



Infrastructure
Transparency
Initiative

Uganda

FAIR BUSINESS PRACTICES

AN ANALYSIS OF INFRASTRUCTURE PROJECTS PROCUREMENTS IN UGANDA

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An Analysis of Infrastructure Data disclosed on the Government Procurement Portal (GPP) for Selected PDEs using the CoST Infrastructure Data Standard and OC4IDS indicators.



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Executive summary

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. These were, first and foremost, the interpretation of government law and disclosure data and fair business practices between government and providers in Uganda. The other objective was to provide a baseline for engagement between Government and the Private Sector. Lastly, 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) disclosed on the GPP from 2018 to January 2020. The analysis focused on five indicators: (i) proactive disclosure (41 data points); (ii) time overruns; (iii) cost overruns; (iv) tender management; and (v) transparency in procurement and project delivery.

The Pivot table Data analysis software was used to analyse the datasets on procurement plans, bid invitations, bid submissions, best-evaluated bidders, and awarded contracts based on the CoST Infrastructure Data Standard and the Open Contracting for Infrastructure Data Standard (OC4IDS). Results from the analysis reveal that the level of proactive disclosure was low, at 49%. Moreover, most projects analysed had both cost and time overruns. On tender management, the average bids per tender was 7.3, suggesting that procurement of infrastructure projects was largely competitive, although 32% of the projects went through Open domestic bidding. In regards to procurement and project delivery transparency 66.7% of the procurement data points were disclosed.

In conclusion, the findings suggest there is 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.

1.0 INTRODUCTION

Infrastructure relates to basic physical and organizational structures and facilities (e.g., buildings, roads, power supplies). From procurement and supply context, infrastructure thus refers to works as defined in the PPDA Act, 2003 (as amended). Based on the PPDA Act, infrastructure comprises works that entail any work associated with the construction, reconstruction, demolition, repair, or renovation of a building or structure, on the surface or underground, on and underwater. In an economic sense, infrastructure projects are capital goods, meaning, they are originated by investment expenditure and are characterized by long term duration. To the private sector, infrastructure investments (such as roads, schools, electricity, water schemes, etc.) is not only a source of business (as contractors and consultants), they are used to foster trade and investment. Therefore, basic infrastructure facilities are important features related to economic development.

Similarly, public infrastructure, on the other hand, is defined as facilities, structures, networks, systems, plants, property, equipment or physical assets and the enterprises that employ them, which provide public goods or goods that meet economic and/or social needs of the public (Torrise, 2009). The former needs are met through economic infrastructure, that is, those that directly support productive activities such as roads, networks for water distribution, electricity networks, irrigation plants, etc. Social needs, on the other hand, are met through social infrastructure such as schools, hospitals, plants of waste disposal, sports structures, etc. Major differences between infrastructure delivery models (e.g., design-build, design-bid-build, alliance contracting, private-public partnership, concession, and private provision) exist about the allocation of risks and public control over the construction of the infrastructure (OECD, 2017). Therefore, Infrastructure projects constitute a major mandate of governments in the delivery of critical public services and have large and direct implications on a country's economic capacity, human development, social inclusion, and envi-

ronmental sustainability.

Once an entity, be it Ministry, Department, or Agency (MDA), plans a project, and defines the appropriate financing scheme, the project must be delivered in a cost-efficient way.

Decisions on how to deliver infrastructure projects involve a close assessment and careful balancing between risk allocation and value for money. Uganda has put in place policies and established the Public Procurement and Disposal of Public Assets Authority (PPDA) as a dedicated entity for ensuring compliance and improved performance in public contracts in public infrastructure projects. Using public procurement as a strategic infrastructure governance tool helps to shape its effective delivery. The public procurement framework could help address risks of inefficiency and corruption that are often associated with the procurement of major infrastructure projects due to their magnitude and complexity. While major principles that govern public procurement, including transparency, fairness, and competition (OECD 2017), apply consistently, inefficiencies in public infrastructure procurement enclosed by unnecessary bribes resulting from a lack of information have increased in Uganda.

Corruption in procurement in Uganda manifests itself in unnecessary projects, substandard work or unnecessarily expensive work; the diversion of resources; and unjustified or unexpected price increases. **Government spending on procurement in Uganda is estimated to be 55% of the national budget. In 2019 this was equivalent to UGX 22.2 trillion or USD 6 billion.** An integrity survey by the Public Procurement and Disposal of Assets Authority (PPDA) found that 69.8% of service providers surveyed agreed that corruption influenced procurement. In comparison, figures presented by the Inspectorate of Government reveal that corrupt payments in procurement both at local and central government levels amount to 9.4% of the total value of contracts (IG Report, 2012).

2.0 PURPOSE OF THE ANALYSIS

The main objective of this exercise was to analyse and interpret infrastructure procurement data disclosed on the Government Procurement Portal, against the CoST Infrastructure Data Standard (IDS) and the **Open Contracting for Infrastructure Data Standard (OC4IDS)** indicators on 18 sampled Procuring and Disposing Entities in Uganda. In a more specific way, the analysis was aimed at;

- (i) Providing an in-depth interpretation drawing out the meaning and understanding of what the data reveals concerning procurement, the laws governing public procurement and disclosure, and; fair business practices between Government and the Private Sector (Contractors and Consultants) in Uganda.
- (ii) Providing a baseline for engagement on key observations, red flags, and recommendations for engagement between Government and the Private Sector.
- (iii) Identifying policy intervention areas on disclosure and increased participation in the private sector and the general public in public procurement processes.



3.0 METHODOLOGY

3.1 DATA CLEANING

This analysis used existing infrastructure data disclosed by the respective PDEs on the Government Procurement Portal (GPP) managed by PPDA. The portal collates reports on procurement activities from all PDEs. For this purpose, AFIC on behalf of CoST Uganda Multi-Stakeholder Group (MSG) requested PPDA for data concerning infrastructure projects on 18 PDEs for the period 2018-2020 based on the CoST Infrastructure Data Standard (ID). This standard comprises 41 data points for proactive disclosure, and with the OC4IDS extension data points. Therefore, PDEs are required to ensure that all publicly-financed infrastructure projects promptly disclose the information depicted in the 41 data points.

The analysis targeted the following entities:



The major challenge of using secondary data lies in its relevance, credibility, and adequacy to answer the questions at hand. Accordingly, these data quality indicators were assessed before undertaking full data analysis. Consequently, data on GPP were subjected to secondary data cleaning procedures (Bryman, Bell & Teevan, 2012) to assess the extent to which the information provided was authentic, credible (free from error and distortion), representative and meaningful. The procedure entailed three main activities: (i) Evaluating the credibility of the data; (ii) Assessing the relevance of the data; and (iii) data analysis (applying the appropriate statistical processes to answer the research question). Cognizant of the fact that data quality assurance enhances credibility, usability and utility of data, the analysis adopted the following stages to clean the data:

1. Assessing data credibility

Data credibility is the extent to which the good faith of the provider of data or source can be relied upon. It is a measure of how much trust you can put in the data you are getting. For the data at hand, it is understood that prior to submission of reports to PPDA vide PPDA Regulation 20(2) (2014), the reports are first discussed and approved by the contracts committee of the Entity. The submission is accompanied by minutes as a requirement. In part, this procedure assures the quality of the data submitted. Similarly, at PPDA, this standard is further verified. Besides, all the data for analysis were got from GPP, suggesting it had been verified for compliance with the basic requirements at PPDA. From the foregoing, there is reason to rely on the data from GPP.

2. Assessing the relevance and completeness of data

Data were evaluated for relevance to the need at hand. Given the purpose of the analysis, only infrastructure data from GPP were mined. This was made possible through use of the unique codes for the respective data points. For instance, infrastructure (works) projects are coded "3". The codes for other procurements are: supplies ("1"), non-consultancy services ("2") and consultancy services ("4"). Using the filter tool (in Microsoft Excel), infrastructure projects (the works projects) were extracted as the relevant data for analysis. Following this procedure, three PDEs (Masindi District Local Government, Gulu District Local Government and Kabale District Local Government) returned nil project details. This outcome suggested that the three PDEs did not report any infrastructure projects on GPP. This may be either because they did not implement any such projects or had just not reported on them in defiance of Regulation 20(2) PPDA (PDEs) Regulation 2014 that requires all PDEs to submit reports on procurement activities (monthly, for central government PDEs) and quarterly (for local) to PPDA.

Furthermore, the relevant dataset was again examined for completeness. Consequently, all the required data points to be disclosed on GPP were inspected to determine the extent of any missing data on the respective data points. Also, data were examined for factual accuracy and comprehensibility. The separate datasets (procurement plan, bid invitations, bid submissions, best-evaluated bidders, awarded contracts, and completed contracts) were linked through the unique codes, notably, entity reference numbers (PDE _id) and procurement reference numbers, where they existed. These IDs are unique and should be quoted in the reports on GPP.

Any incomplete, incomprehensible, incorrect, inaccurate, or missing data identified were shared with AFIC and PPDA for clarification. Following their input, some hitherto missing data points (such as the legends for procurement methods) were accordingly integrated into the dataset. Dirty or coarse data were considered null. Projects that lacked procurement reference numbers formed part of the missing values reported in the respective results tables.

3.2 DATA ANALYSIS

Upon identification of the relevant data for analysis, the five indicators (proactive disclosure, time overruns, cost overruns, tender management, and transparency in procurement and project delivery) were computed using the Pivot table software. Pivot tables help to consolidate vast quantities of data contained in Microsoft Excel, such as the present GPP datasets. The software was further considered appropriate from the backdrop that GPP data is organized in multiple sheets (datasets) that require linking. The Pivot table software is robust and was able to connect the various projects in the respective datasets, that is, the procurement plan, bid invitations, bid submissions, best-evaluated bidders, awarded contracts, and completed contracts (Table 1). Regarding the relative data disclosure by PDEs, a weighted score was devised. Under this approach, the disclosure scores for the various projects in the respective PDEs were aggregated and a grand mean computed. The respective mean scores were used as proxy for the relative proactive disclosure by the respective PDEs. These procedures were applied to compute the percentage of projects disclosed proactively in 4.1.2.

3.2.1 Descriptive analysis

As depicted in Table 1, there was a marked difference across entities in the number of planned and implemented projects. While the number of planned projects were high, some entities did not report any completed projects during the period under review.

