



**The Republic of Uganda**

**NATIONAL PUBLIC PROCUREMENT  
INTEGRITY BASELINE SURVEY  
2006**

**FINAL REPORT**

**Conducted under the auspices of the Public Procurement and Disposal of  
Public Assets Authority and the Office of the Inspectorate of Government  
with the support of the United States Agency for International  
Development.**

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## **NOTE ON ANNEXES, DATABASE & TABLES**

In a departure from normal practice, all of the Annexes, data bases and analysis tables to this Report are contained only in a CD that is attached to and forms part of this Report.

This departure is because –

- (a) as this Report forms a baseline from which further studies may be referenced in the future, it is vital that the databases and the analysis tables for this Report are fully disclosed and are transparent for all future users to be able to re-work any and all calculations made in order that there can be a transparent and accurate comparisons made based on future data gathered, and
- (b) in terms of the analysis tables alone, there are in excess of 2000 tables and these are simply too many to print in a hard copy annex.

## ACRONYMS AND ABBREVIATIONS

AWP	Annual Work Plan
BEEFF	Bribery, Embezzlement, Extortion, Fraud, Favouritism
CAO	Chief Administrative Officer
CBO	Community Based Organization
D/COP	Deputy Chief of Party
COP	Chief of Party
CPAR	World Bank Country Integrated Fiduciary Assessment 2004 Volume IV: Country Procurement Assessment Report
CG	Central Government
CTB	Central Tender Board
EU	European Union
FDS	Fiscal Decentralisation Strategy
FY	Financial Year
GoU	Government of Uganda
IGG	Inspector General of Government
LG	Local Government
LGDP II	Local Government Development Programme II
LGFC	Local Government Finance Commission
MAAIF	Ministry of Agriculture, Animal Industry and Fisheries.
MC	Municipal Council
MoES	Ministry of Education and Sports
MoFPED	Ministry of Finance, Planning and Economic Development
MoGLSD	Ministry of Gender, Labour & Social Development
MoH	Ministry of Health
MoLG	Ministry of Local Government
MoU	Memorandum of Understanding
MoWLE	Ministry of Water, Lands and Environment
MoWHC	Ministry of Works, Housing and Communications
NGO	Non-governmental organization
PAF	Poverty Action Fund
PDU	Procurement and Disposal Unit
PPDA	Public Procurement and Disposal of Public Assets Authority
PS	Permanent Secretary
SDU II	Strengthening Decentralisation in Uganda- Phase Two
TC	Town Clerk
USAID	United States Agency for International Development



## **EXECUTIVE SUMMARY**

### **1.0 Background**

The Government of Uganda (GoU) attaches a great deal of importance to tackling the problem of corruption, for it is aware that corruption undermines good governance and retards the economic development to which it is committed.

The Inspectorate of Government (IGG) was established in 1986 as the centre of the Government's anti-corruption strategy and it commissioned National Integrity Surveys in 1998 and 2002 to develop empirical information to help Government, civil society and the private sector formulate and implement policies and programs to improve governance and thereby reduce corrupt practices.

As part of the Government's drive to reform public procurement to make it transparent, accountable and capable of delivering better value for money, the Public Procurement and Disposal of Public Assets Authority (PPDA) was set up under the *Public Procurement and Disposal of Public Assets Act (2003)* as the regulatory body for public procurement and disposal of public assets.

### **2.0 Purpose of Survey**

Public procurement, especially at the local government level, is believed to be one of the principal areas where corruption in Uganda takes place, although the extent of the problem and the areas where it is most prevalent were unknown. The PPDA and IGG jointly determined that it was necessary to carry out a National Public Procurement Integrity Baseline Survey to deal with emerging issues and to update, with respect to the area of public procurement, the findings of the previous IGG surveys and act as the first baseline against which all movements in the implementation of public procurement reforms will be measured. The survey was conducted on a similar basis to the National Integrity Surveys, while being focused on perceptions of corruption in public procurement and disposal at both local and central government levels.

The specific purposes of the survey are -

1. To gauge the extent to which corruption is perceived as influencing the outcome of public procurement and disposal in Uganda;
2. To identify the vulnerable points in the procurement and disposal system,
3. To identify the relative prevalence of corruption in different central government ministries (that have direct relevance to local governments) and in local governments and the factors that account for the differences in risk; and
4. 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.

The information obtained from this survey will serve as a baseline from which similar future surveys will gauge whether corruption in public procurement and the vulnerable points in the procurement process have changed.

It must be noted at the very outset that this is a survey of the perceptions of those actively engaged in major roles in the public procurement process in Uganda, either as government officials or as service providers. As such, it is a survey of the perceptions of those who are closely involved in the public procurement process and who have valuable and expert insights to share based on their experiences. As such, their perceptions carry a great deal of weight and form a very valuable contribution to the discussion and examination of the public procurement integrity baseline.

### **3.0 Conduct of Survey**

USAID has been actively supporting the decentralization and anti-corruption processes in Uganda for many years and its current support is channeled through the USAID funded project Strengthening Decentralisation in Uganda

Phase II (SDU II). PPDA and SDU II signed a Memorandum of Understanding to conduct the survey under the auspices and direction of both PPDA and IGG.

The Executive Director of the PPDA chaired a Steering Committee which included representatives of USAID, the World Bank, the European Union, the Office of the IGG, the Ministry of Finance, Planning and Economic Development, the Ministry of Local Government and other stakeholders for the purpose of providing overall direction to the survey.

The survey covers two distinct and separate areas. The first is a perception survey, based on a questionnaire designed to elicit responses relating to perceptions of corruption both at central and local government levels at the various stages of the procurement process. These responses are designed so that the classes of persons engaging in the various types of corrupt activity are identified at every stage of the procurement process. The second is a sampling of selected procurements.

#### **4.0 Surveyed Institutions**

The survey covered procurement and disposal in the SDU II partner districts, comprising 26 districts and 7 municipalities which are Gulu, Gulu MC, Lira, Lira MC, Apac, Kitgum, Nebbi, Pader, Soroti, Soroti MC, Kumi, Kamuli, Katakwi, Pallisa, Nakapiripirit, Tororo, Tororo MC, Mayuge, Bugiri, Iganga, Mbarara, Mbarara MC, Kabale, Kabale MC, Bushenyi, Masaka, Masaka MC, Rukungiri, Ntungamo, Luwero, Nakasongola, Wakiso, and Mubende. These LGs represent a geographically representative sample of all LGs at 1 July 2006 and are represented on the following map of the SDU II Partner Local Governments.

The survey covered procurement and disposal in 13 central government ministries and institutions that provide direct services in the local governments or have an important relationship with local government, which are -

Parliament of Uganda

Ministry of Health, including the National Medical Stores and the Regional Referral Hospitals

Ministry of Education and Sports

Ministry of Works, Housing and Communications

Ministry of Agriculture Animal Industry and Fisheries

Ministry of Water, Lands and Environment

Ministry of Gender, Labour and Social Development

Ministry of Finance, Planning and Economic Development

Ministry of Local Government

Inspectorate of Government

Public Procurement and Disposal of Public Assets Authority.

Local Government Finance Commission

These are the institutions that are the major ministries and institutions responsible for the provision and supervision of the bulk of funds expended with respect to service delivery.

In respect of local governments, the sampling percentage was 35.5% of all higher local governments as at 1 July 2006. In terms of a distinction between districts and municipalities, the percentage sampling is 32% of districts and 53.8% of municipalities. By all internationally recognized standards, these sampling percentages are very high and statistically justify the extrapolation of the results of the survey so as to be representative of the prevailing circumstances in all local governments. It is not the purpose of the survey to rank the surveyed LGs as this would be inappropriate, as the purpose of the survey is to extract perceptions that are applicable to all LGs.



With respect to central government, the sample includes all central ministries, institutions and authorities that have a substantive interaction with local governments. This constitutes a high statistical sample so that the results can be extrapolated to cover all central ministries, institutions and authorities. It is considered that inclusion of these various authorities, ministries and agencies should provide sufficient coverage of public procurement and disposal activities in Uganda to constitute a representative national sample.

It must be noted that extrapolations are only made in those instances where the extrapolations are statistically verifiable and justified by the data obtained from the survey.

At the local government level, the persons interviewed included -

1. Accounting Officers, members of Contract Committees and Tender Boards, officials working in Procurement and Disposal Units, Inspection Units and on Technical Evaluation Committees and others performing functions related to procurement;
2. Providers, including those on the pre-qualified list of the Procuring and Disposing Entity;
3. Local political leaders, community leaders, organisations and others with knowledge and interest in the affairs of the ministries or in the local government.

The maximum number of intended interviewees at local government level was 3,426 persons, of which 2093 were interviewed. This high statistical result of 61% is to be compared to the international norm of 10%. Statistically, both the number of local government institutions and the number of respondents per institution was high and exceeds substantially international standards.

At the central government level, the persons interviewed included –

1. Ministers, Ministers of State, and members of relevant Parliamentary Committees; and
2. Accounting Officers, members of Contract Committees, officials working in Procurement and Disposal Units, Inspection Units, Technical Evaluation Committees and others performing functions related to procurement.

The maximum number of intended interviewees at central government level was 405 persons, of which 217 were interviewed. This high statistical result of 54% is to be compared to the international norm of 10%. Statistically, both the number of central government institutions and the number of respondents per institution was high and exceeds substantially international standards.

#### **5.0 Sampled Procurements**

The procurements to be sampled were randomly selected from the range of all procurements that were stratified based on the parameters of funding source and the value of the procurement. The sampling average is 28.61% of all available procurement types, which forms a statistically valid sample to extrapolate nationally. From these were selected identified types of procurements known to be required within the funding source.

With respect to central government, the sampled procurements included those institutions already the subject of PPDA audit reports. While this may not be a statistically valid sample, given the extremely time consuming nature of sampling high value and substantial complexity procurements at central government level, it is sufficiently indicative of central government to be a matter of interest.

#### **6.0 Design of the Survey**

The design of the survey method was based on a questionnaire and interviews designed to elicit information on payment for receipt of corrupt advantages, favourable treatment in the procurement process and about other instances of unfair treatment. Such manifestations of corruption may take various forms,

including but not limited to favouritism, conflict of interest, nepotism, bribery, influence peddling, political interference, extortion, failure to provide adequate information to all potential bidders, etc.

As the purpose of the survey is to reveal the extent and prevalent areas of malpractice rather than to take action against the perpetrators, the identity of persons interviewed are not revealed. In order to establish connectivity with the previous IGG National Integrity Surveys, the survey instruments were designed to take into account the following design parameters–

1. The definition of corruption used was that as set out in the Inspectorate of Government Act 2002 being the misuse of public power for private gain.
2. The forms of corruption as well as the definitions used that formed the core of the survey were the same as those used in the Second National Integrity Survey 2002, which are summarized under the acronym **BEEFF**:

<b>Bribery:</b>	Where payment is made for services that should be freely given.
<b>Embezzlement:</b>	Where public property/money is converted to private use.
<b>Extortion:</b>	When money, services or other gains are demanded with threats.
<b>Fraud:</b>	When private gain is obtained through trickery.
<b>Favouritism:</b>	When benefits are obtained through personal relations between those with power and those seeking favours. It may include nepotism and wealth or gender discrimination.

All corrupt activity has been disaggregated as to type with BEEFF.

The survey instruments were disaggregated to match the stages in the procurement process and the survey instruments were also disaggregated as to the persons engaging in corrupt activity by position. The survey instruments were to be confidential as the survey was not an investigation or enforcement activity.



Deterrent and other measures effective in the area of procurement to reduce incidence of corruption and in changing attitudes to corruption were included.

Specific focus was required in order to identify the amounts that were lost to corrupt activity and the overall levels of reported corrupt activity. The survey forms were all field tested in three non-survey LGs and the lessons learnt from that field testing have been incorporated in the final versions.

It may be that future procurement surveys need to incorporate other forms of corruption in procurement as are identified in the PPDA Act.

## **7.0 Constraints**

There were a series of constraints that lengthened the time taken to carry out the survey. They were-

1. National and local government elections coincided with the survey timing. This had the result that many people were otherwise engaged in election related activities.
2. Local government restructuring as an on-going process meant that many people were being reassigned, relocated or terminated. This caused delays in access to relevant interview subjects.
3. Local government budget process, which requires that local government budgets be completed by 15 June. This also caused delays in access to the relevant interview subjects.
4. Inadequate local government records as to the procurement process caused delays in identifying tenderers. This resulted in delays in being able to contact those who had either tendered or had been awarded contracts by local governments.
5. Many of the interview subjects are very senior politicians and government officials. These people have substantive commitments and their available time was limited.

## **8.0 Database and Analysis**

A Database Development Specialist designed and implemented the database used to capture off of the data gathered. Microsoft Access 2000 was selected because of its ability to develop applications rapidly and it is also based on the Windows platform with which most data entry clerks are familiar.

The data has been analysed by Professor Khi Thai of Florida Atlantic University. All of the analysis tables (over 1600) have been included in the CD that contains the annexures and the like. These analysis tables interactively compared various levels of responses and only those that highlighted statistically verifiable conclusions have been included in this text. All of the analysis tables have been included in the CD for the sake of transparency so that all data and conclusions in this survey are capable of independent analysis and verification.

## **9.0 Major Findings**

### **9.1 Financial Loss due to Corruption in Procurement**

In order to be able to calculate the total losses to corruption in procurement it is necessary to calculate the amounts expended by local and central government in procurement and then identify as a percentage the amount of that total expenditure that is lost to corruption.

#### **9.1.1 Calculation of Total Procurement Expenditure FY 2004-2005**

##### **Local Government**

The calculation of total LG procurement expenditure in FY 2004-2005 has been performed by totaling all revenue sources to LGs and then deducting all non-procurement expenditure. This required the removal of all wages, 80% of unconditional grant and local revenue and an amount of 5% for overall monitoring and supervision costs.

The unconditional grant and local revenue have been reduced by 80% as this represents the amount of these two revenue sources that are used for wages, allowances and related costs, which are non-procurement related. The

calculation for LGs shows that 31.28% or Ush 453,456 million (US\$249 million at an assumed exchange rate of Ush 1820) of total LG revenue in FY 2004-2005 was expended by way of procurement.

### **Central Government**

The calculation of total CG procurement expenditure in FY 2004-2005 has been performed by totaling all revenue sources to CG and then deducting all non-procurement expenditure. This required the removal of all wages, domestic and external interest, a discounted recurrent non-wage figure, and LG transfers. Based on an analysis of expenditure, 35% of the CG recurrent non wage is expended on allowances, medical expenses etc, while the balance of 65% is spent on procurement related items. The CG recurrent non-wage is therefore discounted by 35%.

The calculation for CG shows that 34.79% or Ush 1173.5 billion (US\$644.6 million at an assumed exchange rate of Ush 1820) of total CG revenue in FY 2004-2005 was expended by way of procurement.

When that part of central transfers to local governments that passes through the procurement process is factored back into the central government figures, that percentage raises to slightly less than 44% of the national budget, but that does not effect the calculation of the over all total amount lost due to corruption in procurement.

#### **9.1.2 Calculation of Loss Due to Corruption in Procurement FY 2004-2005**

There were insufficient responses as to exact amounts of funds lost for every identified instance of corruption as the exact amounts were often not known by the respondents. However, in the case of both CG and LG, over 10% of the interviewees were able to identify a commonly applied 'tariff' to the amounts (percentages) of contracts that had to be paid by way of a corrupt payment. Service providers and others uniformly declined to answer the questions. The results were remarkably uniform in that between 7.19 – 9.4% of total contract

values were identified as being paid by way of corrupt payments in procurements at both CG and LG levels.

This translates to losses due to procurement related corruption in FY 2004-2005 as follows

**Amount of loss from total procurement expenditure FY 2004 - 2005**

	<b>Loss Ush billion</b>	<b>Loss US\$ million (Ush 1820)</b>	<b>Loss as % of Annual Budget</b>
<b>LG</b>	32.60 – 42.86	17.91 – 23.62	Between 2.24 – 2.96
<b>CG</b>	84.4 – 105.6	46.37 – 61.26	Between 2.50 – 3.13
<b>Total</b>	117.0 – 148.5	64.28 – 84.88	

The identifiable *direct* losses due to corruption in procurement at the LG level in FY 2004-2005 is therefore likely to be of the order of Ush 32.60 – 42.86 billion (US\$ 17.91 – 23.62 million).

The identifiable *direct* losses due to corruption in procurement at the CG level in FY 2004-2005 is therefore likely to be of the order of Ush 84.4 – 105.6 billion (US\$ 46.37 – 61.26million).

The identifiable *direct* losses due to corruption in procurement at both central and local government levels in FY 2004-2005 is therefore likely to be of the order of Ush 117.0 – 148.5 billion (US\$64.28 – 84.88 million).

However, these figures must be regarded as irreducible minimums and not maximum figures as there are other imponderables that need to be considered and for which there is insufficient data to be able to correlate. If for instance a corrupt payment meant that a contractor was not able to build to standard and the development investment was lost in a shorter time than expected (e.g. the building only had a life of 2 years instead of ten years) as a consequence, then

the loss to the corrupt activity was the lost value of 8 years of building life plus the replacement costs. By way of further example, there are clear instances of corrupt payments being sought (such as in the case of pre-qualification of service providers) but the level of these payments were not disclosed. Further, there were statistically insignificant instances identifying major corrupt payments that were evidence of isolated and major cases of individual corrupt activity, but these could not be included in the overall figures as there was insufficient data. These figures must be regarded as irreducible minimums and not maximum figures.

### **9.2 CG Perception of the CG Procurement Process**

The majority of the CG interviewees (79.3%) said that corruption was non-existent or very limited (73.7%) in central government procurement across all stages and types of corruption. However, in respect of those who did identify corruption as being substantial at the CG level, there was barely a CG official that did not escape identification in some form or corrupt activity or other. Statistically these figures are unreliable, given that fact that the overwhelming majority identified no or very limited corruption at the CG level.

### **9.3 CG Perception of the LG Procurement Process**

Only 37.3 % responded to this question --the rest either said that they do not know (40.5%) or that they had no opinion (21.9%) with some system missing responses (around 0.3%) -- indicating a reluctance to talk about corruption. The majority of the central government employees said that corruption was non-existent or very limited (73.7%) in local government procurement across all stages and types of corruption. The majority of the respondents that did respond identified the Secretary to the Tender Board and the Tender Board members as the most corrupt across all categories.

A National Integrity Survey that was carried out in 2002 by consultants commissioned by the Inspector General of Government found that Local Government Tender Boards were perceived to be the second most corrupt institution in Uganda, exceeded only by the Police (Office of the Inspector

General of Government, 2003). Again, in this survey confirming the previous study, LG Tender Boards (including secretary and members) were considered as the most second corrupt institution in local governments.

#### **9.4 LG Perception of the CG Procurement Process**

LG perceptions of CG procurement are universally flawed. Almost without exception, LGs perceive corruption across all stages of the procurement process at the CG level to be in the domain of the Permanent Secretaries and the highest level of the other statutory bodies. This is at complete variance with the results obtained from the LG perceptions of the LG procurement process and is only indicative of a lack of perception of the realities of the operation of CG but a willingness on the part of LG to assign corrupt behaviour even in the absence of that demonstrated understanding of the processes at CG level. Little, if any credence can be placed in the responses obtained and they should be all purposes be ignored.

#### **9.5 LG Perception of the LG Procurement Process**

With respect to LG perceptions of LG procurement process, only in the case of gratification in the disposal process was there not substantial corrupt practices at each and every stage of the procurement process. In all other stages, in regard to all stages of the procurement process, there were substantial corrupt practices.

<b>Stage</b>	<b>Positions Most Prone to Corrupt Activity (All Types)</b>
<b>1. The identification of procurement requirements</b>	<b>Tender Board Members,</b> Secretary Tender Board, Chief Administrative Officer/Town Clerk, Chairperson,
<b>2. Planning for procurement</b>	<b>Secretary Tender Board,</b> Tender Board Members, Chief Administrative Officer/Town Clerk
<b>3. Setting of tender specifications and TOR</b>	<b>Secretary Tender Board,</b> Tender Board Members, District Engineer,
<b>4. The prequalification of providers</b>	<b>Tender Board Members,</b> Secretary Tender Board, Chief Administrative Officer/Town Clerk
<b>5. The choice for procurement method</b>	<b>Tender Board Members,</b> Secretary Tender Board, Chief Administrative Officer/Town Clerk,

<b>Stage</b>	<b>Positions Most Prone to Corrupt Activity (All Types)</b>
<b>6. Display of adverts</b>	<b>Secretary Tender Board,</b> Tender Board Members, Chief Administrative Officer/Town Clerk
<b>7. Period for bid preparation</b>	<b>Secretary Tender Board,</b> Tender Board Members, District Engineer,
<b>8. Receipt of bids &amp; bid opening</b>	<b>Secretary Tender Board,</b> Tender Board Members
<b>9. Tender evaluation</b>	<b>Secretary Tender Board,</b> Tender Board Members, District Engineer,
<b>10. Contracts committee consideration of tender evaluation</b>	<b>Secretary Tender Board,</b> Tender Board Members, District Engineer,
<b>11. Contract negotiation &amp; signing</b>	<b>Chief Administrative Officer/Town Clerk,</b> Secretary Tender Board, Tender Board Members,
<b>12. Drawing up the final contract</b>	<b>Chief Administrative Officer/Town Clerk,</b> Secretary Tender Board, District Engineer,
<b>13. Setting of tender specifications and TOR. Time Taken to award contracts</b>	<b>Secretary Tender Board,</b> Tender Board Members, Chief Administrative Officer/Town Clerk
<b>14. The prequalification of providers. Contract Management</b>	<b>District Engineer,</b> All Department Technical Officers, Chief Administrative Officer/Town Clerk,
<b>15. The process for disposal of public property</b>	<b>Chief Administrative Officer/Town Clerk,</b> District Engineer, Secretary Tender Board
<b>16. Complaints and administrative review</b>	<b>Chairperson,</b> <b>Sectoral Committee,</b> District Engineer,

This highly consistent level of presentation of the same positions indicates that the GoU has been correct in the measures undertaken to reform the LG procurement process in that these results clearly indicate that -

1. The Tender Boards were in need of reform. They have in fact already been replaced by Contracts Committees under the Local Government Act.
2. That the Chief Administrative Officer/Town Clerk roles in the procurement process required reform. This has already been done by both recentralizing these positions to central government and removing them from most of the levels of the procurement process. It is to be noted that the effect of these reforms will have to be gauged in future surveys as the Chief Administrative Officer/Town Clerk still have major roles to play in the reformed public procurement processes.

The only matters of concern that are displayed from these results are –

1. The Secretary to the Tender Board does, in the interim change over to the new Contract Committee process, continue to play a role as the interim head of the LG PDU. This needs to be reconsidered given the high level of involvement in corrupt practices at all levels played by the Secretary to the Tender Board,
2. The LG Engineer appears to have a significant role in respect of identifiable corrupt practices at many levels. Given the high level of influence this individual position can bring to bear on the procurement process, it is necessary that consideration be given to adequate checks and balances on this position in the new contract Committee process.

The most significant types of corrupt activity within the procurement process within which these identified persons, engage in corrupt activity are in the areas of bribery and extortion. The stages of the procurement process most prone to this activity is identified in the following tables. The GoU is advised to focus any future anti-corruption activity to counter these types of corrupt activity in these procurement process stages. It should be noted that all stages of the procurement process were adversely affected by corrupt activity, but those appearing in the following tables were the most statistically significant.

<b>Bribery – Stages of the Procurement Process Where Most Common</b>
Identification of procurement requirements
Pre-qualification of providers
Tender evaluation
Display of adverts
Contract management
Tender evaluation
Receipt of bids and opening

<b>Extortion – Stages of the Procurement Process Where Most Common</b>
Tender evaluation
Display of adverts
Pre-qualification of providers



Tender evaluation
Identification of procurement requirements

<b>Overall – Most Significant Stages in Procurement Process Affected by Corruption</b>
Identification of procurement requirements
Setting of tender specifications & TOR & eligibility
Pre-qualification of providers
Display of adverts
Receipt of bids and opening
Tender evaluation
Contract negotiation & signing
Contract management

### 9.6 Deterrent Activities

Overwhelmingly all respondents identified the extraction of a corrupt payment or promise as a serious offence. Similarly the great majority of respondents identified CG regarding corruption as a practice that government must eliminate. Alternately, from the point of view of LGs, 54.33% of respondents identified corruption as something that government must eliminate, but a significant proportion (26.32%) identified corruption as a matter that the people must eliminate. This does give some expectation that LGs may be able to effectively harness the will of the people in the fight against corruption in procurement.

