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SYSTEMIC FAILURES

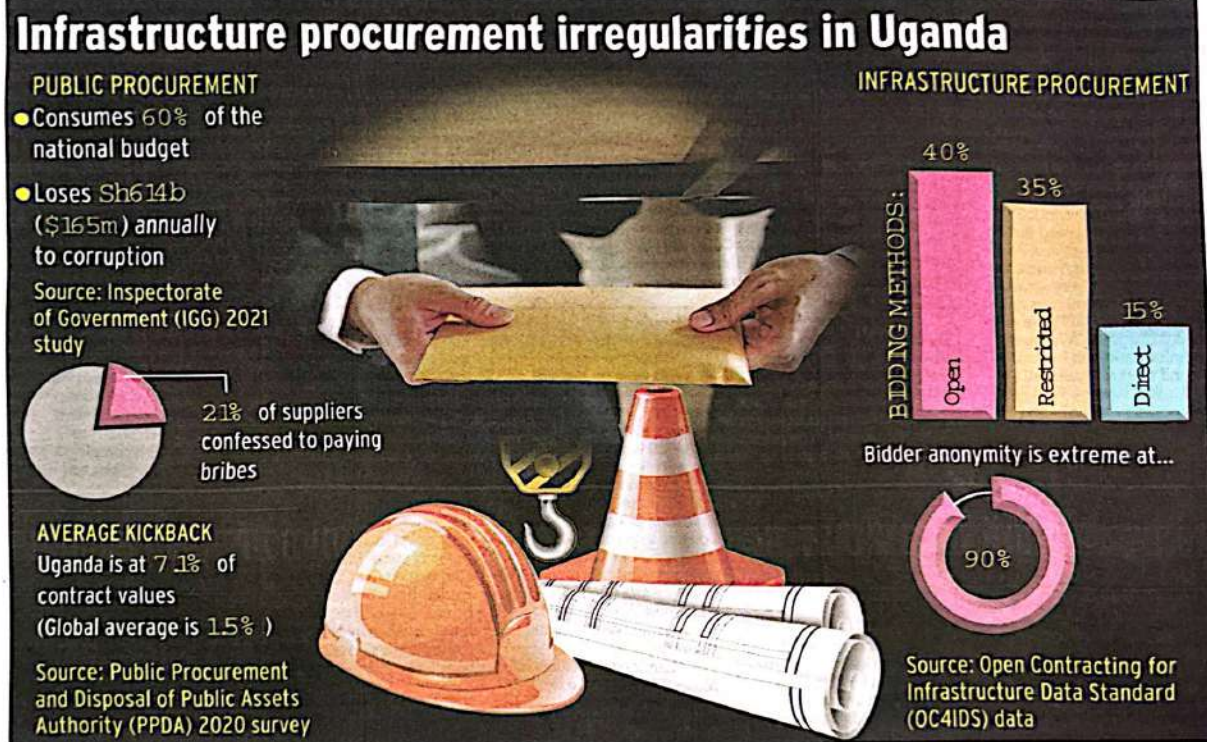
In the heart of Uganda's bustling capital, where potholed roads snake through construction sites and half-built schools stand as monuments to unfulfilled promises, a shadowy veil cloaks the nation's infrastructure procurement processes. This investigative feature, drawing on exclusive reports, stakeholder interviews and legal analysis, uncovers the systemic failures, the human costs and the path to reform, writes **Mandela Muhoozi**.

When Uganda's Government Procurement Portal (GPP) went live in June 2015, it was marketed as a game changer — a digital cure for the corruption, collusion and ghost contracts that had plagued public procurement for decades. Yet today, there is 90% bidder anonymity on the GPP and lack of transparency in contract amendments, according to a 2024 Procurement Data Analysis Report by CoST-International, the infrastructure transparency initiative. This opacity, experts say, is not just a bureaucratic glitch — it is a gateway to corruption, siphoning billions of shillings from public coffers meant for roads, hospitals and classrooms.

BILLIONS LOST IN THE SHADOWS
At the core of Uganda's crisis, public procurement — consuming over 60% of the national budget — loses

HOW UGANDA'S PROCUREMENT SHADOWS COST BILLIONS, ERODE PUBLIC TRUST

GRAPHIC BY BRIAN SSEKAMATTE



approximately sh614b (\$165m) annually to corruption, underscoring that transparency is not a luxury but an urgent necessity, as revealed by a 2021 study by the Inspectorate of Government (IG). This leakage primarily arises from contracts awarded to ghost companies, deliberate cost inflation and unjustified amendments that balloon project costs.