Table 1
Summary of Data
Analysed

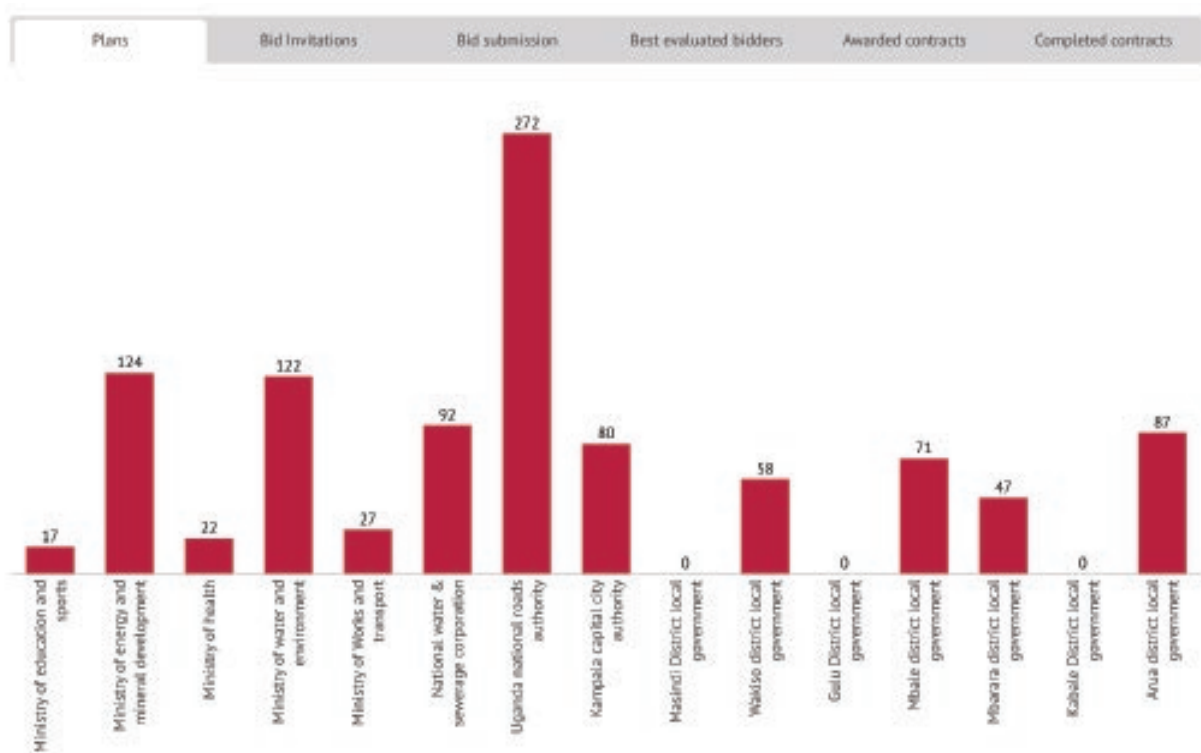
Procuring and Disposing Entity (PDE) name	Procurement plan	Bid Invitations	Bid Submissions	Completed contracts	Best evaluated bidders	Awarded contracts
Adjumani District Local Government	37	13	0	9	7	4
Arua district local government	87	20	0	22	5	0
Gulu district local government	0	0	0	0	0	0
Hoima District Local Government	94	7	0	7	7	0
Kabale district local government	0	0	0	0	0	0
Kampala capital city authority	80	34	2	80	64	0
Kyenjojo District Local Government	8	3	0	3	3	0
Masindi district local government	0	0	0	0	0	0
Mbale district local government	71	67	0	64	56	0
Mbarara district local government	47	1	6	1	1	0
Ministry of education and sports	17	5	36	3	1	0
Ministry of energy and mineral development	124	35	19	34	20	2
Ministry of health	22	9	0	5	5	0
Ministry of water and environment	122	58	4	56	40	1
Ministry of works and transport	27	24	0	31	20	0
National water & sewerage corporation	92	89	29	94	59	0
Uganda national roads authority	272	179	590	146	98	0
Wakiso district local government	58	11	12	12	8	0
Grand Total	1,158	555	698	567	394	7

Source: Computed from GPP Data (2018-2020).

Table 1 reveals that three Districts (Masindi, Kabale and Gulu) had no data on infrastructure projects disclosed for the period under review leaving 15 PDEs for analysis as follows:

1. Adjumani District Local Government
2. Arua District Local Government
3. Hoima District Local Government
4. Kampala Capital City Authority (KCCA)
5. Kyenjojo District Local Government
6. Mbale District Local Government
7. Mbarara District Local Government
8. Ministry of Education and Sports
9. Ministry of Energy and Mineral Development
10. Ministry of Health
11. Ministry of Water and Environment
12. Ministry of Works and Transport
13. National Water and Sewerage Corporation (NWSC)
14. Uganda National Roads Authority (UNRA)
15. Wakiso District Local Government

**15 PDEs
ANALYSED**



While the number of planned projects were high, some entities did not report any completed projects during the period under review.

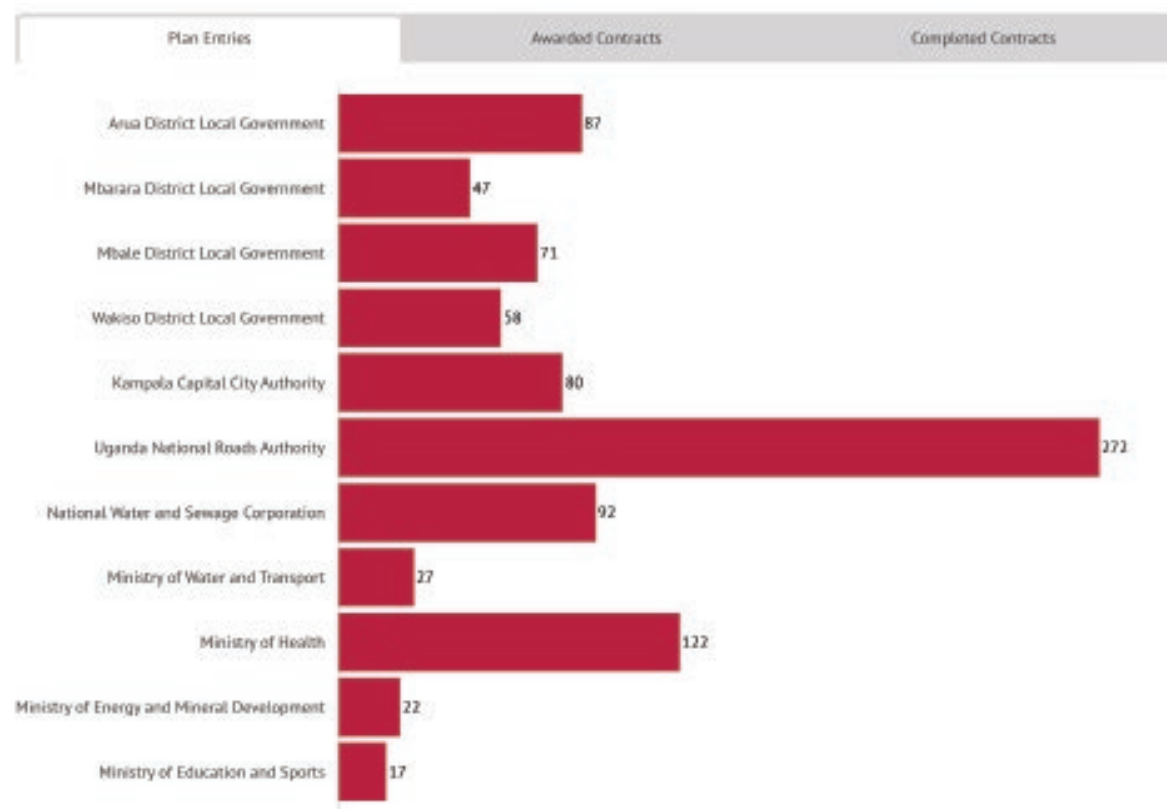
4.0 RESULTS AND INTERPRETATION OF DATA ANALYSIS

This analysis was conducted using GPP datasets provided to establish the level of disclosure by Entities on the various projects. The results are presented based on the five broad categories of indicators;

- (1) Proactive disclosure;
- (2) Time overruns;
- (3) Cost overruns;
- (4) Tender management; and
- (5) Transparency in procurement and project delivery. The results of each assessment area are presented, each in turn.

4.1 PROACTIVE DISCLOSURE

The CoST Infrastructure Data Standard comprises 41 data points for proactive disclosure. Therefore, the level of proactive disclosure on the individual projects was assessed by comparing the number of data points disclosed (out of the 41 data points). Figure 1 presents a summary of planned, awarded, and completed projects across the entities analysed.



Entities seem to focus more on procurement planning while paying less attention to planned activities. Yet, on a wider societal level, failure to implement the planned infrastructure projects (roads, water, power, construction, etc.) undermines the achievement of the much sought after socio-economic transformation of the country.

