responsible for procurement, their relatives or friends”* seems to persistently feature prominently as reported by 21.2% in this survey and 17.5% last time. PPDA has taken serious note of this; and this survey team learnt that at the time of this survey, PPDA was formulating strict guidelines in regard to conflict of interest among officials handling public procurement. It is important that PPDA should regularly study the nature of corruption at different times; and innovatively put in place measures that address the situation head-on.

iii) Factors for the high prevalence of corruption in procurement among public officials

The survey sought to establish from the respondents (providers) what; in their view, the reasons were for the high prevalence of corruption in public procurement among the public officials. Table 14 shows the results.

Table 14: Factors that explain the high prevalence of corruption in procurement

Perceived main reason	Response	
	2015	2009
Greed	52.2	44.9
Ineffective punishment	20.1	11.4
Low salary	15.1	28.5
Poor supervision	10	9.5
Ignorance of rights (on the part of service providers)	1.2	3.8
Job insecurity	0.4	1.9

According to table 14 majority of the respondents (52.2%) in this survey mentioned **greed** as the major reason why public officials engaged in corruption in procurement. 20.1% attributed corruption to ineffective punishment; 15.1% cited low salary; 10% cited poor supervision; 1.2% said officials took advantage of people who did not know their rights under public procurement regulations while 0.4% cited job insecurity.

Source: Field data, June 2015

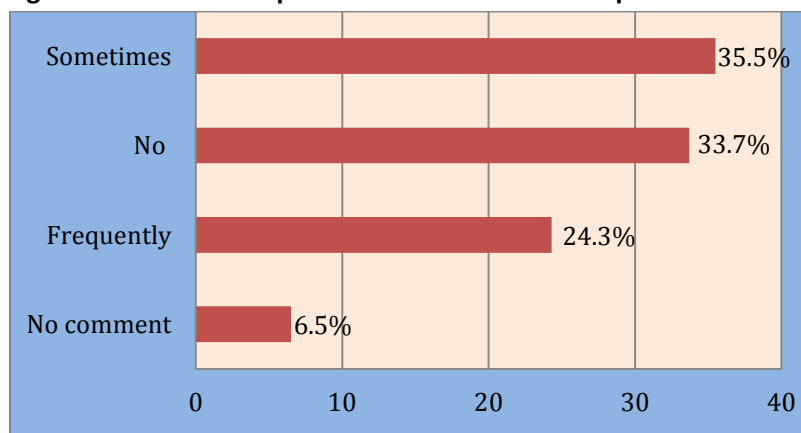
Greed has persisted as the leading perceived reason for corruption among public officials; at the last survey, 44.9% (majority) of the respondents cited greed as the main reason for corruption among public officials. The trends show that people increasingly believe that corruption is indeed largely out of greed. It is further shown that unlike the last survey where “low salary” featured prominently (28.5% and as second strongest perceived reason), in this survey only 15.1% of the respondents perceived low salary as a key driving factor for corruption. In addition, “ineffective punishment measures” gained more ground as reported by 20.1% in this survey compared to 11.4% at the last survey. As earlier explained, the argument is that the punishment for corruption is too light and not deterrent enough; hence, officials and providers engaged in corruption are willing to take the risk.

iv) Gratification of public officials for award of public contracts

Tenders for public procurements are often highly lucrative. Because of the stiff competition for these lucrative contracts, providers devise means of gaining an edge over competitors. Unfortunately, one of the ways is to bribe officials handling the procurement to make decisions in their favour.

The survey sought to establish the extent to which providers bribed public officials in order to win tenders; they were asked directly whether they had ever “gratified public officials” in order to be awarded government contracts. Figure 20 shows the results while Figure 21 shows the level of gratification (how much bribe as a proportion of contract value is normally paid).

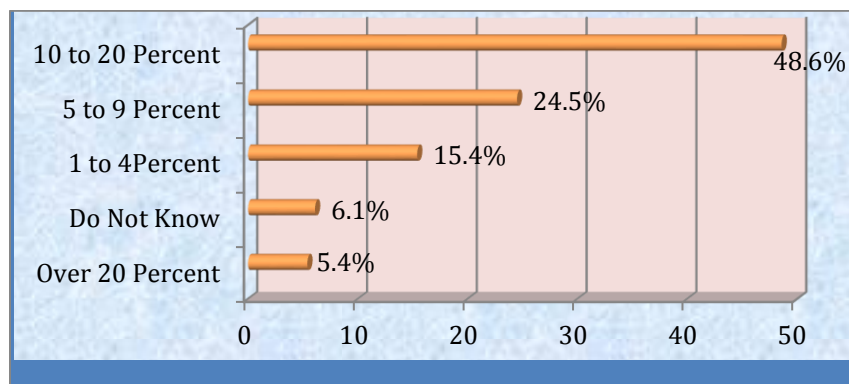
Fig20: Gratification of public officials for award of public contracts



These results show that 59.8% (comprising 24.3% for **frequently** and 35.5% for **sometimes**), had ever gratified public officials to influence winning of tenders. 33.7% vehemently replied **“NO”** while 6.5% made no comment). In this context, “**frequently**” meant that the practice was very common; while “**sometimes**” meant that it was done once –in-a- while.

It was not clear why 6.5% declined to comment.

Fig21: Proportion of contract value service providers paid as bribes to win contracts



According to Figure 21; 48.6% of the respondents said bribes or “kick-back” as is commonly referred to; in most cases ranged between 10 percent and 20 percent of the contracted sum. 24.5% said the range was 5percent to 9percent; 15.4% quoted 1percent to 4 percent while 5.4% said it was over 20 percent. 6.1% claimed not to know how gratification was negotiated.

These results imply that big chunks of the funds meant for procuring services go towards gratifying public officials. It was revealed that sometimes the kick-back is so high that the contractor was left with less than adequate funds to do quality work. This, as earlier mentioned, greatly undermines the quality of services as it means that the contractor actually received less money than had been calculated to do the work; or provide the service. The way out for the provider, is either to supply less quantity or poorer quality; which explains the incidences of shoddy performance on government contracts. Instances were reported where contractors totally abandoned work midway because they ran out of funds.

Deeper investigations suggested that the bigger the contract value; the higher the propensity to gratify. The rationale is that high value contracts attract higher competition; hence, the higher temptation for the officials to demand for bribes. Contracts on works and infrastructure were said to involve higher levels of bribery, followed by supply of goods and then provision of services in that order. Although the results of this survey did not show clear patterns (besides 10-20 Percent appearing to be the “*standard*”), all the providers who mentioned “*Over 20 Percent*” were largely on works and infrastructure; while all the providers who mentioned “*1-5 Percent*” provided services.

8.1.3 Perceptions of households on the integrity of public procurement

The views held by households are important because households are the targeted beneficiaries of public investments that are secured through processes of public procurement. This survey sought to establish the knowledge/awareness of households (ordinary people) on procurement and their perceptions in regard to how contracts to such investments are awarded. Household respondents were asked about their awareness of corruption and its forms; their views on existence of corruption in public procurement; and suggest measures to mitigate corruption.

i) Household respondent profile

The target of the survey was to conduct one interview per household with the head of that household. Where it was not possible to interview the head, an adult member of the household stood in for the head. The study covered 470 households; and their demographic characteristics are shown in table 15.

Table 15: Demographic and Socio-economic Characteristics of Respondents

Characteristic	%	(N)
Age		
18 - 24	14.3	67
25-34	36.8	173
35-44	28.1	132
45-54	12.3	58
55 and above	8.5	40
Sex		
Male	53.9	254
Female	46.1	217
Education Level Attained		
Never went to School	9.6	45
Primary	30.4	143
Secondary	33.3	157
Tertiary	16.1	76
University	10.6	50
Occupation		
Farmer	40.4	184
Civil Servants	9.4	43
Small Scale Business	32.7	149
Large Scale Business	2.9	13
Professional Private Sector	7.0	32
Others	7.7	35

Source: Field data, June 2015

The rundown of respondent characteristics shows that the majority (36.8%) of the respondents were within the age bracket of 25-34 years. By gender, more males (54%) than females (46%) were interviewed. The respondents who had completed secondary level of education comprised the largest proportion of the entire household study sample with 33%. In terms of the respondents' occupation the farmers (40%) constituted the largest category of respondents.

ii) Household awareness of the different forms of corruption

Households were asked to mention any forms of procurement related corruption they were aware of during the surveys conducted in 2009 and 2015. The findings are indicated in table 16.

The findings in table 16 indicate that most people are aware of bribery as a form of corruption: 66.6% of the respondents reported to this effect. This was the same case at the last survey with 73.1% mentioning it. Embezzlement of public funds came in second in this survey; mentioned by 31.9% of the respondents; while 1% mentioned inflation of tender costs; and 0.4% mentioned extortion.

Table 16: Household awareness of forms of corruption

Response	%	
	2015	2009
Bribery	66.6	73.1
Embezzlement of public funds	31.9	55.4
Inflation of tender costs	1.0	23.8
Extortions	0.4	19.7

Source: Field data, June2015

Much as it is clear from the findings of the two surveys that bribery is the most known form of corruption and therefore the most common, there were doubts in regard to people's ability to differentiate the different forms. Corruption is more less an "*academic concept*" that is not well understood by many ordinary people. It is apparent that this is the reason that the knowledge of corruption is limited to bribery and embezzlement of public funds. To many, corruption means bribery. Among all forms of corruption it is bribery that has commonly used vernacular words across the regions (e.g. *enguzi* in central region and *okutuga* in western region). Knowledge of other forms of corruption such as extortion, mismanagement of public funds depends on the respondent's level of education. To test this hypothesis; this assessment analyzed the result on awareness/knowledge by level of education; and the results are presented in table 17.

