

**Welcome remarks by Dr. the Hon. Ezra Suruma, Minister of Finance, Planning and
Economic Development at the Regional Procurement Capacity Development
Workshop, Kampala, 12 December 2006**

Ladies and Gentlemen,

I should like to welcome the distinguished guests who will participate in this important workshop. This workshop will provide a valuable opportunity to share experiences on how to make the procurement function more effective and efficient.

Public procurement is an essential part of the Government of Uganda's plan for promoting good governance and development, on account of the substantial proportion of the budget that is expended through procurement and the substantial losses that can occur if public procurement is not managed in ways that deliver value for money.

The public procurement reform programme in Uganda began in the late 1990s. At that time the public procurement system was a left-over from the colonial era and was highly centralised under a Central Tender Board which functioned without a dedicated procurement law. The pressure for reform came about because the Central Tender Board was unable to keep pace with the expansion of government activities and their attendant procurement requirements. There was a consequential backlog of tender submissions and the procurement process became protracted. The need to introduce the principles of accountability and transparency were other factors that influenced the reforms.

A key feature of the reform programme was the decentralisation of procurement operations to each Ministry and government agency but subject to central regulation so that there would be a common national standard of procurement under each Accounting Officer. It was therefore essential to put in place a comprehensive procurement law based on international best practices. The Public Procurement and Disposal of Public Assets Act passed into law in 2003. The Act requires all public procurement and disposal to be conducted in accordance with the principles of transparency, accountability and fairness and in a manner that maximizes competition and achieves value for money. The law provides for independence of roles and separation of powers between the various parties in the procurement process, which makes corruption more difficult to take place.

A good public procurement system should promote the development of local businesses. There is provision in the Act for schemes that give preference to local bidders when their prices exceed those of foreign bidders up to a stipulated percentage, and reservation schemes, which confer exclusive bidding rights upon local bidders. We are currently designing guidelines to encourage the use of preference schemes as part of a broader package of assistance that will enable Ugandan companies to obtain a greater share of government contracts.

The efficacy of the regulatory system in Uganda has been attested by the World Bank, whose Programme Document for the Fifth Poverty Reduction Support Credit notes that Uganda has become one of the most advanced countries in the region in terms of implementing procurement reforms so that, at the central government level, all the ingredients for making the procurement system more efficient, economic, transparent and accountable are now in place. The reforms at central government have taken root and compliance levels are high.

The procurement reforms are now being extended to local government, where some 34% of total government expenditure takes place. An Act and detailed Regulations to harmonise local government procurement with the national standard passed into law earlier this year. The procurement authority together with the Ministry of Local Government has embarked on an extensive programme of training and capacity building at the local government level and measures to enforce compliance will be stepped up next year.

An important theme of this Workshop is benchmarking of national procurement systems against an international standard. As will be explained in a later presentation, Uganda has participated enthusiastically in the measures taken by the OECD and the World Bank to develop the Baseline Indicators Tool, which establishes how far the key features of a good procurement system are in place, and to identify through the Compliance/Performance Indicators the statistical data that will establish the prevailing procurement practices. We recognise the importance of improving our statistical data so that it constitutes a more effective tool for monitoring and evaluation. Measures are in hand to achieve this aim. Our preference would be to establish a regular mechanism for prompt and comprehensive reporting on key features of the procurement system and the practices carried out under it. Where this does not prove possible, we shall carry out surveys on a regular basis as far as possible so that we have a good understanding of prevailing practices.

An important recent example of such a survey is the National Public Procurement Integrity Baseline Survey 2006. Public procurement is known to be one of the main arenas where corruption takes place, although the extent of the problem and the areas where it is most prevalent were unknown. In order to provide the groundwork for further measures to tackle corruption in public procurement, it was decided to carry out a dedicated survey of persons responsible for procurement in central government ministries, agencies and local government authorities, together with providers and local political leaders, to gauge the extent of corruption in public procurement at the central and local government levels. Collectively, these people have good knowledge of how procurement is actually practised and how far corruption takes place within these practices.

As a developing country, Uganda cannot afford to sustain any loss, though it is encouraging to note that the Survey Report concluded that the overall position with respect to corruption in the procurement process had improved in recent years, so the measures we have taken so far have not been in vain. The recommendations in the Report provide valuable guidance on how corruption in procurement should be tackled more effectively. The Government of Uganda is committed to working closely with development partners to implement measures to curb corruption and misuse of public funds. This Report is intended to serve as a baseline and we hope that there will in future be similar reports that will monitor our success in reducing further the extent of corruption in procurement.

I should now like to declare the Workshop open. I hope that you have fruitful deliberations and wish you a pleasant stay in Uganda and a safe journey home.

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December 2006