

KAMPALA INTERNATIONAL UNIVERSITY

FACULTY OF LAW

TOPIC

**THE ROLE OF THE PUBLIC PROCUREMENT AND DISPOSAL OF PUBLIC
ASSETS AUTHORITY (PPDA) IN COMBATING PROCUREMENT
CORRUPTION IN GOVERNMENT INSTITUTIONS IN UGANDA: *A CASE
STUDY OF THE PPDA AUTHORITY HEADQUARTERS IN NAKASERO,
KAMPALA.***

BY

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**A RESEARCH PROPOSAL SUBMITTED IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR THE AWARD OF THE DIPLOMA OF LAWS OF KAMPALA
INTERNATIONAL UNIVERSITY**

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DECLARATION

I Babirye Grace, hereby declare that this Research Proposal that was conducted under the topic “The Role of the Public Procurement and Disposal of Public Assets Authority (PPDA) in Combating Procurement Corruption in Government Institutions in Uganda: *A Case Study of PPDA Authority Headquarters in Nakasero, Kampala* ” is my own original work and has never been presented to any other University or Institution for any academic award.

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APPROVAL

This is to approve that Babirye Grace conducted this research under my supervision and it is now ready for submission to the University for the award of Diploma of Laws of Kampala International University.

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Signature: -----

Date: 12/October/2012

Mr. Anguria Joseph

DEDICATION

This work is dedicated to my beloved father Mr. Matovu Fred for the great support and encouragement he has given me throughout my studies.

ACKNOWLEDGEMENT

It has been through the efforts, morale, help and guidance of a number of people without whom this work would not have come to its successful end.

I am deeply indebted to my supervisor Mr. Anguria Joseph for his advice and supervision during the course of writing this report despite his busy schedule.

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Last but not least, I am not unmindful of the entire family of my beloved father Mr. Matovu Fred for their encouragement, patience and support toward the successful completion of this course. May God reward your efforts!

ABBREVIATIONS

CHOGM:	Common Wealth Heads of Government Meeting
IG:	Inspectorate of Government
NIS III:	The 3rd National Integrity Survey by the Inspectorate of Government
NSSF:	National Social Security Fund
PAC:	Public Accounts Committee of Parliament
PPDA:	Public Procurement and Disposal of Public Assets Authority
SPSS:	Statistical Package for the Social Sciences
UNODC:	United Nations Office on Drugs and Crime

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CHAPTER ONE

Introduction

1.1. Back ground of the study.

The Public Procurement and Disposal of Public Assets Authority (PPDA) is an independent agency governed by the Public Procurement and Disposal of Public Assets Act of 2003 (PPDA Act 2003), which sets out the rules and regulations for procurement in government institutions in Uganda. Therefore, the PPDA is the regulatory body for public procurement and disposal activities in Uganda created with the object of fighting corruption in procurement and disposal of public assets (PPDA Act 2003).

The PPDA has a number of functions which are; issueing various tools for conducting procurement and disposal of public assets in compliance with the law. It also has a data management function which entails developing a system of managing data of all public managenent and disposal, a capacity building function that entails developing procurement and disposal capacity through training and line suport and an audit function which entails auditing the bid preparation process and award and completion of contract (National Intergrity Survey Report 2008).

The PPDA has the following objectives; ensureing application of fair, competitive, transparent and non- discriminatory and value for money procurement and disposal standards and practices; harmonising the procurement and disposal policies, systems and practices of central government, local government and statutory bodies; set starndards for the public procurement and disposal systems in Uganda; monitor compliance of disposing and procuring entities and build procurement and disposal capacity in Uganda (PPDA Act 2003).

In Uganda, procurement of goods, services and works required by government department consume a considerable part of government resources due to public procurement corruption.

Corruption involves the behavior of officials in the public and private sectors to improperly and unlawfully enrich themselves and /or those who are close to them, or induce others to do so, by

misusing the position for which they are placed (Asian Development Bank, 2003).

When this unlawful and improper behavior is applied to the public acquisition process, it becomes public procurement corruption. It essentially entails deliberate failure to follow the expected minimum standard behavior in managing the acquisition process by government agencies and departments. Corruption takes place once the procurement laws and regulations are broken for the benefit of an individual or group of individuals against the public interest and need of internal customers (Asian Development Bank, 2003)

The World Bank extends the definition of procurement corruption to include the offering, giving, receiving or soliciting; directly or indirectly, of anything of value to influence the action of a public official in the procurement process or in contract execution (World Bank, 2004).

There are several cases of corruption in public procurement in Uganda some of which include ; the Uganda National Identity Card saga in which the Internal Affairs Ministry of Uganda flouted procurement procedures and caused a loss worth of billions of shillings to the taxpayer and the Uganda government (Red Pepper 25th July, 2012). Another public procurement corruption case is seen in the procurement of the 2007 CHOGM cars in which procurement rules were flouted which also caused a loss to the government of Uganda (Uganda Parliamentary Accounts Committee Investigation Report 2009).

Therefore, the PPDA Authority of Uganda was formed to ensure that all forms of procurement corruption in government institutions are eliminated. The researcher therefore, intends to establish wheather the PPDA has lived up to its task of eliminating procurement corruption in government institutions in Uganda.

