

Vote:153 PPDA

VI: Vote Overview

(i) Snapshot of Medium Term Budget Allocations

Table V1.1: Overview of Vote Expenditures

Billion Uganda Shillings	FY2016/17 Outturn	FY2017/18		FY2018/19 Proposed Budget	MTEF Budget Projections			
		Approved Budget	Spent by End Sep		2019/20	2020/21	2021/22	2022/23
Recurrent Wage	5.784	6.550	1.565	6.550	7.205	7.565	7.943	8.340
Non Wage	4.807	4.518	0.579	4.518	5.512	6.338	7.606	9.127
Devt. GoU	0.469	2.320	0.000	6.320	7.710	9.252	9.252	9.252
Ext. Fin.	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
GoU Total	11.060	13.387	2.144	17.387	20.427	23.156	24.802	26.720
Total GoU+Ext Fin (MTEF)	11.060	13.387	2.144	17.387	20.427	23.156	24.802	26.720
<i>A.I.A Total</i>	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Grand Total	11.060	13.387	2.144	17.387	20.427	23.156	24.802	26.720

(ii) Vote Strategic Objective

1. To ensure the application of fair, competitive, transparent, non-discriminatory and value for money procurement and disposal standards and practices.
2. To harmonize the procurement and disposal policies, systems and practices of the Central Government, Local Governments and statutory bodies.
3. To set standards for the public procurement and disposal systems in Uganda.
4. To monitor compliance of procuring and disposing entities.
5. To build procurement and disposal capacity in Uganda.

V2: Past Vote Performance and Medium Term Plans

Performance for Previous Year FY 2016/17

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116 audits were conducted. The audit findings revealed that in 73.4% of the sampled procurements, Entities failed to deliver within the planned timelines, 43.87% of the contracts signed were not completed within the contractual period, 51.42% of the signed contracts were not paid in time.

The Authority completed 73 investigations worth UGX 970 Billion. The major grounds for investigations related to segregation of bidders, abuse of office, disregard of procurement procedures, and irregularities during the evaluation of bids like changing specifications during the bidding process, misleading and restrictive specification of requirements, and conflict of interest.

PPDA handled 57 applications for administrative review. Out of these, 18 were upheld, 36 were rejected, one (1) withdrawn and one (1) not handled because the bidder filed in the tribunal within the PPDA statutory period.

PPDA handled 19 matters in the appeals tribunal. Thirteen matters (68%) were decided in favour of the Authority while the Tribunal set aside the decisions of the Authority in 5 (26%) matters and one application was withdrawn.

Five (5) new cases in addition to four (4) ongoing cases were handled by the Authority in various courts of judicature.

GPP was rolled out to 90 PDEs bringing the total number of Entities on the system to 167 representing a coverage of 43%. The Authority was able to assess performance of 138 PDEs which entered data on 20,937 contracts on the Portal.

71.8% of the total value of contracts went through open bidding. This was a significant improvement in the value of procurements that went through open competition from 45.5% in the FY 2015/16.

99% of contracts by number were awarded to local contractors. By value, 53% of the contracts were awarded to local contractors and the foreign firms continued to dominate the large infrastructure projects in the works, energy, education and health sectors.

The Authority issued a guideline on reservation schemes to promote local content in public procurement. The main objective of the Guideline is to provide for mechanisms of increasing the input of local labor, goods and services in the procurement of public sector projects, goods and services within the country.

87 % of the Entities submitted their procurement plans. With regards to procurement reports, 77% of the expected procurement reports were received and reviewed by the authority.

The register of providers served 1,899 new providers while 3,351 existing providers renewed their subscription. A total of UGX 507 million was generated from the Register of Providers.

The Authority conducted follow up activities in 108 Entities. A total of 1,542 recommendations were reviewed and of these 1,072 recommendations (70%) were found to have been implemented and 470 recommendations (30%) were either partially implemented or not implemented.

60 firms were suspended by the Authority. The major grounds for suspensions are sub-standard works, breach of contractual terms, misrepresentation of project related information and forgery of documents.