### 9.7 Measures to Reduce the Incidence of Corruption

The most important measures believed by both CG and LG to reduce the incidence of corruption , in order of importance are –

1. Permanent prohibition of a person who has assets seized under a restitution order from –
  - working or contracting with any government,
  - holding any public office,
  - holding any position as a company or association director or other office bearer
2. Verification by an independent authority that all holders of public office and their immediate families have acquired all assets legally (with the burden of proof

on the individuals). Failure to verify assets within a set time causes an automatic, permanent and unappealable prohibition of a person –

- working or contracting with any government,
- holding any public office,
- holding any position as a company or association director or other office bearer.

3. Permanent prohibition of a person convicted of corruption from–

- working or contracting with any government,
- holding any public office,
- holding any position as a company or association director or other office bearer

4. Taxation penalties – taxing authorities may issue penalty orders (including retrospective penalties) on any person that all assets of that person are the subject of heavy taxation penalties unless that person proves that the assets were lawfully obtained and all taxes paid in respect there of.

As a group of measures, these are all much more serious and direct than have been currently envisaged under any current legislation and clearly point the GoU to areas where they may well give strong consideration for future legal action. The concept of attacking the assets of the corrupt and the changing of the burden of proof as is often the case in various tax administration jurisdictions are a change from current approaches and need to be seriously considered by the GoU. Interestingly, the level of salaries of government officials was not perceived as a major deterrent to corrupt activity.

## **9.8 Financial management Issues**

Overwhelmingly, the respondents identified the following as the critical issues with respect to corruption in procurement with respect to financial management issues –

1. Effectiveness of the contract control process,
2. Effectiveness of management,

3. Compliance with the budget laws,
4. Compliance with accounting regulations.

Interestingly, the respondents did not rank compliance with tendering rules and instructions as highly as the overall quality of management.

### **9.9 Causes of Corruption in Procurement**

Overwhelmingly, the respondents identified the following as the causes of corruption in procurement –

1. Lack of effective reporting system,
2. Lack of effective system of punishing corrupt officials,
3. Poor investigation of cases of corruption and poor records management by state organs ,
4. Lack of independent and effective judiciary.

### **9.10 CG Integrity of Institutions**

The results of this area of the survey were clear and unequivocal, in that the health sector was universally identified as the sector most lacking in integrity in the procurement process, in particular the Ministry of Health, The National Medical Stores and the Regional Referral Hospitals. The statistical results for the balance of the institutions were insignificant compared to the perceptions with respect to the health sector.

### **9.11 Clustering of LGs by Identifiers**

The results of the analysis of the various LG identifiers threw out some interesting results in that the younger, smaller, poorer, less populated and institutionally unstable LGs are most likely to be the less corrupt. As the physical size, population, age and budget increases, so does the likelihood of corrupt activity in procurement. This does not support the creation of new, smaller LGs as the data is very clear that as soon as any LG reaches the gage of 5 years, even if all other factors are held constant, the incidence of corruption in the procurement process immediately reemerges. The significance of these findings is that the GoU is advised to prioritise anti-corruption activities in larger (in terms of population, geographic area or budget), older and politically more stable LGs

as these are by far the most prone to the incidence of corruption in the procurement process.

<b>Clustering Factor</b>	<b>Effect of Factor On Incidence of Corruption in Procurement</b>
Budget Size	The larger the budget, the more likely the LG is to be corrupt.
Area	The geographically smaller a LG the less likely it is to be corrupt.
Population	The smaller the population a LG the less likely it is to be corrupt.
LG Age	A LG that is less than 5 years old is much less likely to be corrupt than a LG that is older than 5 years. As the age of a LG increases, so does the likelihood that it will be corrupt.
LG Staffing Model	The smaller the Model of a LG, the less likely it is to be corrupt. Conversely, the larger the Model of the LG the more likely it is to be corrupt.
Remoteness and Accessibility to nearest Municipality	The closer a LG headquarters is to a Municipality, the less likely it is to be corrupt.
Level of commercial activity/infrastructure	The smaller the number of markets in a LG, the less likely it is to be corrupt.
Security	The less conflict, the less likelihood of corrupt activity.
Presence of a commercial bank	This has no relevance to corrupt activity.
Institutional Stability	The more LG councilors elected as new councilors in each election makes it less likely the LG is to be corrupt. Conversely, the more stable a LG in terms of Councillors, the more likely it is to be corrupt.

## **10.0 Procurement Analysis**

### **10.1 Prequalification Process**

The overall assessment of the prequalification process is that it was a relatively easy and straight forward matter from the point of view of the tenderers and the LGs involved. The only document that gave any substantial difficulty in providing was the Taxation Clearance, but even then, it was a minor difficulty.

The tenderers almost uniformly did not know most of the Technical Evaluation Committee but 14.2% were asked for and paid a solicited payment, although all of the respondents who answered that question refused to disclose the amount or the identity of the individual who sought the payment.

The only real issue of concern is that no tenderer knew of any review or appeal process, even though every LG identified that there was one in place. This is again not surprising as almost every tenderer who applied with the correct documents was in fact pre-qualified.

In summary, the former prequalification process is one that has gone smoothly although the level of corrupt payments sought is beyond what would be normally expected.

### **10.2 Procurement Documentation**

This was an area of substantial failing in all LGs as the documentary trail necessary to support procurement was sadly lacking in almost every respect.

	<b>Required Procurement Documentation</b>
1.	Procurement Work plan
2.	Procurement included in sector procurement work plan
3.	Procurement requisition signed and approved
4.	Confirmation of available funding
5.	Specifications/Terms of Reference approved
6.	Tender invitation/Advertisement
7.	Tender application fee approved
8.	Sale or issue of tender documents
9.	List of received tenders/Tender Register
10.	Minutes of Meeting Opening Tenders

<b>Required Procurement Documentation</b>	
11.	Minutes of Meeting of Technical Evaluation Committee
12.	Evaluation Reports
13.	Contract Negotiations, if any
14.	Identity of selected tenderer coincides with the recommendation of the Evaluation Report
15.	Contract Approval
16.	Public notice award of contract
17.	Contract signed
18.	Notification to unsuccessful tenderers
19.	Appeals/Reviews of award of contract received
20.	Minutes of meeting resolving Appeals/Reviews
21.	Contract Management file
22.	Approval of interim certificates
23.	Approval of all contractual payments made
24.	Internal audit report on procurement
25.	Verification reports on all contractual milestones
26.	Final certificate
27.	Final report on procurement
28.	Closure of procurement file

No LG was able to produce more than 7 (25%) of the required documents and no LG staff member was able to assert that there were any such documents available but misplaced. This was a particularly tiresome part of the survey as documents were not centralised in any LG but were spread all over the LG. It may be that documents had been mislaid, but of particular concern is that there was no evidence of any contract management or payment approval/audit processes. Of particular concern was that there was no known example of the successful tenderer being the entity identified in an Evaluation Report.

Overall, the procurement process document trail is appalling and unless this is substantially reviewed, it will be impossible to effectively monitor LG procurement processes. It had been expected that this would be the longest part of the survey report, but in fact it has become the shortest as the lack of any meaningful paper trail makes the analysis process impossible.

## **11.0 Other Recommendations**

### **11.1 Recommendations Based on Survey**

#### **11.1.1 Anti-Corruption Measures**

**Recommendation:** In absence of a totally effective anti-corruption measure, it is important that all anti-corruption measures described in the study be applied.

#### **11.1.2 The Will of Political Leaders**

**Recommendation:** It is recommended that the Government of Uganda minimize, if not remove completely, political involvement in the whole procurement process, particularly with respect to the independence of the prosecutorial process.

#### **11.1.3 Local Government Reform: Creation of PDUs**

**Recommendation:** It is recommended that clear nomination criteria be established in order to avoid possible frustration and confusion in the nomination process.

#### **11.1.4 Documentation**

**Recommendations:** It is recommended that PDUs strictly comply with the procurement regulations in maintaining appropriately procurement record, which is very useful in corruption investigation (in examine procurement officials' compliance with procedures in handling high value bids and records).

## **11.2 Recommendations Based on Documentary Review**

### **11.2.1 Developing Partnerships with Civic Organisations**

**Recommendation:** It is important that procurement regulators and other anti-corruption agencies need to develop partnerships with civic organizations and pay serious attention to media's news that report corrupt activities.

## **12.0 CONCLUSION**

The overall conclusion from this Survey is that while there are substantial issues that need to be addressed by the Government of Uganda, the overall position with respect to corruption in the procurement process has improved in recent years.

While it is difficult to be exact with respect to the financial losses, both direct and indirect, caused by corruption in the procurement process, a systematic approach to the calculation of the losses has identified a direct irreducible minimum loss that is indicative of an improved situation. As the indirect losses are not capable of any calculation or estimation, this improved situation should not be considered to be a matter for complacency but neither should it be interpreted as a matter of gloom as the trend is definitely towards improvement. The Government of Uganda has put in place a wide ranging series of procurement reforms and it will only be in future years, as a result of further surveys which relate back to the baselines established by this Survey, that movement will be measured.

Procurement stages that are identified as prone to corruption must be corrected and mechanisms put in place to prevent recurrence. Efforts in reducing and/or preventing procurement corruption are likely to produce the most beneficial outcomes only when they are approached as an integral part of a broader



corruption reducing environment, including developing the rule of law, improving the investment climate, reducing overall corruption, implementing e-government, enhancing service delivery and improving public financial management.

## **PART I – SURVEY BACKGROUND, DESIGN, IMPLEMENTATION & DATABASE CREATION**

### **1.0 Background**

The Government of Uganda attaches a great deal of importance to tackling the problem of corruption, for it is aware that corruption undermines good governance and retards the economic development to which it is committed.

The Inspectorate of Government (IGG) was established in 1986 as the centre of the Government's anti-corruption strategy. As part of its mission to promote good governance through elimination of corruption and removal of administrative injustice in public offices, the Inspectorate of Government commissioned National Integrity Surveys in 1998 and 2002. The intention of those surveys was to develop empirical information that can be discussed, analyzed, and used to help Government, civil society and the private sector to formulate and implement policies and programs to improve governance and thereby reduce corrupt practices. A further objective of the 2002 survey was to generate information on household and institutional perceptions and experience of corruption in government, which could be compared with the Baseline Survey 1998 survey.

As part of the Government's drive to reform public procurement to make it transparent, accountable and capable of delivering better value for money, the Public Procurement and Disposal of Public Assets Authority (PPDA) was set up under the *Public Procurement and Disposal of Public Assets Act (2003)* as the principal regulatory body for public procurement and disposal of public assets. The functions of the PPDA are derived from Section 7 of the Act and can be summarized as follows: -

- A policy function – which entails advising and reporting on public procurement and disposal processes
- A regulatory function – which entails issuing the various tools for conducting public procurement and disposal and compliance with the law

- A data management function – which entails developing a system of managing data on all public procurement and disposal
- A capacity building function – which entails developing procurement and disposal capacity through training and line support
- An audit function - which entails auditing the bid preparation process and the award and completion of contract.

Public procurement, especially at the local government level, is believed to be one of the principal areas where corruption in Uganda takes place, although the extent of the problem and the areas where it is most prevalent are unknown. The 21 procurement audits that have been carried out so far by the PPDA have revealed serious departures from prescribed practices that carry some degree of risk. However, it has not been established whether these departures were attributable to corruption or to other factors.

The PPDA and IGG jointly determined that it was necessary to carry out a Public Procurement Integrity Survey to deal with emerging issues and also to update, with respect to the area of public procurement, the findings of the previous IGG surveys. The survey was conducted on a similar basis to the National Integrity Surveys, while being focused on perceptions of corruption in public procurement and disposal at both local and central government levels.

The specific purposes of the survey are -

1. To gauge the extent to which corruption is perceived as influencing the outcome of public procurement and disposal in Uganda;
2. To identify the vulnerable points in the procurement and disposal system, including
  - a. The identification of procurement requirements
  - b. The setting of tender specifications and eligibility criteria
  - c. The pre-qualification of providers
  - d. The choice of procurement method

- e. Display of adverts and other methods of notifying the procurement requirement to potential bidders;
  - f. The tender process, including receipt of bids and bid opening
  - g. Tender evaluation
  - h. Drawing up the final contract
  - i. Contract management, including the handling of bills of quantities/certification and the payment of retainer fees;
  - j. The process for the disposal of public property; and
  - k. The regulatory system, including the process for complaints and administrative review.
3. To identify the relative prevalence of corruption in different central government ministries (that have direct relevance to local governments) and in local governments and the factors that account for the differences in risk; and
4. 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.

The information obtained from the survey is to be used by the IGG, PPDA and other relevant government agencies and their donor partners in determining their priorities and work plans. It will also serve as a baseline from which similar future surveys might gauge whether corruption in public procurement has reduced or got worse and whether the vulnerable points have changed.

## **2.0 USAID Assistance & Support**

USAID has been actively supporting the decentralization and anti-corruption processes in Uganda for many years and its current support is channeled through the USAID funded project Strengthening Decentralisation in Uganda Phase II (SDU II).

SDU II supports the Government of Uganda's decentralization and anti-corruption processes by training local government officials in respect to the modalities of the Fiscal Decentralisation Strategy and the new procurement laws and processes.

PPDA and SDU II signed a Memorandum of Understanding to conduct the survey under the auspices and direction of both PPDA and IGG. A copy of the Memorandum is contained in Annexure A. The key milestones were -

1. An inception report, prepared after studying the relevant documents, presenting detailed proposals for the organisation of the survey, the survey methods, the design of the questionnaires, the central government ministries, statutory bodies and local government authorities to be included in the sample and the presentation of findings. The report included a time-chart for carrying out the remainder of the work. This report was submitted not later than one month after commissioning;
2. Completion of the surveys;
3. Tabulation and presentation of the findings in a written report and in a verbal presentation to senior staff of SDU II, PPDA and other interested parties.

The Executive Director of the PPDA chaired the Steering Committee which included representatives of USAID, the World Bank, the European Union, the Office of the IGG, the Ministry of Finance, Planning and Economic Development, the Ministry of Local Government and other stakeholders which provided overall direction to the project.

Representatives of SDU II attended meetings of the Steering Committee and reported to it on the progress of the project. The Steering Committee provided any necessary guidance to SDU II in the course of the survey. The Inception Report is contained in Annex B.

### 3.0 Parts of the Survey

The surveys in local governments cover two distinct and separate areas. The first is a perception survey, based on a questionnaire developed by SDU II that is designed to elicit responses relating to perceptions of corruption both at central and local government levels at the various stages of the procurement process. These responses are designed so that the classes of persons engaging in the various types of corrupt activity are identified at every stage of the procurement process. This will also generate data that will enable the identification of the amount that is lost annually to corrupt activities within the procurement process.

The second is a sampling of selected procurements. This is also in sub-stages –

- An examination of the pre-qualification process. This will examine the creation of the pre-qualified list of service providers and involves a determination of the local government and service provider's perceptions with respect to corruption in the process of the creation of the pre-qualified list.
- An objective selection of a range of procurement types to be sampled and then a sampling of those procurements, which includes documentary compliance as well as the experience of the local governments and tendering service providers.

### 4.0 Statistical Sampling - Institutions

The survey covered procurement and disposal in -

- (a) the SDU II partner districts, comprising 26 districts and 7 municipalities which are –

**Table 1 – Sampled Local Governments**

<b>Region</b>	<b>Local Government</b>
Northern	Gulu, Gulu MC, Lira, Lira MC, Apac, Kitgum, Nebbi, Pader
Central East	Soroti, Soroti MC, Kumi, Kamuli, Katakwi, Pallisa, Nakapiripirit
Southeast	Tororo, Tororo MC, Mayuge, Bugiri, Iganga
Southwest	Mbarara, Mbarara MC, Kabale, Kabale MC, Bushenyi, Masaka, Masaka MC, Rukungiri, Ntungamo
Central	Luwero, Nakasongla, Wakiso, Mubende

(b) the following central government ministries that provide direct services in the districts or have an important relationship with local government have also been included:

**Table 2 – Sampled Central Government Institutions**

No	Central Government Institution
1	Parliament of Uganda
2	Ministry of Health, including the National Medical Stores and the Regional Referral Hospitals
3	Ministry of Education and Sports
4	Ministry of Works, Housing and Communications
5	Ministry of Agriculture Animal Industry and Fisheries
6	Ministry of Water, Lands and Environment
7	Ministry of Gender, Labour and Social Development
8	Ministry of Finance, Planning and Economic Development
9	Ministry of Local Government
10	Inspectorate of Government
11	Public Procurement and Disposal of Public Assets Authority.
12	Local Government Finance Commission

In respect of local governments, the sampling percentage is very high. Normally, surveys that sample 10% of the total pool are considered sufficiently statistically valid to allow for the extrapolation of results to cover the entire pool. In this case the survey sampled 35.5% of all higher local governments as at 1 July 2006. In terms of a distinction between districts and municipalities, the percentage sampling is 32% of districts and 53.8% of municipalities. In fact, this percentage is higher because the number of new local governments that were created with effect from 1 July 2006 were carved from existing local governments and the procurement and disposal activities that were covered were pre-1 July 2006 activities which had been undertaken by the then existing local governments. If the pre-1 July number of local governments is considered as the most

appropriate number for calculating the percentage (being 56 districts and 13 municipalities, then the figure is 47.8%. In terms of a distinction between districts and municipalities using the pre-1 July figures, the percentage sampling is 41% of districts and 53.8% of municipalities.

**Table 3 - Sampling Percentages – Post 1 July 2006 Local Governments**

<b>Higher Local Governments</b>	<b>Sampling Percentage</b>
Districts - 80	32%
Municipalities - 13	53.8%
Total all Higher Local Governments	35.5%

**Table 4 - Sampling Percentages – Pre 1 July 2006 Local Governments**

<b>Higher Local Governments</b>	<b>Sampling Percentage</b>
Districts - 56	41%
Municipalities - 13	53.8%
Total all Higher Local Governments	47.8%

By all internationally recognized standards, these sampling percentages are very high and statistically justify the extrapolation of the results of the survey so as to be representative of the prevailing circumstances in all local governments.

With respect to central government, the sample includes all central ministries, institutions and authorities that have a substantive interaction with local governments. The inclusion within the survey of the results of PPDA audit and supervision activities therefore constitutes a high statistical sample so that the results can be extrapolated to cover all central ministries, institutions and authorities. It is considered that inclusion of these various authorities, ministries and agencies should provide sufficient coverage of public procurement and disposal activities in Uganda to constitute a representative national sample.



## 5.0 Statistical Sampling – Individuals

At the local government level, the persons interviewed included -

4. Accounting Officers, members of Contract Committees and Tender Boards, officials working in Procurement and Disposal Units, Inspection Units and on Technical Evaluation Committees and others performing functions related to procurement;
5. Providers, including those on the pre-qualified list of the Procuring and Disposing Entity;
6. Local political leaders, community leaders, organisations and others with knowledge and interest in the affairs of the ministries or in the local government.

**Table 5 – Totals of Individuals Interviewed, Disaggregated by Local Government & Position**

Local Government	No LG Politicians	No LG Officials	No Service Providers & Others	Total	Total Number of Intended Respondent <sup>1</sup>	% of Achieved Responses
Apac	6	27	17	50	108	46%
Bugiri	6	23	12	41	108	38%
Bushenyi	5	25	11	41	108	38%
Iganga	10	39	31	80	108	74%
Kabale	7	29	15	51	108	47%
Kabale MC	7	17	3	27	85	32%
Kamuli	10	41	28	79	108	73%
Katakwi	3	27	17	47	108	44%
Kitgum	10	41	39	90	108	83%
Kumi	9	39	38	86	108	80%
Gulu,	10	44	32	86	108	80%
Gulu MC	10	29	15	54	85	64%
Lira	8	36	52	96	108	89%
Lira MC	10	18	38	66	108	61%
Luwero	13	37	23	73	108	68%
Ntungamo	10	37	28	75	108	69%
Masaka	9	42	47	98	108	91%
Masaka MC	9	17	31	57	85	67%
Mayuge	4	26	9	39	108	36%
Mbarara	8	40	35	83	108	77%
Mbarara MC	8	22	31	61	85	72%

<sup>1</sup> The total number of intended respondents was calculated by reference to the number of LG officials involved in the procurement and disposal process and the number of other service providers and the like who were to be consulted.

Local Government	No LG Politicians	No LG Officials	No Service Providers & Others	Total	Total Number of Intended Respondent <sup>1</sup>	% of Achieved Responses
Mubende	7	23	21	51	108	47%
Nakasongola	5	40	14	59	108	55%
Nakapiripirit	5	29	13	47	108	44%
Nebbi	4	26	9	39	108	36%
Pader	9	45	15	69	108	64%
Pallisa	4	38	9	51	108	47%
Rukungiri	5	31	34	70	108	65%
Soroti	10	40	44	94	108	87%
Soroti MC	10	18	40	68	85	80%
Tororo	14	36	26	76	108	70%
Tororo MC	10	14	24	48	85	56%
Wakiso	2	27	12	41	108	38%
Totals	257	1023	813	2093	3426	61%

The percentage of respondents was 61%, which is a high statistical result. The international norm is 10%. Therefore, statistically, both the number of local government institutions and the number of respondents per institution was high and exceeds substantially international standards.

At the central government level, the persons interviewed included –

3. Ministers, Ministers of State, and members of relevant Parliamentary Committees; and
4. Accounting Officers, members of Contract Committees, officials working in Procurement and Disposal Units, Inspection Units, Technical Evaluation Committees and others performing functions related to procurement.

**Table 6 – Totals of Individuals Interviewed, Disaggregated by Position at Central Government Level**

	INSTITUTION	TARGET	ACTUAL	%age
1	Parliament	109	29	32
2	Health	27	17	63
3	Education	21	17	85
4	Works	24	18	75
5	Lands	22	11	50
6	Water	18	8	44
7	Gender	26	20	80
8	Local Govt	29	20	69
9	Police	21	15	71
10	IGG	18	9	50
11	PPDA	16	10	63
12	MAAIF	27	19	71
13	MoFPED	28	14	50

	INSTITUTION	TARGET	ACTUAL	%age
14	LGFC	18	10	56
	TOTALS	405	217	54

The percentage of respondents was 54%, which is a high statistical result. The international norm is 10%. Therefore, statistically, both the number of central government institutions and the number of respondents per institution was high and exceeds substantially international standards.

### 6.0 Statistical Sampling of Procurements

The procurements to be sampled were randomly selected from the range of all procurements. The parameters applied were the funding source and the value of the procurement. The procurements selected to be sampled were as follows.

**Table 7 – Selected Procurements**

Sector	Type & Funding Source	Value Ush million
Opening Bidding	Select any available <sup>2</sup>	Any
Administration	Legal Services – PAF	1-10
	Supplies – LGDP II	1-10
	Training – LGDP II	1-10
Finance	Office Supplies – PAF	1-10
	Retooling – LGDP II	1-10
	Privatized Collections – urban property rates, Market Rentals, Parking Fees	1-10
	Printing Tax Tickets- Local Revenue	10+
Production	Training – PAF	10+
	Vehicle maintenance – LGDP II	10+
Health	Consultancy – LGDP II	1-10
	Drugs - PAF	10+
	Health Centre - LGDP II	10+
Education	Furniture – PAF	10+
	Classroom Const – PAF	10+
	Furniture – LGDP II	10+
	Teachers Houses – LGDP II	10+

<sup>2</sup> In fact, no sampled LG had an open bidding procurement or disposal

Sector	Type & Funding Source	Value Ush million
Works	Road Repairs – PAF	1-10
	Fuel – PAF	10+
	Consultancy – PAF	10+
	New access roads - PAF	10+
Natural Resources	Consultancy - PAF	1-10
Community Services	PWD Equipment - PAF	1-10
Planning	Computers etc – PAF	1-10
	Participatory Planning – LGDP II	1-10

The random process adopted was that within the 25 potential types of procurements randomly selected, the local governments were asked to identify if they had a procurement contract in FY 2004-2005 that matched each of the categories. If there was a match, the second procurement contract that matched that type was selected. If there was only one, then that was selected. If there was no match in a category, that category was ignored.

Each of the matched types of procurements was then analysed in a three stage process. First, the interviewer asked to see the relevant procurement documents, which should have been in existence if the procurement was conducted properly. These were analysed. Then a group of 4 local government officials who participated in the procurement were interviewed as to the procurement process for each contract. Lastly, all of the tenderers for the contract, including the successful tenderer, were interviewed as to the process of the procurements.

The number of procurements analysed in each local government were as follows.