Table 17: Effect of education attainment on knowledge and awareness of corruption (%)

Age group	No. of respondents	% in sample
Never went to school	44	9.0
Primary	143	30.4
Secondary	157	33.4
Tertiary	76	16.2
University	50	10.6
Total	470	100

Source: Field data, June2015

According to table 17; the sampled population was dominated by people of low education attainment: 73.2% of the respondents were of secondary level and below; comprising 9.4% who never went to school; 30.4% who attained primary and 33.4% secondary. Only 26.8% were of higher attainment comprising tertiary (16.2%) and university (10.6%).

Besides level of education, knowledge of corruption is affected by a number of factors including one's occupation and age. For example, earlier sections of this report show high levels of awareness of corruption among service providers. The explanation is that because of the nature of their occupation, service providers are not only in constant interaction with the public officials but are actually party to the corruption in public procurement; hence the higher levels of knowledge/awareness. In regard to age; one's age limits the horizon for interaction as well as activity and exposure. Table 18 shows the distribution of the respondents by age group.

According to table 18; the survey population was dominated by young people: 51% of all the respondents were within the youth category; namely, below 34 years. This comprised 14.3% between 18 and 24 years; and 36.7% between 25 and 34 years. These are young people with limited exposure; and have not experienced the various forms of corruption.

Table 18: Distribution of survey sample by age group

Age group	No. of respondents	% in sample
18 to 24	67	14.3
25 to 34	173	36.7
35 to 44	132	28.1
45 to 54	58	12.4
55 and above	40	8.5
Total	470	100

Source: Field data, June 2015

For example, considering that public officials in positions of responsibility such as awarding tenders/contracts are in most cases “senior”. It is unlikely for them to enter into corrupt dealings with youthful people; the reason corruption mainly involves “senior” people. Secondly, very few young people in this category have capacity (and experience) to do business with public entities; hence limited possibilities of engaging in procurement corruption. The knowledge of corruption among the young people is therefore limited to the most common forms.

iii) Household knowledge of public procurement

In order to establish meaningful household perceptions of corruption in public procurement, it was imperative to establish the households’ understanding of public procurement. Knowledge of public procurement would mean that the respondents are able to connect the two; and meaningfully discuss corruption in public procurement. Respondents were asked whether they had ever heard about PPDA; and those who answered in the affirmative were further asked about their source of information. The results are presented in Figure 22 and Figure 23 respectively.

Fig22: Households’ knowledge of PPDA

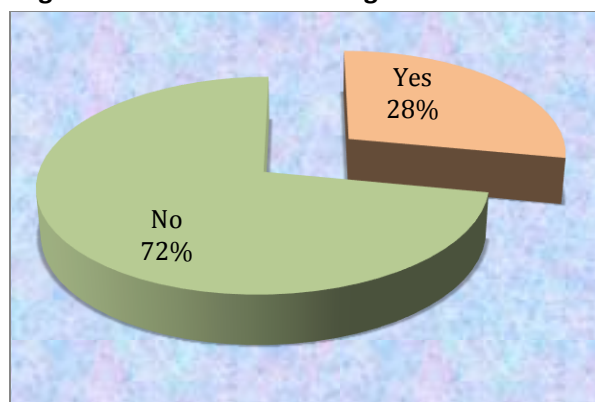
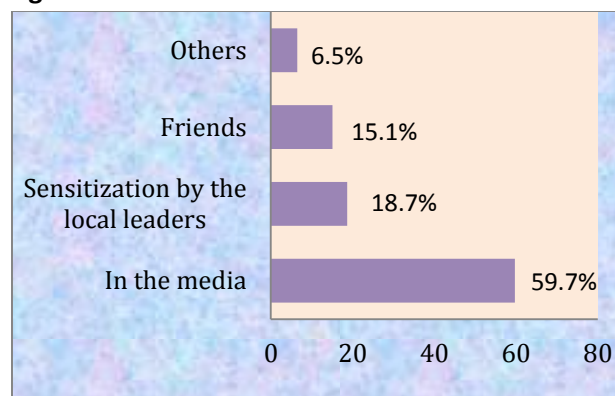


Fig23: Households’ sources of information on PPDA



According to Figure 22; only 28% of all the household respondents had ever heard of PPDA. And as shown in Figure 23; the media (59.7%) was their main source of information about PPDA. 18.7% got to know PPDA through sensitization by local leaders; 15.1% through friends and 6.5% from various other sources. The “other” sources comprised: Bill boards, contractors, sub county offices, public notice boards, workshops and radio talk shows. The implication of these results is that knowledge of public procurement as demonstrated by people who ever heard of PPDA was extremely low. The effect of this limited knowledge is that people cannot effectively participate in the fight against corruption. It is apparent that PPDA needs to do more to sensitize the public about themselves as an authority that regulates public

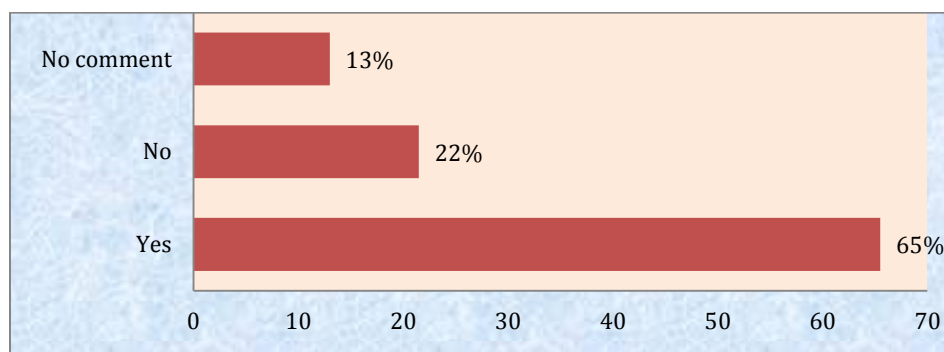
procurement and encourage people to participate in civic issues that promote transparency and accountability in the provision of public services.

iv) Household perceptions on existence of corruption in public procurement

Household respondents who demonstrated knowledge of PPDA (28%) were further asked about their views on the perception that there is rampant corruption in public procurement (Second Procurement Integrity Survey, 2009); and they responded as shown in Figure 24.

The results show that 65% of the households agreed with the perception that indeed there is corruption in public procurement. However, 22% held contrary views while 13% declined to comment

Fig24: Existence of corruption in public procurement as perceived by households



v) Household perceptions on the influence of corruption on public procurement

The same respondents (who demonstrated some knowledge of PPDA) were further asked whether they thought that corruption influences the outcome of public procurement and disposal in Uganda; and if so; to what extent. The results are shown in Figure 11 and Figure 12; respectively.

Fig25: Perception that corruption influences public procurement

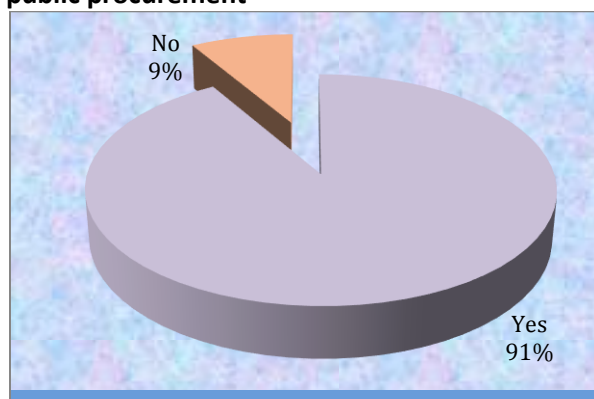
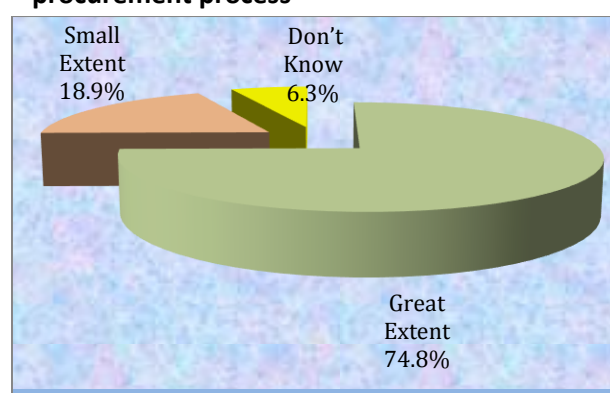


Fig26: Extent to which corruption influences the procurement process



The findings (Figure 25) revealed that majority (91%) of the respondents held the view that corruption strongly influences public procurements and disposal in the country. Only 9% believed the contrary. When those who answered in the affirmative were further asked to what extent they thought that corruption influenced the outcomes of public procurement; (Figure 26); 74.8 % of the respondents reported that it was to a great extent while 18.9% thought that corruption influences the procurement process only to a small extent. 6.3% made no comment. The implication of these results is that there is limited knowledge of public procurement (and PPDA) among the ordinary people. Nonetheless, the respondents who were

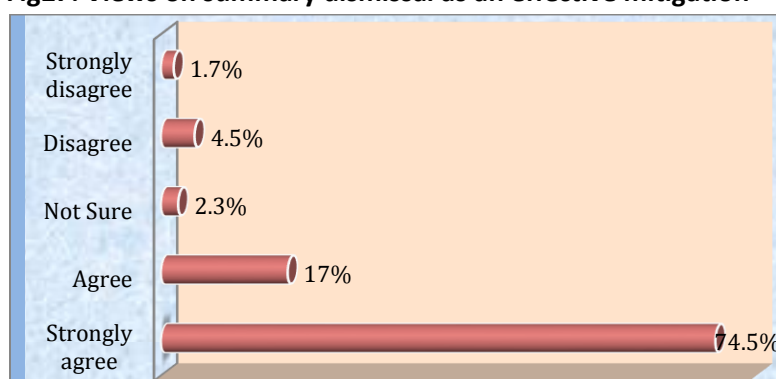
knowledgeable; and generally aware that corruption exists in public procurement: agreed that corruption is a big factor in the award of contracts for public investments. It is even more important when they know that such corruption affects service delivery. This knowledge should be harnessed by putting in place measures that will awaken the spirit of citizen participation in governance as the foundation for fighting corruption in public procurement.

vi) Suggested mitigation measures to curb corruption

Various views were expressed with suggestions ranging from simple ones such as providing suggestion boxes in strategic public places to more robust ones such as motivation and protection of whistle blowers. In addition, they wanted summary dismissal for any public official found involved in corrupt practices. This survey sought opinions of the public on this view. On a 5-tier scale, ranging from “strongly agree” to “strongly disagree”, respondents were requested to express their opinion on this submission; and results are indicated in Figure 27.