The Authority issued out 184 letters providing legal guidance/advice. The main areas where advice was sought include pre-qualification and bidding process; evaluation of bids; contracts and contract management, disposal of public assets; accountability in public procurement & disposal process; providers in public procurement & disposal contracts; records management in public procurement and disposal; public procurement audit and compliance.

The Authority handled Eighteen (18) applications for accreditation during the period under consideration. Six (6) applications were granted, three (3) were rejected and nine (9) are still under consideration. The applications mainly come from State Enterprises which are profit oriented that find the application of the PPDA Act in its entirety deterrent to their business operations.

The Authority in collaboration with GIZ developed the new capacity building strategy. The Authority conducted trainings for 1,584 participants.

The Authority developed an e-learning system aimed at harnessing technology in its capacity building programs by using a self-paced and learner centred approach where interested learners can study any of the developed modules at their own convenience and pace.

PPDA conducted a study on the use of force on account method in Local Government Entities which revealed failure by Entities to conduct a comparative cost analysis to find out which cheaper between outright procurement and using the force on account mechanism.

The 9th Edition of the East African Procurement Forum (EA PF) was held in Rwanda under the theme: "Promoting Procurement Practices that Deliver Better Results." PPDA led the Ugandan delegation in the forum.

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Performance as of BFP FY 2017/18 (Performance as of BFP)

The Authority planned to conduct 90 procurement and disposal audits by the end of the FY 2017/18. The Authority had conducted and completed 20 audits as at 30th September 2017.

The Authority conducted and issued reports for 21 cases as at 30th September 2017. A total of 71 cases were still ongoing and these will be finalized by the end of FY 2017/18.

Sixteen (16) applications for administrative review were handled by the Authority. Out of these, seven (7) applications were upheld while nine (9) applications were rejected.

The Register of providers had a total of 580 new providers registered while 671 existing providers renewed their profiles. The activities of the RoP yielded UGX 137,421,397 in non-tax revenue which was remitted to the consolidated fund.

The Authority received 178 procurement plans and 177 of the monthly reports. 38 procurement reports were reviewed during this period. The most common findings were late initiation of procurements, contracts committee minutes not being attached to the reports, omnibus submission of reports and variances between the market and contract prices.

The Authority had followed-up audit and investigations recommendations in 10 PDEs. Out of the 156 recommendations made, a total of 93 recommendations representing 63% were implemented.

Recruitment of an e-GP manager and Change Management Specialist was undertaken and stakeholder sensitization was conducted in the 10 pilot Entities. The Authority has also embarked on conducting a capacity gap analysis for the pilot Entities. The procurement process for the system vendor is still ongoing and the vendor is expected to be onboard during the course of the financial year.

The Government procurement portal was rolled out to an additional eight (8) Entities bringing the total number of Entities on the system to 177. The government procurement portal provides access to key information on the procurement process right from procurement planning to contract management.

The Authority handled four (4) applications for deviation from the use of standard bidding documents. All the applications were granted.

588 stakeholders were trained through various interventions like the central government procurement cadre forum, induction of contracts committee members and demand driven training.

The Authority conducted the survey in the Financial Year 2017/2018 in August 2017 with the School of Statistics and Planning of Makerere University providing technical support for the survey.

Internal Audit continued to focus on areas that are critical to the PPDA objectives such as procurement, investigations and complaints, information and communications technology, and audit of internal controls over financial reporting/ management and other operations, and budget utilization and performance.

The 10th East African Public Procurement Forum was held in Kampala and hosted by the PPDA under the theme "Leveraging Technology for Improved Procurement Outcomes". The 10th EAPF was attended by 250 delegates from Uganda, Rwanda, Burundi, Tanzania, Malawi and Sierra Leone.

The Authority continues to maintain productive partnerships that have enabled the authority to implement various activities for example the GIZ provided financial support for the East African Procurement Forum, GAPP supported 12 procurement and disposal audits, UN women supported a study to identify barriers to participation in public procurement among others.