**Table 8 - Number of Procurements Sampled in Each LG**

Local Government	No Procurements Sampled	Max No of Procurements Possible	%
Apac	0	25	0
Bugiri	2	25	8

<b>Local Government</b>	<b>No Procurements Sampled</b>	<b>Max No of Procurements Possible</b>	<b>%</b>
Bushenyi	6	25	24
Gulu,	17	25	68
Gulu MC	17	25	68
Iganga	12	25	48
Kabale	2	25	8
Kabale MC	0	25	0
Kamuli	13	25	52
Katakwi	5	25	20
Kitgum	11	25	44
Kumi	13	25	52
Lira	14	25	56
Lira MC	7	25	28
Luwero	7	25	28
Masaka	9	25	36
Masaka MC	5	25	20
Mayuge	1	25	4
Mbarara	15	25	60
Mbarara MC	5	25	20
Mubende	3	25	12
Nakapiripirit	5	25	20
Nakasongola	7	25	28
Nebbi	6	25	24
Ntungamo	3	25	12
Pader	10	25	40
Pallisa	2	25	8
Rukungiri	6	25	24
Soroti	9	25	36
Soroti MC	4	25	16
Tororo	13	25	52
Tororo MC	5	25	20
Wakiso	2	25	8
<b>Totals</b>	<b>236</b>	<b>825</b>	<b>28.61</b>

The sampling average is 28.61%, which forms a statistically valid sample to extrapolate nationally. It is to be expected that if the classes of procurements

sampled are initially randomly selected so that there is a uniform group of procurements within which to sample, that some local governments may not have undertaken procurements of every type and value within the sample group within the survey period. Only two local governments had no procurements that matched the survey sample. However, to achieve the result of 28.61% match means that the randomly selected procurement group was in fact substantially representative of all of the procurement types undertaken by local governments within the relevant period and the results can be extrapolated nationally with high degrees of confidence in the statistical analysis.

With respect to central government, the sampled procurements were those institutions already the subject of PPDA audit reports. While this may not be a statistically valid sample, given the extremely time consuming nature of sampling high value and substantial complexity procurements at central government level, it is sufficiently indicative of central government to be a matter of interest.

#### **7.0 Design of Survey Instruments**

The design of the survey method was SDU II's responsibility to be based on a questionnaire and interviews designed to elicit information on payment for receipt of corrupt advantages, favourable treatment in the procurement process and about other instances of unfair treatment. Such manifestations of corruption may take various forms, including but not limited to favouritism, conflict of interest, nepotism, bribery, influence peddling, political interference, extortion, failure to provide adequate information to all potential bidders, etc.

As the purpose of the survey is to reveal the extent and prevalent areas of malpractice rather than to take action against the perpetrators, the identity of persons interviewed are not be revealed.

## **8.0 Documentation Review**

Prior to the design of the survey instruments a documentation review was undertaken. The following documents were included in that documentation review -

- Uganda National Integrity Survey 1998 Final Report
- Uganda Second National Integrity Survey 2003 Final Report
- The Republic of Uganda Country Integrated Fiduciary Assessment, Volume 4: Country Procurement Assessment Report, June 2004
- Reports to Parliament, Inspector General of Government, 1998-2004
- Public Accounts of the Republic of Uganda, Auditor General, 1998-2004
- Transparency Uganda, The Impact of political Corruption on Resource Allocation and Service Delivery in Local Governments in Uganda, June 2005.
- Report of the Fifth Procurement Sector Review Workshop, PPDA, July 2005.
- The Inspectorate of Government Act 2002
- Penal Code Act 1970
- The Prevention of Corruption Act 1970
- The Public Procurement and Disposal of Public Assets Act 2003.
- The Local Governments (Public Procurement and Disposal of Public Assets Regulations 2005 (draft)
- The Local Governments Act
- The Local Governments Financial and Accounting Regulations
- Reports of Audits, Inspections and Investigations undertaken by PPDA

## **9.0 Survey Instrument Design Parameters**

The review of the documentation enhanced the design of the organization of the survey, the survey instruments and the modality for the presentation of the

findings. In order to establish connectivity with the previous IGG National Integrity Surveys, the survey instruments were designed to take into account the following design parameters –

1. The definition of corruption used was that as set out in the Inspectorate of Government Act 2002 being the misuse of public power for private gain.
2. The forms of corruption as well as the definitions used that formed the core of the survey were the same as those used in the Second National Integrity Survey 2002, which are summarized under the acronym **BEEFF**:

- Bribery:** Where payment is made for services that should be freely given.
- Embezzlement:** Where public property/money is converted to private use.
- Extortion:** When money, services or other gains are demanded with threats.
- Fraud:** When private gain is obtained through trickery.
- Favouritism:** When benefits are obtained through personal relations between those with power and those seeking favours (Jobs, Land, or other property or other benefits.) It may include nepotism and wealth or gender discrimination.

All corrupt activity had to be disaggregated as to type with BEEFF.

3. The survey instruments were disaggregated to match the stages in the procurement process. These were identified as being –

**Table 9 – Disaggregated Stages of Procurement Process**

<b>Stages of Procurement Process</b>	
1	The identification of procurement requirements
2	Planning for procurement
3	Setting of tender specifications and terms of reference and eligibility criteria
4	The pre-qualification of providers
5	The choice of procurement method (including wavers)
6	Display of adverts and other methods of notifying the procurement



<b>Stages of Procurement Process</b>	
	requirement to potential bidders
7	Period for bid preparation
8	Receipt of bids and bid opening
9	Tender evaluation
10	Tender Board/Contracts Committees consideration of tender evaluation
11	Contract negotiation and signing
12	Drawing up the final contract
13	Time taken to award contracts
14	Contract management, including the handling of bills of quantities/certification and the payment of retainer fees
15	The process for the disposal of public property
16	Complaints and administrative review

4. The survey instruments had to disaggregate the persons engaging in corrupt activity by position. The disaggregations were as follows –

**Table 10 Local Government Position Disaggregations**

<b>No</b>	<b>Position</b>
	<i>Political Leaders</i>
1	Chairperson
2	Vice Chairperson
3	Speaker
4	Executive Committee Members
5	Chairperson Sectoral Committee
6	Other Councillors
	<i>Administration</i>
7	Chief Administrative Officer/Town Clerk
8	Deputy Chief Administrative Officer/D.Town Clerk
9	Principal Personnel Officer
10	Principal Assistant Secretary
11	Senior/Personnel Officer
12	Senior/Records Officer
13	Senior/Information Officer
14	Clerk to Council
15	Secretary Tender Board
16	Tender Board Members
<b>No</b>	<b>Position</b>
17	Board of Survey Members
18	Land Board Members
19	All Departmental Technical Officers
	<i>Finance</i>
20	Chief Finance Officer/Municipal Treasurer

No	Position
21	Senior/Finance Officer/Deputy Treasurer
22	Senior/Accountant
23	Senior/Accounts Assistant
24	All Departmental Technical Officers
	<i>Education</i>
25	District Education Officer/Mun. Educ. Officer
26	Principal Education Officer
27	Principal/Senior/Inspector of Schools
28	Senior/Education Officer
29	Sports Officer
30	All Departmental Technical Officers
	<i>Production</i>
31	District Production & Marketing Officer
32	Principal/Senior/Agricultural Officer
33	Principal/Senior/Veterinary Officer
34	Principal/Senior/Fisheries Officer
35	Principal/Senior/Commercial Officer
36	Principal/Senior/Entomologist
37	Principal/Senior/Agricultural Engineer
38	All Departmental Technical Officers
	<i>Works</i>
39	District Engineer/Mun. Engineer
40	Senior/Assistant Engineer
41	Road Inspector
42	All Departmental Technical Officers
	<i>Community Services</i>
43	District CDO
44	Senior/Probation and Welfare Officer
45	Senior/CDO
46	Labour Officer
47	All Departmental Technical Officers
	<i>Natural Resources</i>
48	District Natural Resources Officer
49	Senior/Forestry Officer
50	Senior/Lands Officer
51	Senior/Environment Officer
52	Senior/Wetlands Officer
53	Surveyor
5	Physical Planner
55	Land Valuer
56	Registrar of Titles
57	All Departmental Technical Officers
	<i>Planning</i>
58	District Planner/Urban Planner
59	Senior/Planner
60	Population Officer
61	Statistician
62	All Departmental Technical Officers
	<i>Audit</i>
63	District Internal Auditor
64	Senior/Internal Auditor
65	Senior/Examiner of Accounts

No	Position
66	All Departmental Technical Officers
	<i>Health</i>
67	District Director of Health Services/
68	Assistant DDHS
69	Bio-Statistician/Health Information
70	Principal/Senior/Medical Officer of Health
71	Dental Surgeon/Public health Dental Officer
72	Pharmacist/Dispenser
No	Position
73	Principal/Senior/Nursing Officer/Midwife
74	Senior/Clinical Officer
75	Health Educator
76	Health Inspector
77	Other technical health officer
78	Medical Superintendent
79	Senior/Hospital Administrator
80	All Departmental Technical Officers
	<i>Procurement</i>
81	Senior Procurement/Purchasing Officer

**Table 11 Central Government Disaggregations**

No	Position
	<b>Parliament</b>
1	Parliament Session Committee Members
2	Other Members of Parliament
	<b>Ministry of Finance, Planning &amp; Economic Development</b>
3	Permanent Secretary
4	Deputy Secretary
5	Directors
6	Accountant General
7	Under Secretaries
8	Commissioners
9	Assistant Commissioners
10	Principal/Senior Finance Officer
	<b>Ministry of Health</b>
11	PS
12	Director General
13	Commissioner
14	Assistant Commissioner
15	Under Secretary
16	Director
17	Medical Superintendent
18	Hospital Administrator
19	Consultants and Medical Officers
20	National Medical Stores- General Manager
21	National Medical Stores-Heads of Departments
22	National Medical Stores-Chief Internal Auditor
	<b>Ministry of Education &amp; Sports</b>
23	Permanent Secretary
24	Director
25	Commissioners
26	Under Secretary

No	Position
27	Assistant Commissioners
	<b>Ministry of Works, Housing &amp; Telecommunications</b>
28	Permanent Secretary
29	Director
30	Commissioners
31	Assistant Commissioners
32	Chief/Principal Executive Officer
33	Chief Mechanical Engineer
	<b>Ministry of Water, Lands &amp; Environment</b>
34	Permanent Secretary
35	Directors
36	Under Secretaries
37	Commissioners
38	Assistant Commissioners
39	Chief/Government Valuers
	<b>Ministry of Gender, Labour and Social Development</b>
40	Permanent Secretary
41	Directors
42	Under Secretaries
	<b>Ministry of Local Government</b>
43	Commissioners
44	Assistant Commissioners
45	Permanent Secretary
46	Directors
47	Under Secretaries
48	Commissioners
49	Assistant Commissioners
	<b>Uganda Police</b>
50	Inspector General of Police
51	Deputy Inspector General of Police
52	Assistant Inspector Generals of Police
53	Deputy Directors
54	Chief Accountant
	<b>Inspectorate of Government</b>
55	IGG
56	Deputy IGG
57	Secretaries
58	Directors
	<b>Public Procurement and Disposal of Public Assets Authority</b>
59	Executive Directors
60	Directors
	<b>Local Government Finance Commission</b>
61	Chair and Commissioners, Secretary/Deputy Secretary Central Grants and Local Revenue
	<b>Ministry of Agriculture Animal Industry and Fisheries</b>
62	Permanent Secretary
63	Director
64	Commissioners
65	Under Secretary
66	Assistant Commissioners
67	Chief/Principal Executive Officer

No	Position
68	Chief Mechanical Engineer

5. The survey instruments were to be confidential as the survey was not an investigation or enforcement activity.
6. Deterrent and other measures effective in the area of procurement to reduce incidence of corruption and in changing attitudes to corruption were included.
7. Procurement and disposal financial management were covered.
8. Specific focus was required in order to identify the amounts lost to corrupt activity and the overall levels of reported corrupt activity.
9. Review and complaint resolution modalities.
10. Specifically deal with the causes of corrupt activity.
11. Specifically deal with the overall perception of government integrity in the public procurement and disposal process.
12. Sample representative procurements, covering PAF, Donor and local revenue funded procurements, including both the government and service provider perceptions.

### 10.0 Survey Instruments

A total of 8 survey instruments were designed to used in the survey in compliance with the design parameters. These survey instruments are contained in Annex B. other forms of an administrative nature were used but these have not been included in Annex B.

**Table 12 – Survey Instruments**

No	Form
Form 1	<p>This is the most complex of all of the forms used in the survey. It elicits detailed responses in a numeric fashion and was administered primarily by interview.</p> <p>The purposes of the form are to elicit data relating to –</p> <ol style="list-style-type: none"> <li>1. The stages in the central and local government procurement processes where defined forms of corruption may occur.</li> </ol>

No	Form
	2. The deterrent or other measures effective in the area of procurement to reduce the incidence of corruption or to change attitudes towards corruption. 3. The effectiveness of financial management structures in controlling corruption and the levels of corruption experienced. 4. The incidence of reports of corruption in procurement 5. Corruption reporting and complaints systems 6. The integrity of government with respect to procurement processes.
Form 2	Details the selection of the procurements sampled at LG level, disaggregated by funding source of PAF, LGDP II and local revenue.
Form 3	Details the firms that applied for pre-qualification and those that were pre-qualified, disaggregated by goods, works and services.
Form 4	Assessment of the pre-qualification process by participating firms.
Form 5	Assessment of the pre-qualification process by local governments.
Form 6	Assessment of the sampled procurements by analysis of available documentation
Form 7	Assessment of sampled procurements by participating LG officials
Form 8	Assessment of sampled procurements by participating LG tenderers.

The forms were all field tested by SDU II in three non-survey local governments – Rakai, Mpigi and Jinja Municipality. The lessons learnt from that field testing have been incorporated in the final versions. The amendments made were not of a substantive basis as it was found that the forms were more than adequate to elicit adequate responses.

### 11.0 Survey Method

A regional approach was adopted to undertake the survey. The 33 local governments were grouped in the regions identified in Table 1. The reasons for a regional approach were –

1. based on prior experience, it is unreasonable to expect that all of the intended interview subjects would be available at exactly the time they were otherwise wanted for interview given that local government residents and officials all have other duties, which they are required to undertake.
2. rather, therefore, than not get a sufficient response sample, if interviewers operated on a regional basis, if they had exhausted all available interview subjects within one local government, they could easily move to the next local government, but remain in contact with the interview subjects that they had missed on the first round. They would then be easily able to mop up the missed interview subjects on a return visit.

The validity of that approach is borne out by the very high response rate that was achieved, which far exceeds any minimum requirement for statistical validity. Unlike the prior IGG National Integrity Surveys, there were no focus group discussions held. The reasons are as follows –

1. Corruption is a very sensitive issue and the focus of the survey was to determine what identifiable groups of people were adversely impacting at defined stages of the procurement process. This information cannot be gained from group discussions as the responses required are precise and detailed. Further, the required responses may not be given with the necessary degree of frankness if the opinions of individuals are to be freely given. This is particularly so when individuals are being asked to identify instances of procurement related corruption and to give the details that relate to them.
2. A perception survey is, by its very nature a survey of the totality of individual opinions and experience. It is not the result of group discussions where the fullness and depth of individual opinions can be gathered.
3. This survey is focused on government procurement and does not have the general scope of the wider and more general surveys undertaken by IGG. It requires contact with and intimate experience of the government

procurement. If the individual who might participate in a group focus discussion has no personal experience of government procurement, then any opinion and perception they may have formed can only be based on hearsay, rumor and conjecture. These are not the perceptions that are wanted, rather, it is the perceptions of those who have a base on which to form a perception. That is not the entire community, but a distinct subset of it.

Further, it was not possible for the interview to be conducted in the presence of staff of either PPDA or IGG, or for that matter any other representative of the government. There are two reasons –

1. Both IGG and PPDA are interview subjects of this survey, and a subject cannot participate in the implementation of a survey.
2. Again, due to the sensitive nature of the survey and that this was not an investigative or enforcement process, to have representatives of government present during interviews where the interview subject is being asked to discuss matters within their own knowledge would in all likelihood lead to some reticence on the part of the interview subjects.

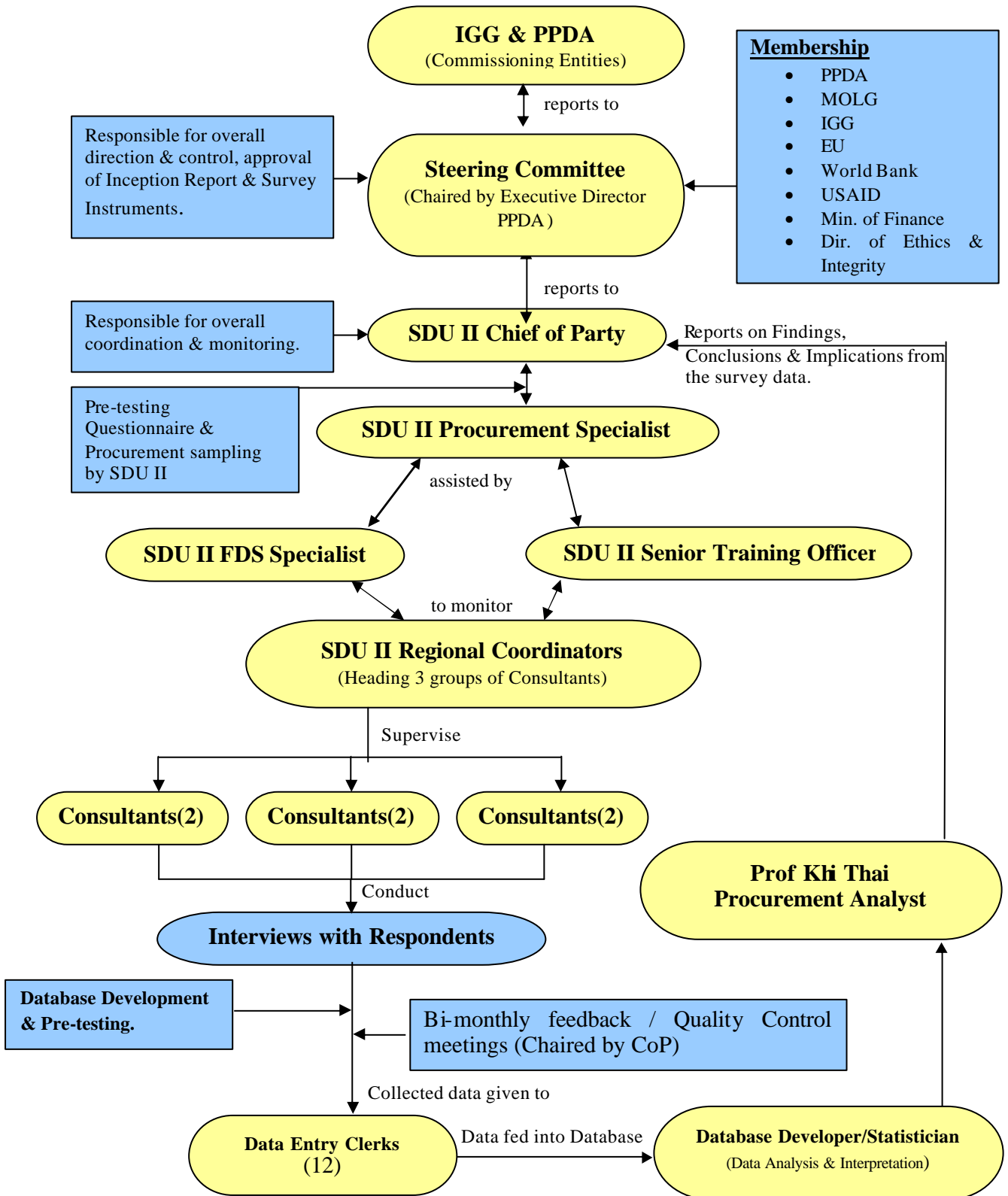
The validity of these reasons is borne out in the interview results as many subjects freely and frankly identified serious cases of corrupt practices in which they themselves had been minor players or unwilling participants. This would, in all probability, have not occurred if government representatives were present.

## **12.0 Supervisory Structure**

In order to preserve the validity and integrity of the data gathered, a rigid supervisory structure was put in place. This is detailed in Table 13.



**Table 13 – Supervision Flow Chart**



### 13.0 Selection and Mobilization of Consultants

The consultants who were engaged to actually administer the survey were selected from the list of firms who were pre-qualified with the Ministry of Local Government to provide capacity building services utilizing the Capacity Building Grant.

The survey dates and personnel were as follows –

**Table 14 – Survey Dates, Consultants and Supervisors**

Local Government	Survey Dates
Apac	25 June – 8 July 2006
Bugiri	24April-6May 06, 7May-13 May06
Bushenyi	9-22 July 06
Gulu,	25 June – 8 July, 9 -15 <sup>th</sup> July 2006.
Gulu MC	25 June – 8 July, 9 -15 <sup>th</sup> July 2006.
Iganga	24April-6May 06, 7May-13 May06
Kabale	4-17 June, 18-24 June 06,
Kabale MC	4-17 June, 18-24 June 06,
Kamuli	24 Apr11-6 May , 7-13 May 2006
Katakwi	14-27 May, 28 May -3June 06
Kitgum	16 July – 1 August 06
Kumi	14 - 27 May, 28 May - 3 June 06
Lira	25 June - 8 July, 9 - 15 July. 06
Lira MC	25 June - 8 July, 9 July - 15 July 06
Luwero	27 March - 8 April, 11 - 14 April, 18 -22 April06
Masaka	27 March to 8 April, 11 - 14 April, 18 – 22 April 2006
Masaka MC	27 March to 8 April, 11 - 14 April, 18 – 22 April 2006
Mayuge	24April-6May 06, 7May-13 May06
Mbarara	4 – 17 June, 18 - 24 June 2006.
Mbarara MC	4 - 17 <sup>th</sup> June, 18 - 24 <sup>th</sup> June 2006
Mubende	27 March to 8 April, 11 - 14 April, 18 – 22 April 2006
Nakapiripirit	14 - 27 May, 28 May - 3 June 2006.
Nakasongola	27 March - 8 April, 11 - 14 April, 18 -22 April 2006.
Nebbi	23July-5 Aug 2006
Ntungamo	4-17 June & 18-24 June 2006
Pader	16 - 29 July 2006.
Pallisa	14-27 May, 28 May -3 June 2006
Rukungiri	4-17 June & 18-24 June 2006
Soroti	14 - 27 May, 29 May -3 June 2006.
Soroti MC	14 - 27 May 2006; 29 May – 3 June 2006
Tororo	24April-6May 06, 7May-13 May06
Tororo MC	24April-6May 06, 7May-13 May06
Wakiso	27 March to 8 April, 11 - 14 April, 18 – 22 April 2006
Central Government	August – September 2006

The consultants who actually undertook the survey interviews were specifically selected based on their experience with local government financial and procurement systems. The reasons for selecting consultants of high caliber, instead of using graduate students and the like, were –

1. The sensitive nature of corruption requires tact, diplomacy and the ability of the interviewer to make the subject feels at ease so as to be able to both convince a subject to participate and also then participate frankly. This requires seniority, experience and *gravitas* in the interviewer, and
2. The subject matter of the survey requires that the interviewer has an in-depth knowledge of the local government financial and procurement systems, or the interviewer will not be able to follow-up and analyse the processes that they were sampling with respect to the procurements. This is much more in-depth knowledge than can be obtained by briefings or Training-of-Trainers and requires the interviewer to already possess that knowledge and understanding.

The experience of the first local governments was that the interview process was slow as every interview subject had to be fully sensitized as to the nature of the survey, its purpose and the level of confidentiality involved. This was time consuming and substantially length the process, initially.

The consultants, supervisors and senior SDU II staff met after the conclusion of every round of interviews in order to exchange experiences and learn lessons from the delivery modality. As a result of the experience of the first local governments, it was decided that it would substantially shorten the time if the local governments were fully sensitized as to the nature of the survey before the consultants arrived in the local governments. The SDU II Procurement Specialist was then assigned to travel to each local government in advance of the interview teams and conduct the sensitization by way of group and one-on-one meetings with senior people in order to fully apprise them of the nature and conduct of the survey. This had the direct result of speeding up the interview process.

As the interviews were completed, the completed forms were handed into the custody of SDU II supervisory staff and then transported to Kampala where the forms were held in a secure environment.

#### **14.0 Constraints**

There were a series of constraints that lengthened the time taken to carry out the survey. They were-

1. National and local government elections coincided with the survey timing. This had the result that many people were otherwise engaged in election related activities.
2. Local government restructuring as an on-going process meant that many people were being reassigned, relocated or terminated. This caused delays in access to relevant interview subjects.
3. Local government budget process, which requires that local government budgets be completed by 15 June. This also caused delays in access to the relevant interview subjects.
4. Inadequate local government records as to the procurement process caused delays in identifying tenderers. This resulted in delays in being able to contact those who had either tendered or had been awarded contracts by local governments.
5. Many of the interview subjects are very senior politicians and government officials. These people have substantive commitments and their available time was limited.

