
**Public Procurement
and
Disposal of Public Assets
Guideline**

Guideline issued by the Public Procurement and Disposal of Public Assets Authority under Section 97 of the Public Procurement and Disposal of Public Assets Act, 2003 and Section 94 of the Local Governments Act and Regulation 12 of the Local Governments (PPDA) Regulations, 2006

Guideline Details:

Guideline Reference:	1/2018
Guideline Subject:	Guideline on reservation schemes to promote local content in public procurement
Guideline Commencement Date:	15th February 2018
Total number of pages:	Seven

Guidelines are distributed to all Accounting Officers who are responsible for distributing copies to the Contracts Committee and members of the Procurement and Disposal Unit of the Procuring and Disposing Entity

**GUIDELINE SUBJECT: GUIDELINE ON RESERVATION SCHEMES
TO ENHANCE LOCAL CONTENT IN
PUBLIC PROCUREMENT**

In accordance with Sections 50 (2) of the PPDA Act, 2003 and Regulation 53 of the Local Governments (PPDA) Regulations, 2006; and to implement the National Development Plan II (NDP II) 2015/16 – 2019/2020 and the Buy Uganda Build Uganda Policy, 2014 that provide for the need to support locally manufactured products; knowledge transfer; and human capital development, the Authority issues following guideline on reservation schemes to enhance local content in public procurement.

Objective of the Guideline: To provide for mechanisms of increasing the input of local labour, goods and services in the procurement of public sector works, goods and services within the country.

Definitions:

In this Guideline, unless the context otherwise requires –

“Foreign provider” means a provider not incorporated in Uganda;

“National provider” means a provider registered in Uganda and wholly owned and controlled by Ugandans;

“Provider” means a natural person, a company or a partnership. The provider may also take the form of a Joint Venture, Partnership, Association or Consortium.

“Reservation” means exclusive preference to procure goods, works and services set aside by threshold or sector;

“Resident provider” means a provider incorporated in Uganda for at least two years at the time of submission of the bid and is not a national provider.

1. Reservation of public contracts by threshold to national and resident providers

1.1. A reservation shall apply to procurements for supplies, works and services by threshold and to benefit national and resident providers

1.2. The following thresholds shall be applicable for this reservation:

- i. Procurements for supplies whose estimated cost is UGX 1 Billion and below;
- ii. Procurements for road works whose estimated cost is UGX 45 Billion and below; and other public works whose estimated cost is UGX 10 billion and below;

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- iii. Procurements for consultancy services whose estimated cost is UGX 1 Billion and below; and
 - iv. Procurements for non-consultancy services whose estimated cost is UGX 200 Million and below.
- 1.3. The Procuring and Disposing Entity shall use the appropriate procurement method provided under the PPDA Act, 2003 and reserve the procurement to national and resident providers.
 - 1.4. Where a bidder is a Joint Venture, Association, consortium or partnership the individual parties of the bidder shall be national or resident providers.
 - 1.5. Where the Entity is unable to get responsive bids from national and resident providers under 1.3, the Entity may procure the supplies, works or services from a foreign bidder. The Accounting Officer shall submit a report to the Authority within 10 working days from contract execution.
- 2. Reservation of at least 30% of the value of works through subcontracting of sub works and supply of materials, equipment and services to national and resident providers**
- 2.1. A reservation of at least 30% of the value of works through subcontracting of sub works and supply of materials, equipment and services to national and resident providers shall apply to procurements of road works above UGX 45 Billion and other works above UGX 10 Billion where the bidder is a foreign provider.
 - 2.2. The bidding documents shall provide for the requirement of subcontracting where the bidder is a foreign bidder.
 - 2.3. The foreign bidder shall demonstrate the form or scope of subcontracting in its bid, value of the sub works, supplies and services to be subcontracted, and the profile (s) of the proposed national and resident providers indicating their capacity to undertake the sub works, supplies or services.
 - 2.4. The Contract Manager or the Supervising Consultant of the works shall ensure that the foreign contractor subcontracts the sub-works, supplies and services as indicated in its bid and where the subcontractor's contract is terminated by the foreign bidder, the replacement shall be a national or resident provider.
 - 2.5. The Entity shall resolve all complaints between the subcontractor and the foreign bidder in accordance with the dispute handling mechanism under the contract.
 - 2.6. Where it is established that the sub-contracting arrangement has been breached by any of the parties, the Authority shall investigate and suspend the provider in breach.

3. Reservation for procurement of uniforms and related clothing materials

- 3.1. A reservation shall apply to procurements for supply of uniforms and related clothing materials to providers that have manufacturing facilities in Uganda.
- 3.2. The related clothing materials include bed sheets and curtains.
- 3.3. To be eligible for this reservation, the provider should:
- i. Have a manufacturing facility in Uganda producing uniforms and related clothing materials;
 - ii. Use locally grown cotton from the ginneries;
 - iii. Have products certified by the Uganda National Bureau of Standards (UNBS); and
 - iv. Be registered on the PPDA Register of Providers.
- 3.4. The following conditions shall apply to the Entity reserving the procurement of uniforms and related clothing materials:
- i. Use the appropriate procurement method and subject it to this reservation; and
 - ii. Subject the testing of the sample of the supplies and deliveries by UNBS to satisfy conformation to the specifications.
- 3.5. Where the Entity is unable to get responsive bids from an eligible provider under 3.3, the entity may procure the supplies from a bidder who is not eligible for this reservation. The Accounting Officer shall submit a report to the Authority within 10 working days from contract execution.