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FY 2018/19 Planned Outputs

PPDA plans to undertake a total of 90 procurement and disposal audits. A total of 70 procurement and disposal audits will be under GOU funding while 20 audits will be covered under GAPP funding. All the procurement and disposal audit reports of 90 Entities will be analyzed in an Annual Audit Report.

PPDA handles investigations as and when they arise with a plan of sixty (60) investigations this financial year. The outcome of investigations and follow-ups will lead to increased compliance with the law and identification of weaknesses that need to be addressed.

The Authority will follow up on the status of implementation of recommendations as issued by the Authority from audits, investigations and compliance checks. The Authority will follow up recommendations implementation in 100 entities. Audit and investigation recommendations are followed up within six months of issuance of the reports.

PPDA will continue to facilitate the activities of MAC to expedite any applications for administrative review and suspensions as mandated by the PPDA Act.

PPDA will implement the Local Content Strategy; particularly the capacity building of the Local Providers, reservation of local contracts under specific sectors, simplification of bidding documentation for SMEs and enforcing the use of competitive methods in Entities.

PPDA will maintain its focus on the Entities with the biggest procurement budgets to closely monitor their procurement plan implementation in order to enhance budget absorption. The Authority will prioritize the accreditation of alternative procurement systems for the Entities where market conditions do not allow effective application of the PPDA Act.

PPDA shall in partnership with the Ministry of Finance, Planning and Economic Development and the Ministry of Justice and Constitutional Affairs expedite the amendment of the PPDA Act with an aim of improving efficiency, effectiveness and value for money in public procurement. Amendments will also be done to the attendant regulations, Standard Bidding Documents and Guidelines and build capacity on their usage.

PPDA will continue the roll out of the Government Procurement Portal to an additional 15 Entities. Continuous training and backstopping will be done for the existing entities on the system to ensure that data is timely inputted into the system. The data inputted into the system will be analyzed to produce the annual Government Procurement Portal Report.

In line with the Ugandan e-Government framework with support from the World Bank will implement and roll out the e-Government Procurement system to ten pilot entities. The e-GP system is aimed at transforming the manual procurement system by use of ICT's in order to improve transparency, efficiency and service delivery.

PPDA will implement the capacity building strategy by maintaining institutional collaboration with professional bodies, government and training institutions for sustainable capacity building and development.

There is periodical need to update the price list quarterly due to the frequent changes in the market place. The Authority will update the list to guide entities in determining the average prices of common user items.

Following the adoption of the FY 2014/15 – 2018/19 Strategic Plan, the Authority will continue to implement the strategic plan and the approved organization structure. The Authority will continue monitoring the implementation of the strategic plan across all its departments to ensure that the objectives of the strategic plan are achieved. The Authority also plans to review the current strategic plan and extend it for an additional Financial Year with an aim of having the PPDA Strategic plan aligned to the time Horizon of the National Development Plan

The Authority plans to commence the construction of the PPDA – URF head office in the Financial Year 2017/2018. Consultative engagements are already on going for the project.

The Authority will attend the 11th East African Procurement Forum in Q2 of FY 2018/2019. The Authority will lead the Ugandan Delegation to the Forum that brings together all the procurement practitioners in the East African Region. The annual forum is a platform for identifying and addressing common challenges in public procurement and promotes practices that deliver best results at encouraging growth of business opportunities and trade amongst East African member states.

Medium Term Plans

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In the medium term, the Authority intends to implement the following

1. Implementing E- Government Procurement.
2. Roll out of E- learning system
3. Promoting Local content in public procurement
4. Increasing Audit coverage

Efficiency of Vote Budget Allocations

The Authority spends the majority of its budgetary allocation on program activities aimed at delivering its core mandate. The authority also plans to improve its internal efficiency through the following:

Strengthening the regional offices by posting more staff. This will help to increase the coverage of the activities of the Authority like procurement Audits, Investigations and GPP Verifications.