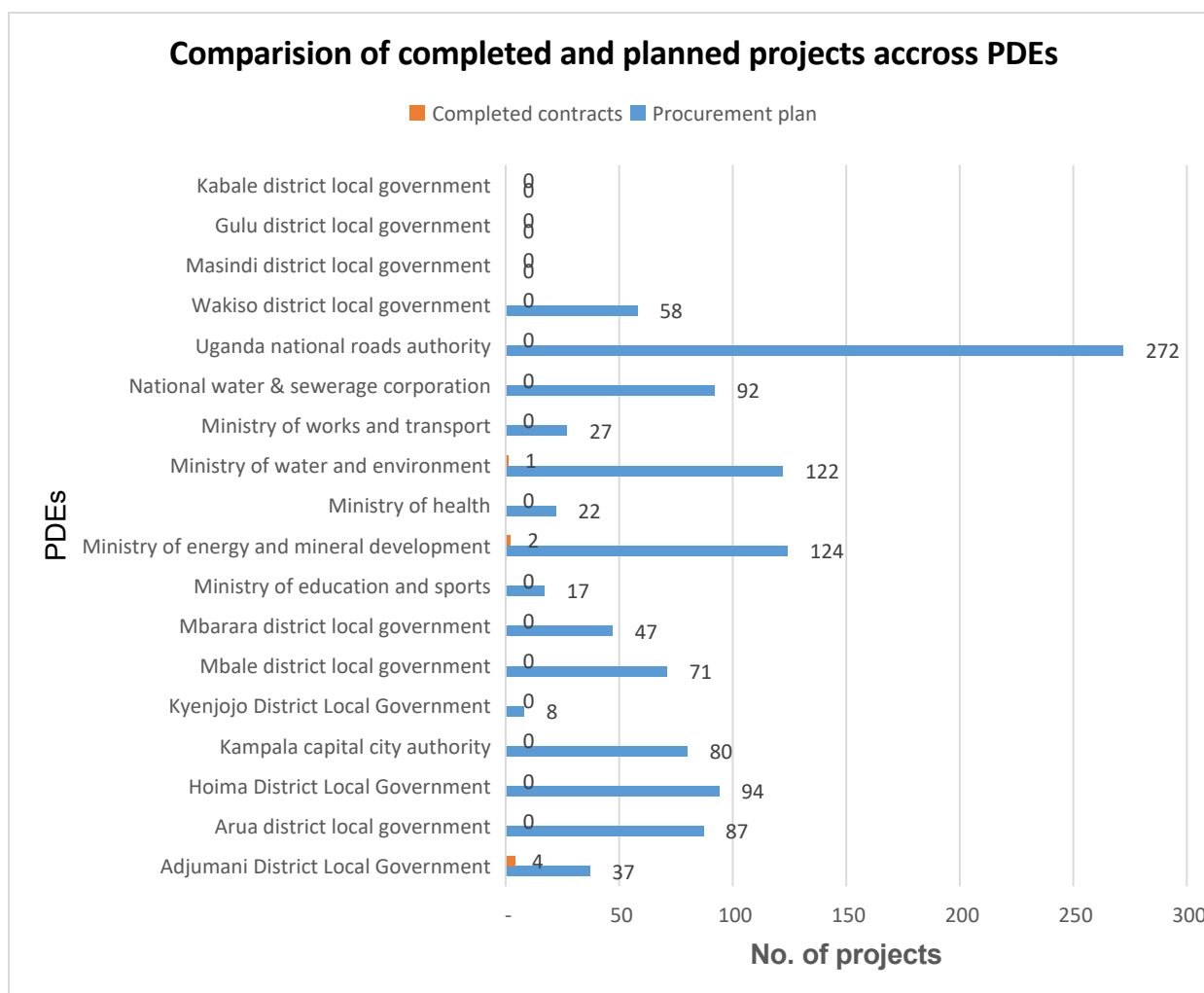


Figure 1 Status of projects disclosed

As illustrated in Figure 1, UNRA had the highest number of planned infrastructure projects (272), followed by Ministry of energy and mineral development (124), Ministry of water and environment (122), Hoima (94) and National Water and Sewerage Corporation (92). The other entities with noticeably high numbers of planned projects were Arua (87), KCCA (80) and Mbale (71). However, in terms of completed projects, only seven (7) projects across all PDEs had been completed during the period under review: Adjumani (4), Ministry of Water and environment (1) and Ministry of Energy and Mineral Development (2). This suggests, the remaining 12 entities (80%) had not completed any planned project in the period under review.

Table 2: Completed projects across PDEs analysed

S/N	Project name (all done by contractors)	Entity
1	Staff house at BIRA HC III & Mubguru Primary School	Adjumani DLG
2	Fencing of market	Adjumani DLG
3	Construction of staff house at BIRA HC III	Adjumani DLG
4	Renovation of doctors' house	Adjumani DLG
5	Works for rehabilitation of Lutunku water supply, Kisozi	Ministry of water and environment
6	Chain link fencing, Askari's gate house and postage of signage of the directorate of geological survey and mines' property on plot 281 Ruhama Sub county, Ntungamo district	Ministry of energy and mineral development
7	Repairs on the data room for the second licensing round	Ministry of energy and mineral development

In this sense, entities seem to focus more on procurement planning while paying less attention to implementation of the planned activities. Yet, on a broader societal level, failure to implement the planned infrastructure projects (roads, water, power, constructions, etc.) undermines attainment of the much-sought socio-economic transformation of the country. To the private sector, non-implementation of procurement plans denies them business opportunities as contractors, service providers, or suppliers. For instance, a single infrastructure project, say road construction, creates numerous business opportunities. Besides the main contractor, there are opportunities for subcontracting, and other auxiliary services including hotels, accommodation, banking, insurance among others. In all, delays or non-implementation of planned projects severely hurts the private sector growth and sustainability. To this effect, there is a need to devise mechanisms to fast-track project implementation and completion across government entities.

4.1.1 Number Of Data Points Disclosed And Percentage Undisclosed

This indicator sought to measure the level of disclosure of the required data points per the CoST Infrastructure Data Standard. It sought to determine the proportion of disclosed data out of the 41 required data points. Entries on GPP are made as procurement activities along the procurement cycle are implemented. Therefore, some data on GPP are on procurement plan, bid invitations, bid submissions, best-evaluated bidders, awarded contracts, or completed contracts. To this effect, the respective disclosure data points are assessed on the projects albeit at different stages of implementation. This fact explains the varying numbers of projects analyzed at the different phases of the project. Table 3 presents the results of the analysis.

Table 3: Number of data points disclosed out of the 41 required data points.

Project Phase	Data points	Total Projects	Count of projects disclosed proactively	Percentage of projects disclosed proactively
Project Identification	Project reference number	555	555	100.0%
	Project owner	1,158	766	66.1%
	Sector, subsector	-	-	0.0%
	Project name	1,158	1,158	100.0%
	Project Location	-	-	0.0%
	Purpose	-	-	0.0%
	Project description	555	357	64.3%
Project Preparation	Project Scope (main output)	555	193	34.8%
	Environmental impact	-	-	0.0%
	Land and settlement impact	-	-	0.0%
	Contract details	394	231	58.6%
	Funding sources	1,158	1,158	100.0%
	Project Budget	1,158	1,147	99.1%
	Project budget approval date	-	-	0.0%
Project Completion	Project status (current)	-	-	0.0%
	Completion cost (projected)	7	7	100.0%
	Completion date (projected)	7	7	100.0%
	Scope at completion (projected)	-	-	0.0%
	Reasons for project changes	-	-	0.0%
	Reference to audit and evaluation reports	-	-	0.0%
Procurement	Procuring entity	394	394	100.0%
	Procuring entity contract details	394	231	58.6%
	Procurement process	555	539	97.1%
	Contract type	-	-	0.0%
	Contract status (current)	-	-	0.0%
	Number of firms tendering	-	-	0.0%
	Cost estimate	1,158	1,158	100.0%
	Contract administration entity	394	393	99.7%
	Contract title	1,158	1,158	100.0%
	Contract firm(s)	698	698	100.0%
	Contract price	394	392	99.5%
	Contract scope of work	555	193	34.8%
	Contract start date	394	394	100.0%
	Contract duration	-	-	0.0%
	Project Life span	-	-	0.0%
Implementation	Variation to contract price	-	-	0.0%
	Escalation of contract price	-	-	0.0%
	Variation to contract duration	-	-	0.0%
	Variation to contract scope	-	-	0.0%
	Reasons for price changes	-	-	0.0%
		-	-	0.0%

Source: GPP Data (2018-2020)

Note: The count (and %) projects disclosed proactively is based on individual totals at the different project phases (project identification, project preparation, project completion, procurement, and implementation). This is further portrayed in the number of projects in the respective datasets of the procurement plan, bid invitations, bid submissions, best-evaluated bidders, awarded contracts, and completed contracts.

As shown in Table 3, only 20 data points were disclosed, representing 48.7% proactive disclosure. Based on the results, 21 data points (51.3%) of the data points required were not disclosed, which undermines transparency in procurement and project delivery. A 0% score indicates that the respective data point had not been disclosed at all. Nonetheless, 14 data points were disclosed in the range of 97-100 per cent, in particular: project name (100%), project budget (99.1%), funding sources (100%), project reference number (100%), completion cost (projected) (100%), completion date (projected) (100%), procuring entity contract details (100%) and procurement process (97.1%). Others include cost estimate (100%), contract administration entity (99.7%), contract title (100%), contract firm(s) (100%), contract price (99.5%) and contract start date (100%).

The non-disclosure of over half of the 41 data points on proactive disclosure undermines transparency in procurement and project delivery. Yet, time and again, Government has called on citizens to monitor projects implemented in their local areas. This call is severely constrained when, for example, as shown in Table 2, important information like project location, purpose, project status, contract duration and project life span, to mention but a few, are not disclosed.

On the other hand, the results indicate a high disclosure (97.1%) of procurement methods. Procurement disclosure is particularly important to the private sector as it provides information on how to access government tenders. While some methods are open to competition, others are closed or restricted. Disclosure of procurement methods, mainly at procurement planning, enables the private sector to prepare adequately for the bidding requirements. Besides, when the procurement procedure is adequately disclosed, bidders can protest any wrong decisions committed by the entity. For instance, in a restricted domestic bidding method, only bidders on the defined shortlist are expected to participate in the procurement process. Otherwise, bidders would be free to protest the process. However, this action would only be possible if the method was disclosed.

4.1.2 Percentage Of Projects Disclosed Proactively

This indicator was concerned with the number of projects disclosed and PDEs disclosing proactively. Based on the results in Table 1, no project had all the 41 data points disclosed. Despite this finding, some entities disclosed more data points on the respective projects than others. The results are presented in Table 4.

