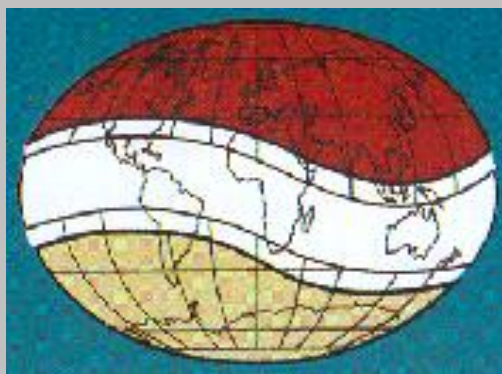




**THE PUBLIC PROCUREMENT AND DISPOSAL OF PUBLIC  
ASSETS AUTHORITY (PPDA)**

**FINAL REPORT**

**THE 2ND PUBLIC PROCUREMENT INTEGRITY SURVEY**



**REEV Consult International**  
Apex House Ntinda,  
Plot 897 Kira Road  
P.O. Box 28224 Kampala, Uganda  
Tel: +256 41 287779/ +256 77 240209  
Email: [reevconsult@infocom.co.ug](mailto:reevconsult@infocom.co.ug)  
Website : [www.reevconsult.co.ug](http://www.reevconsult.co.ug)

## ACKNOWLEDGEMENTS

---

The consulting team of the 2nd Public Procurement Integrity Survey is greatly indebted to all organizations and persons who assisted in the execution of the task. Special thanks go to the Executive Director PPDA, Mr Edgar Agaba; the Director Legal and Compliance, Mrs Cornelia Sabiiti; and Mr Edwin Muhumuza (Research Officer) who has been very instrumental in arranging a number of logistical issues and facilitating the research process.

We are also indebted to all the district officials in the country notably the Chief Administrative Officers (CAOs), District Chairpersons, the Procurement department officials, and other heads of departments for their support to the consultants in the execution of the survey. The Evaluation team is also indebted to the Chief Administrative Officers, Town Clerks and procurement unit staff and heads of departments of the various districts and municipalities considered in the sample.

We are also grateful to members of the public, civil society and service providers who were approached at short notice to participate in the survey. The support and cooperation of private entrepreneurs and Non-Governmental Organizations (NGOs) is appreciated and recognised.

The consulting team is also thankful to all the Research Assistants who meticulously collected information from the general public (households) and the service providers across the regions. Any error and unquoted idea are however the responsibility of the Consulting Team.

Prof. Augustus Nuwagaba, PhD  
**TEAM LEADER**

## PROJECT CONSULTANTS

---

A large, empty rectangular box with rounded corners, outlined in light blue. It features three gray circular tabs: one at the top right corner, one at the top left corner, and one at the bottom left corner, suggesting it is a page from a binder or folder.

## Table of Contents

---

Consulting Firm .....	2
ACKNOWLEDGEMENTS .....	3
Table of Contents .....	5
List of Tables .....	8
List of Figures .....	9
Acronyms .....	11
Concept Definitions .....	12
Executive Summary .....	16
 C1. Short term Recommendations .....	 20
C2. Long Term Recommendations .....	23
<b>1.0 INTRODUCTION.....</b>	<b>25</b>
1.1 Background .....	25
1.2 Justification .....	26
1.3 Study Approach and Methodology .....	26
1.3.1 Structure of Fieldwork .....	26
1.3.2 Scope of the Study .....	27
1.3.3 Sampling and Data collection .....	29
1.3.3 Sampling of Households (General public) .....	29
1.3.4 Sampling of Service Providers .....	29
1.3.5 Sampling of Public Officials .....	30
1.3.6 Sampling of Specialised Institutions and Agencies .....	30
1.3.7 Data Collection .....	31
1.3.8 Data Management and Analysis .....	32
1.3.9 Organisation of the Report .....	32
 <b>2.0 Government Expenditure on Procurement .....</b>	 <b>34</b>
2.1 Introduction .....	34
2.2 Government Revenue for FY 2009/10 (projected) .....	34
2.3 Government Expenditure on Procurement for FY 2009/10 (Projected) .....	34
2.4 Percentage of Government Revenue spent on Procurement .....	34
2.5 Constraints in Expenditure on Procurement .....	34
2.6 Responses to Challenges .....	35
 <b>3.0 Perception of the Influence of Corruption on Procurement.....</b>	 <b>37</b>
3.1 Introduction .....	37
3.2 Perceptions of Service Providers .....	37
3.2.1 Service Providers View On Prevalence of Corruption in Central and Local Governments. ....	39
3.2.2 Departments from where Public Officials were offered Gratifications .....	42
3.3 Perceptions of Civil Society .....	42
3.4 Perceptions of Households .....	44
3.4.1 Household Respondent Profile .....	44

3.4.2 Household Awareness of the Forms of Corruption .....	46
3.4.3 Household View on Corruption .....	47
3.4.4 Reasons for households views on corruption .....	47
3.4.5 Suggested Mitigation Measures to Curb Corruption .....	48
3.5 Perceptions of Central and Local Governments .....	49
3.6 Perceptions of Procurement Unit Staff .....	50
3.7 Perceptions of Specialized Institutions .....	51
<b>4.0 The Procurement Process and Stages Vulnerable to Corruption .....</b>	<b>53</b>
4.1 Introduction .....	53
4.2 The Procurement Cycle .....	53
4.3 Service Providers' Knowledge and use of the Procurement Process .....	55
4.4 Service Providers Application of the Procurement Procedures .....	55
4.5 Stages Prone to Corruption: Influencing factors for Corruption in the Procurement Cycle .....	56
4.6 Stage-Specific Mitigation Measures .....	57
4.7 Stage-Specific Challenges in Addressing Corruption in the Procurement Process .....	58
<b>5.0 Procurement Reforms .....</b>	<b>60</b>
5.1 Introduction .....	60
5.2 Impacts of the Reforms on Functions of PPDA .....	61
5.2.1 Data Management Functions .....	61
5.2.2 Capacity Building Function .....	61
5.2.3 Audit Function .....	62
5.3.1 Transparency .....	63
5.3.2 Competition .....	64
5.3.3 Accountability .....	65
5.3.4 Value for Money Regarding Quality of Services Procured .....	65
5.4 Other Effects of the Procurement Reforms .....	68
5.4.1 Service Providers with Copies of PPDA Operational Manual .....	68
5.4.2 Service Providers' Awareness of the Complaints System Mechanism about Corruption .....	68
5.5 Challenges to the Reforms .....	77
5.6 Challenges Specific to PPDA .....	79
<b>6.0 Awareness of the PPDA .....</b>	<b>82</b>
6.1 Introduction .....	82
6.2 Statutory Roles of PPDA .....	82
6.2.1 The Objectives of the Authority: .....	82
6.2.2 The functions of the Authority are to- .....	82
6.3 Knowledge of PPDA .....	83
6.3.1 Central Government Agencies .....	83
6.3.2 Local Government .....	83
6.3.3 Private Sector .....	84
6.3.4 Civil Society .....	87
6.3.5 Households' Knowledge on PPDA .....	87

6.3.6	Source of information about PPDA.....	88
6.4	Efforts by PPDA to Deepen Knowledge of the Authority .....	90
<b>7.0</b>	<b>Role of the Public in Monitoring Public Procurement.....</b>	<b>92</b>
7.1	The Role of Households in Monitoring Procurement of Goods and Services ...	92
7.1.1	Household Knowledge of the Public Projects Implemented in their Locality in the Financial Year 2008/09. ....	92
7.1.2	Household Knowledge of Incidences of Corruption that could have Influenced Award of Contracts.....	93
7.1.3	Household Perception on the Effect of Corruption on Quality of Product.....	94
7.1.4	Community Involvement in Monitoring Public Projects Implemented in their Localities.....	95
7.1.5	Household View on the Effect of Community Monitoring of Public Projects...	97
7.1.6	Community Reaction on Detection of Irregularities in Awarding Contracts. ...	98
7.1.7	Household Suggestions on Empowering Communities in Monitoring Public Projects.....	100
7.2	Perceptions of Households on Roles of Key Stakeholders in Fight against Corruption in Procurement. ....	101
<b>8.0</b>	<b>Participation of Small and Medium Enterprises in Procurement .....</b>	<b>105</b>
8.1	Introduction .....	105
8.2	Scale of Participation .....	105
8.2.1	Competition of Medium and Small Firms in Public Procurement .....	105
8.3	Previous and Current Initiatives for Enhancing Participation of Small and Medium Firms in Procurement.....	106
<b>9.0</b>	<b>Firm Competitiveness in Procurement .....</b>	<b>108</b>
9.1	Introduction .....	108
9.2	Local Firm Participation in Public Procurement .....	108
9.3	Foreign Firm Participation in Procurement .....	109
9.4	Facilitating and Inhibiting Factors for Participation in Public Procurement ...	109
9.5	Enhancing Firm Competition in Procurement .....	109
9.5.1	Local Firms.....	109
9.5.2	Foreign Firms.....	109
<b>10.0</b>	<b>Emerging Issues and Recommendations for Reducing Corruption in Public Procurement .....</b>	<b>111</b>
10.1	Emerging Issues .....	111
10.2	Recommendations.....	111
10.2.1	Short term Recommendations.....	111
10.2.2	Long Term Recommendations.....	114

## List of Tables

---

- 1.1: Selected Districts and Municipalities
- 2.1: Reasons for the Views of Service Providers that Corruption Influences Public Procurements
- 3.2: Demographic profiles of household respondents
- 3.3: Reasons for Household Views on Corruption
- 4.1: Duties and responsibilities of key units in procurement
- 4.2: Service Providers' Perception of the Stage in Public Procurement Process Where Corruption is most Prevalent
- 5.1: Service Providers Reasons on the Effect of Procurement on Quality of Service.
- 6.1: Knowledge of Public on Role of PPDA
- 7.1: Household Knowledge of Public Projects Implemented
- 7.2: Challenges Faced by Communities in Monitoring Public Projects.
- 7.3: Household Opinion on Stakeholders Roles in the Fight against Corruption in Procurement.
- 8.1: Factors Explaining Competitive Advantage of the Big Firms over Small and Medium Firms in Procurement.



## List of Figures

---

- 1.1: Model of the Process that guided the Survey
- 3.1: Opinions of Service Providers on Whether Corruption Influences Procurement Outcomes
- 3.2: Views of Service Providers on Corruption in Procurement
- 3.3: Perception on which arm of Government has Higher Levels of Corruption
- 3.4: Factors that Explain the Prevalence of Corruption in Procurement among Public Officials.
- 3.5 (a): Gratification of Public Officials for Award of Public Contracts.
- 3.5(b): % Gratification of Public Officials for Award of Contracts
- 3.6: Departments from where Public Officials were offered Gratifications
- 3.7: Household Awareness of Different Forms of Corruption
- 3.8: Household Views on Corruption
- 3.9: Household Suggested Mitigation Measures to Curb Corruption.
- 4.1: The Procurement Cycle
- 4.2: Knowledge of the Procurement Procedures
- 4.3: Service Providers Adherence to the Procurement Procedures
- 4.4: Stages in Procurement where corruption is most prevalent
- 5.1: Service Providers Opinion on the Effects of Reformed Laws and Regulations on the Procurement Process.
- 5.2: Service Providers Perception on the Overall Effects of Procurement Reforms on Quality of Service.
- 5.3: Service Providers who are in Possession of an PPDA Operational Manual
- 5.4: Awareness of service providers on the complaint review mechanism
- 5.5: Service Providers Knowledge of Institutions to Report Procurement Complaints.
- 5.6: Service Providers who have ever reported a case of Corruption in procurement since 2006.
- 5.7: Reasons for Service Providers not reporting Corruption Cases
- 5.8: Types of Cases of Corruption in Procurement ever reported since 2006.
- 5.9: Places where Corruption cases in Procurement were actually reported.
- 5.10: Whether the Cases of Corruption Reported were addressed.
- 5.11: Service Providers Satisfaction with the Results of the Complaints Reported.
- 5.12: Service Providers Suggested Solutions on How to Improve the Complaints System.
- 5.13: Service Providers Opinion on the Effects of Reformed Laws and Regulations on Procurement Process.
- 5.14: Service Providers Views on Challenges in the Fight against Corruption in Procurement.
- 6.1: Service Providers Awareness of the PPDA Act 2003.
- 6.2: Source of Knowledge on the PPDA Act
- 6.3: Service Providers who had Read the PPDA Act 2003.
- 6.4: Service Providers Perception of the Contribution of the PPDA Act 2003 in the Fight against Corruption.
- 6.5: Household knowledge of PPDA
- 6.6: Household Source of Information on PPDA
- 6.7: Household Perception on PPDA Achievements in Addressing Corruption in Procurement.
- 6.8: Household Rating of PPDA Performance.

- 7.1: Awareness of Household on Community Role in Monitoring Public Projects.
- 7.2: Household Knowledge on Incidences of Corruption that could have Influenced award of Contracts.
- 7.3: Public Perceptions on the Effects of Corruption on Quality of Product.
- 7.4: Involvement of Communities in Monitoring Public Projects implemented.
- 7.5: Household Perception on the Effects of Projects where Community is involved in Monitoring.
- 7.6: Household Perception on Effects on quality of Projects where Communities are not involved in Monitoring.
- 7.7: Proposed Reactions by the Communities on Detection of Irregularity in Awarding Contracts
- 7.8: Reasons why Households Respondents “did nothing” even in the knowledge of Irregularities in award of Contracts.
- 7.9: Suggestions on Empowering Communities in Monitoring Public Projects.
- 8.1: Participation of Big, Small and Medium Firms in Public Procurement.
- 8.2: Reasons for the Unfair Competition of the Big, Small and Medium Firms in Public Procurement.

## Acronyms

---

ACCU:	Anti-Corruption Coalition of Uganda
CAO:	Chief Administrative Officer
CG:	Central Government
CHOGM:	Common Wealth Heads of Government Meeting
CSOs:	Civil Society Organisations
DANIDA:	Danish International Development Agency
FY:	Financial Year
GAVI:	Global Alliance for Vaccine Initiatives.
GoU:	Government of Uganda
IEC:	Information Education Communication
IG:	Inspectorate of Government
ISIC:	International Standard Industrial Classification
JLOS:	Justice Law and Order Sector
LAN:	Legal Aid Network
LG:	Local Government
MOFPED:	Ministry of Finance, Planning and Economic Development
MoLG:	Ministry of Local Government
NAADS:	National Agriculture Advisory Services
NGOs:	Non- Governmental Organisations
NHCC:	National Housing Construction Company
NIS III:	The 3 <sup>rd</sup> National Integrity Survey by the Inspectorate of Government
NSSF:	National Social Security Fund
NTV :	National Television.
NUSAF:	Northern Uganda Social Action Funds
NWSC:	National Water Sewerage Company
OAG :	Office of the Auditor General
PAC:	Public Accounts Committee of Parliament
PDE:	Procurement Department Entity
PDU:	Procurement and Disposal Unit
PPDA:	Public Procurement and Disposal of Public Assets Authority
PU:	Procurement Unit
RAs:	Research Assistants
RDC:	Resident District Commissioner
SDU II:	Strengthening Decentralization in Uganda II
SPSS:	Statistical Packages for Social Scientists
TOR:	Terms of Reference
UBC:	Uganda Broadcasting Corporation
UBOS:	Uganda Bureau of Statistics
UDN:	Uganda Debt Network
UETCL:	Uganda Electricity Transmission Company Ltd
UPPC:	Uganda Printing and Publishing Corporation
URA:	Uganda Revenue Authority
USAID:	United States Agency for International Development
VAT:	Value Added Tax
WBS:	Wavah Broadcasting Services

## Concept Definitions

Concept	Definition
Accounting Officer	"Accounting Officer" means the Accounting Officer of a procuring and disposing entity so appointed by the Secretary to the Treasury, and for the avoidance of doubt includes the Accounting Officer of a Local Government or a statutory body.
Authority	"Authority" means the Public Procurement and Disposal of Public Assets Authority established in section 5 of PPDA Act 2003.
Award	"award" means a decision by a Tender Board established under the Local Governments Act, 1997 or Contracts Committee provided for in paragraph (b) of section 24, or any other subsidiary body of a procuring and disposing entity to which a Contracts Committee or a Tender Board may delegate powers of adjudication and award within a specified financial threshold, to determine the successful bidder;
Bid	"bid" means an offer to provide or to acquire works, services or supplies or any combination thereof, and shall include pre-qualification where applicable;
Bid Notice	"Bid Notice" means any advertisement by which eligible providers are invited to submit written offers to provide or acquire works, services and supplies, or any combination of them in case of procurement and disposal respectively;
Bidder	"bidder" means a physical or artificial person intending to participate or participating in public procurement or disposal proceedings;
Bribery	The promise, offer or giving of any benefit that improperly affects the actions or decisions of a public official. A bribe may be given to a public servant (direct), or to another person or entity (indirect). A bribe may consist of money, inside information, gifts, entertainment, sexual or other favours, a job, company shares, etc.
Contract	"Contract" means an agreement between a procuring and disposing entity and a provider, resulting from the application of the appropriate and approved procurement or disposal procedures and proceedings as the case may be, concluded in pursuance of a bid award decision of a Contracts Committee or any other appropriate authority.
Contractor	
Contracts Committee	
Corrupt Practice	"corrupt practice" includes the offering, giving, receiving, or soliciting of anything of value to influence the action of a public official in the procurement or disposal process or in contract execution;
Corruption	The Inspectorate of Government Act 2002 defines corruption as "abuse of public office for private gain and includes but is not limited to embezzlement, bribery, nepotism, influence peddling, theft of public funds or assets, fraud, forgery, causing financial or property loss, and false accounting in public affairs."
Disposal	"disposal" means the divestiture of public assets, including intellectual and proprietary rights and goodwill, and any other rights of a procuring and disposing entity by any means, including sale, rental, lease, franchise, auction, or any combination however classified other than those regulated by the Public Enterprise Reform and Divestiture Statute, 1993;
Disposal Process	"disposal process" means the successive stages in the disposal cycle, including planning, choice of procedure, measures to solicit offers

	from bidders, examination and evaluation of those offers and award of contract;
Diversion of funds	Use of public funds on items other than that which is budgeted and/approved. Example: Money meant for Repair of roads used in paying allowances.
Embezzlement	Theft of resources by persons entrusted with authority and control over these valuable resources.
Extortion	This is intentionally gaining some advantage, material or immaterial, from another person or entity by placing illegitimate pressure in the form of threats or intimidation to force him/her to hand over the benefit. This coercion can be under the threat of physical harm, violence or restraint and may even be a threat that a third party will suffer injury. The accused must intend his/her words to be interpreted and act as a threat(s). S/He must also intend to gain some advantage as a result of the threat while knowing that the threat is illegal. Example: A person is threatened with arrest unless s/he pays a border official in order to enter the country.
Favouritism	The provision of services or resources according to personal affiliations such as family ties, party affiliation, tribe, religion, sect and other preferential groupings. Example: A public servant provides extraordinary services, commissions, jobs and favours to political allies, family and friends, while ordinary members of the public do not receive this special treatment.
Foreign Provider	"Foreign provider" means a provider whose business is not registered in Uganda.
Fraud	Fraud is deliberately deceiving another person in order to damage them – usually, to obtain property or services unjustly. Fraud can be accomplished through the aid of forged objects. In the Criminal Law of Jurisdictions, it is called “theft by deception”.
Fraudulent Practice	"fraudulent practice" includes a misrepresentation of facts in order to influence a procurement or disposal process or the execution of a contract to the detriment of the procuring or disposing entity, and includes collusive practices among bidders prior to or after bid submission designed to establish bid prices at artificial non-competitive levels and to deprive the procuring and disposing entity of the benefits of free and open competition;
Guidelines	"guidelines" means directives issued by the Authority under section 97 of this Act;
Industry Standards	"industry standards" means those standards defined and codified by internationally recognized providers' associations and professional bodies in the respective fields and includes best practices;
Listed Provider	"listed provider" means a provider registered by the Authority in accordance with this Act;
National Provider	"national provider" means a provider registered in Uganda and wholly owned and controlled by Ugandans;
Nepotism	Ensuring that family members are appointed to the public service or that family members receive contracts from state resources. Similar to conflict of interest and favouritism. For example, a head of department appoints his/her brother's child to a position even if more suitable candidates applied for the same position.
PPDA	Public Procurement and Disposal of Public Assets Authority (PPDA) is a regulatory body in the public procurement and disposal sector in Uganda under PPDA Act No. 1 of 2003.
Pre-qualification	"pre-qualification" means a screening process designed to ensure that

	invitations to bid are confined to capable providers;
Procurement	"procurement" means acquisition by purchase, rental, lease, hire purchase, licence, tenancy, franchise, or any other contractual means, of any type of works, services or supplies or any combination;
Procurement and Disposal Unit	"Procurement and Disposal Unit" means a division in each procuring and disposing entity responsible for the execution of the procurement and disposal function;
Procurement Process	"procurement process" means the successive stages in the procurement cycle including planning, choice of procedure, measures to solicit offers from bidders, examination and evaluation of those offers, award of contract, and contract management;
Procuring and Disposal Entity	"procuring and disposing entity" means a statutory body, department of the central government, local government and any other body or unit established and mandated by government to carry out public functions; "provider" means a natural person or an incorporated body including a consultant, contractor or supplier licensed by a competent authority to undertake business activities;
Public funds	"public funds" means monetary resources appropriated to procuring and disposing entities through budgetary processes, including the Consolidated Fund, grants and credits put at the disposal of the procuring and disposing entities by foreign donors; and revenues generated by the procuring and disposing entities;
Resident Provider	"resident provider" means a provider registered in Uganda who is not a national provider;
Services	"services" means any object of procurement or disposal other than works and supplies, and includes professional, non professional and commercial types of services as well as supplies and works which are incidental to, but not exceeding the value of those services;
Solicitation documents	"solicitation documents" means bidding documents or any other documents inviting bidders to participate in procurement or disposal proceedings; and includes documents inviting potential bidders to pre-qualify, and standard bidding documents;
Specifications	"specifications" means the description of an object of procurement or disposal in accordance with national and international standards adopted and approved by the Authority, after consultation with the National Bureau of Standards, or other appropriate trade associations and professions, the use of which shall be mandatory in all bidding documents;
Supplies	"supplies" means goods, raw materials, products, equipment or objects of any kind and description in solid, liquid or gaseous form, or in the form of electricity, or intellectual and proprietary rights as well as works or services incidental to the provision of those supplies where the value of the works or services does not exceed the value of the supplies; "tender" means "bid";
User Department	"User Department" means any department, division, branch or section of the procuring and disposing entity, including any project unit working under the authority of the procuring and disposing entity, which initiates procurement and disposal requirements and is the user of the requirements;
Works	"works" means any work associated with the construction, reconstruction, demolition, repair, or renovation of a building or structure, on the surface or underground, on and underwater, and includes the preparation, excavation, erection, assembly, installation,

	<p>testing and commissioning of any plant, equipment or materials, decoration and finishing, turnkey projects, build own and operate projects, build operate and transfer projects or any arrangement of this nature, or any other form of private and public partnerships or joint development activities, all or any of which may include management, maintenance, testing, commissioning and training; as well as supplies or services incidental to those works where the value of the incidental supplies or services does not exceed the value of the works.</p>
--	--

# Executive Summary

---

## A. Introduction

The report presents the findings from the Second Public Procurement Integrity Survey. The survey had the following objectives:

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

The study approach and methodology involved survey of the general public/public/households and service providers: a total of 196 household interviews were conducted and 151 service providers sampled in 13 districts across the four traditional regions of the country, and six municipalities. Semi structured interviews were conducted with key informants and staff of local government, central government and procurement unit staff as well as members of the civil society. Both quantitative and qualitative data aided the presentation of findings. Efforts were made to carry interviews with the key actors handling procurements including accounting officers at the local and central government levels.

## B. Key findings

### B.1 Government Expenditure on Procurement

In FY 2009/10 government has earmarked at least 41% of its total budget (Ug. Shs 7.3 trillion) to be spent on procurement within the public sector. This figure reverts to 27% if only domestic revenue of a projected Ug.Shs 4.8 trillion is considered.

### B.2 Influence of Corruption on Procurement

Up to 69.8% of service providers surveyed agreed that corruption influenced procurement. Acknowledgement of the presence of corruption was assented to by up to 81.1% of the service providers. Local government was viewed by most of the service providers as having more prevalent cases of corruption (68.6%) compared to central government. Perception of low levels of corruption in central government however might be due to limited interactions with the service providers surveyed. Greed was rated as the most prominent cause of corruption in procurement (44.9%) followed by low salary (28.8%) and ineffective punitive measures (11.4%). This implies the need for adopting different approaches in addressing corruption in procurement.

Whereas the National Public Procurement Integrity Baseline Survey (2006) found a percentage gratification of public officials of between 7-9%; the current survey shows fairly



different results: the survey indicated that the majority of the service provider respondents had offered a bribe of between 10-20% of the contract value (33.3%) with a further 6.3% saying they paid over 20% for the contract awarded. Key informants also confirmed instances of procurement officers allocating works to their relatives or cronies. According to service providers and key informants the gratification of public officials has had a big influence on the quality of goods and services provided as it reduces amount available to contractors to do a decent work and also make some profit.

According to household perceptions, bribery was the most prevalent form of corruption reported at 73.1%. Almost all households surveyed agreed that corruption was not good (97.9%) with only 2.1% saying it was good. Corruption presence in procurement was also acknowledged by central and local government. The latter concurred with household respondents and the service providers that corruption was most prevalent at the supervision and evaluation stage. This situation about the presence of corruption was also mentioned by the Consolidated Report of the Internal Audit and Inspectorate Functions for FY 2008/2009 which identified a number of discrepancies in the procurement system of a number of local and central government. It is noteworthy that where there are loopholes in the procurement system this can be problematic and could generate corrupt tendencies.

While service providers accuse procurement unit staff of demanding bribes, the procurement unit staff and other local government personnel also accused service providers of inducing them with bribes. It therefore looks like corruption in procurement is a two way thing: service providers dangling bribes in front of procurement unit/staff/contracts committee members and the latter also encouraging the practice of *rent giving*, propelling factors being low salaries of the public servants, coupled with higher costs of living.

Although the procurement cycle is a good model for guiding procurement functions, it is also faced with many challenges. It is positive that up to 83.1% of the Service Providers are aware of procurement procedures, an indication of the efforts of PPDA in deepening knowledge of public procurement within the country. Most service providers (60.3%) have also adhered to and strictly followed the procurement process. There was a general agreement among the service providers, key informants, households, civil society and officials of both local and central government that the stage most vulnerable to corruption is evaluation of bids stage. Up to 57% of service providers identified evaluation of bids where bribery and corruption appears to influence the procurement process.

Key mitigation measures provided by PPDA involves provision of information and training of procurement unit staff, service providers and other stakeholders. This has also helped to sensitise the public and created more alertness in the general public and thereby ensuring value for money.

Stage specific challenges in addressing corruption in procurement were revealed to include: lack of total transparency at the evaluation stage; interferences in the procurement process by political and other local and central government leaders; perceived lack of clarity of PPDA guidelines to the public; and inability to assemble enough technical people to participate in the evaluation of bids.

### **B.3 Procurement Reforms**

Procurement reforms have included number of activities and processes including: the enactment of PPDA Act 2003; establishment of PPDA secretariat; establishment of

procurement units in sector agencies; and setting up a complaint review system. In terms of the impact of the reforms on the functions of PPDA there are still constraints characterised by blatant refusals by some agencies and local governments to fully comply with PPDA regulations. However, some achievements have been registered such as: efforts at centralising a national data bank of service providers; collaborations with CSOs in monitoring public procurements to ensure value for money; and improvements in audit functions and compliance checks with the entities. While compliance checks have improved, the public perception is that corruption generally and in procurement in particular is still high. What is clear is that there has been increased reporting of corruption which illustrates more vigilance on the part of the general public. This is fundamental and should be supported and sustained.

Regarding the impact of the procurement reforms, the following have been registered: the procurement process has seemingly become more transparent according to service providers, key informants and local and central government officials; the appeal process has also created more transparency in procurement. The lack of objective criteria (or application of uniform criteria in practice) in selecting members of the evaluation committee undermines the principles of transparency at evaluation stage. Cases have been cited where procurement unit staff was not providing full information on procurement and awards on contracts, contrary to the regulations. The other impact has been an improvement in the competitiveness of the process as reflected in the numbers of bidders for the advertised contracts.

The proactiveness of the general public in demanding for accountability is still weak perhaps fuelled by the belief that if nothing is done then they should not waste their efforts. However, there is optimism among a cross-section of stakeholders that a lot of improvement has been registered in the last few years. The views of the majority of service providers were that the procurement reforms have improved the quality of services (64.7%). While acknowledging the presence of corruption, the service providers are of the opinion that the reforms have had fairly good effects on procurement generally. The possession of the PPDA Act (2003) by the service providers was however low at only 16.8%, a situation which could constrain efforts at addressing procurement corruption. Although up to 56.6% of service providers was aware of the complaint review mechanism, only 13.6% had ever reported a case of corruption since 2006 with up to 86.4% of service providers having never reported a case for corruption at all. Some of the reasons given for low reporting of cases include: limited faith in the complaint review system; and fear of retribution. For those service providers that had ever reported case for corruption up to 46.7% had reported to IGG, and 33.3% had reported to contracts committee at the point of origin of the tender. Of those that had ever reported a case of corruption up to 53.3% of the service providers had had their cases reviewed and addressed against 46.7% who indicated that the cases were not addressed. For those that had their cases addressed, up to 60% were satisfied with the resolution of the cases while 40% were not satisfied.

The key challenges to procurement reforms include: low participation of users at the local levels, especially sub county, on what is procured; lack of clear mechanisms of monitoring conflicts of interest; limited knowledge of PPDA guidelines. Other challenges to the reform include: delays in award of contracts to winning contractors; and perceived inflexibility of some of the procurement laws, especially on procurement of perishables. On the side of the PPDA Secretariat the key challenges the agency faces include political pressure, inability of some sector agencies to deliberately follow PPDA guidelines, legal conundrums and

limitations arising from the current laws; and the inability of the Authority to effectively deal with conflict of interest.

#### **B.4 Awareness about PPDA**

Regarding awareness about PPDA, central and local government are all aware of the authority, although not all officials are knowledgeable of the public procurement process. Up to 72.8% of service providers have heard of PPDA and the Act. For most of the service providers, the print media (41%) and workshops (30.8%) were the main source of information on the authority and the PPDA Act although electronic media also provided some information to service providers (21.4%). Up to 63.8% of the service providers had read either part or whole of the PPDA Act. The perceptions among service providers are that the PPDA Act has helped to standardise procedures, promotes transparency, and reducing political interference in the procurement process. Awareness among civil society and the media is also high with civil society concern being the limitation of the authority to effectively prevail upon some central and local government entities.

A significant percentage of general public/households were aware about the functions of PPDA. When pressed about PPDA achievements, the majority of the general public (75.6%) of those interviewed contended that the authority has not yet achieved its objectives of a fair, transparent and truly accountable public procurement system and processes. When members of the general public were asked further to rate PPDA performance, only 9.9% rated PPDA performance highly. Those that said PPDA had performed fairly were up to 65.8% while 24.3% of the general public gave the agency a poor rating.

#### **B.5 The Role of the Public in Monitoring Procurement**

On the aspect of the role of the public in monitoring public procurement, 92% of those surveyed had known of a public project implemented in their locality. Up to 71.7% of the households had information that corruption influenced the award of contracts in their locality in the FY 2008/9. Only 28.3% thought the awarded contracts had no undue influence. There were also high levels of awareness among households of the effects of corruption on public procurement with 58.5% identifying poor quality service, 19.2% indicating delayed provision and 13.1% said corruption increased costs of service. Impressively however, up to 51.5% of the household respondents admitted to having been involved in monitoring projects under construction.

The perception among majority households (75.4%) was also that community/public monitoring of projects lead to improvements in the quality of services delivered. There was a close similarity between those household members that had ever reported a case of corruption in procurement (42.5%) and those that did not initiate any reporting action (40.7%). Fear of retribution was mentioned by a majority of the households as the reason why they would not report identified cases of corruption. As a pointer to intervention in deepening knowledge on procurement, up to 61.1% of the household respondents indicated lack of information on project under implementation in their localities.

#### **B.6 Participation of Small, Medium Firms and Foreign and Local Firms in Procurement**

In terms of participation of small and medium size firms in procurement, the perception is that the medium enterprises out-compete the small firms as they are able to draw upon bigger resource base, provide bid securities and other requirements and generally use their

clout to out-manoeuvre the small firms in the procurement process. Small firms are as a result left to resort to smaller scale project which further undermine their abilities to compete for subsequent works. Up to 96% of the service providers mentioned the issue of unfairness in competition in the procurement process. Regarding participation of local and foreign firms, there was a diversity of views on this issue. The dominant view was however that whereas foreign firm are perceived as having a bigger resource base, apparently they also bid higher prices to meet their higher costs and this in a way works out to the advantage of the local firms. Apparently, there is also a preference by some of the local entities to service by local firms, especially at local government level. It therefore appears as if most of the foreign forms go for bigger value contracts where international bidding is allowed and always stand a higher advantage here due to their high resource base and ability to demonstrate that it can assemble the equipment for the work.

### **C. Emerging Issues and Recommendations**

The efficacy and healthiness of the procurement system is a function of good governance. Achieving effective procurement in Uganda thus cannot go without putting attention to good governance infrastructure. The other important issue is the aspect of political will which should translate into effective punitive mechanism for people convicted and giving PPDA the authority to do its work well without undue interference and politicking. The following recommendations are made:

The following short term and long term recommendations arises for the current study. It is important to point out that the complexity of corruption in procurement and the fact that many categories of actors are involved also calls for recommendations which takes these factors into consideration. Shielding public servants from prosecution when they are implicated in procurement related corruption only sends wrong messages and enhances corruption.

#### **C1. Short term Recommendations**

##### **Central Government/Public Service Ministry**

- Strengthen the linkage among Anti corruption institutions notably the Inspectorate of Government, the Auditor General, the PPDA, The Directorate of Ethics and Integrity, the criminal Investigations Directorate of the Police, and the Public Accounts Committee of Parliament. It is noted that the forum for anti corruption organisation is already established but it is currently a loose institution. The forum should be revived and made to meet regularly to respond to pertinent issues. The leadership of the forum can be rotated across the various anti-corruption agencies.
- The corrupt public officials who are identified should be isolated so that they are denied space to enjoy their loot. This is a best practice in countries like Singapore and through this community action they have succeeded in stamping out corruption. These officials should be investigated prosecuted, imprisoned and made to return the assets acquired through corruption. The aim is to implement laws that make corruption a very high-risk undertaking. Corruption has escalated in Uganda largely because of lack of effective sanctions against unscrupulous and corrupt public officials

- Support the effective operation of the anti corruption court. This can be done through review of the constitutional rights regarding application for bails by persons convicted of corruption. Bail should only be applicable to non-convicts.
- It is imperative that government develops mechanism to address the entrenched nature of corruption. It is also foolhardy to expect public servants to behave differently when corruption pervades the entire society. Addressing procurement corruption is thus also incumbent upon the socio-economic and macro economic situation within the country. A number of issues therefore comes to mind: macro economic policies which puts money into the pockets of people; well targeted micro finance programme which makes Income generating activities accessible to people, promotion of a good climate for conducting business, clear and supportive regulatory frameworks and public officials, and equitable access to public resources across regions, communities and individuals.
- Tightening the loopholes in the public expenditure management systems. It is reported that government loses a lot of money through leakages in the financial management systems and public expenditure processes. There is need to plug these gaps if wastage in public resources are to be handled. As already said above this can be done through making corruption a high risk venture. There is also need to strengthen the inspectorate functions, including supervision, audit, and disciplinary actions on errant officials.

#### **Address the welfare of public servants**

Though welfare is not directly linked to procurement, it affects the psychological stature of public servants. The public servants must be motivated, hold positive attitudes and improve willingness to effectively provide public services. Unfortunately public servants in Uganda operate under poor working conditions which include low remunerations, lack of decent housing, and high cost of transport, all which combine to increase stress of the public servants:

- Public Service Pay Reform. This is crucial to the long term fight against corruption. Most public servants indicated that their current salaries cannot meet their current needs which lead to asking for gratification as a supplement. Available evidence also suggests that the current salaries and remunerations of public servants are too low and not congruent with the cost of living. It is recognisable that African families are big and public servants cannot be divorced from their social and family responsibility. It is also preposterous to expect that public servants will give their best efforts and not be tempted to steal when they are being poorly remunerated. There is therefore need to build sufficient systems, improve remuneration of public servants so that they are motivated to carry out assignments objectively and professionally.
- Social Insurance: Many public servants steal or get embroiled in corruption to improve their social welfare. Where social and health insurance are well implemented and regulated, it is possible that these social safety nets will make crucial contribution to addressing corruption in the general society and also in public procurement. It is imperative that social insurance schemes should make it easier for the subscribers to access their savings for developmental activity including business investment and housing purposes, even when they are still actively employed.

- Medical insurance: it is imperative that public servants and their immediate family should be given adequate medical insurance which covers both out-patient and in-patient care. This would act as a strong motivation for public service employment and significantly minimise corruption tendencies among public servants.
- Housing: it is recommended that public servants access decent accommodation. This can be done through facilitating them to acquire mortgages which they can use to acquire own accommodation. Similarly it is proposed that public vehicles be disposed off and instead public servants be encouraged to acquire won vehicles. This would improve vehicle sustainability.

### **Public Procurement and Disposal of Public Assets Authority (PPDA)**

- Implement affirmative action to encourage local firms (small, medium and big) to compete for contracts. Work out a mechanism of building the capacity and supporting the participation of local firms in the procurement process but put quality consideration as the most important issue in contracts award. This therefore implies that training and sensitization should be very strong for local firm to compete effectively and yet produce quality works. This leads to capacity building, employment creation and economic development.
- Translation of PPDA guidelines into local languages would go along way in increasing public knowledge on public procurement processes. It is important to point out that there are many service provider organisation led by entrepreneurs who do not have a very good command of the English language
- Review the time available to evaluate tenders, to reduce costs of doing business. In some countries such as Rwanda it takes only three steps in two days to establish a business while in Uganda it takes 28 steps in 25 days. It is proposed that the 25 steps be reduced using the “*caravan approach*” where there is one stop centre for licensing businesses.
- Address issues pertaining to independence and transparency of the contracts committee. Ensure and set strict guidelines for all procurement units to ensure that members of the contracts committee at all levels, including sub county are people who are competent in the relevant fields. Come up with clear guidelines and procedures to address issue of conflict of interest. There is also need to halt political interference and instil political accountability in public service.
- Evaluation time frame: it is important that PPDA sponsors a reform in the law to check on the time taken to initiate and accomplish a public procurement. There is need to shorten this to increase both efficiency and reduce costing challenges when proposals might be overtaken by changes in the economic situation within the country. The good practices that needs to be studied is Rwanda’s and Mauritius’ procurement system.
- Sensitisation and training on how to prepare bid documents. This can be done through a number of channels including local radio programmes. While the country is endowed with a well distributed FM radio stations the stations have not been well utilised.