The implementation of e-GP system is expected to result in reduction of unit costs of contracts and lead procurement times.

The Authority will also roll out the e learning system to reduce on the costs of building capacity by adopting learner centered technologies accessible over the internet for the convenience of the learners.

The Authority will also embrace productive partnerships with various stakeholders like the donor community, civil society organisations and the academia to achieve various strategic objectives.

Vote Investment Plans

The Authority has earmarked UGX 4.9 Billion in its budget for the construction of the PPDA Home in partnership with the Uganda Road Fund.

The Authority has Earmarked UGX 0.35 Billion in its FY 2018/19 for the procurement of motor vehicles to replace its aging fleet since most of its activities are field based.

The Authority has earmarked UGX 1.9 Billion in its budget for the construction of the PPDA Home in partnership with the Uganda Road Fund.

The Authority has Earmarked UGX 0.35 Billion in its FY 2018/19 for the procurement of motor vehicles to replace its aging fleet since most of its activities are field based.

Major Expenditure Allocations in the Vote for FY 2018/19

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Procurement and Disposal Audits; The Authority has allocated UGX 2.88 Billion to undertake procurement audits and to monitor compliance by PDEs.

Capacity building activities; The Authority has allocated 1.33 Billion to undertake capacity building activities to transfer knowledge and skills on public procurement procedures to various stakeholders including providers, contracts committees members, user departments, procurement cadres, CSOs etc. The Authority will also hold procurement barazas to interact with all the stakeholders in topical issues in public procurement.

Legal and Advisory services; The Authority has allocated UGX 1.28 Billion to facilitate the development and improvement of Regulations, Standard Bidding Documents and Guidelines to streamline public procurement and disposal practices. Included in the allocation to legal and advisory services budgetary allocation is the management advisory committee activities which include administrative reviews that focus on enhancing transparency of the procurement process. The Allocation is also meant for conducting investigations in procurement and disposal.

V3: PROGRAMME OUTCOMES, OUTCOME INDICATORS AND PROPOSED BUDGET ALLOCATION

Table V3.1: Programme Outcome and Outcome Indicators

Vote Controller :								
Programme :		56 Regulation of the Procurement and Disposal System						
Programme Objective :		The Authority is mandated to regulate the procurement and disposal system in Uganda. The Strategic objectives of the Authority as spelt out in the 2014/15 - 2018/19 Strategic plan are: <ol style="list-style-type: none"> 1. Strengthening transparency and accountability in public procurement 2. Increasing competition and hence contributing to domestic industry development 3. Enhancing the efficiency of public procurement system 4. Strengthening contract management and performance 5. Leveraging technology to improve procurement outcomes 6. Enhancing the performance of public procurement beyond compliance 7. Enhancing the effectiveness of capacity building, research and knowledge management 8. Strengthening the internal PPDA capacity to deliver improved performance of public procurement 9. Leveraging and enhancing partnerships and collaborations. 						
Responsible Officer:		Benson Turamye Ag. Executive Director.						
Programme Outcome:		Improved procurement contract management and performance						
<i>Sector Outcomes contributed to by the Programme Outcome</i>								
1. Sustainable Macroeconomic Stability								
		Performance Targets						
Programme Performance Indicators (Output)		2016/17 Actual	2017/18 Target	Base year	Baseline	2018/19 Target	2019/20 Target	2020/21 Target
• Proportion of contracts rated satisfactory		0	70%			100%	100%	100%

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• Proportion of Contracts above threshold subjected to open bidding	0	55%	80%	80%	80%
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Table V3.2: Past Expenditure Outturns and Medium Term Projections by Programme

Billion Uganda shillings	2016/17	2017/18		2018-19	MTEF Budget Projections			
	Outturn	Approved Budget	Spent By End Q1	Proposed Budget	2019-20	2020-21	2021-22	2022-23
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56 Regulation of the Procurement and Disposal System	11.057	13.387	2.144	17.387	20.427	23.156	24.802	26.720
Total for the Vote	11.057	13.387	2.144	17.387	20.427	23.156	24.802	26.720

