

The African Development Bank Group



Welcome Remarks Delivered by Mr. B. S. Kanu, Country Operations Officer,
on behalf of Dr. M.A. Ojelade, Resident Representative, African Development
Bank, Uganda Field Office
at the Government of Uganda/ African Development Bank / World Bank /
European Commission Sponsored Regional Procurement Capacity
Development Workshop

Serena Hotel, Kampala, Uganda

12th-14th December, 2006

Hon. Fred Jachan Omach, Minister of State for Finance (General Duties)
Honourable Ministers
Members of Parliament
The Permanent Secretary/Secretary to the Treasury
Members of the Diplomatic Core
Distinguished Workshop Delegates
Ladies and Gentlemen

I. WELCOME

It is indeed a great honour and personal pleasure for me to welcome you to this important forum. We wish to express our deep appreciation to the Government of Uganda for readily accepting to host this workshop, at such a short notice. This is the first of a series of regional workshops designed to assist developing countries strengthen their public procurement capacity in the fight against corruption. The specific objectives of the workshop include:

- (i) Introducing and expanding the use of the methodology for the assessment of the quality and performance of national procurement systems;
- (ii) Sharing cross-country and cross-region lessons learned on procurement reform initiatives; and
- (iii) Launching the country pilot exercise sponsored by the OECD-DAC joint venture on procurement as part of furthering the objectives of the Paris Declaration.

II. PROCUREMENT

Ladies and Gentlemen, the subject of Procurement is placed at the very heart of the African Development Bank Group's Charter and this is expressed in various instruments including:

- o The Agreement Establishing the African Development Bank, 6th Edition, July 2002, Article 17.1(h)
- o 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; and
- Article 38 of the Agreement Establishing the African Development Bank.

III. PROCUREMENT PRINCIPLES

In line with current best practice, the African Development 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 according all eligible contractors and suppliers from developed and developing countries an 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 its Regional Member Countries;
- (d) the importance of transparency in the procurement process; and
- (e) the need for increasing focus on anti-corruption and observance of ethics.

IV. 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 manner in which public funds, from national and donor sources, are 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 project, as a whole was managed satisfactorily. All the project components were successfully implemented.

Similarly, the West African Economic and Monetary Union (UEMOA) Commission's Procurement Reform Programme has its origin in the Abidjan conference on Public Procurement Reform. The programme 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 ADF 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 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, and v) a Regional Strategy for the Development of the Procurement capacity in Member States.

Following the completion of the PPRP, COMESA requested the African Development Bank Group for technical assistance to finance a follow-up

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.*

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 in the spirit of the Bank Group's efforts to contribute to institutionalisation of good governance and facilitate economic cooperation and regional integration among African countries. The project is also in line with and conforms to the priority areas of the ADF-X Financing Policy Guidelines. The priority areas set under ADF-X include, i) Support for good governance (with focus on fiscal management, procurement, accountability and transparency); ii) Regional economic cooperation and integration; and iii) Capacity building.

The expected outputs of the EPRCP 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; 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 such as ECOWAS, the Economic Community of Central African States (ECCAS-CEEAC) and the Maghreb Region.

V. IMPORTANCE AND EXPECTATIONS OF THE WORKSHOP

There are two major expected outcomes of the workshop in purview of the Indicators and Targets of the Paris Declaration agenda on Procurement, namely:

- *2b: Participating Countries to be able to put in place reliable country procurement systems [Qualitative target/indicator], and*
- *5b: Participating countries to increase usage of country procurement systems [Quantitative target/indicator]*

VI. SHARING EXPERIENCES ON BENCHMARKING TOOL

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

- 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, therefore, 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 International Competitive Bidding (ICB).
- Political interference.

I thank you for your attention and wish you successful deliberations.