Hosting talk shows on local radios throughout the country is one way of enhancing knowledge on PPDA in the country.

#### **District local governments/ civil society**


- Empower communities with information to monitor projects under implementation in their localities. Most of the procurements lack value for money due to lack of information on the specifications on procurements.
- Set up and facilitate a reporting system and whistle blowing system at the district level to ensure the whistle blowers are protected and well rewarded. This can be done through establishment of telephone hotline. A competent civil society organisation can be contracted to manage such a system.
- Programmes to build capacity of local government personnel on procurement planning.

#### **C2. Long Term Recommendations**

- Inculcating a National Value System that cherishes morality, integrity and accountability. This should be done in homes, schools, religious institutions and tertiary institutions. Corruption in Uganda has been adopted as an acceptable way of life and institutionalised where the corrupt are glorified<sup>1</sup>. This can only be reversed by building a National Value System where there is need for a re-conceptualisation of corruption as a vice.

---

<sup>1</sup> Republic of Uganda; National Integrity Survey 2008



***“Corruption in procurement engenders bad choices, affects the efficiency of public spending and donors' resources, creates waste and, ultimately, affects the quality of health and education services and the opportunities they present to improve quality of life.”  
Centre for Global Development, 2006***



## 1.0 INTRODUCTION

---

### 1.1 Background

Proper procurement of public goods and services is imperative for good economic management and addressing leakages of government funds. One of the recommendations in the Country procurement Assessment Review (CPAR 2004) was that ‘The IGG and PPDA should collaborate with other stakeholders to conduct annual National public procurement surveys.

As a result, the Public Procurement and Disposal of Public Assets Authority (PPDA) together with the Inspectorate of Government (IG) commissioned the first baseline survey to measure perceptions of corruption in public procurement in 2006. The survey was conducted in 33 LGs and 13 CG PDEs with the assistance from the USAID funded project “Strengthening Decentralization in Uganda Phase II (SDU II)” was conducted on a similar basis to the National Integrity Surveys by the Inspectorate of government, but focusing on corruption in public procurement and disposal at both local and central government levels. The specific purpose of the survey was:

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 authorities and the factors that account for the differences in risk; and
4. To identify the deterrent and other measures which are perceived to be effective in reducing the incidence of corruption and in changing attitudes to corruption.

The aim was that the information obtained from this survey serves as a baseline against which trends of corruption in public procurement would be determined and identify the vulnerable points in the procurement process. The survey that was completed in 2007 revealed that in both CG and LG, a statistically significant sample identified a commonly applied ‘tariff’ to contracts that had to be paid by way of a corrupt payment. 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. These figures are “*irreducible minimums*” as they do not include indirect losses. Though these figures did not seem high, they were still reflective of a serious on-going issue with procurement related corruption at both central and local government levels, especially when it is considered that these percentages translate to approximately Ug Shs. 117.0 – 148.5 billion.

Since the baseline survey (2006), a number of significant changes have taken place in the public procurement reforms significant among them being the setting up of procurement structures in the local governments in conformity with procurement structures in the local governments following the amendment of the Local Government Act to bring it in line with the PPDA Act 2003. To keep abreast with the changes, efforts have been made to train stakeholders in the local governments to comply with procurement laws, and several Development Partners have assisted a select number of districts with office equipment to facilitate the Procurement and Disposal Units to effectively carry out their mandate.

In recognition of the above and many other interventions since the last survey, it was important to carry out a new survey to measure the impact of the procurement reforms and assess whether the objectives of the reforms were likely to be achieved.

## **1.2 Justification**

The standards of public procurement are important parameters for gauging the efficiency of service delivery and development interventions in a country. High standards of procurement of goods and services also serve to build the confidence of development partners that resources they commit to development activities will be properly utilised. The World Bank estimates that Uganda loses up to \$500million to corruption and corrupt tendencies every year. It is plausible that some of the loss occurs through the process of procurements. It is therefore imperative that strong procurement systems and mechanism are put in place and strictly monitored to plug some of the gaps in the leakages of public of public funds. While the First Integrity survey of corruption in the procurement system was carried out in 2006, the recent National Integrity Survey (IGG, 2008) and the consolidated report of the internal audit and inspectorate function for 2008/9 (MOFPED, 2009) suggests that procurement still represents some of the weak spots in the fight against corruption in Uganda. It is important to collect information which will help to address this impediment in the service delivery and development functions of the State.

## **1.3 Study Approach and Methodology**

The consultant identified recipients and clustered them in three groups; namely *service providers*, *key informants*, and *households/general public*. Separate research instruments were developed to support collection of relevant information from each category of respondents. All the four traditional regions of Uganda (North, East, West and Central) were equally represented in the sample drawing three districts from each. The work was divided according to the regions and handled simultaneously; with each region handled by a team under the supervision of a Consultant. The reason for handling the work simultaneously was to be able to complete the work within the timeframe agreed with the Client.

The study used a multifaceted design comprising both quantitative and qualitative (participatory approaches) techniques of data collection. Both primary and secondary data were collected from identified respondents from the field. Primary sources mainly comprised selected household respondents or members of the general public and Key Informant Interviews. There was also review of key literature drawn from: government documents on public procurement and disposal; corruption; integrity in public institutions including policies, institutional frameworks and legislations; and PPDA Reports.

### **1.3.1 Structure of Fieldwork**

The fieldwork for the 2<sup>nd</sup> Public Procurement Integrity Survey was divided into 3 components namely: Local and Central Government entities; service providers; and the general public. A Consultant was attached to each category of respondents as team leader. There was a team of three (3) Consultants under each component. In addition, each regional team comprised six (6) research assistants (RAs) who helped in data collection. All these components within the survey were equally important in highlighting the impact of the procurement reforms and revealing whether the objectives of the reforms were being

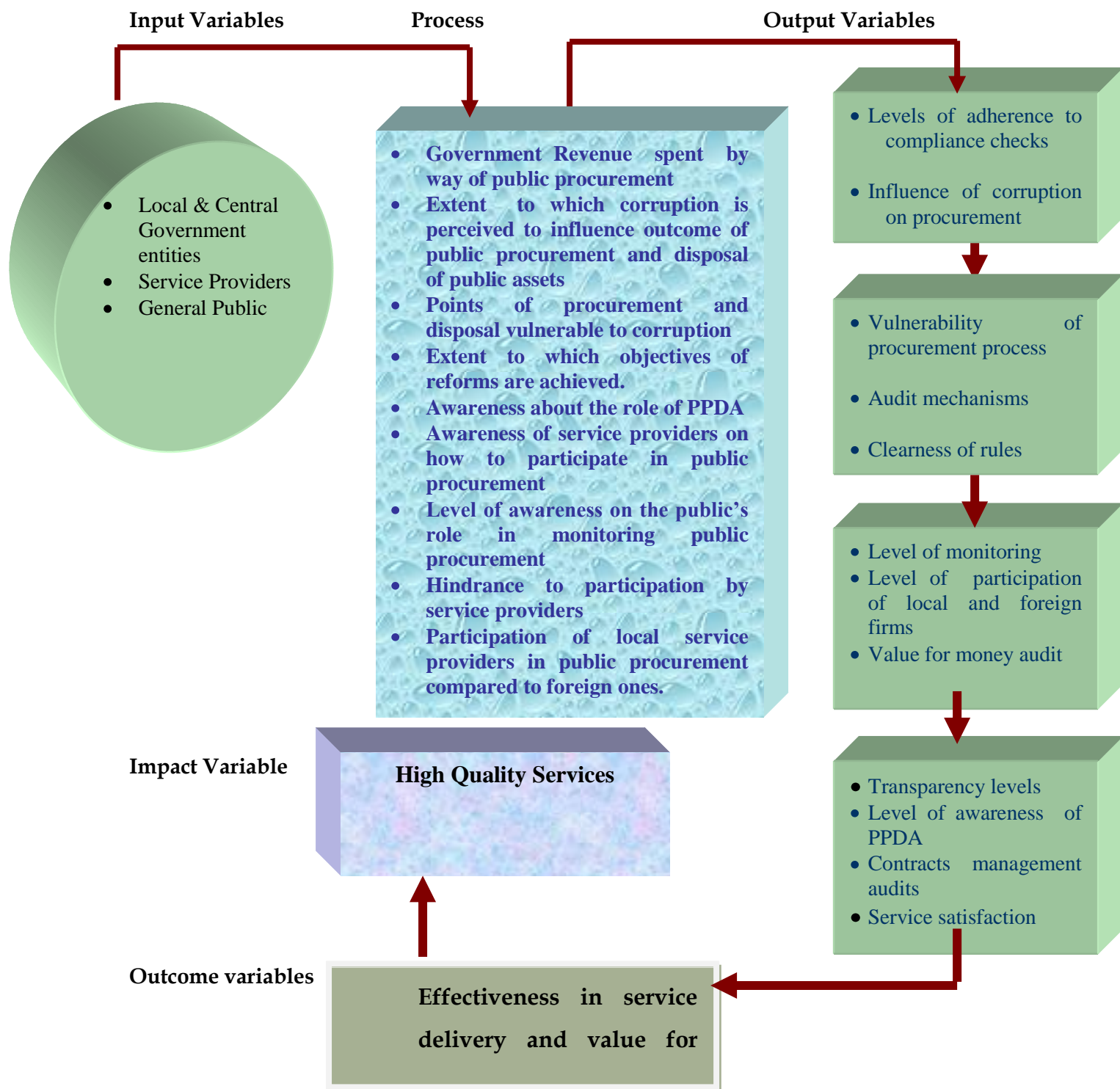
achieved. The Consultants participated in collecting data from Local and Central Government entities; service providers and households (general public). The participation of Consultants provided two advantages namely:

- i) It strengthened teamwork.
- ii) It helped the Consulting Team to triangulate information from the various sources.

### **1.3.2 Scope of the Study**

The task comprised three major components namely: Local and Central Government entities; Service Providers and Households. The task was conducted in thirty (34) Local Governments (13 Districts, 6 Municipalities and 14 sub counties) and thirty (30) Central Government entities (Ministries and Agencies including tertiary institutions and hospitals). Interviews with a number of providers and the general public were also be conducted. The scope of the 2<sup>nd</sup> Procurement Integrity Survey was guided by the model as indicated in Figure 1.1

Fig. 1.1 Model of the Process that guided the Survey



Source: Model built by REEV Consult International, October, 2009

### 1.3.3 Sampling and Data collection

The main aim of the exercise was to establish the effect of the reforms on the trend of corruption in public procurement and provide proposals for strengthening the fight against this vice. Appropriate sampling was done and adequate data collected to clearly show the impact of the procurement reforms and assess whether the objectives of those reforms were being achieved. In order to gather a rich variety of data it was necessary for the research to cut across different categories of respondents from different areas. Consequently, three components of the study were carried out i.e. Local and Central Government entities; service providers; and households.

### 1.3.3 Sampling of Households (General public)

As indicated earlier, the study covered fourteen districts evenly distributed across the four traditional regions of the country to get information that is more valid throughout the country. These comprised 13 district local governments including 6 municipalities countrywide. The selection criteria for local governments were based on categorisation according to the National Assessment Report conducted by the Ministry of Local Government (MoLG 2008). The assessment categorised districts as: High Performing (Reward), Stagnant (Static), and Low Performing (Penalty). Table 1.1 shows the selected districts.

**Table 1.1: Selected Districts and Municipalities**

Region	District	Municipalities
Central	Kampala City Council	
	Kayunga	
	Wakiso	
	Mpigi	
Eastern	Mbale	Mbale
	Soroti	Soroti
	Bukedea	
Western	Mbarara	Mbarara
	Ntungamo	
	Kabale	Kabale
Northern	Gulu	Gulu
	Lira	Lira
	Oyam	
<b>TOTAL</b>	<b>13</b>	<b>6</b>

Knowledge of procurement issues is not randomly distributed hence purposive sampling was used to determine the relevant households. Selection included those who were directly involved in public procurement and those considered knowledgeable about procurement issues. The sample size was 10 household respondents per district/municipality.

### 1.3.4 Sampling of Service Providers

This category consisted of private enterprises that were doing business with government or public institutions through the laid out process of public procurement in Uganda. A sample size of at least 4 enterprises was covered in each of the sampled districts/municipalities. Kampala being the epicentre of business was allocated a sample of 42 service providers. Overall, the team interviewed a total of 151 service providers across the country. The sampling which included professional practitioners and civil society organizations considered factors like: geographical location (operational within the district); legal status; business sector; and size (income and size

of labour force). Private enterprises were classified according to the nine categories of economic activities<sup>2</sup> as defined by the International Standard Industrial Classification (ISIC) of the United Nations. These are:

- a) Agriculture;
- b) Mining (both of them being referred to as primary);
- c) Manufacturing;
- d) Utilities;
- e) Construction (secondary);
- f) Commerce;
- g) Transport;
- h) Services<sup>3</sup>; and,
- i) Government (Public Enterprises) (tertiary).

### **1.3.5 Sampling of Public Officials**

Selection of public officials at Central Government level was based on the seven public sectors. These are:

- Agriculture
- Trade and Industry
- Health
- Education
- JLOS
- Public Service
- Infrastructure (Roads and Works)

Three officials were selected from each sector but within the ranks of: Top management, Middle management and Operations (Procurement Unit). The rationale for this categorisation was to ensure that the different levels were represented in the sample and subsequently generating the required information at all levels of management. Efforts were made to ensure that public officials responsible for procurement units in the various ministries/agencies were selected.

### **1.3.6 Sampling of Specialised Institutions and Agencies**

Further to households, public and private enterprises, independent views of agencies and public institutions that act as “watchdogs” for public integrity were included. The institutions/agencies covered operated at central government level within the public sector. Among those the consulting team consulted with were: the Inspectorate of Government (IG); the Office of the Auditor General (OAG); the Public Accounts Committee of Parliament (PAC); and the Police Force.

Among the civil society organisations, consultations were made with Uganda debt network (UDN) and Anti-corruption Coalition of Uganda (ACCU). Capital FM/Radio One, Nation Television (NTV)/ Wavah Broadcasting Station (WBS), Uganda Broadcasting Corporation (UBC), and The Monitor newspaper represented the media.

---

<sup>2</sup>Sectors simply classify activity by type; they do not describe interrelationships among activities.

<sup>3</sup> These will include both profit and not-for-profit organizations; secondly, the organizations will be categorized according to the sectors as given in the Terms of Reference. Annex II: shows a list of NGOs to be used in the selection of the sample as obtained from the National NGO Board and the NGO Forum

In addition, government agencies including Uganda Electricity Transmission Company Limited (UETCL), National Water and Sewerage Corporation (NWSC), National Housing and Construction Company Limited, the New Vision and Uganda Printing and Publishing Corporation (UPPC), and The New Vision Publications were sampled.

The Consulting team sought independent opinion from a cross section of development partners/donor agencies. Consultations were held with two categories of development partners namely: multilateral and bilateral organizations. The selected organisations were The World Bank and DANIDA respectively.

### **1.3.7 Data Collection**

#### **i) Household Respondents**

The household survey targeted household heads as the respondents. However, where the head was unavailable or unable to respond, an adult member of the household sufficed. A semi-structured interview schedule designed in English was used to collect household data from the selected households. Ten households were interviewed in each of the selected twenty districts/municipalities. Research Assistants recruited based on home region were trained in data collection techniques to facilitate easy communication and translation of the questionnaire into local dialect where need arose. A total of 196 household/general public individuals were interviewed.

#### **ii) Service Providers and Contractors**

Service providers/contractors based in the locality (concerned local government) were identified and sampled to present their part of the story about corruption in public procurement. Four (4) were sampled per district and where a municipality was present a few more service providers were selected. A specific instrument for the service providers had also been pre-designed.

#### **iii) Key Informant Interviews**

Officials selected from the following sectors/agencies were identified as the key informants:

- a) The seven public sectors (covering Top management, Middle management and Officials responsible for procurement)
- b) Civil society organisations
- c) Political leaders at all levels in local governments including local councillors
- d) Specialised agencies
- e) Development partners

An Interview Guide was used to guide the discussions with the key informants.

#### **iv) Secondary Sources of Data**

The raw information obtained through primary methods was supplemented by information from documentary sources. The secondary sources included the First Public Procurement Integrity Survey Report, the National Service Delivery Survey Report for 2008 (UBOS, 2009), The PPDA Act 2003, The Local government Act 1997, the Consolidated Report of the Internal Audit and Inspectorate Function 2008/2009, the background to the Budget 2008/2009 and

2009/2010; Ministerial policy Statements for 2009/2010 and procurement plans from at least 67 local governments and Municipalities for 2009/2010. Other documents including PPDA annual reports also aided the analysis and contextualisation of the collected information.

### **1.3.8 Data Management and Analysis**

#### **a) Household and Service Providers Interviews**

The data collected was cleaned (editing and post coding) then entered into the computer using SPSS. The analysis was done using the SPSS program. Bivariate and multivariate analysis was conducted for report preparation. The analysis was conducted at three levels namely: descriptive, explanatory and predictive as necessary to show the relative levels of prevalence, trends, manifestations and causal factors of corruption in public procurement.

#### **b) Key Informant Interviews**

Qualitative data collected through in-depth interviews with key informants was analyzed qualitatively (thematic analysis). The data was diverse and warranted close study of each respondent's views and comparison with other emergent views including the quantitative data. It is important to note that most of the findings in this report represent perceptions of corruption in procurement. There is need to carry out focused studies on factual issues and facts on completion in procurement.

#### **c) Analysis of Secondary Data**

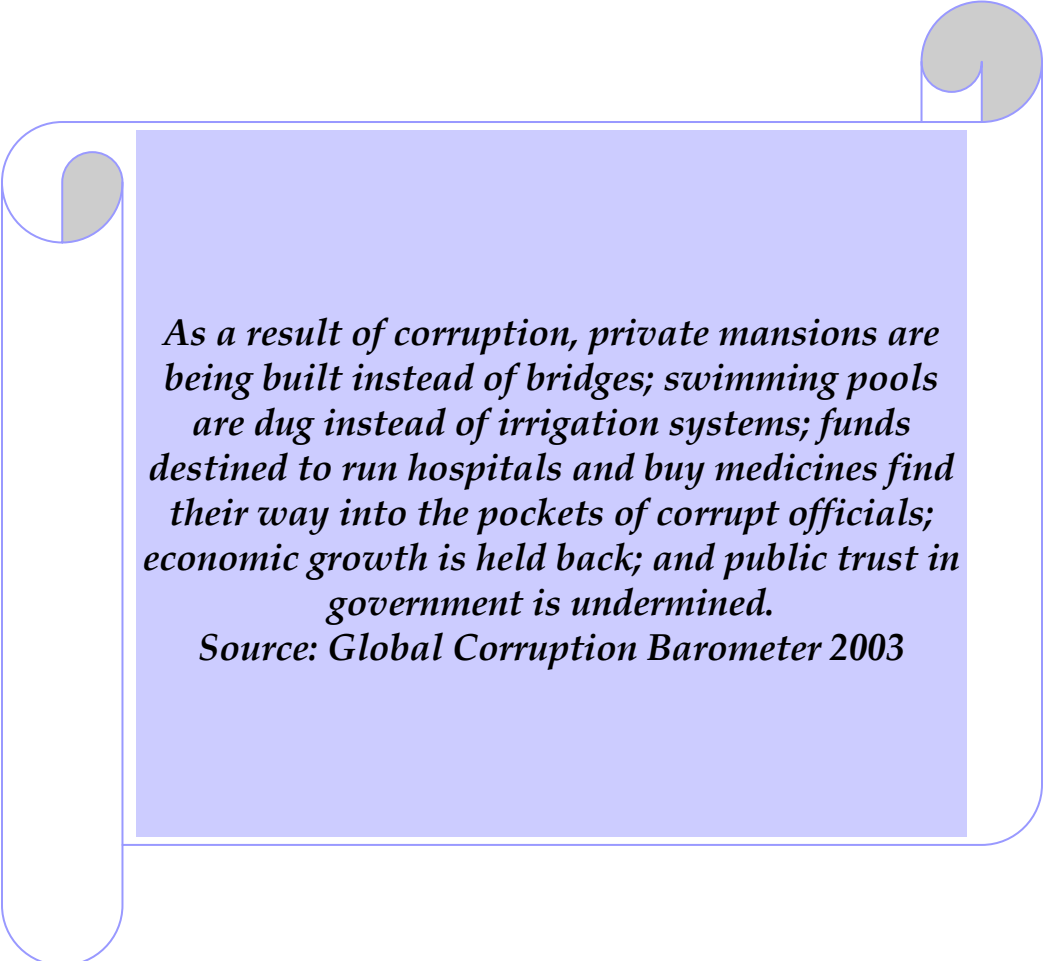
Data from documents was analyzed by content (content analysis). Documents related to the study were appraised in reference to particular themes under investigation, as indicated in the secondary data review guide.

### **1.3.9 Organisation of the Report**

This report is divided into ten chapters/sections. Section one (1) presents the introduction, section two (2) the government expenditure on procurement as a percentage of government revenue collected. The perception of the influence of corruption on procurement is presented in section three (3); and section four (4) critically discusses the procurement process and analyse the stages most vulnerable to corruption as well as the stage specific challenges and mitigation measures which have been attempted over the years.

Procurement reforms and the impacts of the reforms on the performance of PPDA, the actual impact on procurement processes and procedures as well as the challenges to the reforms and the response to the challenges are discussed in section five (5). Awareness by key stakeholders including the local and central government, the civil society and private sector (service providers) is presented in section six (6). This section also presents the facilitating factors for public procurement as well as the efforts of PPDA in deepening knowledge on the authority. Section eight (8) analyses the participation of small and medium enterprises in public procurement and also discusses the facilitating and inhibiting factors for their participation. Section nine (9) looks at firm competitiveness in procurement and specifically discusses the participation of local and foreign firms in public procurement. Emerging issues, conclusions and recommendations for addressing corruption in procurement are presented in section ten (10).





*As a result of corruption, private mansions are being built instead of bridges; swimming pools are dug instead of irrigation systems; funds destined to run hospitals and buy medicines find their way into the pockets of corrupt officials; economic growth is held back; and public trust in government is undermined.*

*Source: Global Corruption Barometer 2003*

## **2.0 Government Expenditure on Procurement**

---

### **2.1 Introduction**

This section presents an analysis of the expenditure of government on procurement. Baseline figures for FY 2009/2010 were used as it was easier to access them from the PPDA and also from the Ministerial Policy Statements, for those Ministries and sector agencies that included it in their Policy Statements.

### **2.2 Government Revenue for FY 2009/10 (projected)**

In FY 2009/2010, Government budget has been projected at Ug. Shs 7.3 trillions. This includes tax revenue and other domestic revenues of Ug. Shs 4.8 trillion up from a figure of Ug. Shs 4.3 trillion in FY 2008/2009. The donor contribution for FY 2009/10 is expected at 2.5 trillion (33%) to bolster the budget.

### **2.3 Government Expenditure on Procurement for FY 2009/10 (Projected)**

Information obtained for key sectors indicate that a total of Ug. Shs **300, 091, 790,400** has been planned to be spent on procurement within the FY 2008/9 for some 67 districts. The Consulting team was unable to obtain information on all districts. In addition, **Ug. Shs 1,675,890,160,694.30** has been planned for procurement by specialised sector agencies and key departments within the central government. The total procurement budget for the 67 local governments and municipalities, sector agencies and ministries as indicated in **ANNEX 1** was Ug. Shs **1,975,981,951,094.30**. This represented about 70% of all entities returning their procurement plans to the Public Procurement and Disposal of Public Assets Authority (PPDA). Some key information has been left out as some agencies had not submitted their procurement plans by December 2009 to the PPDA. The consulting team was thus unable to obtain information for the remaining 30% of the entities. Some Ministries such as that of Works and Health, Office of the President and the Justice Law and Order Sector (JLOS) did not have the procurement plans attached to their 2009/10 Ministerial Policy Statements as per the new regulations.

### **2.4 Percentage of Government Revenue spent on Procurement**

An estimated **41%** of government revenue has been budgeted to be spent on procurement in FY 2009/2010. This is after consideration of the total procurement figure<sup>4</sup> of Ug. Shs **1,975,981,951,094.30** as a percentage of the total domestic revenue of **Ug. Shs 4.8 trillion**. However, when the percentage of procurement expenditure as a proportion of the overall budget of Ug. Shs 7.3 trillion is taken it gives a figure of 27%. The implications from these figures are that a significant amount of resources are spent on procurement. Given the high levels of reported corruption, particularly in procurement (Republic of Uganda 2008), it is critical that government addresses the issue of corruption. Short of this no amount of economic growth will result in transformation and improved quality of life unless the leakages are closed so that public resources are utilised for their intended purpose. This is an important innovation that should be supported and sustained.

### **2.5 Constraints in Expenditure on Procurement**

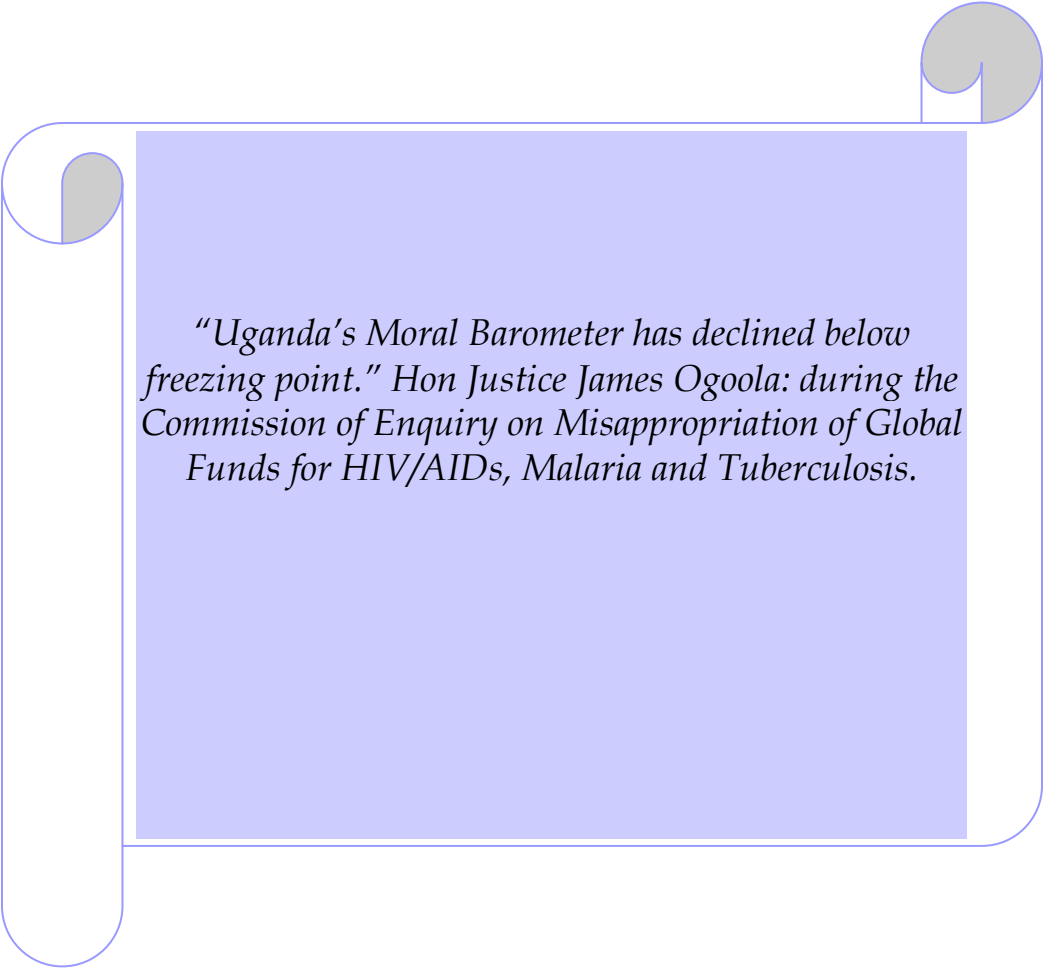
---

<sup>4</sup> This represents about 70% of all entities subscribing to PPDA and supported by government.

The key constraints to expenditure on procurement include lack of clear procurement plans by some agencies and local governments. Other constraints include failure to follow procurement plans in some agencies and local governments, resulting into a loss of interest in developing the plans. Another key challenge has been the under funding of the plans which further dampens the interests of the agencies and disorganises local and central government agencies activity plans.

## **2.6 Responses to Challenges**

The Ministry of Finance Planning and Economic Development has strictly embarked on an execution of the budget according to procurement plans by the various entities. Many ministries and local governments who did not develop procurement plans and attendant accountabilities do not receive disbursement for the subsequent quarters.



*“Uganda’s Moral Barometer has declined below freezing point.” Hon Justice James Ogoola: during the Commission of Enquiry on Misappropriation of Global Funds for HIV/AIDs, Malaria and Tuberculosis.*

## 3.0 Perception of the Influence of Corruption on Procurement

### 3.1 Introduction

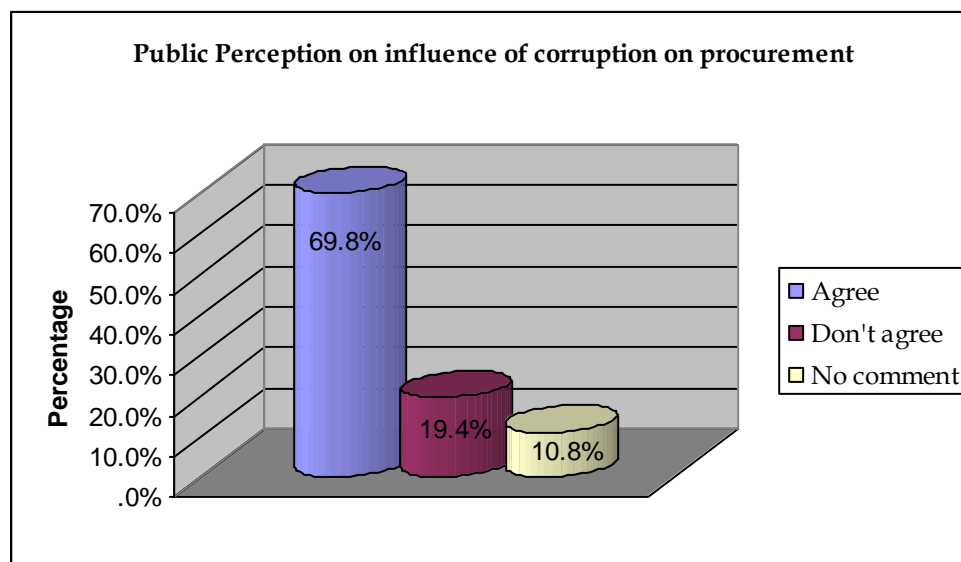
This chapter presents the perceptions of stakeholders on corruption in procurement. The specific focus was on:

- The perception of service providers on prevalence of corruption and their participation in the procurement process.
- Civil society perception of the influence of corruption generally and on corruption in public procurement
- Household or general public perception of corruption in the procurement sector.
- The perception of central and local governments as well as that of the procurement unit staff themselves.

### 3.2 Perceptions of Service Providers

According to service providers contracts monitors especially for works openly demand for bribes before approving the work done. In their own words "no work however, good can be approved without bribing the project managers. On the other hand however shoddy the work done is, it will be approved so long as a bribe has been paid to the contracts managers" (Service provider, Kayunga District). Quantitative data on the perception of service providers is provided in Table 1.1. The survey sought to find out what the view of service providers were regarding corruption in public procurement. Figure 3.1 shows the results.

**Figure 3.1: Opinions of Service Providers on Whether Corruption Influences Procurement Outcomes**



Source: Field Data October, 2009

As indicated in the figure (69.8%) of the service provider respondents were in agreement with the statement that corruption influences the outcome of public procurement. 19.4% disagreed while 10.8% of the respondents declined to comment. It is possible that some of the service providers who discounted the impact of corruption public procurement are beneficiaries and

perpetrators of *rent<sup>5</sup> giving* for personal gain. Although the possibility of some service providers getting contracts without offering a bribe cannot also be ruled out. For those that returned a “no comment” response it can be construed as an attempt to avoid making statements that could compromise their chances of getting future contracts should their perspective leak to the concerned officials.

For the service provider respondents who said that corruption influences the outcome of public procurement were further asked what their reasons for such a view were. Table 3.1 show the results.

**Table 3.1: Reasons for the Views of Service Providers that Corruption Influences Public Procurements.**

Reasons for the Views of service providers that corruption influences public procurements	Respondents	
	No.	%
Public officials demand for money before even adverts are made.	26	25.2
It is a culture today, in Uganda that money talk more	23	22.3
Without corruption you can't get anything	21	20.4
Companies that win tenders are either owned by government officials, their relatives or friends.	18	17.5
There is a lot of bribery during the procurement process.	15	14.6
	103	100.0

**Source: Field Data, October, 2009**

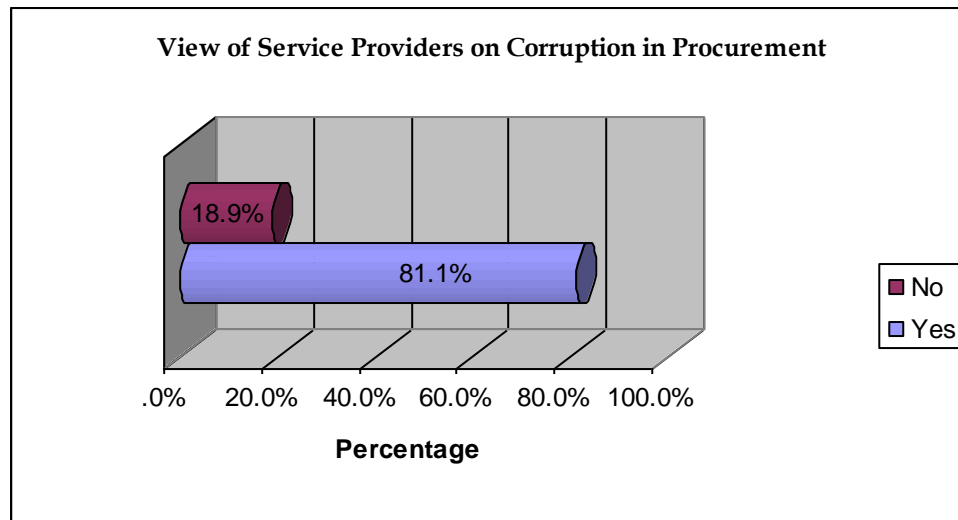
According to the results, 25.2% of the service providers said that the public officials demand for money before even advertisements are made. This was closely followed by 22.3% of the respondents who said that it is a culture today, in Uganda that money talks more. 20.4% of the respondents said that without corruption one cannot get anything. 17.5% said that most of the companies that win tenders are either owned by government officials, their friends or relatives, while 14.6% just agreed that there is a lot of bribery during the entire procurement process.

The study wanted to know from the point of view of service providers, since they are directly involved in procurement, if they thought there was corruption in public procurement. Figure 3.2 show the results.

---

<sup>5</sup> This refers to the amount of money or any other favour which exchanges hands in return for a service or procurement contract in this case.

**Figure 3.2: Views of Service Providers on Corruption in Procurement**



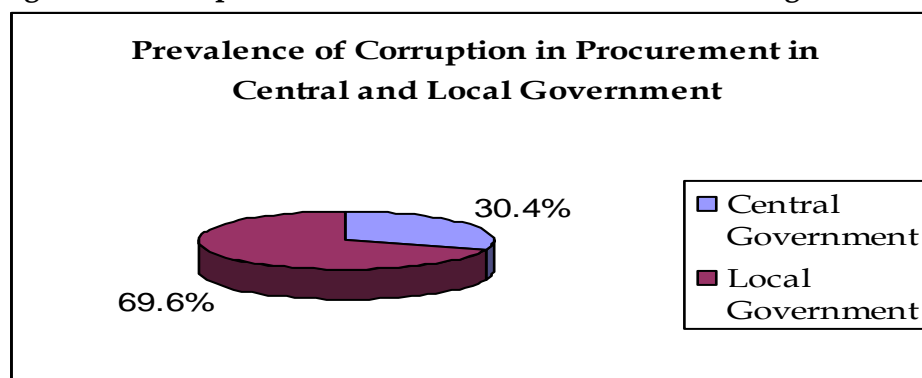
Source: Field Data October, 2009

Similar to their perception of the influence on corruption in public procurement, the majority of the service provider respondents (81.1%) acknowledged the *presence* of corruption in public procurement. Only 18.9% differed, which is close to the 19.4 which also disagreed on whether corruption influences public procurement outcomes (Figure 3.1).

### 3.2.1 Service Providers View On Prevalence of Corruption in Central and Local Governments.

When pressed further to differentiate the prevalence of corruption in central and local government, considering the influence of decentralisation as a system of governance, the service providers came up with an interesting position. The results are presented in Figure 3.3.

**Figure 3.3: Perception on which arm of Government has Higher Levels of Corruption**

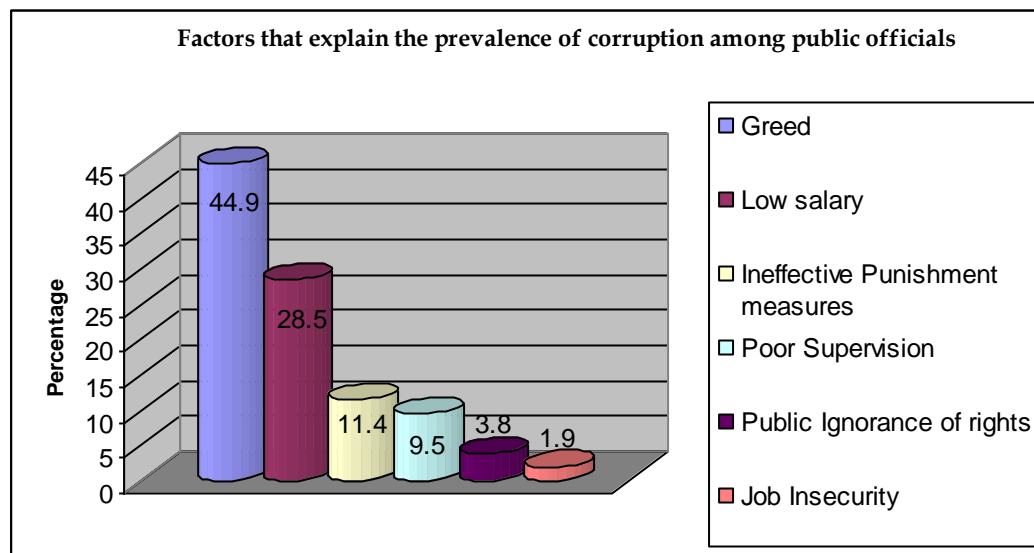


Source: Field Data, October, 2009

Local Government was viewed by the majority of the respondents (69.6%) as having most prevalent cases of corruption in public procurement compared to 30.4% of service providers who mentioned the Central Government. However, this result might not mean that procurement corruption is most prevalent in local government relative to the central government: it is important to point out that for the majority of the service providers sampled, their main interactions in procurement is with the local government. This might therefore explain their response.