1.2 Problem statement

Corruption exists in all societies in different forms, at all stages of development and under all types of politico-economic regimes (Blackburn, Bose, & Haque, 2005 , Aidt, 2003). Corruption is equated to a cancer which strikes almost all parts of the society; as it “eats” the cultural, political and economic fabric of society, and destroys the functioning of vital organs” (Amundsen, 1999)

There is substantial empirical evidence on the detrimental effects of corruption whether in procurement or other government sectors (Seldadyo & de Haan, 2006; Treisman, 2000; Serra, 2004; Basheka, 2009). Corruption has 'toxic' effects on societies (Carino, 1986 and in developing countries; it acts like a tax adding to the cost of providing public services and conducting business (Olken, 2007)

Procurement corruption is one of the most common and lucrative white-collar 'crimes' in government machinery in Uganda. Corruption is high in the public procurement domain because of the great 'opportunities' in the acquisition of government goods, services and works. Corruption takes place at any stage of the procurement process and may involve both internal and external stakeholders. To gather information about the extent of procurement corruption is crucial for effective and efficient decision making although corruption lends itself to problems of measurement (Dreher & Schneider, 2006).

1.3 Purpose of the study

To establish the role of the PPDA Authority in combating procurement corruption in government institutions in Uganda.

1.4 Objectives of the study.

- (i) To examine the role of the PPDA Authority in combating procurement corruption in public institutions in Uganda.
- (ii) To establish the forms and causes of procurement corruption in government institutions in Uganda.
- (iii) To establish the effects of procurement corruption on the government institutions in Uganda.

1.5 Research questions

- (i)What is the role of PPDA Authority in combating procurement corruption in government institutions in Uganda?
- (ii)What are different forms and causes of procurement corruption in government institutions in Uganda?
- (iii)What is the effect of procurement corruption on government institutions in Uganda?

1.6 Scope of the study.

1.6.1 Geographical scope

The research will be carried out at the headquarters of PPDA Authority in Nakasero, Kampala District.

1.6.2 Time scope.

The study will cover the period from 2008 up to 2012.

1.6.3 Subject scope

The study will focus on forms of procurement corruption and how they have affected government institutions in Uganda.

1.7. HYPOTHESES

Procurement corruption exists in government institutions in Uganda.

There are many types of procurement corruption in government institutions in Uganda

The PPDA has roles to play in fighting procurement corruption in government institutions.

Procurement corruption has negative effects on government institutions in Uganda

1.8. Significance of the study

- (i) It will assist the government of Uganda in its efforts to fight corruption in public institutions.
- (ii) The research will be of tremendous assistance to the government and other stakeholders in streamlining procurement laws.
- (iii) The study will be usefull for students, academicians, policy formulators who have interest in doing further research in public procurement.
- (iv) The study will also help the researcher to gain skills of doing investigative work.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction.

This chapter focused on the role of PPDA in fighting procurement corruption in government institutions, forms and causes of procurement corruption and the effects of procurement corruption on government institutions

2.1 Role of PPDA in fighting corruption in public procurement and disposal of public assets

As part of the government's drive to reform public procurement to make it more transparent, accountable and capable of delivering better value for money, the PPDA was set up under the PPDA Act (2003) as a principle regulatory body for public procurement and disposal of public assets (National Public Procurement Integrity Survey Report 2007) and this was intended to remove politicking and eliminating corruption in the tender process which accounts for about 70% of government expenditure (Obanda Wanyama 2010).

According to the objectives and functions of the PPDA as enshrined in the PPDA Act 2003, its roles in fighting corruption are as follows;

2.1.1 Promotion of transparency.

Transparency is paramount in any procurement process in order to fight corruption. The PPDA is required to advertise all tenders (Clause 140(2) and (3) of the Procurement Regulations 2003). The PPDA is also required to do all the procurement and disposals of public assets in a manner that promotes transparency (Section 45 of the PPDA Act 2003). Winners of contracts are displayed on public notice boards and projects being undertaken are also displayed and disconteted bidders are given a chance to appeal (Section 89 of the PPDA 2003). The transparency is meant to bring on board more actors (National Public Procurement Integrity Survey Report 2007).

Transparency means that laws, regulations, institutions, processes, plans and decisions are made accessible to the public at large or at least to “representatives” of the public so that processes and decisions can be monitored, reviewed, commented upon by the stakeholders, and decision makers can be held accountable for them. (Transparency International Report 2006).

Corruption thrives in the dark and manipulation for personal benefit is facilitated by opacity. Therefore it is essential that transparency be created from the very beginning so that potentially every step in the long decision-making process can be viewed and influenced in a timely manner. Transparency needs to pervade all steps in the procurement cycle, from the earliest decision making by the respective authority about a new purchase or investment throughout the entire process of preparing the “project” economically and technically, the selection of the consultants, suppliers or contractors, the awarding and execution of the contracts and the final accounting and auditing phase (Transparency International Report 2006).