Fig27: Views on summary dismissal as an effective mitigation

The results show that 91.5% of the household respondents **agreed** with the view that public officials implicated in corruption should be summarily prosecuted and dismissed from public office (74.5% strongly agreed while 17% agreed). On the other hand, 6.2% (comprising 1.7% who strongly disagreed and 4.5% who disagreed) held contrary views; and 2.3% were **not sure**.

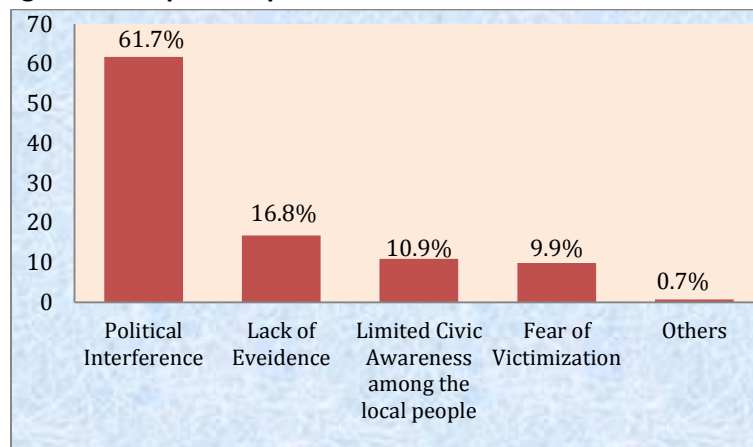


While it was clear why those who “agreed” wanted the corrupt officials out of office; it was not exactly clear why some sections thought it was not necessary. Civil society members the study team interacted with reiterated what they said civil society has always advocated; namely, that presently the punishment for culprits of corruption is too light; hence, it has failed to deter perpetrators. They added that on top of dismissal from office it is more important that the “loot” is recovered and forfeited to government coffers.

vii) Factors limiting success of government interventions against corruption

This survey sought views of the respondents on challenges in fighting corruption; the household respondents were asked to share what they thought were the factors that inhibit the success of government interventions against corruption. Figure 28 shows the outcome of the findings.

Fig28: Factors limiting success of government interventions against corruption in procurement



These findings reveal that 61.7% of the households perceived political interference as the major factor that inhibited success of interventions against corruption in public procurement. This perception is born out of the belief that officials in high government position use patronage to reward political supporters. 16.8% of the respondents reported lack of evidence of corrupt malpractices while 10.9% cited limited civic awareness among the population and 9.9% cited fear of victimization.

“Lack of evidence” is a serious challenge in the fight against corruption given that the parties engaged in the vice have learnt to ensure that they do not leave behind any “*foot prints*” that can provide clues in case an investigation was conducted. The practice of writing “chits” is long abandoned; the communication is verbal. Even the use of telephone has been abandoned after the requirement to have all telephone owners registered. Collecting evidence on corruption is very difficult because corruption takes place between two parties both of whom are beneficiaries; hence, none will volunteer evidence against the other. Instead, they cover up all the footprints that would have implicated the culprits. Fear of victimization emanates from the fact that public officials command high social status in society which they can use to influence community decisions. It is therefore rational that nobody would want to antagonize such people lest they are victimized in one way or other. Hence the ordinary people choose to keep quiet about misdeeds of the highly respected people in their society. The situation is exacerbated by limited civic competence among the people to demand for services and accountability.

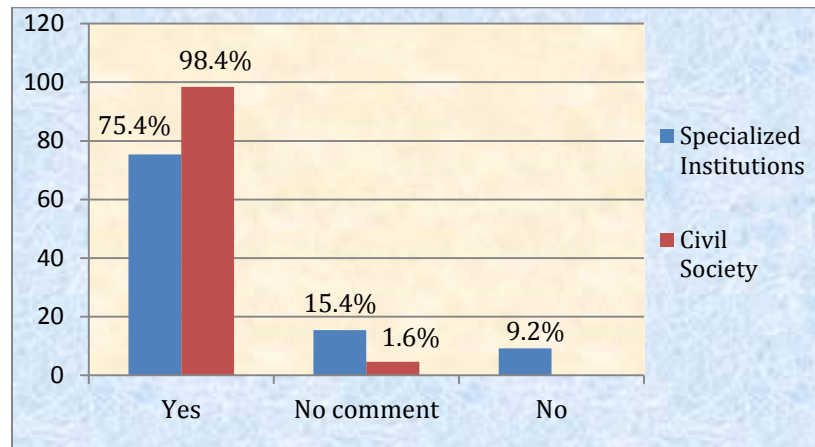
8.1.4 Perceptions of specialized institutions and civil society

The majority perception among the specialized institutions and civil society is that public procurement is riddled with corruption. Figure 29 shows their views when asked whether they agreed with the general view that there is corruption in public procurement.

According to Figure 29; 98.4% of civil society and 75.4% of the specialized institutions **agreed** with the general perception that indeed there is corruption in public procurement. However, 9.2% of the respondents drawn from specialized institutions (and none from civil society) did **not agree** with the view that there is corruption; while 15.4% and 1.6% of the

respective respondents did not comment.

Fig29: Perceptions of specialized institutions and civil society on existence of corruption in public procurement



The views expressed by this category of respondents are instructive; and should be taken seriously given that some of these institutions are mandated to investigate corruption. For example, the Office of the Auditor General (OAG) audits all public expenditure; Inspectorate of Government (IG) is the overall public “watch dog” of integrity in public office while police (CIID) investigates cases of corruption. The point of convergence with other respondents is that the challenge of fighting corruption lay in the difficulty to gather evidence because corruption benefits the two parties involved; hence reluctance to volunteer pertinent information to serve as evidence.

Civil society goes a notch higher to insinuate, that the levels of corruption have hit unprecedented levels, bordering on institutionalization (of corruption) despite the government’s declared policy of zero tolerance to corruption. According to them; corruption is becoming an “acceptable way” of doing things in Uganda, both at central and local government levels. To them, revelations from the UNRA commission of inquiry epitomize the typical story of public procurement in Uganda: scandal after scandal reported on all statutory bodies that command high funding from government. The CSOs cited high favouritism and lack of transparency in the allocation of contracts for public procurement as a way of rewarding political cronies. They observe that procurement staff and contract monitors take advantage of operational weaknesses in regard to corruption to allocate tenders to their friends and cronies. Others form companies which they award hefty public tenders. Bribes are openly negotiated before tenders are awarded. Public officials design their procurement plans and draft terms and conditions in a way that will favour their cronies. The common perception among them is that corruption gets worse every other day because there appears to be no political will on the part of government to stop this vice. To drive the point home, one respondent from a local NGO noted:

“Through the “Black Monday” campaigns, Action Aid Uganda has presented documented evidence of some of the worst incidences of corruption in this country. The Uganda debt Network (UDN) has similarly cited evidence of loss of public funds through corruption. However, nobody in government position has expressed interest this information for follow up action. On the contrary, police is wasting a lot of time chasing activists around branding them oppositionist”.

Other concerns in public procurement highlighted by the CSOs include: delays in and/or failed delivery of executed contracts; Limited awareness of procurement laws and procedures by key stakeholders; limited citizen participation and involvement in procurement processes; poor documentation and record keeping among PDEs; and incompetent contractors that do shoddy works. Nonetheless, CSOs appreciated the roles played by some of the anti-corruption institutions especially the Inspectorate of Government (IG),

PPDA; Office of the Auditor General (OAG) and the Anti-Corruption Court. According to them, the IG has imposed herself as a formidable watch dog over integrity in public office; PPDA has progressively promoted transparency in public procurement; and the OAG has done a good job uncovering cases of graft in regard to public funds. The anti-corruption court has expedited handling of cases of corruption. However, they observed that while these bodies were doing a good job individually and collectively under their anti-corruption forum their effectiveness in combating corruption has been undermined by the “perceived lack of integrity” on the part of some member institutions. Fingers were particularly pointed to police. A respondent from a local NGO qualified the assertion thus:

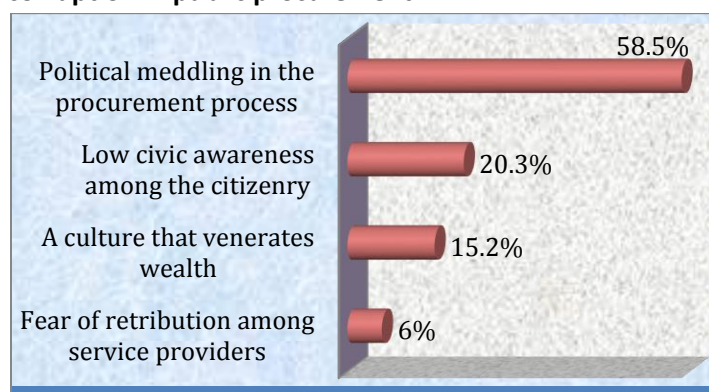
“Look at our police, every time the IG conducts an integrity survey, police emerges as the most corrupt public institution; yet it should be at the forefront of the fight against corruption. Hardly anybody will have confidence in an anti-corruption forum that includes police as an active member.”