The respondents were further requested to state why they thought there was prevalence of corruption in procurement among the public officials. Figure 3.4 show the results.

**Figure 3.4: Factors why there is prevalence of corruption in procurement among public officials.**

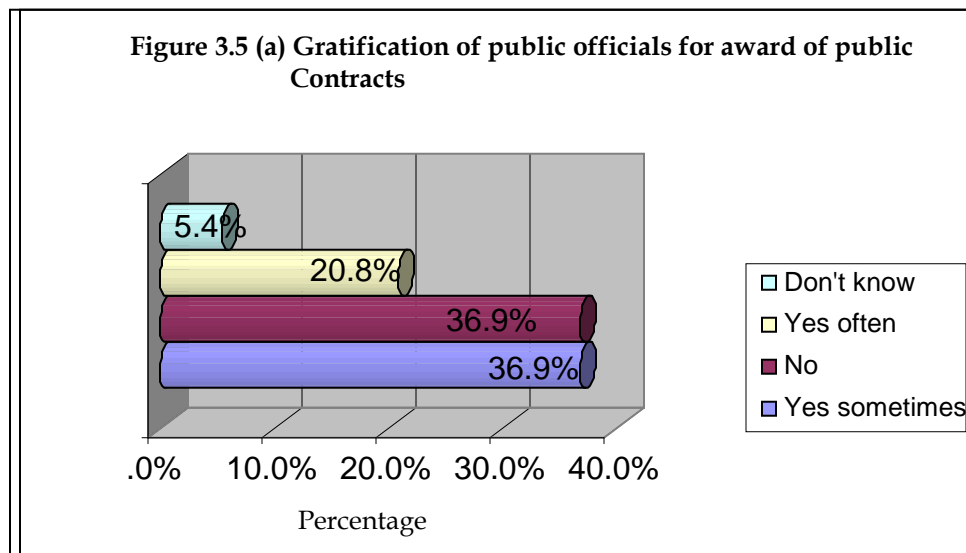


Source: Field Data, 2009

According to results, majority of the respondents 44.9% mentioned Greed as the major reason why public officials engage in corruption in procurement. 28.5% said it was Low salary, 11.4% Ineffective Punishment Measures, 9.5% Poor Supervision, 3.8% Public Ignorance of their rights while 1.9% said it was job insecurity. Greed therefore seems to surpass the excuses of low pay for public servants to engage in corruption. This is exacerbated by the over material culture among Ugandans where people prescribe for themselves lifestyles which are beyond their means. These results concur with the results of the NIS III report, which indicated that greed was the main reason for corruption (NIS III 2008 Pg 17). The service providers' respondents were then asked whether they gratified public officials' in order to be awarded government contracts. Figure 3.5 (a) shows the results.



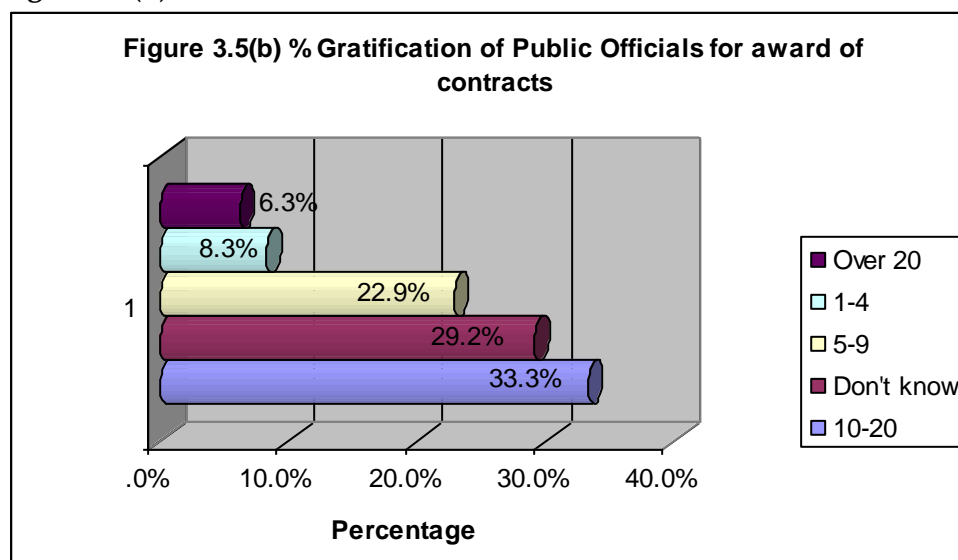
**Figure 3.5 (a): Gratification of Public Officials for Award of Public Contracts.**



Source: Field Data, October, 2009

According to the results, majority of the respondents' (36.9%, sometimes) and (20.8% often) gratified public officials in order to be awarded government projects. The award of public contracts is marred by corruption as is evidenced by the results. Only 5.4% expressed ignorance of the knowledge of any gratification in their organizations. The respondents, who affirmed that there were gratifications given for the award of public contracts, were further asked what percentage of gratification was given. Figure 3.5 (b) shows the results.

**Figure 3.5(b): % Gratification of Public Officials for Award of Contracts**



Source: Field Data, October, 2009

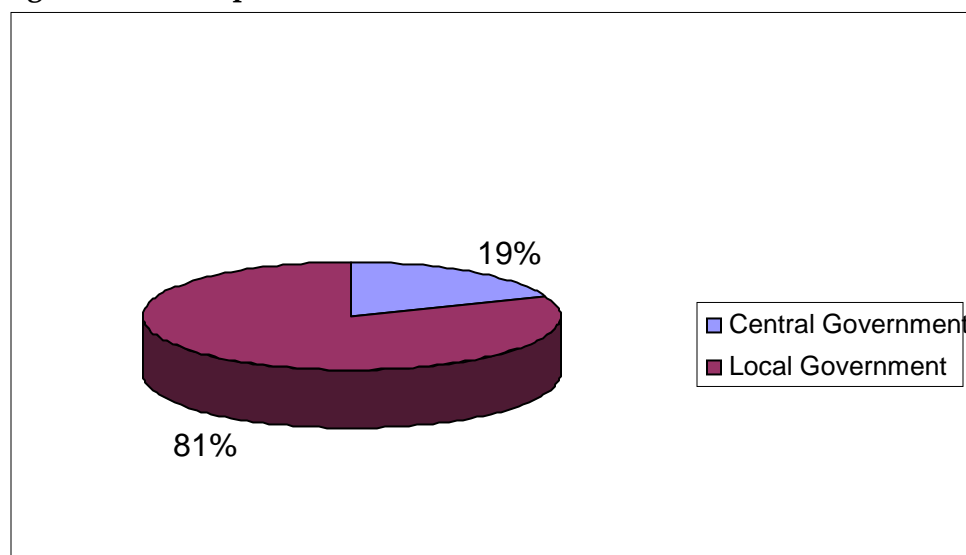
The highest percentage of gratification given for award of contracts was between 10-20% of the total value of the contract as mentioned by 33.3%. Others were: 5-9% (22.9%); 1-4 % ( 8.3%); and over 20% (6.3%), while 29.2% were not sure of the exact percentage of gratification offered. The implication of this scenario on the quality of work and value for money is grave. This is because the costs of materials for construction projects increases rather rapidly and considering that the service providers have to make profit as well, this will affect the quality of the final product.

Compared to the first National Procurement integrity baseline survey of 2006, where gratification was 9.4%, this is a marked increase in percentage of gratification given in a period of four years.

### 3.2.2 Departments from where Public Officials were offered Gratifications

The survey sought to find out from the service providers, the department from which the public officials who were offered gratification were based. Figure 3.6 show the results.

**Figure 3.6: Departments from where Public Officials were offered Gratifications**



Source: Field Data, October, 2009

The majority of the respondents (81%) said that they have ever gratified public officials from the local government. Only 19% had gratified officials from the central government. This implies the limited direct interaction between service providers and officials of central government. It also reveals an apparently high level of corruption in the Local Governments.

### 3.3 Perceptions of Civil Society

The perception within civil society is that there is corruption in the procurement processes. Anti corruption agencies and other CSOs are aware of instances of corruption in procurement of public goods. They reported high favouritism and lack of transparency in the allocation of contracts in procurement of goods and services. The view held is that the procurement staff and people with responsibility for procurement actually allocates procurement works to their own friends and relatives, own companies and proactively seek out bribes from those who win contracts. The entrenched nature of corruption which has pervaded every aspect of the Ugandan society, from procurement to everyday lives is seen as a key contributively factor. While the CSOs appreciate the role of the IGG, they hold that the IGG has not been effective in combating corruption.

*Competitiveness have not been observed because you find that the same suppliers who supplied earlier will be the ones always considered. Even if a new firm comes up with quality services, still the same old firm will be the one considered. Although the IGG has come up strong on issues of accountability; the attitudes has not changed (Kampala, October, 2009).*

On the perception of prevalence of corruption in public procurement, a regional Manager of a major international child protection agency in northern Uganda asserted:

*There is high level of corruption in government. Procurement officers normally award contracts to people well known to them and at the end of the day there is poor work done. For example there are poor roads all over Gulu. The quality of the murrum and the finishing of the work is very poor. Buildings constructed are normally also of very poor quality, classrooms built by governments compared to those built by NGOs such as houses are of poor quality. The question then is: are suppliers of these facilities genuinely selected? The local public officials are corrupt because they want to supplement their salaries which are always very low (Gulu, October, 2009).*

Similarly, an officer of an anti-corruption advocacy NGO in Kabale:

*The general perception is that it is true corruption is influencing public procurement and people have that mentality because they think there is a lot of forgery and the outcomes of procurement do not last for so long as most of them are always fake and of poor quality. The procurement officers do not put in practice what they say and they lack humanism in them (Kabale, October, 2009).*

The above perception is influenced by the belief that the provision of bribes to procurement and public officials reduces the amount of money available to the contractors to do quality work.

The perception of civil society is that the reforms spearheaded by PPDA have helped to level the playing fields and encouraged more transparency although the presence of corruption is still visible in procurement and the practice of “rent giving and rent seeking” has not abated. Some civil society organisation faults the PPDA act for having been enacted without effective consultation with the wider public. It is the perception of civil society organisations such as the Kabale Anti -Corruption and Legal Aid Network that public knowledge about the PPDA act is very low.

An official of an NGO in Mbarara commenting on corruption in procurement noted that:

*Corruption influences the outcome of public procurement because people will always offer a bribe and at the end do substandard works or buy substandard items to recover their money and make huge profit Mbarara, October, 2009).*

### **3.4 Perceptions of Households**

The households are the eventual beneficiaries of services and goods arising from projects which are awarded through the process of procurement. In this survey, it was important to establish from the household level, their general knowledge on procurement and their perceptions whether there are any cases of irregularities in the award of contracts.

#### **3.4.1 Household Respondent Profile**

The households' respondents were characterised according to socio-economic and background characteristics. These independent variables were important in determining the level of knowledge, ability to access services and participate in procurement process and capacity to demand rights in terms of monitoring the public projects being implemented in their areas. Table 3.2 shows the distribution of respondents according to selected variables

**Table 3.2: Demographic Profiles of Household Respondents**

<b>Age</b>	<b>(%)</b>	<b>(N)</b>
18-34	35.6	68
<b>35-44</b>	<b>33.5</b>	<b>64</b>
45-54	19.9	38
55 and above	11.0	21
Sex		
Male	66.8	127
Female	33.2	63
Education Level attained		
Never went to Formal School	1.0	2
Primary School level	3.7	7
Secondary level	25.7	49
Tertiary	38.7	74
University	30.9	59
Marital Status		
Single	16.8	32
Married	81.2	155
Separated	1.0	2
Divorced	0.5	1
Widowed	0.5	1
Occupation Category		
Agriculture	9.8	19
Civil service	51.3	99
Private Business	35.8	69
Religious Work	3.1	6
Position in Household		
Head of Household	69.2	126
Spouse	26.9	49
Dependant/Member	3.8	7
Nationality		
Ugandan	99.5	190
Non-Ugandan	0.5	1

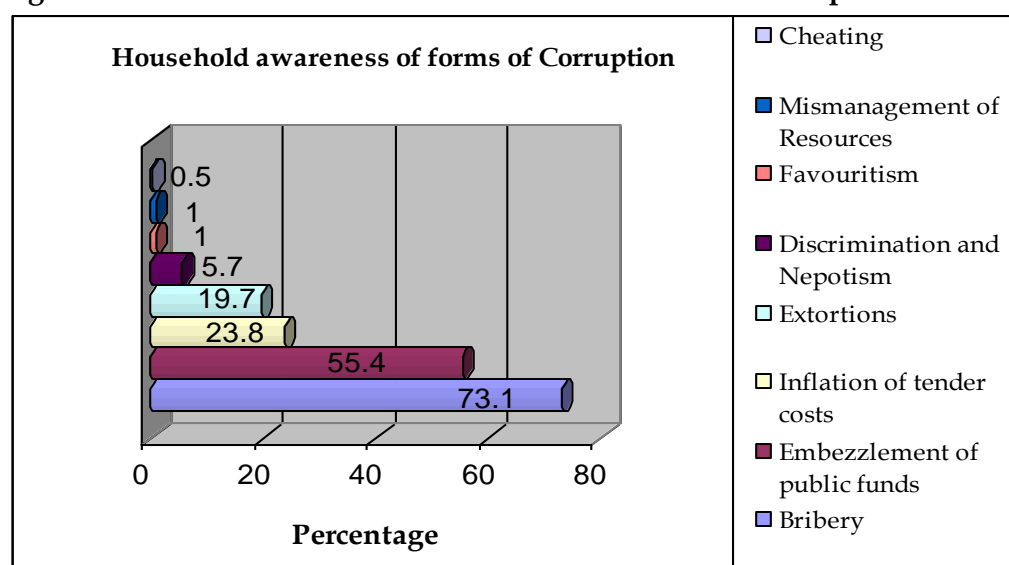
**Source: Field Survey Data October, 2009**

Table 3.2 shows that the majority respondents (35.6%) were in the age category 18-34, followed by (33.5%) in age category 35-44. The least number of respondents (11.0%) was in the age group of 55 and above. As regards sex, 66.8% were male while female comprised 33.2%. The majority of the respondents (38.7%) had attained tertiary education; 30.9% were university graduates; 25.7% were secondary school graduates while the least respondents 1.0% were those who had never been to school. Civil servants comprised of the most respondents (51.3%). Private entrepreneurs comprised (35.8%) while the least respondents in this category were religious workers (3.1%). 69.2% of the respondents were household heads while majority of the respondents were of Ugandan nationality (99.5%)

### 3.4.2 Household Awareness of the Forms of Corruption

In order to understand the level and magnitude of corruption in public procurement, household respondents were requested to indicate the most prevalence form of corruption they were aware of. Figure 3.7 shows the results.

**Figure 3.7: Household Awareness of Different Forms of Corruption**



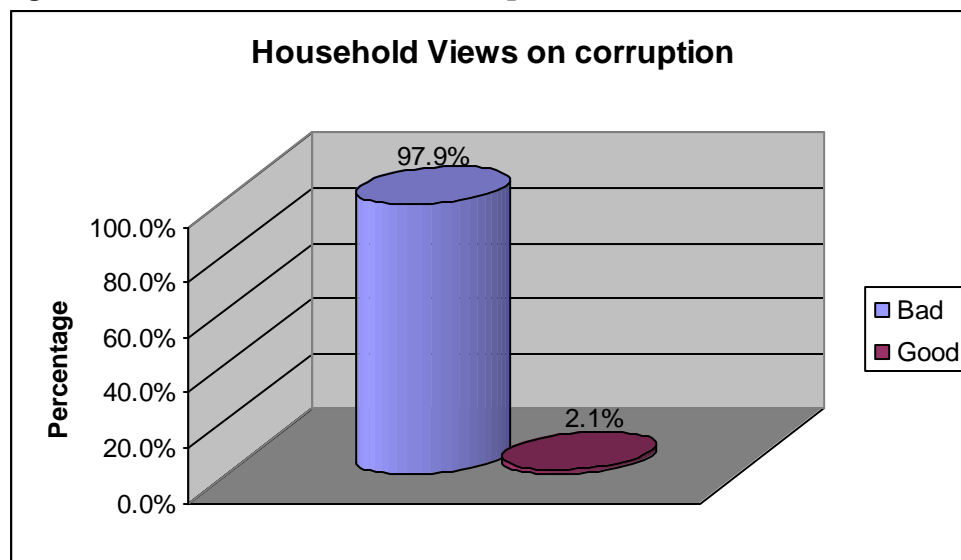
Source: Field Data, October, 2009

Bribery was reported as the most prevalent form of corruption as indicated by 73.1% of the household respondents. Embezzlement of public funds (55.4%); inflation of tender costs (23.8%); and extortion was reported by 19.7%. There were however other perceptions of corruption fuelled by favouritism due to kinship of family connection or other ties accounting for 6.7% of the responses. It is important to note that bribery also plays a key role in the award of contracts.

### 3.4.3 Household View on Corruption

Due to different held views on corruption especially in light of “get rich quick” syndrome<sup>6</sup>, there was a need to establish the household views on corruption. The survey sought to establish what households’ view on corruption was and Figure 3.8 show the results.

**Figure 3.8 Household Views on Corruption**



Source: Field Data, October, 2009

Out of the 190 household who responded to the question of what their view was on corruption, 97.9% said that corruption was bad. Only 2.1% said it was good. It is possible that the 2.1% of respondents that had positive views of corruption could have benefited from it in one way or another. This could have thus influenced their response. The issue of concern is why corruption which is perceived by the public as bad and wasteful should greatly influence the allocation of public goods and services.

### 3.4.4 Reasons for households views on corruption

The survey further sought to establish why majority of the household thought that corruption was bad. Table 3.4.4 show the result.

---

<sup>6</sup> This is a situation where those who are rich regardless of the means are held highly in the society while the reverse is true.

**Table 3.3: Reasons for Household Views on Corruption**

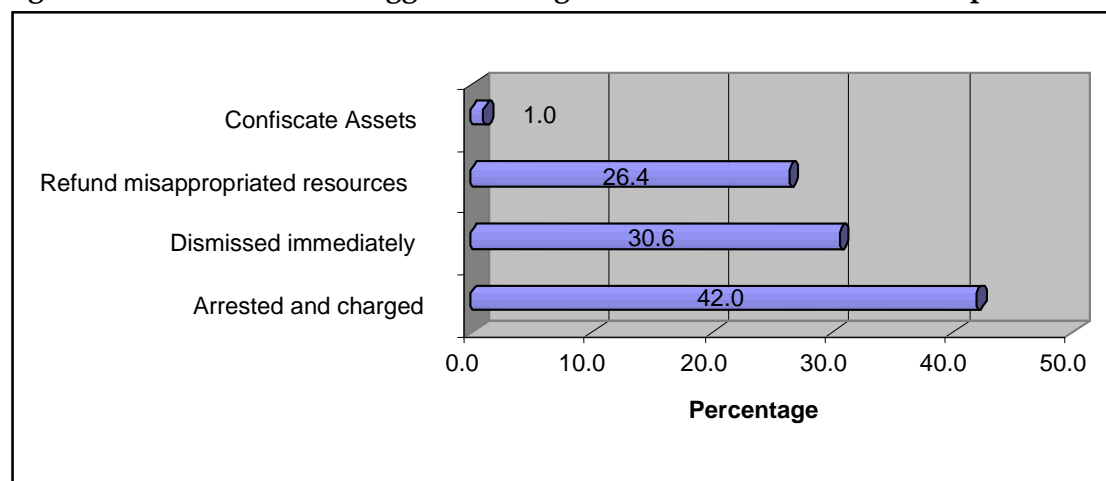
Reason	Respondents	
	No	%
Retards Developments	48	24.9
Benefits The Corrupt	17	8.8
Deprives the poor from services	49	25.4
Wealth Imbalances	18	9.3
Causes conflicts	9	4.7
Government is cheated	12	6.2
Exploitation Of The Poor	12	6.2
Financial Losses	9	4.7
High Expenditure	6	3.1
Poor Service Delivery	7	3.6
Misallocation of resources	16	8.3
Poor quality services	37	19.2
High levels of nepotism	9	4.7
High Unemployment	15	7.8

Source: Field Data, October, 2009

It is apparent that (25.4%) of the respondents said corruption was bad because it deprives the poor of services; 24.9% said it retards development; 19.2% said that quality of services offered is poor, while wealth imbalances was reported by (9.3%); misallocation of resources (also 8.3%); and high unemployment (7.8%). A critical analysis of the reasons provided by the households indicates an alert public which clearly understands impact of corruption on quality of life of the people. This further raises the need to address corruption generally and corruption in procurement corruption in particular.

### 3.4.5 Suggested Mitigation Measures to Curb Corruption

The survey further sought to know what the households thought could be done to public officials implicated in corrupt practices. Figure 3.9 shows the results.

**Figure 3.9: Household Suggested Mitigation Measures to Curb Corruption.**

Source: Field Data, October, 2009



### 3.5 Perceptions of Central and Local Governments

Generally, staff at local and central government acknowledges the presence of corruption in procurement. According to the Sub county Chief of one Sub County in Gulu, some people allege that before they get a contract, they have to bribe members of the contracts committee and also at the supervision stages. The monitoring officers also ask for bribes. What this implies is that the potential contractors go out of their ways to give bribe to influence the allocation of contracts and the members of the contracts committee also wilfully encourage them to give for the works to be allocated to the contractors. At supervision stages, what emerged is that contractors have to give money to the engineering assistants and other monitoring staff to “silence” them so that the latter do not point out the flaws in the implementation of the contract. In this case, the quality of the final product or service might get seriously undermined as those that have been bribed might not have the moral authority to question some inefficiencies or weaknesses on the product or service under consideration.

The “rent seeking behaviour” of public officials and the “rent giving behaviour” of the contractors thus work to counteract quality and timeliness in the implementation of approved public procurement contract. It is the perception of local government authorities in northern Uganda and elsewhere that NGO commissioned pieces of work tend to be of better quality although implemented at a lower cost while government projects take more resources and yet, the final product is always poorer compared to the NGO’s. Limited and inadequate supervision plays a key part in this, according to the local government officials.

In Gulu, district one public official expressed the following sentiments about presence of corruption in procurement of public goods and services:

*I strongly believe that there is a high level of corruption in the local government of this district. For example the emergency programme in 2007/2008 that involved the procurement of seeds, tools and vehicles for police worth 18 billion. The office of the prime minister took over the whole procurement exercise claiming that the district procurement unit had no capacity to handle procurement worth 18 billion. We reminded them that we had an independent procurement unit that could handle it but they insisted and indeed took it over. This influence from above was seen as a way for corruption. This is because when the seeds were brought they failed to germinate, because they bought grains not seeds. The tools that they bought e.g. Panga could easily be broken by a layman using his hands. It was later noted that the company that did the actual buying was owned by the minister in the prime minister’s office. (Source: Gulu, October, 2009)*

The above experience of Gulu district raises a number of issues for PPDA: To what extent are the procurement regulations followed?; What happens when the services provided and the goods procured do not conform to value for money principles? And how does the issue of conflict of interest gets addressed?; Where the main person behind a procurement flaw is a senior public official, does PPDA take the matter?

In Lira district, an official in the engineering department made the following observation on corruption prevalence and its effects on procurement:

*Corruption levels are quite high. Corruption is evident throughout the procurement process. At opening of bids no records are taken of what service providers have provided. In this case some documentation could be eliminated so as to fail some people. At evaluation stage, members of the team favour the companies they have interest in order to cheat the system. There is no transparency at all as the system is normally manipulated by the evaluation committee to give tenders to particular service providers. Competitive bidding is only one on paper, not in practice. (Source: Lira, October, 2009)*

Attesting to the presence of corruption in procurement the consolidated report of the internal audit and inspectorate function for FY 2008/2009 (published by the Ministry of Finance in August 2009) identifies a number of anomalies in public procurement at both central and local government levels. In Bundibugyo district, unexplained situations of over payments to contractors was recorded; in Bushenyi district, instances of unapproved procurement procedures were also identified; in Bugiri district, the issue of poor contracts management and flouting procurement regulations was also identified. In Kumi district, the procurement plans and functionality of the procurement system was in abeyance, while in Mbale district, delays in awarding procurement contracts was also noted. The report also cites cases where Ministries were as late as FY 2008/9, have failed to consolidate procurement plans and failing to make monthly procurement reports as required by the law (page 398)<sup>7</sup>. Overall, many ministries had flouted procurement regulation on one or other issues. These needs to be addressed if government is to get value for money in the procurement of the goods and services.

### **3.6 Perceptions of Procurement Unit Staff**

Among procurement staff the general perception is that the current reforms and the reorganisation of the procurement processes and practice within central and local government has helped to reduce corruption in public procurement. However, the belief that corruption still influences the outcome of procurement is still very strong. According to an official in the procurement unit in Gulu:

*To some extent corruption still influences the outcomes of public procurement. This is due to the fact that the process of procurement is normally interfered with by politicians and service providers. Politicians normally front companies to be awarded with tenders while service providers try to bribe procurement officers and other public officers for favour in winning of contract. But normally this form of interference doesn't go through as we follow the right procurement procedures. (Source: Gulu, October, 2009)*

In Oyam district, a senior staff in the procurement unit also volunteered the following information:

*I personally think there is low level corruption because we are now guided by the PPDA Act. Whenever tenders are advertised we normally fear to bend the rules. But there is usually a high level of lobbying from service providers. Corruption is normally at the evaluation stage. The evaluation team think they are normally final, they think that their firms are normally the ones to win the tender. We need more technical people on the evaluation committee. (Source: Oyam, October, 2009).*

---

<sup>7</sup> Consolidated Report of the Internal Audit & Inspectorate Function 2008/2009.

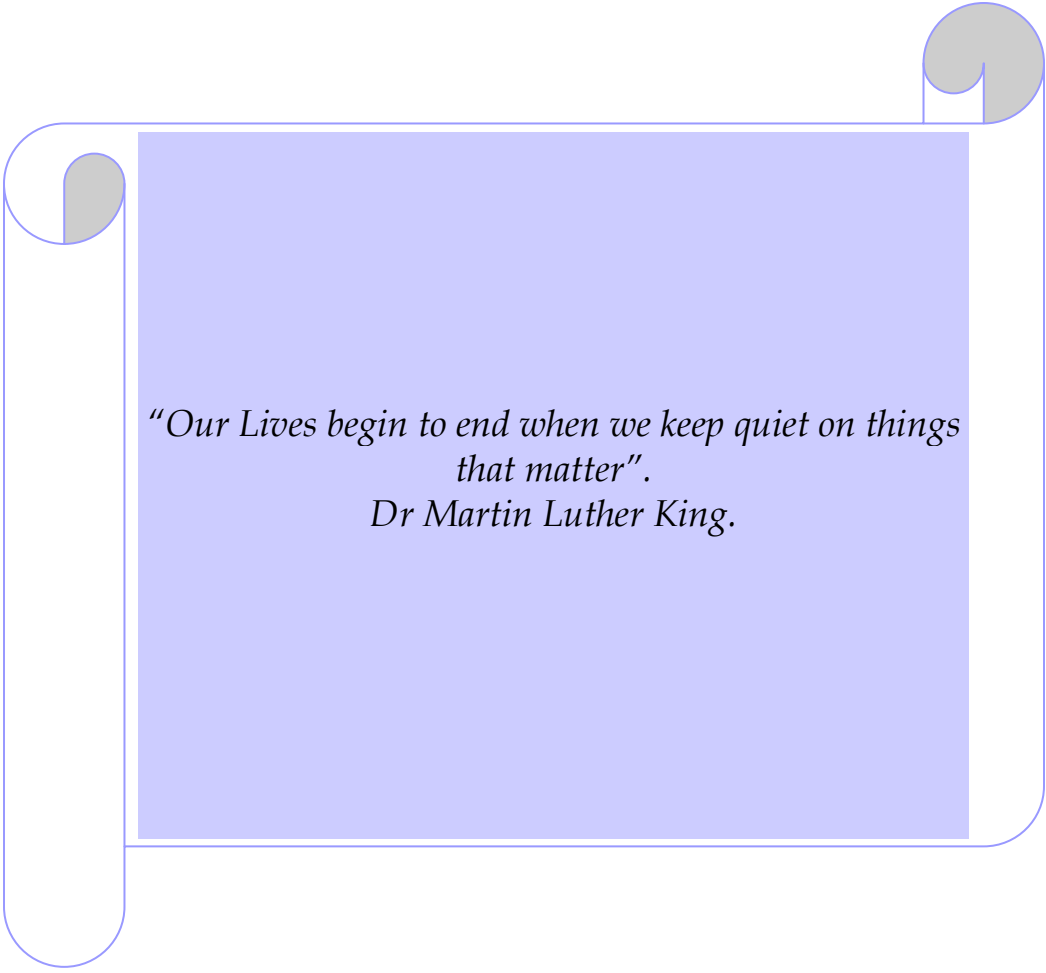
As indicated in the above statement, procurement unit staffs face considerable challenges in handing the procurement within the local and central government. This is the same situations in all local governments and municipalities visited. In some of the cases, the procurement unit staff is comprised of local people who are known to local leaders and politicians around. In situation where the politicians lobby for their preferred contractors, it becomes difficult for the procurement staff not to appease the politicians. This is because the tension between political and technical staff has been one of the main challenges of decentralisation, especially where allocation of resources is concerned. Similarly, the temptations provided by service providers who actively flaunt cash and other such benefits in the face of procurement unit staff and members of the contracts committee cannot be dismissed as insignificant. The low level of pay of public servants coupled with the high costs of living in Uganda might cloud the judgment of the procurement staff and members of the contracts committee. This view was also confirmed by the service providers who held that low pay is a contributory factor in procurement corruption. This therefore lead us to make an observation that contrary to the laid down rules and procedures, there is a high possibility that a significant percentage of the contracts awarded have been influenced by “rent seeking” and “rent giving” behaviour.

Analysis of the statement of the procurement staff in some of the local authorities implies that members of the evaluation committee have vested interests in a number of companies that are awarded contracts and also suggest that some of the evaluation committee members are actually not people with technical expertise.

### **3.7 Perceptions of Specialized Institutions**

Among specialised institutions including Universities, public hospitals and other such institutions, the perception of the influence of corruption is still more or less the same as for civil society and for local and central governments. There is unanimity of agreement among all the main stakeholders that corruption exist in procurement and despite the reforms in place and the recruitment of seemingly competent staff to man the procurement units, the contextual, circumstantial and other such societal factors seems to work against the best intention in reducing procurement corruption. According to the Superintendent of one of the referral hospitals in Northern Uganda:

*There is a high level of corruption in government normally the procurement unit personnel advise companies bidding on how they can win tenders. There is therefore influence in the tendering process on who should win the tender. The tendering process has not been transparent. People award contracts to people well known to them. Some contractors normally access the information while the evaluation process is going on. This comes about because not all procurement officers are honest. (Source: Gulu, October, 2009)*



*"Our Lives begin to end when we keep quiet on things  
that matter".  
Dr Martin Luther King.*

## 4.0 The Procurement Process and Stages Vulnerable to Corruption

### 4.1 Introduction

This chapter presents the findings on the procurement and disposal process. The specific focus was on:

- a) The procurement cycle
- b) The stages prone to corruption and factors influencing corruption in the procurement cycle.
- c) The stage specific mitigation measures
- d) The stage specific challenges in addressing corruption in the procurement process.

### 4.2 The Procurement Cycle

To understand how the procurement cycle operates, it is important to know in which context the process operates. The PPDA Act (2003) created the Public Procurement and Disposal of Public Assets Authority as an autonomous regulatory body. The PPDA Regulations, guidelines, procedural forms and standard bidding documents are attendant documents to the Act. This Act empowers the Authority to formulate policies, build capacity and supervise the procurement and disposal practices of all procuring and disposing entities, which include central government ministries and departments, local governments, constitutional and statutory bodies.

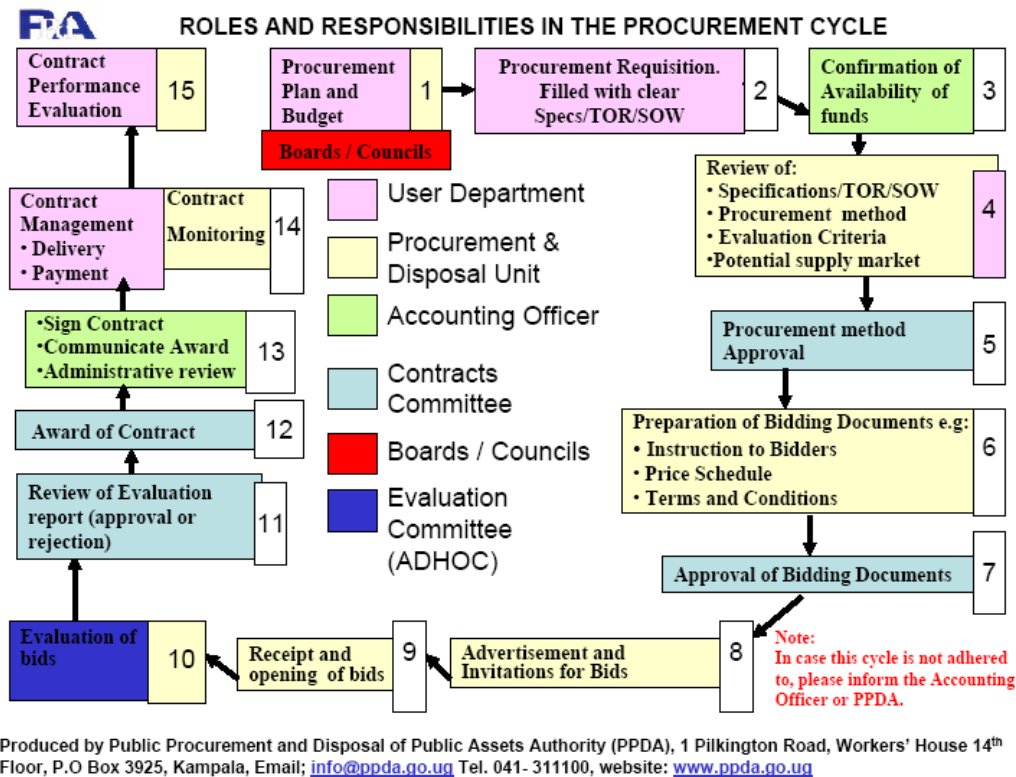
The Ministry of Finance, Planning and Economic Development plays a policy role in the public procurement and disposal system in Uganda, while the Public Procurement and Disposal of Public Assets Authority play a regulatory role. There are many procuring disposing entities in the country; each has an accounting officer, a contracts committee, a procurement and disposal unit and user department each one with a separate function in the procurement system.

**Table 4.1 Duties and responsibilities of key units in procurement**

Executing Unit	Responsibility
The User Department:	Initiates procurements
Procurement and Disposal unit (PDU):	Manages procurement activities
Contracts Committee:	Approves submissions of the PDU
Evaluation Committee:	Evaluates tenders and recommends awards
Evaluation Committee	Submits reports to PDU
Contracts Committee	Makes award decisions
Accounting Officer	Overall responsibility for procurement in PDE and communicates/signs awards. He appoints the Contracts Committee.

**Source: Field Data, October, 2009**

Figure 4.1: The Procurement Cycle



Source: PPDA Website: [www.ppda.go.ug](http://www.ppda.go.ug)

The procurement cycle as provided by the PPDA constitutes of 15 stages. Different entities play different roles at various stages within the cycle:

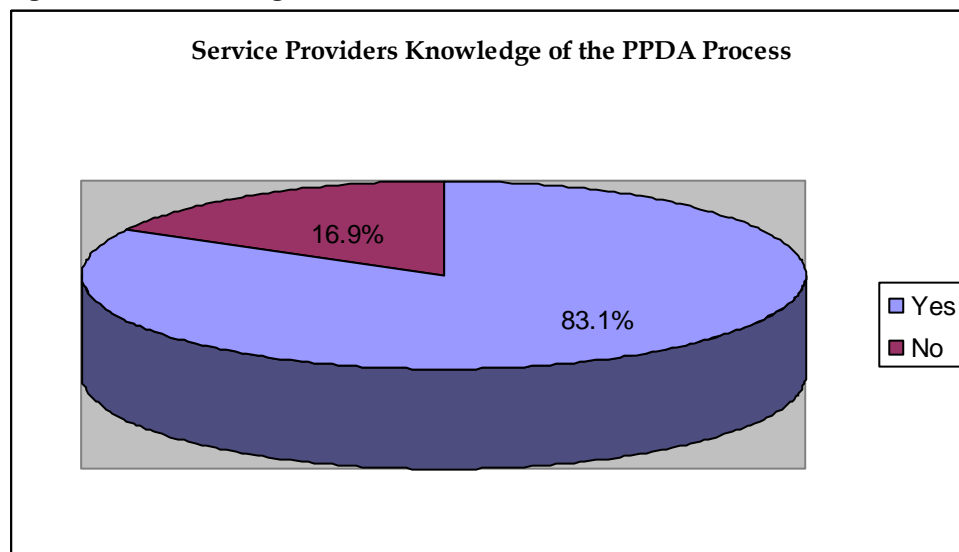
- (i) The User Department is responsible for: (a) the procurement plan and budget and its approved by the Boards/Councils; (b) Procurement requisition. Filled with clear specifications/TOR/SOW; (c) together with the PDU review the Specifications/TOR/SOW, procurement method, evaluation criteria and potential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

- (v) Boards /Councils are responsible for the approval of the procurement plan and budget.
- (vi) Evaluation Committee (Adhoc) is responsible for evaluation of bids

### 4.3 Service Providers' Knowledge and use of the Procurement Process

The survey sought to find out the service providers' knowledge of the procurement process and Figure 4.2 show the results.

**Figure 4.2: Knowledge of the Procurement Procedures**



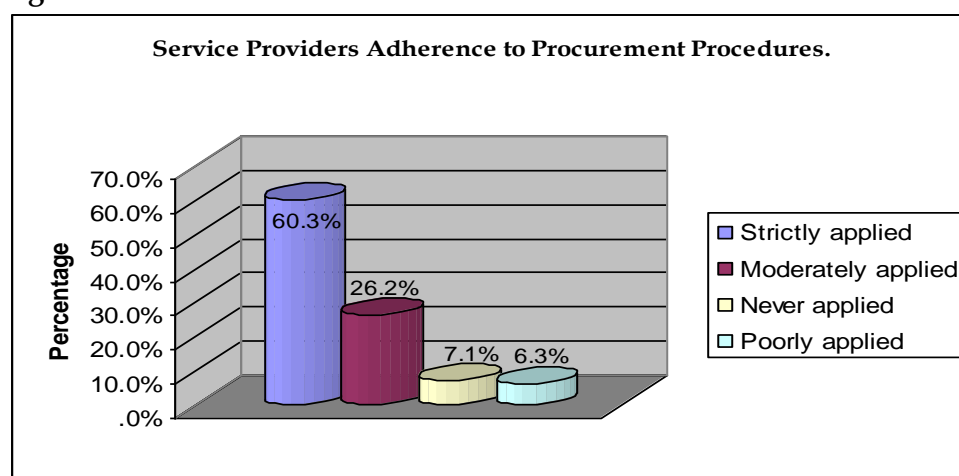
Source: Field Data, October, 2009

It is apparent that the majority (83.1%) of the service providers that were sampled had knowledge of the procurement process. Only 16.9% of the respondents did not have any knowledge of the procurement process. This perhaps indicates the efforts of the procurement unit staff and PPDA in deepening knowledge on public procurement. Discussion with PPDA staff in Kampala also supported this position and indicated that their outreach staff has endeavoured to involve some of the service providers in the training activities. The distribution of print material and utilisation of the electronic media has reportedly also contributed to deepening knowledge on the procurement process in Uganda.