Transparency is not achieved by grudgingly allowing access to some internal documents to selected people. Transparency requires that the government or project agency (the “principal”) voluntarily and proactively provides full public information through the print and electronic media about the potential options, plans, designs and programmes. Transparency also means that all the stakeholders of a major investments are fully informed and consulted about all aspects of the project to be procured. (Transparency International Report 2006).

2.1.2 Enabling and promotion of competition.

The PPDA is mandated to maximise competition in the procurement process (Section 46 of the PPDA Act 2003). This is done by advertising (Clause 140(2) and (3) of the PPDA Regulations 2003), displaying on the notice boards projects being undertaken, giving discontented bidders a chance to appeal (Section 89 of the PPDA) and giving the parties involved equal and fair treatment (Clause 142 (a) of the PPDA Regulations 2003). This is because competition boosts quality of services in that most service providers when they win contracts endeavour to provide quality work so that they can qualify for pre-qualification in subsequent years (National Public Procurement Integrity Survey Report 2009).

2.1.3 Promotion of accountability.

Procurement and disposal of public assets should be done in a manner that promotes accountability (Section 45 of the PPDA Act 2003). The accounting officer of the procuring and disposing entity (PDEs) is mandated with this obligation (Section 24-26 of the PPDA Act 2003). Accountability is ensured through certifying the availability of funds prior to the commencement of any procurement activity, implementing the recommendations of the authority, submitting reports to the authority on contracts and any other related activity (Clause 42 of the PPDA Regulations 2003).

According to Article 164 (2) of the Constitution of the Republic of Uganda 1995, any person holding a political or public office who directs or concurs in the use of public funds contrary to existing instructions shall be accountable for any loss arising from that use and shall be required to make good the loss even if he or she has ceased to hold that office. Accountability is necessary to reduce corruption in the procurement process (National Public Procurement Integrity Survey Report 2007).

Accountability also means that government owned or controlled institutions or corporations and individual officials, on the one hand, and companies, company executives and agents or other individuals acting on behalf of companies, on the other hand, must be accountable for the correct and complete execution of their tasks and duties and for the decisions and actions being made in their area of responsibility (Transparency International Report 2006).

Procedures enabling full accountability should be systematic and dependable, records explaining and justifying all decisions and actions should be created and maintained. Wherever violations of legal or contractual obligations occur, the perpetrator must be taken to task by disciplinary, contractual, civil and/or criminal sanctions, as the case may be. Laxness in enforcing accountability will quickly erode integrity. The parties called to action in this context include governments, public institutions and officials, national or international financial institutions, and contractors in the widest sense (that is private companies or individuals, governments or public institutions acting as contractors offering the supply of goods, contracting, consultancy or other

services), stakeholders and also Civil Society organisations (Transparency International Report 2006).

2.1.4 Promotion of an ethical code of conduct in business.

The PPDA Act 2003 established an ethical code of conduct that aims at reducing corruption practices in public procurement and it states that; Employees shall not use their authority or office for personal gain and shall seek to uphold and enhance the reputation of the Ugandan Government at home and abroad by maintaining an impeccable standard of integrity in all business relationships both inside and outside the organisations in which they are employed, fostering the highest possible standards of competence, optimising the use of resources for which they are responsible to provide the maximum benefit to Uganda, and complying both with the letter and the spirit of- the laws of Uganda and regulatory guidance, accepted business practices in commercial markets and contractual conditions; Employees shall not accept business gifts from current or potential Government suppliers unless such gifts are of very small intrinsic value such as a calendar or a pen. Employees shall refrain from any business hospitality that might be viewed by others as having an influence in making a government business decision as a result of accepting that hospitality (Rule 93(1) of the Fifth Schedule of the PPDA Act 2003).

In relation to the above, a member of the Authority, a procuring and disposing entity or expert contracted to deliver specific services shall not use to his or her personal or organizational advantage, information acquired by him or her by virtue of his or her association with the Authority or a procuring and disposing entity for a period of one year after vacating office or ceasing to render the specific services (Rule 93(1) of the Fifth Schedule of the PPDA Act 2003).

Each civil servant is required to take an oath of commitment to the code and any one dismissed for breaching the code will be prohibited from holding a public office for at least five years. Based on the principle of self service, the code of conduct correlates to the standing orders of civil service which states that; no officer shall at any time engage in any activity which could in any way impair his usefulness as a public officer or engage in any occupation or undertaking which might in any way conflict with the interest of the public service or make use of his official

position to further his private interests or those of his family (National Public Procurement Integrity Survey Report 2009).

However, despite these roles of the PPDA, public procurement and disposal of public assets is one of the principal areas where corruption takes place (Thai 2008). In addition to the newly introduced contracts committees and procurement units are being blamed for introducing dilatory processes and creating bureaucracy in other procurement entities. This has aggravated the problem of corruption in government institutions than solving it (National Public Procurement Integrity Survey Report 2009).