These constraints were overcome by the regional approach already described which allowed for the continued attendances in local governments in order to be able to interview the relevant subjects when they were available. The success of this approach is seen in the very high response rate among the subjects of the interview.

## 15.0 Data Entry

A Database Development Specialist designed and implemented the database used to capture off of the data gathered. A user-friendly application was developed to capture this data. Microsoft Access 2000 was selected because of its ability to develop applications rapidly and it is also based on the Windows platform with which most data entry clerks are familiar.

Nine data capture forms were designed to match the interview forms, including sub forms to allow for the capture of works, services, goods/supplies. All forms were placed on one switchboard from which a data entry clerk would select a given form for data entry. A dummy of the switchboard is shown below.

**Table 15 – Layout of Data Entry**

USAID STRENGTHENING DECENTRALIZATION IN UGANDA - NATIONAL PUBLIC PROCUREMENT INTEGRITY SURVEY			
FORM 1	FORM 3	FORM 4 - WORKS	FORM 4 - SERVICES
FORM 4 - GOODS/SUPPLIES	FORM 5 - WORKS	FORM 5 - SERVICES	FORM 5 - GOODS/SUPPLIES
FORM 6	FORM 7	FORM 8	FORM 9
FORM 10	EXIT		

Form 1 was the longest questionnaire and as such it was subdivided into tabs. This was to ease the data entry process.

**Table 16 - Form 1 Data Layout**

	Yes	No	Do Not Know
FY 2002/03	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FY 2003/04	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FY 2004/05	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
FY 2005/06	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The other option of having a long form was not feasible. All other forms were shorter and stored data in one table.

**Table 17 – Data Relationships**

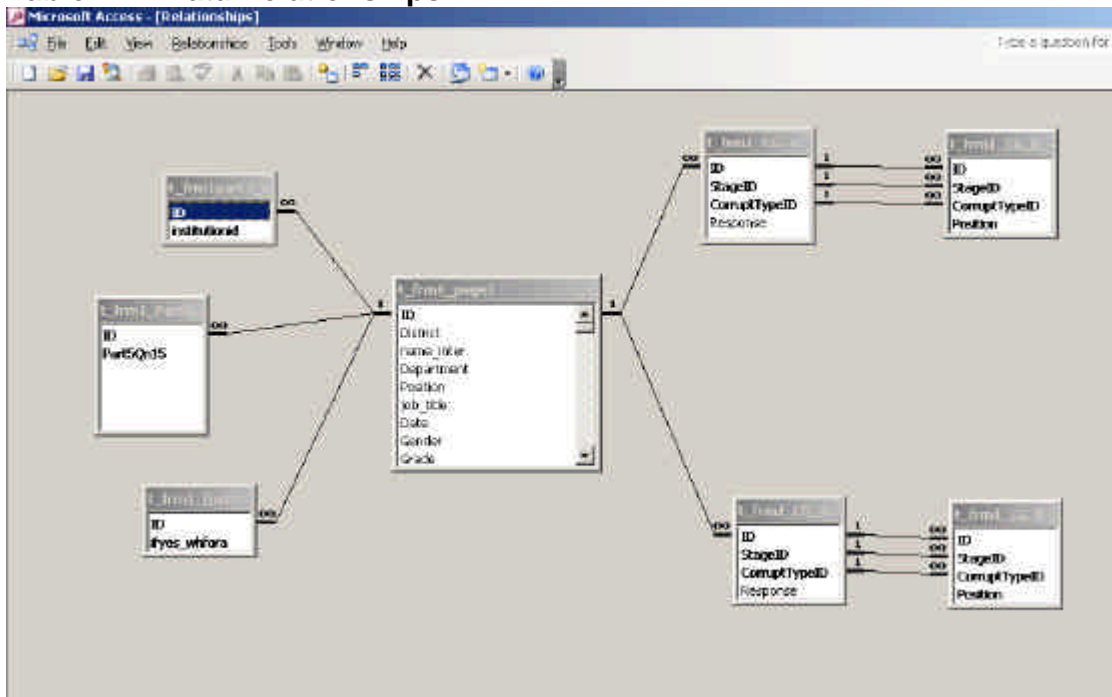


Table 17. has the most relationships with 7 sub tables linking to one main table. The relationships were created to eliminate the possibility of data redundancy and duplicate values.

The information system was designed using MS Access version 2000, since most computers at the SDU II offices use Microsoft Windows 2000 operating system and Microsoft Access 2000.

It was designed using simple forms to capture the data. Most of these forms had combo boxes where the data entry clerk would select data from a selection. The electronic copy also had a strong similarity to the hard copy of the questionnaire.

Data validation controls were put in place on the combo boxes and other text boxes. These however were not sufficient to capture all possible data entry errors. This required the process of data cleaning after the data entry exercise, which was undertaken and completed.

For security, the database was split into a front end and back end. The back end was used to store the data on a specified folder on the server, while the front end had the graphical user interface for data capture.

Daily data back ups were made on compact discs. This was a disaster recovery procedure put in place to ensure that there was a fall back mechanism in case of any eventuality. Fortunately there were no incidents during data capture and the backup systems were not needed.

A total of ten data entry clerks were engaged to enter the relevant data into the system. This data entry was subjected to a series of tests to ensure that the data had been correctly entered. The data was then cleaned.

## **16.0 Data Analysis**

The data has been analysed by Professor Khi Thai of Florida Atlantic University. Prof. Khi is a noted world authority on procurement and procurement data analysis and his analysis and findings are presented in Part II of this Report.



## PART II – ANALYSIS, FINDINGS AND RECOMMENDATIONS

### 1.0 Losses to Corrupt Activity in Procurement

In order to be able to calculate the total losses to corruption in procurement it is necessary to calculate the amounts expended by local and central government in procurement and then identify as a percentage the amount of that total expenditure that is lost to corruption.

### 1.1 Calculation of Total Procurement Expenditure FY 2004-2005

#### Local Government

The calculation of total LG procurement expenditure in FY 2004-2005 has been performed by totaling all revenue sources to LGs and then deducting all non-procurement expenditure. This required the removal of all wages, 80% of unconditional grant and local revenue and an amount of 5% for overall monitoring and supervision costs.

The unconditional grant and local revenue have been reduced by 80% as this represents the amount of these two revenue sources that are used for wages, allowances and related costs, which are non-procurement related. The table below summarises the revenue sources and the deductions made. The calculation for LGs shows that 31.28% or Ush 453.5 billion (US\$249,151,000 an assumed exchange rate of Ush 1820) of total LG revenue in FY 2004-2005 was expended by way of procurement. Annex D contains the full detail of the LG revenues for FY 2004-2005.

**Table 18 – Calculation of LG Procurement Expenditure FY 2004 - 2005**  
**SUMMARY OF REVENUE TO LOCAL GOVERNMENTS**

REVENUE SOURCE	AMOUNT '000
UCG	87,529,621
WAGE	394,742,528
NON WAGE RECURRENT	153,269,491
DEVELOPMENT	170,005,798
LOCAL REVENUE	644,193,148
<b>TOTAL</b>	<b>1,449,740,586</b>
Less 80% of UCG	70,023,697
Less Wage	394,742,528

### SUMMARY OF REVENUE TO LOCAL GOVERNMENTS

Less 80% of Local Revenue	515,354,518
Less 5% of (Development + Recurrent Non Wage)	16,163,764
	<b>996,284,508</b>
<b>Net available for Procurement</b>	<b>453,456,078</b>
<b>Percentage</b>	<b>31.28%</b>

#### Central Government

The calculation of total CG procurement expenditure in FY 2004-2005 has been performed by totaling all revenue sources to CG and then deducting all non-procurement expenditure. This required the removal of all wages, domestic and external interest, a discounted recurrent non-wage figure, and LG transfers. Based on an analysis of expenditure, 35% of the CG recurrent non wage is expended on allowances, medical expenses etc, while the balance of 65% is spent on procurement related items. The CG recurrent non-wage is therefore discounted by 35%. The calculation for CG shows that 34.79% or Ush 1173.5 billion (US\$644.61million at an assumed exchange rate of Ush 1820) of total CG revenue in FY 2004-2005 was expended by way of procurement. Annex E contains the full detail of the CG revenues for FY 2004-2005.

**Table 19 – Calculation of CG Procurement Expenditure FY 2004 - 2005**

CATEGORY of EXPENDITURE	AMOUNT (Ushs Billions)
WAGE	776.31
RECURRENT NON WAGE	1,162.94
DEVELOPMENT	495.79
DONOR PROJECTS	938.03
<b>Total Public Expenditure</b>	<b>3373.07</b>
<b>Discounted By ;</b>	
Domestic Interest	156.50
External Interest	61.40
Local Government Programmes;(501)*	798.28
Wage(Centre)	776.31
Rec. Non Wage(Centre) 35% of 1184.18	407.03
<b>Total Discount</b>	<b>2,199.52</b>
Estimated Funding Available for CG Procurement	<b>1173.55</b>
Net % age for Procurement in CG Budget	<b>34.79%</b>

## **Variance with World Bank Country Integrated Fiduciary Assessment 2004 Volume IV: Country Procurement Assessment Report (CPAR)**

This methodology throws up a figure that is substantially at variance with the World Bank Country Integrated Fiduciary Assessment 2004 Volume IV: Country Procurement Assessment Report (CPAR) that estimates that 60-70% of the national budget passes through the procurement system. Even if the LG proportion of central transfers that pass through the procurement system are added back into the central figures, the percentage of the national budget that passes through either the CG or LG procurement system cannot exceed 44% of the national budget.

It has not been possible to identify the basis on which the CPAR reached the estimate of 60-70% as the CG wage bill alone accounts for 23% of the national budget. As there are a variety of other deductions that are clearly not procurement related, the CPAR estimate cannot be independently justified at this time. If the calculations made in this survey are in error, the basis of the calculation made has been disclosed and the figures can be independently reworked at some time in the future.

### **1.2 Calculation of Loss Due to Corruption in Procurement FY 2004-2005**

In the questions that were posed to all of the interview subjects were specific questions that related to the amounts lost in identified procurements and the identification of any 'tariff' figure that was in general use with respect to amounts that had to be paid as corrupt payments. There were insufficient responses as to exact amounts of funds lost for every identified instance of corruption as the exact amounts were often not known by the respondents. However, in the case of both CG and LG, over 10% of the interviewees answered the question and both were able to identify a commonly applied 'tariff' to the amounts (percentages) of contracts that had to be paid by way of a corrupt payment.

Service providers and others uniformly declined to answer the questions. The results were remarkably uniform.

**Table 20 – Amount of corrupt payments as % of total contract values FY 2004 - 2005**

	<b>% Tariff Applied by CG (Mean)</b>	<b>% tariff applied by LG (Mean)</b>
<b>LG Perception</b>	9.4%	7.21%
<b>CG Perception</b>	7.19%	9%

These percentage figures are borne out by an analysis of the variables in the questions that asked for the percentage of contracts and the contract values that required a corrupt payment, for both central and local government. These figures were that the percentage of contracts requiring a corrupt payment was of the in the range of 1-10% of contracts by value. This translates to losses due to procurement related corruption in FY 2004-2005 as follows

**Table 21 – Amount of loss from total procurement expenditure FY 2004 - 2005**

	<b>Loss Ush billion</b>	<b>Loss US\$ million (Ush 1820)</b>	<b>Loss as % of Annual Budget</b>
<b>LG</b>	32.60 – 42.86	17.91 – 23.62	Between 2.24 – 2.96
<b>CG</b>	84.4 – 105.6	46.37 – 61.26	Between 2.50 – 3.13
<b>Total</b>	117.0 – 148.5	64.28 – 84.88	

The identifiable *direct* losses due to corruption in procurement at both central and local government levels in FY 2004-2005 is therefore likely to be of the order of Ush 117 – 144.5 billion (US\$64.28 – 81.62 million).

However, this does not end the equation as there are other imponderables that need to be considered and for which there is insufficient data to be able to correlate. If for instance a corrupt payment meant that a contractor was not able to build to standard and the development investment was lost in a shorter time than expected (e.g. the building only had a life of 2 years instead of ten years) as a consequence, then the loss to the corrupt activity was the lost value of 8 years of building life plus the replacement costs. These figures must be regarded as irreducible minimums due to direct identifiable procurement related corruption and not maximum figures.

These figures are not high, but they are still reflective of a serious on-going issue with procurement corruption at both central and local government levels.

## **2.0 Vulnerable Stages in the Procurement Process**

The survey has identified the vulnerable stages in the procurement and disposal system and the government positions that are perceived as most corrupt 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.

The tables in this section have been created on the basis of identifying all positions identified at each stage of the procurement process that were specified by greater than 5% of the respondents, then listing them in order of most identified if the identification showed that the position was engaged in substantive corrupt practices.

### **2.1 CG Perception of the CG Procurement Process**

Only 58.3 % responded to this question --the rest either said that they do not know (14.5%) or that they had no opinion (14.5%) with some system missing responses (12.8%) -- indicating a reluctance to talk about corruption. The majority of the CG interviewees (79.3%) said that corruption was non-existent or

very limited (73.7%) in central government procurement across all stages and types of corruption. However, in respect of those who did identify corruption as being substantial at the CG level, there was barely a CG official that did not escape identification in some form or corrupt activity or other. Statistically these figures are unreliable, given that fact that the overwhelming majority identified no or very limited corruption at the CG level.

## **2.2 CG Perception of the LG Procurement Process**

Only 37.3 % responded to this question --the rest either said that they do not know (40.5%) or that they had no opinion (21.9%) with some system missing responses (around 0.3%) -- indicating a reluctance to talk about corruption. The majority of the central government employees said that corruption was non-existent or very limited (73.7%) in local government procurement across all stages and types of corruption. The majority of the respondents that did respond identified the Secretary to the Tender Board and the Tender Board members as the most corrupt across all categories.

A National Integrity Survey that was carried out in 2002 by consultants commissioned by the Inspector General of Government found that Local Government Tender Boards were perceived to be the second most corrupt institution in Uganda, exceeded only by the Police (Office of the Inspector General of Government, 2003). Again, in this survey confirming the previous study, LG Tender Boards (including secretary and members) were considered as the most second corrupt institution in local governments.

**Table 22 - Central Government Perception of Corruption in Local Government**

No	STAGES	BRIBERY	EMBEZZLEMENT	EXTORTION	FRAUD	FAVOURITISM
1	Identification of procurement requirements	Chairperson- CAO/Town Clerk- Other Councillors DEO/Mun. Educ. Officer-EDU District Engineer/Mun. Engineer-Works Vice Chairperson- Secretary Tender Board- Tender Board Members-	CAO/Town Clerk- Chairperson- District Engineer/Mun. Engineer-Works Other Councillors - Vice Chairperson- Secretary Tender Board- Tender Board Members- Chief Finance Officer/Municipal Treasurer-FIN DEO/Mun. Educ. Officer-EDU	Chairperson- Other Councillors - Chairperson- Other Councillors - DEO/Mun. Educ. Officer-EDU Vice Chairperson- CAO/Town Clerk- Secretary Tender Board- Chief Finance Officer/Municipal Treasurer-FIN District Engineer/Mun. Engineer-Works	Chairperson- Other Councillors - CAO/Town Clerk- Executive Committee Members- Vice Chairperson-	Chairperson- CAO/Town Clerk- Vice Chairperson- Other Councillors - Tender Board Members- District Engineer/Mun. Engineer-Works
2	Planning for procurement	CAO/Town Clerk- Chairperson- Secretary Tender Board- Tender Board Members- Vice Chairperson- District Engineer/Mun. Engineer-Works Senior Procurement/Purc hasing Officer- PROC	CAO/Town Clerk- Secretary Tender Board- District Engineer/Mun. Engineer-Works Chairperson- Other Councillors - Chief Finance Officer/Municipal Treasurer-FIN	District Engineer/Mun. Engineer-Works Chairperson- Other Councillors - CAO/Town Clerk-	CAO/Town Clerk- Chairperson- Other Councillors - Executive Committee Members- District Planner/Urban Planner-PLAN District Engineer/Mun. Engineer-Works Tender Board Members-	Chairperson- CAO/Town Clerk- Other Councillors - District Engineer/Mun. Engineer-Works Members of Parliament-CGPL Secretary Tender Board- Tender Board Members- All Departmental

No	STAGES	BRIBERY	EMBEZZLEMENT	EXTORTION	FRAUD	FAVOURITISM
						Technical Officers- All Departmental Technical Officers- FIN Senior Procurement/Purchasing Officer-PROC
3	Setting of tender specifications & TOR & eligibility	All Departmental Technical Officers-Works Secretary Tender Board- CAO/Town Clerk-Tender Board Members- District Engineer/Mun. Engineer-Works Chairperson-	CAO/Town Clerk-Secretary Tender Board- Tender Board Members- District Engineer/Mun. Engineer-Works All Departmental Technical Officers- All Departmental Technical Officers-Works	Secretary Tender Board- Tender Board Members- CAO/Town Clerk-All Departmental Technical Officers- Chairperson-District Engineer/Mun. Engineer-Works All Departmental Technical Officers-Works	All Departmental Technical Officers-Works CAO/Town Clerk-Secretary Tender Board- Tender Board Members- Chairperson-All Departmental Technical Officers- District Engineer/Mun. Engineer-Works	Secretary Tender Board- Tender Board Members- CAO/Town Clerk-Chairperson-All Departmental Technical Officers- District Engineer/Mun. Engineer-Works All Departmental Technical Officers-Works
4	Pre-qualification of providers	CAO/Town Clerk-Secretary Tender Board- Chief Finance Officer/Municipal Treasurer-FIN Tender Board Members- All Departmental Technical Officers-Works	CAO/Town Clerk-Secretary Tender Board- Tender Board Members- Chairperson-	Secretary Tender Board- CAO/Town Clerk-Tender Board Members- District Engineer/Mun. Engineer-Works Chairperson- Chief Finance Officer/Municipal Treasurer-FIN	CAO/Town Clerk-Secretary Tender Board- Chairperson- Chief Finance Officer/Municipal Treasurer-FIN Tender Board Members- All Departmental Technical Officers-Works	CAO/Town Clerk-Secretary Tender Board- Senior Procurement/Purchasing Officer-PROC Chairperson-Tender Board Members- District Engineer/Mun.



<b>N o</b>	<b>STAGES</b>	<b>BRIBERY</b>	<b>EMBEZZLEMENT</b>	<b>EXTORTION</b>	<b>FRAUD</b>	<b>FAVOURITISM</b>
		Chairperson- Secretary Tender Board- Tender Board Members- CAO/Town Clerk- Chairperson-	Secretary Tender Board- Tender Board Members- CAO/Town Clerk- Chairperson-	Secretary Tender Board- Tender Board Members- CAO/Town Clerk- Chairperson-	CAO/Town Clerk- Secretary Tender Board- Tender Board Members- Chairperson-	Engineer-Works Secretary Tender Board- Tender Board Members- CAO/Town Clerk- Senior Procurement/Purchasing Officer-PROC Chairperson- District Engineer/Mun. Engineer-Works
5	Choice of procurement method	Secretary Tender Board- Tender Board Members- CAO/Town Clerk- Chairperson-	Secretary Tender Board- CAO/Town Clerk- Tender Board Members- Executive Committee Members- Principal/Senior/Inspector of SchoolsEDU District Engineer/Mun. Engineer-Works All Departmental Technical Officers- PLAN	Secretary Tender Board- CAO/Town Clerk- Tender Board Members- DEO/Mun. Educ. Officer-EDU	Secretary Tender Board- CAO/Town Clerk- Chairperson- Tender Board Members-	Secretary Tender Board- Resident District Commissioner - CGPL Chairperson-
6	Display of adverts	Secretary Tender Board- Tender Board Members- Chairperson- CAO/Town Clerk-	Secretary Tender Board- CAO/Town Clerk- Tender Board Members- Executive Committee Members- Principal/Senior/Inspector of SchoolsEDU District Engineer/Mun. Engineer-Works All Departmental Technical Officers- PLAN	Secretary Tender Board- CAO/Town Clerk- Tender Board Members- DEO/Mun. Educ. Officer-EDU	Secretary Tender Board- CAO/Town Clerk- Chairperson- Tender Board Members-	Secretary Tender Board- Resident District Commissioner - CGPL Chairperson-
7	Period for bid preparation	Secretary Tender Board- CAO/Town Clerk- All Departmental	Secretary Tender Board- CAO/Town Clerk- All Departmental	Secretary Tender Board- All Departmental Technical Officers-	Secretary Tender Board- CAO/Town Clerk- Tender Board Members-	Secretary Tender Board- All Departmental Technical Officers- Chairperson-

No	STAGES	BRIBERY	EMBEZZLEMENT	EXTORTION	FRAUD	FAVOURITISM
		Technical Officers- Tender Board Members- District Engineer/Mun. Engineer-Works Senior Procurement/Purchasing Officer-PROC	Technical Officers- District Engineer/Mun. Engineer-Works	CAO/Town Clerk- All Departmental Technical Officers- FIN District Engineer/Mun. Engineer-Works All Departmental Technical Officers- Works District Planner/Urban Planner-PLAN Senior Procurement/Purchasing Officer-PROC	All Departmental Technical Officers-	CAO/Town Clerk- Clerk to Council- District Engineer/Mun. Engineer-Works District Planner/Urban Planner-PLAN Senior Procurement/Purchasing Officer-PROC
8	Receipt of bids and opening	Secretary Tender Board- CAO/Town Clerk- Tender Board Members-	Secretary Tender Board- Tender Board Members- CAO/Town Clerk- Board of Survey Members- Senior Procurement/Purchasing Officer	Secretary Tender Board- CAO/Town Clerk- Tender Board Members-	Secretary Tender Board- Tender Board Members- CAO/Town Clerk- Chairperson- Senior Procurement/Purchasing Officer-PROC	Secretary Tender Board- CAO/Town Clerk- Tender Board Members- Board of Survey Members- Land Board Members- Senior Procurement/Purchasing Officer
9	Tender evaluation	Secretary Tender Board- CAO/Town Clerk- Chief Finance Officer/Municipal Treasurer-FIN	Secretary Tender Board- Tender Board Members- CAO/Town Clerk- District Engineer/Mun.	Secretary Tender Board- District Engineer/Mun. Engineer-Works CAO/Town Clerk- Tender Board	Secretary Tender Board- CAO/Town Clerk- Chief Finance Officer/Municipal Treasurer	Secretary Tender Board- Tender Board Members- Senior Procurement/Purchasing Officer

N o	STAGES	BRIBERY	EMBEZZLEMENT	EXTORTION	FRAUD	FAVOURITISM
		All Departmental Technical Officers-Works Tender Board Members- District Engineer/Mun. Engineer-Works	Engineer-Works Chief Finance Officer/Municipal Treasurer- All Departmental Technical Officers- Works All Departmental Technical Officers-	Members- Chief Finance Officer/Municipal Treasurer- Chairperson- All Departmental Technical Officers- Works	Chairperson- All Departmental Technical Officers- Works Tender Board Members- District Engineer/Mun. Engineer-Works	sing Officer CAO/Town Clerk- District Engineer/Mun. Engineer-Works All Departmental Technical Officers-
10	District Tender Board consideration of tender evaluation	Tender Board Members- Secretary Tender Board- Chairperson- CAO/Town Clerk-	Tender Board Members- Secretary Tender Board- Chairperson- CAO/Town Clerk-	Tender Board Members- Secretary Tender Board- Chairperson- CAO/Town Clerk-	Tender Board Members- Secretary Tender Board- Chairperson- CAO/Town Clerk-	Tender Board Members- Secretary Tender Board- Chairperson- CAO/Town Clerk- Senior Procurement/Purcha sing Officer
11	Contract negotiation & signing	CAO/Town Clerk- Secretary Tender Board- Chairperson- Tender Board Members- Deputy CAO/D.Town Clerk-	CAO/Town Clerk- Secretary Tender Board- Chairperson- Tender Board Members- Deputy CAO/D.Town Clerk- All Departmental Technical Officers- District Engineer/Mun. Engineer-Works	CAO/Town Clerk- Chairperson- Secretary Tender Board- Tender Board Members- District Engineer/Mun. Engineer-Works	CAO/Town Clerk- Chairperson- Secretary Tender Board- Deputy CAO/D.Town Clerk- Tender Board Members-	CAO/Town Clerk- Chairperson- Secretary Tender Board- Tender Board Members-
12	Drawing up of final contract	CAO/Town Clerk- Secretary Tender Board- Chairperson- All Departmental	CAO/Town Clerk- Secretary Tender Board- Chairperson- All Departmental	CAO/Town Clerk- Secretary Tender Board- Chairperson- All Departmental	CAO/Town Clerk- Chairperson- Secretary Tender Board- Tender Board	CAO/Town Clerk- Secretary Tender Board- Chairperson- Senior