Civil society actors reiterated the proposal they have often made; namely, that corruption must be viewed as a high risk undertaking by instituting very severe reprimand for the corrupt public officials. More important, the reprimand must include recovery and forfeiture of the benefits of corruption.

Factors limiting success of government interventions against corruption

Discussing measures to fight corruption further, respondents from civil society were asked about what they thought are the main factors limiting success in the fight against corruption; and Figure 306 presents their views.

Fig30: Factors impeding success of the fight against corruption in public procurement



According to Figure 30; 58.5% of the members of civil society were of the view that the corruption in public procurement is perpetrated by the powerful hand of government. In addition, 20% said low civic awareness (knowledge of rights and responsibilities) exacerbated the situation since citizens are unable to demand services and accountability. 15.2% blamed the culture of venerating wealth for institutionalizing corruption while 6% attributed the vice to fear of retribution among service providers.

These results were consistent with findings from consultations with staff of PDUs especially at the local authority level. They insinuated that they suffered “arm twisting” from local politicians seeking favours for their cronies. They revealed that at times the pressure is overwhelming and the officers relent to the politicians’ demands. On fear of retribution; the explanation was that service providers did not want to appear belligerent as this would deny them other opportunities in future; they chose to keep peace. The situation was not helped by the limited civic awareness of the people who instead of demanding accountability venerated the wealthy members of their society without establishing the source of such wealth.

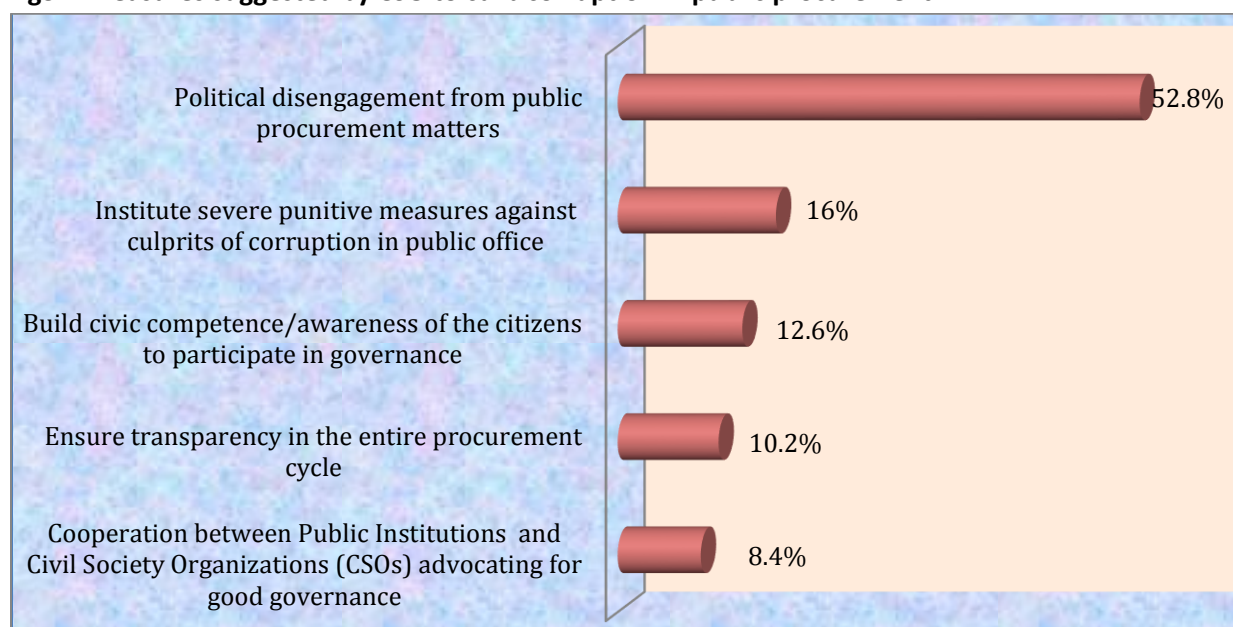
Elaborating their answers, civil society respondents appreciated that creation of PPDA to regulate public procurement was a strategic move. However, according to them, the same government handicapped the effectiveness of PPDA by meddling in the Authority’s work. And because citizens are not demanding services and accountability; corrupt officials have room to engage in corrupt practices. They added that

the over-riding desire of government to lure or sustain political support is a critical challenge to the independence of public institutions like PPDA; and the fight against corruption in general. In conclusion they observed that keeping the powerful hand of government hovering over an autonomous body, affected PPDA's efficiency and effectiveness towards achieving the objectives for which the Authority was created.

Suggested mitigation measures to curb corruption

Having identified the factors that are challenging efforts to curb corruption, the study sought the suggestions by civil society as measures to mitigate these challenges; and the answers are presented in Figure 31.

Fig31: Measures suggested by CSO to curb corruption in public procurement



52.8% of the respondents suggested disengagement of government from public procurement while 16% suggested instituting severe punitive measures against culprits of corruption. 12.6% suggested building civic competence of the citizens to demand for services and accountability as 10.2% highlighted the importance of transparency in the entire procurement cycle. 8.4% noted that the several CSOs engaged in advocacy for good governance can be helpful if PPDA was willing to cooperate through shared learning. CSOs believe that without political interference and *arm twisting*, the staff of PDUs would do their work professionally and PPDA would effectively implement their mandate of regulating public procurement. They argued that with increased transparency in the process, with everything done in the open; stakeholders would be satisfied and accept the outcome; hence, reducing complaints. The providers who fear disclosing corrupt officials to shove off victimization (when they bid again) would feel protected and openly come out to report corruption.

8.1.5: Perceptions of public officials

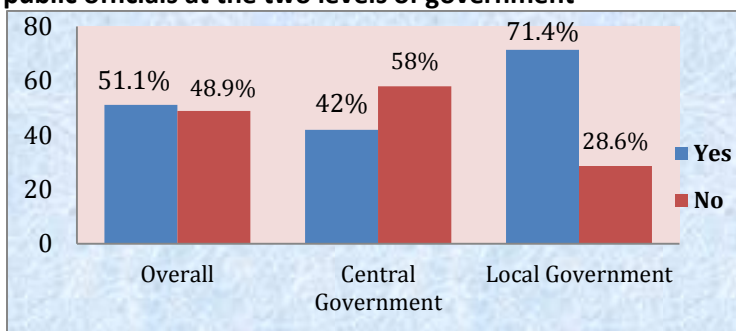
Interestingly, staff at both local and central government openly acknowledged the existence of corruption in public procurement; although they were quick to add that they did not have evidence in support of the allegations. Members of the contracts committees and staff of the Procurement and Disposal Units (PDU) were singled out as the most vulnerable. The PDU staff the study team talked to; said that they were aware of the allegations of corruption levelled against them; but said that these were

mere allegations. On the other hand, staffs from other departments were more insistent that indeed their colleagues asked for bribes because they (staff) got the information from the contractors. Allegations were abound that at the district local governments, in more than 50% of the public procurements, providers bribed members of the contracts committees before they can win a contract.

In order to compare the level of perception among the public officials that there is rampant corruption in public procurement; the results were disaggregated by level of government; and Figure 32 shows the results.

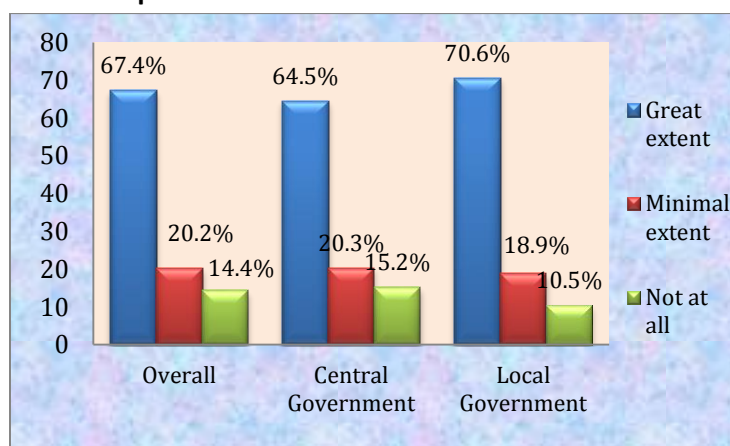
Overall; 51.1% of public officials did acknowledge that there is corruption in public procurement while 48.9% held views to the contrary. When the results were disaggregated by level of government; 71.4% of the respondents at the Local government level and 42% of their colleagues at central government acknowledged existence of corruption in public procurement.

Fig32: Existence of corruption in procurement as perceived by public officials at the two levels of government



The officials who acknowledged existence of corruption (Figure 32); were further asked: to what extent they thought corruption influences the procurement decisions and the general outcome of the processes. They responded as shown in Figure 33.

Fig33: Public Officials' views on whether corruption influences procurement



According to Figure 33; 67.4% of all the public officials were of the view that corruption influences procurement decisions to a **great extent**; 20% said it has **minimal effect** on the decisions while 14.4% thought it **did not** influence the decisions made. At central government level; 64.5% said it is to a great extent; 20.3% said it is of minimal effect while 15.2% said it did not. At local government level; 70.6% said to a great extent; 18.9% said it is of minimal effect and 10.5% said it has no effect.

The main argument the officials cited was that the aim of corruption is to sway decision making to favour whoever was corrupting the system; and in most cases it succeeded. Those who said the influence was minimal argued that the procurement process is long with different people at different stages which made it difficult to corrupt all the people involved. Hence, according to them, the inability to reach and corrupt all the people along the cycle reduces its influence on the final decision. The officials who said it has *"no influence at all"* argued that in most cases, corruption is initiated by providers who dangled favours (read bribes) to the public officials without even mentioning why they were doing so. According to them, the

official did not necessarily have to do anything irregular in return; hence, in such case it is not right to say there was “influencing”. This argument is escapist; it is common knowledge that the thinking of the provider who offers such favours is that when time comes, the public official will return the favour.