### 4.4 Service Providers Application of the Procurement Procedures.

Of the service providers, who said that they were aware of the procurement procedures, they were asked whether their organisations followed the procurement procedures during procurement. The results are presented in Figure 4.3.

**Figure 4.3 Service Providers Adherence to the Procurement Procedures**



Source: Field Data, October, 2009

It is indicated that 60.3% of the respondents strictly followed the procurement process and 26.2% moderately applied the procedures while 6.3% poorly applied the procedures. Only 7.1% never followed the procedures. The irony from these findings is that majority of the providers abided by the procedures yet there is a perception of very high level of corruption. All implication is that notwithstanding the rather strict procedures of procurement there is rampant flouting of the procurement procedures by both "*rent seeking*" and "*rent giving*".

#### **4.5 Stages Prone to Corruption: Influencing factors for Corruption in the Procurement Cycle**

Perception of corruption in the procurement cycle did not vary much between service providers, households and key informants. From the point of view of the procurement department staff, it is the service providers who tempt them with offer of bribes during the bidding process and in the evaluation of the bids. The likelihood to offer bribes appears to be more present at the evaluation of bid stages compared to the other stages. This position was also reiterated by the key informants and procurement staff who confessed to being tempted with huge bribes at the evaluation stage. Table 4.2 and Figure 4.4 show the perception of service providers about stages they think is most vulnerable to corruption.

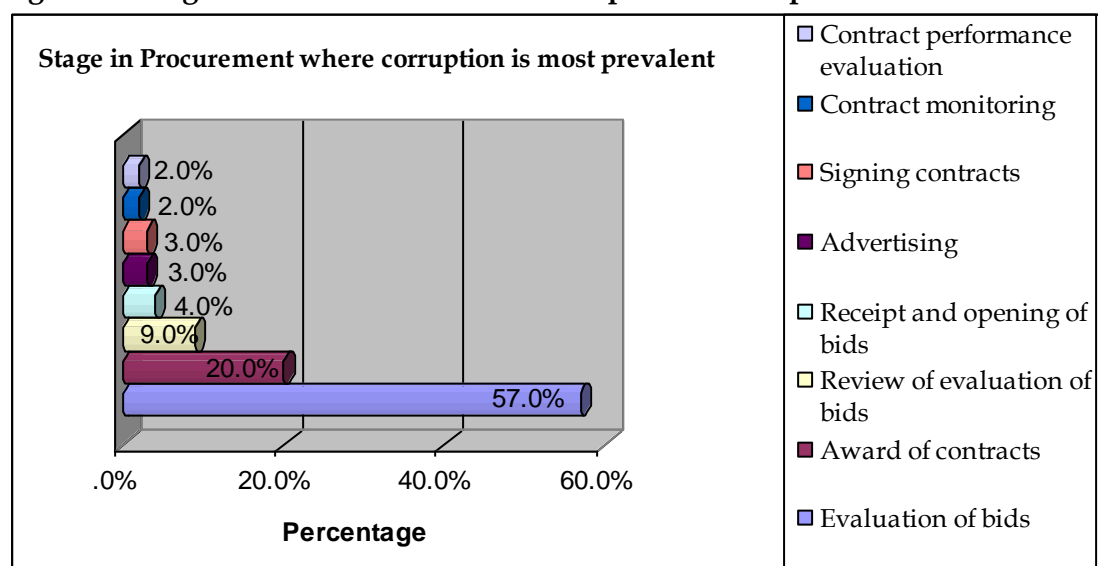
**Table 4.2: Service Providers' Perception of the Stage in Public Procurement Process where Corruption is most Prevalent**

Stages in Procurement Process (N=151)	%
Evaluation of bids	57.0
Award of contracts	20.0
Review of evaluation of bids	9.0
Receipt and opening of bids	4.0
Advertising	3.0
Signing contracts	3.0
Contract monitoring	2.0
Contract performance evaluation	2.0



Source: Field Data, October, 2009

**Figure 4.4 Stages in Procurement where corruption is most prevalent**



Source: Field Data, October, 2009

As indicated in the Table 4.1 and Figure 4.3 evaluations of bids came up first with 57% of the service providers picking it as the most vulnerable stage to corruption. 20% of service providers pointed out the award of contracts stage, while 9% gave the review of evaluation of bids reports as the stage with most prevalence of corruption.

There was thus unanimity of agreements among the local governments, service providers and the knowledgeable general public that corruption in procurement is most visible and prevalent at the evaluation of bids stage. This implies that if procurement related corruption has to be effectively addressed, then most efforts have to be made in addressing the gaps and loopholes in the evaluation stage. This however does not negate the application of more holistic mitigation measures which focuses on the whole procurement process.

## 4.6 Stage-Specific Mitigation Measures

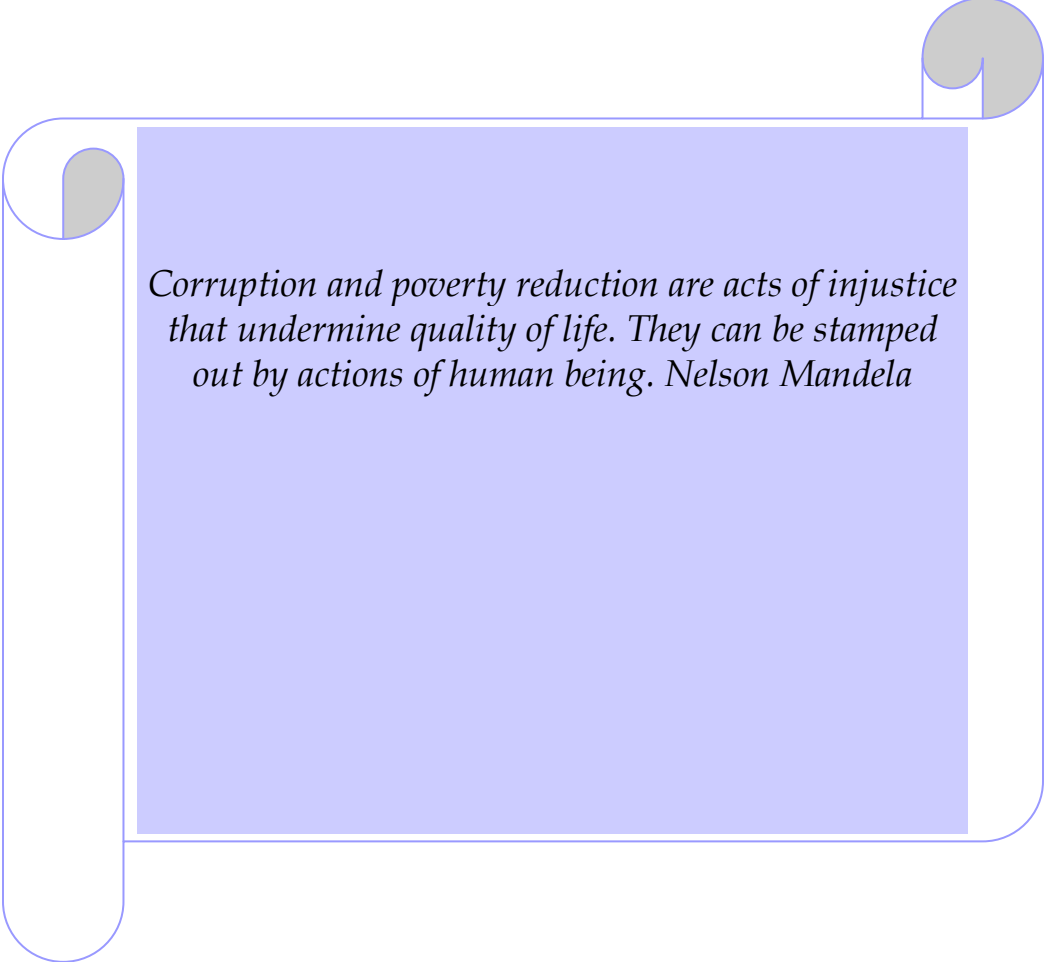
One of the key strategies used by the PPDA to address corruption in the procurement cycle has been training and provision of relevant information to the general public. The provision of information and training of procurement unit has reportedly enhanced the applicability and adherence to PPDA Guidelines by both staff of procurement units and bidders. Further provision of information to bidders has also reportedly increased the utilisation of the complaints review mechanisms, for bidders to seek redress. The sensitisation of the general public has also increased public alertness in demanding value for monies. The recent media reports have shown the community demonstrating their disfavour with works which have been done below standards and expectations.

#### **4.7 Stage-Specific Challenges in Addressing Corruption in the Procurement Process**

The aspect of transparency in the procurement sector was also noted as a critical issue in addressing corruption. It was the view of the procurement officers that while some stages are transparent (e.g. advertising, opening of bids, development of procurement plans, pre bid meeting and a few others); some stages and issues are still shrouded in secrecy. It was revealed that setting reserve prices of goods and services are still kept a secret, yet these could help bidders and also make the process more transparent.

The interference in the procurement process by politicians and other stakeholders, especially the evaluation of bid which has come out as the most vulnerable stage for corruption, has presented huge challenges for procurement. There is also a view that politicians and other leaders in government actively lobby for the medium firms that have more resources and which are potential sources of re-election funds.

The PPDA guidelines are not clear to the public because there are still limited information on PPDA. The perception among Civil Society organisations is also that some stages such as the evaluation of tender is not as transparent as is wont to be believed. The limited number of members of the Contracts Committee also apparently makes it laborious and time consuming for the bids to be evaluated. Moreover, one of the key strategic limitations at the evaluation stage has been the lack of enough technical people to participate in the evaluation of bids. Several of the districts and municipalities sampled pointed out their inability to have technical people on the evaluation committee. It is however inconceivable that fairly established districts could fail to find technical people qualified in key skills areas for public procurements? Could this be due to the influence of politics that skilled people are bypassed for others who might not be that skilled but are in the right political camp?



*Corruption and poverty reduction are acts of injustice that undermine quality of life. They can be stamped out by actions of human being. Nelson Mandela*

## 5.0 Procurement Reforms

---

### 5.1 Introduction

Reforms in procurement were started in 1999 with a Task Force aimed at: a) Transparency and Accountability - to fight waste and corruption; b) Fairness/ Equal opportunity for all in the bidding process; c) Integration of the public procurement system with public financial management framework; d) Providing a more attractive investment climate by lowering risk; e) Maximising competition to satisfy customer needs and ensure value for money; and f) A streamlined procurement process through the gradual adoption of e-commerce.

The key features of the procurement legal reforms include: i) PPDA Act of 2003 which abolished the Central Tender Board and established PPDA as the national regulatory body for public procurement; ii) PDEs mandated to undertake unlimited procurement and disposal subject to standard practices and procedures prescribed by law; iii) Publication of detailed procedural regulations and standard formats, guidelines and standard bidding documentation; and iv) Harmonization of local government procurement with national standards achieved in 2006.

One of the major reasons for the introduction of the reforms in procurement was to curb rampant corruption in award of contracts. Some anti-corruption initiatives in PPDA include: a) Establishment of the Register of Providers to ensure that data on providers is more transparent and available to all actors in the procurement process, which also serves as a basis for monitoring their performance and compliance with the law; b) Issuing of Standard solicitation documents to PDEs that provide standard terms and conditions; c) Legal requirement for Bid notices to be published in at least one newspaper of wide circulation and displayed on the PDE's notice board and on the PPDA website on [www.ppda.go.ug](http://www.ppda.go.ug); d) Statutory periods for procurement processes e.g. advertising, bidding, display of notices and handling of complaints; e) Mandatory requirements for PDEs to hold Pre-bid meetings for high-value and complex tenders with having the Bids read out and recorded at public bid openings; f) Enforcement of Procurement Planning on an annual basis based on approved budgets; g) Issued Ethical Codes of Conduct for public officers and Bidders - Mandatory declarations; and h) Legal definition of corrupt and fraudulent practices in procurement.

The procurement sector reforms were epitomised by the enactment of the PPDA Act 2003 and abolition of the central tender board and the establishment of the Procurement units in sector agencies and ministries. The central purchasing corporation used to carry public procurement for all the sector agencies. This system became unsustainable and inefficient and bred a lot of corruption. The procurement units in the decentralised local government have been placed under the supervision of Finance ministry. Other reforms involved standardisation of the procurement process, and determination of procurement guidelines as well as the establishment of the PPDA secretariat to monitor procurement processes and integrity in Uganda.

There is also independence of powers of functions of accounting officers and evaluation units; emphasis on accountability, transparency and value for money although accountability and value for money are still bedevilled by some weaknesses which calls for more actions to address shortcomings. The complaint review system has achieved some significant results; some tenders

which had been awarded amidst controversy, have been halted e.g. national identity card project, among others.

## **5.2 Impacts of the Reforms on Functions of PPDA**

While the procurement reforms emphasised the advisory role of PPDA in public procurement, there are still challenges in terms of the relationships between PPDA and some government departments. It appears that political interference is still a big hindrance at all levels of procurement, including at the central government level. Recent anecdotal reports suggests that at times, public procurement are rushed and not pre-planned properly which leave a lot of room for manipulation of procurement contracts. For example, it appears that a number of CHOGM contracts<sup>8</sup> were done in a high handed way without regard to procurement procedures thereby minimising competition in procurement. In such circumstances, government risk to lose a lot of money in litigation procedures should aggrieved parties go to court and win the cases. It is therefore not far fetched to observe that political interference is still a key factor undermining public procurement in Uganda.

### **5.2.1 Data Management Functions**

The collection, collation and management of data with regard to procurement services has improved as exhibited by procurement units in the respective districts and sector agencies. The centralisation of a National Data Bank of service providers has been finalised (November, 2009) to track the record and integrity of service providers.

### **5.2.2 Capacity Building Function**

PPDA is expected to build the capacity of the procurement units in the respective sector agencies including the local governments. The reform has made it possible for PPDA staff to organise reach-out activities to support the training of the relevant officers. The decentralisation policy was supposed to empower and make people accountable. The aim of capacity building functions not just of staff but also service providers is to address capacity gaps, enhance transparency and step up audit and compliance checks.

The consulting team acknowledges PPDA efforts in trying to enter into pacts with CSOs to build CSO capacity on basic issues of monitoring public procurements. Already, the authority has been training in the western and eastern part of the country with Transparency International, an international advocacy organisation on corruption. This targets the big spending sectors like water, roads and works, agriculture and health. PPDA has plans to build enough internal capacity to consider sector wide audits.

---

<sup>8</sup> Procurement of Vehicles (quote figures of BMWs and the money lost in the process). 144 vehicles procured by Motorcare Uganda cost was Ug.shs.11 billion. Apparently there were a number of irregularities in the procurement of the cars and the cars used were not even new according to the specifications. They had been manufacture 7 years before the 2007 CHOGM. . This is information obtained from PAC Investigation 2009.

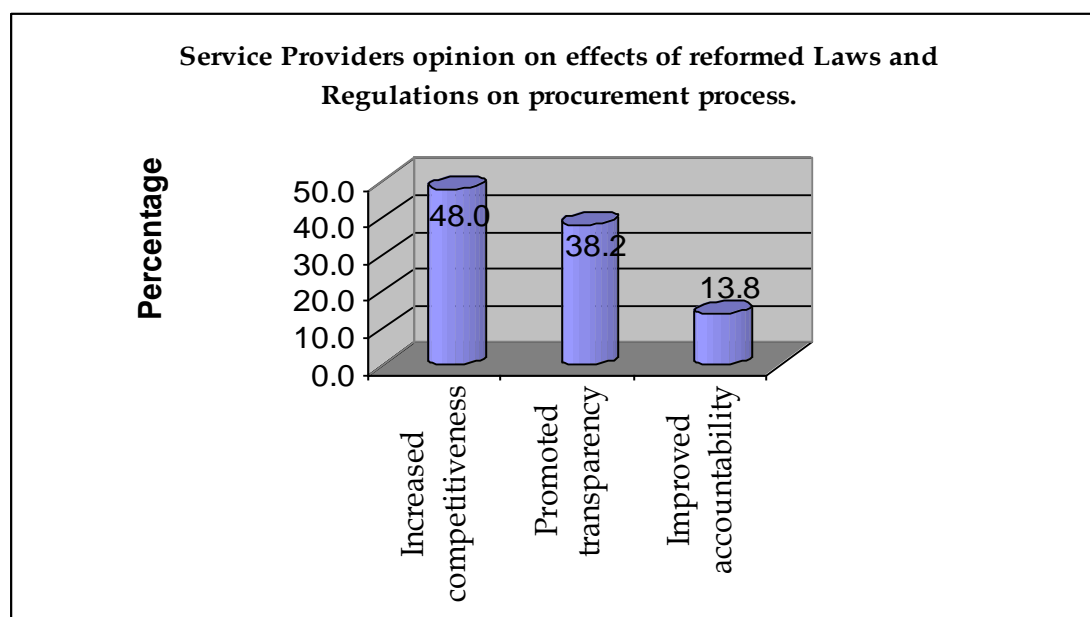
### 5.2.3 Audit Function

PPDA has been carrying out audit of the procurement process and ranking institutions and sector agencies based on their performance. This ranking has also acted as a motivation for institutions to abide by the requirements of the law. Although PPDA does audit of procurement functions, it can only recommend actions to the different entities. While the entities (user departments) are expected to comply with the directive of PPDA, the current PPDA Act however also inadvertently left a lacuna to the entities which in some cases ignore or disregard the directive. This makes it difficult for PPDA to perform its oversight functions. Actions like *"name and shame"* and blacklisting of service providers who do not provide value for money would significantly improve the value for money and quality in procurement contracts. However, PPDA is constrained at the moment as a result of some of the limitations in the PPDA Act 2003. This is an area which requires further review and amendment of the act on.

Other loopholes in the law where the service providers are required to appeal for remedial actions requires that complaints should be registered at the service delivery levels where the procurement is done. This is a challenge for service providers who at times appeals the award of a contract but fails to follow through at higher levels should their concern not be addressed within the time frame. PPDA is trying to push for amendments which will address issues of conflict of interest in terms of who to supply government but the proposed bill and proposals to the amendments were submitted <sup>9</sup> to cabinet and no action has been taken on them.

### 5.3 Impacts of the Reforms on Procurement

**Figure 5.1: Service Providers Opinion on the Effects of Reformed Laws and Regulations on the Procurement Process.**



Source: Field Data, October, 2009

<sup>9</sup> Information obtained from PPDA, November, 2009

### 5.3.1 Transparency

Service providers, household and key informants all noted that there has been significant improvement in the procurement process, although some challenges remain. As a measure of transparency, tenders are advertised, winners of contracts are displayed on public notice boards and projects being undertaken are also displayed. There is provision for discontented participants (bidders) to appeal. Transparency has also greatly improved in that bids are now openly handled during the procurement process and the winner in the end is also openly announced to the rest of the participating stakeholders.

The reforms professionalized the procurement sector. During the tender board era, there were no clear systems to follow to reach a decision and the members of the board could not be held responsible for flawed outcomes, hence, rampant corruption and political interference in awarding contracts. However, although standardization of procedures has reportedly created transparency, service providers contend that there is still corruption at the stage of awarding of contracts. According to one high ranking local leader in Gulu, transparency is still being constrained by ineptitude and virtual unseriousness as some of the members of the evaluation committees are chosen arbitrarily without them having the required technical skills. Among a section of civil society organisations in Gulu, procurement reforms have not helped to improve the level of transparency in procurement:

*There is lack of transparency in the award of contract because procurement officers normally award contract to contractors well known to them. There is therefore no competitiveness in awarding of these contracts. There is also doubt whether objective reviews of bids is done because why are the same people who do shoddy works given more contracts? We also doubt if suppliers are genuine as value for money has been highly questionable in most of the cases. (Source: Gulu, October, 2009).*

It is however, the view of some procurement unit staff also that there has been significant improvement in the transparency of the procurement process. For example, they contend that the influence of politicians on procurement processes and contract allocation has been reduced significantly. In Lira, the following observation was made about improvement in procurement by the procurement unit staff:

*There used to be a perception that corruption used to influence the outcome of a procurement decision. This is not the case anymore because the regulations have streamlined procurement activities thus minimising corruption. The law has been able to curb down on corruption in the different procurement stages. Procurement activities are now more transparent. For example jobs are advertised in the media so as to put everything in the open. During evaluation, companies that do not go through are informed as to where they went wrong. There is also competitive bidding. A score sheet is a predetermined criteria used to select best suited companies. When contracts are awarded user departments give certificate of completion of projects and submit monitoring reports. (Source: Lira, October, 2009).*

While the above quotation illustrates the ideal, there could still be challenges in following the laws which affect the application of procurement laws and plugging gaps which can be exploited by corrupt officials. Although, the reforms have generally brought about transparency, at evaluation stage, the bidders are not informed of the criteria used, neither is the evaluation report

availed to the competitors. Whereas the reforms were meant to promote transparency, most procurement officials do not fully comply with some PPDA regulations. For example, where the requirement is to advertise for two weeks in all the major papers, some entities only advertise once in one newspaper usually in the New Vision. As a result, a number of potential service providers miss the opportunity. On the other hand, this provision is a challenge to service providers who do not buy newspapers everyday and those who cannot read or write.

Secondly, it is required that after awarding the contracts, all participants (bidders); the winner and the losers should be notified of the results. However, in most cases the procurement officers tend to only notify the winners. The procurement officials reiterated that it was difficult for them to comply with all the regulations because advertising and communications are costly, yet, they are poorly facilitated. They therefore choose to display the results on public notice boards at the district/municipal headquarters.

Although the procedures require advertising, there were reportedly high incidences of non response to call for bids especially in the municipalities sampled. However, there are particular contracts which were reported to attract high responses even within the municipalities. These included managing markets, managing taxi parks; works and construction; and supplies (stationeries). The services that reportedly attracted least responses were: provision of security services; supply of computers; their repairs and maintenance. Non compliance to calls for bids to supply these services tempts municipalities to bypass the PPDA regulations in sourcing these services. Non response to calls to tender has been attributed to the mode of payment. Service providers reportedly complained that government departments and public institutions delay to pay for services provided.

### **5.3.2 Competition**

The transparency was meant to bring on board more actors. According to figure 5.1, 48% of the service providers interviewed were of the opinion that reforms increased competitiveness. Competition has boosted quality of service in that most service providers when they win contracts endeavour to provide quality work so that they qualify for pre-qualifications in subsequent years. According to figure 5.2, 64.7% of the service providers interviewed were of the view that reforms had improved on the quality of services. However, the technicality of the procurement process seemingly has created less competition to players of modest education fail to comprehend the technical requirements.

Secondly, although the guidelines do not favour any participating party (small, big, foreign or local), some provisions within the procurement process like the requirement for bid security; experience in work being tendered; capacity; financial and human resource capacity have given advantage to bigger firms over small firms which has impeded growth of small firms in procurement. A big proportion of the service providers interviewed were of the opinion that medium firms had advantage over the small ones. The perception of the public also is that tight competition contributed to sub-standard work, the bidders quote low to out-compete other service providers but after winning the contracts they do poor work because the money quoted is not enough to do quality work. The stiff competition has created a scenario where participating firms fear that their bid documents might be tampered with so almost all the firms submit their bids at the very last minute causing stampede at the receiving office.



### 5.3.3 Accountability

The general public is still adamant about demanding for accountability from service providers. Reportedly, because *“even if reported nothing will be done”* no action will be taken on culprits even if corrupt practices were reported as indicated in figure 5.7 by 18.7% of the respondents.

Key informants also picked out accountability as a big challenge due to limited or low supervision of works being undertaken. The monitoring staff does only irregular check due to perceived lack of facilitation and there is no efforts at times in properly verifying standards of works before making recommendations for approval. Again this is an area where money ostensibly changes hands the most and thus clouding the judgement of the monitoring staff. But nevertheless some district has registered improvements in accountability. In Lira, one of the Engineers in the municipality made the following statement to point out the challenge they face in monitoring approved works:

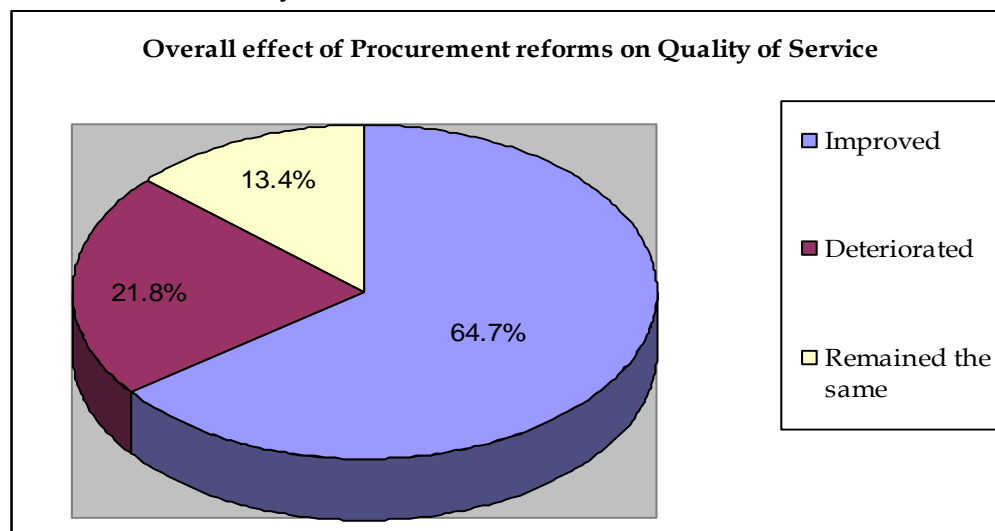
*Implementation of contracts is very hard. There is normally political intervention on some contracts. For example politicians pressure us to keep quiet about non-performing contracts or shoddy works by some service providers. Again service providers corrupt monitoring committees so as to cover up shoddy works. (Source: Lira, October, 2009).*

In Oyam, there is optimism that compared to two years ago, there has been significant improvement in accountability. It was indicated that the district administration block was badly done but when words got round to the solicitor general, the construction work had to be suspended.

### 5.3.4 Value for Money Regarding Quality of Services Procured

The survey sought the view of the services providers on the effects of the procurement reforms on quality of service. Figure 5.1 show the results.

**Figure 5.2: Service Providers Perception on the Overall Effects of Procurement Reforms on Quality of Service.**



Source: Field Data, October, 2009

Majority of the respondents (64.7%) were of the view that the reforms had improved the quality of the services, 21.8% were of the view that the services had deteriorated while 13.4% said the services had remained the same.

There is a provision in the procurement regulations where procurement officers can write to the Ministry of Finance if they feel that a crucial technical advice to the contracts committee regarding a particular issue is not adhered to and they do not have a voting right in the committee. This provision which gives a procurement officer powers to write a minority report against fraud decision provides an opportunity to ensure value for money regarding quality of services provided. The provisions in PPDA Act 2003 empower the communities to demand for accountability. One such case was in Kabale district where the community led by the RDC rejected poorly rehabilitated roads connecting the district headquarters to Kabale town. The reason for rejection was that the contractor had used poor quality murram. The contractor had to re-do the road at his own cost. The service providers were further requested to indicate the reasons for held point of view on the reforms regarding the quality of service. Table 5.1 show the results.

**Table 5.1: Service Providers Reasons on the Effect of Procurement on Quality of Service.**

<b>Table 5.1 Reasons on the Effect of Procurement Reform on Quality of Service.(N=151)</b>	<b>%</b>
<b>Improved</b>	
Adverts run repeatedly to allow people apply	27.2
Competition has improved services	9.3
All the procedures are so clear	8.6
Companies who win are selected on merit	6.6
Transparency improvement in tendering	6.0
Agenda is fulfilled	4.6
High level of supervision	4.0
Promoted equality	2.6
Disqualified contractors who did poor work	1.3
System has helped create checks and balances	0.7
<b>Remained the Same</b>	<b>0.0</b>
A lot of poor quality services	3.3
A lot of forgery and counterfeits	2.0
Most firms want to protect their reputation	2.0
Prolonged delays	2.0
Companies have to recover money used on bribes	0.7
Contractors fear to be investigated	0.7
Reforms are good but not implemented	0.7
<b>Deteriorated</b>	<b>0.0</b>
Contracts taken by corrupt officials themselves	6.6
Incompetent companies are awarded contracts	4.6
Corruption is too much	2.0
High competition, people fear to be left out	2.0
Former staff of tender boards are in committees	1.3
Has done good compared to the past years	0.7
Poor supervision of contracts	0.7
<b>Total</b>	<b>100.0</b>

**Source: Field Data, October, 2009**

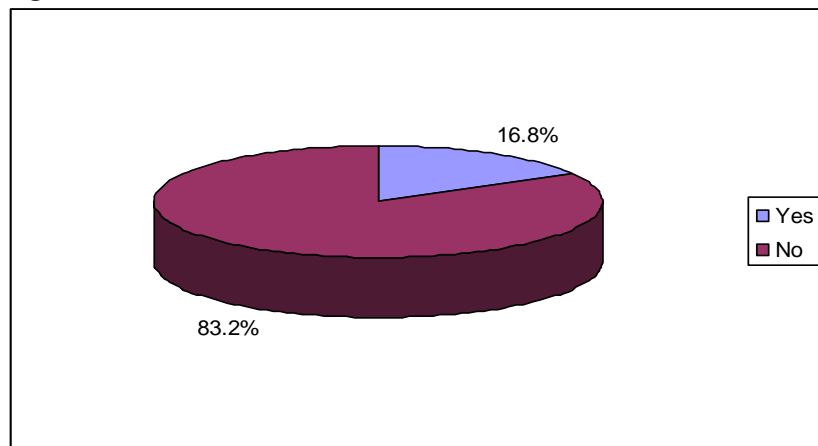
According to the results, the areas where the reforms have improved the quality of service according to the service providers include: Adverts run repeatedly to allow people apply (41%); Competition has improved services (14%); all procedures are so clear (13%); and companies that win contracts do so on merit (10%). Areas where the service providers felt that the reforms have not had any significant effect include: a) there is still poor quality of service (5%); b) there is still a lot of forgeries and counterfeits; c) most companies have to recover the money spent on “kick backs” (3%); and although reforms are good, implemented remains a challenge (1%). The areas where the service providers felt that the reforms have deteriorated include: a) contracts are taken by corrupt officials (10%); b) some companies awarded contracts are incompetent (7%); and c) poor supervision of contracts.

## 5.4 Other Effects of the Procurement Reforms

### 5.4.1 Service Providers with Copies of PPDA Operational Manual.

The PPDA operational manual is a guide to assist the service providers in understanding issues in the procurement process as well as interpreting the PPDA Act 2003. The survey sought to find out from the service providers if their organisations had copies of the PPDA Operational Manual. The results are indicated in figure 5.3.

**Figure 5.3 Service Providers who are in Possession of an PPDA Operational Manual**



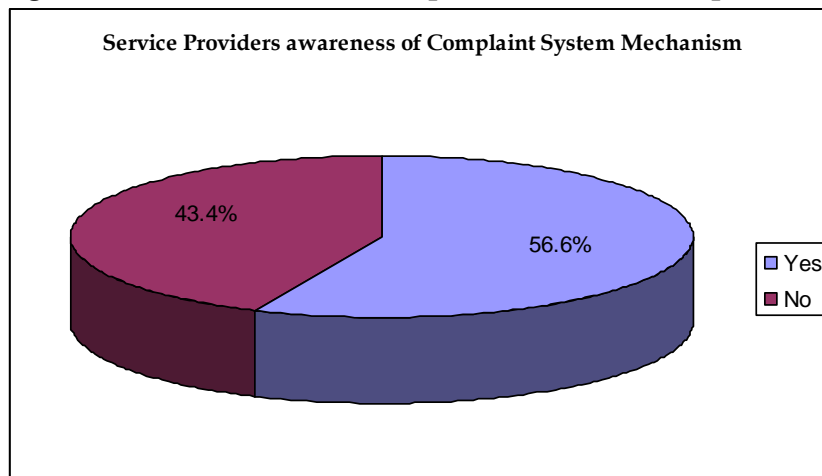
Source: Field Data, October, 2009.

According to the results, majority (83.2%) of the respondents did not have a copy of the PPDA operational Manual. Only 16.8% of the respondents had copies in the organisations. The inability of the majority of the service providers to have a copy of the operational manual indicates either a lack of initiative in acquiring a copy or unavailability of the manual. This however suggests that service providers might fail to get access to vital information regarding appeal and complaint review mechanism process, a situation which perhaps explain the reported late submission of complaints to PPDA in some of the cases, especially where the local accounting officers had failed to respond to the complaint within the stipulated time.

### 5.4.2 Service Providers' Awareness of the Complaints System Mechanism about Corruption

The Procurement process allows for system of redress to aggrieved party in public procurement. The survey sought to find out whether the service providers were aware of the complaints review mechanisms to report corruption cases. Figure 5.4 show the results.

**Figure 5.4 Awareness of service providers on the complaint review mechanism**



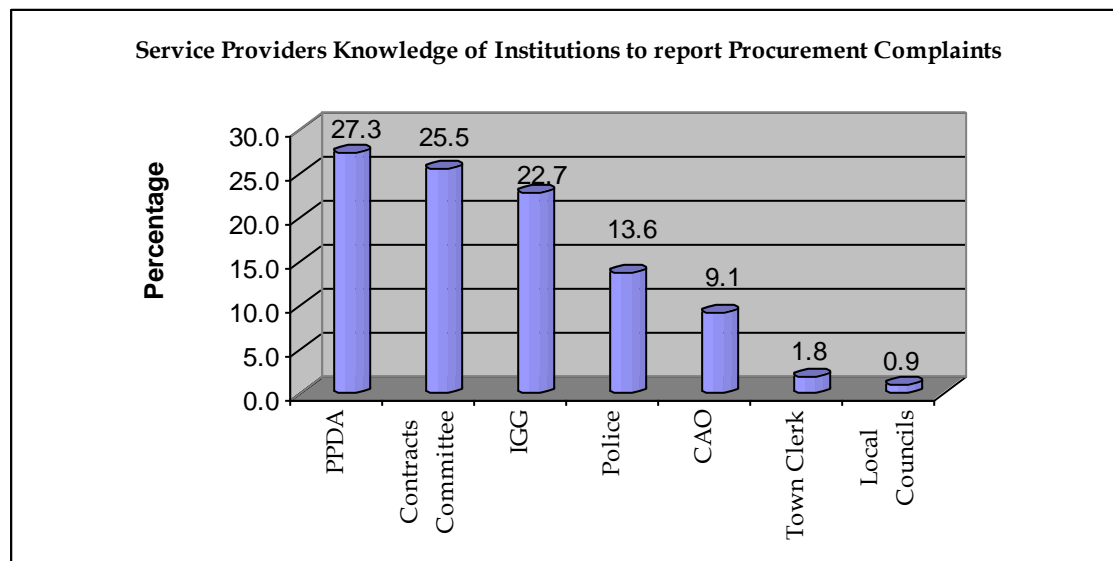
Source: Field Data, October, 2009.

According to the results, 56.6% of the respondents were aware of the complaints system mechanisms. 43.4% were not aware. This level of awareness perhaps reflects the keenness of providers and also the efforts of PPDA and its allies in disseminating information on procurement process. Considering that few of the service providers have copies of the PPDA operational manual, it is possible that information on the complaint review mechanism was disseminated through the print/electronic media and workshops.

#### **a) Reporting corruption cases**

For the respondents who indicated that they knew about the complaint mechanism, they were asked where they could report in case they had a complaint during the public procurement process. Figure 5.5 shows the results.

**Figure 5.5 Service Providers Knowledge of Institutions to Report Procurement Complaints.**

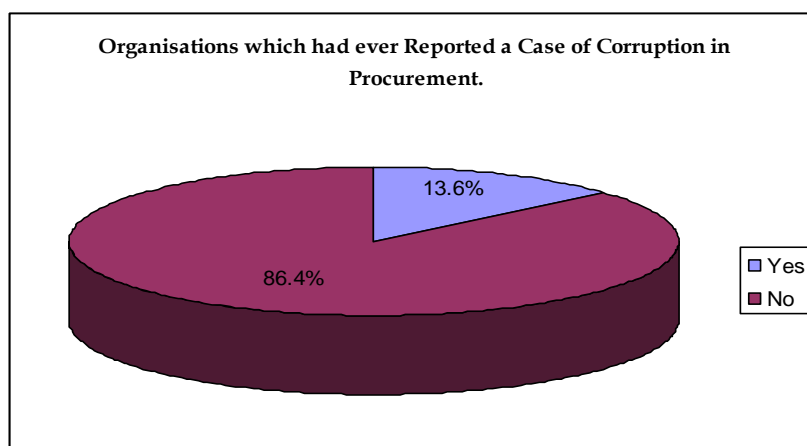


Source: Field Data, October, 2009.

The results indicate that 27.3% of the respondents would report to the PPDA, 25.5% would report to the Contracts Committee while 22.7% would report to IGG. Others were: to police (13.6%); to the CAO (9.1%); to the Town Clerk (1.8%) and to the Local Council (0.9%). Service providers are expected to register their dissatisfaction first to the accounting officers in the respective local procurement units before making a formal complaint to PPDA. The high reporting to PPDA thus suggests that Service providers do not know the reporting procedures very well or complaints lodged at the local procurement unit levels are not being addressed.

The survey further sought to establish whether service providers had ever reported a case of corruption in procurement since 2006 and Figure 5.6 show the results.

**Figure 5.6 Service Providers who have ever reported a case of Corruption in procurement since 2006.**



Source: Field Data, October, 2009.

