



**INSPECTION REPORT OF THE PROCUREMENT PROCESS FOR CONSULTING
FIRMS (PRIVATE SERVICE PROVIDERS) IN THE NATIONAL OILSEED
PROJECT (NOSP) UNDER THE MINISTRY OF AGRICULTURE, ANIMAL
INDUSTRY AND FISHERIES (MAAIF)**

**ENTITY: MINISTRY OF AGRICULTURE ANIMAL INDUSTRY
AND FISHERIES/NATIONAL OILSEED PROJECT**

**COMPLAINANT: INSPECTORATE OF GOVERNMENT AND
WHISTLEBLOWER**

AUGUST 2024

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ACRONYMS

BEB	-	Best Evaluated Bidder
CC	-	Contracts Committee
EOI	-	Expression of Interest
GCC	-	General Conditions of Contract
IFAD	-	International Fund for Agriculture Development
ITC	-	Instructions to Consultants
NOSP	-	National Oil Seed Project
MAAIF	-	Ministry of Agriculture Animal Industry and Fisheries
PDE	-	Procuring and Disposing Entities
PMU	-	Project Management Unit
PPDA	-	Public Procurement and Disposal of Public Assets
QCBS	-	Quality and Cost Based Selection
REOI	-	Request for Expression of Interest
RFP	-	Request for Proposals
TOR	-	Terms of Reference
UGX	-	Uganda Shillings
USD	-	United States Dollar
VSLAs	-	Village Savings and Loan Associations

1.0 SUMMARY OF FACTS

A. Expression of Interest Stage

1. On 13th June 2023, the Agronomist, Tukei Moses Emmanuel a member of the User Department, initiated the procurement of nine private service providers to offer Extension and Agribusiness Services estimated at UGX 10,003,520,751.4 inclusive of taxes. The Project Manager National Oilseed Project (NOSP) confirmed the request and the Accounting Officer confirmed funding for the following regions in Table 1 below:

Table 1: Requisition Form

No.	Region	Quantity	Unit of measure	Estimated unit cost (UGX)	Market price (UGX)
1.	Bukedi	124	Groups	861,414,286.80	861,414,286.80
2.	Busoga	196	Groups	1,361,590,324.4	1,361,590,324.4
3.	Bugisu	142	Groups	986,458,296.2	986,458,296.2
4.	Teso	178	Groups	1,236,546,315	1,236,546,315
5.	Lango	160	Groups	1,111,502,306.6	1,111,502,306.6
6.	Northern	142	Groups	986,458,296.2	986,458,296.2
7.	West Nile	213	Groups	1,479,687,444.3	1,479,687,444.3
8.	Karamoja	107	Groups	743,317,166.9	743,317,166.9
9.	Mid-Western	178	Groups	1,236,546,315	1,236,546,315
	Total	1440			10,003,520,751.4

2. According to the Terms of Reference (TORs), NOSP is recruiting Business Service Providers to accelerate the growth of competitive oil seeds clusters and value chains by performing the following tasks:
 - i. Farmer institutional development through mobilisation and creating awareness among farmer groups; profiling 90% of the targeted households, capacity needs assessment, institutionalising and registration of farmer groups among others;
 - ii. Technical agricultural extension services for increased production and productivity such as training on sustainable agriculture, crop specific agronomic practices; pre and post-harvest handling, storage and processing;
 - iii. Farming as a business concept, business planning and decision making;
 - iv. Market information gathering and improving access to markets/ off takers focusing on building commercial relationships with off takers/ produce buyers; linkages to bulk marketing initiatives;
 - v. Link farmers to certified seed and other agriculture inputs through supporting farmer groups to prepare seasonal production plans, promoting Local Seeds Business models that increase access to seed;
 - vi. Linkages with financial services and linkage to appropriate financing;
 - vii. Support to Insurance Schemes through creation of awareness on agricultural insurance products; linking Village Savings and Loan Associations (VSLAs) and SACCOs to Agricultural Insurance Companies;
 - viii. Provide social mentoring to the groups and selected households;
 - ix. Mobilise the different value chain actors to form hub-based Multi-Stakeholder Platforms and maintain a database of all actors.

3. A unique procurement reference number was allocated for each region by the Procurement and Contracts Manager. The expression of interest document was prepared using the International Fund for Agricultural Development (IFAD) standard procurement document for expression of interest. The following reference numbers were allocated for each region as shown in Table 2 below:

Table 2: Regions and Respective Reference Numbers

No.	Region	Reference Number	Districts
1.	West Nile Region	MAAIF-NOSP/SRVCS/22-23/00035	Adjumani, Arua, Koboko, Maracha, Moyo, Nebbi, Yumbe, Zombo, Obongi, Madi-Okolo, Terego and Pakwach
2.	Bugisu Sub region	MAAIF-NOSP/SRVCS/22-23/00037	Bulambuli, Mbale, Manafwa, Sironko, Namisindwa, Bukwo, Kapchorwa and Kween
3.	Teso Sub-Region	MAAIF-NOSP/SRVCS/22-23/00041	Bukedea, Serere, Kaberamaido, Amuria, Soroti, Kumi, Ngora, Katakwi, Kapelebyong and Kalaki
4.	Mid-Western Hub	MAAIF-NOSP/SRVCS/22-23/00038	Masindi, Kiryandongo, Hoima, Kikube, Luwero, Nakaseke, Kyankwanzi, Sembabule, Kiboga and Nakasongola
5.	Bukedi Region	MAAIF-NOSP/SRVCS/22-23/00039	Kibuku, Pallisa, Butebo, Butaleja, Budaka, Tororo and Busia
6.	Northern Hub	MAAIF-NOSP/SRVCS/22-23/00036	Lamwo, Pader, Kitgum, Gulu, Amuru, Nwoya, Omoro and Agago
7.	Busoga Region	MAAIF-NOSP/SRVCS/22-23/00040	Namayingo, Bugiri, Jinja, Iganga, Mayuge, Bugweri, Buyende, Namutumba, Kaliro, Luuka and Kamuli

Note: Only seven sub regions out of 9 estimated at UGX 8,148,701,278 were cleared by IFAD. Two regions, i.e., Lango and Karamoja were removed because at the design stage, Heifer International was identified as a project co-financier. The organisation is also to act as an implementation partner covering operations in the two regions.

4. On 18th July 2023, the Contracts Committee approved the Quality and Cost based selection method of procurement, draft Request for Expression of Interest adverts, draft Requests for Expression of Interest; and the Evaluation Committee. The Evaluation Committee comprised members listed in Table 3 below:

Table 3: Membership of the Evaluation Committee

No.	Name	Designation
1.	Mr. Moses Tukei Emmanuel	Agronomist NOSP
2.	Ms. Phiona Ninsiima	Value Chain Team Leader
3.	Mr. Peter Dhamuzungu	Principal Agriculture Officer-Cash Crops
4.	Mr. Moses Kasigwa	Assistant Commissioner -Value Chain
5.	Ms. Penelope Kameri	Procurement and Contracts Manager

5. On 18th September 2023, adverts requesting for expressions of interest for consultancy services for Agribusiness Development Service provision were placed in the New Vision Newspaper with a submission deadline of 5th October 2023 at 11:00am. Each region in Table 2 above had a separate advert prepared for it.
6. Between 18th to 30th September 2023, a Supervision Mission was conducted by IFAD representatives. The mission agreed that the request for expression of interest process be amended to postpone the deadline of submission in light of the review of the related TORS.
7. On 2nd October 2023, a new requisition, which increased the total cost of the procurement, was raised with a revised estimated cost of UGX 15,860,417,580 per year and UGX 47,581,249,058 for three years. The total was for only seven regions out of the nine that had been initially requisitioned on 13th June 2023. The revised estimates are indicated in Table 4 below:

Table 4: Revised Requisition Form

No.	Region	Quantity	Estimated Unit Cost (UGX)	Annual Cost (UGX)	Total Cost for 3 years (UGX)
1.	Bukedi	656	3,975,042	2,607,627,552	7,822,882,656
2.	Busoga	884	3,975,042	3,513,937,128	10,541,811,384
3.	Bugisu	462	3,975,042	1,836,469,404	5,509,408,212
4.	Teso	553	3,975,042	2,198,198,226	6,594,594,678
5.	Northern Region	380	3,975,042	1,510,515,960	4,531,547,880
6.	West Nile	532	3,975,042	2,114,722,344	6,344,167,032
7.	Mid-Western	523	3,975,042	2,078,946,966	6,236,840,898
	Total	3990		15,860,417,580	47,581,252,740

8. On 3rd October 2023, the Contracts Committee approved the extension of submission time by 20 days from the submission deadline of 5th October 2023 to 25th October 2023. Consequently, the adverts were placed in the New Vision newspaper on 4th October 2023 extending the deadline of submission of the expressions of interest to 25th October 2023.
9. On 25th October 2023, the expressions of interest for the different regions were opened at 11:00am as shown in Tables 5 to 11 below:

Table 5: Record of Receipt and Opening for Busoga Region

No.	Record Receipt	Record of Bid Opening
1.	Asigma Capital Advisory Services Ltd	BDO East Africa Advisory
2.	Kabarole Research & Resource Centre (KRC Uganda)	Asigma Capital Advisory Services Ltd
3.	Agrinet Uganda Ltd	Kabarole Research & Resource Centre (KRC Uganda)