8.1.6 Perceptions of Procurement and Disposal Units’ Staff

Staffs of Procurement and Disposal Units were generally defensive when asked about their views on existence of corruption in public procurement. They denied initiating corruption as appeared to be the general perception. Although they admitted that there is some level of corruption, they also insisted that the claims were highly exaggerated. They added that even in those few cases the providers initiated the process of corruption; and that it did not compel them (officials) to act in a way they would not have ordinarily acted. They blamed the providers for temptingly flaunting cash and other benefits in their face. Given that the pay is so low; it is easy to fall to such temptations. This argument is consistent with earlier findings (table 6) where 15.1% of the providers mentioned “*low salary*” to public servants as one of the reasons corruption has persisted. Amidst such temptations PDU staffs face considerable challenges managing a clean procurement. The challenges PDU staff mentioned more openly was political interference blaming local politicians of influencing some decisions. They contended that some politicians own or front companies that supply the local governments where the politicians are influential; hence, do not follow laid out procedures. They exert pressure on local authorities to decide in their favour. Others lobby for their preferred contractors.

Nonetheless, PDU staffs hoped that the reforms being progressively implemented that set strict and clear guidelines for all actors in public procurement will make the process more transparent. Once everything is done transparently in the open, it will be difficult for anybody to influence decisions as all the stakeholders have access to procedural information; and can complain. Table 19 presents the overall perception index on existence of corruption in public procurement.

Table 19: Perception index on existence of corruption in public procurement (%)

Respondent category	Yes	No	No comment
Service Providers	86.0	14.0	0
Households	65.0	22.0	13
CSOs/Specialized Institutions	85.0	5.0	10
Public Officials	51.1	48.9	0
Average	71.8	19.2	5.8

8.2: Identifying the relative prevalence of corruption in different central government ministries and in local authorities and the factors that account for the differences in risk

8.2.1 Introduction

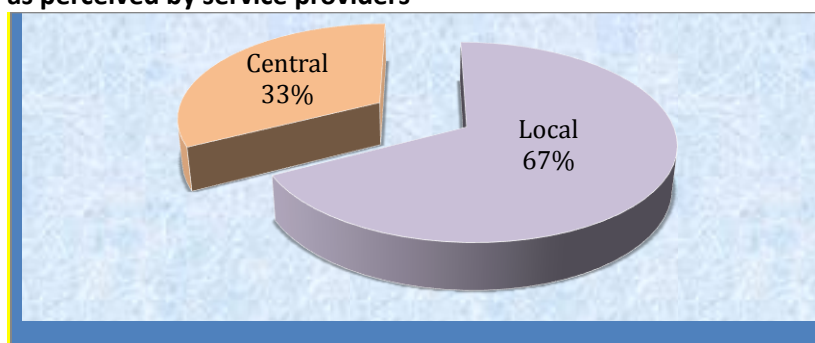
Public procurement is implemented at both the central government level and at the local authorities’ level. The PDES at central government included ministries/departments, government bodies and agencies. Local authorities include the district local government, Sub County or City and Municipal Divisions and Town Council. Public perception holds that there is corruption at both levels.

Integrity of public procurement at the different levels of government in regard to prevalence of corruption is perceived differently; with some categories of respondents placing higher prevalence at central government level while others think that prevalence is higher at the local authorities. This survey, sought views held by the different categories of respondents: service providers; households; and civil society. The respondents were asked: where in their view, between Local and Central Government corruption was higher.

8.2.2 Views of providers on prevalence of corruption at the different levels of government

To gauge the perception of the service providers about the different levels of prevalence of corruption between central government level and local authority PDEs in regard to public procurement; the service providers who had earlier ((Fig.1) acknowledged existence of corruption were further asked to indicate at which level of government, corruption was more prevalent. Figure 34 presents the results.

Fig34: Prevalence of corruption at the different levels of government as perceived by service providers



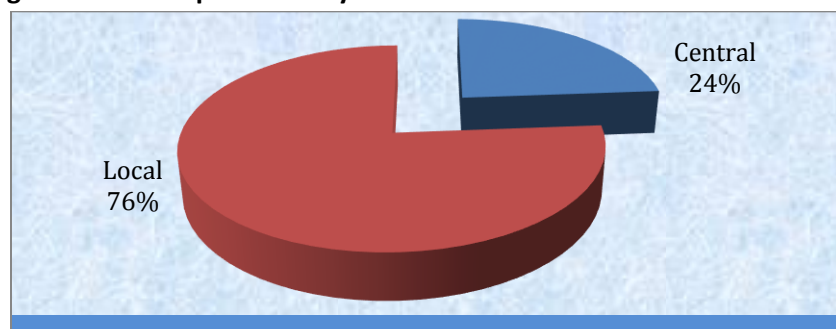
According to figure 34; 67% of the respondents said that the public officials they gratified were based at local government level more frequently than they did to officials at central government level. On the contrary; 33% said that they gratified central government officials more frequently.

There is a likelihood however, that this result could have been influenced by sampling given that the majority of the providers were drawn from DLGs and therefore interacted more with local authorities than with central government establishments. This is especially so given that public procurement is decentralized; and considering that procurement regulations have accorded incentives to local suppliers, the providers based in the local authorities may prefer to deal with their local authorities than with PDEs at central government level.

8.2.3 Views of households on prevalence of corruption at the different levels of government

Like the case was with the service providers; the household respondents who demonstrated knowledge of public procurement and acknowledged existence of corruption in public procurement were further asked; at what level of government, in their opinion, between central government and local authorities corruption was more prevalent. They responded as indicated in Figure 35.

Fig35: Prevalence of corruption at the different levels of government as perceived by households



According to figure 35, 76.2% among the household respondents; held the view that corruption is more prevalent at the local authorities' level than at the central government level. On the other hand, 23.8% held the contrary view that there was higher prevalence at the central government level.

While the influence of sampling could be similarly cited given that majority of the households were drawn from outside Kampala; it should also be born in mind that the level of participation of households in public procurement is very low and knowledge of pertinent issues about public procurement quite limited. This too, could influence the level of "accuracy" of their perceptions about public procurement.

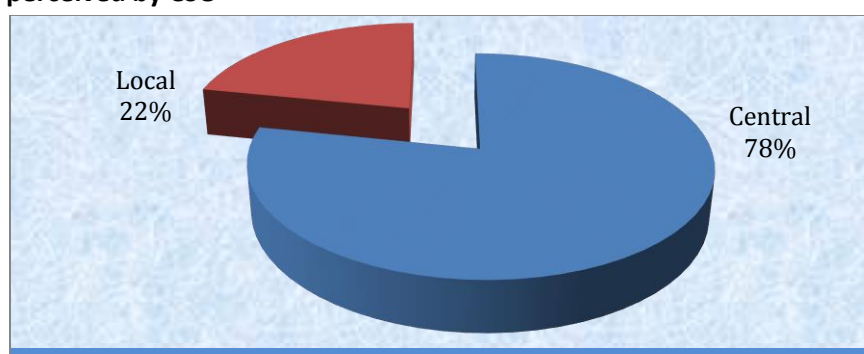
8.2.4 Views of civil society on prevalence of corruption at the different levels of government

While the expressed by the households were consistent with those of and providers, placing higher prevalence of corruption with the local authorities; views and arguments advanced by civil society differed, as indicated in Figure 36.

The results show that 78.2% of the civil society respondents were of the view that corruption prevailed more at the central government level than it did at the local authorities' level. This view widely varies from the views held by households and service providers.

In identifying higher corruption with the centre civil society respondents argued that while there may be many incidences involving small amounts of money at the local authorities' level; the incidences at the centre may be fewer but involving huge amounts of money. This argument by civil society is instructive given that procurements and award of contracts for big projects (infrastructure, railways, energy/ dams, etc) are conducted at the centre. A loss on one single such project can be worth more than losses at all the local authorities combined.

Fig36: Prevalence of corruption at the different levels of government as perceived by CSO