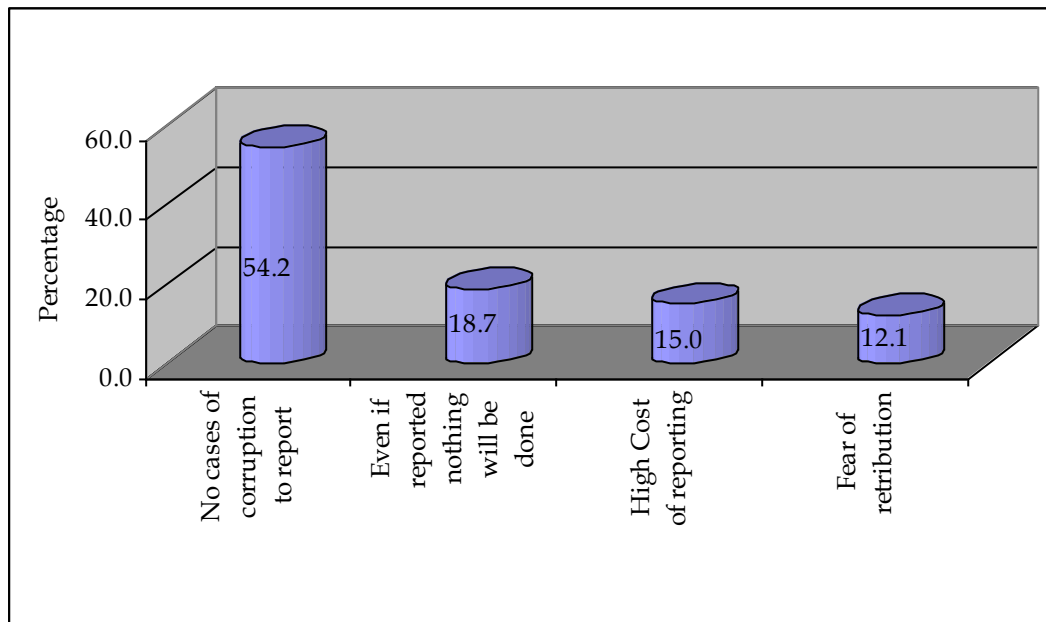
According to figure 5.6, only 13.6% of the service providers' respondents had ever reported a case of corruption in public procurement since 2006. 86.4% of the respondents have never reported a case of corruption in procurement. The interpretations of this wide disparity suggest that most of the service providers sampled had little faith in receiving justice. For most of them the belief was that what has been done could not be undone then. This has been occasioned by track record in Uganda where redress is very weak and even in the courts of law the perceptions is that justice only prevails for those that can pay their way through. Therefore, many service providers, who are dissatisfied with the contracts committee decision, although aware of the complaints review systems, most times do not appeal for fear of losing more business in future. A significant percentage of the respondents who were interviewed pointed out fear of retribution as their main reason for not reporting their complaints. While some contended that even if they reported nothing will be done. When probed further the respondents argued that the public officers whom they would complain to are already compromised by politicians and big business operators.

However, while the general perception among service providers was that corruption was present in public procurement many of them failed to report (54.2%) because in their view there was no case of corruption to report (figure 5.6). This therefore suggests that the presence of corruption in procurement remains a perception and even for contract cases where corruption could have determined its award, in most cases, the service providers would have no evidence to prove influence of corruption.

#### **b) Reasons for not reporting corruption cases in procurement**

The survey also sought to find out why a large percentage of the respondents had never reported any case of corruption in procurement despite the fact that the media is awash with public procurement related cases. The respondents who had never reported any case of corruption were asked the reasons to why they never reported any case of corruption in procurement. Figure 5.6 show the results.

**Figure 5.7: Reasons for Service Providers not reporting Corruption Cases**



**Source:** Field Data, October, 2009.

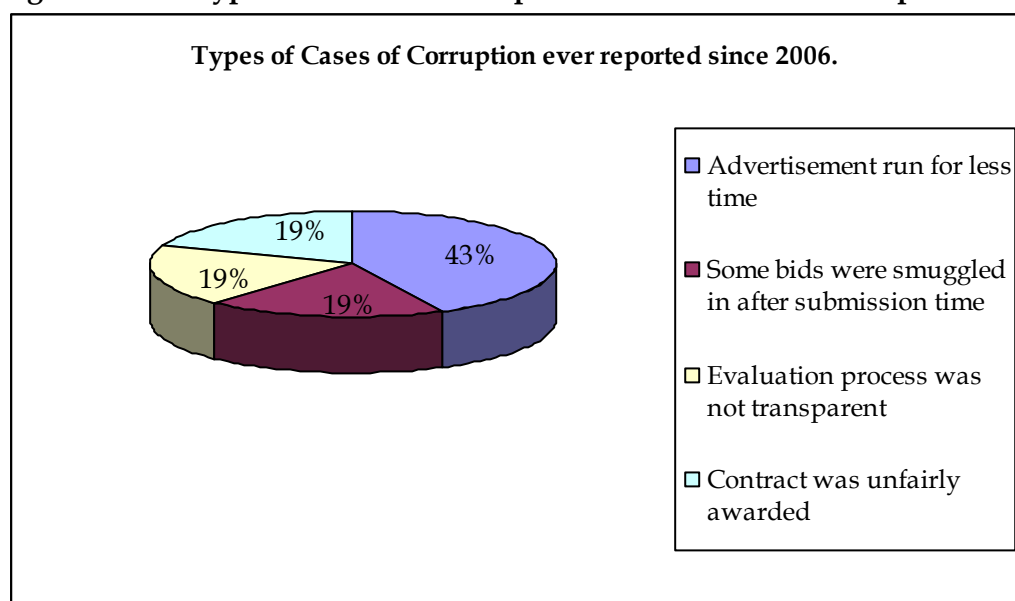
The results indicate that most of the responded (54.2%) have never had any cases of corruption to report. 18.7% said that even if they reported nothing would be done. 15.0% sighted the high cost of corruption as the reason they opted not to report while 12.1% said that it was fear of retribution.

### **c) The Type of Cases of Corruption Ever Reported Since 2006**

For the few service providers who had ever reported a case of corruption in public procurement, the survey sought to know what kind of complaints they had on the procurement process. Figure 5.8 show the results.



**Figure 5.8 Types of Cases of Corruption in Procurement ever reported since 2006.**



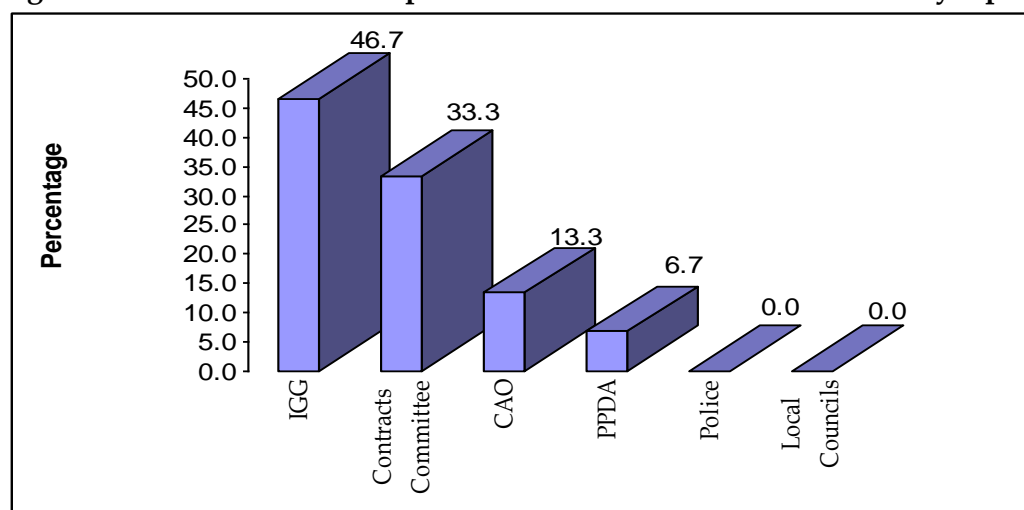
Source: Field Data, October, 2009.

It is apparent from the result that majority of the respondents (43%) had complained that the advertisements time was less than that stipulated by the law. Others were: Some bids were smuggled in after submission time (19%); evaluation process was not transparent (19%); and contracts awarded unfairly (19%). It is also possible that some of the service providers only complain when things do not go their way but it does not mean that corruption could have influenced the process in all cases.

**d) Authority where the Complainant were made.**

The service providers who had reported complaints during the procurement process were asked where they had actually reported these cases and Figure 5.9 show the results.

**Figure 5.9: Places where Corruption cases in Procurement were actually reported.**



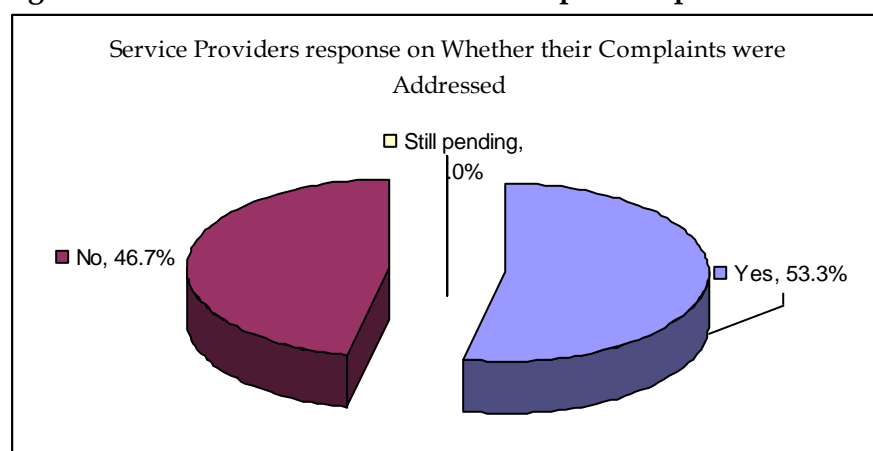
Source: Field Data, October, 2009.

From the results, 46.7% of the respondents reported they made their complaints to the office of the Inspectorate of Government. 33.3% reported to their respective Contracts committees while 6.7% reported to the PPDA. It is surprising that none of the respondents who had complaints reported to the police or local councils. Although this might suggest limited confidence in the institution of the police; it might also mean that the service providers perceive the IGG and the other institution as the right placed to lodge such complaints. As noted earlier, service providers are expected to lodge complaints with the contracts committee in the first instance. According to Inspectorate of Government, National Integrity Survey Report (NIS Report 2008), the police emerged among the most corrupt public institution in the country.

#### e) Whether the cases of Corruption Reported were Addressed

The service providers who had reported complaints were further asked whether their complaints were addressed and the results are indicated in Figure 5.10.

**Figure 5.10 whether the Cases of Corruption Reported were addressed.**



Source: Field Data, October, 2009.

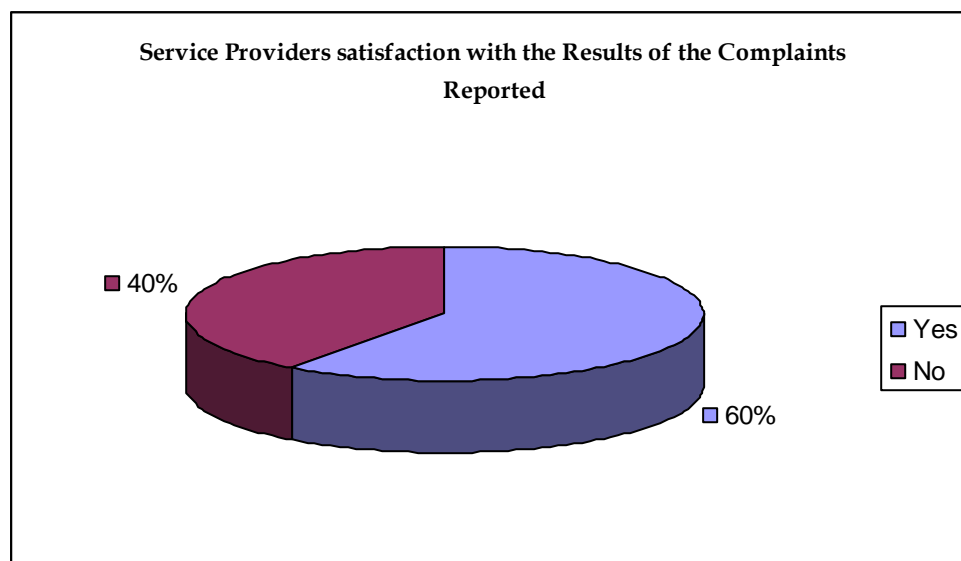
According to the results, although there were no reported pending complaints, 46.7% of the respondents revealed that their complaints were not addressed while 53.3% of the respondents' complaints were addressed. While there is a more than 50% effort in addressing the complaints of the service providers, this is still not good enough considering that procurement is a sensitive issue and generating provider confidence would be paramount to effectiveness in the procurement process.

#### f) Service Providers' Satisfaction with the Results of the Complaints Reported.

For the service providers whose complaints were addressed, the survey sought to find out how satisfied they were with the results. As indicated in figure 5.11, although the majority of the providers (60%) surveyed were satisfied with the results of the complaints review, a significant number, (40%) were not satisfied with the outcome of the complaints. This is a significant proportion of providers and has implications for the reputability of the procurement system. The Authority should seek ways to equitably handle the complaints review mechanism. While the survey did not establish the reasons for their dissatisfaction, it is possible that the providers

could have disagreed with the decisions reached for a number of reasons, one being a perception of the decision giving an unfair competitive edge to other providers.

**Figure 5.11 Service Providers Satisfaction with the Results of the Complaints Reported.**

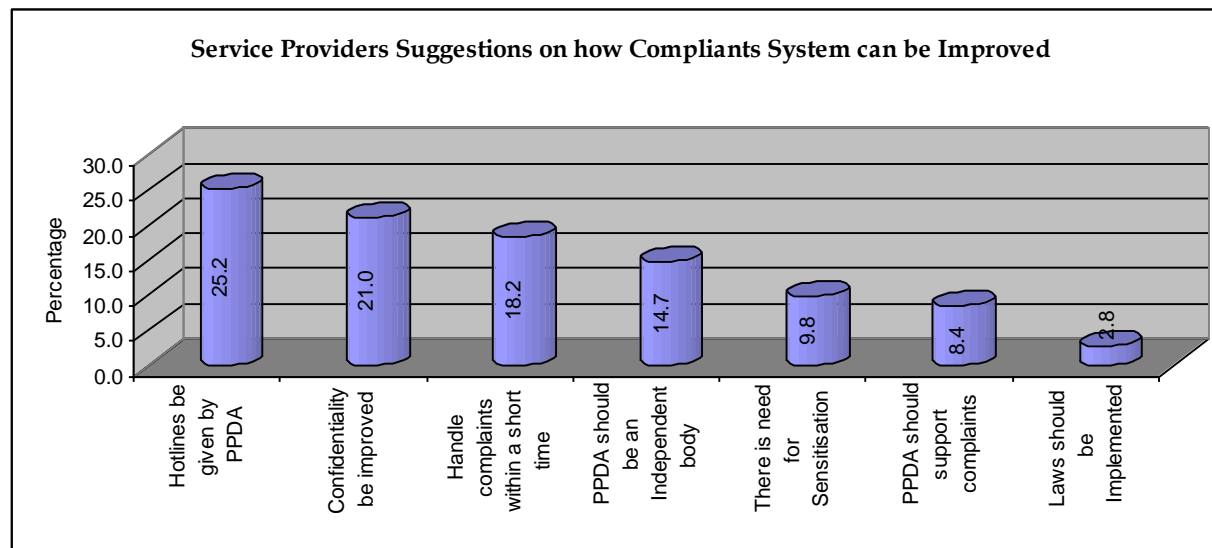


Source: Field Data, October, 2009.

**g) How the Complaint Systems can be Improved**

Due to the high numbers of unreported cases of corruption despite the fact that the service providers have knowledge of where to report, the survey sought to find out what the service providers thought could be done to improve the efficacy of the complaint review system. Figure 5.12 show the results.

**Figure 5.12 Service Providers Suggested Solutions on How to Improve the Complaints System.**



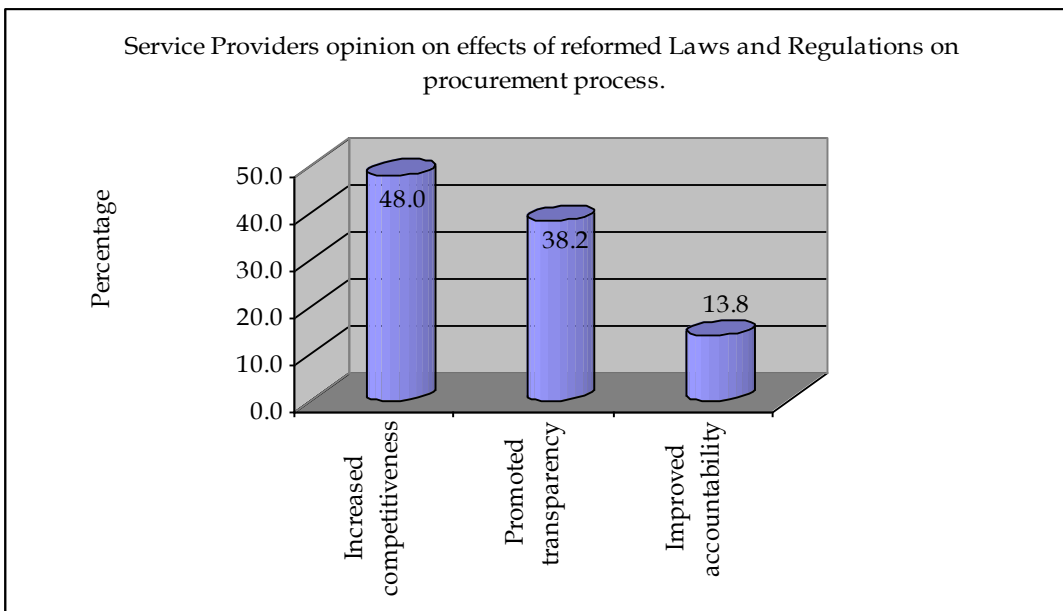
Source: Field Data, October, 2009.

As indicated in Figure 5.12, majority of the respondents (25.2%) would like PPDA to put in place a hotline where they can call in case they notice irregularities during procurement. 21% said that protection of confidentiality of the complainants should be improved to avoid possible retribution by implicated public officials. 18.2% said that the system should be improved to handle complaints within a short period of time. 14.7% said that PPDA should be an independent body, not aligned to government but having the powers to prevail on public servants. Other reasons given were: need for sensitization (9.8%); need for PPDA to support complainants (8.4%); and more efforts to implement laws (2.8%). It is the view of the consulting team that a complaint review system that protects the confidentiality of the reporters and allows review decisions to be made in a short period of time is the best approach. In Malaysia the government established public complaints bureau where every complaint must be attended to within five minutes. This has cultivated a sense of urgency among public servants to handle complaints immediately. A similar system would work in Uganda only that people have become complacent regarding complaints as they know that nothing will be done.

#### **h) How the Reforms have Changed the Behaviour of Public Officials in Procurement**

The survey sought to find out from the service providers' perspectives what effect the reforms have had on the behaviour of public officials involved in procurement and overall effect on procurement process and Figure 5.12 show the results.

**Figure 5.13 Service Providers Opinion on the Effects of Reformed Laws and Regulations on Procurement Process.**



**Source: Field Data, October, 2009.**

It is apparent that, 48% of the service provider respondents noted that the reforms increased competitiveness in the procurement process, 38.2% noted that it promoted transparency and 13.8% indicated that it improved accountability. It is therefore plausible that the procurement reforms have enhanced public confidence, especially that of the service providers in the procurement process. This is evident from their perception of the reforms having increased competitiveness of procurement process, promoted transparency and the overall effects on accountability.

## **5.5 Challenges to the Reforms**

While the reforms brought about by the enactment of the PPDA Act 2003 and establishment of the PPDA are well appreciated, there were some misgivings about some of the aspects of the reforms. According to one sub county chief in Gulu district, while centralisation of procurement of services in excess of Ug.shs. 500,000 Uganda shillings was good; there was little participation or control of the sub county on the goods and services procured. It was indicated that there were times when the prices of items procured are over-inflated and the government gets cheated as value for money realised goes down. Other challenges with regard to the centralisation of the procurement function at the district level is that there is a delay in the implementation of contracts and this especially puts strenuous pressure on the fourth quarter,<sup>10</sup> which translates to shoddy and rushed work in some of the cases.

<sup>10</sup> The Ugandan expenditure system is executed quarterly, however, there are always delays in disbursement from the Centre to local governments. Because of the need to utilize all the funds allocated in a given financial year, there is a tendency to attempt to use all funds in the last quarter of the financial year (April-June)

The current reform also does not have clear mechanisms of monitoring conflict of interest between members of the contracts committee and the procurement process. Local leaders and some key stakeholders expressed concern that some of the members on the procurement contracts committee could be *fronting* their own companies for public procurement contracts. In such cases therefore, it becomes difficult for quality work to be done if the person that awards the contract is also the same person that will do it because of vested interest. Effective monitoring and supervision becomes difficult in such cases. It is therefore possible that when the Contracts Committee or any of its members have a vested interest it can sideline a capable contractor and give the job to a company owned by someone known to them.

Sentiments were also expressed that the fact that PPDA and the new procurement guidelines are new and therefore requires constant sensitisation which is not so much the case at the moment (Bukedea District NAADs Officer). Lack of knowledge of the guidelines makes those that know to take advantage of it to exploit the unsuspecting and perhaps ignorant public. In Bukedea, the local leadership structures appreciated the intention and usefulness of the guidelines but expressed concern that its application is still a challenge as there is still limited understanding of the guidelines among both public servants and the public (e.g. farmer groups).

Delay in award of contract and payment was cited as a challenge to the procurement reforms in public procurement. This has apparently been exacerbated by the high level of red tape and entrenched bureaucracy within both local and central government. Another challenge cited by local government councillors in Bukedea is the bypassing of the sub counties in the procurements specifications. While the practice is for the district to work with the subcounty in determining projects and contracts, the voice and participation of the subcounty at times gets muted in the procurement process. It appears as if the lower local governments would like to see the subcounty authorities more effectively involved and engaged in the procurement process.

The dissemination of the PPDA Act including the guidelines to the general public, going beyond sensitisation of what PPDA does would be instrumental in enhancing public knowledge on the procurement act which would in turn increased monitoring of public contracts.

It is the view of some procurement unit staff that some people, including user departments are resistant to changes and are therefore not comfortable with some of the aspects of the procurement reforms and the new PPDA guidelines. This has been visualised as a critical issue which needs to be addressed through training and other confidence building measures of the public servants. For example some of the service providers and district officials believe a number of decisions can only be reached after consulting with PPDA. The perception is that a lot of power is thus centralised, which power could be exercised by the contracts committee. However, this appears to be referring to the complaints review mechanism which allows those that are dissatisfied to appeal decision of contracts committees. It is therefore likely that service providers who could have won earlier contracts and the members of the contracts committee would feel aggrieved by such oversight functions.

Government bureaucracy is also seen as a key stumbling block to the procurement reforms. The perceptions of public officials and service providers is that red tape delays procedures and processes within the procurement cycle and thereby affect the overall efficiency of the procurement sector. For example, getting the solicitor general to approve contracts of over Ug.

Shs.50million takes so much time due to standardisation. The heavy workload in the office also makes it difficult for approval to happen quickly.

The procurement laws and regulations is also seen as being too inflexible in certain situations, especially where it has to do with procurement of perishable goods in school. However, this challenge could be addressed by earlier approving the process of restricted direct procurement. Some of the key informants also contended that decentralization of procurement outstretched capacity for procurement supervision such that the officers responsible for procurement are operating without appropriate supervision. There is not enough manpower to supervise the individual units, a challenge which does not help matters at all.

## **5.6 Challenges Specific to PPDA**

To achieve its objectives the Authority has been faced with several challenges, among them include:

### **(a) Lack of Capacity**

PPDA lacks capacity in staffing and other key areas to carry out its functions. Some capacity issues are in terms of systems and processes which could improve the monitoring of procurement processes within the country. Again the lack of regional presence of PPDA makes it difficult for service providers to make their complaints in time.

### **(b) Political Pressure**

The essence of forming a procurement regulating body was to free the public procurement and disposal of public assets from the enormous interference from politics. However, political interference still vividly manifests itself in big public procurements. Anecdotal reports and analysis of the proceedings of the Parliamentary Public Accounts Committee (2009) suggests that many CHOGM procurements flouted National Procurement Guidelines and Rules. Prior to the CHOGM, the concerned government ministries and departments had not put in place proper procurement plans despite the fact that the PPDA had given the guidelines on how the procurement should be carried out in line with their objectives. It is thus difficult to expect lower local government to strictly adhere to the procurement regulations when their line ministries at the Centre are also blatantly bending the rules.

### **(c) Lack of E-Governance to Promote E-Procurement**

Electronic governance systems which can promote e-procurement and improve efficiency of the procurement process is still far from being fully adopted in the sector agencies and ministries. Should e-governance system be fully adopted, the element of human error would be significantly reduced with e-procurement systems. The consultants note that much as PPDA is at the moment planning for and lobbying for an e-procurement system, it is not yet either operational or budget allocated to its designs and implementation. The synergy of e-procurement with e-financial systems is also an issue which needs to be looked at. But at the moment there are still legal and policy barriers in that regard.

### **(d) Legal Conundrums**

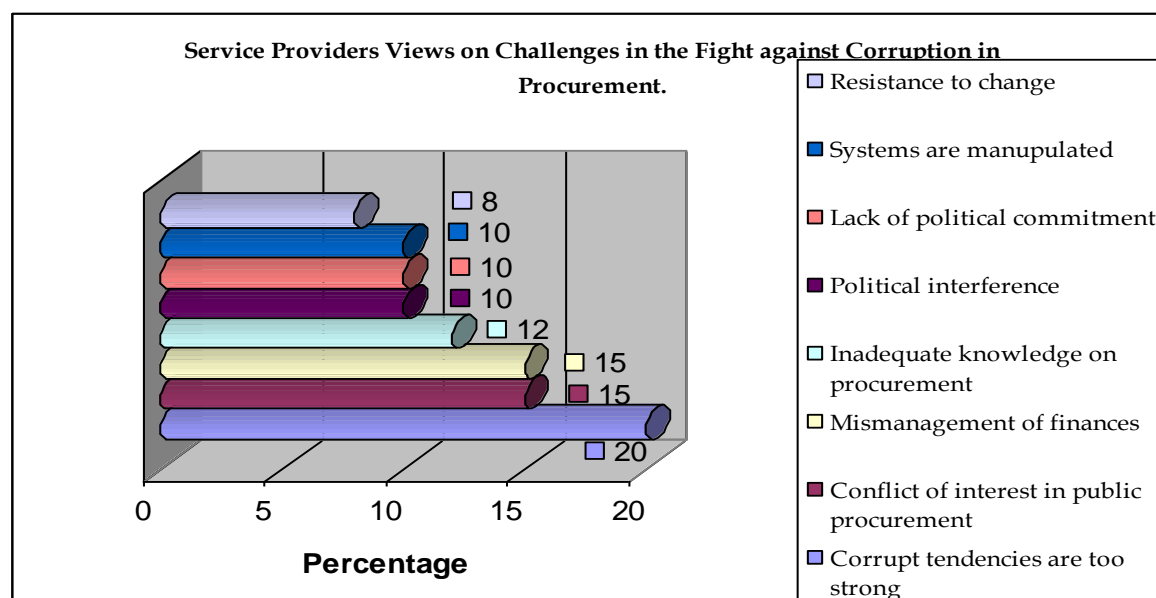
PPDA at present cannot suspend a provider that is implicated in flouting procurement regulations or have unfairly influenced the procurement process. There is need for the

amendment of the law to enable the PPDA to investigate and suspend the providers found involved in procurement irregularities.

#### (e) Conflicts of Interest

While conflict of interest is a critical issue in procurement, there are no clear guidelines regarding public servants, their families and those close to them participating in procurement processes. Investigations and how to handle issues to do with the collusions of public officials who could be members of the contracts and evaluation committee is another area of current dilemma for PPDA in arbitrating on cases. This is because issues like collusions and vested interest are not easily proved. The views of service providers regarding challenges in the fight against corruption which also complements and confirms the key informant views are presented in Figure 5.14.

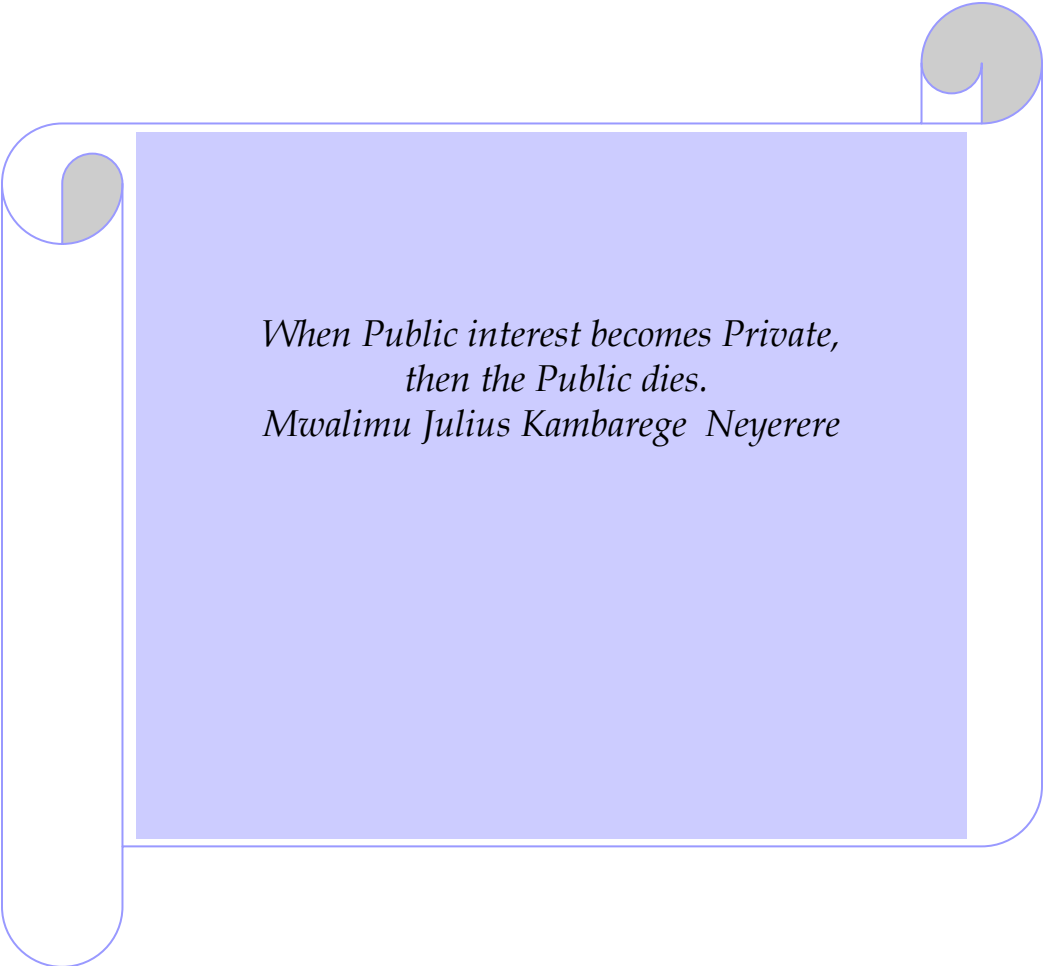
**Figure 5.14 Service Providers Views on Challenges in the Fight against Corruption in Procurement.**



Source: Field Data, October, 2009.

According to figure 5.14 the perception of corruption tendencies as a strong and entrenched practice came out top with (20%) viewing it as the biggest challenge to fighting corruption in public procurement. Similarly, conflict of interest in public procurement and mismanagement of finances shared second top spot at 15%. Inadequate knowledge of procurement was also ranked as key challenge with 12% of the respondents picking it out, together with political interference taking 10% of the responses. The lack of political commitment and systems manipulations were also pointed out as key challenges in the procurement process (10%) as well as and resistance to change of key actors in the procurement process (8%).





*When Public interest becomes Private,  
then the Public dies.  
Mwalimu Julius Kambarege Neyerere*

## **6.0 Awareness of the PPDA**

---

### **6.1 Introduction**

The survey sought among others to establish the awareness of the key stakeholders about the Public Procurement and Disposal of Public Assets Authority. The awareness of service providers, civil society, local and central government staff, and the general public are hereby presented in this section.

### **6.2 Statutory Roles of PPDA**

The objectives and functions of the PPDA as enshrined in the PPDA Act of 17<sup>th</sup> January 2003 and as published in the Uganda Gazette are as follows:

#### **6.2.1 The Objectives of the Authority:**

- (a) Ensure the application of fair, competitive, transparent, non-discriminatory and value for money procurement and disposal standards and practices;
- (b) Harmonize the procurement and disposal policies, systems and practices of the Central Government, Local Governments and statutory bodies;
- (c) set standards for the public procurement and disposal systems in Uganda;
- (d) Monitor compliance of procuring and disposing entities; and
- (e) Build procurement and disposal capacity in Uganda.

#### **6.2.2 The functions of the Authority are to-**

- a) Advise Central Government, Local Governments and statutory bodies on all public procurement and disposal policies, principles and practices;
- b) Monitor and report on the performance of the public procurement and disposal systems in Uganda and advise on desirable changes;
- c) Set training standards, competence levels, certification requirements and professional development paths in consultation with competent authorities;
- d) Prepare, update and issue authorized versions of the standardized bidding documents, procedural forms and any other attendant documents to procuring and disposing entities;
- e) Ensure that any deviation from the use of the standardized bidding documents, procedural forms and any other attendant documents is effected only after the prior, written approval of the Authority;
- f) Issue guidelines under section 97 of the PPDA Act 2003;
- g) Organize and maintain a system for the publication of data on public procurement and disposal opportunities, awards and any other information of public interest as may be determined by the Authority;
- h) Maintain a register of providers of works, services and supplies;

- i) Conduct periodic inspections of the records and proceedings of the procuring and disposing entities to ensure full and correct application of this Act;
- j) institute-
  - (i) Procurement or disposal audits during the bid preparatory process;
  - (ii) Contract audits in the course of the execution of an awarded bid; and
  - (iii) Performance audit after the completion of the contract in respect of any procurement or disposal, as may be required;
- k) Adopt, adapt and update common specifications standards, the use of which shall be mandatory for all procuring and disposing entities;
- l) Determine, develop, introduce, maintain and update related system-wide data-bases and technology;
- m) Develop policies and maintain an operational plan on capacity building, both for institutional and human resource development;
- n) Agree on a list, which shall be reviewed annually, of works, services and supplies in common use by more than one procuring and disposing entity which may be subject to common procurement or disposal;
- (o) establish and maintain institutional linkages with entities with professional and related interest in public procurement and disposal;
- o) Undertake procurement and disposal research and surveys nationally and internationally;
- p) Undertake any activity that may be necessary for the execution of its functions; and
- q) Administer and enforce compliance with all the provisions of this Act, regulations and guidelines issued under this Act.

## **6.3 Knowledge of PPDA**

### **6.3.1 Central Government Agencies**

Central government agency staff interviewed or consulted all expressed knowledge of PPDA and its role in regulating the public procurement process. However, much as a statistical analysis was not done for the public servants, some of the local government staff (including councillors and political leaders) was not very well conversant with the procurement process, let alone the PPDA Act 2003.

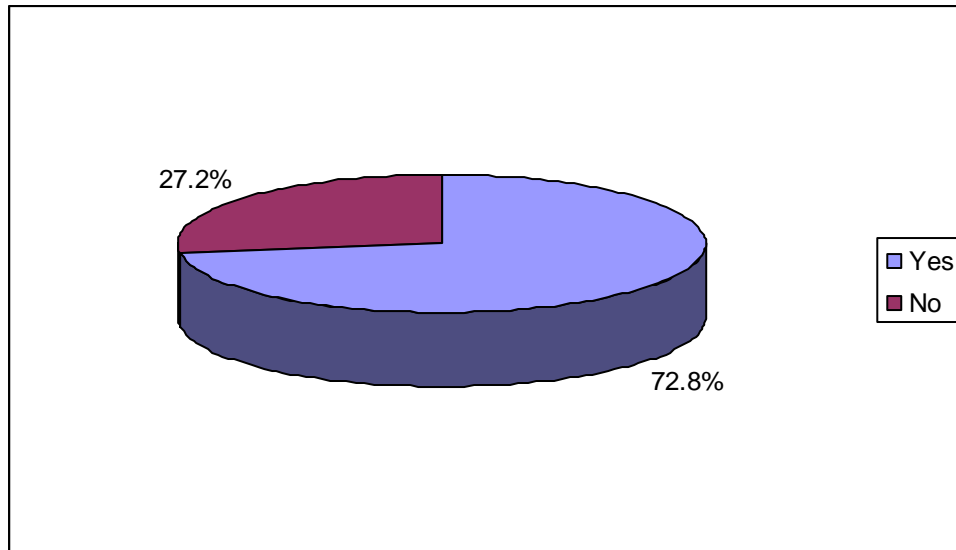
### **6.3.2 Local Government**

In all the areas surveyed, the local government officials have heard about PPDA. The local officials that are aware of PPDA comprise of both district level staff and sub county staff. However, not all the officials have read through the PPDA Act and understand the whole procurement procedures. But most of the respondents know the key stages of public procurement such as advertisement, evaluation of bid and award of contracts. As a testimony to the efforts of the authority in enhancing knowledge about the act and procedures of procurement, the knowledge of public procurement among technical staff at the lower local government (Sub County) was more or less the same as that at the district level. However, the knowledge of political staff such as councillors at both local and district level was mainly about the presence of a regulating body, not so much about the activities and the processes of procurement.

### 6.3.3 Private Sector

The service providers are key stakeholders in the procurement process. It was thus important for the survey to establish their level of knowledge on the PPDA Act (2003) and the Authority and Figure 6.1 show the results.

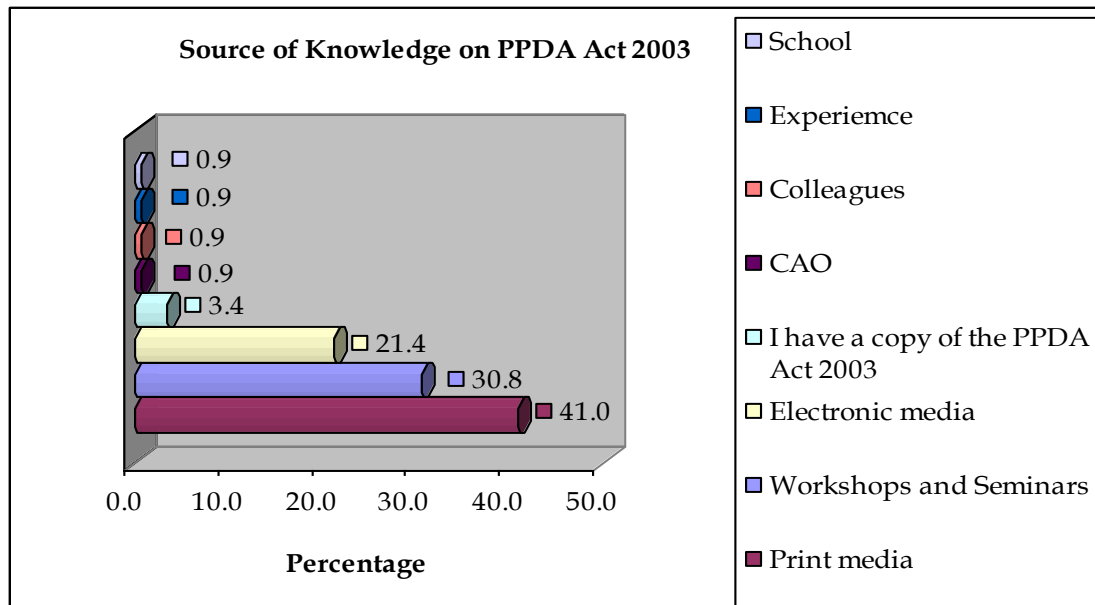
**Figure 6.1: Service Providers Awareness of the PPDA Act 2003.**



Source: Field Data, October, 2009.

