



# Public Procurement and Disposal of Public Assets Authority



## **The Public Procurement procedures and Guidelines on Reservation Schemes to Promote Local Content in Public Procurement**

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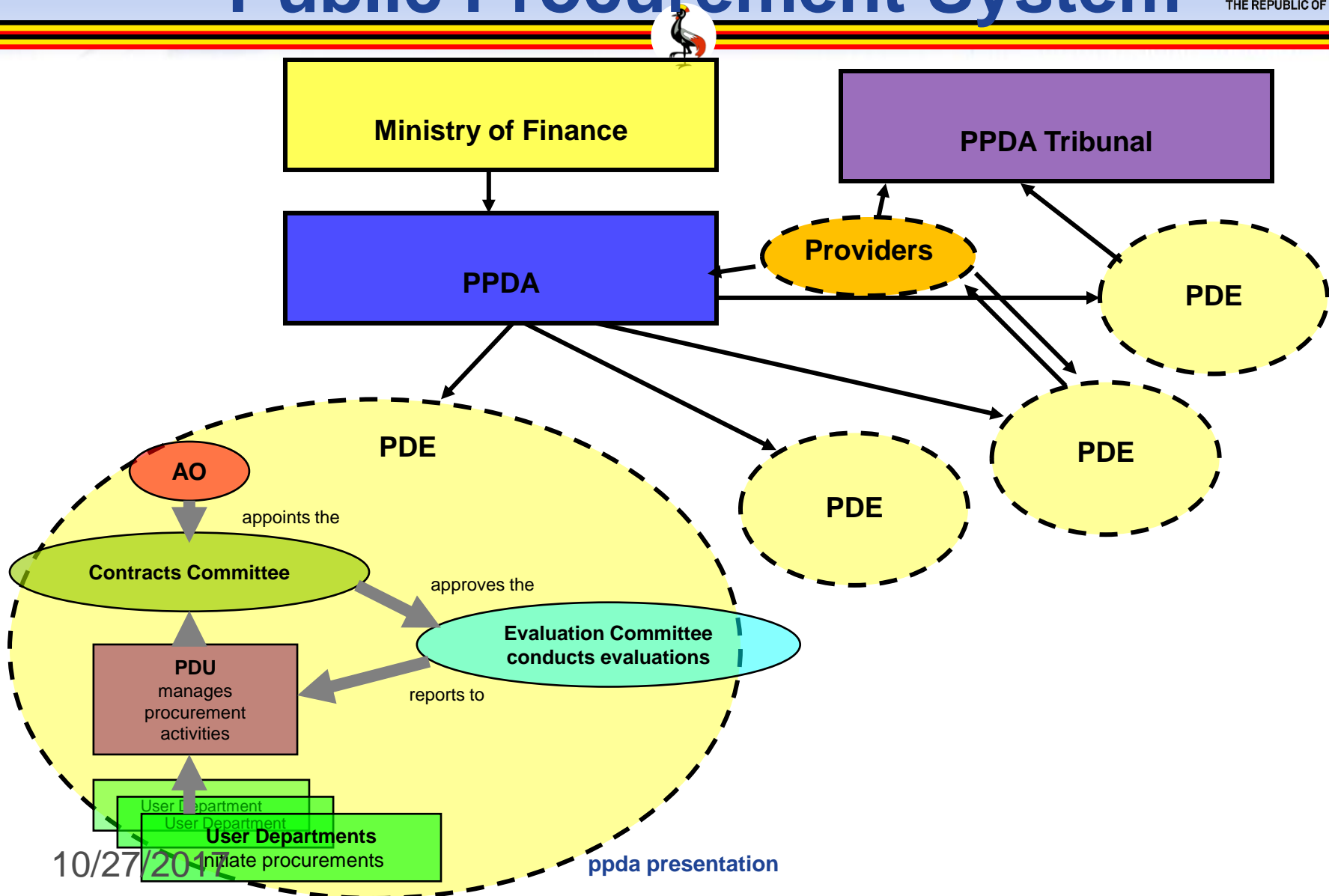