8.2.5 Reasons for the variation in views

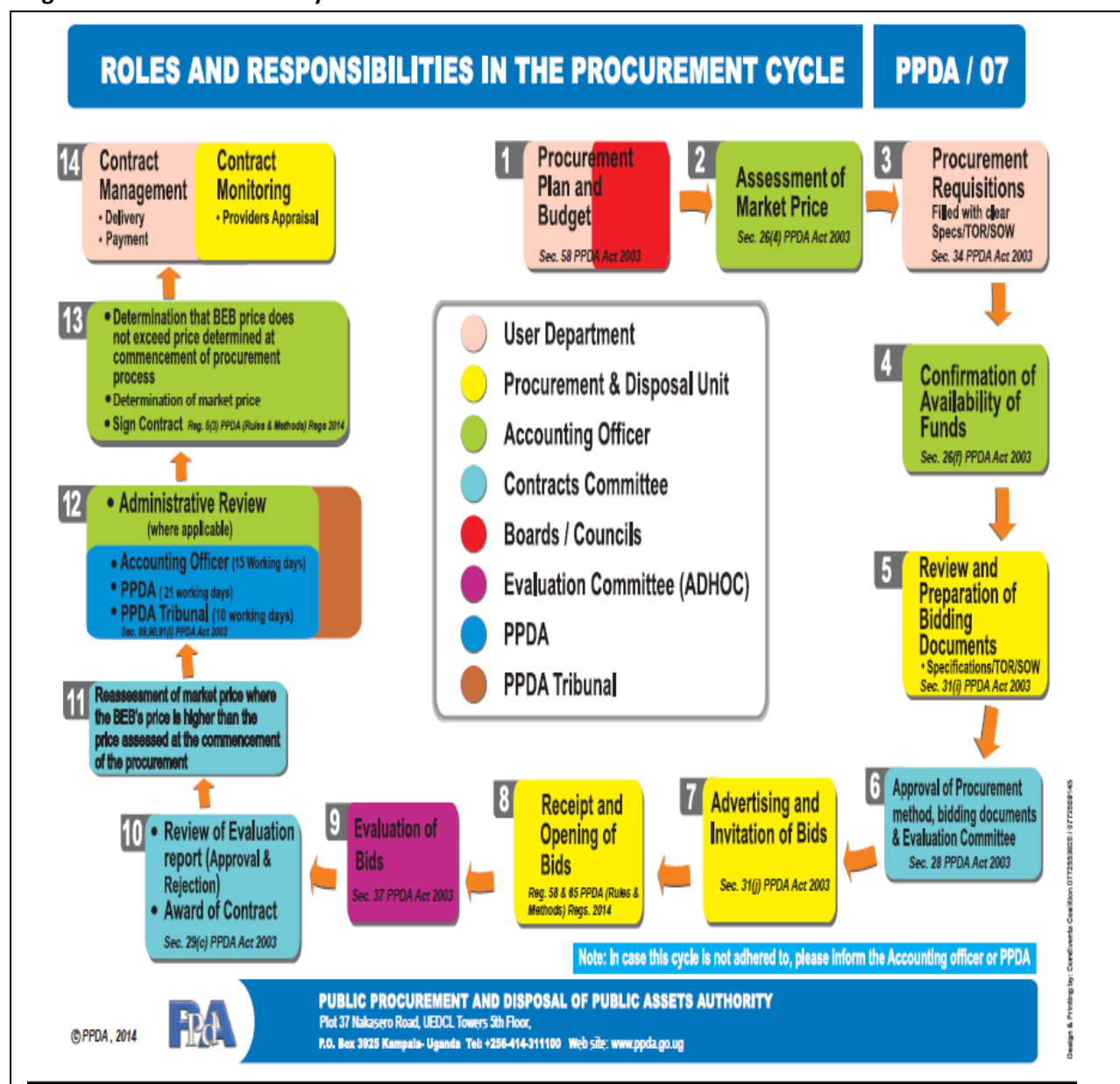
Two factors explain the divergence of perception between CSOs and other respondents on prevalence of corruption at central and local governments: a) civil society respondents were purposively selected because of their anti-corruption work; and b) the civil society respondents had capacity to critically analyze cases and make convincing conclusions. For example, while household respondents made “sweeping” statements like “everybody at the district is corrupt”, respondents from CSOs were able to argue that while the frequency of incidences of corruption may be lower at CG level; the amounts of money involved are heftier sums compared to the many incidences at the LG level involving very small sums of money. However, studies into issues of integrity (such as the national integrity survey (NIS, 2008) by the IG and another by the Directorate of Ethics and Integrity (2013) identified higher prevalence of corruption with the local authorities. The argument by civil society also seemed to focus more on “bribery” than on other corrupt practices such as favouritism, nepotism, absconding duty among others that prevail more at local authority level. It is therefore apparent that perceptions of corruption depended on the level of interaction one has/had with public officials. The question of the extent of corruption at the different levels of government should be explicitly contextualized in terms of: i) “frequency” of occurrence and ii) “level/amount of loss” that government incurs. If these are the parameters; it then clearly indicates that irrespective of monetary loss to government there are more incidences of corruption at the local government level; hence higher prevalence than at the central government level. Nonetheless, the point highlighted by civil society is that much as the frequency may be lower at the central government level, the amount of monetary loss to government is heftier. This is important in pointing to areas where effort to mitigate high corruption should be directed.

8.3: Identifying the vulnerable points in the procurement and disposal system

8.3.1 The Procurement Cycle

The procurement cycle consists of the steps that a Procurement and Disposal Unit goes through to fulfil the task of purchase of goods or services. The steps include; planning and budgeting for the required procurement, assessment of market prices; procurement requisition; confirmation of availability of funds; review and preparation of bidding documents; approval of procurement method, bidding documents and evaluation committee; advertising and invitation of bids; receipt and opening of bids; evaluation of bids; review of evaluation report and award of contract; reassessment of market price; administrative review (where applicable); signing of contract; and contract management (www.ppda.go.ug). Typically, the cycle comprises fourteen distinct stages as illustrated in Figure 37.

Fig37: The Procurement Cycle



Source: PPDA Website: www.ppda.go.ug

Public procurement can be characterised as a process flow starting with procurement planning and proceeding in sequentially to contract management as indicated in the chart above. Different entities play different roles at the various stages within the cycle:

- (i) The User Department is responsible for: (a) procurement planning and budgeting and its approval of the plan/budget by the Boards/Councils; (b) Procurement requisition. Filled with clear specifications/terms of reference (TOR)/statement of work (SOW); (c) together with the PDU review the Specifications/TOR/SOW, procurement method, evaluation criteria and potential supply market; (d) Contracts management (delivery and payment); and Contracts performance Evaluation.

- (ii) Procurement and Disposal Unit is responsible for: (a) together with the User department generate a procurement plan and budget; (b) together with user Department review: specifications/TOR/SOW, procurement methods, evaluation criteria, and potential supply market; (c) preparation of bidding documents e.g.: Instruction for bidders, price schedule, and terms and conditions; (d) Advertisement and invitations for bids; (e) Receipts and opening of bids; and (f) Contracts monitoring
- (iii) Accounting Officer is responsible for: (a) Confirmation of availability of funds; and (b) signing the contracts, communicating the award and administrative review.
- (iv) Contracts Committee is responsible for: (a) procurement methods approval; (b) approval of bidding documents; (c) Review of Evaluation
- (v) Boards /Councils are responsible for the approval of the procurement plan and budget.
- (vi) The Evaluation Committee is responsible for evaluation of bids

8.3.2 Service providers' knowledge and usage of the procurement procedures

It is important that service providers are conversant with the Procurement cycle and the processes if they are to effectively compete for public procurement contracts. Clear knowledge and proper usage would also help in reducing flaws and incidences of corruption. This survey sought to establish the extent to which the "service providers" were knowledgeable about the procurement process; and Figure 38 shows the results; while Figure 39 shows the extent to which the service providers complied with the regulations.

Fig38: Knowledge of the of the procedures

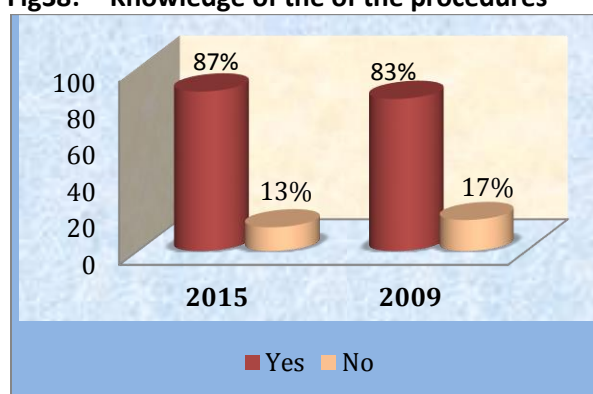
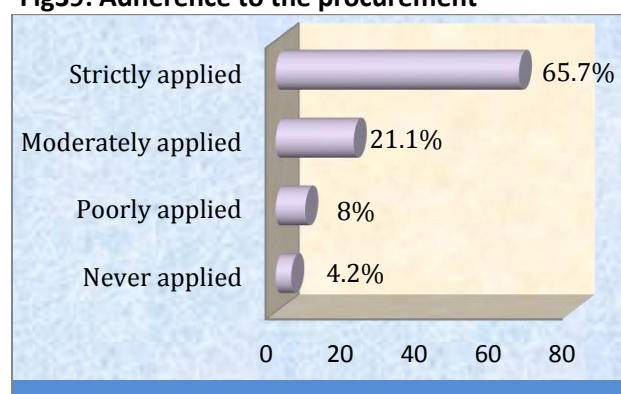


Fig39: Adherence to the procurement



According to Figure 38; 87% of the service providers said they had reasonable knowledge of the public procurement procedures. This was a slight improvement from the last survey when those who knew were 83%. The implication is that service providers are progressively becoming knowledgeable of the process. Credit goes to capacity building initiatives by PPDA and their partners targeting SMEs particularly in regard to bidding processes that has tremendously increased service providers' understanding of the procurement process. That notwithstanding, according to Figure 22; 65.7% of the service providers *strictly* adhered to the procedures; and 21.1% applied the procedures *moderately*. On the other hand 8% applied the procedures *poorly* while 4.2 % *never applied* the procedures at all. The results in the two figures suggest impunity on the part of some service providers; while 87% (Figure 21) know the process to follow, only 65.7% (Figure 39) strictly adhered to the regulations. This means that more than 20% deliberately flouted the procedures. These are part of the corruption wanting to take unfair advantage over their competitors who followed the procedures. However some sections expressed discomfort with the procedures. they complained of long and cumbersome procedures. Failure to adhere to the procedures, according to some service providers, was partly to sidestep some of these long procedures rather than the outright desire to corrupt the system.

8.3.3 Providers' perception of the stage in public procurement process where corruption is most prevalent

The activities at each stage of the procurement cycle must be conducted in a fair and open manner, competitively, effectively and efficiently (World Bank, 2007). However, the reality is that each link in the chain is potentially vulnerable to corruption in some form or another (OECD, 2007), implying that some stages are more susceptible than others. This survey sought the views of service providers on which stages they perceived to be more susceptible to corruption. Respondents who demonstrated knowledge of the procurement processes; and followed the guidelines were asked to identify the stages at which they thought corruption was most rampant; and they responded as shown in table 20. The table compares the results of this survey with the results of the last survey to show emerging trends.