V4: SUBPROGRAMME PAST EXPENDITURE OUTTURNS AND PROPOSED BUDGET ALLOCATIONS

Table V4.1: Past Expenditure Outturns and Medium Term Projections by SubProgramme

Billion Uganda shillings	2016/17	FY 2017/18		2018-19	Medium Term Projections			
	Outturn	Approved Budget	Spent By End Sep	Proposed Budget	2019-20	2020-21	2021-22	2022-23
<i>Programme: 56 Regulation of the Procurement and Disposal System</i>								
01 Headquarters	10.588	11.067	2.144	11.067	12.716	13.903	15.549	17.467
1225 Support to PPDA	0.469	2.320	0.000	6.320	7.710	9.252	9.252	9.252
Total For the Programme : 56	11.057	13.387	2.144	17.387	20.427	23.156	24.802	26.720
Total for the Vote :153	11.057	13.387	2.144	17.387	20.427	23.156	24.802	26.720

Table V4.2: Key Changes in Vote Resource Allocation

Major changes in resource allocation over and above the previous financial year	Justification for proposed Changes in Expenditure and Outputs
Vote :153 PPDA	
<i>Programme : 56 PPDA</i>	
Output: 72 Government Buildings and Administrative Infrastructure	
Change in Allocation (US\$ Bn) : 4.000	The Authority received additional funding to kick start the construction process of the Office block in partnership with Uganda Road Fund.
Output: 78 Purchase of Office and Residential Furniture and Fittings	
Change in Allocation (US\$ Bn) : (0.012)	The existing furniture in the Authority is in a good condition and therefore doesn't require urgent replacement hence the reduction in the allocation for furniture and fittings.

Table V4.3: Major Capital Investment (Capital Purchases outputs over 0.5Billion)

FY 2017/18		FY 2018/19
Appr. Budget and Planned Outputs	Expenditures and Achievements by end Sep	Proposed Budget and Planned Outputs
Vote 153 PPDA		
Programme : 56 Regulation of the Procurement and Disposal System		

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Project : 1225 Support to PPDA			
Output: 72 Government Buildings and Administrative Infrastructure			
Phased construction of the PPDA Home		Main project contractor (M/S Cementers was procured and contract was signed by the Joint PPDA/ URF Board	Construction of Office block.
Total Output Cost(Ushs Thousand):	1.900	0.000	5.900
Gou Dev't:	1.900	0.000	5.900
Ext Fin:	0.000	0.000	0.000
A.I.A:	0.000	0.000	0.000

V5: VOTE CHALLENGES FOR 2018/19 AND ADDITIONAL FUNDING REQUESTS

Vote Challenges for FY 2018/19

Poor Planning in Procurements: Entities are continuously failing to plan and cost procurements especially the big and complex projects and as a result they end up over or undervaluing procurements. This is caused by failure of Entities to clearly scope the proposed projects.

Delays in Evaluation of bids especially for High Value Contracts: There still exist challenges in the evaluation of procurements which stem from unethical conduct where evaluators disclose information unofficially which results into lengthy appeals that sometimes end up in courts of law. This unnecessarily lengthens the procurement process. The amendment of the PPDA Act should be able to solve some of these delays.

Weak Contract Management: Though big strides have been made in the post contracting stage, many procurements are mismanaged at the contract management stage where contract managers do not diligently carry out their duties and leave government projects at the mercy of the profit motivated contractors who end up doing substandard work. The Authority recommends that the Accounting Officers should prevail over User Departments to appoint contract supervisors/managers that should report any deviations from the terms and conditions of the signed contracts.

Manual Procurement System: As a regulator, the Authority is constrained by the inaccurate data and reports submitted by Entities due to the manual system. This has been worsened by failure to have easy access to the Integrated Financial Management System (IFMS) real time to verify accuracy of the data submitted by the Entities. The manual procurement process is furthermore prone to manipulation/bid tampering and inefficiencies in the process.

