



**PUBLIC PROCUREMENT AND DISPOSAL
OF PUBLIC ASSETS AUTHORITY**

"Regulating For Results"

Our Ref: PPDA/MAAI/010

5th October 2026

The Permanent Secretary
Ministry of Agriculture, Animal Industry and Fisheries
P.O. Box 102
ENTEBBE

**BID PREPARATORY AUDIT REPORT ON THE PROCUREMENT TO SUPPLY
AND DELIVER SELECTED COMPLETE UNITS OF ASSORTED FOUR-WHEEL
DRIVE TRACTORS, IMPLEMENTS AND ACCESSORIES – MAAIF-
NOSP/SUPLS/25-26/00003**

Reference is made to the above subject.

In accordance with Section 8(j)(i) of the Public Procurement and Disposal of Public Assets (PPDA) Act Cap. 205, the Public Procurement and Disposal of Public Assets Authority conducted a Bid Preparatory Audit of the procurement to supply and deliver selected complete units of assorted four-wheel drive tractors, implements and accessories – MAAIF-NOSP/SUPLS/25-26/00003 at Ministry of Agriculture, Animal Industry and Fisheries. The audit was undertaken to assess compliance with the PPDA legal and regulatory framework prior to the commencement of bidding, with the objective of identifying weaknesses that could compromise competition, transparency, accountability and value for money.

The objectives of the audit were to:

- i. Establish whether the public procurement and disposal planning and initiation processes were conducted in a manner which promotes transparency, accountability and fairness in accordance with the PPDA Act Cap. 205, PPDA Regulations, 2023 and PPDA Guidelines; and
- ii. Establish whether the solicitation document issued to the bidders was prepared in accordance with the provisions of the PPDA Act Cap. 205, PPDA Regulations, 2023 and PPDA Guidelines.

The scope of the bid preparatory audit entailed a review of the procurement plan, procurement requisition forms, solicitation document, bid notice as well as approvals of the Contracts Committee of the procurement method, Evaluation Committee and solicitation document issued to bidders.

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The Authority identified the following exceptions with regard to the solicitation document for the attention of management as detailed below:

1. Failure to state the date of bid validity

Regulation 62(1) of the PPDA Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services Regulations, 2023, on bid validity period and extensions, provides that the bidding documents shall state the date up to which a bid shall be valid.

The Authority noted that in ITB Clause 22.1, the Procuring and Disposing Entity did not state the date up to which bids shall remain valid. Instead, the solicitation document specifies a validity period of 120 days, which is contrary to Regulation 62(1) of the Public Procurement and Disposal of Public Assets (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

This omission creates uncertainty on the exact date on which bids expire, since a period of 120 days depends on how and when the count begins. It may lead to disputes over whether bids are still valid at the time of evaluation, contract award and contract signing, and may result in bids lapsing unnoticed or in inconsistent requests for extension. It also weakens the transparency and certainty of the bidding process and exposes the entity to the risk of bidders withdrawing their bids on the ground that they have expired.

The Head, Procurement and Disposal Unit should revise the solicitation document to state the specific date up to which bids shall remain valid in accordance with Regulation 62(1) of the Public Procurement and Disposal of Public Assets (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023, and immediately notify the bidders of the change.

2. Irregular requirement of bid security above prescribed ceiling

The PPDA Guideline 3/2026 on Bid, Performance and Advance Payment Securities, issued by the Authority on 1st July 2026, provides under Section 2.1(ii) that a bid security shall indicate a fixed amount and shall not exceed 1% of the estimated value of the procurement requirement.

The Authority noted that the Procuring and Disposing Entity estimated the procurement at UGX 20,220,000,000 and, in the Bid Data Sheet ITB Clause ITB 23.1, required a bid security of UGX 406,000,000. Applying the 1% ceiling, the maximum permissible bid security should be UGX 202,200,000. The amount required therefore represents approximately 2.01% of the estimated value and exceeds the permissible ceiling by UGX 203,800,000, which is contrary to the Authority's Guideline 3/2026.

This excessive requirement will unnecessarily limit competition and bidder participation. It raises the cost of bidding and ties up bidders' working capital and credit facilities. Eligible providers may be unable or unwilling to submit bids due to the stringent requirement and this would reduce the competitiveness of the procurement.

The Head, Procurement and Disposal Unit should revise the solicitation document to reduce the bid security to an amount not exceeding 1% of the estimated value of the procurement, in accordance with Guideline 3/2026 on Bid, Performance and Advance Payment Securities issued by the Authority on 1st July 2026, and immediately notify the bidders of the changes.