<b>N o</b>	<b>STAGES</b>	<b>BRIBERY</b>	<b>EMBEZZLEMENT</b>	<b>EXTORTION</b>	<b>FRAUD</b>	<b>FAVOURITISM</b>
		Technical Officers-	Technical Officers- District Engineer/Mun. Engineer-Works All Departmental Technical Officers- Works Senior Procurement/Purchasing Officer	Technical Officers- Senior Procurement/Purchasing Officer-	Members-	Procurement/Purchasing Officer-PROC
13	Time taken to award contracts	CAO/Town Clerk- Secretary Tender Board- Deputy CAO/D.Town Clerk- Tender Board Members-	Secretary Tender Board- CAO/Town Clerk- Tender Board Members-	Secretary Tender Board- CAO/Town Clerk- Tender Board Members- Deputy CAO/D.Town Clerk- District Engineer/Mun. Engineer-Works	Secretary Tender Board- CAO/Town Clerk- Tender Board Members- Chairperson- District Engineer/Mun. Engineer-Works	Secretary Tender Board- CAO/Town Clerk- Tender Board Members- Chairperson-
14	Contract management	District Engineer/Mun. Engineer-Works CAO/Town Clerk- Chief Finance Officer/Municipal Treasurer-FIN All Departmental Technical Officers-Works Road Inspector-Works District Internal Auditor-AUDIT	District Engineer/Mun. Engineer-Works CAO/Town Clerk- All Departmental Technical Officers-Works Chief Finance Officer/Municipal Treasurer-FIN District Internal Auditor-AUDIT	District Engineer/Mun. Engineer-Works CAO/Town Clerk- Chief Finance Officer/Municipal Treasurer-FIN All Departmental Technical Officers-Works Road Inspector-Works	CAO/Town Clerk- District Engineer/Mun. Engineer-Works Chief Finance Officer/Municipal Treasurer-FIN All Departmental Technical Officers-Works Chairperson- District Internal Auditor-AUDIT Deputy CAO/D.Town Clerk-	District Engineer/Mun. Engineer-Works Road Inspector-Works CAO/Town Clerk- District Internal Auditor-AUDIT Chief Finance Officer/Municipal Treasurer-FIN Senior Procurement/Purchasing Officer-PROC
15	Process of	CAO/Town Clerk-	CAO/Town Clerk-	CAO/Town Clerk-	CAO/Town Clerk-	District

No	STAGES	BRIBERY	EMBEZZLEMENT	EXTORTION	FRAUD	FAVOURITISM
	disposal of public property	District Engineer/Mun. Engineer-Works Board of Survey Members- Chairperson- Deputy CAO/D.Town Clerk- Tender Board Members- District Internal Auditor	District Engineer/Mun. Engineer-Works Board of Survey Members- Secretary Tender Board- Tender Board Members- Chairperson- Senior Procurement/Purchasing Officer	District Engineer/Mun. Engineer-Works Board of Survey Members- Secretary Tender Board- Chairperson- Tender Board Members- All Departmental Technical Officers- Chief Finance Officer/Municipal Treasurer-FIN Senior Procurement/Purchasing Officer-	District Engineer/Mun. Engineer-Works Chairperson- Other Councillors - Board of Survey Members- Executive Committee Members- All Departmental Technical Officers- Works	Engineer/Mun. Engineer-Works CAO/Town Clerk- Board of Survey Members- Chairperson- Secretary Tender Board- Tender Board Members-
16	Complaints mechanism review	CAO/Town Clerk- Chairperson- Deputy CAO/D.Town Clerk- Secretary Tender Board- Tender Board Members- DEO/Mun. Educ. Officer-EDU District Engineer/Mun. Engineer-Works	CAO/Town Clerk- Chairperson- Deputy CAO/D.Town Clerk- District Engineer/Mun. Engineer-Works	CAO/Town Clerk- Chairperson- Deputy CAO/D.Town Clerk-	CAO/Town Clerk- Chairperson- Tender Board Members-	CAO/Town Clerk-

### **2.3 LG Perception of the CG Procurement Process**

LG perceptions of CG procurement are universally flawed. Almost without exception, LGs perceive corruption across all stages of the procurement process at the CG level to be in the domain of the Permanent Secretaries and the highest level of the other statutory bodies. This is at complete variance with the results obtained from the LG perceptions of the LG procurement process and is only indicative of a lack of perception of the realities of the operation of CG but a willingness on the part of LG to assign corrupt behaviour even in the absence of that demonstrated understanding of the processes at CG level. Little, if any credence can be placed in the responses obtained and they should be all purposes be ignored.

### **2.4 LG Perception of the LG Procurement Process**

With respect to LG perceptions of LG procurement process, only in the case of gratification in the disposal process was there not substantial corrupt practices at each and every stage of the procurement process. In all other stages, in regards to all stages of the procurement process, there were substantive corrupt practices.

LG perceptions of CG procurement are universally flawed. Almost without exception, LGs perceive corruption across all stages of the procurement process at the CG level to be in the domain of the Permanent Secretaries and the highest level of the other statutory bodies. This is at complete variance with the results obtained from the LG perceptions of the LG procurement process and is only indicative of a lack of perception of the realities of the operation of CG but a willingness on the part of LG to assign corrupt behaviour even in the absence of that demonstrated understanding of the processes at CG level. Little, if any credence can be placed in the responses obtained and they should be all purposes be ignored.

LG perceptions of CG procurement are universally flawed. Almost without exception, LGs perceive corruption across all stages of the procurement process

at the CG level to be in the domain of the Permanent Secretaries and the highest level of the other statutory bodies. This is at complete variance with the results obtained from the LG perceptions of the LG procurement process and is only indicative of a lack of perception of the realities of the operation of CG but a willingness on the part of LG to assign corrupt behaviour even in the absence of that demonstrated understanding of the processes at CG level. Little, if any credence can be placed in the responses obtained and they should be all purposes be ignored.

**Table 23 – LG Officials most Prone to Corrupt Activity – All Types**

<b>Stage</b>	<b>Positions Most Prone to Corrupt Activity (All Types)</b>
<b>1. The identification of procurement requirements</b>	<b>Tender Board Members,</b> Secretary Tender Board, Chief Administrative Officer/Town Clerk, Chairperson,
<b>2. Planning for procurement</b>	<b>Secretary Tender Board,</b> Tender Board Members, Chief Administrative Officer/Town Clerk
<b>3. Setting of tender specifications and TOR</b>	<b>Secretary Tender Board,</b> Tender Board Members, District Engineer,
<b>4. The prequalification of providers</b>	<b>Tender Board Members,</b> Secretary Tender Board, Chief Administrative Officer/Town Clerk
<b>5. The choice for procurement method</b>	<b>Tender Board Members,</b> Secretary Tender Board, Chief Administrative Officer/Town Clerk,
<b>6. Display of adverts</b>	<b>Secretary Tender Board,</b> Tender Board Members, Chief Administrative Officer/Town Clerk
<b>7. Period for bid preparation</b>	<b>Secretary Tender Board,</b> Tender Board Members, District Engineer,
<b>8. Receipt of bids &amp; bid opening</b>	<b>Secretary Tender Board,</b> Tender Board Members
<b>9. Tender evaluation</b>	<b>Secretary Tender Board,</b> Tender Board Members, District Engineer,
<b>10. Contracts committee consideration of tender evaluation</b>	<b>Secretary Tender Board,</b> Tender Board Members, District Engineer,
<b>11. Contract negotiation &amp; signing</b>	<b>Chief Administrative Officer/Town Clerk,</b> Secretary Tender Board, Tender Board Members,
<b>12. Drawing up the final contract</b>	<b>Chief Administrative Officer/Town Clerk,</b> Secretary Tender Board, District Engineer,
<b>13. Setting of tender specifications and</b>	<b>Secretary Tender Board,</b>

Stage	Positions Most Prone to Corrupt Activity (All Types)
TOR. Time Taken to award contracts	Tender Board Members, Chief Administrative Officer/Town Clerk
14. The prequalification of providers. Contract Management	<b>District Engineer,</b> All Department Technical Officers, Chief Administrative Officer/Town Clerk,
15. The process for disposal of public property	<b>Chief Administrative Officer/Town Clerk,</b> District Engineer, Secretary Tender Board
16. Complaints and administrative review	<b>Chairperson,</b> <b>Sectoral Committee,</b> District Engineer,

This highly consistent level of presentation of the same positions indicates that the GoU has been correct in the movements currently undertaken to reform the LG procurement process in that these results clearly indicate that -

1. The Tender Boards were in need of reform. They have in fact already been replaced by Contracts Committees under the PPDA Act.
2. That the Chief Administrative Officer/Town Clerk roles in the procurement process required reform. This has already been done by both recentralizing these positions to central government and removing them from most of the levels of the procurement process.

The only matters of concern that are displayed from these results are –

1. The Secretary to the Tender Board does, in the interim change over to the new Contract Committee process, continue to play a role as the interim head of the LG PDU. This needs to be reconsidered given the high level of involvement in corrupt practices at all levels played by the Secretary to the Tender Board,
2. The LG Engineer appears to have a significant role in respect of identifiable corrupt practices at many levels. Given the high level of influence this individual position can bring to bear on the procurement process, it is necessary that consideration be given to adequate checks and balances on this position in the new Contract Committee process.

The most significant types of corrupt activity within the procurement process within which these identified persons, engage in corrupt activity are in the areas of bribery and extortion. The stages of the procurement process most prone to



this activity is identified in the following tables. The GoU is advised to focus any future anti-corruption activity to counter these types of corrupt activity in these procurement process stages. It should be noted that all stages of the procurement process were adversely affected by corrupt activity, but those appearing in the following tables were the most statistically significant.

**Table 24– Significance of Bribery at Stages of the LG Procurement Process**

Identification of procurement requirements
Pre-qualification of providers
Tender evaluation
Display of adverts
Contract management
Tender evaluation
Receipt of bids and opening

**Table 25– Significance of Extortion at Stages of the LG Procurement Process**

Tender evaluation
Display of adverts
Pre-qualification of providers
Tender evaluation
Identification of procurement requirements

**Table 26– Overall – Most Significant Stages in Procurement Process Affected by Corruption**

Identification of procurement requirements
Setting of tender specifications & TOR & eligibility
Pre-qualification of providers
Display of adverts
Receipt of bids and opening
Tender evaluation
Contract negotiation & signing
Contract management

**Table 27– LG Perceptions of Corruption at Stages of LG Procurement Process**

<b>Stage</b>	<b>BRIBERY</b>	<b>EMBEZZLEMENT</b>	<b>EXTORTION</b>	<b>FRAUD</b>	<b>FAVOURITISM</b>
<b>1. The identification of procurement requirements</b>	<b>Tender Board Members,</b> Secretary Tender Board, Chief Administrative Officer/Town Clerk, Chairperson, District Engineer, Executive Committee Members, All Department Technical Officers	<b>Tender Board Members,</b> Chief Administrative Officer/Town Clerk, Chairperson, District Engineer, Secretary Tender Board, All Department Technical Officers Chief Finance Officer/Municipal Treasurer	<b>Tender Board Members,</b> Chairperson, Secretary Tender Board, Chief Administrative Officer/Town Clerk, All Department Technical Officers (IGG), District Engineer, Executive Committee Members	<b>Chairperson,</b> Tender Board Members, Chief Administrative Officer/Town Clerk, Other Councilors, Executive Committee Members, Secretary Tender Board, District Engineer	<b>Tender Board Members,</b> Chief Administrative Officer/Town Clerk , Chairperson, Secretary Tender Board, District Engineer, All Department Technical Officers (IGG)
<b>2. Planning for procurement</b>	<b>Secretary Tender Board,</b> Tender Board Members, Chief Administrative Officer/Town Clerk, All Department Technical Officers (IGG), District Engineer, Chairperson	<b>Secretary Tender Board,</b> Chairperson, Tender Board Members, All Department Technical Officers (IGG), District Engineer, Chief Finance Officer/Municipal Treasurer	<b>Secretary Tender Board,</b> All Department Technical Officers (IGG), Chief Administrative Officer/Town Clerk, Tender Board Members, Chairperson	<b>Chief Administrative Officer/Town Clerk,</b> Chairperson, Secretary Tender Board, Tender Board Members, All Department Technical Officers (IGG), Executive Committee Members, District Engineer	<b>Secretary Tender Board,</b> All Department Technical Officers (IGG), Chief Administrative Officer/Town Clerk, Tender Board Members, Chairperson

<b>Stage</b>	<b>BRIBERY</b>	<b>EMBEZZLEMENT</b>	<b>EXTORTION</b>	<b>FRAUD</b>	<b>FAVOURITISM</b>
<b>3. Setting of tender specifications and TOR</b>	<b>Secretary Tender Board</b> , Tender Board Members, District Engineer, Chief Administrative Officer/Town Clerk, All Department Technical Officers (IGG), All Department Technical Officers	<b>Secretary Tender Board</b> , Tender Board Members, District Engineer, All Department Technical Officers (IGG), All Department Technical Officers, Chief Administrative Officer/Town Clerk	<b>Tender Board Members</b> , Secretary Tender Board, District Engineer, Chief Administrative Officer/Town Clerk, All Department Technical Officers (IGG)	<b>Secretary Tender Board</b> , District Engineer, Tender Board Members, Chief Administrative Officer/Town Clerk, All Department Technical Officers, Chairperson	<b>Secretary Tender Board</b> , Tender Board Members, District Engineer, All Department Technical Officers (IGG), Chief Administrative Officer/Town Clerk
<b>4. The prequalification of providers</b>	<b>Tender Board Members</b> , Secretary Tender Board, Chief Administrative Officer/Town Clerk, District Engineer, Chairperson	<b>Tender Board Members</b> , Secretary Tender Board, Chief Administrative Officer/Town Clerk, District Engineer, Chairperson	<b>Tender Board Members</b> , Secretary Tender Board, Chairperson, Chief Administrative Officer/Town Clerk , District Engineer	<b>Tender Board Members</b> , Secretary Tender Board, Chief Administrative Officer/Town Clerk, Chairperson, District Engineer	<b>Tender Board Members</b> , Secretary Tender Board, Chief Administrative Officer/Town Clerk , Chairperson, District Engineer
<b>5. The choice for procurement method</b>	<b>Tender Board Members</b> , Secretary Tender Board, Chief Administrative Officer/Town Clerk, Chairperson, District Engineer, All Department Technical Officers (IGG)	<b>Tender Board Members</b> , Secretary Tender Board, Chief Administrative Officer/Town Clerk, All Department Technical Officers (IGG), Chairperson	<b>Tender Board Members</b> , Secretary Tender Board, Chief Administrative Officer/Town Clerk , All Department Technical Officers (IGG)	<b>Tender Board Members</b> , Secretary Tender Board, Chief Administrative Officer/Town Clerk, Chairperson, District Engineer	<b>Tender Board Members</b> , Secretary Tender Board, Chief Administrative Officer/Town Clerk, Chairperson, All Department Technical Officers (IGG)
<b>6. Display of adverts</b>	<b>Secretary Tender Board</b> , Tender Board Members, Chief Administrative Officer/Town Clerk	<b>Secretary Tender Board</b> , Tender Board Members, Chief Administrative Officer/Town Clerk	<b>Secretary Tender Board</b> , Tender Board Members, Chief Administrative Officer/Town Clerk	<b>Secretary Tender Board</b> , Tender Board Members, Chief Administrative Officer/Town Clerk	<b>Secretary Tender Board</b> , Tender Board Members, Chief Administrative Officer/Town Clerk

<b>Stage</b>	<b>BRIBERY</b>	<b>EMBEZZLEMENT</b>	<b>EXTORTION</b>	<b>FRAUD</b>	<b>FAVOURITISM</b>
<b>7. Period for bid preparation</b>	<b>Secretary Tender Board</b> , Tender Board Members, District Engineer, Chief Administrative Officer/Town Clerk	<b>Secretary Tender Board</b> , Tender Board Members, District Engineer, All Department Technical Officers (IGG), Chief Administrative Officer/Town Clerk	<b>Secretary Tender Board</b> , Tender Board Members, District Engineer, Chief Administrative Officer/Town Clerk	<b>Secretary Tender Board</b> , Tender Board Members, District Engineer, All Department Technical Officers (IGG), Chief Administrative Officer/Town Clerk	<b>Secretary Tender Board</b> , Tender Board Members, District Engineer, Chief Administrative Officer/Town Clerk, All Department Technical Officers (IGG)
<b>8. Receipt of bids &amp; bid opening</b>	<b>Secretary Tender Board</b> , Tender Board Members	<b>Secretary Tender Board</b> , Tender Board Members	<b>Secretary Tender Board</b> , Tender Board Members, Chief Administrative Officer/Town Clerk	<b>Principal Assistant Secretary</b> , Tender Board Members, Chairperson	<b>Secretary Tender Board</b> , Tender Board Members, Chairperson, Chief Administrative Officer/Town Clerk
<b>9. Tender evaluation</b>	<b>Secretary Tender Board</b> , Tender Board Members, District Engineer, Chief Administrative Officer/Town Clerk, All Department Technical Officers (IGG), Chief Finance Officer/Municipal Treasurer	<b>Secretary Tender Board</b> , Tender Board Members, District Engineer, All Department Technical Officers (IGG), Chief Administrative Officer/Town Clerk, Chief Finance Officer/Municipal Treasurer	<b>Secretary Tender Board</b> , District Engineer, Tender Board Members, Chief Administrative Officer/Town Clerk, All Department Technical Officers (IGG), Chief Finance Officer/Municipal Treasurer	<b>Secretary Tender Board</b> , Tender Board Members, Chief Administrative Officer/Town Clerk, District Engineer, Chief Finance Officer/Municipal Treasurer	<b>Secretary Tender Board</b> , Tender Board Members, All Department Technical Officers (IGG), District Engineer, Chief Administrative Officer/Town Clerk

<b>Stage</b>	<b>BRIBERY</b>	<b>EMBEZZLEMENT</b>	<b>EXTORTION</b>	<b>FRAUD</b>	<b>FAVOURITISM</b>
<b>10. Contracts committee consideration of tender evaluation</b>	<b>Secretary Tender Board</b> , Tender Board Members, District Engineer, Chief Administrative Officer/Town Clerk , All Department Technical Officers (IGG), Chief Finance Officer/Municipal Treasurer	<b>Secretary Tender Board</b> , Tender Board Members, District Engineer, All Department Technical Officers (IGG), Chief Administrative Officer/Town Clerk, Chief Finance Officer/Municipal Treasurer	<b>Secretary Tender Board</b> , District Engineer, Tender Board Members, Chief Administrative Officer/Town Clerk, All Department Technical Officers (IGG), Chief Finance Officer/Municipal Treasurer	<b>Secretary Tender Board</b> , Chief Administrative Officer/Town Clerk , Tender Board Members, District Engineer, All Department Technical Officers (IGG), Chief Finance Officer/Municipal Treasurer	<b>Secretary Tender Board</b> , Tender Board Members, All Department Technical Officers (IGG), District Engineer, Chief Administrative Officer/Town Clerk
<b>11. Contract negotiation &amp; signing</b>	<b>Chief Administrative Officer/Town Clerk</b> , Secretary Tender Board, Tender Board Members, District Engineer, Chairperson	<b>Chief Administrative Officer/Town Clerk</b> , Secretary Tender Board, Tender Board Members, District Engineer, Chairperson	<b>Chief Administrative Officer/Town Clerk</b> , Secretary Tender Board, Tender Board Members, District Engineer, Chairperson	<b>Chief Administrative Officer/Town Clerk</b> , Secretary Tender Board, Tender Board Members, District Engineer, Chairperson	<b>Chief Administrative Officer/Town Clerk</b> , Secretary Tender Board, Tender Board Members, District Engineer, Chairperson
<b>12. Drawing up the final contract</b>	<b>Chief Administrative Officer/Town Clerk</b> , Secretary Tender Board, District Engineer, Tender Board Members, Chairperson	<b>Chief Administrative Officer/Town Clerk</b> , Secretary Tender Board, Tender Board Members, District Engineer, Chairperson	<b>Secretary Tender Board</b> , Chief Administrative Officer/Town Clerk , District Engineer, Principal Personnel Officer	<b>Chief Administrative Officer/Town Clerk</b> , Secretary Tender Board, District Engineer, Tender Board Members	<b>Chief Administrative Officer/Town Clerk</b> , Secretary Tender Board, District Engineer, Tender Board Members, Chairperson
<b>13. Setting of tender specifications and TOR. Time Taken to award contracts</b>	<b>Secretary Tender Board</b> , Tender Board Members, Chief Administrative Officer/Town Clerk , District Engineer, Chairperson	<b>Secretary Tender Board</b> , Tender Board Members, Chief Administrative Officer/Town Clerk, District Engineer, Chairperson	<b>Secretary Tender Board</b> , Tender Board Members, Chief Administrative Officer/Town Clerk, District Engineer	<b>Secretary Tender Board</b> , Tender Board Members, Chief Administrative Officer/Town Clerk, Chairperson, District Engineer	<b>Secretary Tender Board</b> , Tender Board Members, Chief Administrative Officer/Town Clerk , District Engineer, Chairperson

<b>Stage</b>	<b>BRIBERY</b>	<b>EMBEZZLEMENT</b>	<b>EXTORTION</b>	<b>FRAUD</b>	<b>FAVOURITISM</b>
<b>14. The prequalification of providers. Contract Management</b>	<b>District Engineer,</b> All Department Technical Officers, Chief Administrative Officer/Town Clerk, Chief Finance Officer/Municipal Treasurer, District Internal Auditor, Secretary Tender Board	<b>District Engineer,</b> Chief Administrative Officer/Town Clerk, All Department Technical Officers, Chief Finance Officer/Municipal Treasurer, Secretary Tender Board	<b>District Engineer,</b> Chief Administrative Officer/Town Clerk, All Department Technical Officers, Chief Finance Officer/Municipal Treasurer	<b>District Engineer,</b> Chief Administrative Officer/Town Clerk , All Department Technical Officers, Chief Finance Officer/Municipal Treasurer	<b>District Engineer,</b> Chief Administrative Officer/Town Clerk , Chief Finance Officer/Municipal Treasurer, All Department Technical Officers, District Internal Auditor
<b>15. The process for disposal of public property</b>	<b>Chief Administrative Officer/Town Clerk,</b> District Engineer, Secretary Tender Board, Tender Board Members, Chief Administrative Officer/Town Clerk, Chairperson	<b>Chief Administrative Officer/Town Clerk,</b> District Engineer, Chairperson, Secretary Tender Board, Tender Board Members, Chief Administrative Officer/Town Clerk	<b>Chief Administrative Officer/Town Clerk,</b> District Engineer, Secretary Tender Board, Chairperson, Tender Board Members, Chief Administrative Officer/Town Clerk	<b>Chief Administrative Officer/Town Clerk,</b> District Engineer, Chairperson, Tender Board Members, Secretary Tender Board, Chief Administrative Officer/Town Clerk	
<b>16. Complaints and administrative review</b>	<b>Chairperson, Sectoral Committee,</b> District Engineer, Secretary Tender Board, Chairperson, Tender Board Members	<b>Chief Administrative Officer/Town Clerk,</b> Secretary Tender Board, District Engineer, Chairperson, Tender Board Members	<b>Chief Administrative Officer/Town Clerk,</b> District Engineer, Secretary Tender Board, Tender Board Members, Chairperson	<b>Chief Administrative Officer/Town Clerk,</b> Chairperson, District Engineer, Secretary Tender Board, Tender Board Members, Executive Committee Members	<b>Chief Administrative Officer/Town Clerk,</b> Chairperson, District Engineer, Secretary Tender Board, Tender Board Members

**Table 28– Significance of Corruption Types at Stages of LG Procurement Process**

STAGE	BRIBERY		EMBEZZLEMENT		EXTORTION		FRAUD		FAVOURITISM		AVERAGE
Identification of procurement requirements	1,680.00	80.42%	1,594.00	76.30%	1,712.00	81.95%	1,615.00	77.31%	1,587.00	75.97%	78.39%
Planning for procurement	1,602.00	76.69%	1,535.00	73.48%	1,605.00	76.83%	1,549.00	74.15%	1,528.00	73.15%	74.86%
Setting of tender specifications & TOR & eligibility	1,600.00	76.59%	1,543.00	73.86%	1,615.00	77.31%	1,553.00	74.34%	1,530.00	73.24%	75.07%
Pre-qualification of providers	1,683.00	80.56%	1,561.00	74.72%	1,700.00	81.38%	1,541.00	73.77%	1,555.00	74.44%	76.97%
Choice of procurement method	1,552.00	74.29%	1,497.00	71.66%	1,580.00	75.63%	1,504.00	72.00%	1,498.00	71.71%	73.06%
Display of adverts	1,692.00	81.00%	1,638.00	78.41%	1,694.00	81.09%	1,650.00	78.99%	1,649.00	78.94%	79.68%
Period for bid preparation	1,564.00	74.87%	1,506.00	72.09%	1,562.00	74.77%	1,514.00	72.47%	1,507.00	72.14%	73.27%
Receipt of bids and opening	1,738.00	83.20%	1,662.00	79.56%	1,733.00	82.96%	1,668.00	79.85%	1,666.00	79.75%	81.06%
Tender evaluation	1,715.00	82.10%	1,585.00	75.87%	1,708.00	81.76%	1,576.00	75.44%	1,589.00	76.07%	78.25%
District Tender Board consideration of tender evaluation	1,684.00	80.61%	1,544.00	73.91%	1,678.00	80.33%	1,536.00	73.53%	1,555.00	74.44%	76.56%
Contract negotiation & signing	1,668.00	79.85%	1,549.00	74.15%	1,629.00	77.98%	1,541.00	73.77%	1,555.00	74.44%	76.04%
Drawing up of final contract	1,574.00	75.35%	1,487.00	71.18%	1,549.00	74.15%	1,486.00	71.13%	1,490.00	71.33%	72.63%
Time taken to award contracts	1,514.00	72.47%	1,452.00	69.51%	1,484.00	71.04%	1,449.00	69.36%	1,444.00	69.12%	70.30%
Contract management	1,697.00	81.24%	1,571.00	75.20%	1,633.00	78.17%	1,568.00	75.06%	1,565.00	74.92%	76.92%
Process of disposal of public property	1,303.00	62.37%	1,209.00	57.87%	1,321.00	63.24%	1,223.00	58.54%	1,210.00	57.92%	59.99%
Complaints mechanism review	1,095.00	52.42%	1,024.00	49.02%	1,074.00	51.41%	1,018.00	48.73%	1,031.00	49.35%	50.19%

## 2.5 Deterrent Activities

Overwhelmingly all respondents identified the extraction of a corrupt payment or promise as a serious offence. Similarly the great majority of respondents identified CG regarding corruption as a practice that government must eliminate. Alternately, from the point of view of LGs, 54.33% of respondents identified corruption as something that government must eliminate, but a significant proportion (26.32%) identified corruption as a matter that the people must eliminate. This does give some expectation that LGs may be able to effectively harness the will of the people in the fight against corruption in procurement.

