



PREFERENCE AND RESERVATION SCHEMES



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PRESENTATION OUTLINE

- 1. Background**
- 2. Objectives for Preference and Reservation**
- 3. Reservation Schemes**
- 4. Preference Schemes**



BACKGROUND

In 2021, the PPDA Act was amended to include Section 63 to promote Youth, Women and PWDs participation in public procurement through reservation schemes



OBJECTIVES

- Promote the use of local expertise and materials
- Promote the participation of local communities or local Organisations, including registered small and medium enterprises and business ventures
- Apply specific technologies
- Promote the participation of registered associations of women, youth and persons with disabilities, respectively





APPLICATION OF RESERVATION SCHEMES

1. Reservations to SIGs
2. Reservations to promote participation of Local providers
3. Reservation for Locally manufactured goods





SIGS - CATEGORIZATION

“Women Owned Business Enterprise” means an enterprise that is registered with the relevant government body and is at least 51% Women owned, controlled and operated on a regular basis by one or More Women who are Ugandan Citizens. **“Woman”** means any female Ugandan citizen aged 18 years and above

“Youth Owned Enterprise” means an enterprise that is registered with the relevant government body, and has at least 51% Youth Membership, 100% Youth Leadership. **“Youth”** means any Ugandan citizen aged between 18-30 years

Person with Disability” means a Ugandan citizen with a substantial functional limitation of the person’s daily life activities caused by physical, mental, or sensory impairment and environmental barriers, resulting in limited participation in society on an equal basis with others, and includes an impairment specified in Schedule 3 to the Persons with Disabilities Act



RESERVATION TO SIGS

- Provision for reservation of at least 15% of a PDE's procurement budget for SIGs
- Provision for reservation of all procurement amounting to UGX. 30 million and below of a CG PDE and UGX. 10 million if it's a LG PDE

Conditions:

- SIG owned enterprises shall submit a Bid Securing Declaration instead of bid security and no bidding fees shall be charged
- Conditions Should not be restrictive in nature.





RESERVATION TO NATIONAL AND RESIDENT PROVIDERS

Definitions:

- Local provider:** means a national, resident or EAC provider
- National provider:** means a provider registered in Uganda and wholly-owned and controlled by Ugandans.
- Resident provider:** means a provider registered in Uganda who is not a national provider.
- EAC Provider:** means a citizen of the EAC or company incorporated in any of the EAC Partner States and has been operational in any of the EAC Partner States for at least ten years with demonstrated evidence of doing business and complying with relevant statutory obligations





THRESHOLDS FOR NATIONAL AND RESIDENT PROVIDERS

#	Procurement Category	National Providers	Resident and EAC Providers
1	Locally manufactured supplies	UGX 1 Billion and below	Above UGX 1 Billion but not exceeding UGX 3 Billion
2	Road works	UGX 15 Billion and below	Above UGX 15 Billion but not exceeding UGX 45 Billion
3	Other public works	UGX 10 Billion and below	Above UGX 10 Billion but not exceeding UGX 15 Billion
4	Consultancy services for design and supervision works	UGX 5 Billion and below	Above UGX 5 Billion but not exceeding UGX 10 Billion
5	Other consultancy services	UGX 300 Million and below	Above UGX 300 Million but not exceeding UGX 1 Billion
6	Non-consultancy services	UGX 300 Million and below	Above UGX 300 Million but not exceeding UGX 500 Million



RESERVATIONS FOR LOCALLY MANUFACTURED SUPPLIES

- Supply of Uniforms and Related Clothing Materials
- Supply of Medicines and Medical Supplies
- Supply of Electrical Cables and Conductors
- Supply of Transformers
- Supply of Motorcycles
- Supply of Power Tiller/Walk Behind Tractors
- Supply of Wood Products