3. Performance Security

i. Omission of bid bonds and bid securing declaration as a form of performance security

The PPDA Guideline 3/2026 on Bid, Performance and Advance Payment Securities issued by the Authority on 1st July 2026 under Section 2.0 stipulates the types of performance securities applicable which include; Bank guarantee, bid bond and Bid securing Declaration.

The Authority noted that in the Special Conditions of Contract GCC Clause 38.3, the Procuring and Disposing Entity required a bid security in the form of a Bank Guarantee only, which is contrary to the PPDA Guideline 3/2026 on Bid, Performance and Advance Payment Securities which contrary to the Authority's Guideline 3/2026.

This restrictive requirement will unnecessarily limit competition and bidder participation, particularly for eligible providers who could satisfy the bid security requirement through other permissible forms but may not have been able or willing to obtain a bank guarantee and may increase the cost and administrative burden of participation, potentially discouraging otherwise qualified providers from submitting bids and thereby reducing the competitiveness of the procurement.

The Head, Procurement and Disposal Unit should revise the solicitation document in accordance with Guideline 3/2026 on Bid, Performance and Advance Payment Securities issued by the Authority on 1st July 2026 and immediately notify the bidders of the changes.

ii. Irregular requirement of performance security

The PPDA Guideline No. 3 of 2026 on Bid, Performance and Advance Payment Securities under Section 3.1(ii) requires that the amount of a performance security in form of a bank guarantee shall be stated in the special conditions of contract by the Procuring and Disposing Entity and shall not exceed five percent (5%) of the contract price.

The Authority noted that, Clause GCC 16.1 of the bidding document required Performance Security of 10% of Contract Price which is higher than the statutory ceiling of 5% and was to apply uniformly to all bidders without differentiation by provider category. However, Guideline No. 3 of 2026 on Bid, Performance and Advance Payment Securities (effective 1st July 2026), provides specific exemptions for local providers which was not accommodated in the current bidding document.

This imposes an unnecessary financial burden on eligible local providers by requiring them to obtain a bank guarantee where a Performance Securing Declaration should apply. It may also create unequal treatment among bidders, discourage participation by local providers, increase the cost of bidding.

The Head Procurement and Disposal unit should amend Clause GCC 16.1 and all related performance security provisions to explicitly differentiate requirements based on provider category (local vs. non-local), in full compliance with PPDA Guideline No. 3 of 2026 and amend the the percentage of the required performance security to fit within the applicable changes and bidders notified of the changes.

4. Contradictory contractual clauses

i. Section 48 of the PPDA Act, Cap 205 requires that all procurement and disposal shall be conducted in a manner which promotes transparency, accountability and fairness.

The Authority noted contradictory provisions in Section 8: Special Conditions of Contract regarding responsibility for taxes, import duties and levies. GCC 17.1 provides that the Provider shall be responsible for all taxes, import duties and levies imposed on the Provider, whereas GCC 17.2 provides that the Procuring and Disposing Entity shall be responsible for all taxes, import duties and levies imposed by law in Uganda on the supplies or services.

The provisions do not clearly distinguish the respective tax obligations of the Provider and the Procuring and Disposing Entity, thereby creating ambiguity regarding which party is responsible for particular taxes, import duties and levies arising from the performance of the contract which may result into disputes, incorrect pricing of bids, unexpected financial liabilities and delays in contract implementation. It may also expose the Entity to additional costs arising from taxes or duties that were not appropriately allocated at procurement stage, and complicate contract administration and enforcement of the parties' respective contractual obligations.

The Head, Procurement and Disposal Unit should reconcile and clarify GCC 17.1 and GCC 17.2 to distinctly specify the taxes, import duties and levies payable by the provider and those payable by the Procuring and Disposing Entity to enhance transparency and accountability in the process. The Entity should amend the clause to give a true reflection of the requirement and notify the bidders of the changes made.

ii. Section 48 of the PPDA Act, Cap 205 requires that all procurement and disposal shall be conducted in a manner which promotes transparency, accountability and fairness.

The Authority noted contradictory provisions in Section 8: Special Conditions of Contract. Whereas GCC 16.1 of the bidding document provides that the Performance Security to be required at 10% of Contract Price, GCC 29.3 provides that after delivery and acceptance of the goods, the performance security shall be reduced to 10% percent of the contract price to cover the supplier's warranty obligations in accordance with clause GCC 29.

This drafting inconsistency may result in different interpretations by the PDE, bidders and the eventual Supplier regarding whether the Performance Security is initially required at a higher percentage and subsequently reduced to 10%, or whether 10% is intended to apply throughout the contract period. Such ambiguity may affect the bidder's pricing and financial planning, as the cost of obtaining and maintaining a Performance Security is directly influenced by the amount and duration of the security.