**Table 29 – General Attitudes to Procurement Corruption Eradication**

Form 1 - Part 4 – question 1			
		Frequency	Percent
Valid	1	1835	87.8410723
	2	130	6.22307324
	3	80	3.82958353
	4	10	0.47869794
	<b>Total</b>	2055	98.372427
Missing	<b>System</b>	34	1.627573
<b>Total</b>		2089	100

Form 1 - Part 4 – question 2			
		Frequency	Percent
Valid	1	1835	87.8410723
	2	130	6.22307324
	3	80	3.82958353
	4	10	0.47869794
	<b>Total</b>	2055	98.372427
Missing	<b>System</b>	34	1.627573
<b>Total</b>		2089	100

Form 1 - Part 4 – question 3			
		Frequency	Percent
Valid	1	1135	54.33222
	2	256	12.25467
	3	50	2.39349
	4	45	2.154141
	5	550	26.32839
	6	12	0.574438



	<b>Total</b>	2048	98.03734
<b>Missing</b>	<b>System</b>	41	1.962662
<b>Total</b>		2089	100

## 2.6 Measures Believed To Reduce The Incidence Of Corruption

Respondents were asked to identify measures that could reduce the incidence of corruption. The choices were –

**Table 30– Measures Likely To Reduce the Incidence of Corruption**

1	Increase salaries
2	Substantial jail penalties for corruption
3	Publication of the identity of all persons identified in any report as being engaged in corrupt activity
4	Name and shame all persons convicted of corrupt activity or who have assets seized as a result of corrupt activity
5	Legal protection for informers/whistleblowers
6	Payment of substantial rewards for informers/whistleblowers on conviction of offender
7	Payment of part of recovered profits of corrupt activities to informers/whistleblowers on conviction of offender
8	Seizure of all personal assets on conviction of offender for corruption
9	Change legal burden of proof – a person accused of corrupt activity must prove that they have not been corrupt
10	Restitution Orders – a person served with such an order must prove that they have not benefited from corrupt activity or all of their assets are seized
11	Permanent prohibition of a person convicted of corruption from– <ul style="list-style-type: none"> <li>- working or contracting with any government,</li> <li>- holding any public office,</li> <li>- holding any position as a company or association director or other office bearer</li> </ul>
12	Permanent prohibition of a person who has assets seized under a restitution order from – <ul style="list-style-type: none"> <li>- working or contracting with any government,</li> <li>- holding any public office,</li> <li>- holding any position as a company or association director or other office bearer</li> </ul>
13	Verification by an independent authority that all holders of public office and their immediate families have acquired all assets legally (with the burden of proof on the individuals). Failure to verify assets within a set time causes an automatic, permanent and unappealable prohibition of a person – <ul style="list-style-type: none"> <li>- working or contracting with any government,</li> </ul>

	<ul style="list-style-type: none"> <li>- holding any public office,</li> <li>- holding any position as a company or association director or other office bearer</li> </ul>
14	Taxation penalties – taxing authorities may issue penalty orders(including retrospective penalties on any person that all assets of that person are the subject of heavy taxation penalties unless that person proves that the assets were lawfully obtained and all taxes paid in respect there of.
15	Other

The responses have been subjected to a factor analysis for both the CG and LG responses. This factor analysis identifies the Mean of the responses, the Standard Variation, explains the Total Variance and gives a Rotated Matrix Component. By way of explanation, if the Standard Deviation is less than the Mean, the data is essentially confirmed as valid. In the Rotated Component Matrix, any response in excess of 0.6 is identified as most relevant in any Component. The Total Variance Explained (in the % of Variance) identifies the relative importance of the measures.

### **2.6.1 Local Government**

**Table 31– Factor Analysis – LG Measures Likely To Reduce the Incidence of Corruption**

**Descriptive Statistics**

	Mean	Std. Deviation	Analysis N
increase salaries	3.17	1.364	171
substantial jail penalties for corruption	3.63	1.260	171
publication of the identity of all persons identified	3.58	1.434	171
name and shame all persons convicted	3.82	1.450	171
legal protection for informers	3.69	1.539	171
payment of substantial rewards	3.43	1.463	171
payment of part of recovered profits of corrupt activities	2.99	1.475	171
seizure of all personal asset son conviction of offender	3.83	1.507	171
change legal burden for proof	3.33	1.526	171
restitution orders to show if wealth not from corruption	3.32	1.326	171
permanent prohibition of a person convicted of corruption	4.26	1.462	171
permanent prohibition of a person who has assets	4.12	1.484	171
verification of independent authorities	3.61	1.452	171
the taxation penalties	3.36	1.408	171
other reasons other than these specified	3.68	1.765	171

**Rotated Component Matrix**

	Component			
	1	2	3	4
Increase salaries	-9.60E-02	.1462	-.3546	.5768
Substantial jail penalties for corruption	.2102	.7645	3.477E-02	-5.72E-02
Publication of the identity of all persons identified	.1139	.7274	.2430	.3360
Name and shame all persons convicted	.2401	.6757	.1437	.1718
Legal protection for informers	.1749	.3606	.5256	.2936
Payment of substantial rewards	.1368	.1770	.8375	-.1044
Payment of part of recovered profits of corrupt activities	.1649	7.968E-02	.7750	2.501E-02
Seizure of all personal assets on conviction of offender	.5491	.4152	.1059	-.1826
Change legal burden for proof	.2244	-5.16E-03	.2150	.6941
Restitution orders to show if wealth not from corruption	.4424	3.427E-02	.2576	.4806
Permanent prohibition of a person convicted of corruption	.7354	.3373	.1556	-2.49E-02
Permanent prohibition of a person who has assets	.7885	.3634	.1290	-7.19E-02
Verification of independent authorities	.7588	.1458	.1997	5.731E-02
Taxation penalties	.6492	-5.30E-02	4.362E-02	.3366
Other reasons other than these specified	-6.41E-02	8.257E-02	-3.69E-02	.4763

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 7 iterations.

**Total Variance Explained**

Component	Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %
1	2.912	19.413	19.413
2	2.210	14.731	34.144
3	1.993	13.285	47.430
4	1.671	11.143	58.572

Extraction Method: Principal Component Analysis.

## 2.6.2 Central Government

**Table 32– Factor Analysis – CG Measures Likely To Reduce the Incidence of Corruption**

Descriptive			
	Mea	Std.	Analysis
Increase	3.10	1.155	30
Substantial jail for	3.90	.923	30
Publication of the of all persons	3.80	1.243	30
Name and shame persons	4.17	1.147	30
Legal protection informer	4.00	1.174	30
Payment of rewards	3.37	1.245	30
Payment of part recovered profits corrupt	3.27	1.311	30
Seizure of all assetson conviction offender	4.00	1.287	30
Change legal burden proof	3.43	1.455	30
Restitution orders show if wealth not corruptio	3.47	1.224	30
Permanent a person convicted corruptio	4.23	1.251	30
Permanent a person who has	4.07	1.363	30
Verification of authoritie	3.77	1.406	30
The taxation	3.33	1.093	30
Other reasons other these	4.53	1.008	30

**Rotated Component Matrix<sup>a</sup>**

	Component				
	1	2	3	4	5
Increase salaries	-8.60E-02	.1358	6.332E-02	9.402E-02	.8120
Substantial jail penalties for corruption	.7402	-.1875	.1538	1.807E-02	-.2590
Publication of the identity of all persons identified	.2985	3.539E-02	.8672	.1718	.1779
Name and shame all persons convicted	.2044	.2728	.8484	2.404E-03	-8.90E-02
Legal protection for informers	.7804	.1773	.1164	-.1470	.3865
Payment of substantial rewards	5.600E-02	.6402	.1554	.1135	-7.56E-02
Payment of part of recovered profits of corrupt activities	.1113	.8185	.1174	.1079	.2235
Seizure of all personal assetson conviction of offender	.6546	.4568	.1685	.2146	-.1917
Change legal burden for proof	.4379	.6570	-.1339	6.278E-02	.3117
Restitution orders to show if wealth not from corruption	.5322	6.956E-02	-.6007	.2761	-3.30E-02
Permanent prohibition of a person convicted of corruption	.7391	.2101	5.581E-02	.2192	.1728
Permanent prohibition of a person who has assets	.7116	.2888	.1794	.2263	-.2818
Verification of independet authorities	.3641	.4289	4.183E-02	.6836	3.697E-02
The taxation penalties	-2.05E-02	.3608	-1.91E-02	.8239	-8.53E-02
Other reasons other than these specified	.1562	-.3245	6.051E-02	.6773	.3449

Extraction Method: Principal Component Analysis.  
 Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 7 iterations.

### Total Variance Explained

Component	Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %
1	3.424	22.828	22.828
2	2.433	16.218	39.046
3	1.999	13.329	52.375
4	1.915	12.768	65.143
5	1.343	8.952	74.095

Extraction Method: Principal Component Analysis.

### 2.6.3 Comments

The most important measures believed by both CG and LG to reduce the incidence of corruption , in order of importance are –

1. Permanent prohibition of a person who has assets seized under a restitution order from –

- working or contracting with any government,
- holding any public office,
- holding any position as a company or association director or other office bearer

2. Verification by an independent authority that all holders of public office and their immediate families have acquired all assets legally (with the burden of proof on the individuals). Failure to verify assets within a set time causes an automatic, permanent and unappealable prohibition of a person –

- working or contracting with any government,
- holding any public office,
- holding any position as a company or association director or other office bearer.

3. Permanent prohibition of a person convicted of corruption from–

- working or contracting with any government,
- holding any public office,
- holding any position as a company or association director or other office bearer

4. Taxation penalties – taxing authorities may issue penalty orders (including retrospective penalties) on any person that all assets of that person are the subject of heavy taxation penalties unless that person proves that the assets were lawfully obtained and all taxes paid in respect there of.

As a group of measures, these are all much more serious and direct than have been currently envisaged under any current legislation and clearly point the GoU to areas where they may well give strong consideration for future legal action. The concept of attacking the assets of the corrupt and the changing of the burden of proof as is often the case in various tax administration jurisdictions are a change from current approaches and need to be seriously considered by the GoU.

## **2.7 Financial Management**

Respondents were asked a series of questions that related to the relative effectiveness of financial management issues within their organizations with respect to corruption. The responses have been subjected to a factor analysis for both the CG and LG responses. This factor analysis identifies the Mean of the responses, the Standard Variation, explains the Total Variance and gives a Rotated Matrix Component. By way of explanation, if the Standard Deviation is less than the Mean, the data is essentially confirmed as valid. In the Rotated Component Matrix, any response in excess of 0.6 is identified as most relevant in any Component. The Total Variance Explained (in the % of Variance) identifies the relative importance of the measures.



## 2.7.1 Local Government

**Table 33– Factor Analysis – LG Issues With Respect to Financial Management**

### Descriptive Statistics

	Mean	Std. Deviation	Analysis N
How effective is the budget control	2.77	.823	1329
How transparent is the budget	2.40	.948	1329
Are you aware of the budget details	1.75	1.807	1329
How effective is the cash flow controlled	2.59	.942	1329
Effectiveness of management	2.44	.931	1329
How effective is the contract control process	2.58	1.022	1329
How effectively is the internal audit of the procurement process controlled	2.60	1.020	1329
Does your organisation comply with the budget law	2.78	.986	1329
Does your organisation comply with the accounting law	2.82	1.033	1329
Extent of following tendering rules and instructions	2.61	1.071	1329

**Rotated Component Matrix**

	Component	
	1	2
How effective is the budget control	.4438	.6620
How transparent is the budget	.2545	.7542
Are you aware of the budget details	-3.84E-02	.6805
How effective is the cash flow controlled	.5026	.5840
Effectiveness of management	.7747	3.811E-02
How effective is the contract control process	.8188	.1032
How effectively is the internal audit of the Procurement process controlled	.7601	.1998
Does your organisation comply with the budget law	.6841	.4126
Does your organisation comply with the accounting law	.6592	.2747
Extent of following tendering rules and instructions	.4955	.2481

Extraction Method: Principal Component Analysis.  
 Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 3 iterations.

**Total Variance Explained**

Component	Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %
1	3.512	35.122	35.122
2	2.170	21.703	56.825

Extraction Method: Principal Component Analysis.

## 2.7.2 Central Government

**Table 34 – Factor Analysis – CG LG Issues With Respect to Financial Management**

### Descriptive Statistics

	Mean	Std. Deviation	Analysis N
How effective is the budget control	2.94	.903	183
How transparent is the budget	2.95	.951	183
Are you aware of the budget details	1.85	1.790	183
How effective is the cash flow controlled	2.66	1.056	183
Effectiveness of management	2.68	.889	183
How effective is the contract control process	2.55	1.118	183
How effectively is the internal audit of the procurement process controlled	2.62	1.161	183
Does your organisation comply with the budget law	2.78	1.041	183
Does your organisation comply with the accounting law	2.65	1.213	183
Extent of following tendering rules and instructions	3.25	1.001	183

**Rotated Component Matrix<sup>a</sup>**

	Component	
	1	2
How effective is the budget control	.7943	8.568E-02
How transparent is the budget	.7515	.1470
Are you aware of the budget details	.5025	-7.15E-02
How effective is the cash flow controlled	.8301	.1194
Effectiveness of management	-5.91E-04	.8248
How effective is the contract control process	.2737	.7894
How effectively is the internal audit of the procurement process controlled	.6436	.3659
Does your organisation comply with the budget law	.7500	.2857
Does your organisation comply with the accounting law	.6045	.4271
Extent of following tendering rules and instructions	8.910E-02	.6221

Extraction Method: Principal Component Analysis.  
 Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 3 iterations.

**Total Variance Explained**

Component	Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %
1	3.562	35.623	35.623
2	2.137	21.366	56.989

Extraction Method: Principal Component Analysis.

### 2.7.3 Comments

Overwhelmingly, the respondents identified the following as the critical issues with respect to corruption in procurement with respect to financial management issues –

1. Effectiveness of the contract control process,

2. Effectiveness of management,
3. Compliance with the budget laws,
4. Compliance with accounting regulations.

Interestingly, the respondents did not rank compliance with tendering rules and instructions as highly as the overall quality of management.

## 2.8 Causes of Corruption

Respondents were asked to identify the causes of corruption in procurement. The responses have been subjected to a factor analysis for both the CG and LG responses. This factor analysis identifies the Mean of the responses, the Standard Variation, explains the Total Variance and gives a Rotated Matrix Component. By way of explanation, if the Standard Deviation is less than the Mean, the data is essentially confirmed as valid. In the Rotated Component Matrix, any response in excess of 0.6 is identified as most relevant in any Component. The Total Variance Explained (in the % of Variance) identifies the relative importance of the measures. The choices were –

**Table 35 – Causes of Corruption in Procurement**

1	Cultural reason i.e. bribes have been a custom
2	Lack of effective incentive mechanism for public officials, such as lack of promotion on merit.
3	Poor economic policies.
4	Low salaries of public officials
5	Lack of transparent and accountable procurement processes
6	Lack of independent and effective judiciary
7	Lack of effective reporting system
8	Lack of effective system of punishing corrupt officials
9	Poor investigation of cases of corruption and poor records management by state organs
10	Greed
11	Other, specify.

## 2.8.1 Local Government

**Table 36 – Factor Analysis – LG Causes of Corruption**

**Descriptive Statistics**

	Mean	Std. Deviation	Analysis N
Cultural reason i.e bribes have been a custom	2.60	.876	2165
Lack of effective incentive mechanism for public officials	2.02	.819	2165
Poor economic policies	1.96	.895	2165
Low salaries of public officials	1.69	.776	2165
Lack of transparent and accountable procurement processes	1.81	.824	2165
Lack of independent and effective judiciary	2.07	.948	2165
Lack of effective reporting system	1.87	.843	2165
Lack of effective system of punishing corrupt officials	1.63	.809	2165
Poor investigation of cases of corruption and poor records management by state organs	1.63	.825	2165
Greed	1.64	.888	2165

**Rotated Component Matrix<sup>a</sup>**

	Component		
	1	2	3
Cultural reason i.e bribes have been a custom	-1.31E-02	9.465E-02	.7574
Lack of effective incentive mechanism for public officials	.1093	.7419	-3.27E-02
Poor economic policies	.2332	.5765	.1581
Low salaries of public officials	-5.13E-02	.7666	-4.08E-02
Lack of transparent and accountable procurement processes	.6379	.1303	-6.39E-02
Lack of independent and effective judiciary	.6307	.1417	2.046E-02
Lack of effective reporting system	.7333	1.707E-02	6.647E-02
Lack of effective system of punishing corrupt officials	.7260	-7.20E-03	.1521
Poor investigation of cases of corruption and poor records management by state organs	.6748	8.211E-02	.1745
Greed	.1803	-5.14E-02	.6740

Extraction Method: Principal Component Analysis.  
 Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 4 iterations.

**Total Variance Explained**

Component	Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %
1	2.426	24.265	24.265
2	1.526	15.261	39.526
3	1.118	11.181	50.707

Extraction Method: Principal Component Analysis.

## 2.8.2 Central Government

**Table37 – Factor Analysis – CG LG Causes of Corruption**

**Rotated Component Matrix<sup>a</sup>**

	Component		
	1	2	3
Cultural reason i.e bribes have been a custom	3.002E-02	-2.47E-02	.9014
Lack of effective incentive mechanism for public officials	6.517E-02	.7171	.3520
Poor economic policies	.1436	.6975	-8.09E-02
Low salaries of public officials	-.1335	.7295	-.1212
Lack of transparent and accountable procurement processes	.6209	-8.68E-03	.2936
Lack of independent and effective judiciary	.6711	.1762	.2481
Lack of effective reporting system	.7482	2.633E-03	6.598E-02
Lack of effective system of punishing corrupt officials	.7314	3.583E-02	3.009E-02
Poor investigation of cases of corruption and poor records management by state organs	.7235	9.666E-02	-.2280
Greed	.3995	-7.22E-02	-6.82E-02

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 4 iterations.



### Descriptive Statistics

	Mean	Std. Deviation	Analysis N
Cultural reason i.e bribes have been a custom	2.68	.776	205
Lack of effective incentive mechanism for public officials	2.15	.746	205
Poor economic policies	2.15	.829	205
Low salaries of public officials	1.72	.733	205
Lack of transparent and accountable procurement processes	2.01	.822	205
Lack of independent and effective judiciary	2.25	.893	205
Lack of effective reporting system	2.06	.771	205
Lack of effective system of punishing corrupt officials	1.72	.753	205
Poor investigation of cases of corruption and poor records management by state organs	1.67	.758	205
Greed	1.44	.788	205

### Total Variance Explained

Component	Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %
1	2.657	26.574	26.574
2	1.580	15.805	42.378
3	1.167	11.673	54.052

Extraction Method: Principal Component Analysis.

### 2.8.3 Comments

Overwhelmingly, the respondents identified the following as the causes of corruption in procurement –

1. Lack of effective reporting system,
2. Lack of effective system of punishing corrupt officials,
3. Poor investigation of cases of corruption and poor records management by state organs ,
4. Lack of independent and effective judiciary.

## **2.9 Integrity of Institutions in the Procurement Process**

Respondents were asked to identify the causes of corruption in procurement. The responses have been subjected to a factor analysis for both the CG and LG responses. This factor analysis identifies the Mean of the responses, the Standard Variation, explains the Total Variance and gives a Rotated Matrix Component. By way of explanation, if the Standard Deviation is less than the Mean, the data is essentially confirmed as valid. In the Rotated Component Matrix, any response in excess of 0.6 is identified as most relevant in any Component. The Total Variance Explained (in the % of Variance) identifies the relative importance of the selections.

## 2.9.1 Local Government

**Table 38 – Factor Analysis – LG Integrity of Institutions**

### Descriptive Statistics

	Mean	Std. Deviation	Analysis N
Pariament of Uganda	2.73	1.335	2074
Ministry of Health	2.79	1.106	2074
National Medical Stores	3.05	1.276	2074
Regional Referral Hospital	2.92	1.307	2074
Ministry of Education and Sports	2.84	1.408	2074
Ministry of Agriculture, Animal Industry and Fisheries	3.11	1.428	2074
Ministry of Water, Lands and Enviroment	3.03	1.365	2074
Ministry of Works, Housing and Communications	3.00	1.278	2074
Ministry of Gender, Labour and Social Development	3.17	1.501	2074
Ministry of Finance, Planning and Economic Development	2.96	1.304	2074
Ministry of Local Government	2.76	1.314	2074
Local Government Finance Commission	3.29	1.479	2074
Uganda Police	2.80	.914	2074
Inspectorate of Government	2.80	1.440	2074
Public Procurement and Disposal of Public Assets Authority	3.46	1.442	2074
Higher Local Government-Political Leaders	2.64	1.096	2074
Lower Local Government-Political Leaders	2.51	1.119	2074
Higher Local Government-Civil Servant	2.45	1.132	2074
Lower Local Government-Civil Servant	2.39	1.217	2074

Rotated Component Matrix<sup>a</sup>

	Component			
	1	2	3	4
Pariament of Uganda	.2540	.1124	.5814	.1686
Ministry of Health	.2753	.1313	.7703	4.499E-03
National Medical Stores	.2743	4.400E-02	.6696	.2206
Regional Referral Hospital	.3717	.1240	.5931	.1658
Ministry of Education and Sports	.6570	.1461	.3468	8.898E-02
Ministry of Agriculture, Animal Industry and Fisheries	.7567	.1248	.2576	.1009
Ministry of Water, Lands and Enviroment	.7641	.1309	.2234	7.310E-02
Ministry of Works, Housing and Communications	.7008	.1690	.2587	.1251
Ministry of Gender, Labour and Social Development	.7788	.1153	.1079	.2306
Ministry of Finance, Planning and Economic Development	.6014	.2241	.1796	.2959
Ministry of Local Government	.4622	.3042	.2208	.3368
Local Government Finance Commission	.4502	.1464	.1076	.5763
Uganda Police	4.662E-02	.3017	.6149	.1280
Inspectorate of Government	.2330	.2505	.2553	.5840
Public Procurement and Disposal of Public Assets Authority	.1027	7.183E-02	.1521	.8103
Higher Local Government-Political Leaders	.1498	.7257	.2133	7.243E-02
Lower Local Government-Political Leaders	.1660	.7987	.1624	5.351E-02
Higher Local Government-Civil Servant	.1518	.8093	.1065	.1530
Lower Local Government-Civil Servant	.1639	.7871	7.154E-02	.1584

Extraction Method: Principal Component Analysis.  
 Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 5 iterations.