According to figure 6.1, the majority of the service providers (72.8%) were aware of the PPDA Act (2003). Only 27.2% were not aware of either the PPDA Act or the Public Procurement and Disposal of Public Assets Authority. Considering that the interviewed service providers have been participating actively in the bidding process for contracts at the district and sub county levels, this high level of knowledge is expected. As indicated in Figure 6.2, the majority of service providers sampled (41%) indicated that their source of knowledge on the PPDA Act 2003 was the Print Media. This was closely followed by workshop and seminars (30.8%), the electronic media (21.4%) and personal procurement of the PPDA Act (3.4%). Again, the fact that up to 30.8% of the service provider respondents have participated in procurement workshops indicate the efforts of the PPDA in raising the knowledge levels of service providers on procurement issues and corroborates earlier information from PPDA of directly reaching out to the Service Providers.

**Figure 6.2: Source of Knowledge on the PPDA Act**

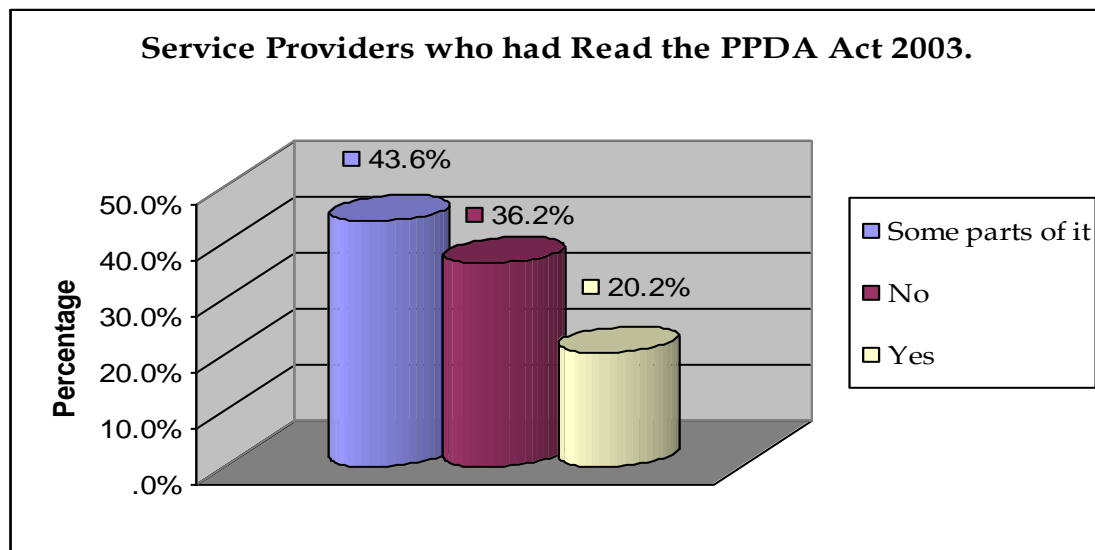


Source: Field Data, October, 2009.

### Service Providers Actual knowledge of the PPDA Act 2003

Despite the fact that few service providers (3.4%) had copies of the PPDA Act 2003, the survey wanted to know whether service providers had actually read the PPDA Act 2003. Figure 6.3 show the findings.

**Figure 6.3 Service Providers who had Read the PPDA Act 2003.**



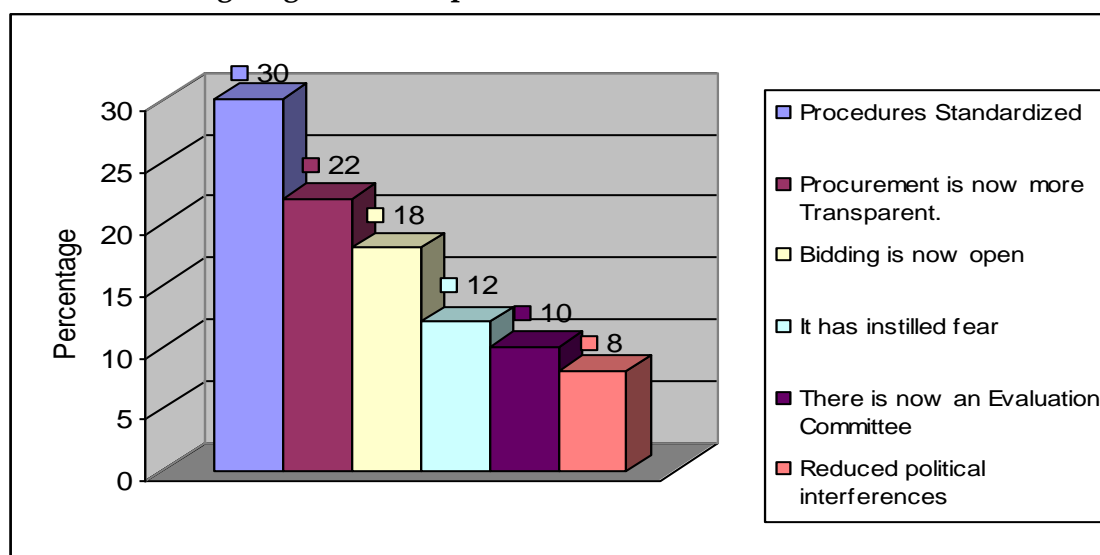
Source: Field Data, October, 2009.

According to the results, only 20.2% said they had comprehensively read the PPDA Act 2003. 43.6% had read some part of the Act while 36.2% had not read the Act at all. It is arguable that for those that had read some parts of the PPDA Act could have paid attention to the most important

part about the functions of the authority and how to seek redress. On the other hand, up to 79.8% of the service providers have at least had access to and read the PPDA Act. Nevertheless, further dissemination of the PPDA Act among service providers and the general public is paramount to addressing corruption in the procurement process.

When the Service Providers who were aware of the PPDA Act 2003 were asked regarding their opinion of how the PPDA Act 2003 has strengthened the fight against corruption in public procurement, a variant of responses were received as indicated in Figure 6.4.

**Figure 6.4: Service Providers Perception of the Contribution of the PPDA Act 2003 in the Fight against Corruption.**



Source: Field Data, October, 2009.

Apparently, 30% of the respondents said that standardization of the procurement procedures was the highest achievement of the PPDA Act 2003. 22% said that the procurement is now more transparent. 18% noted that bidding is now open. 12% said PPDA 2003 has instilled fear to the stakeholders, making them more cautious in giving or seeking bribes. 10% of the respondents pointed out that by putting an evaluation committee in place while only 8% said that it has reduced political interferences. However, while the PPDA Act was perceived as making a positive contribution in the procurement process; the service providers pointed out some areas which have not been adequately addressed by the PPDA Act. The service providers were asked to state areas they thought the PPDA Act 2003 does not address adequately. 17% of the service providers said that the PPDA Act 2003 did not adequately address the issue of conflict of interest by the Evaluation and Contracts Committee members, delays in the procurement process and payment (15%); and does not address the pitfalls of public service bureaucracy (14%). According to the Service Providers, the PPDA Act 2003 is also not clear on implementation (13%); does not adequately address the issue of bribes and corruption (12%); does not address the contracts committee needs (10%). The perception of service providers is also that the law is not clear on issues of emergencies (10%). Other areas mentioned included lack of clarity of the law on inflation and how it affects bid values (8%).

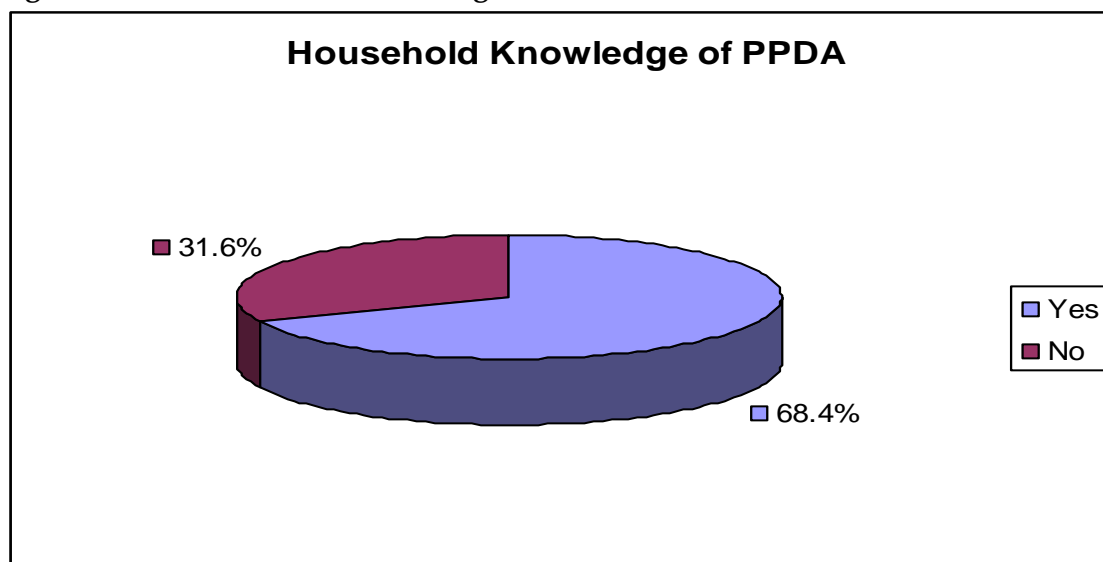
### 6.3.4 Civil Society

While most civil society organisations involved in public accountability advocacy are aware of the PPDA Act and have read through the document, their concern is the limitations in the Act which does not give PPDA enough authority to make critical decisions in procurements which might involve high level political connections. The other concern of members of civil society organisations is the blatant manifestations in the rising corruption levels in procurement despite the presence of regulatory laws and presumed compliance of the entities to procurement regulations. This implies that there are key bottlenecks and loopholes which should be addressed if the process of procurement is to be further strengthened and made corruption proof.

### 6.3.5 Households' Knowledge on PPDA

The survey sought to find out the level of knowledge of PPDA by the households. The respondents were asked whether they have ever heard of PPDA. The results are shown on figure 6.5 (a)

**Figure 6.5: Household knowledge of PPDA**



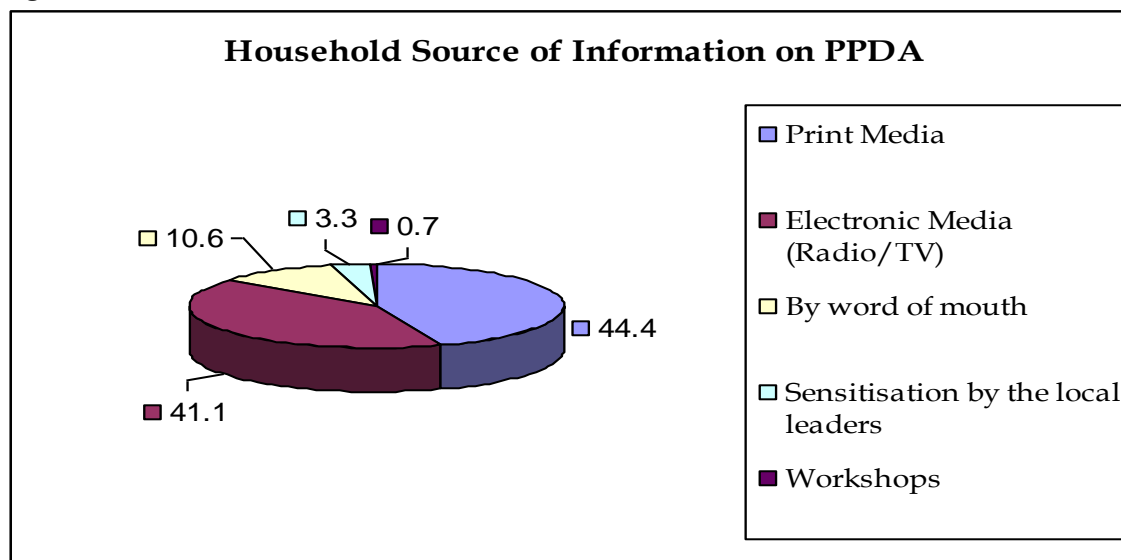
Source: Field Data, October, 2009.

According to the results, 68.4% of the respondents said that they had ever heard about PPDA, while 31.6% had never heard of PPDA. More knowledge of PPDA is limited by the fact that most documents regarding public procurements are written in English yet majority of the population do not read or write English. Similarly, there is a significant number of service providers who do not understand English.

### 6.3.6 Source of information about PPDA

The household respondents, who said they had heard about PPDA, were further asked the source of their knowledge about PPDA and Figure 6.6 show the findings.

**Figure 6.6: Household Source of Information on PPDA**



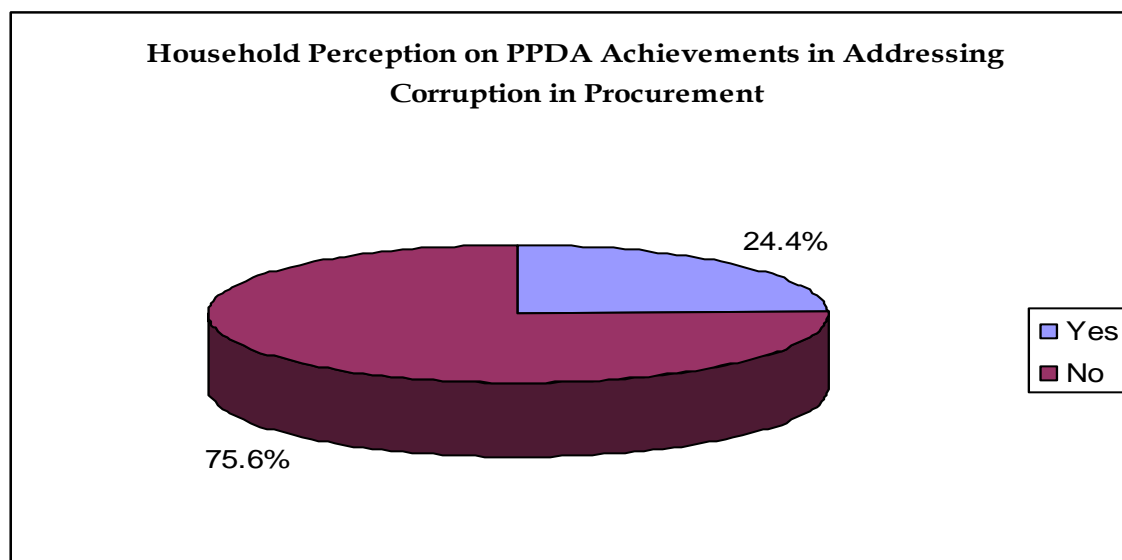
Source: Field Data, October, 2009.

The majority of the respondents (44.4%) and (41.1%) heard about PPDA from Print media and Electronic media respectively. 10.6% of the respondents heard from friends and colleagues. 3.3% said they were sensitized by the local leaders, while 0.7% said they heard about PPDA through workshops. One critical issue is the accuracy of information. While the majority had heard about PPDA, only a small percentage seems to fully understand the role of PPDA. In some local government visited, some service providers and members of the general public thought that PPDA should arrest corrupt officials while others wondered why PPDA cannot award contracts instead of the corrupt public officials. This is a clear indication of lack of understanding of the role of PPDA in the procurement process and the need for more Information Education and Communication (IEC) on PPDA and the procurement process.

The survey further sought to know from the household respondents if they thought PPDA had achieved its primary objective to address corruption in procurement and Figure 6.7 Show the results.



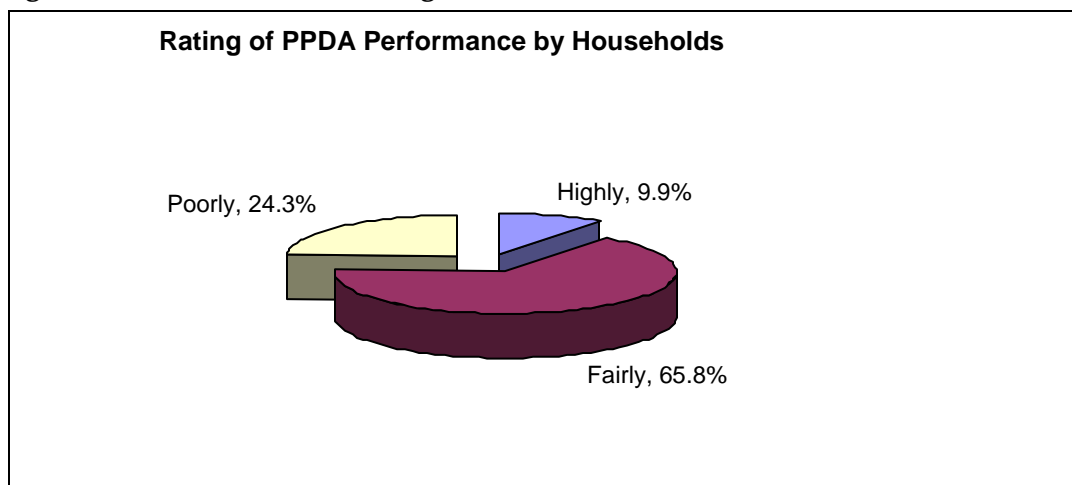
**Figure 6.7: Household Perception on PPDA Achievements in Addressing Corruption in Procurement.**



Source: Field Data, October, 2009.

Majority of the respondents (75.6%) said that PPDA had not achieved the objective to address corruption in procurement. Only 24.4% said the Authority had achieved its objective to address corruption in procurement. The respondents who knew the role of PPDA, were further asked to rate the performance of PPDA in achieving its objectives. The results are shown in Figure 6.8

**Figure 6.8: Household Rating of PPDA Performance.**



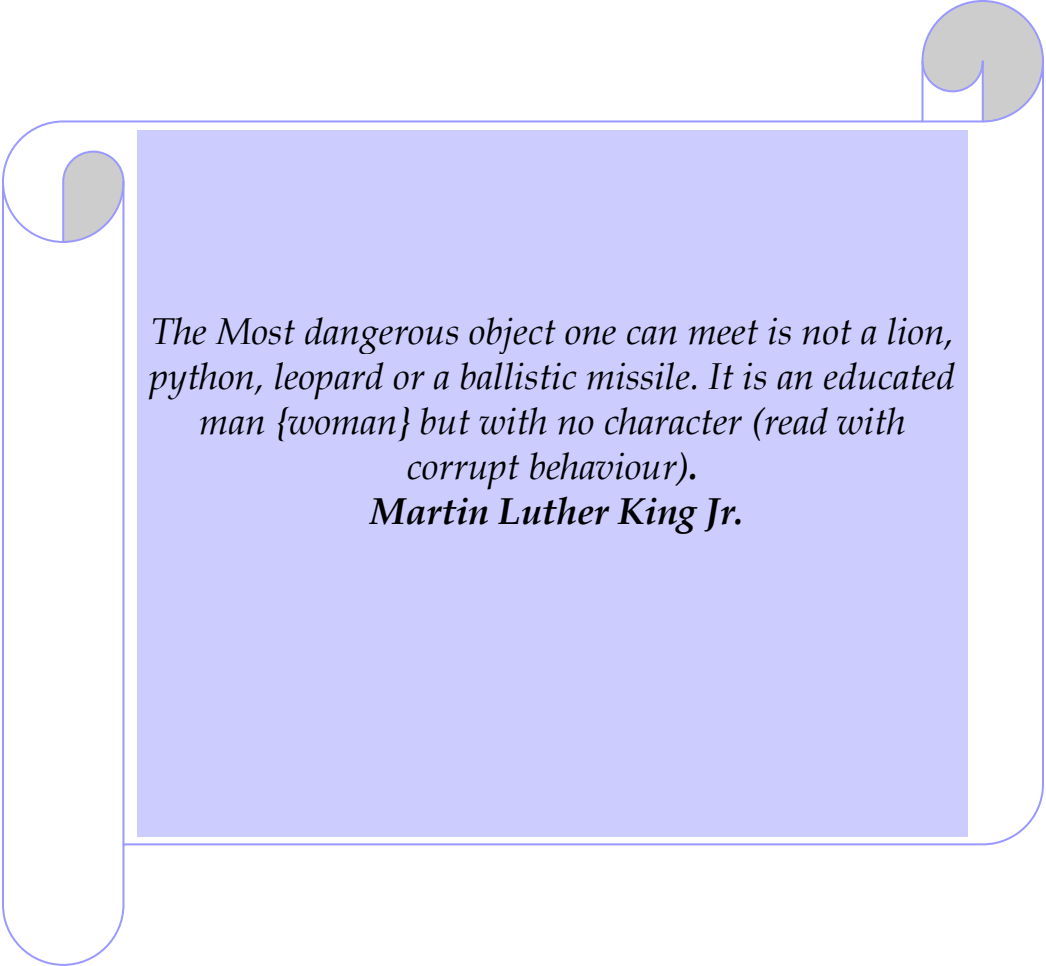
Source: Field Data, October, 2009.

65.8% of the respondents ranked the performance of PPDA fairly. Only 9.9% ranked PPDA highly while 24.3% ranked them poorly in achieving its objectives. This results show positive appreciation of members of the public on the performance and role of PPDA. It however implies that the public perception of PPDA is either that it is not doing enough at the moment or what it

has achieved simply falls short of public expectations. This is consistent with the earlier findings where service providers as well as households are unable to report complain regarding corruption in procurement. As earlier indicated, most people are aware of the irregularities and corrupt practices in procurements but do not report. The implication is that the procurement process continue to be compromised resulting into poor quality service.

#### **6.4 Efforts by PPDA to Deepen Knowledge of the Authority**

Discussion with the media houses indicate that corruption generally, including and in particular corruption in procurement might not necessarily have increased but its the level of knowledge which has increased due to the role of the media in exposing corruption. The challenge in public monitoring of procurement of public goods is that the public is not directly aware of the public procurement projects and the amount of money involved. The media's role has also been crucial in establishing corrupt practices in procurement through employing investigative journalism approach.



*The Most dangerous object one can meet is not a lion,  
python, leopard or a ballistic missile. It is an educated  
man {woman} but with no character (read with  
corrupt behaviour).*

***Martin Luther King Jr.***

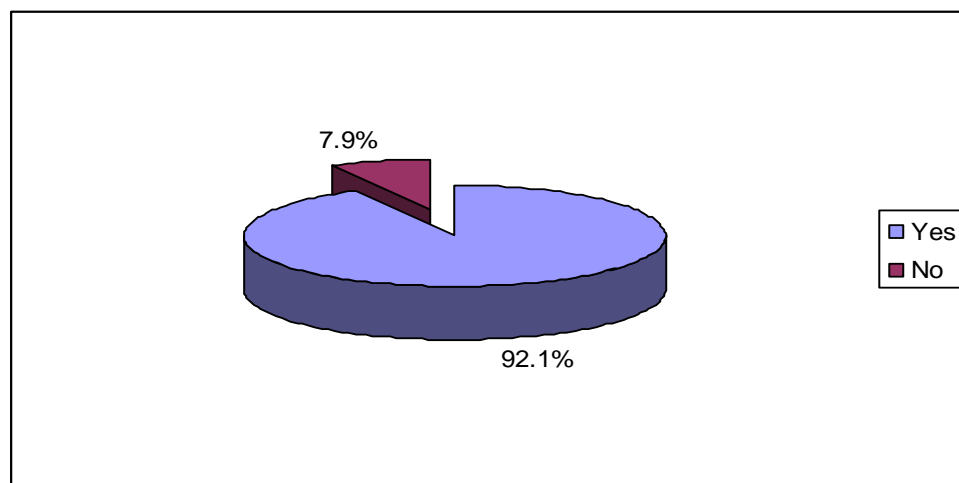
## 7.0 Role of the Public in Monitoring Public Procurement

---

### 7.1 The Role of Households in Monitoring Procurement of Goods and Services

Establishing the role of the communities in monitoring public procurements was one of the objectives of the study. Respondents were therefore asked whether they were aware of any public projects implemented in their area in the FY 2008/09 and Figure 7.1 show the results.

**Figure 7.1: Awareness of Household on Community Role in Monitoring Public Projects.**



**Source: Field Data, October, 2009.**

Apparently, 92.1% of the household respondents said that they were aware of public projects implemented in their locality during the FY 2008/09. Only 7.9% were not aware of any public project in their locality in the FY 2008/09. This shows some high level of awareness by the public of the developments within their localities.

#### 7.1.1 Household Knowledge of the Public Projects Implemented in their Locality in the Financial Year 2008/09.

For the respondents who were aware of the public projects implemented in their locality, they were asked to identify the specific public projects that were implemented in their community during the FY 2008/09. The responses are shown in Table 7.1

**Table 7.1: Household Knowledge of Public Projects Implemented**

Type of Project Implemented in the Financial Year 2008/09 (N= 178).	%
Road works	44
School facility supported by Government	20
Health Centre construction	13
NAADs and NUSAF	11
Public Toilets	6.7
Youth Centre	1.1
Borehole Construction	0.6
Market Construction	0.6
Division Headquarters	0.6
Water and Sanitation	0.6
None	1.1
Total	100

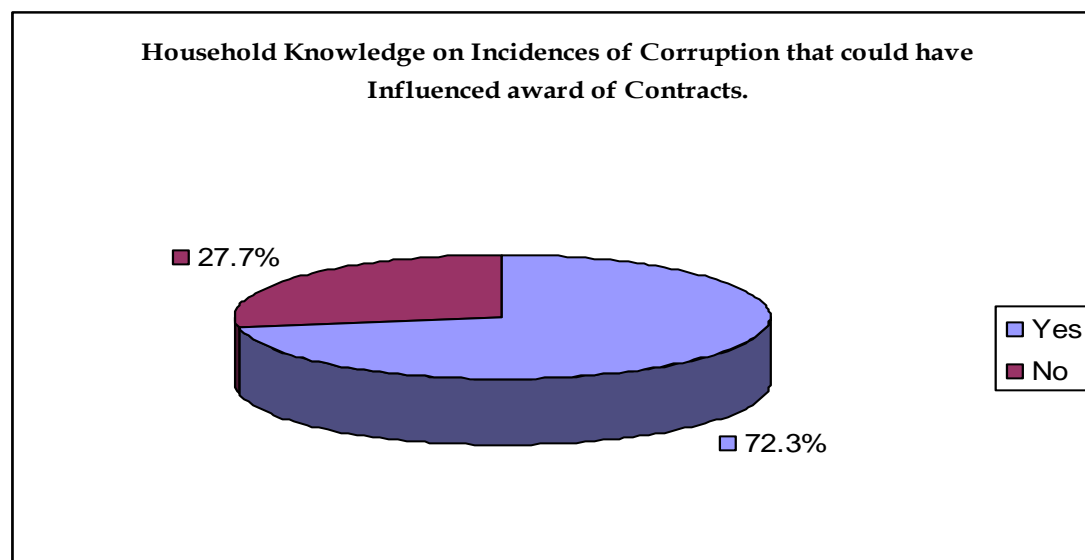
**Source:** Field Data, October, 2009.

The majority (44%) of household respondents had knowledge of Road Works being carried out in their locality. 20% of the respondents had knowledge of school facilities supported by government being constructed, 13% had knowledge of Health Centre Construction; while NAADs and NUSAF projects knowledge was demonstrated by (11%) and Public Toilet (6.7%). Only 1.1% of the respondents knew of a Youth Centre construction, while Bore hole and market construction were only known by 0.6% of the respondents.

### **7.1.2 Household Knowledge of Incidences of Corruption that could have Influenced Award of Contracts.**

The survey sought to establish from the household respondents whether they had knowledge of any incidences of corruption that could have influenced the award of contract (s) in their locality. Figure 7.2 show the results.

**Figure 7.2: Household Knowledge on Incidences of Corruption that could have Influenced award of Contracts.**



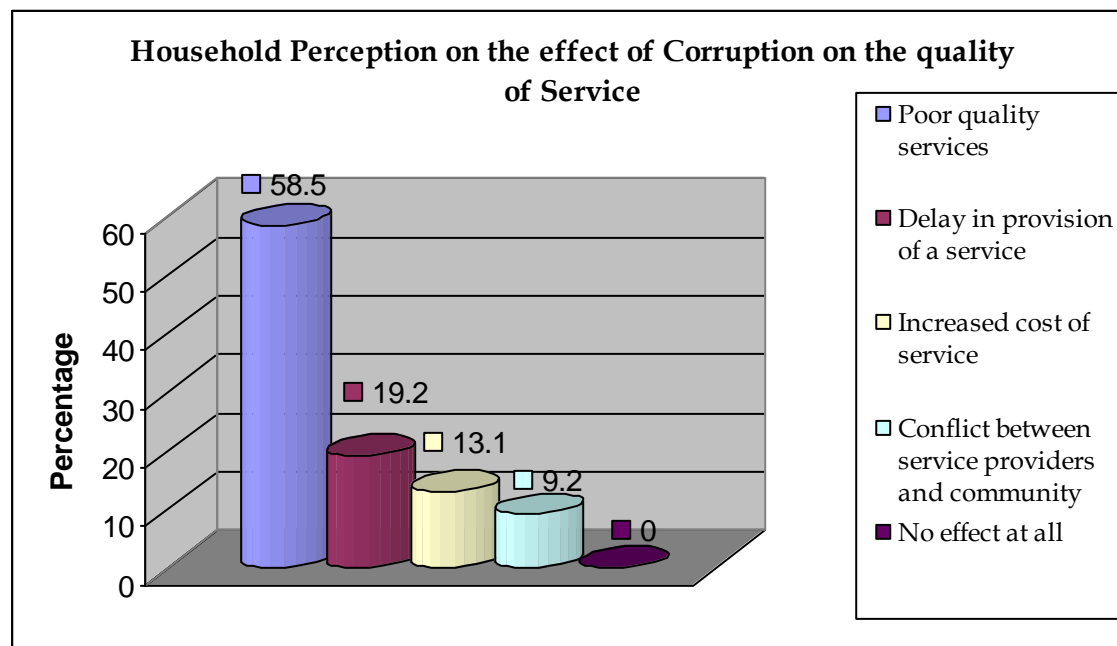
Source: Field Data, October, 2009.

Accordingly, 72.3% of the respondents affirmed that they had knowledge that incidences of corruption influenced award of contract(s) for the projects implemented in their locality during the financial year 2008/09. Only 27.7% said that the contract (s) awarded for the projects implemented in their locality during the financial year 2008/09 were free of any incidences of corruption. This seem to indicate a high level of awareness of corruption in procurement but the main challenge remains lack of action as illustrated in the proceedings analysis. Most people indicated that they were aware of the incidences of corruption but they feared retribution due to lack of protection, but others said that they got to keep quiet because they know that nothing will be done on the corrupt persons.

### **7.1.3 Household Perception on the Effect of Corruption on Quality of Product.**

The household were asked what they thought were the effect of corruption on quality of the projects implemented in their localities and Figure 7.3 shows the findings.

**Figure 7.3: Public Perceptions on the Effects of Corruption on Quality of Product.**



Source: Field Data, October, 2009.

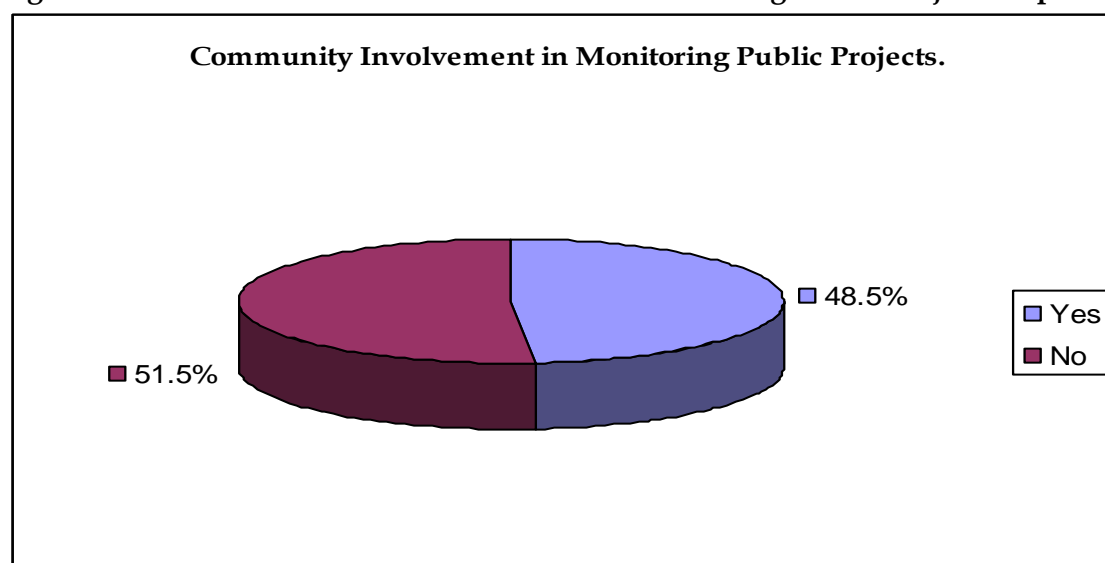
According to the results, majority of the respondents (58.5%) attributed the poor quality of provided goods and services on corruption. Other effects cited were delayed provision of a service (19.2%); increased cost of service (13.1%); and conflict between service providers and community (9.2%). This shows a high level of knowledge of the effects of corruption on quality of life. The irony is that such high knowledge of the relationship between corruption and quality of services has not translated into action. Most people were found to fear reporting the corrupt as they knew that nothing will be done on the culprits.

The awareness among the household regarding the effects of corruption on quality of products was spot on, as there has been a lot of reports on the media regarding the quality of products and services. However, the reporting of such cases is the most disturbing since, as is reiterated in this report in section (7.1.2), the household respondents were aware of high levels of corruption in the award of contract but in section 7.1.6, when the respondents were further asked what they could do, 34.7% said they would “do nothing”. These findings show a high level of complacency among the populations, an attitude that is largely condoned by lack of government action in administering sanctions against the corrupt.

#### **7.1.4 Community Involvement in Monitoring Public Projects Implemented in their Localities.**

The survey sought to know whether communities were involved in monitoring projects being implemented in their localities and Figure 7.4 show the results.

**Figure 7.4: Involvement of Communities in Monitoring Public Projects implemented.**



Source: Field Data, October, 2009.

Apparently, 48.5% of the respondents indicated that they had been involved in the monitoring of the public projects implemented in their localities. 51.5% of the respondents however, were not involved in any monitoring of the public projects implemented in their localities. It is important that a significant proportion of the local population is involved in the monitoring of public projects. The importance of monitoring of the public projects cannot be over emphasised because it ensures acceptability and ownership of the projects by the respective recipients. The survey further sought to establish the challenged faced by the communities in monitoring public projects and Table 7.2 shows the findings.

**Table 7.2: Challenges Faced by Communities in Monitoring Public Projects.**

Challenges	Respondents	
	No	%
Lack of information on the project	118	61.1
Inadequate knowledge of the procurement process	69	35.8
Apathy (I don't care attitude)	23	11.9
Cost of monitoring	18	9.3
No Monitoring	3	1.6
Fear retribution	1	0.5
Blocked From Monitoring	1	0.5
Bribes	1	0.5
Its Government Policy	1	0.5
Lack Empowerment	1	0.5
Lack Of Interest	1	0.5
No Evidence	1	0.5
Policies Not Translative	1	0.5
They Are Ignored	1	0.5

Source: Field Data, October, 2009.



According to the results, majority (61.1%) of the household respondents said that lack of information was a major challenge the communities were facing in monitoring public projects. 35.8% said that inadequate knowledge of the procurement process; 11.9% said it was apathy (I don't care attitude); and 9.3% sighted the cost of monitoring. However, when this was further analysed, it was found that the monitoring referred to was witnessing the commencement of projects such as road construction. It was established that the local communities were unable to carry out meaningful monitoring because of the following reasons:

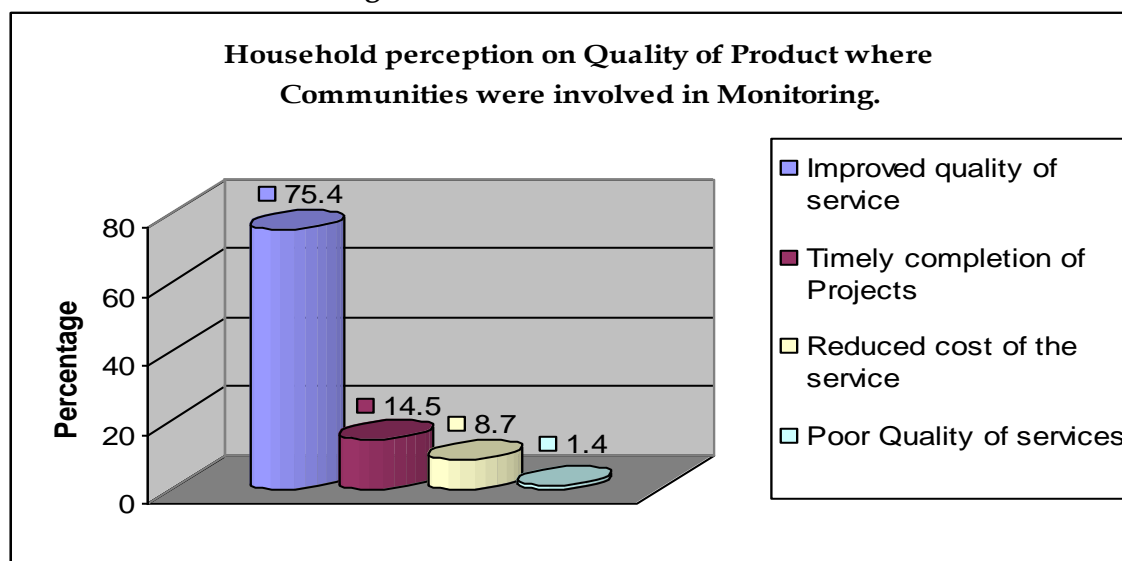
- (i) Lack of technical knowledge on the projects under implementation. Here the most relevant projects were: road construction, borehole construction and others.
- (ii) The technical staff hide information on specifications.
- (iii) Lack of interest of the locality due to chronic poor services.
- (iv) The latter reason is fundamental given that people's complacency will encourage corruption.

Complacency seems to arise from lack of information. People are not empowered to monitor as they lack the tools to use. However, As Martin Luther King asserted: *"our lives begin to end when we keep quiet on things that matter"*.

### 7.1.5 Household View on the Effect of Community Monitoring of Public Projects.

The household respondents who were involved in monitoring were asked what their views were on the effect of monitoring public projects implemented in their area. Figure 7.5 show the results.

