



**Public Procurement and Disposal of Public Assets Authority**

Plot 37 Nakasero Road, UEDCL Tower 5th floor, P.O. Box 3925, Kampala, Uganda

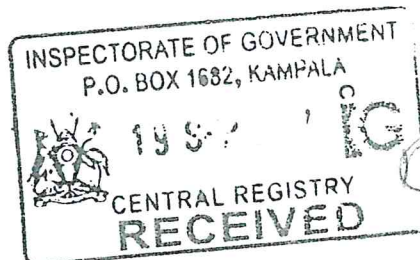
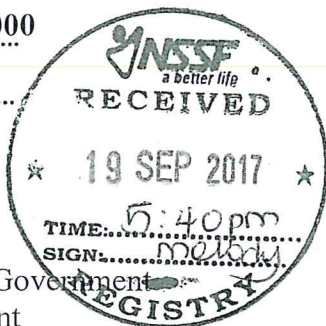
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Our Ref:..... **PPDA/M08/B02/000**

Your Ref:.....

18<sup>th</sup> September 2017

The Inspector General of Government  
Inspectorate of Government  
P.O Box 1682  
KAMPALA



**RE: ALLEGED IRREGULARITIES IN THE PROCESS OF PROCUREMENT OF THE CONTRACT FOR CONSTRUCTION OF NSSP PENSION TOWERS**

Reference is made to your letter dated 7<sup>th</sup> July 2017 forwarding a complaint on the above subject.

The complainant alleged as follows:

1. There is a well planned agenda to fleece NSSF of close to \$40m through the high value procurement process for NSSF Pension Towers being handled by De-Point Consultants, a third party Procurement Agent. The two parties agreed to price the bid in the range of \$120m to \$125m.
2. The tender was advertised after the management of De-Point Procurement Agents systematically tailored the requirements of the tender to a Chinese firm, CRJE.
3. Despite several complaints from other companies on the tailored specification, De-Point adamantly rejected to change the requirement in order to fulfill their agenda. One of the tailored requirements was on the specific experience of the contractor. The requirement was for a firm to qualify, it must have a minimum of three similar projects with at least 15 floors, 40000m<sup>2</sup> sum and the contract value of at least 190 billion shillings for each project.

The Authority requested the Accounting Officer to investigate the complaint in accordance with Section 26(1) (h) of the PPDA Act 2003. The Accounting Officer submitted an investigation report dated 5<sup>th</sup> September 2017.

The Authority reviewed the investigation report and made the following findings:

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1. The Entity used the open international bidding method which was open to all bidders but only one bid was received;
2. Evidence was provided by the Third Party Procurement Agent that all the requests for clarifications received were responded to (*refer to attached file*);
3. The requirements in the criteria were reasonable in light of the magnitude and complexity of the project as indicated in table 1 and were not tailored to favour a particular provider, CRJE. There was no bid submitted by CRJE as alleged by the complainant;

**Table 1: Comparison between Project Requirements and Provision in the Bidding Document**

No.	Criteria	Project Requirement	Minimum requirement in the bidding document
1.	Value of the works	Estimated cost UGX 293 billion	Participation as contractor in at least 3 contracts within the last ten years each with a contract value of at least UGX 190 billion
2.	Physical scope	<ol style="list-style-type: none"> <li>i. A Basement with 4 Floors for car parking</li> <li>ii. A Podium with 4 floors for shopping malls, restaurants and conference facilities etc</li> <li>iii. 2 Short Office Towers of 10 Floors above the Podium; and</li> <li>iv. 1 Central Office Tower with 25 Floors above the Podium</li> <li>v. Grand total area for the development of 73,493.51m<sup>2</sup></li> </ol>	<ol style="list-style-type: none"> <li>i. Participation as a contractor in at least three building works contracts with a minimum gross area of at least 40,000m<sup>2</sup> in the last ten years that have been fully completed or substantially completed.</li> <li>ii. A minimum measure of scope shall be at least 15 story building (including basement, ground floor and all other floors) serviced by lifts;</li> <li>iii. The structure of the building should be a reinforced concrete framed building and/or steel framed structure with concrete floors, retaining walls, steel columns, steel girders, reinforced concrete and solid concrete block walls, associated electro-mechanical and ICT installations.</li> </ol>

4. There was no merit in the allegation of fleecing the Fund of USD \$ 40 Million since:
  - i. The Entity used a different investment model in which payments will not be made on interim certificates for works until after project completion, at the end of the third year, where 70% will be paid and the balance of 30% will be paid at the end of the fourth year of the project.
  - ii. The estimated cost by the Consultant of UGX. 293 Billion (Approx.\$ 86.9 Million) at the commencement of the procurement did not include the cost of the deferred payment.

- iii. The figures of \$120m to \$125m, which the complainant alleged that the two parties agreed to price the bid, differ from the evaluated bidder's price with the cost of deferred payment of \$101m. The negotiated price was \$92m.

Attempts by the Authority to contact the whistleblower were futile as the mentioned contact was not available.

In light of the above findings, there is no merit in the allegations. The Entity is advised to proceed with the procurement process and ensure that due diligence is conducted on the best evaluated bidder before award.



Benson Turamye

**Ag. EXECUTIVE DIRECTOR**

c.c.: The Managing Director, National Social Security Fund