**Total Variance Explained**

Component	Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %
1	3.984	20.970	20.970
2	2.905	15.291	36.261
3	2.694	14.178	50.439
4	1.801	9.477	59.916

Extraction Method: Principal Component Analysis.

**Component Transformation Matrix**

Component	1	2	3	4
1	.661	.443	.493	.352
2	-.444	.879	-.173	-.029
3	-.452	-.069	.852	-.255
4	-.401	-.164	.043	.900

Extraction Method: Principal Component Analysis.  
Rotation Method: Varimax with Kaiser Normalization.

## 2.9.2 Central Government

**Table 39 – Factor Analysis – CG Integrity of Institutions**

### Descriptive Statistics

	Mean	Std. Deviation	Analysis N
Pariament of Uganda	3.14	1.464	210
Ministry of Health	3.10	1.166	210
National Medical Stores	3.31	1.274	210
Regional Referral Hospital	3.35	1.305	210
Ministry of Education and Sports	3.19	1.404	210
Ministry of Agriculture, Animal Industry and Fisheries	3.46	1.418	210
Ministry of Water, Lands and Enviroment	3.25	1.296	210
Ministry of Works, Housing and Communications	3.16	1.295	210
Ministry of Gender, Labour and Social Development	3.35	1.450	210
Ministry of Finance, Planning and Economic Development	3.13	1.319	210
Ministry of Local Government	3.14	1.368	210
Local Government Finance Commission	3.55	1.522	210
Uganda Police	2.96	1.119	210
Inspectorate of Government	3.19	1.507	210
Public Procurement and Disposal of Public Assets Authority	3.20	1.570	210
Higher Local Government-Political Leaders	2.97	1.115	210
Lower Local Government-Political Leaders	2.92	1.126	210
Higher Local Government-Civil Servant	2.89	1.127	210
Lower Local Government-Civil Servant	2.90	1.239	210

Rotated Component Matrix<sup>a</sup>

	Component			
	1	2	3	4
Pariament of Uganda	.121	.656	.124	.103
Ministry of Health	.275	.740	.204	3.169E-02
National Medical Stores	.166	.694	.221	.133
Regional Referral Hospital	.133	.657	.212	.265
Ministry of Education and Sports	7.070E-02	.376	.545	.305
Ministry of Agriculture, Animal Industry and Fisheries	.147	.446	.595	.190
Ministry of Water, Lands and Enviroment	.115	.521	.519	.135
Ministry of Works, Housing and Communications	.229	.402	.581	-5.09E-02
Ministry of Gender, Labour and Social Development	.204	7.950E-02	.690	.118
Ministry of Finance, Planning and Economic Development	.205	6.793E-02	.743	.101
Ministry of Local Government	.456	.125	.474	8.102E-02
Local Government Finance Commission	9.750E-02	.141	.485	.495
Uganda Police	.407	.552	-1.70E-02	-9.24E-02
Inspectorate of Government	.209	.361	.165	.706
Public Procurement and Disposal of Public Assets Authority	.188	-4.05E-03	.106	.847
Higher Local Government-Political Leaders	.765	.213	.125	.234
Lower Local Government-Political Leaders	.792	.184	.266	9.604E-02
Higher Local Government-Civil Servant	.871	.235	.210	.141
Lower Local Government-Civil Servant	.809	.216	.221	.152

Extraction Method: Principal Component Analysis.  
 Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 6 iterations.

**Total Variance Explained**

Component	Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %
1	3.399	17.887	17.887
2	3.326	17.504	35.391
3	3.114	16.390	51.781
4	1.857	9.774	61.556

Extraction Method: Principal Component Analysis.

**2.9.3 Comment**

In order, the respondents identified the following institutions as having the greatest integrity in the procurement process –

**Table 40 – Institutions of Integrity**

No	Institution
1.	Ministry of Gender, Labour & Social Development
2	Ministry of Water, Lands and Environment
3	Ministry of Agriculture, Animal Industry and Fisheries
4	Ministry of Works, Housing and Communications
5	Ministry of Education and Sports
6	Ministry of Finance, Planning and Economic Development

The factor analysis of the balance of the government institutions does not allow for a further ranking.

**2.10 Corruption in Procurement in the Institutions of Government**

Respondents were asked to identify the causes of corruption in procurement. The responses have been subjected to a factor analysis for both the CG and LG responses. This factor analysis identifies the Mean of the responses, the Standard Variation, explains the Total Variance and gives a Rotated Matrix Component. By way of explanation, if the Standard Deviation is less than the Mean, the data is essentially confirmed as valid. In the Rotated Component Matrix, any response in excess of 0.6 is identified as most relevant in any Component. The Total Variance Explained (in the % of Variance) identifies the relative importance of the selections.



## 2.10.1 Local Government

**Table 41– Factor Analysis – LG Integrity of Institutions**

### Descriptive Statistics

	Mean	Std. Deviation	Analysis N
Pariament of Uganda	2.71	1.271	38
Ministry of Health	3.89	1.060	38
National Medical Stores	3.66	1.279	38
Regional Referral Hospital	3.32	1.165	38
Ministry of Education and Sports	3.37	1.172	38
Ministry of Agriculture, Animal Industry and Fisheries	3.24	1.218	38
Ministry of Water, Lands and Enviroment	3.50	1.033	38
Ministry of Works, Housing and Communications	3.82	1.010	38
Ministry of Gender, Labour and Social Development	3.08	1.239	38
Ministry of Finance, Planning and Economic Development	3.55	1.155	38
Ministry of Local Government	3.50	1.225	38
Local Government Finance Commission	2.71	1.063	38
Uganda Police	3.92	1.171	38
Inspectorate of Government	2.66	1.361	38
Public Procurement and Disposal of Public Assets Authority	2.53	1.310	38
Higher Local Government-Political Leaders	3.39	1.054	38
Lower Local Government-Political Leaders	3.32	1.016	38
Higher Local Government-Civil Servant	3.34	1.072	38
Lower Local Government-Civil Servant	3.16	1.053	38

**Rotated Component Matrix<sup>a</sup>**

	Component			
	1	2	3	4
Pariament of Uganda	4.887E-02	.4847	.5537	-.1009
Ministry of Health	.8607	2.502E-02	.2231	.2101
National Medical Stores	.7936	.1162	.2986	.1215
Regional Referral Hospital	.6835	.2508	.1725	.2391
Ministry of Education and Sports	.4191	.6816	.3626	.1574
Ministry of Agriculture, Animal Industry and Fisheries	.5599	.5290	.4841	.1739
Ministry of Water, Lands and Enviroment	.6757	7.579E-02	5.550E-02	.2076
Ministry of Works, Housing and Communications	.6832	.2959	.2249	.2573
Ministry of Gender, Labour and Social Development	.3721	.1664	.7115	.2350
Ministry of Finance, Planning and Economic Development	.5423	.2298	.4092	2.461E-02
Ministry of Local Government	.4136	.7478	.1905	2.412E-02
Local Government Finance Commission	-6.16E-02	.6769	.4138	.1623
Uganda Police	.6865	.2666	-.2844	.1117
Inspectorate of Government	8.625E-02	4.332E-02	.8788	-.1321
Public Procurement and Disposal of Public Assets Authority	.1950	.1629	.6612	.3999
Higher Local Government-Political Leaders	.3092	.7235	-.1367	.3070
Lower Local Government-Political Leaders	5.866E-02	.5875	-3.06E-02	.7112
Higher Local Government-Civil Servant	.5008	.1492	4.882E-02	.7551
Lower Local Government-Civil Servant	.3527	6.153E-02	.1192	.8767

Extraction Method: Principal Component Analysis.  
 Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 8 iterations.

**Total Variance Explained**

Component	Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %
1	4.851	25.532	25.532
2	3.242	17.061	42.593
3	3.102	16.329	58.922
4	2.502	13.168	72.089

Extraction Method: Principal Component Analysis.

## 2.10.2 Central Government

**Table 42– Factor Analysis – CG Integrity of Institutions**

**Rotated Component Matrix<sup>a</sup>**

	Component			
	1	2	3	4
Pariament of Uganda	1.424E-02	.5063	.5247	-7.60E-02
Ministry of Health	.8696	1.762E-02	.2165	.2109
National Medical Stores	.7962	.1076	.2748	.1362
Regional Referral Hospital	.6860	.2461	.1540	.2416
Ministry of Education and Sports	.4291	.6916	.3507	.1341
Ministry of Agriculture, Animal Industry and Fisheries	.5729	.5419	.4787	.1504
Ministry of Water, Lands and Enviroment	.6696	7.202E-02	3.261E-02	.2152
Ministry of Works, Housing and Communications	.6956	.3048	.1993	.2462
Ministry of Gender, Labour and Social Development	.3755	.1751	.6978	.2493
Ministry of Finance, Planning and Economic Development	.5508	.2402	.3977	9.963E-03
Ministry of Local Government	.4172	.7593	.1389	3.317E-02
Local Government Finance Commission	-7.94E-02	.6852	.3746	.1877
Uganda Police	.6778	.2600	-.3295	.1291
Inspectorate of Government	8.879E-02	5.362E-02	.8787	-.1192
Public Procurement and Disposal of Public Assets Authority	.1986	.1755	.6318	.4307
Higher Local Government-Political Leaders	.3226	.7261	-.1409	.2766
Lower Local Government-Political Leaders	7.900E-02	.6160	-1.98E-02	.6847
Higher Local Government-Civil Servant	.5091	.1616	4.364E-02	.7521
Lower Local Government-Civil Servant	.3563	8.469E-02	.1001	.8813

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 8 iterations.

### Descriptive Statistics

	Mean	Std. Deviation	Analysis N
Pariament of Uganda	2.69	1.215	36
Ministry of Health	3.86	1.073	36
National Medical Stores	3.64	1.291	36
Regional Referral Hospital	3.31	1.191	36
Ministry of Education and Sports	3.36	1.199	36
Ministry of Agriculture, Animal Industry and Fisheries	3.22	1.245	36
Ministry of Water, Lands and Enviroment	3.50	1.056	36
Ministry of Works, Housing and Communications	3.83	1.028	36
Ministry of Gender, Labour and Social Development	3.08	1.251	36
Ministry of Finance, Planning and Economic Development	3.56	1.182	36
Ministry of Local Government	3.53	1.230	36
Local Government Finance Commission	2.69	1.064	36
Uganda Police	3.94	1.194	36
Inspectorate of Government	2.69	1.369	36
Public Procurement and Disposal of Public Assets Authority	2.56	1.319	36
Higher Local Government-Political Leaders	3.36	1.073	36
Lower Local Government-Political Leaders	3.31	1.037	36
Higher Local Government-Civil Servant	3.31	1.091	36
Lower Local Government-Civil Servant	3.17	1.082	36

**Total Variance Explained**

Component	Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %
1	4.933	25.964	25.964
2	3.375	17.761	43.726
3	2.931	15.427	59.153
4	2.477	13.038	72.191

Extraction Method: Principal Component Analysis.

**2.10.3 Comment**

The results of this area of the survey were clear and unequivocal, in that the health sector was universally identified as the sector most lacking in integrity in the procurement process, in particular the Ministry of Health, The National Medical Sores and the Regional Referral Hospitals.

**2.11 Staff Corruption in CG Interviewees' Organization**

In response to the question: "What numbers of the staff in your organization actively engage in corrupt procurement practices?" only 16.4% of the CG interviewees said that no staff in their organizations is actively involved in corrupt procurement practices despite their affirmation of non-existence of procurement corruption.

**Table 43 Level of Corruption in CG Interviewees' Organization**

<b>What numbers of the staff in your organization actively engage in corrupt procurement practices?</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>
<b>None</b>	37	16.4	20.5
<b>Few</b>	98	43.4	54.4
<b>Some</b>	40	17.7	22.2
<b>Many</b>	4	1.8	2.2
<b>Most</b>	0	0	0
<b>All</b>	1	.4	.6

<b>What numbers of the staff in your organization actively engage in corrupt procurement practices?</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>
<b>NA</b>	46	20.4	
<b>Total</b>	226	100.0	100.0

## **2.12 Numbers of the Staff in CG Interviewees' Organization Benefiting from Corrupt Procurement Practices**

In response to the question: "What numbers of the staff in your organization benefit from corrupt procurement practices?" again only 18.8% of the CG interviewees said that no staff in their organization benefits from procurement corruptive practices, and almost half of their organizations had few staff member who have benefited from procurement corruption. In general, 81.2% of interviewees' organizations have benefited from procurement corruption, which is serious as reported in the IGG's 2003 report.

**Table 44 Staff in CG Interviewees' Organization Benefiting from Procurement Corruption**

<b>What numbers of the staff in your organization benefit from corrupt procurement practices</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>
<b>None</b>	34	15.0	18.8
<b>Few</b>	109	48.2	60.2
<b>Some</b>	34	15.0	18.8
<b>Many</b>	2	.9	1.1
<b>Most</b>	0	0	0
<b>All</b>	1	.4	.5
<b>NA</b>	45	20.4	
<b>Total</b>	226	100	100.0

### 3.0 Clustering Local Governments

It is a requirement of the Report that LGs not be clustered in merely geographic terms, such as north, east etc, but instead into groups that allow for similar LGs to be clustered together by reference to a set of clear identifiers so that a cluster identifies similar LGs based on the identifiers. This will allow for the comparison of the survey results against similar LGs and avoids errors of mere geographic split.

Within each identifier, there are a series of selections which are weighted this will allow for LGs with similar characteristics being identified together. While the clustered LGs might not share all of the features of each other LG in a cluster, they will share most.

The identifiers and their weightings are as follows -

#### 3.1 Budget size

Identifier	Greater than Ush 15 billion PA	< Ush 15 billion, > Ush 10 billion	< Ush 10 billion
Weight	3	2	1

#### 3.2 Area

Identifier	> 7000sq km	< 7000 >3000sq km	< 3000sq km
Weight	3	2	1

#### 3.3 Population

Identifier	> 700,000	<700,000 >400,000	< 400,000
Weight	3	2	1



### 3.4 LG Age

<b>Identifier</b>	<b>&gt; 10 years</b>	<b>&lt; 10 &gt; 5 years</b>	<b>&lt; 5 years</b>
<b>Weight</b>	3	3	1

### 3.5 Staffing Model

<b>Identifier</b>	<b>Model 3</b>	<b>Model 2</b>	<b>Model 1</b>
<b>Weight</b>	3	2	1

Note – the Staffing Models are set by the Ministry of Public Service. The smallest establishment is a Model 1 and the largest Model 3. They are only increments of the base Model 1 as size increase.

### 3.6 Remoteness and accessibility from municipality

<b>Identifier</b>	<b>&lt; 30 Km</b>	<b>&gt; 30 &lt; 80 Km</b>	<b>&gt; 80 Km</b>
<b>Weight</b>	3	2	1

### 3.7 Level of commercial activity/infrastructure

<b>Identifier</b>	<b>&gt; 10 Markets</b>	<b>&lt; 10 &gt; 5 Markets</b>	<b>&lt; 5 Markets</b>
<b>Weight</b>	3	2	1

### 3.8 Security

<b>Identifier</b>	<b>No Conflict</b>	<b>Post Conflict</b>	<b>Conflict</b>
<b>Weight</b>	3	2	1

Note – No conflict means no insurrection or cattle raiding. Post conflict means was in last 2 years either insurrection or cattle raiding, but not now. Conflict means active insurrection or cattle raiding.

### 3.9 Presence of commercial bank

<b>Identifier</b>	<b>Yes</b>	<b>No</b>
<b>Weight</b>	1	0

### 3.10 Institutional Stability

<b>Identifier</b>	<b>&gt; 60% of LG Councillors returned at last election</b>	<b>&lt; 40% &gt; 60% of LG Councillors returned at last election</b>	<b>&lt; 40% of LG Councillors returned at last election</b>
<b>Weight</b>	3	2	1

**Table 45 ANALYSIS OF LGs BY IDENTIFIERS**

<b>Identifier</b>	<b>Budget</b>	<b>Area</b>	<b>Pop</b>	<b>LG Age</b>	<b>Model</b>	<b>Location</b>	<b>Markets</b>	<b>Security</b>	<b>Bank</b>	<b>Election of Councillors</b>	<b>Totals</b>
Apac	3	2	2	3	2	2	1	1	1	1	18
Bugiri	2	2	1	2	2	2	1	3	0	1	18
Bushenyi	3	2	3	3	3	2	3	3	1	2	25
Gulu,	1	1	1	3	3	3	2	1	1	1	17
Gulu MC	2	3	2	3	2	3	2	1	1	1	20
Iganga	2	1	2	3	2	2	2	3	1	1	19
Kabale	3	1	2	3	1	3	2	3	1	3	22
Kabale MC	1	1	1	3	3	3	1	3	1	2	19
Kamuli	3	2	2	3	2	1	2	3	1	1	20
Katakwi	1	2	1	2	1	2	2	2	1	1	15
Kitgum	2	3	1	3	1	1	1	1	1	1	15
Kumi	2	1	1	3	1	2	2	2	1	1	16
Lira	3	3	2	3	3	3	1	1	1	1	21
Lira MC	1	1	1	3	3	3	1	1	1	1	16
Luwero	3	2	2	3	1	2	2	3	1	2	21
Masaka	3	2	1	3	3	3	3	3	1	1	23
Masaka MC	1	1	1	3	3	3	2	3	1	1	19
Mayuge	1	2	1	1	1	2	1	3	0	1	15
Mbarara	3	3	3	3	3	3	3	3	1	1	26
Mbarara MC	1	1	1	3	3	3	2	3	1	2	20
Mubende	3	2	2	3	2	1	3	3	1	2	22
Nakapiripirit	1	2	1	1	1	1	2	1	0	3	15
Nakasongola	1	2	1	2	1	1	2	3	0	3	18
Nebbi	2	1	2	3	1	2	2	2	1	1	17
Ntungamo	2	1	2	2	1	2	2	3	1	2	18

<b>Identifier</b>	<b>Budget</b>	<b>Area</b>	<b>Pop</b>	<b>LG Age</b>	<b>Model</b>	<b>Location</b>	<b>Markets</b>	<b>Security</b>	<b>Bank</b>	<b>Election of Councillors</b>	<b>Totals</b>
Pader	1	3	1	1	1	2	1	1	0	1	14
Pallisa	3	1	2	3	2	2	2	3	1	1	20
Rukungiri	2	1	2	3	1	1	2	3	1	2	18
Soroti	2	2	1	3	1	3	2	2	1	1	18
Soroti MC	1	1	1	3	3	3	1	2	1	1	17
Tororo	3	1	2	3	2	3	2	3	1	1	21
Tororo MC	1	1	1	3	3	3	1	3	1	1	18
Wakiso	3	1	3	3	3	3	3	3	1	1	24
<b>Totals</b>											

### 3.11 Overall LG Clustering

Score	LGs
>20	Bushenyi, Mbarara, Kabale, Lira, Luwero, Masaka, Mubende, Tororo, Wakiso
> 15 <20	Apac, Bugiri, Gulu MC, Gulu, Iganga, Kabale MC, Kamuli, Kumi, Lira MC, Masaka MC, Mbarara MC, Nakasongola, Nebbi, Ntungamo, Pallisa, Rukungiri, Soroti, Soroti MC, Tororo MC
< 15	Katakwi, Kitgum, Mayuge, Nakapiripirit, Pader,

### 3.12 Clustering By Identifier

#### 3.12.1 Budget size

Score	LGs
> Ush 15 billion PA	Apac, Bushenyi, Kabale, Kamuli, Lira, Luwero, Masaka, Mbarara, Mubende, Pallisa, Tororo, Wakiso,
< Ush 15 billion > Ush 10 billion PA	Bugiri, Gulu, Iganga, Kitgum, Kumi, Nebbi, Ntungamo, Rukungiri, Soroti
< Ush 10 billion PA	Gulu MC, Kabale MC, Katakwi, Lira MC, Masaka MC, Mayuge, Mbarara MC, Nakapiripirit, Nakasongola, Pader, Soroti MC, Tororo MC

#### ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Average of five forms of corruption on scale of 1-7 central government	Between Groups	243.226	2	121.613	73.527	.000
	Within Groups	3403.914	2058	1.654		
	Total	3647.139	2060			
Average of five forms of corruption on scale of 1-7 local government	Between Groups	129.133	2	64.567	76.310	.000
	Within Groups	1752.289	2071	.846		
	Total	1881.422	2073			

## National Public Procurement Integrity Survey 2006

### Multiple Comparisons

Bonferroni

Dependent Variable	(I) Budget size	(J) Budget size	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Average of five forms of corruption on scale of 1-7 central government	Less than 15 billion	15-10 billion over 10 billion	-.7558*	.06812	.000	-.9190	-.5926
	15-10 billion	Less than 15 billion over 10 billion	.7558*	.06812	.000	.5926	.9190
		over 10 billion	Less than 15 billion 15-10 billion	.0427	.06903	1.000	-.1227
Average of five forms of corruption on scale of 1-7 local government	Less than 15 billion	15-10 billion over 10 billion	-.5427*	.04865	.000	-.6592	-.4261
	15-10 billion	Less than 15 billion over 10 billion	.5427*	.04865	.000	.4261	.6592
		over 10 billion	Less than 15 billion 15-10 billion	-.5277*	.05121	.000	-.6504

\*. The mean difference is significant at the .05 level.

The consequence of this analysis is that the larger the budget, the more likely the LG is to be corrupt.

### 3.12.2 Area

Score	LGs
> 7000sqr km	Gulu, Kitgum, Lira, Mbarara, Pader
< 7000 >3000sqr km	Apac, Bugiri, Bushenyi, Kamuli, Katakwi, Luwero, Masaka, Mayuge, Mubende, Nakapiripirit, Nakasongola, Soroti
< 3000sqr km	Gulu MC, Iganga, Kabale, Kabale MC, Kumi, Lira MC, Masaka MC, Mbarara MC, Nebbi, Ntungamo, Pallisa, Rukungiri, Soroti MC, Tororo, Tororo MC, Wakiso

### ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Average of five forms of corruption on scale of 1-7 central government	Between Groups	54.094	2	27.047	15.492	.000
	Within Groups	3593.046	2058	1.746		
	Total	3647.139	2060			
Average of five forms of corruption on scale of 1-7 local government	Between Groups	9.752	2	4.876	5.395	.005
	Within Groups	1871.671	2071	.904		
	Total	1881.422	2073			

## National Public Procurement Integrity Survey 2006

### Multiple Comparisons

Bonferroni

Dependent Variable	(I) Area	(J) Area	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Average of five forms of corruption on scale of 1-7 central government	Less than 7000 sqkm	7000-3000 sqkm	-.4483*	.08138	.000	-.6433	-.2533
		Over 3000 sqkm	-.2345*	.07764	.008	-.4205	-.0485
	7000-3000 sqkm	Less than 7000 sqkm	.4483*	.08138	.000	.2533	.6433
		Over 3000 sqkm	.2138*	.06586	.004	.0560	.3716
	Over 3000 sqkm	Less than 7000 sqkm	.2345*	.07764	.008	.0485	.4205
		7000-3000 sqkm	-.2138*	.06586	.004	-.3716	-.0560
Average of five forms of corruption on scale of 1-7 local government	Less than 7000 sqkm	7000-3000 sqkm	-.1036	.05846	.230	-.2437	.0365
		Over 3000 sqkm	.0507	.05580	1.000	-.0829	.1844
	7000-3000 sqkm	Less than 7000 sqkm	.1036	.05846	.230	-.0365	.2437
		Over 3000 sqkm	.1544*	.04719	.003	.0413	.2674
	Over 3000 sqkm	Less than 7000 sqkm	-.0507	.05580	1.000	-.1844	.0829
		7000-3000 sqkm	-.1544*	.04719	.003	-.2674	-.0413

\*. The mean difference is significant at the .05 level.

The consequence of this analysis is that the geographically smaller a LG the less likely it is to be corrupt.