**Figure 7.5: Household Perception on the Effects of Projects where Community is involved in Monitoring.**

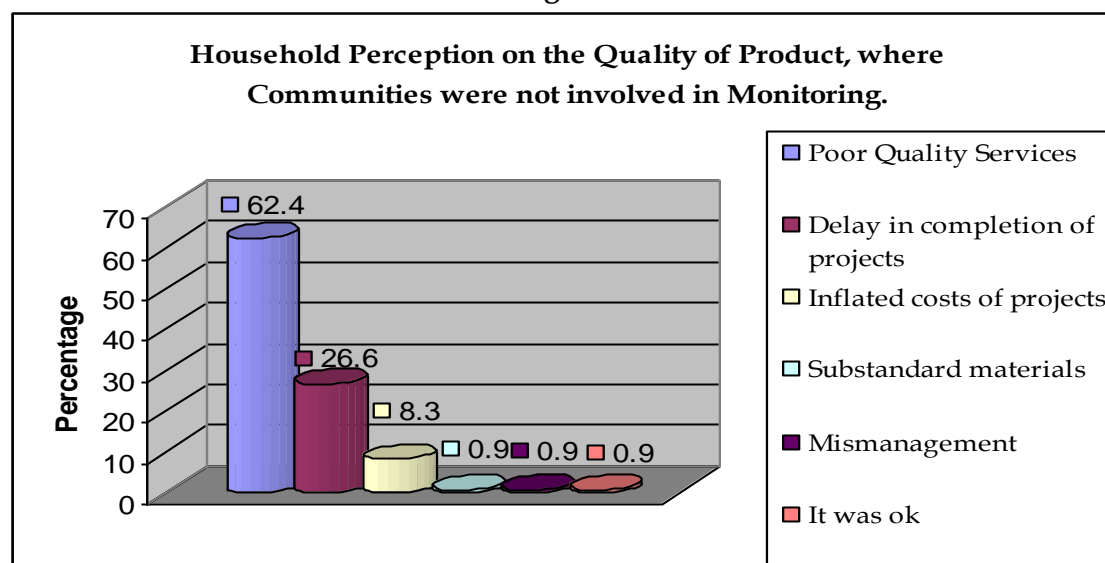


Source: Field Data, October, 2009.

Accordingly, majority of the respondents (75.4%) were of the view that there was improved quality of service in the projects whose communities were involved in monitoring. 14.5% of the

respondents said that the projects were completed on time. 8.7% said that there was reduced cost of the projects. This finding is critical as the improved quality of services under community monitoring will motivate the community to further engage in monitoring of projects under implementation. The household were further asked what their view was on the quality of the projects where communities were not involved in monitoring and Figure 7.6 show the results.

**Figure 7.6: Household Perception on Effects on quality of Projects where Communities are not involved in Monitoring.**



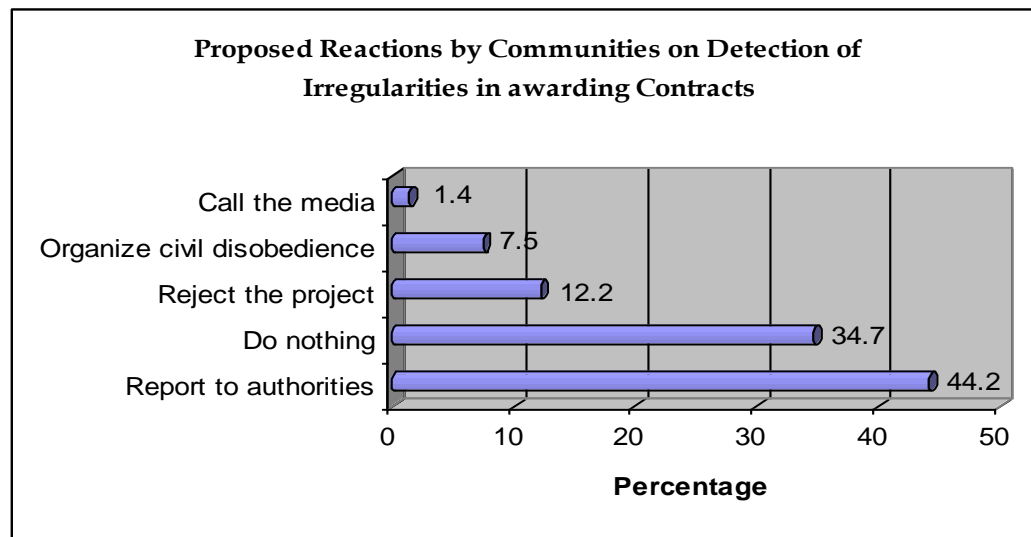
Source: Field Data, October, 2009.

According to the results, 62.4% of the respondents were of the view that in situations where the projects are implemented without public participation in monitoring, most of them would be of poor quality. 26.6% of the respondents said that there would be delays in completion of the projects; and 8.3% said that the costs of the projects could be inflated. Use of substandard materials and mismanagement of the projects were also reported by 0.9% of the respondents. However, 0.9% of the respondents said that there wouldn't be much impact.

#### **7.1.6 Community Reaction on Detection of Irregularities in Awarding Contracts.**

The household respondents were asked how communities would react when they detect irregularities in awards of contracts for public projects. Figure 7.7 show the result.

**Figure 7.7: Proposed Reactions by the Communities on Detection of Irregularity in Awarding Contracts**



Source: Field Data, October, 2009.

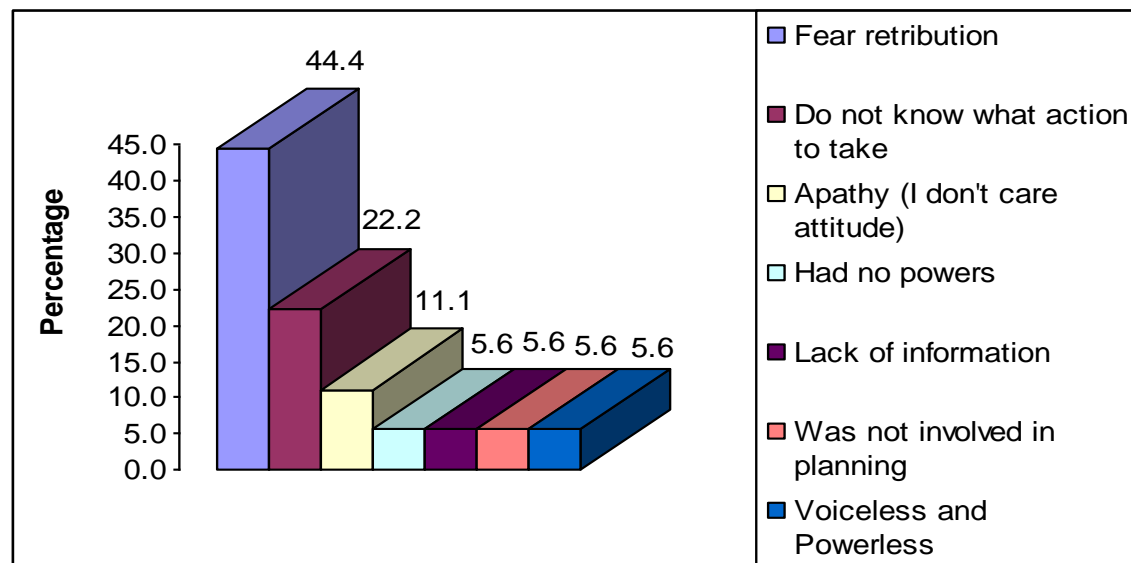
Majority of the respondents (44.2%) said that they would report irregularity to authorities. 12.2% said they would reject the project; 7.5% said they would organise for civil disobedience; while 1.4% said they would report to the media. Indeed, some local governments have generated some positive reaction regarding irregularities in award of contracts. In Kabale district, there was organised civil disobedience as indicated below:

*An example of an organised civil disobedience was found in Kabale district, where the community was mobilized by the RDC to reject a road that had been badly contracted with substandard materials. The contractor was forced to re-do the road using the appropriate materials. (Source: Kabale, October, 2009).*

This kind of approach should be commended and encouraged. However, it is significant to note that 34.7% said they would do nothing even when faced with the reality that there was irregularities in the award of the contract. This finding concurs with the earlier reported reaction of the community in reporting those engaged in corruption. It is ironic that people would be aware of those engaged in corrupt practices or are aware of the relationship between corruption and poor quality services but still opt to adopt “the silence is golden” approach. This shows a high level of apprehensiveness that needs urgent attention.

The survey further wanted to know from the household respondents who said that they “did nothing” even when they were aware of irregularities in award of contracts for public projects in their area, the reasons why they did nothing. Figure 7.8 shows the results.

**Figure 7.8: Reasons why Households Respondents “did nothing” even in the knowledge of Irregularities in award of Contracts.**



Source: Field Data, October, 2009.

According to the results, majority (44.4%) of the household respondents sighted **fear of retribution** as the main reason for their non-reaction to irregularities in award of contracts for public projects in their area.

*A case in point was given where a sub county chief in Soroti and 2 of his officials went to inspect a construction site at a school in their area and ended up being arrested and charged with trespass (Source: Soroti, October, 2009).;*

In one interview with a household respondent in Gulu, he reiterated:

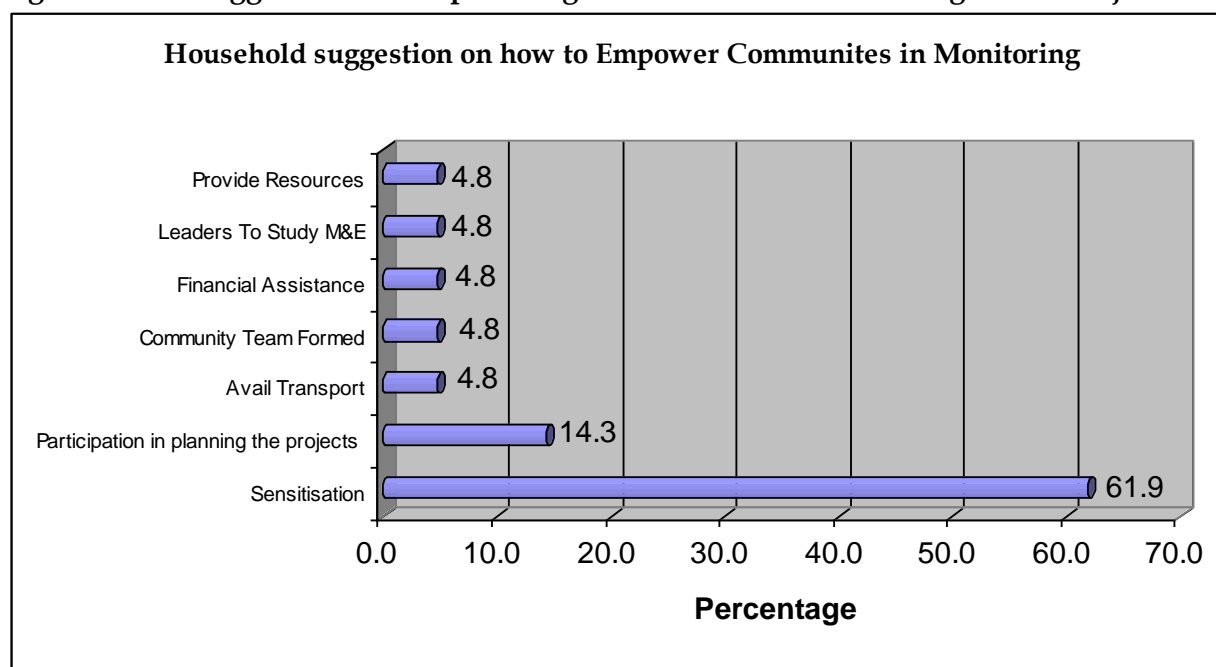
*“Why should I bother revealing the people that have engaged in corruption? This is very dangerous. I still have young children and I do not want to die for free” (source: Gulu, October, 2009)*

This kind of apprehensiveness can be attributed to several factors such as: a) the judicial system in the country acquits a person accused of corruption on bail and this could mean that the whistle blower may be prone of retaliation from the accused; and b) in the recent past, there has been several cases of corruption in procurement such as: Temangalo vs NSSF; the GAVI funds, but no tangible results have been achieved from such cases.

### **7.1.7 Household Suggestions on Empowering Communities in Monitoring Public Projects.**

The survey then requested the respondents to indicate what they thought could be done to empower the communities in monitoring public projects implemented in their localities. Table 7.3 show the results.

**Figure 7.9: Suggestions on Empowering Communities in Monitoring Public Projects.**



Source: Field Data, October, 2009.

According to the results, majority of the respondents 61.9% said that sensitization of communities was the most effective method in empowering communities to monitor public projects; while 14.3% said being involved in the planning of the projects would empower them to effectively monitor public projects in their areas. These findings concur with the earlier revelations where communities fail to monitor projects due to lack of information on project specifications and other technical issues concerning projects implementation.

## **7.2 Perceptions of Households on Roles of Key Stakeholders in Fight against Corruption in Procurement.**

Analysis of the household questionnaires further elicited a number of responses on what the members of the general public felt were critical roles to be played by the members of the public, the civil society, local and central government and anti-corruption agencies. These views have been collated and presented in the following section.

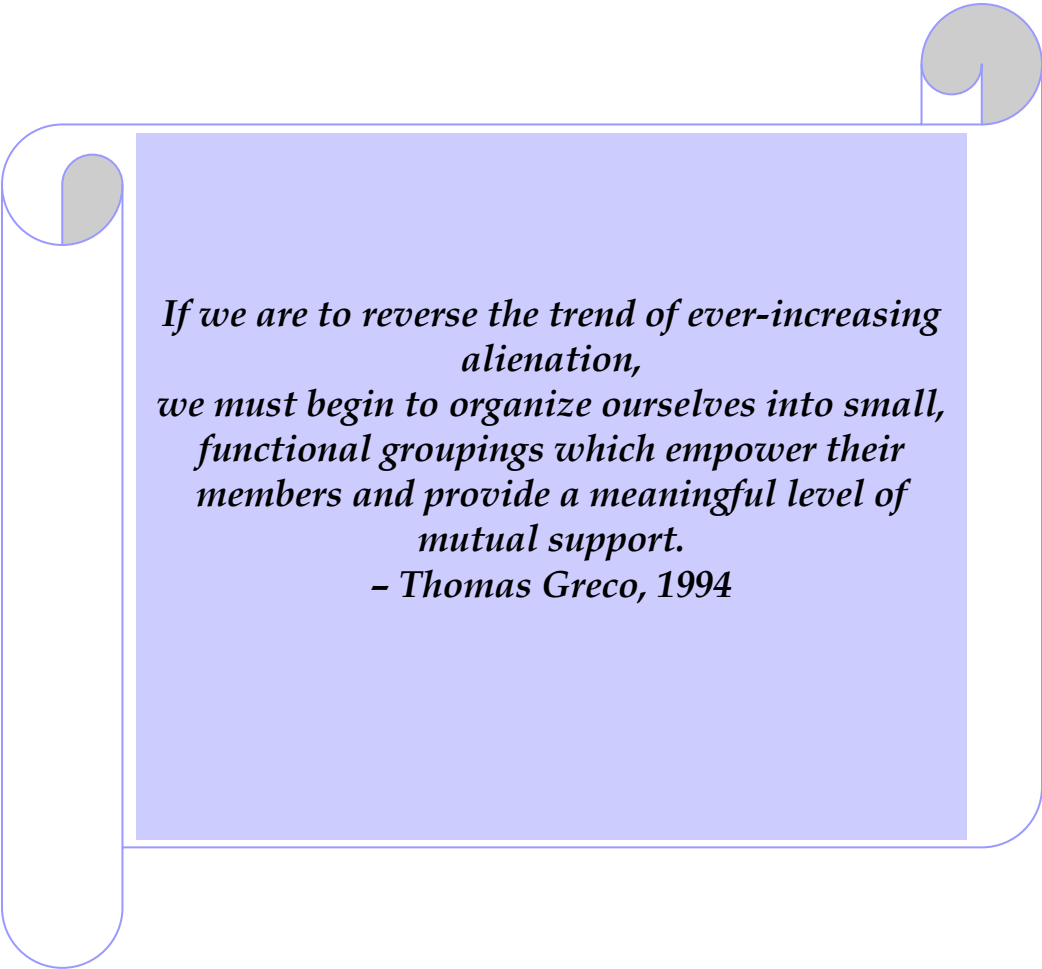
**Table 7.3: Household Opinion on Stakeholders Roles in the Fight against Corruption in Procurement.**

Members of the Public	Respondents	
	No.	%
Involvement and empowerment of the public in project activities	37	21.8
Involvement of the public to investigate cases of corruption at the local level.	28	16.5
Keep themselves up to date with information about procurement in their areas so that they can make follow up and ensure value for money.	20	11.8
Organising civil disobedience on substandard work	18	10.6
Develop a clear reporting system on corruption in procurement	15	8.82
Exposure of the ghosts and corrupt officials	14	8.24
Reporting cases where people in charge have failed to work to expected standards.	12	7.06
Public participation in project implementation.	12	7.06
Participate in formulating policies and decisions	8	4.71
The public should demand accountability from their leaders	6	3.53
Total	170	100.0
Civil Society Organisations (NGOs and CBOs)	No.	%
Sensitisation of the public about their rights, dangers of corruption and roles in fighting corruption	45	23.3
Advice government on issues government is not doing well.	30	15.5
Media campaigns through media	22	11.4
Promote transparency and accountability in their work too as a living example.	21	10.9
Partner with government in promoting transparency and accountability in procurement	15	7.77
Increase on the promotion of media campaigns against corruption.	14	7.25
Promote transparency and accountability in their work.	13	6.74
Advocate for allocation of money to anti-corruption agencies.	10	5.18
Involve FBOs in the fight against corruption	9	4.66
Share information on cases of procurement corruption with other authorities	8	4.15
Formation of independent monitoring Groups	6	3.11
Sensitisation of the public about their rights, dangers of corruption and roles in fighting corruption	45	23.3
Total	193	100
Local Government (Districts, Municipalities, Sub-counties)	No.	%
Strict Monitoring of the Public Projects.	40	20.7
Sensitization of the public on monitoring	35	18.1
Training contractors and communities on how to work together	28	14.5
Availing information on the projects to communities.	23	11.9
Close supervision of projects in their localities.	15	7.77
Recruitment of competent staff in procurement departments.	12	6.22
Give local people opportunities to participate in the procurement process.	10	5.18
Leaders should be extemporary and develop by laws that condemn corruption	10	5.18
Local government should take stringent measures on corrupt officials.	10	5.18
Follow the procurement guidelines and processes strictly.	10	5.18

Total	193	100
Central Government (Ministries, Agencies, Departments)	No.	%
Closed, constant supervision and monitoring of projects	31	16.1
Reprimand and direct for punishment corrupt officials	30	15.5
Sensitisation of the public about corruption issues	28	14.5
Establish more programmes to address corruption	22	11.4
Organising workshops and seminars for contractors	21	10.9
Evaluate the performance of local government officials and institutions dealing with corruption.	18	9.33
Auditing government projects and arresting corrupt officials	18	9.33
Facilitation of anti corruption institutions including PPD of oversight functions on public procurement	15	7.77
Recentralise all projects to lower units for implementation.	10	5.18
Total	193	100
Anti-Corruption Agencies (institutions fighting corruption eg IGG, DPP,P	No.	%
Investigation, prosecuting and arresting corrupt officials.	62	32.1
The central government should give anti-corruption agencies the time, space and resources to sensitize people about corruption in public procurement.	50	25.9
There is need to separate the duties of the anti-corruption agencies from the politics and political interference.	45	23.3
Deal with corrupt tendencies within their own institution and then address corruption at the top.	36	18.7
Total	193	100

**Source: Field Data, October, 2009.**

**Note: There were some multiple responses.**



*If we are to reverse the trend of ever-increasing  
alienation,  
we must begin to organize ourselves into small,  
functional groupings which empower their  
members and provide a meaningful level of  
mutual support.  
– Thomas Greco, 1994*



## 8.0 Participation of Small and Medium Enterprises in Procurement

---

### 8.1 Introduction

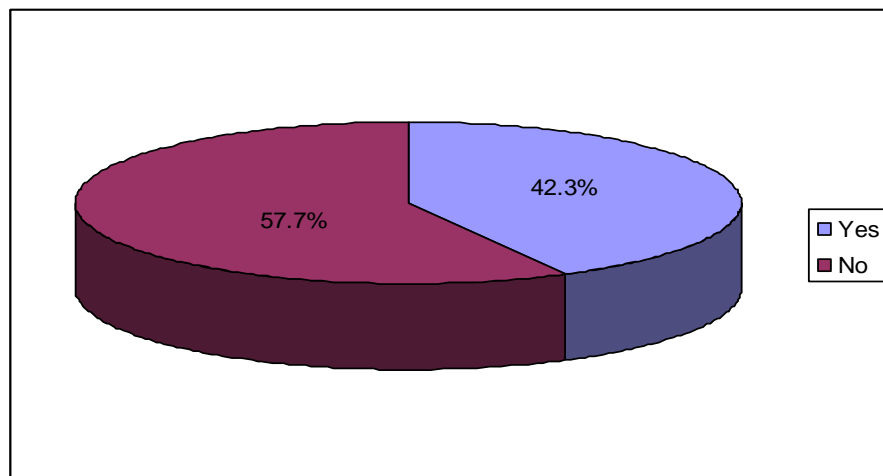
### 8.2 Scale of Participation

There is a widely held view that the small firms are suffering due to the complexity of the bid document currently in operation. It is perceived that while small firms might have the capacity to execute assignments; interpretation of the bid document and submitting, competitive technical and financial are still a major challenge. In this case therefore, the medium term firms with more years of experience and better resource outlay (including human resource) seem to out compete the smaller ones. This however is a perception and was also based on interviews with procurement department staff as no statistics were procured. However, it is also important to point out that in some of the upcountry districts, the majority of the firms fall under small scale enterprises when you consider their annual returns, size of assignments implemented and the human resource capacity.

#### 8.2.1 Competition of Medium and Small Firms in Public Procurement

The survey sought to find out whether the small and medium firms were competing fairly in the public procurement. Figure 8.1 shows the results.

**Figure 8.1: Participation of Big, Small and Medium Firms in Public Procurement.**



Source: Field Data, October, 2009.

Accordingly, 57.7% said that there is no fair competition in public procurement among the medium and small firms. The service providers, who said that there was unfair competition in public procurement among the small and medium firms, were further asked what factors

contributed to the unfair competition and almost all of the respondents said that the medium firms have competitive advantage over the small firms. The respondents who said that medium firms had a competitive advantage over the small firms were further asked which factors contributed to this scenario and Table 8.1 shows the findings.

**Table 8.1: Factors Explaining Competitive Advantage of the Medium Firms over Small Firms in Procurement.**

Reasons for competitive advantage of medium firms over small firms in procurement.	Respondents	
	No.	%
Big have big Financial base	34	17.3
Big firms are more experienced	31	15.7
Big firms can afford Exorbitant bid securities	28	14.2
Big firms can give bigger bribes	26	13.2
Big firms have capacity in terms of resources	24	12.2
Big companies are more formal	18	9.1
Big firms are Technically known	14	7.1
Terms and conditions are the same	12	6.1
Both follow same process	10	5.1
Total	179	100

Source: Field Data, October, 2009.

According to the results, 17.3% of the respondents said that medium firms have big financial base. 15.7% said that medium firms are more experienced. 14.2% said medium firms can afford exorbitant bid securities. 13.2% said that medium firms can afford to give bigger bribes, while 12.2% said that medium firms have capacity in terms of resources. Others were: medium firms are more formal (9.1%); medium firms are technically known (7.1%); Terms and conditions are the same (6.1%); and both follow the same process (5.1%). These views were also corroborated by key informants and procurement unit staff who noted that medium firms have several advantages over small ones particularly in the area of financial and human resource capacity to execute minimum conditions such as bid securities, VAT Registration and returns to URA, among others.

### **8.3 Previous and Current Initiatives for Enhancing Participation of Small and Medium Firms in Procurement**

The procurement unit staff in some of the districts indicated that they do not have funds to train service providers and yet many of them are not aware of the PPDA Act 2003 and guidelines.



*"Where do we go from here, Chaos or Community?"  
Martin Luther King Jr.*

## 9.0 Firm Competitiveness in Procurement

---

### 9.1 Introduction

It is the view of the procurement staff and other key informants that there has been fairness in the participation of both local and foreign firms in the procurement process. While there is no deliberate effort to lock out local firms from bidding for bigger contracts, the bigger procurement contracts is perceived to have mostly gone to the foreign firms, which in most cases are more experienced, have better equipment and capacity to execute the project within stipulated time. The capacity of local firms in undertaking and successfully completing big projects and contracts assignments is still limited in majority of the cases.

### 9.2 Local Firm Participation in Public Procurement

At the local level, especially in agro-processing areas, local firms seem to be preferred to foreign firms. The emphasis on affirmative action to build capacity of local firms appears to have enhanced the competitiveness of the local firms, although for some of the farmer groups, their lack of legal registration at times affect their opportunities in winning contracts. The participation of local firms in the procurement process has also been enhanced by the fact that foreign firms tend to propose higher prices to meet higher operating costs. This is not the case with local firms. There was no evidence to illustrate that PPDA Act 2003 protects local firms.

According to one public official from Wakiso District, Local Government, local firms are preferred to foreign firms, in procurement of goods and services as the local firms are seen as contributing to the enhancement of the local economy and providing local people with employment. The utilisation of local firms is also seen as enhancing ownership of assets developed as people identify more with them. Additionally, it has been indicated that the local firms at time get the opportunity to undertake local assignments as the big firms which might also be foreign rarely bid for small contracts. The size of the contract thus determines whether it will be a medium or small or local or foreign bidding. Other factors determining whether it is a local or foreign firm or small and medium firms also depend on the nature of the contracts. An example given was markets where bigger firms might be interested in bidding for more than one market or a relatively big one.

The perception of participation of local firms however varies across agencies. In Mbarara district, discussion with one of the civil society organisations indicated that local firms are out-competed in public procurement. The following sentiments were expressed:

*It is only mostly foreign firms that do participate because they tend to deal directly with top government agencies (officials) which is corruption itself. Local firms tend to be left out and are denied chances presumably because they are incompetent yet they are not (Source: Mbarara, October, 2009).*

### **9.3 Foreign Firm Participation in Procurement**

Foreign firms are perceived as having better advantage in large scale procurement at the central government level. This mainly applies to large scale physical infrastructure development projects such as road construction, dam construction, and other projects within the energy sector.

### **9.4 Facilitating and Inhibiting Factors for Participation in Public Procurement**

The participation of some local firms is constrained by their limited resources base. Many local firms cannot afford high bid security fees which are demanded in the procurement process. Rigidity of the laws are also seen as affecting participation in public procurement. There is a general agreement among key informants that the ground is not level for competition in the procurement process.

Bigger or medium scale firms are seen as being able to use their own resources to implement contracts and get paid later, whereas this might not be the case with small firms. Medium scale firms are also seen as commanding enough resources to engage in more visible corporate social responsibility which endears them to communities and organisations and also have better management plans and structure which ensures effective service delivery. There is need to adequately build capacity of small firms to compete favourably. This will have to be done in a strategic rather than reactive way.

### **9.5 Enhancing Firm Competition in Procurement**

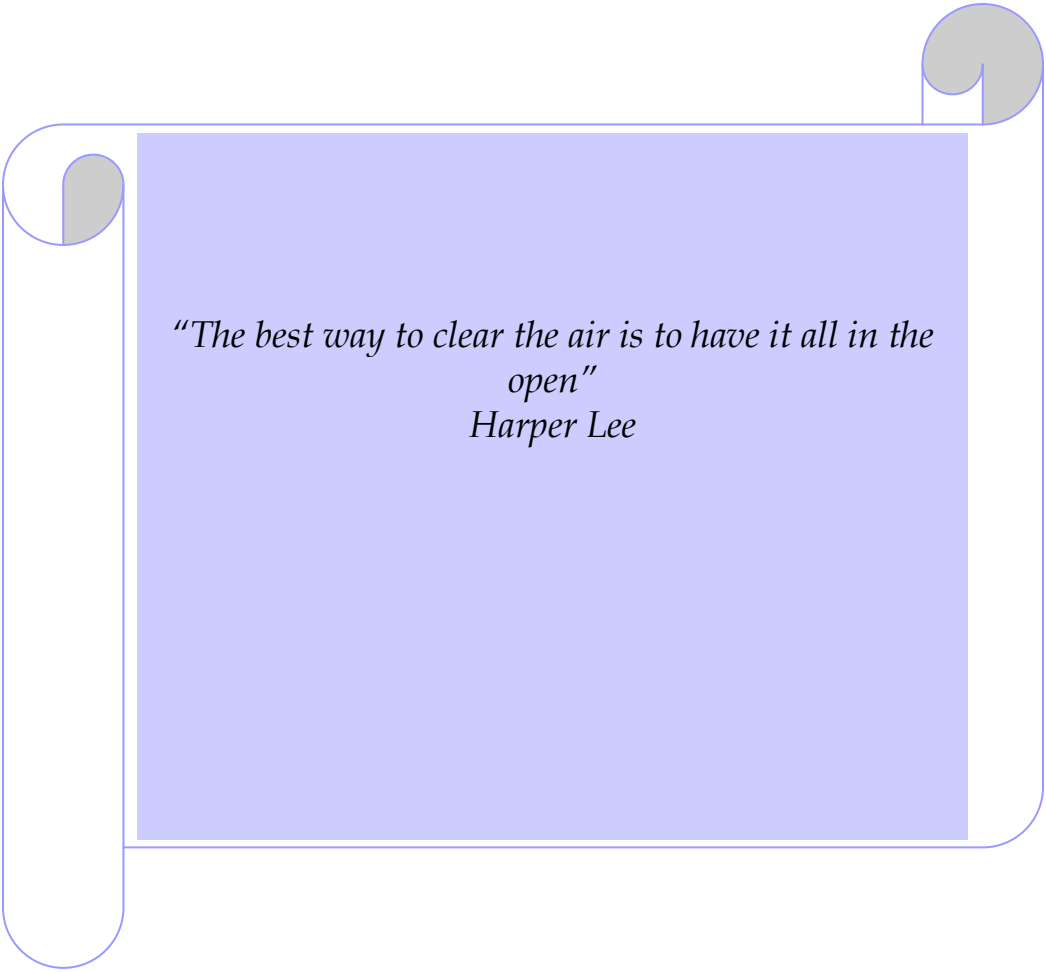
#### **9.5.1 Local Firms**

The participation of local firms in the procurement process both local and national can be further enhanced by building their capacity through training in resources management, procurement processes among others. Knowledge dissemination is seen as another factor which constrains the participation of firms in the procurement process. Many local firms do not utilise initiatives to find out information about tenders and procurement contracts. For schools and institutions, it is even worse as people have negative attitudes about visiting to find out about available tenders. According to one procurement unit staff in northern Uganda:

*Workshops should be organised to teach local firms on how they can compete favourably for jobs. They could be taught on practices such as keeping proper books of accounts so that they can access loans from banks (Source: Gulu, October, 2009).*

#### **9.5.2 Foreign Firms**

Foreign firms, they are looked at as being more reliable because they are bigger, have more resources, financial stability and are believed to supply quality products. In this respect therefore, foreign firms are perceived to have the capability to out compete the local firms.



*"The best way to clear the air is to have it all in the  
open"*  
*Harper Lee*

## **10.0 Emerging Issues and Recommendations for Reducing Corruption in Public Procurement**

---

### **10.1 Emerging Issues**

The efficacy, functionality and versatility of the procurement system is a function of good governance. Achieving effective procurement in Uganda is thus not possible without putting attention to good governance infrastructure. The other important issue which needs to be factored into procurement reforms and management is the aspect of political will which should translate into effective punitive mechanism for people convicted of procurement corruption and giving PPDA the authority to do its work without undue political interference.

The current survey also indicate that collaborative mechanisms which involve the Public procurement and Disposal of Public Assets Authority, the other key anti-corruption agencies and institutions, the local civil society and community action groups is paramount to achieving progress in monitoring procurement and achieving value for money in public procurement.

Again it is imperative to point it out straight away that addressing corruption in procurement requires the participation and cooperation of all stakeholders. Considering that most of the wastage of public resources and graft in public service has to do with one kind of procurement or the other, it is important that practical initiatives with the required political good will from government are conceptualised

### **10.2 Recommendations**

The following short term and long term recommendations arises for the current study. It is important to point out that the complexity of corruption in procurement and the fact that many categories of actors are involved also calls for recommendations which takes these factors into consideration. Shielding public servants from prosecution when they are implicated in procurement related corruption only sends wrong messages and enhances corruption. The following recommendations are made:

#### **10.2.1 Short term Recommendations**

##### **Central Government/Public Service Ministry**

- Strengthen the linkage among Anti corruption institutions notably the Inspectorate of Government, the Auditor General, the PPDA, The Directorate of Ethics and Integrity, the criminal Investigations Directorate of the Police, and the Public Accounts Committee of Parliament. It is noted that the forum for anti corruption organisation is already established but it is currently a loose institution. The forum should be revived and made to meet

regularly to respond to pertinent issues. The leadership of the forum can be rotated across the various anti-corruption agencies.

- The corrupt public officials who are identified should be isolated so that they are denied space to enjoy their loot. This is a best practice in countries like Singapore and through this community action they have succeeded in stamping out corruption. These officials should be investigated prosecuted, imprisoned and made to return the assets acquired through corruption. The aim is to implement laws that make corruption a very high-risk undertaking. Corruption has escalated in Uganda largely because of lack of effective sanctions against unscrupulous and corrupt public officials
- Support the effective operation of the anti corruption court. This can be done through review of the constitutional rights regarding application for bails by persons convicted of corruption. Bail should only be applicable to non-convicts.
- It is imperative that government develops mechanism to address the entrenched nature of corruption. It is also foolhardy to expect public servants to behave differently when corruption pervades the entire society. Addressing procurement corruption is thus also incumbent upon the socio-economic and macro economic situation within the country. A number of issues therefore comes to mind: macro economic policies which puts money into the pockets of people; well targeted micro finance programme which makes Income generating activities accessible to people, promotion of a good climate for conducting business, clear and supportive regulatory frameworks and public officials, and equitable access to public resources across regions, communities and individuals.
- Tightening the loopholes in the public expenditure management systems. It is reported that government loses a lot of money through leakages in the financial management systems and public expenditure processes. There is need to plug these gaps if wastage in public resources are to be handled. As already said above this can be done through making corruption a high risk venture. There is also need to strengthen the inspectorate functions, including supervision, audit, and disciplinary actions on errant officials.

### **Address the welfare of public servants**

Though welfare is not directly linked to procurement, it affects the psychological stature of public servants. The public servants must be motivated, hold positive attitudes and improve willingness to effectively provide public services. Unfortunately public servants in Uganda operate under poor working conditions which include low remunerations, lack of decent housing, and high cost of transport, all which combine to increase stress of the public servants:

- Public Service Pay Reform. This is crucial to the long term fight against corruption. Most public servants indicated that their current salaries cannot meet their current needs which lead to asking for gratification as a supplement. Available evidence also suggests that the current salaries and remunerations of public servants are too low and not congruent with the cost of living. It is recognisable that African families are big and public servants cannot be divorced from their social and family responsibility. It is also preposterous to expect that public servants will give their best efforts and not be tempted to steal when they are being



poorly remunerated. There is therefore need to build sufficient systems, improve remuneration of public servants so that they are motivated to carry out assignments objectively and professionally.

- Social Insurance: Many public servants steal or get embroiled in corruption to improve their social welfare. Where social and health insurance are well implemented and regulated, it is possible that these social safety nets will make crucial contribution to addressing corruption in the general society and also in public procurement. It is imperative that social insurance schemes should make it easier for the subscribers to access their savings for developmental activity including business investment and housing purposes, even when they are still actively employed.
- Medical insurance: it is imperative that public servants and their immediate family should be given adequate medical insurance which covers both out-patient and in-patient care. This would act as a strong motivation for public service employment and significantly minimise corruption tendencies among public servants.
- Housing: it is recommended that public servants access decent accommodation. This can be done through facilitating them to acquire mortgages which they can use to acquire own accommodation. Similarly it is proposed that public vehicles be disposed off and instead public servants be encouraged to acquire won vehicles. This would improve vehicle sustainability.

## **PPDA**

- Implement affirmative action to encourage local firms (small, medium and big) to compete for contracts. Work out a mechanism of building the capacity and supporting the participation of local firms in the procurement process but put quality consideration as the most important issue in contracts award. This therefore implies that training and sensitization should be very strong for local firm to compete effectively and yet produce quality works. This leads to capacity building, employment creation and economic development.
- Translation of PPDA guidelines into local languages would go along way in increasing public knowledge on public procurement processes. It is important to point out that there are many service provider organisation led by entrepreneurs who do not have a very good command of the English language
- Review the time available to evaluate tenders, to reduce costs of doing business. In some countries such as Rwanda it takes only three steps in two days to establish a business while in Uganda it takes 28 steps in 25 days. It is proposed that the 25 steps be reduced using the “*caravan approach*” where there is one stop centre for licensing businesses.
- Address issues pertaining to independence and transparency of the contracts committee. Ensure and set strict guidelines for all procurement units to ensure that members of the contracts committee at all levels, including sub county are people who are competent in the

relevant fields. Come up with clear guidelines and procedures to address issue of conflict of interest. There is also need to halt political interference and instil political accountability in public service.

- Evaluation time frame: it is important that PPDA sponsors a reform in the law to check on the time taken to initiate and accomplish a public procurement. There is need to shorten this to increase both efficiency and reduce costing challenges when proposals might be overtaken by changes in the economic situation within the country. The good practices that needs to be studied is Rwanda's and Mauritius' procurement systems.
- Sensitisation and training on how to prepare bid documents. This can be done through a number of channels including local radio programmes. While the country is endowed with a well distributed FM radio stations the stations have not been well utilised. Hosting talk shows on local radios throughout the country is one way of enhancing knowledge on PPDA in the country.