Table 4 Percentage of data points disclosed proactively by PDEs

PDEs	Relative % proactive disclosure
1. Adjumani District Local Government	40.58%
2. Arua district local government	36.22%
3. Gulu	0
4. Hoima District Local Government	32.53%
5. Kabala	0
6. Kampala capital city authority	36.95%
7. Kyenjojo District Local Government	31.71%
8. Masindi	0
9. Mbale district local government	33.24%
10. Mbarara district local government	29.27%
11. Ministry of education and sports	37.99%
12. Ministry of energy and mineral development	40.92%
13. Ministry of health	32.79%
14. Ministry of water and environment	42.16%
15. Ministry of works and transport	33.54%
16. National water & sewerage corporation	32.23%
17. Uganda national roads authority	39.38%
18. Wakiso district local government	38.94%
Grand mean score%	35.90
Max. score%	42.16
Minimum score%	29.27

Source: Computed from GPP and Table 1 Results

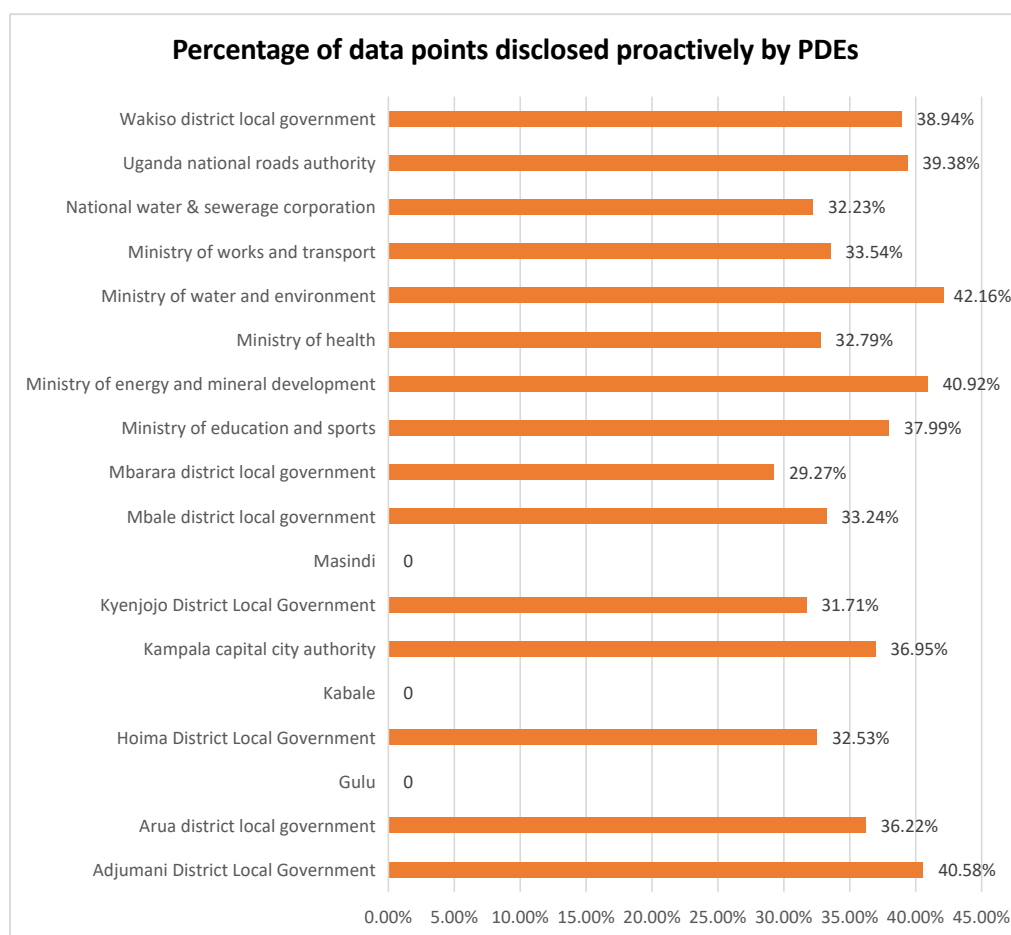


Figure 2: Status of disclosure in the PDEs.

As shown in Table 3 (and further illustrated in Figure 2), on aggregate, the percentage of data points disclosed by PDEs proactively, ranged between 29.27- 42.16%. The average disclosure on the projects across the entities analyzed stood at 35.9%, which is unacceptably low. The results reveal that the information disclosed by the entities is generally less and, therefore, insufficient to help inform stakeholders, notably, the private sector to take business decisions.

The least data points disclosed included variations in the contract price, escalation of the contract price, variation to contract duration, variation to contract scope, reasons for price changes, and reasons for scope and duration changes. Whereas all entities demonstrated severe low levels of data disclosure (Table 3), the level of disclosure by the Uganda National Roads Authority (UNRA) below 40% is particularly worrisome given its strategic role in infrastructure development in the country. UNRA is a government agency under the works and transport sector with the mandate to develop and maintain the national roads network. In the 2019/2020 F/Y, the sector was allocated close to 18% of the National Budget, with UNRA as the significant implementer of the road projects.

From this perspective, low levels of data disclosure, particularly on project identification and design affects the ability of the private sector to plan and organize the required resources needed to participate in procurement and implementation of infrastructure projects effectively. By their nature, infrastructure projects are resource-intensive. To qualify for tender awards, the bidder ought to demonstrate the capacity to deliver the project. Thus, adequate disclosure of such information enables timely mobilization of resources by the private sector to participate in procurement and implementation of public infrastructure projects.

4.2 ANALYSIS OF TIME OVERRUNS


Time overrun is a condition where a project is not completed within the designated schedule. It is demonstrated by the difference between the estimated project duration and the actual time taken to complete the project. In the present case, time overruns were assessed on two (2) indicators: (1) Percentage of projects with time overruns; and (2) Percentage of projects completed on time. Hence, the expected completion date for the contracts (in the award/contract) was compared with the actual completion date using data provided on GPP.

Table 5: Analysis of time-overruns

	Status	Count of tenders	Percent	Valid percent
Valid	Time overrun	2	0.5	28.6
	On time	5	1.2	71.4
	Total	7	1.8	100.0
Missing cases (time status not disclosed)	System	387	98.2	
Total		394	100	

Source: GPP Data (2018-2020)

Time Overruns

 Time overrun is a condition of failure to complete a project within the schedule. This is demonstrated by the difference between the estimated duration of the project and the actual time taken to complete the project.

98% Projects did not disclose project timelines

2 in 10 projects implemented had time overruns

Timeliness of contract completion

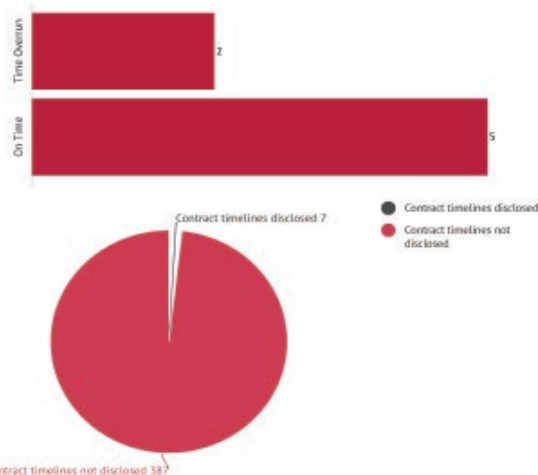


Table 5 shows that more projects had been completed on time (71.4%) than those that had time overruns (28.6%). Put into context, the finding suggests that two in every 10 projects implemented had time overruns. However, the status of 387 projects could not be verified because information on their status (whether terminated or in progress) was not disclosed. Lack of disclosure of such important data could be a cause to worry. To the private sector, competition of projects on time avoids cost overruns, improves market positioning and is a measure of project implementation efficiency.

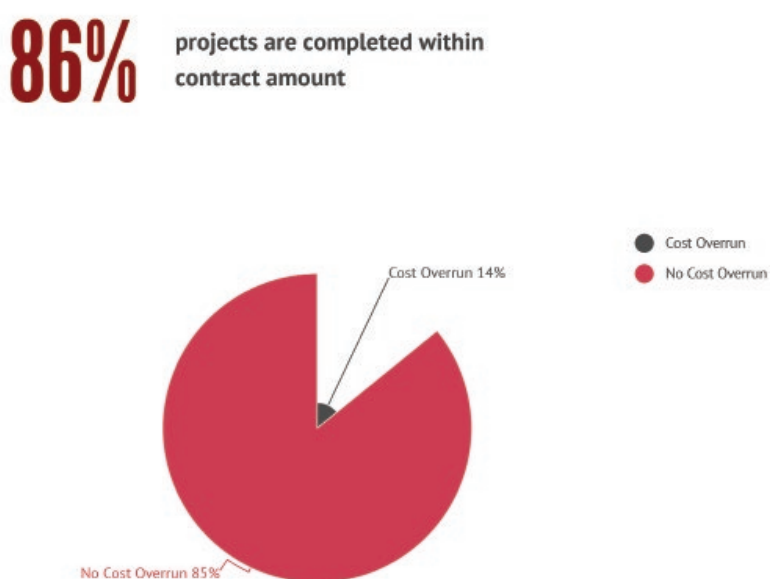
In competitive bidding, on-time delivery is part of the selection criteria and contractors are required to demonstrate they deliver projects on time. Contractors with a track record of time overruns delivery are often disqualified during the evaluation and award process. Time overruns have far reaching consequences to the private sector. Where the time overrun is inexcusable, the client may invoke the performance bond to make good use of the losses incurred due to deleted performance. Also, the contractor may be compelled to source additional resources to complete the works, which affects the profitability of the individual contract. To the extreme, the contractor could be recommended to PPDA for suspension of such a contractor as provided in s.94 of the PPDA Act 2003 (as amended) for unsatisfactory performance.

4.3 COST OVERRUNS

A cost overrun, also known as cost increase or budget overrun, is the amount by which actual expenditures exceed the planned amount. In procurement contracts, this indicator is computed by comparing the final contract payment and the contract amount. When the final contract payment is higher than the contract value, the phenomenon presents a cost overrun. The analysis considered three (3) indicators: (1) Percentage of projects with cost overruns; (2) Percentage of projects whose contract price is higher than the bid price; and (3) percentage of projects completed on estimated budget. The results were computed using data on GPP and are presented in Tables 6, 7, and 8.

4.3.1 PERCENTAGE OF PROJECTS WITH COST OVERRUNS

This indicator compared the contract amount to the final payment or completion cost. A project is said to have a cost overrun if the final contract payment is higher than the contract amount. Table 6 presents the results of the analysis.



Section 59(2) of the PPDA Act requires PDEs to initiate or continue procurement only once the funding has been confirmed. This provision underlines the need to comply with the funding of projects and budget lines for the involvement of contractors. Delivery of projects within the contract amount enables on-time payments to contractors due to budget limitations.

Table 6: Percentage of projects with cost overruns

	Actual payment Vs. contract amount	Count of tenders	Percent	Valid percent
Valid	Cost overrun	1	0.3	14.3
	No cost overrun	6	1.5	85.7
	Total	7	1.8	100.0
Missing cases (either contract amount or final contract value) not disclosed)	System	387	98.2	
Total		394	100	

Source: GPP Data (2018-2020)

As indicated in Table 6, only one project (14.3%) had a cost overrun while the final payment for the remaining six projects (85.7%) were within the contract amount. This finding is impressive and is consistent with the current procurement legal framework. Section 59 (2) of the PPDA Act requires PDEs to only initiate or continue a procurement when funding has been confirmed. This provision underscores the need to adhere to project funding and budget lines when engaging contractors. Delivery of projects within the contract amount enables on-time payments to the contractors because of budget limitations. To the private sector, all effort should be made to deliver projects within the contract amount to avoid delayed payments and unnecessary litigations.