2.1.5 Carrying out an audit function.

PPDA has been carrying out audit of the procurement process and ranking institutions and sector agencies based on their performance. This ranking has also acted as a motivation for institutions to abide by the requirements of the law. Although PPDA does audit of procurement functions, it can only recommend actions to the different entities. While the entities are expected to comply with the directives of PPDA, the current PPDA Act 2003 however also inadvertently left a lacuna to the entities which in some cases ignore or disregard the directive which makes it difficult for PPDA to perform its oversight functions. Actions like *"name and shame"* and blacklisting of service providers who do not provide value for money would significantly improve the value for money and quality in procurement contracts. However, the PPDA is constrained at the moment as a result of some of the limitations in the PPDA Act 2003.

Other loopholes in the law where the service providers are required to appeal for remedial actions requires that complaints should be registered at the service delivery levels where the procurement is done. This is a challenge for service providers who at times appeal the award of a contract but fail to follow through at higher levels should their concern not be addressed within the time frame. PPDA is trying to push for amendments which will address the issues of conflict of interest in terms of who to supply government and all these audits are aimed at tracking corruption practices in the entire procurement process (The 2nd Public Procurement Integrity Survey Report 2008).

2.2 Meaning, Forms and causes of public procurement corruption.

2.2.1 Meaning of public procurement corruption.

Public organizations serve the public interests through delivering desired services. This certainly makes it imperative to study problems associated with the public sector (Schiele, 2007) to find possible challenges of critical success factors in the delivery of efficient and effective services. Oliver de Saradan (1999) noted that in almost all African countries, corruption had become a common and routine element of the functioning of the administrative machinery.

Public procurement plays a central role in governance and anti-corruption efforts because of its impact on society (Prier & McCue, 2006). In Uganda, few subjects or topics currently attract 'hot' political, policy, societal and academic discussion than corruption in the process of procurement.

Corruption is such a pervasive and enduring fact in some societies that it has become an important aspect of the cultural norms and practices (Sandholtz, et al, 2000, Guhan, and Paul, 1997). Corruption comes from a Latin word 'corrumpere' which means to break something and during the action of corruption, the law, legal rule, a moral norm and in worse situations communities and human personalities are broken (Farida & Ahmadi-Esfahani, 2006).

Corruption has two meanings namely; the narrow and broader perspectives.

In a narrow perspective, it is used to mean those activities which stand for illegal practices in which the citizens or organizations bribe officials in charge for awarding permissions, contracts or escape punishment or fines for offenses they committed (Rose-Ackerman, 1999). In a broader perspective, it includes achieving several advances through personal networking, paying gratitude, money or giving gifts for usual services (Kaufman, 1998) but in other cases, it is simply viewed as misuse of public office for un-official gains (Kaufman, 1998).

2.2.2 Forms of corruption in public procurement.

2.2.2.1 Bribery.

This is the commonest form of corruption. Bribery refers to giving of some form of benefit to unduly influence some action or decision on the part of the recipient or beneficiary (UNODC Anti Corruption Toolkit, 2002). A bribe is given to influence an action that is; it is given on the basis of an undertaking and it is therefore patently criminal in nature (Ruzindana, 1998). Bribes distort proper functioning of the market, misallocate resources, violate principals of justice and fair play, disregard merit and reward premeditated wrong doing (Ruzindana, 1998).

Bribes are also explained as being larger amounts given to officials to obtain a favorable decision when no right or claim to such decision exists (Transparency International Report 2006). It may further be explained as the promise to offer or give any benefit that improperly affects the actions or decisions of a public official. A bribe may be given to a public servant (direct), or to another person or entity (indirect). It may consist of money, inside information, a gift, a job or company shares (The 2nd National Public Procurement Integrity Survey Report 2008).

According to the Anti-Corruption Act 2009 of Uganda a person is said to have been involved in bribery acts when directly or indirectly by himself or herself or through any other person offers, confers, gives or agrees to offer any gratification to any member of a public body an inducement or reward so that the member votes or abstains from voting at any meeting of that public body in favour of or against any measure, resolution or question submitted to that public body; performs, or abstains from performing his or her duty in procuring, expediting, delaying, hindering or preventing the performance of any official act; or aids in procuring or preventing the passing of any vote or the granting of any contract or advantage in favour of any person.

2.2.2.2 Abuse of discretion

This refers to the abuse of office for private gains, but without external inducement or extortion (Ruzindana, 1998). Patterns of such abuses are usually associated with bureaucracies in which broad individual discretion is created, few oversight or accountability structures are present, as

well as those in which decision making rules are so complex as to neutralise the effectiveness of such structures even where they exist (UNODC Anti Corruption Toolkit, 2002).

Also person is said to have abused his or her office where by that person, being employed in a public body or a company in which the Government has shares, does or directs to be done an arbitrary act prejudicial to the interests of his or her employer or of any other person, in abuse of the authority of his or her office, commits an offence and is liable on conviction to a term of imprisonment not exceeding seven years or a fine not exceeding one hundred and sixty eight currency points or both (Section 11(1) of Anti-corruption Act 2009).

In Uganda and most African countries, abuse of office/power is very common and is fostered by the low level of awareness in society as a whole (Ruzindana, 1998).