#### **District local governments/ civil society**

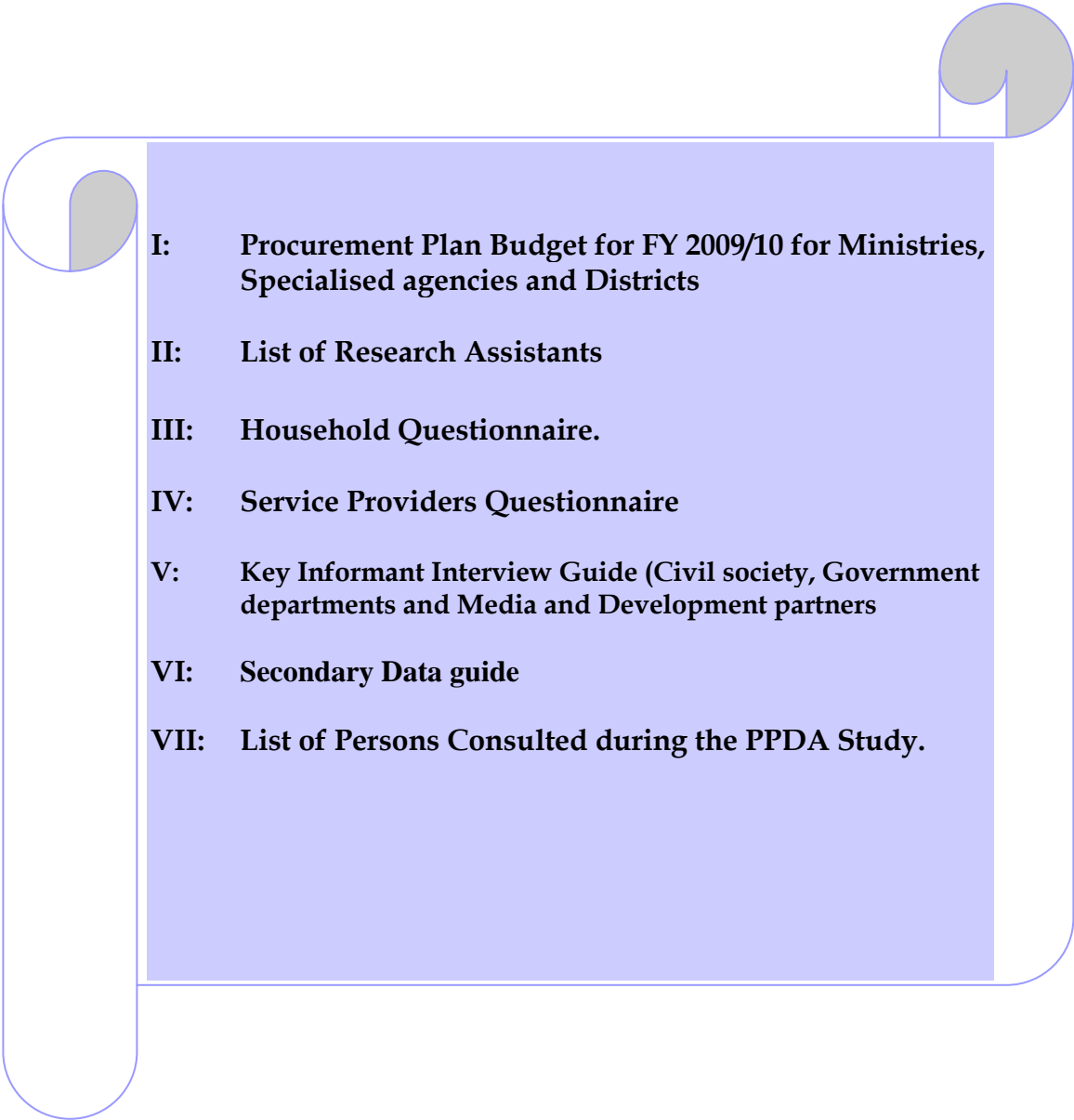
- Empower communities with information to monitor projects under implementation in their localities. Most of the procurements lack value for money due to lack of information on the specifications on procurements.
- Set up and facilitate a reporting system and whistle blowing system at the district level to ensure the whistle blowers are protected and well rewarded. This can be done through establishment of telephone hotline. A competent civil society organisation can be contracted to manage such a system.
- Programmes to build capacity of local government personnel on procurement planning.

#### **10.2.2 Long Term Recommendations**

- Inculcating a National Value System that cherishes morality, integrity and accountability. This should be done in homes, schools, religious institutions and tertiary institutions. Corruption in Uganda has been adopted as an acceptable way of life and institutionalised where the corrupt are glorified<sup>11</sup>. This can only be reversed by building a National Value System where there is need for a re-conceptualisation of corruption as a vice.

---

<sup>11</sup> Republic of Uganda; National Integrity Survey 2008

- 
- I: Procurement Plan Budget for FY 2009/10 for Ministries, Specialised agencies and Districts**
- II: List of Research Assistants**
- III: Household Questionnaire.**
- IV: Service Providers Questionnaire**
- V: Key Informant Interview Guide (Civil society, Government departments and Media and Development partners)**
- VI: Secondary Data guide**
- VII: List of Persons Consulted during the PPDA Study.**

**Annex I: Procurement Plan Budget for FY 2009/10 for Ministries & specialised agencies**

	<b>Entity</b>	<b>Budget FY 2009/10 (Ug.Shs)</b>
<b>1</b>	NEMA	6,783,335,886.00
<b>2</b>	Jinja Referral Hospital	2,789,626,000.00
<b>3</b>	UNEB	23,802,645,881.00
<b>4</b>	Mbarara University	5,583,361,000.00
<b>5</b>	Capital Markets Authority	1,630,961,463.00
<b>6</b>	Ministry of Lands Housing and Urban Development	7,116,886,600.00
<b>7</b>	Dairy Development Authority	720,058,000.00
<b>8</b>	Uganda Electricity Generation Company	866,250,000.00
<b>9</b>	Auditor General	8, 359, 243, 200.00
<b>10</b>	MOES	93,145,038,000.00
<b>11</b>	DPP	4,322,141,000.00
<b>12</b>	Kilembe Mines	1,533,049,498.00
<b>13</b>	Uganda Lands Commission	918,792,280.00
<b>14</b>	Arua Referral Hospital	2,530,000,000.00
<b>15</b>	UHRC	1,206,446,300.00
<b>16</b>	Gulu University	1,482,309,961.00
<b>17</b>	Gulu Referral Hospital	582,792,000.00
<b>18</b>	National Medical Stores (Non trading stock)	4,348,537,500.00
<b>19</b>	MOFPED (Privatisation Unit)	12,333,179,880.00
<b>20</b>	Amnesty Commission	1,677,840,000.00
<b>21</b>	Uganda National Roads Authority	791,754,000,000.00
<b>22</b>	Office of the President	2,090,230,000.00
<b>23</b>	Uganda Communication Commission	39,437,194,255.00

24	Ministry of ICT	6,260,200,000.00
25	URA	19,762,937,195.00
26	Mbale Hospital	2,057,416,000.00
27	UPPC	639,393,267.00
28	Lira Regional Referral Hospital	3,597,842,196.00
29	Uganda Indust. Res. Orgn	7,605,511,900.00
30	ESO	3,617,940,000.00
31	Mulago Hospital	17,523,712,000.00
32	NCS (National Council of Sports)	55,572,500.00
33	Soroti Regional Referral Hospital	9,540,773,000.00
34	Uganda Lands Commission	918,792,280.00
35	LGFC Commission	158,300,000.00
36	UCDA	1,786,710,000.00
37	Electricity Regulatory Authority	1,199,923,920.00
38	Cotton Development Authority	9,930,850,000.00
39	NSSF	34,469,268,004.00
40	NCDC	2,999,289,500.00
41	NARO (GOU)	530,840,644.00
42	Civil Aviation Authority	59,576,308,000.00
43	UIA	17,636,661,000.00
44	Posta Uganda	4,557,067,200.00
45	Courts of Judicature	4,945,775,148.00
46	Uganda Exports Promotions Board	647,032,805.00
47	Butabika Hospital	2,705,360,000.00
48	Health Service Commission	1,395,604,000.00
49	Fort Portal Hospital	2,432,700,000.00

50	Kabale Hospital	2,722,866,898.00
51	Hoima Regional Hospital	2,207,721,000.00
52	Soroti Regional Referral Hospital	9,540,773,000.00
53	Uganda Prisons (HQS)	15,652,639,000.00
54	Uganda Police	44,869,172,250.00
55	Electoral Commission	41,387,371,000.00
56	UEDCL	4,040,971,437.00
57	Ministry of Lands Housing and Urban Development	7,116,886,600.00
58	Uganda Wildlife Authority	1,250,539,549.30
59	Public Service Commission	991,605,800.00
60	Population Secretariat	2,054,853,100.00
61	National Forestry Authority	4,783,909,500.00
62	UETCL	28,574,261,191.00
63	Minsitry of Tourism, Trade and Industry	4,901,876,844.00
64	Law Development Centre	2,382,300,269.00
65	Rural Electricity Agency	56,948,472,500.00
66	MOGLSD	4,126,282,452.00
67	Ministry of Water and Environment	128,970,735,400.00
68	MAAIF	16,289,379,000.00
69	MOFPED	28,758,596,860.00
70	Min of Local Government ***	16,707,456,637.00
71	OPM	28,405,034,344.00
	<b>Total</b>	<b>1,675,890,160,694.30</b>
	*** less costs of feeder road maintenance and market costs	
	Exchange Rates \$ to Ug.Shs 1 to 1890; Euro to Ug.Shs 1 to 2850	

**Source: Procurement Plans submitted to PPDA and Ministerial Policy Statements for FY 2009/2010**

**Procurement Plan Budget for District Local Governments and Municipalities FY 2009/10**

	<b>District</b>	<b>Total</b>
<b>1</b>	Budaka District Local Government	2,146,920,000.00
<b>2</b>	Bugiri District Local Government	
<b>3</b>	Kaabong District Local Government	3,804,581,000.00
<b>4</b>	Kabale District Local Government	7,037,900,757.00
<b>5</b>	Moroto Municipality Council	1,370,228,720.00
<b>6</b>	Nakaseke District Local Government	3,102,429,784.00
<b>7</b>	Dokolo District Local Government	5,017,458,731.00
<b>8</b>	Pallisa District Local Government	6,977,521,335.00
<b>9</b>	Kaliro District Local Government	3,768,919,000.00
<b>10</b>	Kabarole District Local Government	1,546,822,508.00
<b>11</b>	Mbarara District Local Government	2,086,642,902.00
<b>12</b>	Lira District Local Government	3,749,691,970.00
<b>13</b>	Moyo District Local Government	5,998,921,920.00
<b>14</b>	Kabale Municipality Council	824,314,058.00
<b>15</b>	Amuria District Local Government	3,584,485,231.00
<b>16</b>	Kotido District Local Government	8,646,392,033.00
<b>17</b>	Kiruhura District Local Government	3,512,846,220.00
<b>18</b>	Bududa District Local Government	2,731,596,037.00
<b>19</b>	Sembabule District Local Government	1,998,308,831.00
<b>20</b>	Bukedea District Local Government	2,159,315,396.00
<b>21</b>	Mukono District Local Government	7,998,758,000.00
<b>22</b>	Oyam District Local Government	13,067,603,065.00
<b>23</b>	Mityana District Local Government	3,081,580,296.00
<b>24</b>	Isingiro District Local Government	4,244,362,319.00
<b>25</b>	Kamwenge District Local Government	6,848,853,300.00
<b>26</b>	Hoima District Local Government	3,650,869,767.00
<b>27</b>	Tororo District Local Government	13,250,607,161.00
<b>28</b>	Soroti District Local Government	5,118,574,510.00
<b>29</b>	Tororo Municipality Council	8,106,032,878.00
<b>30</b>	Pader District Local Government	10,567,444,916.00
<b>31</b>	Butaleja District Local Government	4,659,010,485.00
<b>32</b>	Mayuge District Local Government	3,342,185,278.00
<b>33</b>	Kalangala District Local Government	6,760,852,992.00
<b>34</b>	Koboko District Local Government	1,682,775,000.00
<b>35</b>	Rukungiri District Local Government	2,030,957,009.00

36	Kaberamaido District Local Government	2,631,708,107.00
37	Bukwo District Local Government	2,180,508,482.00
38	Manafwa District Local Government	4,837,041,494.00
39	Namatumba District Local Government	2,066,207,789.00
40	Kabarole District Local Government	1,546,822,508.00
41	Maracha District Local Government	4,788,036,015.00
42	Soroti Municipality Council	1,589,639,133.00
43	Katakwi District Local Government	7,521,939,668.00
44	Ibanda District Local Government	3,619,397,027.00
45	Mubende District Local Government	3,454,128,000.00
46	Rakai District Local Government	3,442,665,524.00
47	Iganga District Local Government	3,251,961,397.00
48	Nakasongola District Local Government	3,214,614,645.00
49	Kumi District Local Government	4,180,117,392.00
50	Kibaale District Local Government	5,172,816,000.00
51	Kisoro District Local Government	6,483,912,659.00
52	Kiboga District Local Government	3,768,255,497.00
53	Luwero District Local Government	4,234,240,643.00
54	Kyenjojo District Local Government	4,527,916,697.00
55	Gulu Municipality Council	4,195,168,001.00
56	Entebbe Municipality Council	1,454,530,828.00
57	Lira Municipality Council	4,144,093,507.00
58	Masaka Municipality Council	2,044,749,669.00
59	Jinja Municipality Council	2,823,820,129.00
60	Mbarara Municipality Council	1,999,049,657.00
61	Masaka District Local Government	5,703,899,653.00
62	Kasese District Local Government	6,644,814,851.00
63	Gulu District Local Government	10,490,982,961.00
64	Yumbe District Local Government	7,833,258,661.00
65	Bushenyi District Local Government	5,638,028,815.00
66	Kamuli District Local Government	3,805,731,338.00
67	Bugiri District Local Government	6,325,970,244.00
	<b>Total</b>	<b>300,091,790,400.00</b>
	<b>Sixty seven districts and municipalities</b>	

**Source: Procurement Plans for FY 2009/2010 submitted to PPDA**



## **Annex II: Research Team**

### **Principal Consultant**

**Prof. Augustus Nuwagaba**

### **Associate Consultants**

- 1. Mr. Eric Awich Ochen (PhD Cand.)**
- 2. Miss. Jane Kamunyi**
- 3. Mr. Charles Rwangoga**

### **Research Assistants**

1. Anguzu Derrick
2. Asimwe Caroline
3. Asimwe Emmanuel
4. Asio Betty Belinda
5. Atubangira R. Ronald
6. Ayebazibwe Catherine
7. Byaruhanga Timothy
8. Chandiru Winnie
9. Kakuru Robert
10. Kaula Henry
11. Kyarisiima Patience
12. Mbabazi Janet
13. Mirembe Caroline
14. Mitala Denis
15. Muhame Robert
16. Ndyamuhaki Dickson Bill
17. Okello Robert
18. Rutahindwa Sam
19. Tumwesigye Robert
20. Zawedde Hanifa

Annex III:

**2<sup>ND</sup> PUBLIC PROCUREMENT AND DISPOSAL OF PUBLIC ASSETS AUTHORITY (PPDA)  
INTEGRITY SURVEY**

**HOUSEHOLD QUESTIONNAIRE**

**1.0 Introduction of the Interviewer**

Good morning/afternoon. My name is ....., an Interviewer from REEV Consult International. REEV Consult International has been contracted by PPDA to carry out the 2<sup>nd</sup> Integrity Survey in Public Procurement in Uganda. You have been selected randomly to participate in this exercise. Your views and comments will be appreciated and treated confidentially.

*(R/A: Establish that the respondent has minimum Education of S.4)*

**Pre- Interview Information / Location information**

Date: ..... Interview Number 

--	--	--

District: .....Sub County: .....

Village.....

Name of interviewer: ..... Signature .....

Name of supervisor: ..... Signature.....

**200 PERSONAL INFORMATION OF THE RESPONDENT**

	Question	Coding Category
201	Sex	Male .....1 Female.....2
202	Age	18 – 34 .....1 35 – 44.....2 45 – 54.....3 55 and Above.....4
203	Level of Education	Never went to formal school.....1 Primary Level .....2 Secondary Level .....3 Tertiary Institution .....4 University.....5
204	Marital Status	Single.....1 Married.....2 Separated.....3 Divorced.....4 Widowed.....5
205	Occupation	Agriculture.....1 Civil service .....2 Private Business.....3 Others (Specify).....4

208	Position in Household	Head of household .....1 Spouse.....2 Other (specify).....3
207	Nationality	Ugandan.....1 Non-Ugandan.....2

**300 INFLUENCE OF CORRUPTION IN PUBLIC PROCUREMENT AND DISPOSAL**

	Question	Coding Category
301	What forms of corruption are you aware of in this area?	Bribery.....1 Embezzlement of public funds.....2 Extortions.....3 Inflation of tender costs.....4 Others (Specify) .....5
302	What is your view of corruption?	Bad.....1 Good.....2
303	Give reasons for your answer in 302.	..... .....
304	In your opinion, what should be done to Public officials who are found to engage in corruption?	Arrested and charged.....1 Dismissed immediately.....2 Refund misappropriated resources.....3 Other (specify).....4
305	In the last one year, were any public projects implemented in your area?	Yes.....1 No .....2
306	If Yes, which ones?	Road works.....1 School facility supported by Government.....2 Public Toilets.....3 Health Centre construction.....4 None.....5 Others (Specify).....6
307	In the projects which were implemented in your area, were there any incidences of corruption that influenced the award of the contract (s)?	Yes.....1 No.....2
308	What was the effect of those corrupt incidences on the quality of the product?	Poor quality services.....1 Conflict between service providers and the community .....2 Increased cost of service.....3 Delayed provision of a service.....4 No effect at all.....5 Others (Specify).....6
309	In the projects that were implemented in your area during the last year was the community involved in monitoring?	Yes.....1 No.....2

310	Where monitoring was done, how effective was it?	Improved quality of service .....1 Reduced cost of the service.....2 Timely completion of Projects.....3 Others (Specify) .....4
311	Where the community did not monitor the projects what was the outcome in terms of quality of product?	Poor quality services..... 1 Inflated costs of projects.....2 Delay in completion of projects.....3 Others (Specify).....4
312	When irregularities are detected in awarding public contracts in your area how can the community react?	Reject the project.....1 Report to authorities.....2 Organize civil disobedience .....3 Do nothing.....4 Other ( specify).....5
313	Have there been any cases in your area where irregularities were detected in awarding contracts for public projects?	Yes.....1 No.....2
314	<b>If Yes</b> , what action did your community take?	Rejected the project.....1 Reported to authorities.....2 Organized civil disobedience .....3 Did nothing.....4 Other ( specify).....5
315	For those whose response is <b>“Did nothing”</b> in 313; what were the reasons?	Do not know action to take.....1 Fear retribution.....2 Apathy (I don’t care attitude).....3 Other (specify).....4
316	What challenges do communities face in monitoring public projects?	Lack of information on the project .....1 Inadequate knowledge of the procurement process.....2 Apathy (I don’t care attitude).....3 Cost of monitoring.....4 Others (specify).....5
317	How can communities be empowered to be able to monitor public projects in their areas?	Sensitisation.....1 Participation in planning the projects.....2 Others (Specify)..... 3

#### 400 AWARENESS OF PPDA AND ROLES IN MONITORING PUBLIC PROCUREMENT

	Question	Coding Category
401	Have you ever heard of the Public Procurement and Disposal of Public Authority (PPDA)? <b>If No, skip to No. 406</b>	Yes.....1 No.....2
402	If yes, where did you get the information about PPDA?	Print Media .....1 Electronic Media (Radio/TV).....2 Sensitisation by the local leaders.....3 By word of mouth.....4 Others (specify).....5

403	What is the role of PPDA in Procurement and Disposal of Public Assets?	<p>Ensure application of fair, competitive, transparent, non-discriminatory and value for money procurement and disposal standards and practices.....1</p> <p>Harmonise procurement and disposal Policies, systems and practices.....2</p> <p>Set standards public procurement.....3</p> <p>Monitor compliance of procurement and disposing entities.....4</p> <p>Build procurement and disposal capacity .....5</p> <p>I do not know.....6</p> <p>Other (specify).....7</p>
404	How would you rate the performance of PPDA towards achieving their objectives?	<p>Highly.....1</p> <p>Fairly.....2</p> <p>Poorly .....3</p>
405	Give the reasons for your answer in 404 above	<p>.....</p> <p>.....</p>
406	The establishment of the PPDA was to address corruption in public procurement. In your opinion has this objective been achieved?	<p>Yes.....1</p> <p>No.....2</p>
407	In your opinion, what can the <b>following</b> do in the fight against corruption in public procurement	
i)	Members of the Public	<p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>
ii)	Civil Society Organisations (NGOs and CBOs)	<p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>
iii)	Local Government (Districts, Municipalities, Sub-counties)	<p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>
iv)	Central Government (Ministries, Agencies, Departments)	<p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>
v)	Anti-Corruption Agencies (institutions fighting corruption eg IGG, DPP,Police)	<p>.....</p> <p>.....</p>

Annex IV:

**2<sup>ND</sup> PUBLIC PROCUREMENT AND DISPOSAL OF PUBLIC ASSETS AUTHORITY  
(PPDA) INTEGRITY SURVEY**

**INTERVIEW SCHEDULE FOR SERVICE PROVIDERS**

**Name of the organisation .....**

**Position .....**

**Line of Business.....**

**Location: District/Municipality.....**

**Contact: Telephone Number.....**

**Name of the Interviewer .....**

**1.0. Awareness of providers about PPDA Act and their participation in procurement process.**

<b>100</b>	<b>Question</b>	<b>Coding Category</b>
101	In 2003, GoU, introduced reforms in the Procurement sector that included; the PPDA Act (2003). Are you aware of this Act? <b>If No, skip to 106</b>	Yes.....1 No.....2
102	Through what means did you get to know the Act?	Electronic media.....1 Print media.....2 Workshops and Seminars.....3 I have a copy of the PPDA Act (2003).....4 Other (specify).....5
103	Have you read the PPDA Act (2003)?	Yes.....1 Some parts of it.....2 No.....3
104	If yes, how does it strengthen the fight against corruption in public procurement?	.....1 .....2 .....3 Other (specify).....4.
105	In your opinion are there areas in public procurement process that PPDA Act (2003) does not adequately address?	..... ..... .....
106	How can the PPDA Act (2003) be strengthened to fight corruption in public procurement?	..... ..... .....
107	The PPDA process includes several stages i.e. tendering, contracting and Disposal of public assets. Are these processes clear to you?	Yes.....1 No.....2

108	If yes, does your organization apply the procurement procedures as provided in PPDA Act (2003)?	Never applied .....1 Poorly applied.....2 Moderately applied.....3 Strictly applied.....4
109	There is a PPDA Operational Manual to guide service operators to follow the PPDA guidelines. Do you have a copy of it?	Yes.....1 No.....2
110	Are you aware of the complaints system mechanism about corruption in procurement? <b>If No, skip to 112</b>	Yes.....1 No.....2
111	If yes, where can you report the complaint?	Contracts Committee.....1. PPDA.....2. Police.....3. IGG.....4. Local Councils.....5. Other (specify).....6.
112	Has your organisation ever reported a case of corruption in procurement since 2006? <b>If No, skip to 118</b>	Yes.....1 No.....2
113	What was the complaint?	Advertisement run for less time.....1 Some bids were smuggled in after submission time.....2 Evaluation process was not transparent.....3 Contract was unfairly awarded.....4 Other (specify).....5
114	Where did you report?	Contracts Committee.....1. PPDA.....2. Police.....3. IGG.....4. Local Councils.....5. Other (specify).....6.
115	Was your complaint addressed?	Yes.....1 Still pending.....2 No.....3
116	If complaints already addressed, were you satisfied with the outcome?	Yes.....1 No.....2
117	How can the complaints system be improved?	..... ..... ..... .....
118	If no, what were the reasons for not reporting?	No cases of corruption to report.....1 Fear of retribution.....2 High Cost of reporting.....3 Even if reported nothing will be done.....4 Other (specify).....5

## 2.0 Perceptions of Corruption in the Procurement and Disposal Process

200	Question	Coding Category
201	The public perception is that corruption influences the outcome of public procurement. To what extent do you agree with this statement?	Agree.....1 No comment .....2 Don't agree.....3
202	Explain your answer in 201	..... ..... ..... .....
203	In your opinion is there corruption in public procurement? <b>If No, skip to 207</b>	Yes.....1 No.....2
204	If yes, at what stage of the procurement / disposal process is corruption most prevalent?	Advertising.....1 Receipt and opening of bids.....2 Evaluation of bids.....3 Review of evaluation of bids.....4 Award of contracts.....5 Signing contracts.....6 Contract monitoring.....7 Contract performance evaluation.....8 Other (specify).....9
205	Why is corruption most prevalent at the stage indicated in <b>question 202</b> ?	..... ..... ..... .....
206	<b>Select one stage</b> in the procurement process and propose solutions for addressing corruption at <b>that stage</b> ?	..... ..... ..... .....
207	What challenges do you foresee in implementing the proposed solutions in <b>204</b> ?	..... ..... ..... .....
208	In your opinion, where is corruption in procurement most prevalent?	Central Government.....1 Local Government .....2
209	Explain your answer in 208	..... ..... ..... .....
210	What factors explain prevalence of corruption among public officials in the procurement process?	Low salary.....1 Greed.....2 Ineffective punishment measures.....3 Job Insecurity.....4 Public ignorance of rights.....5 Poor Supervision.....6



		Other (specify).....7
211	If a service provider pays a bribe, is he/she sure he/she will receive the favour?	Highly certain.....1 Somehow certain.....2 Not certain.....3

### 3.0 Procurement Reforms

300	Question	Coding Category
301	GoU introduced reforms in the procurement sector in 2003. Which specific reforms are you aware of?	Enactment of PPDA Act (2003).....1 Abolition of Central purchasing Corporation and Establishment of procurement Units in Sectors agencies.....2 Standardisation of the procurement process/ Procurement Guidelines.....3 Transparency in Evaluation of Tenders.....4 None.....5 Others.....6
302	In your opinion how have the reforms affected your doing business with government in procurement?	..... ..... ..... .....
303	Do big and small/medium firms compete fairly in public procurement business?	Yes.....1 No.....2
304	If <b>NOT</b> : who has advantage over the other?	Big.....1 Small/ medium.....2
305	What factors explain the differences?	..... ..... .....
306	How have the reforms changed the behaviour of public officials in procurement?	Less corrupt.....1 Remained the same.....2 More corrupt.....3
307	In your opinion what has been the effect of the reformed laws and regulations on procurement processes.	Promoted transparency.....1 Increased competitiveness.....2 Improved accountability.....3 Other (Specify).....4
308	Overall, what has been the effect of procurement reforms on quality of service?	Improved.....1 Remained the same.....2 Deteriorated.....3
309	Please explain your answer.	..... ..... ..... .....

310	In your opinion: a) what have been the main challenges to achieving the objectives of the procurement sector reforms, b) what solutions do you propose? <b>(Interviewer explain the reforms to the respondent)</b>			
	<b>Objectives of PPDA</b> <ul style="list-style-type: none"><li>• Ensure application of fair, competitive, transparency, non-discriminatory and value for money procurement and disposal standards and practices</li><li>• Harmonise procurement and disposal</li><li>• Policies, systems and practices</li><li>• Set standards public procurement</li><li>• Monitor compliance of procurement and disposing entities</li><li>• Build procurement and disposal capacity</li></ul>			
	<b>Reform</b>	<b>Challenge in meeting objectives</b>	<b>Proposed solution to the challenge</b>	
a	Enactment of PPDA Act (2003)			
b	Abolition of Central purchasing Corporation and Establishment of procurement Units in Sectors/agencies			
c	Standardisation of the procurement process/ Procurement Guidelines			
d	Transparency in Evaluation of Tenders			
208	In the fight against corruption in procurement, GoU has put in place a number of measures. In your opinion, in what ways have these measures succeeded /failed?			
		Success	Failures	
			Weakness	Solutions
(i)	Institutions (IGG, DPP, Police, PPDA)			
(ii)	Policies (Advertising, Open Bidding)			
(iii)	Legal framework (PPDA Act (2003) Anti-Corruption Law (2008)			

#### 4.0 Financial Management and Procurement

400	Question	Coding Category
401	Does one have to gratify public officials in order to be awarded a government contract?	Yes often.....1 Yes sometimes.....2 No.....3 Don't know.....4
402	Has your organization ever had to gratify government officials before your contract payments were released?	Yes.....1 No.....2
403	If Yes, what percent of contract value was the gratification the last time you did?	1-4.....1 5-9.....2 10-20.....3 Over 20.....4 Don't know.....5
404	If yes, [officials] from which government department [were the gratified officials]?	Central Government.....1 Local Government.....2

THANK YOU

**Annex V: Key Informant Interview Guide (Civil society, Government departments and Media and Development partners)**

**Name of organisation .....**

**Position .....**

**1.0 Perceptions of Corruption in the Procurement Process**

1. Understanding of corruption and perception of the prevalence of corruption in the public sector procurement processes
2. Different forms of corruption; corruption forms that exist in the procurement process
3. In your opinion, what is the level of prevalence of corruption in public?
  - a) in central government procurement units
  - b) in local government procurement units
4. What factors cause corruption in the procurement and disposal of public goods and services?
  - a) at Central government level
  - b) at local government level
5. To what extent are public officials responsible for the *rent seeking* behaviour in the procurement process?
6. How should public officials that get involved in procurement be handled?
7. Which stages of the procurement process are prone to corruption? (**Probe** for ranking)
8. In the respondents' opinion, what are the main causes of corruption in the procurement process?
9. How can corruption at each of the respective stages be best addressed? (**Probe** for stage-specific solutions)
10. What could be the challenges in implementing such stage-specific solutions?
11. GoU has put in place various measures to mitigate corruption in public procurement. In the respondents' opinion, to what extent have the anti-corruption efforts in public procurement succeeded or failed?

- a) at central government level
  - b) at local government level
12. How can these measures be strengthened/made more effective in addressing corruption in public procurement? (**Probe** views from civil society, central government, the public, service providers, and specialised agencies).
13. What kinds of public procurement attract the highest corrupt tendencies?

## **2.0 Procurement Reforms**

14. Are you aware of the procurement sector reforms?
15. What specific reforms in the procurement sector is the respondent aware of?
16. What changes have taken place in the procurement sector since the reforms?
- i. Changes in practices
  - ii. Changes in attitudes of officials responsible for public procurement
  - iii. Changes in laws and regulations
17. What have been the effects of the procurement sector reforms on the following?
- i. Transparency in awarding contracts
  - ii. Value for money/quality of Services provided
18. In your opinion, what are the effects of the new regulations on the performance of PPDA staff?
19. In the respondents' opinion, what have been the main challenges to the procurement sector reforms and how can the challenges be addressed?

## **3.0 Local Firm Competitiveness Versus Foreign Firms**

20. Whether the ground for participating in procurement (local and foreign) if it is level?
21. What factors explain the difference? (negative or positive)
22. How can the procurement process be levelled for both (local and foreign firms)
23. What are the facilitating factors impend local firms' participation in the procurement process?
24. Which factors constrain the participation of local firms in the procurement process?  
Probe factors which determine effective and ineffective participation.
25. What are the facilitating factors for foreign firms' competition in the procurement process?
26. What factors limit the participation of foreign firms in the procurement process?
27. What can be done to enhance local firm competitiveness in the procurement process?

#### **4.0 Small Firms versus Big Firms**

- 28. How is the participation of SMEs and Big firms in the procurement process?
- 29. Establish the participation of SMES and big firms in the procurement process.
- 30. Does any have advantage over the other in winning the tender? Probe for the differences (negative and positive).
- 31. For the respondents who say that the SMEs are disadvantaged. How can the process be levelled? (Probe for policies in place which protects the interest of SMEs?)
- 32. What in your views are the main obstacles to the participation of small and medium level firms in the public procurement processes?
- 33. What other initiatives have been done to enhance the participation of small and medium firms in the procurement process?

#### **5.0 Role of the Public in Monitoring Public Procurement**

- 34. Establish public knowledge of their role in monitoring procurement processes.
- 35. For the respondents who know about PPDA, its laws and regulations, how did they get to know?
- 36. For the respondents who say that public knowledge is limited, what have been the main constraining factors?
- 37. What are the most effective means of disseminating this knowledge to the wider population?

## **Annex VI: Secondary Data guide**

### **Government Expenditure on Procurement**

- 1.0 Government Revenue for FY 2007/08
- 1.1 Government Expenditure on Procurement for FY 2007/08
- 1.2 Percentage of Government Revenue spent on Procurement
- 1.3 Constraints in Expenditure on procurement
- 1.4 Responses to Challenges
- 1.5 Prevalence of corruption in the procurement sector
- 2.0 Proportion of public procurement taken up by local firms
- 2.1 Percentage for foreign firms (East Africa and beyond) that participated in the tendering process in 2007/08; Probe: percentage that bid, percentage that won a contract
- 2.2 Proportion of tender award that go to big firms relative to small and medium term ones

**Annex VII: List of Persons Consulted During the PPDA Study**

Name	Organisation	Designation	Contact
Dr. Patrick Oine	Wakiso District Local Government	Ag. District Production Officer / Chairman Contracts Committee	
Mr Robert Kagwire	Wakiso District Local Government	Assistant District Health Officer	
Mr. Lukwago Charles	Wakiso District Local Government	Procurement officer	
Mrs. Margaret	St. Mary's PTC, Bukedea	Principal	
	AMREF, Soroti Officer	District Coordinator	
Mr. Otiboko Richard	Bukedea District Health Centre IV	Clinical Officer	
Mr. Echulu Peter	Soroti Municipal council	Urban NAADS Coordinator	
Otyau Richard	Soroti Municipal Council	Procurement Officer	
Mr Osoto Joseph Obir	Soroti District Local Government	Speaker of the District Council	
Mr Oyati	Soroti Municipal Council	Chairman Contracts Committee, Inspector of Schools	
Edwin Muhumuza	PPDA	Research Officer	
Cornelia Sabiiti	PPDA	Director Legal and Compliance	
Mr. Twijukye Bob	Together as one Community Development Project (TOCAP), Mbarara	Coordinator	
Mr. Kagwire Robert	Wakiso District Local Government	Assistant District Health Officer	
Mr. Ojambo Ronald	Soroti District Referral Hospital	Procurement Officer	0782070206
Mr. Soddu Paul	Mbale Municipality	NAADS Coordinator	0712923949
	TASO, Mbarara District	Assistant Human Resource Officer	
Mr. Nagudi Regina	Mbale District Local Government	Procurement Officer	
	Mbale District Local Government	CAO	
Mr. John Moses Wotsum	Mbale Municipality	Production Officer / Chairman Contracts Committee	
Mr. Okweerede Joseph	Bukedea District Local Government	Ag. Head Production Department Unit	0712350149
Mr. Haggai Elena	Soroti District Local Government	Procurement Officer	0782718388
Charles Aben	Soroti District Local Government	NAADS Coordinator	



Mr. Waniaye Kenneth	Mbale Municipality Local Government	Deputy Town Clerk	
	Mbale District Local Government	Secretary for Women (councillor)	
Patrick Bwayo	Mbale District Local Government	Head of procurement Unit/secretary Contracts Committee	
Mr. Odeng Moses	Mbale District Referral Hospital	Procurement officer	
Mr Mulyanyuma Aaron	Mbale District, Nakaloke subcounty	Subcounty Chief	
Mr. Mukotani Rugyedo	Uganda Debt Network (UDN)	Senior, Advocacy Communication Officer	
Ms. Margaret Laboone	Bukedea District Local Government	Secretary for Education	
Mr. Gilbert Musinguzi	Anti Corruption Coalition (ACC)	Capacity Building Officer	
Mr. George Manyali	Capital FM	Programmes Controller	
Mr. Fred Situma	Mbale Municipality	Senior Procurement Officer	
Ms. Loy Ijongat	Bukedea District Local Government	Districts NAADS Coordinator	
Mr. Birindwa Rugaba Elijeous	Mbarara District Local Government	Chairman Contracts Committee	078669182
Mr. Buhamé David		NAADS Coordinator	0772604361
Mr. Joel Muhame	Kabale Municipality	LCIV Councillor	0772563696
Mr. Joseph Twongyeire	Kabale Municipality	Procurement officer	
Mr Hasib Sekalema	Kabale Municipal council	Assistant Procurement Officer	
Mr. Rogers Akatwijuuka	Kabale District Local Government	District NAADS Officer	
Miss Adrine Tibenda	Kabale District Local Government	Secretary for Health and Education / councillor Bufundi sub county	
Osinde Odong	Kabale regional Referral Hospital		
Milton Rwabushaija	Kabale national Teachers College		
Robert Tumuhimbise	Kabale District	Businessman	
Mr. Nuwamanya Richard	Kiyooro PTC, Ntungamo	Principal	0777129041 / 0772833142
Mr Gerald Tukamuheebwa	Ntungamo District Local Government	Senior Procurement Officer	
Mr. Sam Mugabi	Ntungamo District Local Government	LCV Councillor	

Mr Stanley Kwikiriza	Itojo Hospital	Administrator	
Mr. Edwin Agaba	Appropriate Revival Initiative for Strategic Empowerment (ARISE) Ntungamo	Coordinator	0772446768
Ms. Aloba Betty Moro	Gulu District Local Government	Assistant Procurement Officer	
Mr. Kitara Makmot	Gulu District Local Government	Vice Chairman and Secretary for Education and Health	
	Gulu Regional Referral Hospital	Medical Superintendent	
Mr Olal Obong Andrew	Gulu District Local Government	District Engineer	0712488416
Mr. Moses Cik	Save the Children Gulu	Regional Manager	0772750619
Christopher Ojok	Gulu Municipal Council	Municipal Engineer	
	Gulu Municipal Council	Procurement Unit	
	Gulu University	Procurement Officer	
	Gulu District Local Government	District Accountant	
Santa Odwar	Gulu District Local Government	Secretary Contracts Committee/ Assistant CAO	0772594299
	Loro Primary Teacher College (PTC), Oyam	Principal	
	Oyam District Local government, Acaba Subcounty	NAADS coordinator	
	Anyeke Health Centre IV, Oyam District	Nursing Officer	0772398004
	Oyam District Local Government	The Chief Administrative Officer	
	Oyam District Local Government	Senior Procurement Officer	
Mr. Olupot Julius	Oyam District Local Government	District Engineer	
	Lira District Local Government	Chairman / Secretary for Works	
	Lira District Local Government	Chief Finance Officer	
	Lira District Local Government	Senior Civil Engineer	
	Lira Municipality	Municipal Council Engineer	
	Lira Municipality	Procurement Officer	
	Lira Referral Hospital	Principal Hospital Administrator	

	Lango College, Lira	Deputy Head Teacher	
	Welt Hunger Hilfe, Lira District	Monitoring and Evaluation Officer	
Mr. Duncan Kalule	Nsamizi Training Institute, Mpigi	Deputy Principal	0772644838
	Mpigi Health Centre IV	In Charge (Medical Officer)	
Mr Joseph Lukwago	Mpigi District local Government	District Engineer	0782470848
Mr Kaggwa Habbib	Mpigi District local Government	Senior Procurement Officer	0752647745
Muhambe Robert	Soroti Municipal Council	Councillor	
Kyarisima Annet	National Anti-Corruption and Legal Aid Network Uganda (NALANU), Kabale	Administrative Officer	0777166758
Birindwa Rugaba Elijeous	Ntare School, Mbarara	Chairman Procurement Committee	0782 669182
Mr Johnson Musinguzi	Mbarara Municipality Council	Head PDU	
Miss Beatrice Byenkya	Mbarara District Local Government	Procurement Officer	
	Africare, Ntungamo Branch	Branch Manager	
	Healthy Child Mbarara	Administrator	0702430788
	Water Aid Uganda, Mpigi	Coordinator	
	Makerere University Walter Reed Project, Kayunga	Procurement Unit	
Bahame David	Kakiika Subcounty, Mbarara	NAADS coordinator	
	Buhara Subcounty, Mbarara	Fisheries Officer	
Manyali George	Capital Fm, Kampala	Programmes Controller	
Gilbert Musinguzi	Anti-Corruption Coalition	Capacity Building Officer	
Mukutoni Rugendo	Uganda Debt Network	Senior Advocacy and Communications Officer	
Mr. Katehangwa	Kayunga District Local Government	Chief Administrative Officer	
Rose Nakalema	Kayunga District Local Government	The District Speaker	
Magala Jacob Were	Kayunga District Local Government	Senior Procurement Officer	