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## Community Procurement under the NAADS programme: What are the key constraints?

### Overview

The National Agricultural Advisory Services (NAADS) is a 25-year Government programme initiated in 2001 with a purpose of contributing to the transformation of subsistence agriculture to market-oriented and commercial production through increased access to knowledge, information and technology. The first phase of NAADS ended in December 2009 while the second phase commenced in July 2010 under the Agricultural Technology and Agribusiness Advisory Services (ATAAS) project and is scheduled to end in June 2014.

The overall project costs for NAADS phase I was US\$108 million while that of Phase II is estimated at US\$ 318 million respectively.

The physical and financial performance of the NAADS was monitored by the Budget Monitoring and Accountability Unit (BMAU) during quarter two (Q2) FY 2012/13. Physical performance was below target due to constraints that are embedded in the community procurement system through which inputs are sourced for the farmers.

This policy brief examines the key constraints to a successful community procurement system in the NAADS program. Successful procurement process is characterized by good and timely procurement planning, and execution

### Key Issues

- 1. Continued supply of poor quality technologies and inputs even with the new system of procurement. This is partly due to local connivance between beneficiary farmers and suppliers.
- Poor dissemination of public information that has left many beneficiary farmers half informed. This loophole has been used by some NAADS implementers to provide conflicting financial information.
- Lack of sanctions for poor suppliers has undermined the procurement system. This has led to continued late supply of technologies and inputs to the detriment of seasonal crop farming.
- Limited capacity of farmers in the Village Procurement Committees has limited effectiveness of procurement system. This is worsened by the annual change of members that calls for continued capacity building which is costly.

### Community Procurement

The success of NAADS Community Procurement process to a great extent reflects the degree of soundness of the environment, corporate governance, integrity of the stakeholders and the enabling legislation. Community procurement is the main method used for procuring technologies for inputs that are locally available in the village, sub-county or district. This is done in the interest of lowering transactional costs for securing technology inputs that are common across

villages in a parish. To ensure quality of inputs, the procurement process is guided by Subject Matter Specialists (SMS) who provide specifications and verify technologies before and after delivery.

NAADS community procurement is governed by the NAADS ACT 2001 at sub county level. The NAADS Act is operationalized and further supplemented by the Participating Partners Guidelines and Government of Uganda (GOU) Procurement Laws, and NAADS

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Implementation Guidelines October 2010/2011. The NAADS Guidelines 2010 respond to the continued public outcry on corruption in NAADs phase 1. The new NAADs policy empowers local service users to directly conduct procurement at community level as long as the technologies are available within the local area.

The key objectives of the Community Procurement Process are:

- Deepen farmer empowerment through community participation
- Keep the costs of goods and services as low as possible
- Ensure the best value for money without compromising quality
- Promote transparency
- Minimize bureaucracy for timely availability of technologies, and
- Simplified processes for ease of understanding

The community procurement process in NAADS Phase II is described in the figure 1 below.

**Figure 1: NAADS COMMUNITY PROCUREMENT PROCESS No. Activity**

No.	Activity		Description		Responsibility
1 ↓	PROCUREMENT PLANNING	↔	-Consult community members and identify requirements, quantities, prices, procurement methods, and package contracts. - Prepare procurement schedule	↔	Community Based Selection Committee (CBSC)
2 ↓	ISSUE REQUEST FOR QUOTATIONS	↔	-To at least 3 pre-qualified bidders for shopping -To single bidder for Direct Purchase. - For complicated purchases, forward to Sub County Procurement Committee	↔	Community Based Selection Committee (CBSC)
3 ↓	EVALUATE QUOTATIONS	↔	Analyze quotations - Select lowest priced bidder. - Recommend contract award to Sub County Procurement Committee	↔	Community Based Selection Committee (CBSC)
4 ↓	AWARD CONTRACT	↔	Sign award to lowest priced bidder	↔	Sub-county NAADS Contracts Committee
5 ↓	PLACE CONTRACT	↔	- Issue Purchase Order for goods	↔	Sub-county Chief
6 ↓	RECEIVE GOODS	↔	-Check quantity and quality -Obtain delivery note, invoice or supplier memo - Witness delivery.	↔	Sub-county NAADS coordinator, Sub/Accountant and CBSC Representative Relevant SMS
7	PAY SUPPLIER	↔	- Pay supplier and keep records.		Sub county NAADS Coordinator, Sub/Accountant, Sub-county Chief, CBSC

Source: *NAADS Secretariat*

Examples of some of the procurements carried out in Phase II include; delegated procurements where inputs/technologies are procured and disbursed by the NAADS secretariat to the beneficiaries in the different local governments. Procurements for Technology Uptake Grants carried out at District local government and lower level governments where inputs and technologies are procured and supplied to the various beneficiaries as selected by the procurement committees at the different levels.