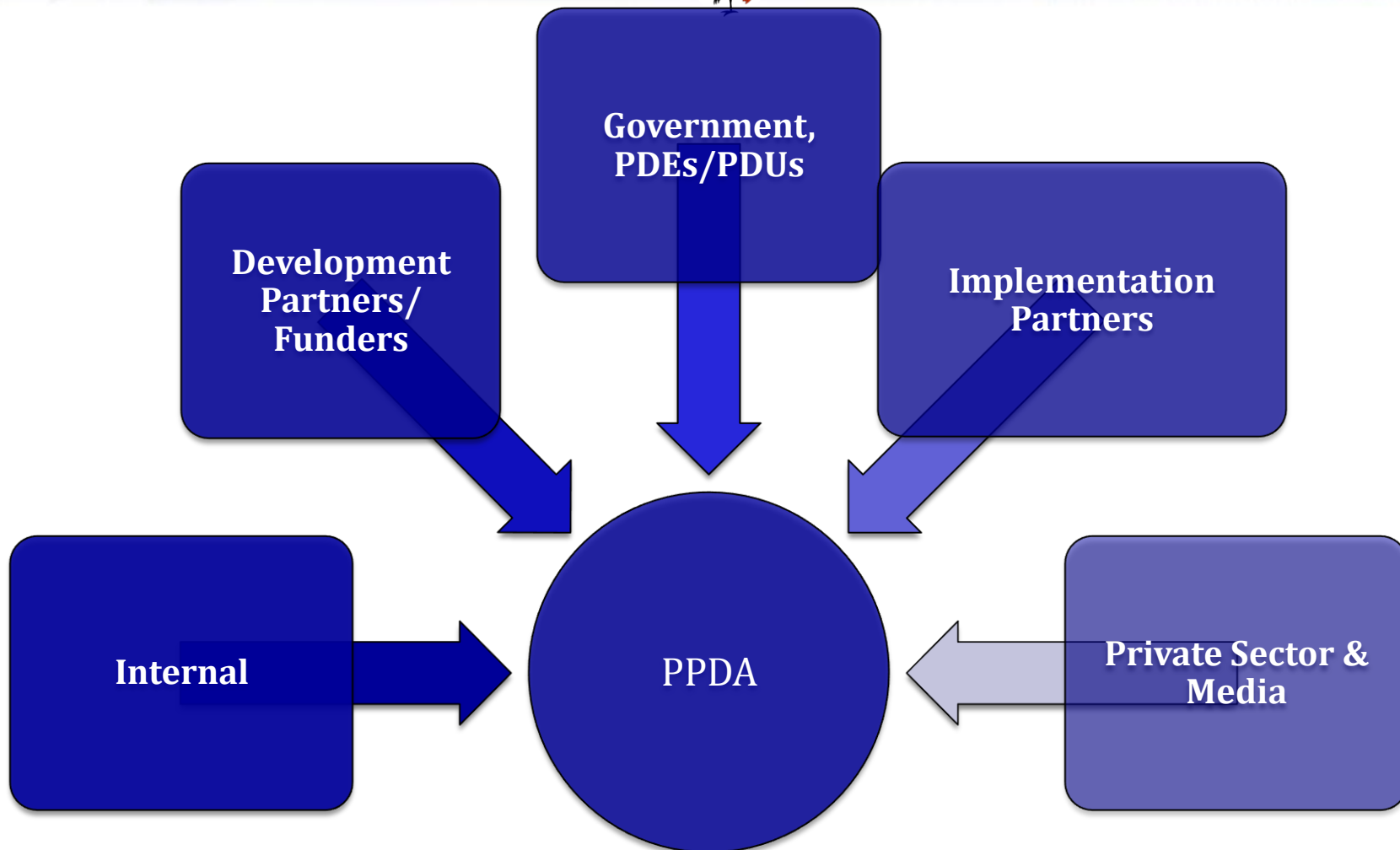
- ❖ Legal Framework in Public Procurement
- ❖ The Public procurement and disposal process
- ❖ Eligibility requirements for bidders
- ❖ Guidelines for Reservation Schemes to Promote Local Content in Public Procurement
- ❖ Eligibility Requirements under the guidelines
- ❖ General Provisions



- ❖ The Public Procurement and Disposal of Public Assets Act 2003
- ❖ The Public Procurement and Disposal of Public Assets, Regulations 2014.
- ❖ The Local Government (Public Procurement and Disposal of Public Assets) Regulations, 2006.
- ❖ Guidelines issued by PPDA for Central & Local Governments.
- ❖ Standard Bidding documents issued by PPDA for Central and Local Governments.

