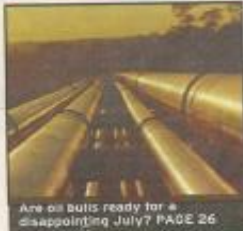


WTI Crude: \$40.01 per barrel  
Brent Crude: \$42.48 per barrel



Are oil bulls ready for a disappointing July? PAGE 26

# OIL, GAS & INFRASTRUCTURE



Involve women in oil development and transparency initiative PAGE 25



## PROJECTS AWARDED TO NON-BIDDERS

### GHOST BIDDERS

According to the June 2020 infrastructure report by CoST Uganda, only 31 (8%) out of the 394 infrastructure projects were awarded to existent bidders. However, the remaining 92% lacked matching details from bid submission, evaluation and award database. **Henry Sekanjako** delves into the issue.

A total of 363 (92%) infrastructure projects have been awarded to firms that did not participate in the bidding process for execution by different government agencies and bodies. In procurement context, such firms are called,



The analysis discovered that majority of tenders (51.3%) attracted fewer bids non-existent bidders.

A non-existent bidder is evidenced by non-participation in the bidding process, but only appearing at the contract award stage.

According to the June 2020 infrastructure report by CoST Uganda, only 31 (8%) out of the 394 infrastructure projects, were

awarded to existent bidders. CoST Uganda is a civil society organisation that monitors transparency in government investment in infrastructure.

"The remaining 92% lacked matching details from bid submission, evaluation, and award datasets.

Without a bankable explanation to account for this phenomenon, the findings suggest individual companies awarded contracts without going through the bid down procurement process," stated the report released recently in Kampala.

Awarded contracts dataset was according to the report, matched with the bid submission dataset to verify whether the awarded contractors had submitted bids.

The CoST Uganda Government Procurement Portal (GPP) Infrastructure data analysis report, calls for the need by the Government to prioritise and fast-track the implementation of e-GP.

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## NEWS GO ROUND

### Exxon is big oil's outlier in the post-pandemic world

While oil majors stuck to spending discipline after the 2015-2016 price crash, ExxonMobil was the one to stand out from the crowd as it increased capital expenditures to boost production. This year, in the second price collapse in four years, Exxon again appears to be the outlier in Big Oil as it is not writing down billions of the US dollars of asset values and continues to resist calls from sustainability-conscious investors to disclose price forecasts and account for climate change in the value of its assets and its future business. Unlike its peers, Exxon has not heeded major write-downs since oil prices crashed earlier this year. And, unlike its European peers, the US supermajor has not pledged any emission-reduction targets. **AFB**

### Goldman Sachs: Prepare for a global consolidation of refineries

A wave of new oil refineries coming online in the Middle East and China will knock others offline, ushering in a period of consolidation. According to a new report from Goldman Sachs, global oil demand has taken an enormous hit from the COVID-19 pandemic. Depending on who you ask, demand may recover swiftly, or it may take a few years, or demand may actually never recover to levels seen prior to the pandemic. **BNV** just published a report that estimates that oil demand may have peaked in 2019, although it warned that demand in 2010 will still be about where it is today. Improvements in energy intensity offset economic growth, but because demand is mostly flat for the next few decades, the world makes little progress on climate targets in this scenario. **AFP**

### AROUND THE OIL INDUSTRY



Germany's Bundestag, the lower house of parliament, on Friday passed a bill on the country's exit from coal as a power source to meet climate targets. The bill entails over euros 500 for mining and power plant operators, affected regions and employees.

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(Electronic Government procurement) to minimise the risk of manipulation of the procurement process that is potentially high under the manual procurement system.

CoST Uganda, under its intervention, "Promoting fair business practices between government and the private sector in Uganda," analysed the existing infrastructure data on the Government Procurement Portal (GPP) for several objectives.

Among other objectives, was to identify policy intervention areas for increased private sector participation in public procurement processes.

To achieve these objectives, the assessment used data from 18 procuring and disposing entities (PDEs) selected on the GPP from 2014 to January 2020.

The analysis focused on five indicators, such as proactive disclosure, time overruns, cost overruns, tender management, transparency in procurement and project delivery. Results from the analysis reveal that the level of proactive disclosure was low, at 49%.

According to the report, of the 194 contracts analysed only seven projects across all the 18 entities had been completed during the period 2014/2015 to enhance performance of infrastructure projects.

**RELATED PROCUREMENT**  
 The report also revealed that 65% of the projects had delayed in procurement, while the remaining 35% were processed on time.