## Seven Constraints to Successful Community Procurement

### **1. Weak mechanisms to check supply of poor quality and inappropriate technology.**

Poor quality inputs by the procurement committees still persist in the procurement process. Subject Matter Specialists in some local governments do not certify the quality of the inputs. In Butaleja district, for example, in Q2 FY 2012/13 there were cases of inappropriate and costly technologies that cannot be sustained by some farmers such as exotic dairy cattle.

### **2. Gaps in the legal framework and by-laws.**

There are no sanctions to deal with corruption in community procurement. In addition, there exists a policy gap on suppliers' eligibility in terms of quality and expected standards. Reported cases of theft and sale of NAADS inputs and technologies were highlighted in the districts of Kasese, Butaleja and Kiruhura in Q2 FY 2012/13 but no legal action could be taken.

### **3. Poor Public Information dissemination.**

Transparency and information access are critical ingredients for the success of the procurement process. For instance, In Q2 FY 2012/12 under the delegated procurements in Kiruhura district the NAADS Secretariat reported inputs and technologies worth Ug Shs 130 million while the district noted Ug Shs 236 million as being paid off by the secretariat.

### **4. Local conspiracy.**

There is conflict of interest and collusion between the beneficiary farmers and suppliers in the community procurement system. Farmers connive with the suppliers to receive cash, instead of the inputs and give kickbacks to the latter. This issue was noted in five of the six districts monitored by BMAU in Q2 FY 2012/13.

### **5. Lack of proficiency in English amongst procurement committee members.**

There is a lack of understanding of the documents regarding the community procurement as these are written in English. Hence errors made from poor interpretation may be leading to an increase in procurement overheads.

**6. Untimely supply of inputs:** inputs are not supplied on time so as to benefit from the seasonal fluctuations in the weather, which is vital for crops. For example in Butaleja district, the untimely disbursement of inputs has led to use of only one cropping season rather than two in the year 2012/13.

### **7. Short tenure in office for Village Procurement Committees (VPCs).**

The tenure (one year) of VPCs is very short and job specific knowledge cannot be adequately gained in this time. The local governments struggle with training new VPCs in the processes of procurement each year. A case was noted in FY 2012/13, in Bumbaire sub-county, Bushenyi district where the farmer group disintegrated.

### **Conclusion:**

A successful procurement process is one of the key drivers to realization of the NAADS program objectives and targets. One of the key principles of the program is to encourage the participation and ownership of farmers in the program as a bottom-up approach.

The Community Based Procurement system has however been crippled by the poor quality of inputs, corruption, local conspiracy amongst other issues. This has led to the failure of the different enterprises, jeopardizing the overall goals of Government. However if some measures are adopted in the system, the underlying constraints can be overcome. The box 1: below shows some of the good practices in community procurements in Bushenyi district.

## Box 1: Good practices in Bushenyi District

*Bushenyi district ably undertakes technology procurements and distribution of inputs to farmers during every quarter. The good practice was attributed to the careful selection of farmers likely to benefit from the inputs or technologies at the end of the financial year.*

*The farmer selection process starts with Food Security Farmers so that they are ready by the start of the cropping season.*

*Furthermore, the District NAADS Coordinator is in constant touch with each sub-county to ensure that disbursement and utilization of funds is timely. The District Farmer Forum plays an instrumental role in sorting all challenges to implementation on a quarterly basis.*

Source: Q2 FY 2013/13 BMAU Report

## Policy Recommendations

1. NAADS should publicize procurement information beyond local government notice boards and print media is required.
2. Local Governments should be sensitized to start the procurement process early enough to take care of the seasons that would otherwise affect the success of the enterprises especially the crops.
3. Ministry of Agriculture Animal Industry and Fisheries (MAAIF) should ensure proper certification, regulation and monitoring of technology and inputs, suppliers' management eligibility and condition of application of integrity pacts.
4. An audit and monitoring system of the Community Based Procurements systems for checks and balances should be setup.

5. Introduce sanctions to enhance compliance to procurement policy
6. NAADS Secretariat should translate important documents into officially recognized local languages for the farmers or members to understand and manage the procurement process better.

## References:

1. Budget Monitoring Report for Q2 FY 2012/13
2. NAADS Act 2001
3. NAADS Implementation Guidelines 2010 For

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