2.2.2.3 Embezzlement, theft and fraud

Embezzlement and theft refers to taking or conversion of money, property or other valuables for personal benefit. They involve taking of property by some one to whom it has been entrusted (UNODC Anti Corruption Toolkit, 2002)

Embezzlement can also be explained as a situation where a person who being an employee, a servant or an officer of the government or a public body, a director, an officer or an employee of a company or a corporation, a clerk or servant employed by any person, association or religious or other organisation, a member of an association or a religious organisation or other organisation, steals a chattel, money or valuable Security being the property of his or her employer, association, company, corporation, person or religious organisation or other organisation; received or taken into possession by him or her for or on account of his or her employer, association, company, corporation, person or religious organisation or other organisation; or to which he or she has access by virtue of his or her office; commits an offence and is liable on conviction to a term of imprisonment not exceeding fourteen years or a fine not exceeding three hundred and thirty six currency points or both (Section 19 of the Anti-Corruption Act 2009).

Fraud involves the use of misleading information to induce some one to turn over the property voluntarily for example by misrepresenting the amount of people in need of a particular service (Anti Corruption Toolkit 2002).

2.2.2.4 Conflict of interest and influence peddling.

Conflict of interest is a situation where an employee, or a member of a public body, public company or public undertaking who, in the course of his or her official duties, deals with a matter in which he or she or his or her immediate family has a direct or indirect interest or is in a position to influence the matter directly or indirectly and he or she knowingly, fails to disclose the nature of that interest and votes or participates in the proceedings of that body, company or undertaking, commits an offence and is liable on conviction to a term of imprisonment not exceeding twelve years or a fine not exceeding five thousand currency points or both (Section 9 (1) of the Anti Corruption Act 2009)

Conflict of interest also arises when the person referred to in above paragraph deals with a matter in which he or she has personal interest and where he or she is in a position to influence the matter directly or indirectly, in the course of his or her official duties; holds a position with or gives services to a person or a private body which is or are in conflict with his or her official duties; participates in the deliberations of a public body, board, council, commission or committee, of which he or she is a member at any meeting at which any matter in which he or she has personal interest is to be discussed; or attends a meeting of a public body, board, council, commission or committee and fails or neglects to disclose the nature and extent of his or her personal interest (Section 9 (2) of the Anti Corruption Act 2009)

Influence peddling is where a person does or, omits to do an act in contravention of established principles or procedure as a result of improper influence, for his or her own benefit or for the benefit of a third party (Section 8 of Anti Corruption Act 2009).

2.2.2.4 New identified forms of corruption

There are new identified forms of procurement corruption in Uganda which are syndicate

corruption and management by crisis corruption (The Uganda 3rd Integrity Survey Report 2008). Syndicate corruption involves net works of strategically placed public officials who collude to embezzle public funds with impunity where as management by crisis corruption involves public officials deliberately delaying to plan in time in order to create a crisis and stampede the procurement process (The Uganda 3rd Integrity Survey Report 2008).

2.2.3 Causes of procurement corruption in government institutions in Uganda

Corruption can arise because bad policies or inefficient institutions put in place that collect bribes from individuals seeking to get from and offer services to them (Djankov, LaPorta, Lopez-de-Silanes and Shleifer, 2003). A gap in income distribution that discriminates against the majority may increase the temptation to make illicit gains (paldam 2002). Economies with high human capital have low levels of corruption (Ali and Isse, (2003). Meanwhile, Knack and Azfar (2003) found that in certain situations as population increases, corruption also rises. In similar attempts, Tavares (2003) reports that corruption negatively affects the population. Corruption in public sector can there fore be caused by the following factors.

2.2.3.1 Economic factors

Economic factors are responsible for corruption in public procurement in uganda than political factors (Basheka 2009). One explanation to this was argued to be the traditional domination of corruption studies by economists whose economic measures of corruption have been tested overtime(Basheka 2009). But this could also be because, economically, corruption contributes to unjust distribution of income, discourages investment and distorts economic growth and development especially in the long run and this will affect efficiency on the supply chain activities of many procured goods and services and at national level, it undermines both free and fair trade (Duasa, 2008).

In a study on the control of bureaucratic corruption in Honk Kong, India and Indonesia, Palmier identified three interdependent factors as important causes of corruption namely; opportunities (which depended on the extent of involvement of civil servants in the administration or control

of lucrative activities), salaries and policing (the probability of detection and punishment) (Palmier, 1985). In this logic, it is argued that at one extreme, with few opportunities, good salaries and effective policing, corruption will be minimal but on the other extreme, with many opportunities, poor salaries, and weak policing, corruption will be considerable (Basheka 2009).

Other economic factors like income expenditure gap have considerably lead to corruption in Uganda where the current salaries and wages paid to public officials are extremely very low in addition to low benefits from rent free furnished houses, use of official vehicles as well as monthly responsibility allowances given to senior staff. However, the extremely low salaries make it impossible for the majority of the staff to meet their daily basic needs forexample education of their children, feeding , clothing and taking care of medical needs of them selves and their families .This has been for a long time a major contributing factor to wide spread corruption in government institutions in Uganda (Ruzindana, 1998).