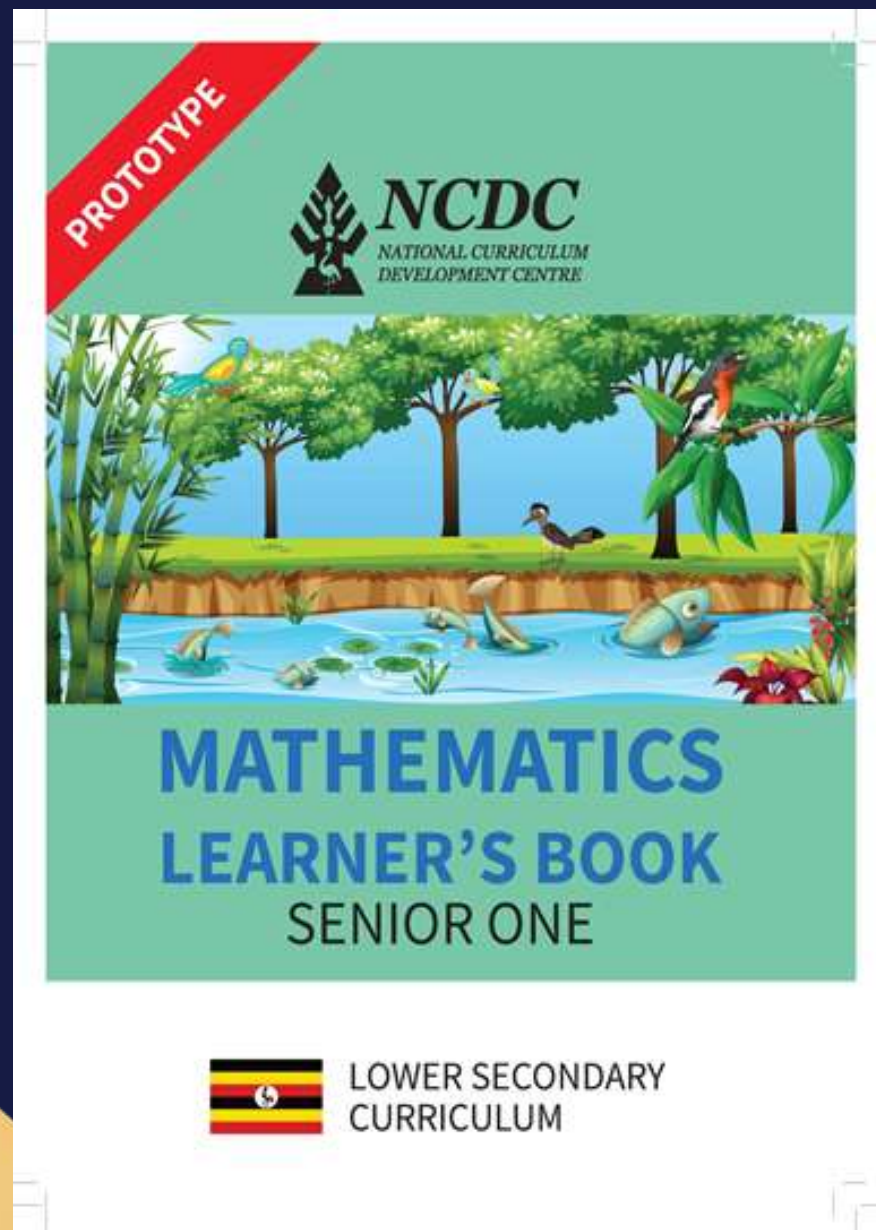
RESERVATIONS WITH RESPECT TO WORKS

- Provision for Subcontracting
- Provision for use of local inputs and local consultants in Works Contracts
- Provision for attachment of graduate trainees





RESERVATIONS WITH RESPECT TO NON-CONSULTANCY SERVICES FOR PRINTING AND PUBLICATION



- Provision for reservation of procurements for printing and publishing services to providers that have printing facilities in Uganda
- Ministry of Education and Sports to reserve the procurement of at least 60% in value of instructional and educational materials i.e. textbooks and manuals to national and resident providers



HOW TO PROMOTE RESERVATIONS SCHEME TO SIGs

- Publish in the procurement plan the reserved procurements at the beginning of every financial year
- Develop and annually maintain a database for Youth, Women and PWDs Participation in Public Procurement.
- Providers that are desirous of participating in public procurement shall apply and register on the Authority's Register of Providers available at www.egpuganda.go.ug.
- Declaration of Beneficial Ownership of all participating enterprises
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HOW TO PROMOTE RESERVATIONS SCHEME TO SIGs - Contn

- Verification of the registration of Youth, Women and PWDs in order to ensure they qualify for Reservation schemes.
- PDE's to indicate in their monthly/quarterly and annual reports submitted to PPDA and PS/ST contracts awarded/completed under the reservation scheme
Support skilling of the Youth, Women, PWDs owned groups or companies on how to participate in public procurement and specifically on how to prepare responsive bids.
- Continuous assessment to identify and profile contracts that should be earmarked for Youth, Women and PWDs owned businesses.



HOW TO PROMOTE RESERVATIONS SCHEME TO SIGs - Contn

- PPDA to monitor implementation of the reservation schemes by Entities on a quarterly basis and undertake an annual assessment based on predetermined indicators and provide a report on compliance of the entities



APPLICATION OF PREFERENCE SCHEMES



What is a Preference Scheme?

- A preference scheme is an arrangement where advantage is given to local bidders when procuring works, goods and services in the Public Procurement Process

- A preference scheme is applied in circumstances where both Local and Foreign bidders submit bids or proposals and the purpose of the scheme is to give local bidders a competitive edge over foreign bidders



HOW IS MARGIN OF PREFERENCE APPLIED?

When procuring goods, works or services under open bidding, the following shall apply:

- 15% for goods which are domestically grown in Uganda, manufactured, mined, extracted or grown in Uganda
- 7% for works by Ugandan Contractors or services provided by Ugandan Consultants
- 4% on a joint venture where a Ugandan contractor or Ugandan consultant demonstrates a beneficiary interest of more than 50% in the joint venture





QUALIFIERS FOR LOCALLY MANUFACTURED GOODS

Goods qualify for preference, as domestically manufactured where:

- Where the Labour or value addition to the good is more than 30% of the ex-works of the goods
- The production facility in which the goods are to be manufactured, assembled or processed is in Uganda and is engaged in the manufacturing, assembling or processing of the goods at the time of submission of the bid





THANK YOU



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