4. Reservation for procurement of electrical cables and conductors

- 4.1. A reservation shall apply to procurements for supply of electrical cables, conductors and bundle cables to providers that have manufacturing facilities in Uganda.
- 4.2. To be eligible for this reservation, the provider should:
- i. Have a manufacturing facility in Uganda;
 - ii. Have products certified by the Uganda National Bureau of Standards (UNBS); and
 - iii. Be registered on the PPDA Register of Providers.
- 4.3. The following conditions shall apply to the Entity reserving the procurement of electrical cables and conductors:
- i. Use the appropriate procurement method and subject it to this reservation; and
 - ii. Subject the testing of the sample of the supplies and deliveries by UNBS to satisfy conformation to the specifications.
- 4.4. Where the Entity is unable to get responsive bids from an eligible provider under 4.3 above, the Entity may procure the supplies from a provider who is

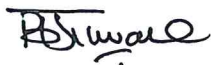
not eligible for this reservation. The Accounting Officer shall submit a report to the Authority within 10 working days from contract execution.

5. Reservation for procurement of medicines and medical supplies

- 5.1. A reservation shall apply to procurements for supply of medicines and medical supplies manufactured in Uganda to providers that have production facilities in Uganda.
- 5.2. To be eligible for this reservation, the provider should:
 - i. Have a manufacturing facility in Uganda;
 - ii. Have the manufacturing facility and products certified by the National Drug Authority and medicines registered on the National Drug Authority Register; and
 - iii. Be registered on the PPDA Register of Providers.
- 5.3. The competent authority for the manufactured medicines medical supplies is National Drug Authority.
- 5.4. The Entity reserving the procurement of supply of medicines and medical supplies shall use the appropriate procurement method and subject it to this reservation.
- 5.5. Where an Entity procuring medicines and medical supplies is unable to procure the supplies from the manufacturers in Uganda, the Procuring and Disposing Entity shall procure the supplies from a bidder who is not eligible under this reservation. The Accounting Officer shall submit a report to the Authority within 10 working days from contract execution.

6. Classification of Providers by the Authority

- 6.1. The Authority shall in accordance with Regulation 8(5) of the PPDA Regulations, 2014 classify national and resident providers using the following criteria:
 - a) The size of the provider, including the physical and financial capacity of the provider;
 - b) The core operational area of the provider indicating the disciplines or codes;
 - c) The record of current or past contracts and performance by provider; and
 - d) The ownership or control of the provider.
- 6.2. Where a particular group of national and resident providers are registered by a statutory or competent body, the Authority shall liaise with such statutory or competent body to obtain necessary information required to establish the classification of such a provider.





7. Disclosure in the Procurement Plan

7.1. The Procuring and Disposing Entities shall disclose in the Procurement Plans the procurements that shall be subjected to this reservation scheme. The Procurement Plans shall be displayed on the Entity's notice board and the Authority's website.

7.2. All PDES shall ensure that necessary support is provided to national and resident providers to enable them perform in accordance with the terms of the contract.

8. Reservation to apply to Procurements funded by Government of Uganda and Development Partners

This Guideline on reservation scheme shall apply to procurements which are funded by Government of Uganda and Development Partners. The reservation shall also apply to procurements funded by Development Partners except where the conditions of funding limit the application of reservations.

9. Report by Accounting Officer following non application of the reservation

The report to be submitted by the Accounting Officer under 3.5, 4.4 and 5.5 of this Guideline shall indicate the following:

- i. The subject of procurement;
- ii. The contracted foreign provider and the contract price;
- iii. Efforts undertaken to procure from a national or resident provider eligible for the reservation; and
- iv. Reasons as to why the reservation could not be applied.

10. Reporting

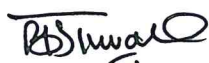
The Procuring and Disposing Entities shall indicate in their monthly/quarterly reports submitted to the Authority contracts that have been awarded/completed under the reservation scheme.

11. Monitoring

The Authority and the Local Content Monitoring Committee shall monitor the implementation of the reservation schemes by entities on a quarterly basis and undertake an annual assessment based on predetermined indicators.

12. Review of the guidelines

The Government shall biannually review the guidelines to assess performance of this Guideline and revisit the conditions set for a particular product or target group.



13. Transitional Provision

This Guideline shall not apply to procurements where bids had been received by the Entity at the commencement date of this Guideline.

14. Repeal of Guideline 2/2017

Guideline No. 2/2017 issued on 3rd March 2017 is repealed.

Signed:

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Chairman of the Board of Directors

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Ag. Executive Director of the Authority

PUBLIC PROCUREMENT AND DISPOSAL OF PUBLIC ASSETS AUTHORITY