4.3.2 PERCENTAGE OF PROJECTS WHOSE CONTRACT PRICE IS HIGHER THAN THE BID PRICE

This indicator compared the offer price of a bidder and the contract price (following due process of bid evaluation, approval, and contract award). It should be noted that the evaluation process may adjust the bid price (offer price) higher or lower, where arithmetic errors are identified and corrected. However, notwithstanding the preceding, ideally, the contract price should be equal or lower than the bid price. Following this insight, the contract prices for the respective projects were compared with their separate bid process. Table 7 presents the results.

Table 7 Cost price and bid price analysis

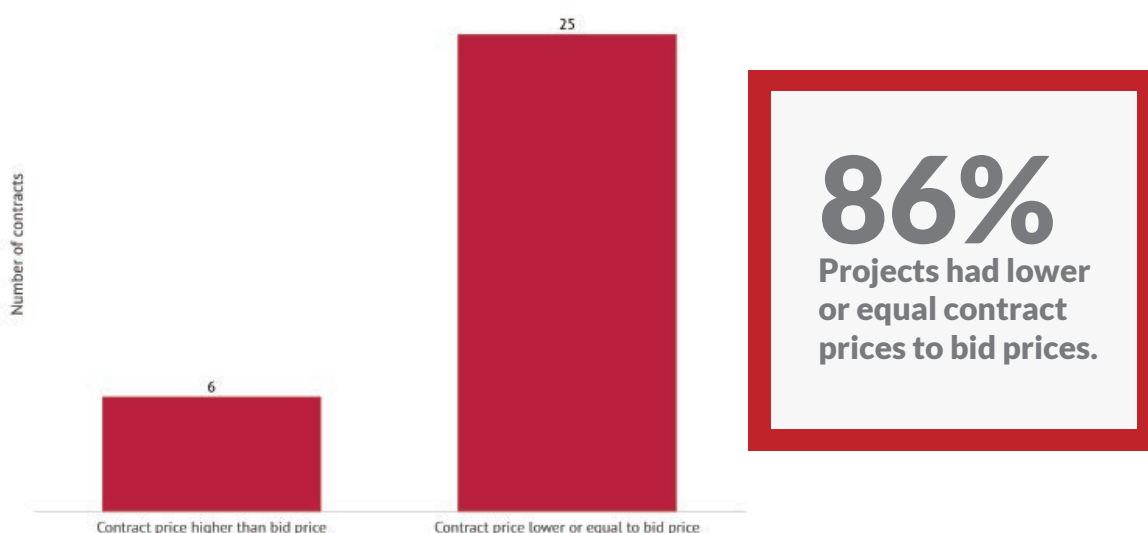
	Contract price Vs. bid price	Count of projects	Percent	Valid percent
Valid	Contract price higher than bid price	6	1.5	19.4
	Contract price lower or equal to bid price	25	6.4	80.6
	Total	31	7.9	100.0
Missing cases (lack of unique IDs to link datasets)	System	363	92.1	
Total		394	100	

Source: GPP Data (2018-2020)

Table 7 shows that 25 projects (80.6%) had their contract prices lower or equal to bid prices while six (6) projects (19.4%) had contract prices higher than bid prices. The former is the ideal condition in contracting. A phenomenon where the contract price is higher than the bid price, unless derived from the process of error correction provided under the PPDA evaluation procedures, is suspect and could be an indicator for conflict of interest and possibility of corruption practices in the procurement process. From the results, at least eight (8) in every 10 projects were awarded at prices lower or equal to the bid prices. The finding indicates THAT contracts are largely awarded at the bidder's offer price and that any upward price adjustments after award is basically not possible.

The results thus underscore the value of effective project cost estimation to ensure that the bid price quoted is feasible and covers the cost of implementing the project while offering a fair return to the contractor as well. Contractors should therefore enhance their knowledge and skills in project costing to avoid situations of underpricing (a case of abnormally low priced bids), where the contract price cannot meet the cost of implementing the projects and the target rate of return or over pricing the bid where either case could lead to rejection of the bid.

Contract price vs bid price



4.3.3 Percentage of projects completed on estimated budgets

Except in cases of emergencies, all entities are obliged (PPDA Act, s.59) to only initiate or continue a procurement on the confirmation that funding over the required period will be available at the time the contract commitment is made. This provision underscores the value of budgeting in the execution of procurement projects. The indicator is computed by comparing the estimated budget for the implemented projects and their final actual payment. The results are presented in Table 8.

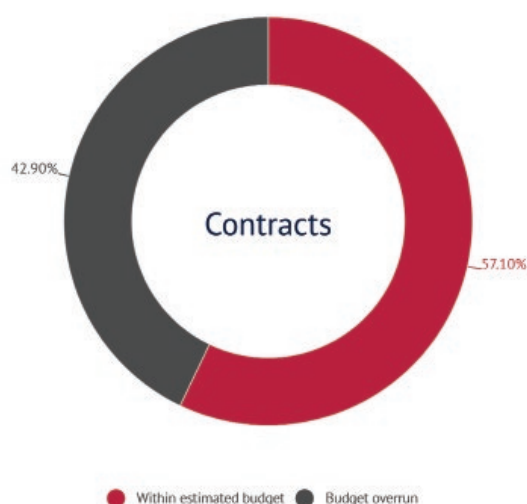
Table 8 analysis of projects completed on an estimated budget

Final contract value vis-à-vis budget	Count of projects	% of projects
Within estimated budget	4	57.1
Budget overrun	3	42.9
Total projects	7	100%

Source: GPP Data (2018-2020)

Table 8 shows that more than half of the completed projects (57.1%) were within estimated budget while 42.9% were completed with budget overruns. The proportion of projects completed with budget overruns is significant. To the entities, the phenomenon is often due to underfunding, unfeasible cost estimates and underestimating the project complexity. Others tend to include prolonged project schedule and lack of effective planning.

To the private sector, however, the results suggest the need for bidders to be cautioned while developing tenders. While project cost estimates in the procurement plans is necessary, such information is not sufficient to develop a cost-effective tender as some estimates could be unfeasible. To this end, bidders should always seek the services of subject matter professionals while developing cost estimates for their bids. Inherently, infrastructure projects are costly undertakings, largely complex and takes long to deliver. Engaging an expert to rigorously arrive at the real cost of the project is advised. Unfortunately, the common practice is for bidders to bench mark the project cost with the reserve price developed by the entity with the sole aim of being the lowest bidder. This practice is unsustainable particularly where the project is complex with a prolonged project schedule and where the entity lacks the desired skills to develop bankable project cost estimates. It should be noted that budgets could get overrun by market realities, such as cost of materials, labour and capital, hence the need for a robust model that factors a number of market conditions to derive the bid price.



**Final contract Value
Vs.
Budget**

4.4 TENDER MANAGEMENT

Tender (also bid) management is an essential component of the procurement cycle. In the context of procurement, the PPDA Act (s.51) refers to open tendering (bidding) as the preferred method of procurement. Tender management entails activities of bid invitation, submission, evaluation to determine best-evaluated bidders (BEB), and award of tenders. In this analysis, the tender management parameter has seven (7) indicators, including average bids per tender, percentage of projects under administrative review, percentage of projects with less than 3 three bidders, and percentage of tenders won by local international bidders. Other indicators include the percentage of projects under the various procurement methods and the percentage of projects linked to procurement plans. The results are presented in Tables 9, 10, 11, 12, and 13.

4.4.1 Average number of bids per tender by government procuring entities

This indicator measures the extent of competition in the procurement process. A higher number suggests high competition while a low number indicates lack of competition. The Government Procurement Portal presents the number of responsive bids received per tender. Accordingly, the indicator was computed by dividing the total number of bids received by the number of tenders in the period under review. The results are presented in Table 9.

Table 9 Average number of bids per tender

Category	Count
Number of responsive bids	4,150
Number of tenders (invited)	567
The average number of bids per tender	7.3

A responsive bid is one substantially in line with the bid invitation and prescribed all procurement procedures and requirements. 7.3 Bids per tender is considered satisfactory given the lack of minimum bids required for each bid.

Source: GPP Data (2018-2020)

As shown in Table 9, on average, every tender received 7.3 responsive bids. A responsive bid is one that substantially complies with the invitation to bid and all prescribed procurement procedures and requirements. This number is considered satisfactory given the lack of the required minimum bids per tender. Moreover, Reg. 8 of the PPDA (Evaluation) regulations (2014) guides that an entity may accept the single bid or the limited number of bids as long as the appropriate procurement method and procedures.

The results have implications to the private sector in twofold: Foremost, the result implies more companies were participating in public procurement, suggesting the private sector is increasingly getting aware and skilled in public bidding procedures and are able to prepare and submit responsive bids. Secondly, procuring entities had a sizeable pool from where to select the best bidder. However, for sustainable and beneficial relationships between both the private sector and the procuring entities, the entities should commit to non-discrimination and desist from setting qualification requirements which artificially restrict competition. Equally, the private sector should develop capacity to not only submit winning bids, but also the skills to mobilise resources required to implement and deliver quality projects within the agreed cost, scope and timelines.

To the government, the increased involvement by the private sector in tendering improves local revenue mobilisation through, notably, Value added Tax (VAT) and corporation tax. Therefore, increased competition in public procurement has a positive impact on continuous long-term economic growth, business competitiveness and best value public services to taxpayers.

4.4.2 Percentage of projects under administrative review

This indicator seeks to explore the proportion of projects that are a subject of the administrative investigation. Administrative review under the PPDA procedures is a complaint registered when a bidder feels an entity has flouted laid down procedures by way of breach or omission of procurement or disposal procedures. Currently, a bidder who is aggrieved by a decision of an entity submits the complaint to the Accounting Officer. The appeal mechanism includes the Authority (PPDA), the PPDA Appeals tribunal, and the High court as guided by the PPDA (Administrative Review) Regulations, 2014. Based on data on GPP, such data to establish this indicator was not disclosed.