Table 20: Perceptions of the stages in the procurement process where corruption is most prevalent

Stages in procurement process	Findings (%)	
	2015	2009
Evaluation of bids	52.8	57.0
Award of contracts	12.5	20.0
Receipt and opening of bids	12.4	4.0
Review of evaluation of bids	10.2	9.0
Advertising	0.7	3.0
Signing contracts	1.1	3.0
Contract monitoring	6.3	2.0
Contract performance evaluation	4.0	2.0

According to table 20; evaluation of bids persisted as the stage perceived to be most susceptible to corruption: 52.8% in this survey and 57% in the last rated this stage highest. Likewise, award of contracts featured highly reported by 12.5% in this survey and 20% in the last survey; as the second most vulnerable. And receipt and opening of bids took third position as reported by 12.4% and 4% respectively by the two surveys.

Justifying their position the respondents alleged that many decisions are taken in a less than transparent manner at the stage of evaluation of bids creating suspicions of manipulation and favouritism. The allegations went further to state that the evaluation committees comprise officials arbitrarily appointed some of whom did not have technical expertise to evaluate some bids. *(The study team however, learnt that the composition of the bid evaluation committees, which are adhoc, includes at least a member from the User Department and a technically qualified person in regard to the procurement at hand to guide the process in technical aspects).* In comparison to the second procurement integrity survey, the trends show "receipt and opening of bids" fast-emerging as a highly vulnerable stage; having risen by 8.4% from 4% at the last survey to 12.4% presently. Service providers alleged that at this stage, the officials in charge of the procurement process manipulated submitted bids to favour their friends. The manipulation was said to include "doctoring" the bids and "switching" submitted documents. The stage of contract monitoring was also emerging as a hotspot for corruption (rising from 2% as at last survey to 6.3% presently). The technical staffs responsible for monitoring public projects were allegedly bribed to disregard under-performance of contractors. They write favourable reports on the basis of which contractors are paid. This was said to be particularly common in regard to works where the senior officials (Engineers) sent their juniors (Clerks) to monitor sites.

These results show that the fight against corruption is an uphill task as both parties to the vice are beneficiaries: the service providers use the malpractice to win tenders while the public officials are showered with gifts to induce them to favour certain contractors. It is a conspiracy between the two parties that is difficult to unravel. The trends and changing patterns show that the perpetrators evolve

8.4 Identifying deterrent and other measures which are perceived as being effective in reducing the incidence of corruption and in changing attitudes to corruption

Several initiatives have been implemented and measures put in place to mitigate corruption in public procurement. The following are among the most salient:

8.4.1 Measures from the successive reforms

The successive reforms implemented since 1999 targeted reducing incidences of and changing attitudes towards corruption; especially in the award of tenders. The reforms established PPDA as the national regulatory body for public procurement; later reforms strengthened its functionality giving PPDA responsibility to build capacity of the PDEs and power to audit them, and more recent reforms saw amendment of the original law (PPDA Act 2003) to iron out identified loopholes and enhance efficiency. These reforms streamlined the statutory roles of PPDA and tremendously strengthened her monitoring mandate over PDEs; all aimed at effectively regulating public procurement and mitigating corruption. The roles include; but are not limited to:

- f) Setting standards for the public procurement and disposal systems in Uganda;
- g) Harmonizing the procurement and disposal policy systems and practices of Central Government, Local Governments and Statutory Bodies;
- h) Monitoring compliance of procuring and disposing entities (PDEs); and
- i) Building procurement and disposal capacity of PDEs;
- j) Ensuring fair competition, transparent and non-discriminatory and value-for-money procurement and disposal standards and practices;

The following are some of the measures that were instituted by the reforms to enhance efficiency, harmonize procedures further and reduce room for acts of corruption:

i) Suspension of a provider by the Authority

The Authority may, on recommendation of a Procuring and Disposing Entity, or after investigations on its own initiative suspend a provider from engaging in any procurement and disposal process for a period determined by the Authority. The grounds for suspension include: breach of the **code of ethics** of providers; debarment from the procurement process of an International Agency of which Uganda is a member after investigations by the Auditor General and the provider is found to have a record of unsatisfactory performance; conviction of provider of a corrupt practice or fraudulent practice under the PPDA Act; failure by the provider to substantially perform their obligations under the contract; suspension of the provider by a professional body for professional misconduct; and default by the provider of their obligations specified under the law.

vii) Accreditation of an alternative procurement and disposal system

The Authority may at its own initiative or on application from an Entity; accredit an alternative public procurement or disposal system for an Entity that may not be able to comply with a procurement or disposal procedure required under PPDA Act.

viii) Waivers and deviations

Although the Authority was given power to grant waivers /deviations from procurement or disposal methods and procedures including variations; it was allowed to consider applications to deviate from the use of standard bidding documents, procedural forms or any other attendant documents which are not suitable for a procurement and disposal process.

ix) Access into the premises of government entities

When conducting procurement audits, compliance checks or investigations; an authorised officer of PPDA may enter any premises of a government entity, at a reasonable time and inspect the premises to make any inquiries as may be necessary for the purpose of collecting information.

x) Directing an Entity to take corrective action

Where there is persistent or severe breach of the PPDA Act, regulations or guidelines made under the Act, the Authority may direct the concerned government entity to take the necessary corrective action to set right the breach.

xi) Reservation Schemes

PPDA in consultation with a competent authority and relevant stakeholders, is mandated to specify the public procurement contracts to be subject to a reservation scheme and to designate the particular sectors, within a specified geographical area, that are eligible to participate in that reservation scheme.

8.4.2: Actions by PPDA

The following were specific actions by PPDA:

e) Standardization of procedures and guidelines

Procurement guidelines and procedures have been standardized and stakeholders sensitized and trained on preparation of bid documents promoting transparency in the process and competition among providers;

f) Decentralization of operations

PPDA is in the process of decentralizing operations, establishing regional offices to effectively supervise procurement operations at local government level. Already the Gulu office is operational serving the northern region. Other proposed offices will be established in Mbale for eastern region and Mbarara for western region

g) Addressing conflict of interest

Stringent guidelines have been put in place to address the persistent allegations of conflict of interest on the part of public officers managing procurement.

h) Establishment of IPPU

PPDA has supported establishment of the Institute of Procurement Professionals in Uganda (IPPU) bringing together procurement personnel. The body, as is the case with similar bodies is expected to instil professional work ethics in its members.

9.0: EMERGING ISSUES, CONCLUSIONS AND RECOMMENDATIONS

This section presents the issues that emerged from the study; the conclusions and recommendations.

9.1 Emerging issues and conclusion

Public perception of integrity in procurement is low largely because of insufficient accountability. The corruption in the processes is allegedly perpetrated by the very officials handling public procurement in the PDEs. Experts in the field of procurement have noted that the procurement function is not a cause of corruption, but merely provides an opportunity which the potentially corrupt seize upon to engage in corrupt practices (Trepte, 2005). Emerging from this survey is that:

- Accountability is still low in public procurement though the reforms have tremendously improved transparency and increased completion;
- Despite the guidelines and legislation in place to address “*conflict of interest*” it continues to be a major challenge in public procurement. Corrupt public officials sustained their corrupt practices, by changing tactics; devising new ways of going around the initiatives introduced to curb corruption.
- Prevalence of corruption is higher at the local government level than at central government level. However, the corruption at central level involves higher losses to government.
- Decisions on public procurement, at both local and central government level are highly influenced by political interference and influence peddling;
- Fear of retribution among the service providers was the key reason for their not reporting cases of corruption;
- “Evaluation of Bids” was perceived to be the most risky stage in the procurement cycle.
- Corruption starts at the earliest stages of the cycle, particularly at designing of the requirements of a given procurement by ensuring that the so called requirements fit their favoured choice or by waiving the requirements their choice may fail to meet.
- Manipulation of systems; the most common being tampering with bids, including “switching” and “doctoring” submitted documents was emerging fast as a highly risky stage in the cycle. Contract management (including supervision) was also considered as high risk.
- Establishment of e-government has lagged behind schedule; and this has in turn delayed e-procurement
- Red tape in the procurement cycle and other government bureaucracies such as waiting for parliament to debate the Auditor General’s report before issues pertaining to PPDA are addressed further delayed the already long process.
- PPDA has substantially invested in training procurement personnel of PDEs. However, the Authority lacks the capacity (personnel and other resources) to train and monitor all PDEs at both Central and Local Government levels;
- Though it is mandatory, several PDEs were neither submitting their procurement plans nor filing quarterly returns: only 104 out of 156 submitted in 2014.
- Perceptions of low integrity of the Police Force has diminished public confidence in the anti-corruption forum to effectively fight corruption in public procurement;
- Greed is the main reason public officials are corrupt. Public officials negotiated “kick back” as a percentage (up to twenty percent) of contract value;
- Low salary also featured as a possible fundamental reason for public officials to be corrupt;
- Despite several initiatives to level the arena for fair competition amongst SMEs; perceptions are that big and medium firms are favoured over their smaller counterparts to win big contracts.
- Low civic awareness coupled with insufficient information is affecting people’s participation in monitoring of public projects. Household knowledge of Public procurement is very low; only 28%;

- Trends show growing confidence among providers (36.8% up from 24.4% at last survey) that PPDA was effectively playing her role in fighting corruption in public procurement.

9.2 Recommendations

a) Follow up on Recommendations of the Second Procurement Integrity Survey

The Second Procurement Integrity Survey (2009) made a number of recommendations. Among the main ones directed to PPDA to spearhead action on; included:

- To encourage all SMEs irrespective of size (small, medium and big) to compete for public procurement contracts;
- Translation of PPDA guidelines into local languages;
- Review the procurement processes with the aim of reducing the time between initiating and accomplishing a public procurement.
- Put in place clear guidelines and procedures to address issues of conflict of interest particularly among members of the contracts committees;
- Sensitization and training on preparation of bid documents.

