



THE REPUBLIC OF UGANDA

# MINISTRY OF WORKS AND TRANSPORT

PRESENTATION BY

DIRECTOR OF ENGINEERING AND WORKS/ENGINEER-IN-CHIEF

ON CoST UGANDA'S CONTRIBUTION TO THE NATIONAL CONSTRUCTION  
INDUSTRY AND GOVERNMENT'S COMMITMENT TOWARDS PUBLIC  
INFRASTRUCTURE TRANSPARENCY

AT HIGH LEVEL PANEL DISCUSSION ON  
FAIR BUSINESS PRACTICES

HELD ON FEBRUARY 10, 2021

AT PROTEA HOTEL, KAMPALA

## **1.0 Introduction**

The national construction industry in Uganda is capital intensive and absorbs a lion's share of the capital development budget of the Country amounting to over 30%. The industry is not well regulated and remains susceptible to lack of transparency, mismanagement and corruption.

Infrastructure projects are generally characterized by the following:

- a) They involve many stakeholders;
- b) They can be heavily technical in nature;
- c) They involve huge sums of money;
- d) They have lengthy cycles of implementation and procurement;
- e) They often experience early failures (shoddy work) due to weak enforcement of quality requirements;
- f) They tend to have inherent unknowns and uncertainties.

These factors above coupled with frequent reports of cost and time overruns, spark a lot of doubt in the public about value for money. Ensuring value for money is critical in procurement of infrastructure projects. Mismanagement and corruption highly erode the principle of value for money.

## **2.0 CoST Uganda's Contribution to the National Construction Industry**

CoST has promoted transparency in the construction industry by collecting and disclosing data from public infrastructure projects, which helps to inform and empower citizens, enabling them to hold decision-makers to account.

CoST has undertaken and produced four assurance reports including the one that is going to be launched by the Hon. Minister of Works and Transport. Analysis of the reports shows that in year 2020, twenty-three (23) projects were assured compared to thirteen (13) projects in 2019.

Overall disclosure has risen to 62% from 42% in 2019, with proactive disclosure rising to 55% from 43%, and reactive disclosure rising to 70% from 42% in 2019. The increase in disclosure is a sign of a growing culture of transparency in the construction industry, better appreciation of the mission of CoST Uganda and the value attributed to the Assurance Process by stakeholders. The industry should build on this success so far achieved.

The reports have further highlighted some key issues affecting the construction industry which include; lack of a standard disclosure template, absence of regulatory guidelines for disclosure of infrastructure data, low participation of the private sector especially local firms, gross time and cost overruns in construction projects, theft of road signage, delays in procurement, limited compliance with the procurement guidelines especially

on local content, limited adherence to construction quality and management, the issues of limited planning and delayed payments to providers.

CoST assurance activities have not only improved the disclosure of construction project information but also brought forward construction industry issues that need to be addressed if the construction industry is to be strengthened and developed.

CoST has also championed the dialogue on fair business practices in the construction industry.

### **3.0 Government Commitment to Transparency towards Public Infrastructure**

The Government commitment to transparency in public procurement is stipulated in Sections 43 and 45 of the PPDA 2003 Act. Section 45 stipulates that all procurement and disposal processes shall be conducted in a manner which promotes transparency, accountability and fairness.

#### **3.1 Public Procurement**

Procurement of infrastructure projects has the following three main phases:

##### **a) Pre Bid Phase**

The PPDA regulations give preference to open domestic bidding, which is participatory and involves all eligible bidders. The bidding periods are selected to ensure adequate preparations by bidders participating in the process. Also, pre-bid meetings and site visits are conducted to provide additional information to the bidders.

##### **b) Bidding**

The bidding process continues to be transparent. Bid clarifications are shared with all bidders. Certain aspects of bid evaluation are confirmed with bidders. The bids once submitted are opened and read out publicly. The best evaluated notices are displayed for up to 10 working days. Opportunities are given for administrative reviews and complaints by bidders.

##### **c) Post Award**

The Government commits to real time proactive disclosure of information on project bill boards such as contract sum, completion dates, contractor, supervising consultant, client etc. among others.

#### **3.2 Contract Management**

The PPDA law stipulates clear provisions for contract management of infrastructure projects. It provides for the functions of the Accounting Officer, Contracts Committee, PDU, User Department, Contract Manager or Contract Management Team and emphasizes that the functions should be performed independently. The law provides for compensation events, contract variations and contract amendments and how they are

regulated. Clarity provided by the law in respect of contract management of infrastructure projects promotes fairness, transparency and value for money.

### **3.3 Value for Money Audits**

The Auditor General conducts VFM audits in exercise of his or her mandate as stipulated in Article 163 of the Constitution of Uganda. These Audits are meant to give an independent assurance to the tax payer that the infrastructure project was implemented professionally and it achieved its intended objectives.

### **3.4 Annual Joint Transport Sector Reviews**

During the annual sector reviews, field inspections of ongoing infrastructure projects by different stakeholders are conducted. Findings and recommendations of the filed inspections are presented at the Sector Review Workshops for discussions with Client entities. Issues raised are converted into action points for the different Client entities. In future CoST Uganda will be invited to present the outcome of the Quality Assurance Processes at the Joint Sector Review Workshops.

### **3.5 Other Independent Inspections**

Committees of Parliament, Board of Directors, Budget Performance Monitoring Unit of MoFPED etc. are empowered to inspect and evaluate the progress of implementation of infrastructure projects. The outcome of all these inspections are brought to the attention of Client organizations to ensure that infrastructure projects achieve their intended objectives and value for money.

### **3.6 Construction Industry Regulation Bill**

Government is in advanced stages for formulating a law aimed at developing and regulating the construction industry. Through this law, Government will enforce policy measures that will enable private firms to access work, credit, construction equipment and timely payments for work done, services rendered or goods supplied. The law will go further to strengthen fair business practices and transparency in the construction industry.

### **4.0 Conclusion and Way Forward**

CoST Uganda assurance reports have enabled more disclosure of public infrastructure information. Issues raised are pertinent in the industry will be addressed with policy and legal reforms. Government is committed to promoting transparency in public procurement and contract management of infrastructure projects, as enshrined in the PPDA Act and regulations.

It is recommended that in future CoST Uganda prepares annual reports for circulation among key stakeholders and also presents the report at relevant Annual Sector Review Workshops.