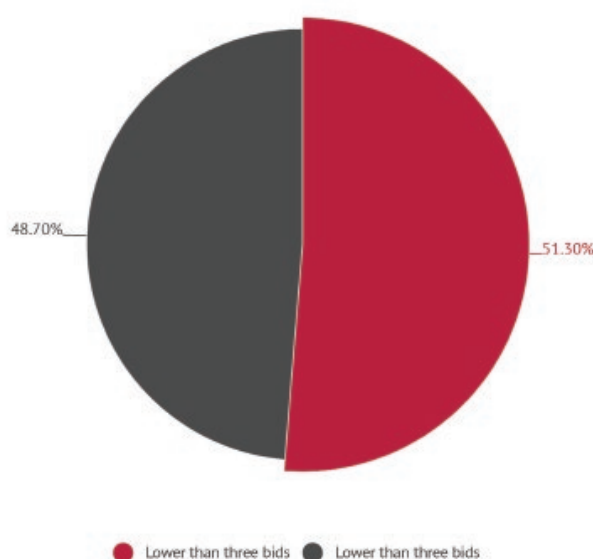
4.4.3 Percentage of projects that have lower than three bidders

The number of bids received is an indicator of competition in procurement and leads to fair pricing by bidders and value for money to clients. Accordingly, the higher the number per tender invitation, the higher the competition, and vice versa. For this purpose, data on bids submitted were analysed to determine the projects that attracted lower than three bids. The results are presented in Table 10.

Table 10 Percentage of projects with lower than three bids

Valid	Category of bids	Count of tender	Percent	Valid percent
	Lower than three bids	246	43.3	51.3
	Three or higher bids	234	41.3	48.7
	Total	480	84.6	100.0
Missing cases	System	87	15.4	
Total		567	100.0	

Source: GPP Data (2018-2020). The valid percent label is a percentage that does not include missing cases.



As shown in Table 10, majority of tenders (51.3%) attracted fewer bids (less than 3 bids) while fewer tenders (48.7%) attracted higher bids (three or higher bids). The results may be attributed by a number of factors. Foremost, not all tenders are perceived equally attractive. Tenders perceived as demanding less technical and financial commitment are considered profitable and attract many bidders. Also, the procurement method adopted to solicit bids influences, in part, influences the ultimate number of bids received. As explained from the results in Table 12, 68% of the projects were procured through non-open methods, such as restricted bidding, direct and Request for quotations or proposal (RFQ/P). Therefore, this result is consistent with the expectation from the solicitation methods.

Besides, the phenomenon of low bids received may result from procuring entities setting high qualification requirements which artificially restrict competition, or lack of efficient publication of notices for bids. Notable among these may include high bid and performance bonds, high financial requirements (fixed and working capital), high past experience, bundling projects (thereby making them highly complex) and the like. Such conditions make tenders unattractive, particularly to the small and medium enterprises (SMEs) that inherently lack capacity to meet such high requirements.

4.4.4 Percentage of tenders won by local and international bidders

This indicator gauges the level of participation of local firms in public procurement and, ultimately, their share of the national cake. Government procurement is a public finance expenditure tool. It is thus a source of income for the private sector doing business with the government. Data on the nationality of providers awarded the respective contracts were analysed to establish the percentage of tenders won by local and international bidders. The results are presented in Table 11.

Table 11 Bidders by Nationality

Valid	Nationality	Count of tender	Percent	Valid percent
	International	2	0.4	0.7
	Local	296	52.2	99.3
	Total	298	52.6	100.0
Missing cases	System	269	47.4	
Total		567	100.0	

Source: GPP Data (2018-2020). The valid percent label is a percentage that does not include missing cases.

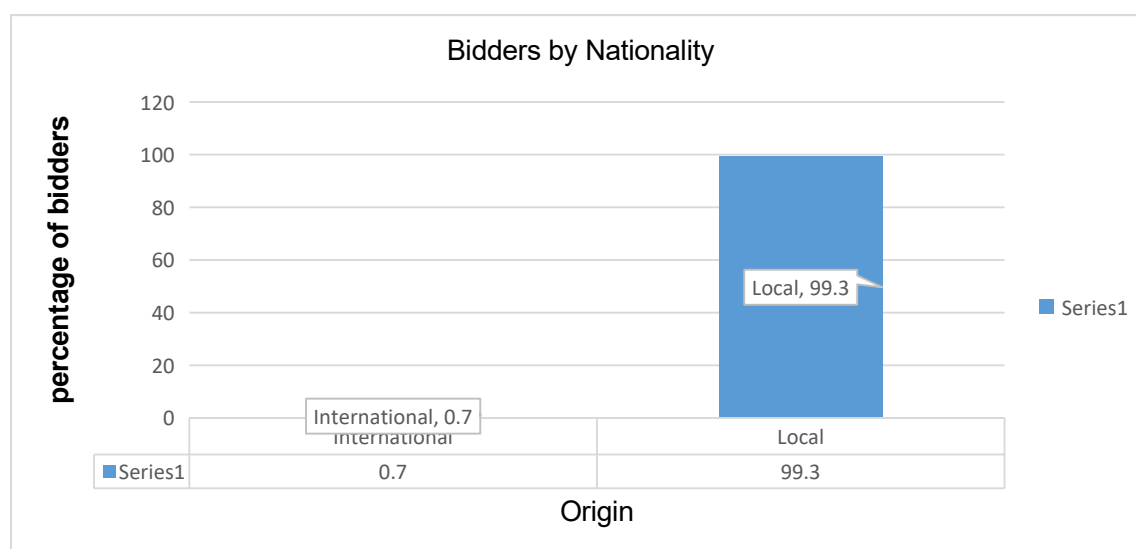


Figure 3 Bidders by nationality

Table 11 shows that of the 298 tenders that disclosed the nationality of bidders, a vast majority (99.3%) were won by local bidders, while international bidders won the remaining 0.7%. The results are not surprising though. From Table 12, majority of projects (68%) were procured through non-open methods (restricted bidding, direct and Request for Quotations or Proposal (RFQ/P). These methods essentially favoured local firms, hence the high proportion of local bidders in the awarded contracts. The results indicate a growing local private sector participation in public procurement.

The results perhaps suggest increased adoption and implementation of the local content policy in Uganda. Moreover, in 2018 PPDA issued a guideline on reservation schemes to promote local content. The direction categorizes providers into three:

- (i) National providers (providers registered in Uganda and wholly-owned and controlled by Ugandans);
- (ii) Resident providers (providers incorporated in Uganda for at least two years at the time of submission of the bid and are not national providers); and
- (iii) Foreign providers (providers not included in Uganda).

From the foregoing, while local companies won almost all the tenders, the proportion of those owned and controlled by Ugandans and non-Ugandans is not precise. There is a need to disaggregate the data further in terms of national and resident providers consistent with the local content guidelines. This would help to design initiatives to promote competition. Resident and global providers mostly have better human and equipment capacity, work experience, and financial advantages (they tend to access lower interest rates from their countries of origin) and, therefore, will often outcompete the national providers if the latter are not deliberately supported. Policies like compulsory subcontracting, advance payment, reservation of specific contracts should be enforced.

4.4.5 Percentage of local bidders who have benefitted from beneficial preference

The PPDA Act 2003 (as amended) provides for the promotion of particular sectors. Accordingly, S.50 of the Act provides for preference to domestically manufactured goods and Ugandan providers to promote their development. This is done by giving local providers and products a competitive advantage when competing for public procurement contracts with foreign manufactured goods or providers. Accordingly, guidelines were developed to facilitate the effective implementation of this legal provision. However, the disclosed data on GPP does not specify the projects awarded under preference or reservation schemes. As such, the proportion of such projects in the total projects implemented could not be ascertained.

4.4.6 Percentage of projects using the recommended methods of procurement

Broadly, S.78 of the PPDA Act, 2003 (as amended) provides the methods of procurement and the conditions for their use. Nonetheless, the PPDA Guidelines No. 1/2014 offers thresholds for the recommended procurement methods for procurement of works, supplies, services, or non-consultancy services. For this case, the thresholds for infrastructure projects is guided by the estimated value of the works (UGX) and applicable procurement methods are as follows:

under 10M (micro procurement); higher than 10M but does not exceed 200M (Quotation method); higher than 200M but does not exceed 500M (restricted domestic or international bidding); and exceeding 500M (open domestic or international bidding). Hence, data on awarded contracts were analysed to determine the percentage of projects under the various methods of procurement. The results are presented in Table 12.

Table 12 Percentage of Projects under the different procurement methods

Valid	Method of procurement	Count of projects	Percent	Valid percent	Value (Bn, UGX)
	Open international bidding	0	0%	0%	0.00 (0%)
	Open domestic bidding	10	2.5%	32%	39.75 (22.4%)
	Restricted international bidding	2	0.5%	6%	101.62 (57%)
	Restricted domestic bidding	2	0.5%	6%	27.14 (15%)
	Selective international bidding	0	0%	0	0.00 (0%)
	Selective domestic bidding	0	0%	0	0.00 (0%)
	Request for Quotations/Proposals	6	1.5%	19%	1.25 (0.7%)
	Direct procurement	1	0.3%	3%	0.31 (0.2%)
	Micro-procurement	5	1.3%	16%	5.56 (3%)
	Selection of consultants (EOI)	2	0.5%	6%	0.19 (0.1%)
	Shortlisting of consultants without EOI	2	0.5%	6%	0.75 (0.4%)
	Single source consultants	1	0.3%	3%	0.77 (0.4%)
	Total	31	7.9%	100%	177.34 (100%)
Missing cases	System (missing unique IDs)	363	92.1%		772
Total		394	100.0%		1,031.79

Source: GPP Data (2018-2020). The valid percent label is a percentage that does not include missing cases.

Based on results in Table 12, 32% of the projects had been procured through open domestic bidding, followed by Request for Quotations or Proposals (19%) and then micro procurement (16%). It should be noted that the open domestic bidding method attracts any company that is willing and able to participate in the tendering process, including foreign firms (PPDA Act section 80(4)). However, while open domestic bidding and open restricted bidding methods combined accounted for 38% of the projects, the duo accounted for 79.4 percent (22.4%+57%) by value.

The findings are consistent with the value thresholds for open domestic bidding (where the estimated value of works exceeds UGX 500 million shillings) and open restricted bidding methods (where the estimated value of works is in the range UGX 200-500 million shillings). The thresholds for quotations and micro-procurements of works are UGX 10-200 M shillings and less than UGX 10 million shillings respectively. Therefore, the proportions of procurement value (Table 12) are reflective of these value thresholds irrespective of the number of projects.