Corruption and Unethical Practices: Public procurement is prone to corruption, particularly due to the high value transactions, complexity and close interaction between the public and private sector through the bidding processes. Evaluation of Bids persists to be perceived as the stage most susceptible to corruption. Corruption in procurement erodes bidder confidence and results into higher bid prices that ultimately increases the cost of delivering services to citizens. While PPDA cannot alone totally remove corruption that is pervasive in the society, as the Regulator, it is incumbent upon PPDA to ensure that the system promotes transparency, efficiency, economy, fairness, and accountability where corrupt activities will be more difficult to conceal and will be easier to punish administratively or criminally. This requires strong partnerships with other oversight and

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enforcement agencies as well as the civil society.

Failure of PDEs to Implement PPDA Recommendations: The Effectiveness of audits, investigations and administrative reviews conducted by the Authority lies in the implementation of the recommendations issued. The status of implementation of recommendations during FY 2017/18 was 70%. Failure by Entities to implement recommendations slows down the efforts of the Authority to improve the performance of the public procurement system in Uganda. The Authority will continue to timely monitor the implementation of the recommendations, address the capacity gaps in PDEs through training interventions as well as work with other competent authorities like the Office of the Secretary to the Treasury, the Ministry of Local Government, the Inspectorate of Government, Public Service Commission, Inspector General of Government, and the Office of the Auditor General to enforce implementation of PPDA recommendations.

Failure to Conduct Disposals. The Authority noted that Entities had a lot of assets which were due for disposal. However, several of them failed to dispose the obsolete assets especially vehicles since they were not in possession of the log books. Parent Entities that donated these vehicles retained the log books. The Authority recommends that parent Entities should handover log books and transfer vehicles to Entities that possess the disposable vehicles for ease of disposal.

Limited funding for Audit coverage: Due to funding constraints, the Authority is not able to audit all the Entities under its jurisdiction and currently conducts audits on a sample and risk basis. The current audit coverage is only 35% and this position is continuously being worsened by the ever-increasing number of both central and Local Government Entities.

Delays in amendments to the Local Government PPDA Regulations: The amendment process of the Local Governments (PPDA) Regulations was halted; pending the finalizing of the review of the PDPDA Act. It is now planned that the review of the PPDA Regulations and Local Government PPDA Regulations shall be reviewed at the same time for a harmonized position. This delay in the amendments of the Local Government PPDA Regulations may continue to hamper efficiency in the Local Government procurements.

Table V5.1: Additional Funding Requests

Additional requirements for funding and outputs in 2018/19	Justification of requirement for additional outputs and funding
Vote : 153 PPDA	
Programme : 56 Regulation of the Procurement and Disposal System	
<i>OutPut : 01 Performance Monitoring Directorate</i>	
Funding requirement US\$ Bn : 0.450	The NDP identifies enhancing the performance of public procurement contracts as a catalyst to achieving the objectives of the NDP II. This requires close supervision of the procuring and disposing entities to ensure that all procurements especially the NDP II flagship projects are conducted in accordance with the PPDA Act to ensure efficiency, effectiveness and value for money in public procurement.
<i>OutPut : 04 Operations Directorate</i>	

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Funding requirement US\$ Bn : 0.200	There is need for continuous capacity building of procurement audit and investigations staff to keep them abreast with modern trends in public procurement to enable them curb the rampant corruption in public procurement which takes the lion's share of the national budget.
<i>Output : 05 Corporate Directorate</i>	
Funding requirement US\$ Bn : 1.888	The current public procurement system is paper based with a lot of limitations which affect efficiency of the system and fertile breeding grounds for corruption. The NDP proposes establishment of an electronic procurement system to solve the limitations of manual based procurement system.
<i>Output : 72 Government Buildings and Administrative Infrastructure</i>	
Funding requirement US\$ Bn : 6.610	The construction of the PPDA Office block would improve the institutional capacity to oversee public procurement in Uganda which consumes over 60% of the national budget in Uganda by providing a conducive environment for oversight duties.