The Head, Procurement and Disposal Unit should harmonise to clearly specify the actual Performance Security percentage, the circumstances and timing of any reduction, and the percentage or amount to be retained to cover the Supplier's warranty obligations. The PDE should also ensure that the corrected provisions are consistently reflected throughout the bidding document, including the Bid Data Sheet, Special Conditions of Contract and any prescribed security forms and immediately notify bidders of the changes.

5. Inconsistent requirements

i. Regulation 35(2) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023 requires that specifications shall contain a complete, precise and unambiguous description of the supplies required and shall include a clear definition of the scope of the supplies. The specifications should therefore provide sufficiently clear requirements to enable bidders to understand the exact goods required and enable the Entity to objectively determine compliance during evaluation.

The Authority noted duplication and lack of clarity in the technical specifications relating to the steering system of the tractor. Item 8 requires the tractor to be fitted with a “power assisted steering system,” while Item 13 separately requires “hydraulic and power assisted steering with an easy control mechanism.” The two provisions appear to address the same functional component but are presented as separate requirements without defining the distinction, if any, between them. In particular, the specifications do not establish whether the reference to hydraulic steering under Item 13 constitutes an additional mandatory requirement, or whether it is merely a further description of the power-assisted steering system already prescribed under Item 8.

The duplication and lack of a clearly defined minimum technical requirement may result in different interpretations by prospective bidders and the evaluation committee regarding the precise steering configuration required which may affect the preparation and pricing of bids where bidders offer tractors with different steering technologies that could arguably satisfy one provision but not the other thereby compromising fairness and objectivity in the evaluation of bids. Furthermore, where the Entity subsequently seeks to enforce the specification during contract implementation, the absence of a single, measurable steering requirement may make it difficult to establish whether the tractor supplied fully conforms to the contract requirements.

The Head, Procurement and Disposal Unit, in consultation with the User Department, should harmonise the steering requirements into one clear, precise and measurable specification which defines the exact minimum steering system required, including whether hydraulic power-assisted steering is mandatory. The PDE should also review the entire technical specification for similar duplication or overlapping requirements and ensure that the final specifications are consistently reflected throughout the bidding document.

ii. The Authority noted that the technical specification for the trailers provides that the trailers should be fitted with “appropriate tyres for the load” and tyres of a similar year to those of the tractors. However, the requirement is not supported by measurable technical parameters defining what constitutes “appropriate tyres” for the intended application. The specification does not indicate the required tyre size/dimensions, ply or load rating, load capacity per tyre, number of tyres, tyre construction or applicable technical standard, nor does it establish the maximum permissible gross weight and payload of the trailer against which the adequacy of the tyres can be determined.

The use of the phrase “appropriate tyres for the load” introduces subjectivity into the technical requirement since different bidders and evaluators may have different interpretations of what constitutes an appropriate tyre which may result in bidders offering trailers fitted with tyres of varying specifications and capacities, making it difficult for the Evaluation Committee to

objectively determine technical responsiveness and compare the bids on a common basis. Further, the absence of defined tyre load ratings and dimensions may make subsequent inspection and acceptance of the trailers difficult, and may expose the Entity to the risk of receiving tyres that are technically inadequate for the intended payload and operating conditions, potentially affecting the safety, durability and operational performance of the trailers.

The Head, Procurement and Disposal Unit, in consultation with the User Department, should revise the trailer tyre specification to prescribe clear and measurable minimum requirements, including the required tyre size, number of tyres, ply/load rating, minimum load capacity per tyre and applicable technical standard. The Entity should also establish the maximum permissible gross weight and intended payload of the trailer and ensure that the specified tyre capacity is appropriate for these parameters. The revised requirements should be consistently reflected in the technical specifications and used as an objective criteria during technical evaluation and inspection of the delivered trailers.

In light of the audit findings and recommendations, the Authority accordingly concludes that the solicitation documents require revision to address the identified non-compliance before the procurement proceedings progress. The Procurement and Disposal Unit should ensure that the amendments are approved by the Contracts Committee and new solicitation document or an addendum is issued. Please share with the Authority the revised bidding document after addressing the issues raised.

The Accounting Officer remains responsible for ensuring value for money and for the conduct of the procurement processes to completion in accordance with the provisions of the PPDA Law.



Miriam Nyakamdi Bigirwa

FOR: EXECUTIVE DIRECTOR

cc: Chairperson Contracts Committee

cc: Head, Procurement and Disposal Unit