Restricted procurement methods are associated with fewer qualification requirements than their open tender counterparts that require bidders to demonstrate stringent selection requirements, including higher performance bonds, technical capacity, experience and evidence of financial resources (often backed by strong funding capacity. On the whole, 68% (100-32%) of the projects were procured through non-open methods.

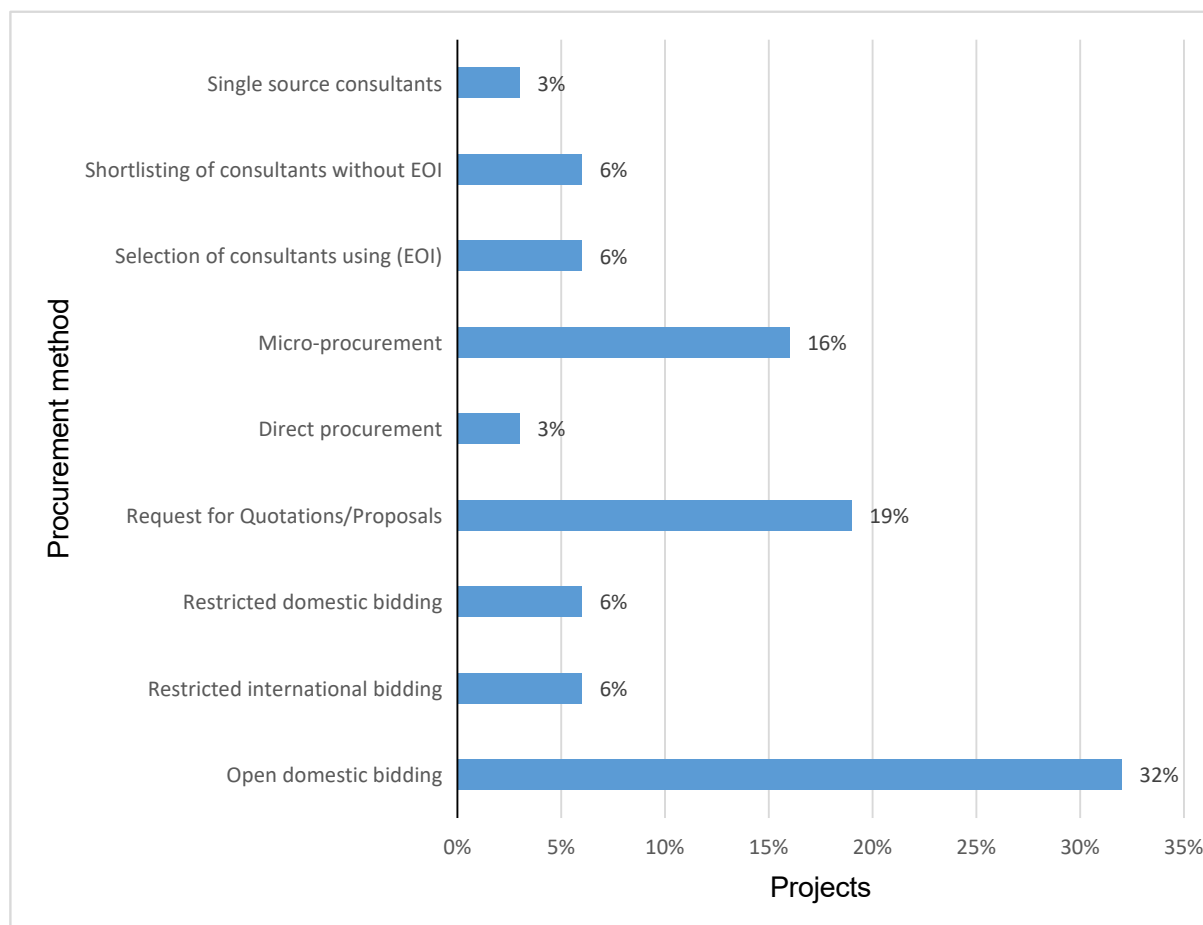


Figure 4 Projects under the different procurement methods

4.4.7 Percentage of projects linked with the procurement plans

Section 58(7) of the PPDA Act (2003) (as amended) prohibits a PDE from conducting procurements outside the procurement plan (except in cases of emergencies). This indicator, therefore, sought to determine the level of compliance with this requirement. To this extent, awarded contracts were analyzed to determine whether they were linked to the procurement plan. Table 13 presents the results.

Table 13 Percentage of projects linked to procurement plans

Status	Count of tender	% tenders
Linked with procurement plans	394	100.0%
Not connected with procurement pans	0	0.0%
Total projects	394	100.0%

Source: GPP Data (2018-2020)

Table 13 indicates that all the awarded projects (100%) were in the procurement plans. This suggests procuring entities have embraced procurement planning. Understandably, infrastructure projects are inherently high-value procurements and therefore require meticulous planning and budgeting to facilitate their orderly implementation.

4.5 Transparency in procurement and project delivery

Trust is the cornerstone of procurement and supply, and transparency builds trust. In the context of public procurement, important transparency goals include ensuring the bid process is open and fair, making procurement information available to the public, and documentation of bid activities to prove adherence to regulations. Besides, s.45 of the PPDA Act requires entities to promote transparency, accountability, and fairness while conducting procurement and disposal activities. For this purpose, data on GPP were analysed to determine the level of transparency in procurement and project delivery in the period under review. The results are presented in the subsequent sections.

4.5.1 Percentage of data points disclosed on the procurement process

The procurement phase in the IDS has 15 data points to be revealed in the IDS. Therefore, the percentage of data points published in the procurement process was computed by comparing the number of data points published out of the 15 data points on procurement. Table 14 presents the results.

Table 14 Data points disclosed in the procurement process

Procurement process Data points	Count of data points	% count
Disclosed	10	66.7%
Not disclosed	5	33.3%
Total	15	100.0%

Source: GPP Data (2018-2020)

As indicated in Table 14, 66.7% of the data points on the procurement process were disclosed. Given the value of transparency in public management generally and procurement, in particular, this score is inadequate. The low-performance was mainly due to non-disclosure of data points concerning contract type, number of firms submitting tenders, project duration, and contract outputs. Yet, such information is vital to the public to help them understand what to expect from the project. This would, in turn, enable them to monitor such projects and report on them meaningfully. It would be difficult for the local leaders to monitor public projects in their areas of the jurisdiction whose expected outputs they do not know.

4.5.2 Accuracy of disclosed data

This indicator seeks to evaluate the quality of the disclosed data per the IDS. The revelations from the analysis provide evidence to suspect the accuracy of the published data on GPP. As shown in the respective results tables, there were numerous missing values. Relatedly, none of the awarded and completed projects had procurement reference numbers. In situations where a single entity has many projects under implementation, lack of procurement reference numbers makes systematic tracking and monitoring of such projects difficult. Therefore, the accuracy of the disclosed data is considered low. In this circumstance, a repeat analysis could generate different results, mainly if conducted using source documents at the respective entities.

On close analysis, though, this outcome should not surprise stakeholders, data provided on the GPP is entered by the respective entities and submitted to PPDA in compliance with the provisions of Regulation 20(2) under the PPDA (PDEs) regulations 2014. The law obligates every PDE to provide a report on procurement activities (monthly, for Central Government PDEs) and quarterly (for Local Government PDEs) by the fifteenth day of the following month. Yet, there is no evidence that the said data is validated before publication on GPP, thereby undermining the accuracy of the disclosed data.

4.5.3 Completeness of disclosed data

Data completeness denotes the extent to which all the required data are available in the dataset. In the present case, the measure of data completeness would be the percentage of missing data entries. The problem of missing data further weakens the representativeness of the data and any conclusions drawn from that place. A less than 50% proactive disclosure (Table 3) means the completeness of the disclosed data was indeed low!

4.5.4 Number of companies participating in procurement (by origin)

For this indicator, the analysis sought to determine the number of companies participating in the procurement of infrastructure projects disaggregated by origin. Participation in procurement is evidenced by one's involvement in the bidding process. Hence, the bid submission dataset was analysed to identify the companies that submitted bids irrespective of the evaluation outcome. Table 15 presents the results.

Table 15 Participating companies in the procurement process by origin

Origin of the company	Count of companies	%
Uganda	695	99.4
China	1	0.2
Tunisia	1	0.2
Canada	1	0.2
Total	698	100.0

Source: GPP Data (2018-2020)

As depicted in Table 15, a total of 695 (99.1%) companies that participated in the procurement process were from Uganda. It is possible that most International companies have domesticated their businesses in Uganda even when their origin is not Uganda. The PPDA law should clarify the localization of companies.

The finding leaves us with questions regarding the composition and nature of these Ugandan companies. The independent CoST Assurance process would be able to interrogate this indicator further. In addition, for those Ugandan original companies, there is need to analyze their abilities in terms of financial, technical and personnel to deliver the awarded projects in the specified quality, cost and time.

4.5.5 Percentage of projects awarded to suspended providers

Under Section 94 of the PPDA Act 2003 (as amended), a provider may be suspended from engaging in any public procurement. The reasons for suspension may include where a provider is in breach of the code of ethics of providers or when the provider is debarred (disqualified) from the procurement processes of an international agency of which Uganda is a member. Other reasons include unsatisfactory performance, corrupt or fraudulent practices, failure to perform the obligations under the contract substantially, professional misconduct, and faulting on the requirements specified under the law. Also, Reg. 17 (2) (g) of the PPDA evaluation regulations (2014), a bidder suspended by PPDA, is not eligible to participate in any procurement and disposal procedures for the period of the suspension.

To this end, providers on GPP were filtered and matched with the list of suspended providers available on <https://www.ppda.go.ug/suspended-providers/>. The purpose of conducting this procedure was to determine whether any entity had contracted the suspended providers. No firm on the suspended list of providers matched with those existing providers reported on GPP, suggesting no project had been awarded to suspended providers.