### 3.12.3 Population

Score	LGs
> 700,000	Bushenyi, Mbarara, Wakiso
< 700,000	Apac, Gulu, Iganga, Kabale, Kamuli, Lira, Luwero
> 400,000	Mubende, Nebbi, Ntungamo, Pallisa, Rukungiri, Tororo
< 400,000	Bugiri, Gulu MC, Kabale MC, Katakwi, Kitgum, Kumi, Lira MC, Masaka, Masaka MC, Mayuge, Mbarara MC, Nakapiripirit, Nakasongola, Pader, Soroti, Soroti MC, Tororo MC

### ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Average of five forms of corruption on scale of 1-7 central government	Between Groups	96.542	2	48.271	27.979	.000
	Within Groups	3550.597	2058	1.725		
	Total	3647.139	2060			
Average of five forms of corruption on scale of 1-7 local government	Between Groups	25.135	2	12.567	14.021	.000
	Within Groups	1856.288	2071	.896		
	Total	1881.422	2073			

## National Public Procurement Integrity Survey 2006

### Multiple Comparisons

Bonferroni

Dependent Variable	(I) Population	(J) Population	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Average of five forms of corruption on scale of 1-7 central government	Les than 400000	400000-700000	-.6931*	.10081	.000	-.9347	-.4516
		Over 7000	-.7284*	.09968	.000	-.9672	-.4896
	400000-700000	Les than 400000	.6931*	.10081	.000	.4516	.9347
		Over 7000	-.0353	.06119	1.000	-.1819	.1114
Average of five forms of corruption on scale of 1-7 local government	Les than 400000	400000-700000	-.3563*	.07264	.000	-.5303	-.1822
		Over 7000	-.3699*	.07178	.000	-.5419	-.1980
	400000-700000	Les than 400000	.3563*	.07264	.000	.1822	.5303
		Over 7000	-.0137	.04396	1.000	-.1190	.0916
Over 7000	Les than 400000	.3699*	.07178	.000	.1980	.5419	
	400000-700000	.0137	.04396	1.000	-.0916	.1190	

\*. The mean difference is significant at the .05 level.

The consequence of this analysis is that the smaller a LG in terms of population, the less likely it is to be corrupt,

### 3.12.4 LG Age

Score	LGs
> 10 years	Apac, Bushenyi, Gulu MC, Gulu,, Iganga, Kabale, Kabale MC, Kamuli, Kitgum, Kumi, Lira, Lira MC, Luwero, Masaka, Masaka MC, Mbarara, Mbarara MC, Mubende, Nebbi, Pallisa, Rukungiri, Soroti, Soroti MC, Tororo, Tororo MC, Wakiso
< 10 years	Bugiri, Katakwi, Nakasongola, Ntungamo
> 5 years	
< 5 years	Mayuge, Nakapiripirit, Pader

### ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Average of five forms of corruption on scale of 1-7 central government	Between Groups	26.587	2	13.293	7.556	.001
	Within Groups	3620.553	2058	1.759		
	Total	3647.139	2060			
Average of five forms of corruption on scale of 1-7 local government	Between Groups	21.357	2	10.679	11.890	.000
	Within Groups	1860.065	2071	.898		
	Total	1881.422	2073			



## National Public Procurement Integrity Survey 2006

### Multiple Comparisons

Bonferroni

Dependent Variable	(I) lg age in years	(J) lg age in years	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Average of five forms corruption on scale of 1-7 central government	Less than 5 years	5-10 years	-.4616*	.14043	.003	-.7980	-.1251
		Over 10	-.4309*	.11265	.000	-.7008	-.1610
	5-10 years	Less than 5 years	.4616*	.14043	.003	.1251	.7980
		Over 10	.0307	.09544	1.000	-.1980	.2594
	Over 10	Less than 5 years	.4309*	.11265	.000	.1610	.7008
		5-10 years	-.0307	.09544	1.000	-.2594	.1980
Average of five forms corruption on scale of 1-7 local government	Less than 5 years	5-10 years	-.3951*	.09967	.000	-.6339	-.1563
		Over 10	-.3872*	.07999	.000	-.5788	-.1955
	5-10 years	Less than 5 years	.3951*	.09967	.000	.1563	.6339
		Over 10	.0079	.06777	1.000	-.1545	.1702
	Over 10	Less than 5 years	.3872*	.07999	.000	.1955	.5788
		5-10 years	-.0079	.06777	1.000	-.1702	.1545

\*. The mean difference is significant at the .05 level.

The consequence of this analysis is that a LG that is less than 5 years old is much less likely to be corrupt than a LG that is older than 5 years. Interestingly, as the age of a LG increases, so does the likelihood that it will be corrupt, the less likely it is to be corrupt.

### 3.12.5 Staffing Model

Score	LGs
<b>Model 3</b>	Bushenyi, Gulu MC, Kabale MC, Lira, Lira MC, Masaka, Masaka MC, Mbarara, Mbarara MC, Soroti MC, Tororo MC, Wakiso
<b>Model 2</b>	Apac, Bugiri, Gulu, Iganga, Kamuli, Mubende, Pallisa, Tororo
<b>Model 1</b>	Kabale, Katakwi, Kitgum, Kumi, Luwero, Mayuge, Nakapiripirit, Nakasongola, Nebbi, Ntungamo, Pader, Rukungiri, Soroti

### ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Average of five forms of corruption on scale of 1-7 central government	Between Groups	36.962	2	18.481	10.470	.000
	Within Groups	3560.430	2017	1.765		
	Total	3597.393	2019			
Average of five forms of corruption on scale of 1-7 local government	Between Groups	7.242	2	3.621	3.968	.019
	Within Groups	1853.143	2031	.912		
	Total	1860.384	2033			

## National Public Procurement Integrity Survey 2006

### Multiple Comparisons

Bonferroni

Dependent Variable	(I) Score model	(J) Score model	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Average of five forms of corruption on scale of 1-7 central government	Model 1	Model 2	-.1440	.07483	.163	-.3233	.0353
		Model 3	.2046*	.06868	.009	.0401	.3692
	Model 2	Model 1	.1440	.07483	.163	-.0353	.3233
		Model 3	.3486*	.07780	.000	.1622	.5350
	Model 3	Model 1	-.2046*	.06868	.009	-.3692	-.0401
		Model 2	-.3486*	.07780	.000	-.5350	-.1622
Average of five forms of corruption on scale of 1-7 local government	Model 1	Model 2	-.0867	.05367	.319	-.2153	.0419
		Model 3	.0703	.04917	.459	-.0475	.1881
	Model 2	Model 1	.0867	.05367	.319	-.0419	.2153
		Model 3	.1570*	.05575	.015	.0234	.2906
	Model 3	Model 1	-.0703	.04917	.459	-.1881	.0475
		Model 2	-.1570*	.05575	.015	-.2906	-.0234

\*. The mean difference is significant at the .05 level.

The consequence of this analysis is that the smaller the Model of a LG, the less likely it is to be corrupt. Conversely, the larger the Model of the LG the more likely it is to be corrupt.

### 3.12.6 Remoteness and accessibility from nearest municipality

Score	LGs
< 30 Km	Gulu MC, Gulu, Kabale, Kabale MC, Lira, Lira MC, Masaka, Masaka MC, Mbarara, Mbarara MC, Soroti Soroti MC, Tororo, Tororo MC, Wakiso
> 30 <80 Km	Apac, Bugiri, Bushenyi, Iganga, Katakwi, Kumi, Luwero, Mayuge, Nebbi, Ntungamo, Pader, Pallisa
> 80 Km	Kamuli, Kitgum, Mubende, Nakapiripirit, Nakasongola, Rukungiri

### ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Average of five forms of corruption on scale of 1-7 central government	Between Groups	7.652	2	3.826	2.164	.115
	Within Groups	3639.487	2058	1.768		
	Total	3647.139	2060			
Average of five forms of corruption on scale of 1-7 local government	Between Groups	23.461	2	11.731	13.076	.000
	Within Groups	1857.961	2071	.897		
	Total	1881.422	2073			

## National Public Procurement Integrity Survey 2006

### Multiple Comparisons

Bonferroni

Dependent Variable	(I) Score	(J) Score	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Average of five forms of corruption on scale of 1-7 central government	Less than 30 km	30-80 km	.1003	.06608	.388	-.0580	.2586
		Over 80 km	-.0658	.07981	1.000	-.2570	.1255
	30-80 km	Less than 30 km	-.1003	.06608	.388	-.2586	.0580
		Over 80 km	-.1660	.08461	.150	-.3688	.0367
	Over 80 km	Less than 30 km	.0658	.07981	1.000	-.1255	.2570
		30-80 km	.1660	.08461	.150	-.0367	.3688
Average of five forms of corruption on scale of 1-7 local government	Less than 30 km	30-80 km	.1329*	.04696	.014	.0204	.2454
		Over 80 km	-.1722*	.05653	.007	-.3076	-.0367
	30-80 km	Less than 30 km	-.1329*	.04696	.014	-.2454	-.0204
		Over 80 km	-.3051*	.05999	.000	-.4488	-.1613
	Over 80 km	Less than 30 km	.1722*	.05653	.007	.0367	.3076
		30-80 km	.3051*	.05999	.000	.1613	.4488

\*. The mean difference is significant at the .05 level.

The consequence of this analysis is that the closer a LG headquarters is to a Municipality, the less likely it is to be corrupt. Conversely, the further away a LG headquarters from a Municipality, the more likely it is to be corrupt,

### 3.12.7 Level of commercial activity/infrastructure

Score	LGs
<b>&gt; 10 Markets</b>	Bushenyi, Masaka, Mbarara, Mubende, Wakiso
<b>&lt; 10 Markets &gt; 5 Markets</b>	Gulu MC, Gulu,, Iganga, Kabale, Kamuli, Katakwi, Kumi, Luwero, Masaka MC, Mbarara MC, Nakapiripirit, Nakasongola, Nebbi, Ntungamo, Pallisa, Rukungiri, Soroti, Tororo
<b>&lt; 5 Markets</b>	Apac, Bugiri, Kabale MC, Kitgum, Lira, Lira MC, Mayuge, Pader, Soroti MC, Tororo MC

### ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Average of five forms of corruption on scale of 1-7 central government	Between Groups	111.794	2	55.897	32.539	.000
	Within Groups	3535.345	2058	1.718		
	Total	3647.139	2060			
Average of five forms of corruption on scale of 1-7 local government	Between Groups	13.193	2	6.596	7.312	.001
	Within Groups	1868.230	2071	.902		
	Total	1881.422	2073			

## National Public Procurement Integrity Survey 2006

### Multiple Comparisons

Bonferroni

Dependent Variable	(I) Market	(J) Market	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Average of five forms of corruption on scale of 1-7 central government	< 5 markets	5-10 markets	-.3110*	.08375	.001	-.5117	-.1104
		Over 10 markets	.2130	.09210	.062	-.0076	.4337
	5-10 markets	< 5 markets	.3110*	.08375	.001	.1104	.5117
		Over 10 markets	-.5241*	.06643	.000	.3649	.6833
		< 5 markets	-.2130	.09210	.062	-.4337	.0076
		5-10 markets	-.5241*	.06643	.000	-.6833	-.3649
Average of five forms of corruption on scale of 1-7 local government	< 5 markets	5-10 markets	-.0936	.06063	.369	-.2388	.0517
		Over 10 markets	.0880	.06670	.562	-.0718	.2478
	5-10 markets	< 5 markets	.0936	.06063	.369	-.0517	.2388
		Over 10 markets	.1816*	.04801	.000	.0665	.2966
		< 5 markets	-.0880	.06670	.562	-.2478	.0718
		5-10 markets	-.1816*	.04801	.000	-.2966	-.0665

\*. The mean difference is significant at the .05 level.

The consequence of this analysis is that the smaller the number of markets in a LG, the less likely it is to be corrupt.

### 3.12.8 Security

Score	LGs
<b>No Conflict</b>	Bugiri, Bushenyi, Iganga, Kabale, Kabale MC, Kamuli, Luwero, Masaka, Masaka MC, Mayuge, Mbarara, Mbarara MC, Mubende, Nakasongola, Ntungamo, Pallisa, Rukungiri, Tororo, Tororo MC, Wakiso
<b>Post Conflict</b>	Katakwi, Kumi, Nebbi, Soroti, Soroti MC
<b>Conflict</b>	Apac, Gulu MC, Gulu,, Kitgum, Lira, Lira MC, Nakapiripirit, Pader

### ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Average of five forms of corruption on scale of 1-7 central government	Between Groups	22.622	2	11.311	6.422	.002
	Within Groups	3624.517	2058	1.761		
	Total	3647.139	2060			
Average of five forms of corruption on scale of 1-7 local government	Between Groups	6.692	2	3.346	3.696	.025
	Within Groups	1874.730	2071	.905		
	Total	1881.422	2073			

## National Public Procurement Integrity Survey 2006

### Multiple Comparisons

Bonferroni

Dependent Variable	(I) Security	(J) Security	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Average of five forms of corruption on scale of 1-7 central government	No conflict	Conflict	.1185	.06850	.251	-.0456	.2826
		Post conflict	-.2129*	.08272	.030	-.4111	-.0147
	Conflict	No conflict	-.1185	.06850	.251	-.2826	.0456
		Post conflict	-.3314*	.09249	.001	-.5530	-.1098
	Post conflict	No conflict	.2129*	.08272	.030	.0147	.4111
		Conflict	.3314*	.09249	.001	.1098	.5530
Average of five forms of corruption on scale of 1-7 local government	No conflict	Conflict	-.1127	.04894	.064	-.2299	.0046
		Post conflict	-.1184	.05919	.137	-.2602	.0234
	Conflict	No conflict	.1127	.04894	.064	-.0046	.2299
		Post conflict	-.0057	.06616	1.000	-.1642	.1528
	Post conflict	No conflict	.1184	.05919	.137	-.0234	.2602
		Conflict	.0057	.06616	1.000	-.1528	.1642

\*. The mean difference is significant at the .05 level.

The result of this analysis is that the less conflict, the less likelihood of corrupt activity.

### 3.12.9 Presence of commercial bank

Score	LGs
<b>Yes</b>	Apac, Bushenyi, Gulu MC, Gulu,, Iganga, Kabale, Kabale MC, Kamuli, Katakwi, Kitgum, Kumi, Lira, Lira MC, Luwero, Masaka, Masaka MC, Mbarara, Mbarara MC, Mubende, Nebbi, Ntungamo, Pallisa, Rukungiri, Soroti, Soroti MC, Tororo, Tororo MC, Wakiso
<b>No</b>	Mayuge, Nakapiripirit, Nakasongola, Pader

### Group Statistics

	Presence of commercial bank	N	Mean	Std. Deviation	Std. Error Mean
Average of five forms of corruption on scale of 1-7 central government	No	209	1.7679	1.04302	.07215
	Yes	1812	2.1426	1.36069	.03197
Average of five forms of corruption on scale of 1-7 local government	No	211	2.9518	.81579	.05616
	Yes	1822	3.2918	.96577	.02263

This variable does allow for any indication of variance, meaning that this does not appear to be a corruption factor.

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**3.12.10 Institutional Stability**

Score	LGs
<b>&gt; 60% of LG Councillors returned at last election</b>	Kabale, Nakapiripirit, Nakasongola
<b>&lt; 60% &gt; 40% of LG Councillors returned at last election</b>	Bushenyi, Kabale MC, Luwero, Mbarara MC, Mubende, Ntungamo, Rukungiri
<b>&lt; 40% of LG Councillors returned at last election</b>	Apac, Bugiri, Gulu MC, Gulu,, Iganga, Kamuli, Katakwi, Kitgum, Kumi, Lira, Lira MC, Masaka, Masaka MC, Mayuge, Mbarara, Nebbi, Pader, Pallisa, Soroti, Soroti MC, Tororo, Tororo MC, Wakiso

**ANOVA**

		Sum of Squares	df	Mean Square	F	Sig.
Average of five forms of corruption on scale of 1-7 central government	Between Groups	28.925	2	14.463	8.226	.000
	Within Groups	3618.214	2058	1.758		
	Total	3647.139	2060			
Average of five forms of corruption on scale of 1-7 local government	Between Groups	20.794	2	10.397	11.572	.000
	Within Groups	1860.629	2071	.898		
	Total	1881.422	2073			

**Multiple Comparisons**

Bonferroni

Dependent Variable	(I) Institutional Stability	(J) Institutional Stability	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Average of five forms of corruption on scale of 1-7 central government	Less than 40 %	40-60 %	.1091	.07507	.439	-.0708	.2889
		Over 60 %	.4431*	.11215	.000	.1744	.7118
	40-60 %	Less than 40 %	-.1091	.07507	.439	-.2889	.0708
		Over 60 %	.3341*	.12606	.024	.0320	.6361
	Over 60 %	Less than 40 %	-.4431*	.11215	.000	-.7118	-.1744
		40-60 %	-.3341*	.12606	.024	-.6361	-.0320
Average of five forms of corruption on scale of 1-7 local government	Less than 40 %	40-60 %	.1160	.05347	.091	-.0122	.2441
		Over 60 %	.3628*	.07968	.000	.1719	.5537
	40-60 %	Less than 40 %	-.1160	.05347	.091	-.2441	.0122
		Over 60 %	.2469*	.08960	.018	.0322	.4615
	Over 60 %	Less than 40 %	-.3628*	.07968	.000	-.5537	-.1719
		40-60 %	-.2469*	.08960	.018	-.4615	-.0322

\*. The mean difference is significant at the .05 level.

The consequence of this analysis is that the more LG councilors are returned as new councilors in each election, the less likely the LG is to be corrupt. Conversely, the more stable a LG in terms of Councilors, the more likely it is to be corrupt.

## 4.0 Procurement Analysis

### 4.1 Prequalification Process

The overall assessment of the prequalification process is that it was a relatively easy and straight forward matter from the point of view of the tenderers and the LGs involved.

The only document that gave any substantive difficulty in providing was the Taxation Clearance, but even then, it was a minor difficulty.

The tenderers almost uniformly did not know most of the Technical Evaluation Committee but 14.2% were asked for and paid a solicited payment, although all of the respondents who answered that question refused to disclose the amount or the identity of the individual who sought the payment.

The only real issue of concern is that no tenderer knew of any review or appeal process, even though every LG identified that there was one in place. This is again not surprising as almost every tenderer who applied with the correct documents was in fact prequalified.

In summary, the former prequalification process is one that has gone smoothly although the level of corrupt payments sought is beyond what would be normally expected.

### 4.2 Procurement Documentation

This was an area of substantial failing in all LGs as the documentary trail necessary to support a procurement was sadly lacking in almost every respect.

**Table 46 Required Procurement Documents**

	<b>Required Procurement Documenta tion</b>
29.	Procurement Work plan
30.	Procurement included in sector procurement work plan
31.	Procurement requisition signed and approved
32.	Confirmation of available funding
33.	Specifications/Terms of Reference approved
34.	Tender invitation/Advertisement

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<b>Required Procurement Documentation</b>	
35.	Tender application fee approved
36.	Sale or issue of tender documents
37.	List of received tenders/Tender Register
38.	Minutes of Meeting Opening Tenders
39.	Minutes of Meeting of Technical Evaluation Committee
40.	Evaluation Reports
41.	Contract Negotiations, if any
42.	Identity of selected tenderer coincides with the recommendation of the Evaluation Report
43.	Contract Approval
44.	Public notice award of contract
45.	Contract signed
46.	Notification to unsuccessful tenderers
47.	Appeals/Reviews of award of contract received
48.	Minutes of meeting resolving Appeals/Reviews
49.	Contract Management file
50.	Approval of interim certificates
51.	Approval of all contractual payments made
52.	Internal audit report on procurement
53.	Verification reports on all contractual milestones
54.	Final certificate
55.	Final report on procurement
56.	Closure of procurement file

No LG was able to produce more than 7 (25%) of the required documents and no LG staff member was able to assert that there were any such documents available but misplaced. This was a particularly tiresome part of the survey as documents were not centralised in any LG but were spread all over the LG. It may be that documents had been mislaid, but of particular concern is that there was no evidence of any contract management or payment approval/audit processes. Of particular concern was that there was no known example of the successful tenderer being the entity identified in an Evaluation Report.

Over all, the document trail is appalling and unless this is substantially reviewed, it will be impossible to effectively monitor LG procurement processes. It had been expected that this would be the longest part of the survey report, but in fact it has become the shortest as the lack of any meaningful paper trail makes the analysis process impossible.



## 5.0 Other Recommendations

The other recommendations are based on the survey findings, but also on our review of documents including the PPDA Act and Regulations of 2003, World Bank *CPAR*, *Procurement Task Force Report*, *PPDA Reports*, and other publications. These were very vital sources of data that supplemented the survey data. The recommendations are grouped under two sections: recommendations based on our Integrity Study, and recommendations based on documentary review.

### 5.1 Recommendations Based on Survey

#### 5.1.1 Anti-Corruption Measures

According to previous studies and reports, corruption has been almost perceived as a social and cultural norm among all participants and among the public at large that corruption is a necessary means to obtain government contracts. In this type of norm, it is very difficult to for anti-corruption measures in public procurement to be successful. How to change this norm, which is very complicated, is beyond public procurement, not within the focus of this study.

As shown in the findings of this study, the most effective anti-corruption measure would be permanent prohibition of a person who was convicted of corruption or has assets seized under a restitution order, from working or contracting with any government, holding any public office, holding any position as a company or association director or other office bearer. However, these measures were perceived as relatively effective, not very or totally effective. Thus, this is a challenge for policy makers who are willing stop corruption.

**Recommendation:** In absence of a totally effective anti-corruption measure, it is important that all anti-corruption measures described in the study be applied.

### 5.1.2 The Will of Political Leaders

For anti-corruption efforts to be successful, it is important that political leaders “lead” by example by avoiding inferring procurement process. If political figures in government who commit procurement-related malpractices continue to hold office without application of sanction, then the government’s anti-corruption measures become ineffectively implemented. It is therefore particularly important that the prosecutorial process be allowed to operate freely and without political interference so that those who have committed corrupt activity within the procurement process, regardless of position, are dealt with by the courts in a transparent and efficient manner.

**Recommendation:** It is recommended that the Government of Uganda minimize, if not remove completely, political involvement in the whole procurement process, particularly with respect to the prosecutorial process.

### 5.1.3 Local Government Reform: Creation of PDUs

All LGs are required to appoint Contract Committees and their nominations are submitted to the Secretary of Treasury for approval and informally MoLG vets them. To date over 40% of all nominations have been refused. This high percentage of refusals by the Secretary of Treasury may be a great evidence of careful assessments of the Treasury, which is good, but this high percentage is also caused by a lack of nomination criteria.

**Recommendation:** It is recommended that clear nomination criteria be established in order to avoid possible frustration and confusion in the nomination process.

#### 5.1.4 Documentation

PDUs are required by the Public Procurement and Disposal of Public Assets Act of 2003 to have a proper filing system, and the file containing procurement records should be open to public scrutiny. However, in the interview process, it was found that procurement records were missing or incomplete. It seems the problem of missing or incomplete procurement files due to carelessness or apparent malpractices found in a World Bank *CPAR* (2004) still exists. In particular, missing or incomplete files constituted 80% of audit queries. Also, the content of the procurement records was not available to the public (World Bank, 2004).

**Recommendations:** It is recommended that PDUs strictly comply with the procurement regulations in maintaining appropriately procurement record, which is very useful in corruption investigation (in examine procurement officials' compliance with procedures in handling high value bids and records).

## 5.2 Recommendations Based on Documentary Review

### 5.2.1 Developing Partnerships with Civic Organisations

Civic organisations and free media can be powerful weapons both in exposing corruption in procurement and in educating the public about the social cost. When the public at large realize, via media, that they are the victims of corruption, as they suffer the consequences of poorly-constructed schools, roads and other projects, and fewer resources being available for social programmes, public support for fighting corruption will be enhanced.

**Recommendation:** It is important that procurement regulators and other anti-corruption agencies need to develop partnerships with civic organizations and pay serious attention to media's news that report corrupt activities.

## **6.0 CONCLUSION**

Once procurement stages that are prone to corruption have been identified, they must be corrected and mechanisms put in place to prevent recurrence. Of course, procurement is only a function of government. Efforts in reducing and/or prevent procurement corruption are likely to produce the most beneficial outcomes only when they are approached as an integral part of a broader reducing corruption environment, including developing the rule of law, improving the investment climate, reducing corruption, implementing e-government, enhancing service delivery and improving public financial management (Development Assistance Committee, 2005).

This Integrity Study reflects the true picture of procurement corruption in local and central governments and shows that Uganda has made a good progress in its reducing corruption that has been ignored by outsiders. However, as pointed in several instances, there are conflicting perceptions about procurement corruption in Uganda.

Despite conflicting perceptions, the study has provided a lot of information that can be used for procurement improvement as recommended above. In many instances, despite how good research reports were done, and despite significant resources were spent on research, busy policy makers have to be convinced by some advocates. Hopefully, through a very comprehensive research process, this report will attract the attention of policy makers.

Future surveys on similar lines may indicate whether the procurement reforms together with the planned tightening of anti-corruption legislation are having a beneficial impact on the rate of prevalence.