

WELCOMING REMARKS BY MR. MUKAILA OJELADE,
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WELCOME

On behalf of the Co-Sponsors for this Workshop, the OECD/DAC Joint Venture on Procurement Committee, the World Bank, the European Commission, and the African Development Bank, we wish to welcome you all to this gathering. We express our appreciation to the Government and People of Uganda for readily accepting to host this Workshop, at such a short notice.

PROCUREMENT

Ladies and Gentlemen, it is worth noting that the subject of Procurement is placed at the very heart of the Bank Group Charter. And, this is expressed in various instruments, like:

- The Agreement Establishing the African Development Bank, 6th Edition, July 2002, Article 17.1(h)
- The Agreement Establishing the African Development Fund, 2nd Edition, July 2003, Article 15.5
- The Agreement Establishing the Nigeria Trust Fund, 2nd Edition, May 2004, Article 4.3; as well as
- The Article 38 of the Agreement Establishing the African Development Bank.

PROCUREMENT PRINCIPLES

In line with current best practice, the Bank's Procurement Rules are guided by:

- (a) the need for economy and efficiency in the implementation of projects including the provision of related goods and services;**
- (b) the Bank's interest as a cooperative institution in giving all eligible contractors and suppliers from developed and developing countries equal opportunity to compete in the supply of goods and works financed by the Bank;**
- (c) the Bank's interest, as a development institution in encouraging the development and participation of contractors and suppliers from regional member countries of the Bank;**
- (d) the importance of transparency in the procurement process; and**
- (e) the need for increasing focus on anticorruption and observance of ethics.**

PUBLIC PROCUREMENT REFORMS IN AFRICA

In December 1998, developing countries and bilateral and multilateral donors [the World Bank, ITC, UNDP, as well as 33 African countries] were hosted, by the African Development Bank Group, in Abidjan, Cote d'Ivoire, to discuss procurement systems for the first time. The origins of this Conference on Public Procurement Reform, stemmed from a growing recognition that public procurement systems were central to the way public money, from both national and donor sources, is spent, and that reforming these systems could generate benefits which could contribute to the achievement of the Millennium Development Goals (MDGs) and sustainable development.

Subsequent to this Meeting, the African Development Bank approved the Public Procurement Reform Project (PPRP) for the

Common Market for Eastern and Southern Africa (COMESA)¹ in May 2001. Implementation commenced in May 2002, and was completed in December 2004.

The general goal of the PPRP was to promote good governance, through transparency and accountability in public procurement. The specific objective of the PPRP was to reform public procurement laws, regulations, procedures and practices in COMESA with a view to (i) harmonising public procurement rules, regulations and procedures through a COMESA Directive on Public Procurement; (ii) improving national procurement systems and strengthening the capacity of Member States in public procurement; and (iii) increasing awareness of procurement opportunities within the Region.

The main components of the project were: (i) Baseline Data Diagnostics and Development/Validation of COMESA Directives on Public Procurement; (ii) Implementation of the Public Procurement Directives of COMESA; and (iii) Project Implementation Unit. The project, as a whole was managed satisfactorily. All the project components were successfully implemented.

Similarly, the UEMOA Commission's Procurement reform Program has its origin in the Abidjan Conference on Public Procurement Reform. The program was to be implemented in two sections (i) Phase I: the preparation of Regional Procurement Legal and Institutional Framework, and (ii) Phase II: Implementation at the national level.

Phase I was launched in September 2002. It was jointly financed by an IDF Grant, and participation from ADB, based on a Grant from France, for a total amount of USD 750.000. The outputs of Phase I were: (i) a Regional Procurement Regulation; (ii) Model Standard Procurement Documents; (iii) Inventory of

¹ *Currently, the COMESA Member States are: Angola; Burundi; Comoros; Democratic Republic of Congo; Djibouti; Egypt; Eritrea; Ethiopia; Kenya; Libya, Madagascar; Malawi; Mauritius; Rwanda; Seychelles; Sudan; Swaziland; Uganda; Zambia; Zimbabwe.*

Member Countries' Procurement Reform Requirements; (iv) Identification of the Instruments and Functions to be located at Commission, to play an advocacy role in supporting procurement reform in Member Countries, (v) and a Regional Strategy for the Development of the Procurement capacity in Member States

Following the completion of the PPRP, COMESA requested the Bank Group for technical assistance to finance a follow-up project that would consolidate and sustain the procurement reforms started under the PPRP. The new project, viz. *Enhancing Procurement Reforms and Capacity Project* (EPRCP) is intended to assist the Member States continue with the reform process and consolidate the gains that had been made.

The EPRCP aims at consolidating public procurement reforms and enhancing COMESA's regional integration efforts by harmonising the procurement systems. The project is formulated within the Bank Group's efforts to contribute to institutionalisation of good governance and to facilitate economic cooperation and regional integration among African countries. The project is also in line with the ADF-X Financing Policy Guidelines. The priority areas set under ADF-X include, among others: (i) Support for good governance (with focus on fiscal management, procurement, accountability and transparency); (ii) Regional economic cooperation and integration; and (iii) Capacity building. Thus, the project conforms to the Bank Group policies and priorities and falls within the priority areas of ADF-X.

The project components are: (i) Enhancing Procurement Reforms; (ii) Capacity Building; (iii) Upgrading Procurement Information Systems; and (iv) Project Management.

The expected outputs will be: (i) Public and private sectors that are fully aware of the principles and workings of the national and regional public procurement systems; (ii) Publication of national procurement laws and regulations that are consistent with the COMESA procurement Directive passed under the PPRP; (iii) Well-designed procurement training materials and

case studies; (iv) A well trained critical mass of procurement professionals, capable of managing the modern procurement system; and (v) Enhanced capacity at COMESA Secretariat level to implement COMESA objectives, and monitoring of compliance to COMESA Directives; and (vi) Enhanced IT and human capacity for collection and dissemination of procurement information.

Besides supporting a follow-up project for UEMOA, the Bank Group intends to support similar public procurement reform projects for other regional economic groupings like ECOWAS, CEEAC and the Maghreb Region.

IMPORTANCE & EXPECTATIONS FOR WORKSHOP

With regard to the ultimate outcomes of the Workshop, it is understood that the Paris Declaration's Procurement Indicators and Targets will be come for special mention, namely:

- *2b: Putting in place reliable country procurement systems [Qualitative]*
- *5b: Use of country procurement systems [Quantitative]*

SHARING EXPERIENCES ON BENCHMARKING TOOL

As part of the process, the AfDB would like to suggest for the reflection of Delegates the following observations:

- It is clear that, under the Benchmarking Tool, Pillars I [Legislative and Regulatory Framework] and II [Institutional Framework and Management Capacity] – may generally be easier to achieve, in the short term.
- On the other hand, Pillars III [Procurement Operations and Market Practices] and IV [Integrity of the Public Procurement System] – may be more elusive, given the real difficulty of translating the principles on the ground. Additional efforts need to be made in this regard
- The intractable problems of Fraud and Corrupt Practices
- The increasing potential for Conflict of Interest situations

- **Highly sub-divided bid packages, specifically in order to avoid having to resort to ICB**
- **Political interference**