2.2.3.2 Political factors

According to Shleifer, (1998) he argued that the biggest cause of corruption is undoubtedly the political leadership at the helm of affairs in a country. His observations suggests that political factors play a critical role in increasing corruption as the political leaders preside over a complex set of political structures. In a world in which governments do not always act in their citizens' best interest, corrupt politicians may be expected to spend more public resources on those items on which it is easier to levy large bribes and maintain them as a secret (Mauro,1998). Corruption has increased because the politicians who have the mandate to fight it have handled corruption cases in a casual and clumsy manner (Stapenhurt, 1998).

It appears that political interference is still a big influence to corruption at all levels of procurement, including at the central government level (Ruzindana, 1998). Recent reports suggest that at times, public procurement are rushed and not pre-planned properly which leaves a lot of room for manipulation of procurement contracts. For example, it appears that a number of CHOGM contracts were done in a high handed way without regard to procurement procedures thereby minimising competition in procurement (Parliamentary Accounts Committee Investigation Report 2009). In such circumstances, government risk to lose a lot of money in

litigation procedures should aggrieved parties go to court and win the cases. It is therefore not far fetched to observe that political interference is still a key factor undermining public procurement in Uganda (The 2nd Public Procurement Integrity Survey Report 2008).

In relation to the above, are weak administrative controls. Many cases have been reported many times of senior public officials/politicians embezzling huge amounts of public funds intended to pay staff salaries and allowances, finance projects or for the repair of government vehicles. In other cases these officials have signed inflated purchases and procurement contracts for commissions paid in overseas bank account (Ruzindana 1998).

2.2.3.3 Broad discretionary powers.

Public officials are given or acquire personalised political and administrative powers which they use or withhold in return of favours or support. Quite often, such powers are used to protect their friends, relatives, the unfit, the corrupt or straight forward thieves thus encouraging more corruption. Powers so vested in or grabbed by individual officials is seldom effectively supervised and is therefore invariably used contrary to laid down rules and regulations. The resulting adverse impact on the efficiency of the service is obvious because unless certain officers are bribed nothing can be done even when they are not available in the office (Ruzindana 1998).

The greater the amount of discretion which is given to an agent, the more opportunities there will be for that agent to give favourable interpretations of government rules and regulations to business in exchange of illegal payments (Andrew.W. and David Stasavage 1997).

2.2.3.4 Shortages and Monopoly powers.

For many years, Uganda has faced severe shortages of consumer goods, limited access to major imported articles, foreign currency and so on which necessitated considerable central control and regulations. These restrictions give public officers and others in position of influence unlimited discretionary powers to render or withhold services or to control purchase of goods which are in

great demand and therefore members of the public, anxious to secure the scarce resources and needed services end up offering bribes in order to achieve their objectives (Ruzindana 1998).

Also monopoly powers could exist for the legal reasons that a certain official is the only one person charged with performing certain tasks. Conversely, for some types of corruption, the presence of competition reduces opportunities for corruption on the part of public officials. When more than one government agent can issue the same license, competition among different officials will drive the bribe price down to zero (Andrew W and David Stasavage 1997). Therefore as a remedy to the problem of monopoly power, Rose Ackerman suggested the creation of overlapping jurisdictions for official duties.

2.2.3.5 Organisational factors

Corrupt practices are also associated with a set of structural and cultural factors (Susan Rose-Ackerman, 1999) but structural factors have received the bulk of the attention in empirical work. The environment in which public servants and private actors operate is another cause of corruption (Farida& Ahmadi-Esfahani, 2006) particularly the bureaucratic and inefficient public administration systems in developing countries. Developing countries and in particular Uganda, are characterized by a number of complex, restrictive regulations coupled with inadequate controls; circumstances that offer a fertile ground for corruption. (Gurgur & Shah 2005), and Brunetti & Weder (2003) concluded that the higher the quality of bureaucracy, the lower the probability for corruption to occur. Along with this finding, it is also interesting to see that the lack of meritocratic recruitment and promotion and the absence of professional training in the bureaucracy are also found to be associated with high corruption (Rauch & Evans 1997).

Unnecessarily, cumbersome, complicated and often unwritten procedures result in long delays in rendering what would normally be straight forward service for example issuing of renewed drivers licences, registration of vehicles, clearance of imports and approval of bank loans. To circumvent the resulting unnecessary delays, members of the public are made to know that the problems would disappear if they pay “chai” (tea) or “cough” that is if they pay money to the corrupt officials concerned (Ruzindana 1998).

2.2.4 The effect of procurement corruption on government institutions in Uganda.

In broad terms, corruption is the abuse of public office for private gain. It encompasses unilateral abuses by government officials such as embezzlement and nepotism, as well as abuses linking public and private actors such as bribery, extortion, influence peddling, and fraud (Gardiner J 1992). Corruption arises in both political and bureaucratic offices and can be petty or grand, organized or unorganized. Though corruption often facilitates criminal activities such as drug trafficking, money laundering, and prostitution, it is not restricted to these activities. For purposes of understanding the problem and devising remedies, it is important to keep crime and corruption analytically distinct (Gibbons K M 1988).