Corruption was flagged as the "overarching challenge," with the tender process — especially bid evaluation.

A 2020 survey by the Public Procurement and Disposal of Public Assets Authority (PPDA) revealed that 21% of suppliers confessed to paying bribes, with the average

kickback amounting to 7.1% of contract values — nearly five times the global average of 1.5% — highlighting Uganda's outlier status in procurement malpractice and the urgent need for systemic reforms.

INFRASTRUCTURE PROCUREMENT IRREGULARITIES
A comprehensive procurement data analysis report titled: Procurement Data Analysis Report: Competition, Risks

and Market Trends. An Evidence-Based Assessment of Infrastructure Procurement in Uganda, Ghana, Malawi and Nigeria, released by CoST International, analysed infrastructure procurement in these countries from 2018 to 2024. Using data from official portals and the Open Contracting for Infrastructure

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OPAQUE SYSTEMS FUEL GHOST CONTRACTS AND KICKBACKS

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Data Standard (OCAIDS), the report found that Uganda's system is riddled with non-competitive practices.

Only 40% of contracts used open bidding, while restricted bidding (35%) and direct procurement (15%) dominated, totalling 50% non-competitive methods.

"This limits market access and heightens corruption risks. Bidder anonymity is extreme, exceeding 90% in Uganda," the report states, obscuring market dynamics and making it "nearly impossible to detect collusion or conflicts of interest."

In practical terms, this means for projects like school constructions or road rehabilitations, the public – and even regulators – cannot see who bid, who lost, or why prices ballooned.

The report highlights that 25% of tenders received only one bid, weakening negotiation power and leading to inflated costs that discourage new entrants and reinforce market concentration.

Michael Cengkur, an open data specialist at CoST International, explained the danger: "We looked at only a subsection of infrastructure procurement... A very small fraction of major projects are disclosed on the GPP," he said.

Cengkur said: "We found that information on bidders beyond the best evaluated bidder was lacking. Who are the consistent losers? Who are the consistent winners? Without that information, it is impossible to detect collusion, favouritism, or even to help firms improve their bids. The lack of transparency poses a corruption risk and erodes trust."

SECTORS MOST AFFECTED

Water, health and education emerge as high-risk zones. In water projects, 55% used restricted bidding, favouring pre-qualified firms and creating entry barriers, with frequent unexplained contract amendments signalling post-award manipulation.

Education tenders, often split into micro-contracts to evade scrutiny, saw 45% restricted bidding. Transport, accounting for 49% of spending, fares slightly better with 50% open bidding but often excludes local firms through international tenders.

These findings echo a parallel CoST International survey, "Galvanising the Private Sector in Public Infrastructure", which polled 219 respondents from



At the core of Uganda's crisis, public procurement – consuming over 60% of the national budget – loses approximately sh614b (\$165m) annually to corruption

THE COST OF CORRUPTION

Uganda's economy is hemorrhaging billions due to entrenched corruption, with an estimated annual loss of sh9.144 trillion across all sectors – a staggering figure that equates to roughly 23% of the national budget or 44% of government revenue.

This pervasive graft translates to an average cost of sh200,000 per Ugandan citizen, underscoring how corruption not only drains public coffers but also erodes the livelihoods of ordinary people. Take the water sector, which CoST flagged for frequent post-award amendments. Unexplained contract variations

inflate costs and delay delivery.

In rural districts, this means boreholes that break down within months, or water systems abandoned halfway.

"Transparency is not just about fighting corruption," Cengkur said. "It is about fairness, efficiency and ensuring citizens actually get the roads, schools and hospitals they are promised."

He said as long as bidder anonymity persists, procurement remains a black box. "And in that darkness, billions of shillings continue to vanish."

15 countries, including 105 from Africa (Ghana, Nigeria, Uganda, among others).

Respondents painted a grim picture: About 52% doubted projects meet user needs, 68% viewed financing as unreliable and 47% said delays are the norm.

Corruption was flagged as the "overarching challenge," with the tender process – especially bid evaluation and contract award – most vulnerable.

MANIPULATION TACTICS

The reports detail a toolkit of deceit. Bidder anonymity hides collusion, while non-competitive methods like restricted bidding allow officials to pre-select favourites. Contract splitting in education evades oversight and unexplained amendments in water projects inflate costs post-award.

The private sector survey revealed perceptions of favouritism: high entry barriers like capital requirements and opaque shortlisting exclude small and medium enterprises (SMEs).

Over 80% of workshop participants in the data analysis report cited

procedural complexity and cash flow constraints – exacerbated by delayed payments – as primary deterrents.

WHO IS TO BLAME?