Findings of this survey show that apart from translating the PPDA guidelines into the major local languages, most of the other recommendations were implemented fully or in part. For example:

- PPDA in collaboration with partners implemented several initiatives such as short term procurement courses for heads of SMEs to build capacity of small firms to compete;
- PPDA introduced *preferential clauses*(encouraging local sourcing) in the guidelines in favour of smaller firms at Local Government level;
- PPDA has sensitized stakeholders especially providers on how to prepare bid documents;
- The long procurement processes were reviewed and amendments made (in 2011) in the law (PPDA Act 2003) to expedite the processes; and
- This survey was informed that PPDA is presently putting in place stringent guidelines and procedures to address issues of conflict of interest especially among members of the contracts committees in the PDEs.

b) Recommendations of this Survey

These recommendations, presented in the matrix in table 21, are in response to key findings and emerging issues. The presentation apportions centres of responsibility, suggests how the recommendations may be implemented and the expected effect on integrity in public procurement.

Table 21: Recommendations

Responsibility centre	Recommendation	How it will be applied	What the recommendation will address
Central government level stakeholders	Fast track establishment of e-government	The responsible government bodies should iron out any stumbling blocks to finalize the project that was slated for completion by the FY 2013/14	Establishment of e-government will facilitate establishment of e-procurement which will in turn be integrated with the government IFMS (Integrated Financial Management Systems) thereby strengthening efficiency, transparency and accountability in

		the government procurement systems.
There is need to increase funding to PPDA to effectively execute her mandate	This requires staffing the Audit Department/Section with adequate personnel highly skilled in Auditing, Accounting, and value for money auditing procedures; hence more funding	The Department /Section will have capacity to investigate high profile and sophisticated cases of corruption.
Procurement issues raised in the PPDA reports should be expeditiously handled;	Lobby parliament to consider public procurement reports at committee level	Handling PPDA reports at committee level of parliament will enable taking of appropriate timely action
DEI should ensure political will at all levels to stamp out corruption in public office in general and public procurement in particular.	Safeguards should be instituted and enforced as a step towards building sanity in public office. Mandatory stepping aside (political office) once accused; is one such measure	Such a threat will be deterrent as the politicians will fear tarnishing their names
Revitalize the functionality of the anti-corruption forum (IG, OAG, PPDA, JLOS, and DEI)	Engage public relations initiatives to redeem the image of the police which is perceived to be highly wanting;	Successful PR can turn round the perception about the integrity of the police and restore people's confidence in the forum as an anti-corruption crusader.
Tighten the punishment for corruption to make it extremely high risk	Lobby for strengthening of the law to include recovery and forfeiture of benefits of corruption to the state on top of punitive action	corruption will be considered extremely high risk and costly; hence many will refrain from engaging in it
Enhance the welfare of public officials especially those in high risk offices.	Government has in the past selectively enhanced emoluments of certain categories of officials on the basis of the tempting and/or sensitive nature of their offices. Procurement staff should be included in this category	Enhancing the emoluments of officials in public procurement would insulate them, to some extent, against temptations. It should be noted that in this report; officials of PDUs claimed that providers dangled favours and were sometimes tempted because of their poor welfare.

Local authorities	Build public awareness about the effect of corruption on service delivery through continuous sensitization	<ul style="list-style-type: none"> ○ Hang IEC materials carrying anti-corruption messages in vulnerable public offices to educate the public about the level of loss they suffer due to corruption; ○ Sponsor drama groups to compose songs/plays depicting and carrying messages about corruption and its effect on service delivery 	Increased awareness and wide condemnation of corruption will encourage the public to demand for services and accountability. The increased demands will lead to improvements in accountability; and ultimately reduce impunity and corruption.
	Introduce suggestion boxes where citizens can “report” cases/complaints of corruption in confidence.	The suggestion boxes should be placed in strategic places at district and sub county headquarters where people can “drop” their written complaints.	Once the people are sure of their confidentiality, they will most likely freely report the irregularities they are aware of; which they would otherwise not do for fear of victimization.
	Ensure close supervision and monitoring of public projects	Senior officials especially at the district should exercise less delegation of the supervisory roles to their juniors. This is said to happen often in the Engineering Department	Junior officers were said to be more vulnerable to corruption than their bosses; hence reducing delegation of responsibility will reduce the risk of collusion by the junior officers and the providers
	Enforce the requirement that all PDEs submit their annual procurement plans and file quarterly returns to PPDA	This can be achieved by setting thresholds above which procurements must be endorsed by PPDA.	Once this is fully done; the problem of stampeded procurement; which is known to be a <i>leakage point</i> , will be solved
	Expedite e-procurement	Vigorously engage the responsible government agencies (MoFPED and NITA) to fast track e-government. PPDA already has in place a procurement portal that has to be supported by a countrywide e-government infrastructure.	E-procurement will increase efficiency substantially and reduce interface between providers and public officials; thereby reducing room for negotiating corruption.
	Continuously build the technical capacity of staff	This can be achieved through regular trainings/short courses for skills enhancement;	<ul style="list-style-type: none"> ○ Once the officers are highly skilled they will easily detect any gaps that are unscrupulously used to manipulate the systems

handling public procurement;		
Instil professional work ethics in the staff handling public procurement;	This will involve demanding mandatory subscription to the IPPU by all procurement staff in all PDEs	<ul style="list-style-type: none"> Professional bodies closely monitor the conduct of their members and have authority to discipline them
Scale up measures addressing <i>conflict of interest</i>	This can be done by conducting studies regularly to explore the character of corruption at different times because trends show that the perpetrators of the vice keep changing tactics; hence measures to tackle corruption should likewise; keep changing accordingly.	This will enable strengthening of the measures presently in place to address the changing tactics employed by unscrupulous public officials
Focus on central government entities as high risk areas while strengthening monitoring at the local government entities	The strengthened Audit/ Investigation Unit at PPDA can pay more attention to the high value cases as identified as the regional offices increase their supervision of the local authorities	This approach will simultaneously check the high losses to corruption at central government level and the high prevalence at the lower levels
PPDA should consider setting thresholds (as considered appropriate) above which all procurements must be endorsed by PPDA.	PPDA should work out a threshold that will compel PDEs to seek PPDA approval before a procurement goes ahead	This measure will force PDEs to submit plans and file regular returns to PPDA as this will be the condition for the next procurement to go on
Encourage service providers to form associations	The association will be used as a vehicle through which the providers can collectively report their issues	This will improve reporting of cases of corruption as no single provider will be identified as the source of such reports
Continue implementing; and scale-up initiatives that encourage fair	This can be achieved by encouraging PDEs; especially at local government level to preferentially consider “local sourcing” to proactively	Since the bulk of the small firms are based at local government level, this initiative will level the ground for small firms who persistently claim that the present

	participation for all SMEs in public procurement	promote participation of small local firms in public procurement.	requirements unfairly favour their bigger counterparts,
	PPDA should scale-up engagement in initiatives that promote their visibility to the public.	Since PPDA may not have sufficient capacity to directly engage communities; they can strengthen collaboration and provide support to CSOs whose activities are in the area of governance to implement such initiatives.	Enhancing visibility will improve people's knowledge of the Authority, increase civic awareness and create partners in the fight against graft. Civil society that has proved effective in engaging and sensitizing communities.

BIBLIOGRAPHY

- Carlin T.M. - *Victoria's Accrual Output Based Budgeting System – Delivering as Promised? Some empirical evidence*. Financial Accountability and Management, 22(1) February 2006
- Commonwealth Secretariat (2011) *Improving SME Access to the Public Procurement Market Report*
- Commonwealth Secretariat: (2010). *Improving SMEs access to the public market: Trade, Enterprise & Agricultural Department, October, Draft report, Republic of Uganda*
- Eduardo Bohórquez, R. S. (2012). *A New Role for Citizens in Public Procurement, Citizens&Markets, A Transparencia Mexicana*. Mexico: Transparencia Mexicana.
- Eyaa Sarah, P. N. (2011). Explaining Non-Compliance In Public Procurement In Uganda. *International Journal of Business and Social Science*, Vol. 2 No. 11 (Special Issue June 2011).
- Luyimbazi, D. (2014). Effect of Procurement Procedures and Project Implementation on Resource Absorption: Experiences of the Road Sector in Uganda. (pp. 5-6). Kampala: UNRA.
- MFPEd, (March 2014): *National Budget Framework Paper FY 2014/15 – FY 2018/19*
- MFPEd, (June 2013): *Budget Speech Financial Year 2013/14*
- Obanda, P. W. (2010). *Fighting Corruption In Tactical Procurement*. Zutphen, The Netherlands: CPI Wöhrmann Print Service.
- OECD. (2005). *Organization for Economic Co-operation and Development., 2005. Fighting corruption and promoting integrity in public procurement*. OECD Publishing.
- OECD. (2007). *Bribery in Public Procurement: Methods, Actors and Counter Measures*. Paris, France: OECD Publishing.
- PPDA (2009) *The second Public Procurement Integrity Survey*;
- PPDA. (2003). *PPDA Act*. Kampala : Uganda Printing and Publishing Corporation .
- PPDA. (2013). *Annual Procurement & Disposal Audit Report on 90 Procuring and Disposing Entities audited during the Financial Year 2012/2013, Performance Report Volume 1*. Kampala: PPDA.
- PPDA. (2013). *Annual Procurement & Disposal Audit Report on 90 Procuring and Disposing Entities audited during the Financial Year 2012/2013. Performance Report, Local Governments, Volume 1*. Kampala: PPDA.
- PPDA. (2013b). *Annual Procurement & Disposal Audit Report on Procuring and Disposing Entities audited during the Financial Year 2012/2013, Volume 2, Central Government Entities* . Kampala: PPDA.
- PPDA. (2014). *Report on the Procurement Performance Measurement System (PPMS) FY 2013/14*. Kampala: PPDA.
- PPDA (2014); *The Procurement Cycle*: www.ppda.go.ug.

Trepte, P. (2005). *Ensuring accountability in public procurement: Bridging the information asymmetry in Fighting Corruption and Promoting Integrity in Public Procurement*. OECD Publishing.

World Bank . (2007). *Frequently Asked Questions about RA 9184 and Procurement Methods*. World Bank.