Corruption poses a serious development challenge. In the political realm, it undermines democracy and good governance by subverting formal processes. Corruption in elections and in legislative bodies reduces accountability and representation in policymaking; corruption in the judiciary suspends the rule of law; and corruption in public administration results in the unequal provision of services (Ruzindana 1998). More generally, corruption erodes the institutional capacity of government as procedures are disregarded, resources are siphoned off, and officials are hired or promoted without regard to performance. At the same time, corruption undermines the legitimacy of government institutions, the government as a whole and such democratic values as trust and tolerance (Phyllis Dininio 1998).

Corruption also undermines economic development by generating considerable distortions and inefficiency (Alam, M 1995). In the private sector, corruption increases the cost of business through the price of illicit payments themselves, the management cost of negotiating with officials, and the risk of breached agreements or detection (Phyllis Dininio 1998). Although some claim corruption reduces costs by cutting red tape, an emerging consensus holds that the availability of bribes induces officials to contrive new rules and delays. Where corruption inflates the cost of business, it also distorts the playing field, shielding firms with connections from competition and thereby sustaining inefficient firms (Alam,M 1991).

Corruption also generates economic distortions in the public sector by diverting public investment away from education and into capital projects where bribes and kickbacks are more plentiful. Officials may increase the technical complexity of public sector projects to conceal such dealings, thus further distorting investment (Phyllis Dininio 1998). Corruption also lowers compliance with construction, environmental, or other regulations; reduces the quality of government services and infrastructure; and increases budgetary pressures on government (Phyllis Dininio 1998).

2.2.5. Suggested solutions to procurement corruption in government institutions in Uganda

Corruption negatively affects society and therefore it must be combated for any society to progress (Tavares 2003). This can be done by adopting policies and putting in place effective institutions as discussed below.

Limited discretionary powers

It is said that power corrupts but absolute power corrupts absolutely (Andrew W and David Stasavage 1997). It is therefore equally argued that the less the amount of discretionary powers given to an agent, the less the opportunities there will be for that agent to give favorable interpretations of the government rules and regulations to business in exchange of illegal payments (Andrew W and David Stasavage 1997).

Increment in the salaries, wages and benefits of public officials

Increasing in the salaries, wages and benefits of public officials will enable the majority of them to meet the daily needs like food, medication, clothing, education among others (Ruzindana 1998). This in turn combats corruption that is driven by the need to acquire the basic necessities of life (Ruzindana 1998).

Political will to fight corruption

Corruption can be minimized and eventually eliminated if the political leadership at the helm of affairs in a country has the willingness to fight it (Shleifer 1998). Political will takes the form of respecting institutions and enforcing the laws that regulate those institutions without any external inference (Mauro 1998). This method makes corruption very risky undertaking hence discouraging officials from doing it (Ruzindana 1998).

Eliminating shortages

The government should ensure that at all time, there is full and constant supply of good and services required by the population. This reduces public anxiety bribes which are offered to officials in order to get a share of the scarce goods and services available (Ruzindana 1998).

Eliminating and reducing monopoly powers

Although monopoly powers could exist for the legal reasons that a certain official is the only one charged with performing certain activities, conversely for some types of tasks, the presence of competition reduces opportunities for corruption on the part of the official in fear of losing business (Andrew W and David Stasavage 1997). As a remedy to monopoly of powers, Rose Ackerman suggested the creation of overlapping jurisdictions for official duties.

2.2.6. Conclusion

Uganda now has relatively good laws on procurement than in the past. However, these laws to a large extent are only relatively good on paper. In other words, they are a toothless barking dog because in Uganda, there is no political will to fight procurement corruption. Uganda has been completely turned into a man eat man society and as a result, those in positions of authority only work to enrich themselves. Rules and regulations that regulate procurement and disposal have been thrown away by public officials in favour of corruption and embezzlement which have

rendered the relatively good procurement laws written in our law books a waste (The 2nd National Public Procurement Integrity Survey Report 2003).

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter presents the the methods and instructions that will be used to conduct the study.

This includes the research design, study population, sampling technique and sample size, source of data, data collection methods and instruments, data processing and presentations, and the limitations of the study.

3.1 Research design.

The study will use descriptive and analytical research design based on quantitative and qualitative data. This is preferred because the researcher will depend mostly on the views of the respondents to derive conclusions from the research study findings.

3.2. Sampling Design

3.2.1. Study population.

The target population of the study will be 38 employees composed of the top management, middle level managers and lower level employees of the Public Procurement and Disposal Assets Authority (PPDA).

3.2.2 Sample size

The researcher will select 20 respondents from the entire population , 2 of which will be from top level executives, 8 from middle managers and 10 from low level employees.

3.2.3. Sampling procedure.

The researcher will draw strata representing the target population and in each stratum,

representatives will be selected by simple random sampling in order to select the appropriate representatives from the entire population. The reason as to why this procedure will be used is for the efficient collection of the relevant data from the reliable samples.

3.3 Data Collection.

3.3.1. Sources of data

The data will be collected from both primary and secondary sources. Primary data will be collected directly from respondents from the PPDA Authority Headquarters in Nakasero Kampala. Secondary data will be collected from already existing literature about procurement corruption in government institutions like in text books, magazines, journals, reports and the internet.