# Institutional Framework of the Public Procurement System



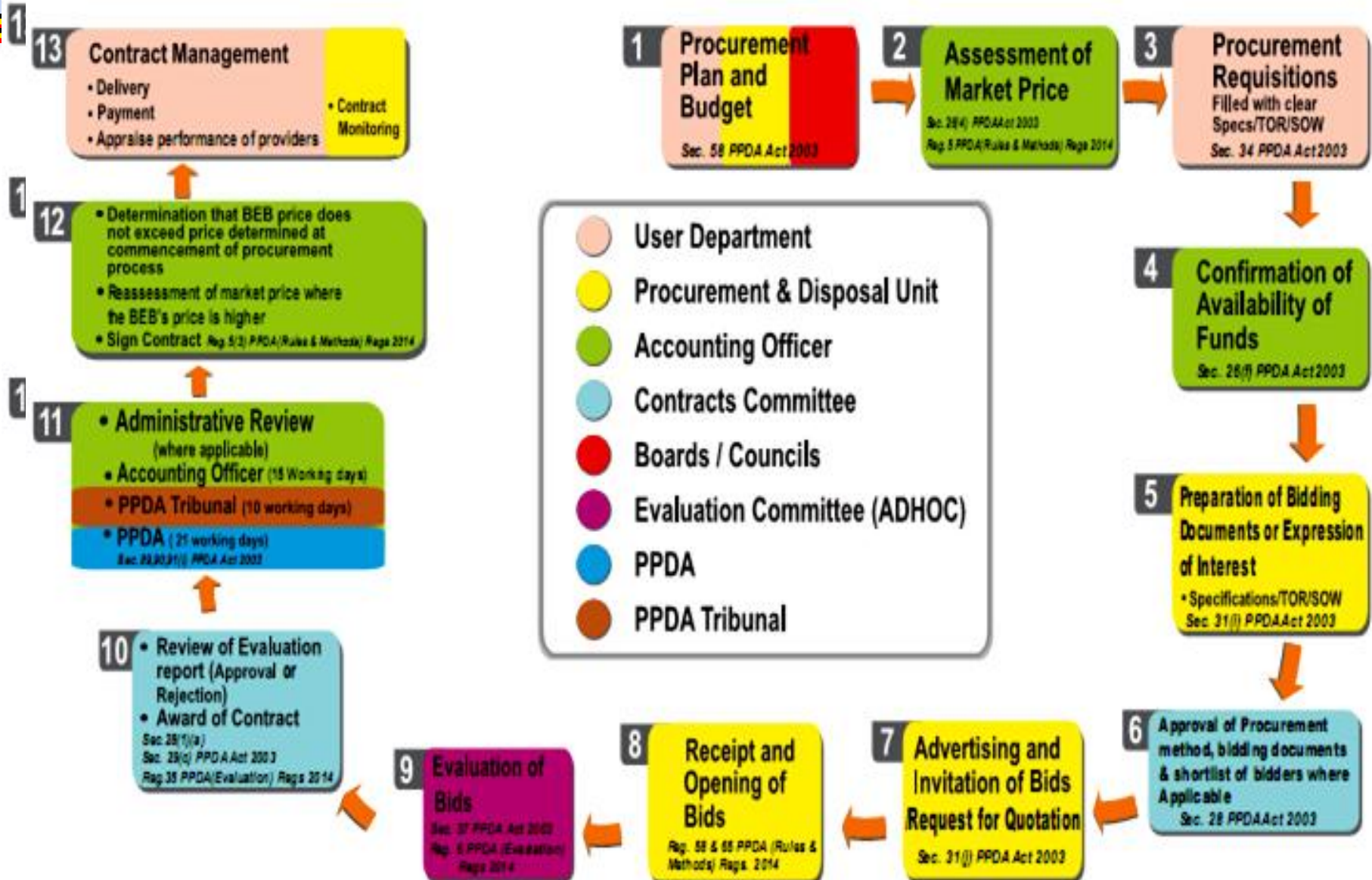






# ROLES AND RESPONSIBILITIES IN THE PROCUREMENT CYCLE

PPDA / 06



# Key stages in the procurement process



- ❖ Procurement Planning- Budgeting, preparation of statement of requirements & initiation of needs
- ❖ Preparation of bidding document-
- ❖ Bidding: purchase/sale of the BD, issues of bid security, performance security, advance payment, bid submission date and time, pre-bid meetings, clarifications etc.
- ❖ Evaluation of Bids-Evaluation method and criteria, best evaluated bid
- ❖ Contract award and signature
- ❖ Contract management



## ❖ An eligible bidder should;

- ❖ Have the legal capacity to enter into a contract
- ❖ Fulfill the obligations to pay taxes and social security contributions in Uganda
- ❖ As a foreign provider, where a required document is not provided in country of origin, the bidder shall submit an alternative document or a statement affirming that the document is not available in the country of the foreign provider





- ❖ An eligible bidder should not;
  - ❖ be insolvent, in receivership, bankrupt or being wound up
  - ❖ be suspended
  - ❖ have a conflict of interest in relation to the subject of the procurement
  - ❖ be a member of the Procuring and Disposing Entity