The survey found over half of respondents blame political pressure and officials exploiting positions, with 40% pointing to private companies.

"Nepotism in awarding contracts" and "corruption that favours established players who know how to 'work the system'" were common complaints.

In Uganda, stakeholders like Moses Tiberondwa, a civil engineer and former board member at the Uganda National Association of Building and Civil Engineering Contractors, lamented: "There are very many bottlenecks... PDUs appear not to respect their rules. You

find phone calls from powers above and deals are given to the same people all the time."

As a local contractor frustrated by the system, Tiberondwa shared his experience: "I have not benefited from that portal... Initially, I was participating but later got frustrated and gave up."

He questioned the misuse of the National Enterprise Corporation (NEC), where tenders are advertised only to be redirected: "If they know it will be taken by NEC, why waste people's resources and time?"

OVERSIGHT FAILURES

The PPDA Act of 2003 (amended in 2006, 2011 and 2015) requires transparency, including full disclosure of bidder lists, evaluation criteria and contract details on notice boards and the PPDA website.

According to the regulations, entities must maintain records of participating bidders, bid prices and rejection grounds.

infrastructure projects, the law requires all bidder identities to be disclosed after submission, with evaluation scores and contract details published in OCAIDS format.

But in practice, those requirements are routinely ignored, with opacity most glaring in bidder anonymity according to CoST.

Chris Magoba, a PPDA public procurement officer, insisted: "There is no reason why bidder information should be kept anonymous... If there were circumstances where this information was not displayed, the particular entity or accounting officer is liable."

Doreen Kyazze Mulema, PPDA's legal expert, admitted gaps: "Entities should fully disclose, but we know they do not disclose 100%. We shall train them so that the portal is fully functional."

GOVERNMENT HIGHLIGHTS THE E-PROCUREMENT PROMISE

Works minister, Gen. Edward Katumba Wamala, insists reforms are underway: "This issue will be cured by the electronic procurement portal (e-GP). Now, bidders cannot afford to be anonymous. There is a provision to negotiate with service providers – anonymity is no longer possible."

However, Magoba revealed that although 8,000 firms are registered on the e-GP portal, only 36 entities transact there.

"About 13,155 contracts have been awarded since 2001 through the system. We are re-engineering... When e-GP is completed, all government entities will be on board and there will be no need for GPP," he said.

But the reality on the ground is less clear, according to Cengkur. "If you compare procurement plans from ministries with what is disclosed online, you will find many projects missing," he said.

Local governments fare even worse. While Kampala Capital City Authority (KCCA) and the works ministry perform relatively well, most district-level agencies lag, Cengkur said, adding that with poor disclosure and weak digital infrastructure keeping citizens in the dark.

LOCAL GOVERNMENT RESPONDS

Johnson Musinguzi, the acting commissioner for procurement inspection and coordination at the Ministry of Local Government, said: "Disclosure levels have improved at the local government level from 33% in 2017 to 59% in 2025."

"However, we are not yet where we should be. Some projects are transparent, others are completely opaque," he added.

THE PRIVATE SECTOR VIEW

Contractors revealed shared frustrations, including opaque shortlisting that favours insiders, high capital requirements that shut out small firms and complex documentation that discourages participation.

"Procurement procedures do not reward merit," one SME owner lamented. "Even when we qualify technically, contracts go to big firms with connections. The market is not open."

According to the CoST global survey, fewer than 20% of respondents expressed confidence in fair contract enforcement.

LESSONS FROM ELSEWHERE

Ghana's Sekondi-Takoradi Metropolitan Assembly recorded 45% restricted bidding and Nigeria's procurement had up to 40% single-bid tenders. Yet some reforms abroad offer hope.

Chile's e-procurement system (ChileCompra) mandates real-time publication of all bid data, including bidder identities and evaluation scores.

Ukraine's ProZorro system, built after 2014, uses open-source platforms where all tender data is publicly accessible. Civil society groups act as watchdogs, reviewing contracts in real time. Both models prove that transparency is possible with political will and strong digital tools.

RECOMMENDATIONS FOR UGANDA

The CoST report recommends a series of urgent reforms for Uganda, including mandating full disclosure of all bidders, evaluation criteria and contract amendments in OCAIDS-compliant format.

According to CoST, there is need to scrutinise single-bid awards, requiring PPDA oversight for high-value contracts with only one bidder.

Other recommendations include auditing water sector projects within 12 months to address contract amendments, simplifying bidding in education, discouraging contract splitting, supporting SME participation through payment bonds and training programmes and strengthening oversight with risk-based audits and independent review mechanisms.



Magoba