An analysis of delayed projects, by CoST Uganda, indicates that majority (93) had delayed for three to six months (90-180 days) and 33 projects for six to nine months.

However, a total of 12 projects had delayed in procurement for over 12 years. The findings suggest that at least six to 10 projects had delayed in the procurement process.

"Procurement delays negatively affect government reputation, budget absorption, and undermines service delivery. To the private sector, procurement delays directly increase operating costs through interest payments on bid securities and performance bonds that have to be extended whenever procurement is not concluded in time," read the report.

According to CoST Uganda, timely completion of the procurement process enhances the credibility of the entity and attracts more bidders from which to select the best contractor.

In its report, CoST further explained that besides timely procurement process, effective project delivery, it also enhances budget absorption and client satisfaction.

# NON-BIDDERS TAKE OVER INFRASTRUCTURE PROJECTS



According to the report, majority of tenders were won by Ugandan firms (99.3%)

"Bidders also enter into agreements with suppliers of materials and services that shall be required to fulfil the stipulated contracts. Therefore, on-time procurement enables active engagement with these suppliers and service providers (such as consultants, subcontractors and financial institutions), thereby creating secure business networks," reads the report.

The analysis also revealed that while 100% of the projects implemented were linked to procurement plans, 42% of the projects had budget overruns. This phenomenon, according to the report, questions the effectiveness and management of procurement plans in PDEs.

**TENDERS**  
 The analysis discovered that majority of tenders (51,394) attracted lower bids (less than three bids), while fewer tenders (48,794) attracted higher bids (three or higher).

Majority of tenders were won by Ugandan firms (99.3%) compared to 0.7% won by international bidders.

"This suggests increased participation of local companies in public procurement, but also questions the integrity of the so-called 'Ugandan' companies," stated the report.

According to the report, three local government entities, including Masindi, Gulu and Kabale, did not report any infrastructure projects on GPP in the period under

## BETTER PROJECTS

Eng. Simon Bwemba, the engineer in chief of the Ministry of Transport and Works, commended FPDA for the guidelines on reservations, which he said would help address challenges associated with infrastructure works.

"It has criminalised shoddy work. If you do shoddy work and you are the contractor, you can also be taken to court and attract a fine. We can also handle you through the Roads Act; once we give you works, they must be delivered in quality standard," Bwemba said.

He also lauded CoST for the report, which he said should be disseminated widely, to address challenges in the infrastructure sector.

review. The report stated: "The issue is whether the entities indeed never implemented any infrastructure projects or did not just report on them, thereby undermining the principles of fairness, transparency and accountability in public procurement."

In Uganda, public procurement accounts for over 65% of the national budget, of this, at least 25% is spent

through infrastructure projects implemented across the various government ministries, departments and agencies (MDAs).

According to the report, public procurement is, therefore, an avenue for the private sector to partake in the "national cake."

Hence, procurement is a source of income for the private sector through public contracts.

Regarding procurement delays, CoST Uganda recommended that FPDA cap procurement lead time and provides for sanctions for procurement delays.

"From the current results, at least six to 10 projects were delayed in procurement. This inefficiency is unacceptably high for a public organisation."

There is need to prescribe the maximum time for conducting the various activities in the procurement cycle, such as initiation of

the procurement, development of bidding documents, approvals and conducting negotiations," CoST noted in its report.

On bidding, FPDA was asked to work towards reducing procurement transaction costs to enhance private sector participation in public sector procurement.

It stated that more than 50% of the tenders attracted less than three bids, suggesting entrance of barriers to private sector participation in the bidding process.

Procuring entities should, according to CoST, be monitored to ensure they conform to non-discrimination and setting qualification requirements, which artificially restrict competition.

It further recommended the need for an engagement between government and the private sector to discuss practical ways necessary to improve the disclosure and increased participation in public procurement processes.

**COSTS**  
 Commenting on the report findings, Bwemba, the executive director of the Public Procurement and Disposal of Public Assets Authority, said most of the recommendations are under implementation.

He noted that most of the people, especially those in the private sector, were avoiding the bidding process because of the high costs and security involved.

"Some firms put in their bids when they are not registered, while others are not tax compliant if you have not put in those you cannot pass," Turumye said.

He added: "The technical requirements, is falling people, lack of capacity in preparing response bids, we found also this lacking in our private sector, delayed payments, which has discouraged bidders. People say we will never do business with government because of delayed payments."

Turumye said the Government had issued standard bidding documents, reservation contracts, which can be followed to avoid pitfalls.

**Turumye said most of the people, especially in the private sector, were avoiding the bidding process because of the high costs and security involved**



Hanson Turumye