- 3: A bidder shall be required to submit the following documents:
- A copy of a trading license
  - Copy of certificate of incorporation
  - Declaration that a bidder has no conflict of interest
  - Any other document as stated in the BD.
- 4: a & b does not apply where a bidder is registered under the PPDA ROP, or where their eligibility was verified at pre-qualification

*Where a bidder does not submit a document as required under sub-regulation 3, the EC shall request the bidder to submit the document in accordance with sub-regulation 10*



- ❖ 50% of bidders are eliminated at preliminary stage due to poor bid preparation
- ❖ There is stiff competition for businesses with foreign firms.
- ❖ There is lack of knowledge on the procurement law.
- ❖ There are many forgeries by domestic firms.
- ❖ There is lack of adequate capacity and experience of local firms
- ❖ Limited government support for the local providers.
- ❖ Cost of capital and lack of co-lateral security
- ❖ Tax regime-does not favor locals in some sectors



- ❖ The Government through the NDP II 2015/16 – 2019/2020; and BUBU 2014 provides for promotion of local content in order to increase consumption of local products and the increased participation of the local companies in public procurement.
- ❖ Promotion of local content will among others lead to;
  - ❖ Increased employment and skills development
  - ❖ Increased domestic and foreign investment
  - ❖ Technology and knowledge transfer from international companies
  - ❖ Increased exports and foreign exchange, and increased Government tax revenues



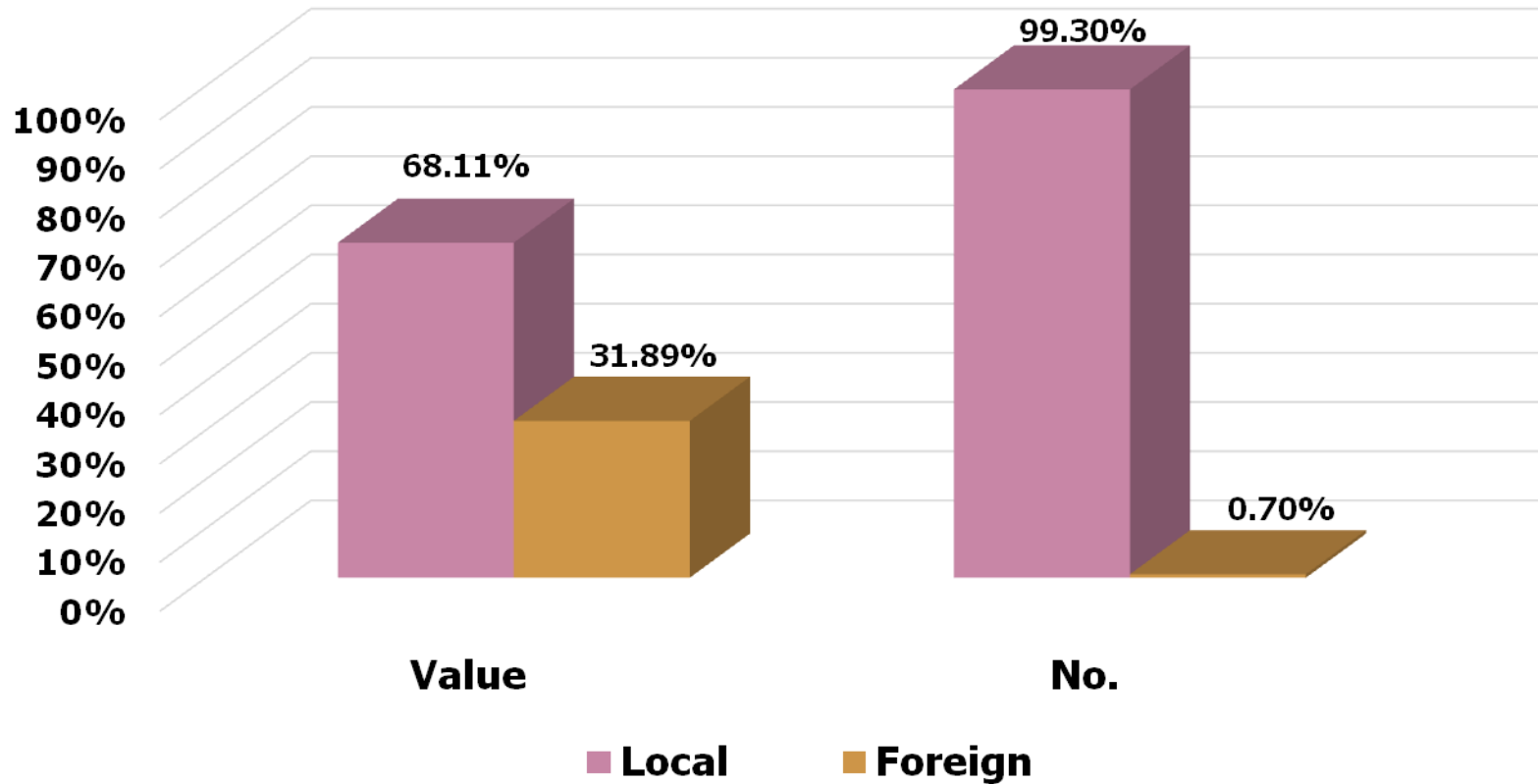
- ❖ The PPDA law currently provides for implementation of preference and reservation schemes according to Section 50 of the PPDA Act 2003. The implementation of preference schemes is intended to increase the participation of local providers in public procurement; promote locally manufactured goods and Ugandan contractors and consultants by giving them a competitive advantage over foreign bidders
- ❖ To promote particular sectors within specified geographical areas, specified public procurement contracts or parts of the contract shall be subject to reservation schemes