3.3.2. Instruments of data collection

Questionnaires.

The researcher will design questionnaires that will assist him in effective collection of data from respondents. The questionnaires will be in form of structured questions which will then be sent to respondents. These questionnaires will focus on the objectives of the study.

Literature survey

The researcher also will collect data from different available sources of literature on procurement corruption in public institutions either from magazines , survey reports, textbooks, newspapers, journals and from the internet.

3.4. Data processing, analysis and presentation.

The researcher will analyse the data using computer program known as Statistical Package for the Social Sciences (SPSS) by editing the primary data, coding and tabulating it, and then summarising the data. This will help the researcher to use frequencies and percentages as units of measurement during the analysis of findings. The findings will be presented using tables.

3.5. Limitations of the study

Financial constraints may be a hindrance to the success of the study. However, the researcher will try to minimize the costs by using self administered questionnaires and doing most of the typing herself. Financial assistance will also be sought earlier enough to ensure the research project runs smoothly.

Time to be allocated for the study may not be adequate. However, the researcher will give the research study first priority and give in many hours to complete study.

Negative attitude of the respondents towards the researcher may also be another challenge. However this will be overcome by assuring the respondents that the research will be purely academic and the information extracted from them will be treated with maximum confidentiality.

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RESEARCH QUESTIONNAIRE

Introduction of the Interviewer

Good morning/afternoon Sir/Madam. My name is **Babirye Grace**, a student of Diploma of Laws of Kampala International University. Am conducting research under the topic; **"The Role of the Public Procurement and Disposal of Public Assets Authority (PPDA) in Combating Procurement Corruption in Government Institutions in Uganda: A Case Study of PPDA Authority Headquarters in Nakasero, Kampala "** as part of the requirements for the a ward of the above mentioned ddiploma. Please you have been selected randomly to participate in this exercise. I therefore kindly request you to spare for me your little time and fill the questionnaire below. Your views and comments will be appreciated and treated confidentially.

SECTION A: Demographic Characteristics

Please tick in relevant box or write in line provided.

1. Gender.

Male ☐ b) female ☐

2. Age group

20-30 years ☐ b) 31-40 years ☐ c) 41 and above years ☐

3. Highest level of education attained.

a) Tertiary ☐ b) University ☐ c) Post graduate ☐
d) Profession ☐ e) others please specify.....

4. Position of respondents

a) Top executives ☐ b) middle level manager ☐ c) low level employees ☐
d) others please specify.....

5. Marital status

a) Single ☐ b) Married ☐

6. How long have you been employed in the company?

a) Less than 1Year ☐ b) 1-5 Years ☐ c) 6 and above Years ☐

SECTION B: Roles of PPDA in fighting corruption in public institutions.

1. SA-Strongly agree 2. A- Agree 3. D- Disagree 4. SD- Strongly disagree 5. NS- Not sure

7) What is the role of PPDA in fighting procurement corruption in public institutions?

Roles	SA	A	NS	D	SD
Ensure application of fair, competitive, transparent, non-discriminatory and value for money procurement and disposal standards and practices					
Harmonize procurement and disposal Policies, systems and practices					
Set standards in public procurement					
Monitor compliance of procurement and disposing entities					
Build procurement and disposal capacity					
Promotion of an ethical code of conduct in bussiness.					
Carrying out an audit function.					

	Highly	Fairly	Poor	Poorly
(8) How would you rate the performance of PPDA towards achieving their objectives?				

	Yes	No
(9) The establishment of the PPDA was to address corruption in public procurement. In your opinion has this objective been achieved?		

SECTION C: Forms and causes of corruption in public institutions.

(10) What forms of procurement corruption are you aware of in Public Institutions in Uganda?

Forms of corruption	SA	A	D	NS
Bribery				
Embezzlement of public funds				
Extortion				
Influence peddling				
Conflict of interest				
Abuse of office for private gains				
Syndicate corruption				
management by crisis orruption				

		Bad	Good	
(11) What is your view of corruption?				

	Arrested and charged	Dismissed immediately	Refund misappropriated resources.
(12) In your own opinion, what should be done to public officials who are found to engage in corruption?			

13) What are the causes of procurement corruption in Public Institutions according to the PPDA?

Causes	SA	A	D	NS	SD
Economic factors like, low salaries, low income levels and presence of many taxes					
Political factors like absence of political commitment to fight Corruption,					
Organizational factors like; weak laws, lack of effective supervision, weak organizational structures and lack of transparency and accountability systems.					
Social factors like; presence of different tribal groups in the organization, moral decay and selfishness.					

Shortages and monopoly power.					
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SECTION D: The effect of procurement corruption in Public institutions.

	Yes	No	I do not know
14) Does corruption affect Public Institutions?			

15) If your answer in (14) above is yes, what are the effects of procurement corruption in Public institutions?

Effects	SA	A	D	NS	SD
Poor service delivery					
Low economic development					
Poor accountability					
Loss of trust					
Reduces the quality of government services and increases budgetary pressures on government					

Finally, I thank you once again for sparing your time and filling in this questionnaire

Yours Sincerely



Babirye Grace

Researcher

