



PPDA/UEDCL/47

1st August 2024

The Managing Director
Uganda Electricity Distribution Company Limited
P.O. Box 7390
KAMPALA

**BID PREPARATORY AUDIT FOR THE STUDY, DESIGN, SUPPLY,
INSTALLATION, TESTING AND COMMISSIONING OF 6.6KV 30MV VR
STATCOM AT ROOFINGS ROLLING MILLS REF: UEDCL/WORKS/24-25/10001**

Reference is made to the above subject.

The Public Procurement and Disposal of Public Assets Authority (PPDA) instituted a procurement audit in the bid preparatory process for the study, design, supply, installation, testing and commissioning of 6.6kv 30MV VR Statcom at Roofings Rolling Mills REF: UEDCL/WORKS/24-25/10001.

The audit was conducted in accordance with Section 7 (j) (ii) of the Public Procurement and Disposal of Assets Act Cap 205 and involved a review of procurement process and the solicitation document issued to bidders.

The objective of the audit was to establish whether the procurement process is being done in accordance with the PPDA Act Cap 205, and the Regulations, 2023.

The Authority identified some exceptions for the attention of management as detailed below:

Objective 1: To establish whether the solicitation document issued to bidders was prepared in accordance with the provisions of the PPDA Act Cap 205, the Regulations, 2023 and Guidelines 2024

1.0. Wrong categorisation of the procurement

1. The bidding document indicated the procurement as a works instead of a supply and installation. Under Section 6, Specification; it stated that the; *'This technical specification is applicable to the complete set of Static Synchronous Compensator (here after is taken as STATCOM in abbreviation) to be installed at Roofings Rolling Mills Substation project.*

Head Office
PPDA - URF Towers, Plot 39
Nakasero Road
P.O.Box 3925, Kampala Uganda
Tel: +256-414-311100
Email: info@ppda.go.ug

Western Regional Office
RDC's Building, Bishop Stretcher Road,
Opposite BOU Currency Centre, Mbarara-Kabale Road
P.O. Box 1353, Mbarara, Uganda.
Tel: +256-417-733800
Email: mbararaoffice@ppda.go.ug

Northern Regional Office
Plot 1, Lower Churchill Drive
P.O. Box 999, Gulu, Uganda
Tel: +256-417-432010
Email: guluoffice@ppda.go.ug

Eastern Regional Office
Oval Plaza, Plot 1, Court Road
P.O. Box 2173, Mbale, Uganda
Tel: +256-417-890100
Email: mbaleoffice@ppda.go.ug

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This project needs one set of STATCOM system. This technical requirement includes main circuit scheme, operating environment, electrical condition at connection point, performance, components, subsystem, test method, documentation, packing, shipment, storage, etc. of STATCOM system. In addition, under technical specification 2.5; Scope of supply, it clearly stated that this STATCOM system includes series reactor, charging circuit, IGBT valve and its accessories, like disconnector/earthing switch, surge arrestor, CTs. The above specifications clearly indicated that this procurement was a supply and installation and not works as the works component was small compared to the supply. In addition, works component accounted for only USD 213,000 out of the estimated cost of USD 3,315,000 representing 6.4%.

2. The Authority further noted that the Entity used a bidding document for works instead of the bidding document for Procurement of Supplies under Open Bidding method.

Implication:

Wrong categorisation of the procurement coupled with the use of a wrong bidding document may to confuse bidders during bid preparation.

Recommendation

The Head Procurement and Disposal Unit should issue the correct bidding document and address the above issue noted.

2.0. Contradictory information in the bidding document.

1. The evaluation criteria under 3.2; The documentation required to provide evidence of eligibility of the bidder shall be: *'(g) Evidence that the bid is in line with reservation schemes as specified in BDS'*. However, the Bid Data Sheet, under ITB 34 and 34.3 indicated that Reservation Schemes as not applicable.
2. The evaluation criteria under 6.1; Adequacy of technical proposal, it was indicated that the pass mark from technical evaluation for qualifying for financial comparison shall be 70% which was not applicable for this procurement whose evaluation criteria was technical compliance selection which use a pass or fail.
3. The statement of requirements under 13.2 Contractor's Environmental and Social Management included things such as Surveying and establishing Transmission lines Points and Transporting poles, and associated transmission accessories equipment which were not related with the current procurement of a system.

Implication

The contradictions in the bidding document leaves room for confusion for bidders during the preparation of the bidding document and the Entity will also find it hard to decide on what to consider during evaluation leading to unfair evaluation.

Recommendation

The Authority recommends that the Entity should harmonise the areas mentioned above and clarify if the procurement is subject to a Reservation Scheme.

3.0. Restrictive Requirements in the bidding document:

The Authority noted that the evaluation criteria was restrictive in two cases indicated below:

1. Section 3: Evaluation Methodology and Criteria in the bidding document under sub-factor 6.2.3 Average Annual Turnover; required bidders to meet a minimum average annual turnover of USD.100,000,000 (One Hundred Million Dollars) calculated as total certified payments received for contracts in progress or completed, within the last three years. Evidence by audited financial statements for the past three years shall be required (2021, 2022, & 2023) which is restrictive and unfair to prospective bidders. The Authority noted that estimated cost of the procurement was USD 3,315,000 and hence the ideal required average turn over should have been 2.5 times the estimated cost (According to the World Bank Rules) i.e., ranging between USD 8.3 – USD10 million.
2. Section 3: Evaluation Methodology and Criteria in the bidding document under Sub Factor 6.2.2: on specific experience requires each bidder in a Joint Venture to meet 100 % of the requirement i.e., experience in design, supply, install, testing and commissioning of at least six sets of Statcom equipment of similar sizes on networks with system voltages of 6.6kV-132kV voltage levels in sub-Saharan Africa as a prime contractor or key system supplier. The Authority noted that all parties in the JV combined should have been required to meet the requirement instead of requiring each JV partners to meet which defeats the essence of the JV partners coming together thus benefiting from shared resources and skills with another person or business, giving the project the boost, needed to succeed.

Implication

The above requirements limit competition and defeats the reasoning for creation of a Joint Venture.

Recommendation

The Head Procurement and Disposal Unit should amend the bidding document and address the above issues noted.

The Authority recommends that the Head Procurement and Disposal Unit should harmonise the areas mentioned above in the bidding document to ensure that the procurement is conducted in a manner which promotes transparency, accountability and fairness in accordance with the PPDA Act Cap 205.

The purpose of this letter is to forward to you the findings from the bid preparatory audit exercise for your implementation to allow potential bidders sufficient time to prepare responsive bids.

Please share with the Authority the revised bidding document after addressing the issues raised.



Benson Turamye

EXECUTIVE DIRECTOR

c.c. Chairperson, Contracts Committee

c.c. Head Procurement and Disposal Unit