- ❖ However, the Authority has observed through the procurement audits and capacity building initiatives that Entities are still not implementing these preference schemes.
- ❖ PPMS report FY 2015/16 revealed that over 42% of all contracts by value were awarded to foreign firms signifying that most high value procurements go to foreign providers

## Comparison of Number & Value of procurements awarded to Local & Foreign providers





- ❖ On 10<sup>th</sup> March 2017, the PPDA Board approved the guidelines on reservation schemes to promote local content in public procurement.
- ❖ The Guideline issued by the Public Procurement and Disposal of Public Assets Authority is in accordance with section 97 of the PPDA Act and Regulation 12 of the Local Governments (PPDA) Regulations, 2006.
- ❖ The objective of the guidelines is to provide for mechanisms of increasing the input of local labour, goods and services in the procurement of public sector projects, goods and services within the country.
- ❖ A local provider means a provider registered in Uganda whose majority ownership is held by Ugandan citizens.



1. Exclusive reservation of public contracts by threshold to local providers;
  - Procurements for supplies whose estimated cost is UGX 1 Billion and below;
  - Procurements for road works whose estimated cost is UGX 45 Billion and below; and other public sector works whose estimated cost is UGX 10 billion; and
  - Procurements for consultancy services whose estimated cost is UGX 1 Billion and below.
  - Procurements for non-consultancy services whose estimated cost is UGX 200 Million and below.
2. Reservation of at least 30% of the value of works through subcontracting to local providers shall apply to procurements of works above UGX 45 Billion where the bidder is not a local provider.



3. Reservation for procurement of uniforms and related clothing materials. Reservation shall apply to procurements for supply of uniforms and related clothing materials to providers that have manufacturing facilities in Uganda.
4. Reservation for procurement of electrical cables and conductors. A reservation shall apply to procurements of electrical cables and conductors to providers that have manufacturing facilities in Uganda.
5. Reservation for procurement of selected medicines. Reservation shall apply to procurements for supply of selected medicines manufactured in Uganda to providers who have production facilities are in Uganda.





In addition to other administrative eligibility requirements the following documents shall be submitted by a provider;

- ❖ For Companies;
  - ❖ Certificate of Incorporation
  - ❖ Return of Allotment of Shares; and
  - ❖ Copies of the National Identity Cards or Passports of the majority shareholders.
- ❖ In the case of individuals, copies of the National Identity Cards or passports



- ❖ **Market Price:** To ensure value for money, an Entity shall not procure where the price is more than 15% of the assessed market price.
- ❖ **Disclosure in the Procurement Plan:** PDEs shall disclose in the procurement plans the procurements that shall be subjected to this reservation scheme. The Procurement plan shall be displayed on their notice boards and the Authority's website
- ❖ **Reservation to apply to Procurements funded by Government of Uganda:** The reservation shall also apply to procurements funded by development partners except where the conditions of funding limit the application of reservations.



- ❖ **Monitoring:** The Authority shall monitor the implementation of the reservation schemes by entities on a quarterly basis and undertake an annual assessment based on predetermined indicators.
- ❖ **Reporting:** The Procuring and Disposing Entities shall indicate in their monthly/quarterly reports contracts that have been awarded under the reservation scheme.
- ❖ **Report by Accounting Officer following non application of the reservation;** The report to be submitted by the Accounting Officer shall indicate;
  - ◊ The subject of procurement;
  - ◊ The contracted provider and contract price;
  - ◊ Efforts undertaken to procure from a provider eligible for the reservation and
  - ◊ Reason why the reservation could not be applied.



# Public Procurement and Disposal of Public Assets Authority



# Thank You!

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