4.5.6 Percentage of projects awarded to non-existent bidders

The analysis under this indicator sought to establish whether some contracts had been awarded to non-existent bidders. In the procurement context, a nonexistent bidder is evidenced by non-participation in the bidding process but only appearing at the contract award stage. Following this perspective, awarded contracts dataset was matched with the bid submission dataset to verify whether the awarded contractors had submitted bids. The results are presented in Table 16

Table 16 Percentage of projects awarded to non-existent bidders

Awarded contracts	Count of projects	% count
Non-existent bidders	363	92%
Existent bidders	31	8%
Total awarded contracts	394	100.0%

Source: GPP Data (2018-2020)

As indicated in Table 16, only 31 projects (8%) awarded had data linked to the bid submission dataset. 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 accessed contracts without going through the laid down procurement process! Such lapses could offer opportunities for possible corrupt and fraudulent procurement practices. Yet, as already noted, any bidder who flouts procurement procedures, on conviction, may be suspended for corrupt or fraudulent practices per s.94 of the PPDA Act 2003 (as amended). To this end, there is need to prioritize and fast-track the implementation of e-GP (Electronic Government procurement) to minimize the risk of manipulation of the procurement process that is potentially high under the manual procurement system.

4.5.7 Percentage of projects delayed in procurement

The procurement plan provides, among others, the anticipated start time and completion time of the activities leading to contract signing and project delivery. While the time spent in handling some activities is statutory and thus regulated, other procurement activities such as initiation of the procurement, development of bidding documents, soliciting approvals, and conducting negotiations have no time limits. The activities with statutory timelines include bidding, conducting evaluation, display of best-evaluated bidder, and complaint handling. Following this understanding, a project is said to be delayed in procurement if the time taken from initiation to actual contract signing is longer than the planned time frame in the procurement plan.

The results are presented in Table 17.

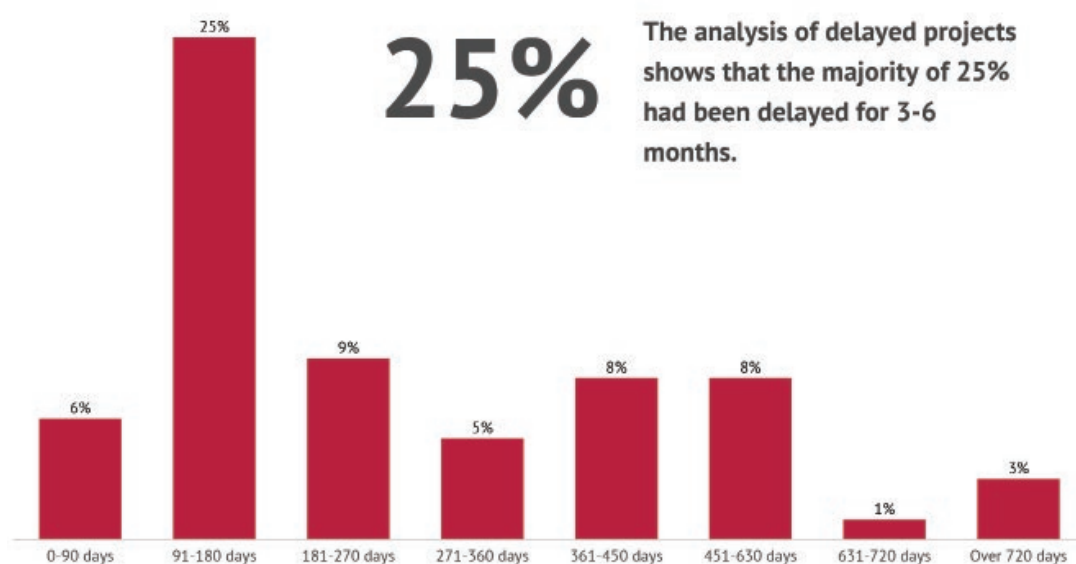
Table 17 Percentage of projects delayed in procurement

Valid	Duration	Count of projects	Percent	Valid percent	Cumulative %
	Delayed projects				
	0-90 days	21	4%	6%	6%
	91-180 days	93	17%	25%	31%
	181-270 days	33	6%	9%	40%
	271-360 days	18	3%	5%	45%
	361-450 days	30	5%	8%	53%
	451-630 days	29	5%	8%	61%
	631-720 days	5	0.9%	1%	62%
	Over 720 days	12	2%	3%	65%
	Total	241			
	On-time procurement	133	24%	35%	100%
	Total	374	67%	100%	
Missing cases	System	181	33%		
Total		555	100%		

Source: GPP Data (2018-2020). The valid percent label is a percentage that does not include missing cases.

Table 17 shows that 65% of the projects had delayed in procurement, while the remaining 35% were procured on time. An analysis of delayed projects indicates that majority (93) had delayed for 3-6 months (90-180 days), 33 projects for 6-9 months (181-270 days) and 29 projects for 15-21 months (451-630 days). However, a total of 12 projects had delayed in procurement for over 1.2 years (beyond 720 days). This information is further illustrated in Figure 5. Put into context, the finding suggests that at least six in ten projects had delayed in the procurement process. Procurement delays negatively affects 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 a procurement is not concluded in time. Sadly, there are no sanctions on PDEs for delaying procurements.

Figure 5 Projects delayed in procurements



However, a total of **12 projects** had delayed in procurement **for over 1.2 years (beyond 720 days)**

4.5.8 Percentage of projects procured on time

As already observed in Table 17, only 36% of projects had been procured on time. Timely completion of the procurement process enhances the credibility of the entity and attracts more bidders from which to select the best contractor. Besides, timely procurements ensure effective project delivery, enhances budget absorption and client satisfaction. Bidders also enter into agreements with suppliers of materials and services that shall be required to fulfill the anticipated contracts. Therefore, on-time procurement enables active engagement with their suppliers and service providers (such as consultants, subcontractors, and financial institutions), thereby creating secure business networks.

4.5.9 Percentage of tenders closed for more than 30 days

This indicator sought to examine the percentage of tenders closed for more than 30 days but whose essential award decision was not disclosed. Regulation 62 of the PPDA Regulations on rules and methods for procurement of supplies, works, and non-consultancy services (2014) offers guidance on bid opening. According to the guidelines, bids submitted under the open or restricted bidding method should be opened at a public bid opening session immediately after bid closing. To achieve this, the bidding documents should indicate the date and time of the bid opening session, the location, and the information to be read out and recorded at bid opening. Besides demonstrating transparency in the procurement process and to account for the bids received by the closing date and time of the bid submission deadline, immediate bid opening enables timely commencement of the bid evaluation process. Therefore, the years for closing and opening the respective tenders were compared to determine those that remained closed for more than 30 days. The results are presented in Table 18.

Table 18 Tenders closed for more than 30 days

	Tenders closing duration	Count of tenders	Percent	Valid percent
Valid	30 or fewer days	529	95.3	99
	More than 30 days	4	0.7	1
	Total	533	96.0	100.0
Missing cases	System	22	4.0	
Total		555	100	

Source: GPP Data (2018-2020). The valid percent label is a percentage that does not include missing cases.

Table 18 indicates that 99% of the tenders had been closed within 30 days, while only 1% had remained open for more than 30 days. The results primarily reflect a high level of compliance with PPDA regulations that require tenders to be opened immediately after bid closing. While the proportion of tenders closed for more than 30 days was low and could be considered negligible, such a practice is illegal. Any delays in opening tenders creates suspicion and could be a subject of administrative review, thereby delaying the procurement process further. As already indicated, to the private sector, any procurement delay increases transactional costs, such as the cost of securing and maintaining bid and performance securities, commitment payments, and communication charges.

5.0 IMPLICATIONS OF THE FINDINGS TO PRIVATE SECTOR PARTICIPATION IN PUBLIC INFRASTRUCTURE PROCUREMENT IN UGANDA

5.1 Summary of Key findings from the analysis

- 1** The non-disclosure of over 50% of the proactive data points under the CoST Infrastructure Data Standard reveals a substantial level of lack of transparency of PDEs in procurement activities to the public. The worst disclosed data points were those related to project implementation, particularly concerning variations in contract price, duration, and scope, affect cash flow and project implementation plans that are vital elements in effective project delivery.
- 2** Most projects (65%) had experienced delays in procurement. In effect, at least six in ten projects had been delayed in the procurement process, thereby affecting budget absorption and service delivery while increasing private sector cost of doing business in Uganda.
- 3** The analysis revealed that while 100% of the projects implemented were linked to procurement plans, 42% of the projects had budget overruns. This phenomenon questions the effectiveness and management of procurement plans in PDEs.
- 4** The analysis revealed an average bidder response rate of 7.3 bids per tender which is was considered satisfactory.
- 5** Not all tenders were equally attractive to the private sector. Majority of tenders (51.3%) attracted fewer bids (less than 3 bids) while fewer tenders (48.7%) attracted higher bids (three or higher) bids.
- 6** 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 questions the originality of the so called "Ugandan" companies.
- 7** Three local government entities, including Masindi, Gulu and Kabale did not report any infrastructure projects on GPP in the period under review. 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.

5.2 Suggested areas for policy and management attention

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). 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. Given the overarching goal of private sector development, there is need for interventions geared towards boosting the contracting capability of the private sector, particularly SMEs. To this end, the following recommendations are suggested:

Recommendations to the Public Procurement and Disposal of Public Assets Authority;

1. PPDA is encouraged to adopt the Infrastructure Data Standard (IDS) and OC4IDS indicators for the disclosure of project information through the upgrade of the E-GP and the GPP to consider the OC4IDS extension.
2. PPDA is encouraged to harmonize project and contract disclosure templates to enhance information sharing on planned projects, implementation status, expected outputs, funding details and costs.
3. PPDA should develop and implement a policy on the management of procurement data to coordinate, facilitate, and monitor data capture, analysis, storage, and archiving and the sharing of data and information among authorized stakeholders.
4. PPDA is encouraged to review the current guidelines on reservation schemes to promote Local Content.
5. PPDA should commission a study to establish factors that inhibit the private sector from fully participating in public infrastructure procurement. This could be done in partnership with CoST Uganda Multi-Stakeholder Group.

To Ministry of Finance, Planning and Economic Development;

1. Ministry of Finance, Planning and Economic Development should consider increasing funding to PPDA for capacity building and performance monitoring.
2. Ministry of Finance planning and economic development should fast track the creation of the Construction industry development fund to stimulate the capacity of local firms

Recommendations to the Private Sector Firms (Consulting Engineers and Contractors);

1. Local contractors should develop their capacity in effective bidding, project implementation and overall business competitiveness not only locally but also in the region at large.
2. Uganda National Chamber of Commerce and Private Sector Foundation Uganda should promote awareness for opportunities for international firms and joint ventures with local firms.

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