4.		Analysis Group
5.		Pecla Investment Ltd
6.		Agrinet Uganda Ltd
7.		South Eastern Private Sector Promotion Enterprise

Table 6: Record of Receipt and Opening for West Nile Region

No.	Record Receipt	Bid opening
1.	Centre for Governance& Economic Development (CEGED)	BDO East Africa Advisory Services
2.	Agrifarm Uganda Ltd	Uganda Cooperative Alliance Ltd
3.	Palm Corps	West Nile Private Sector Development Promotion Centre Ltd
4.	Uganda Cooperative Alliance Ltd	Centre for Governance and Economic Development
5.	Vida Management Consult Ltd	Agrifarm Uganda Ltd
6.	WENIPS	Palm Corps
7.	BDO East Africa	Vida Management Consult Limited and CREAM
8.		ARCOD & CRDI Limited

Table 7: Record of Receipt and Opening for Teso Region

No.	Record Receipt	Bid Opening
1.	Uganda Oilseed Producer's Processing Association (UOSPA)	Agency for sustainable Rural Transformation & All Nation Christian Care Consortium
2.	Acila Enterprises	Acila Enterprises
3.	Agribusiness Management Associates Ltd	Agribusiness Management Associates Ltd
4.	Community Integrated Development Initiatives (CIDI)	Community Integrated Development Initiatives (CIDI)
5.	SORUDA	The Consortium for Mid-North Private Sector & Teso Private Sector Development Centre
6.	AFSRT&ANCC	The International Institute of Rural Reconstruction (IIRR)
	SOCADIDO	Soroti Catholic Diocese Integrated Development Organisation (SOCADIDO)
7.	The Consortium for Mid-North Private Sector & Teso Private Sector Development Centre	Uganda Oilseed Producer's Processing Association
8.	The International Institute of Rural Reconstruction (IIRR)	BDO East Africa Advisory Services
9.	BDO	SORUDA
10.		UNFFE

Table 8: Record of Receipt and Opening for Bukedi Region

No.	Record Receipt	Bid Opening
1.	Tosco friends (U) Ltd	South Eastern Private Sector Promotion Enterprise
2.	Reign Business Devt Agency (REBDA)	Tosco Friends (U) Ltd
3.	Eastern private Sector Devt Centre & CARD Uganda JV	Reign Business Devt Agency (REBDA)
4.	Agriburd Consultants	ASESA East Africa
5.	Sepspel	Eastern Private Sector Devt Centre & Uganda Agribusiness Centre Consortium
6.	BDO	BDO East Africa Advisory
7.		Taabu Integrated Cooperative Society Ltd

Table 9: Record of Receipt and Opening for Mid-Western Hub

No.	Record Receipt	Bid Opening
1.	Farm Uganda Farmer Ltd	Kabarole Research & Resource Centre (KRC Uganda)
2.	Apex Global Associates Ltd	Apex Global Associates Ltd
3.	Pearl Seeds Limited	Rural Efforts for Action in Devt
4.	Faith Consult International	Doshnut U Ltd
5.	Agrifarm Uganda Ltd	The International Institute of Rural Reconstruction (IIRR)
6.	Reign Business Devt Agency	BDO East Africa Advisory Services
7.	UNFFE	Farm Uganda Farmers Ltd
8.	Doshnut U Ltd	Pearl Seeds Limited
9.	KRRC	Faith Consult International
10.	The International Institute of Rural Reconstruction (IIRR)	Agrifarm Uganda Ltd
11.	BDO	UNFFE
12.	Rural Efforts for Action in Devt	

Table 10: Record of Receipt and Opening for Northern Region

No.	Record Receipt	Bid Opening
1.	Gulu District Farmers Association	Nile Fresh Produce International Ltd
2.	Agrifarm U Ltd	Agrifarm U Ltd
3.	Africa 2000 Network	Africa 2000 Network
4.	Adroit Consults Ltd	Adroit Consults
5.	Acholi Private Sector Development Company Ltd (APSDEC)	Gulu District Farmers Association
6.	Equator Seeds Limited	Uganda Oilseed Producers & processing Association
7.	Doshnut U Ltd	BDO East Africa Advisory Services

8.	Uganda Oilseed Producers & processing Association	Acholi Private Sector Development Company Ltd (APSDEC)
9.	Uganda Oil Nile Fresh Limited	Equator Seeds Limited
10.	Uganda Cooperative Alliance	Doshnut (U) Ltd
11.	BDO	Uganda Cooperative Alliance
12.	Nile Fresh Produce International Ltd	

Table 11: Record of Receipt and Opening for Bugisu Region

No.	Record Receipt	Bid Opening
1.	Poverty Alleviation & Community Devt Foundation Ltd	Nile Raid Ltd
2.	Community Resources Devt Initiative (CRDI)	Poverty Alleviation & Community Devt Foundation Ltd
3.	Agribusiness Management Associates Ltd	Agribusiness Management Associates Ltd
4.	Uganda Oilseed Producers & Processors Association	Uganda Oilseed Producers & Processors Association
5.	Doshnut U Ltd	BDO East Africa Advisory Services
6.	ASESA East Africa	Community Resources Devt Initiative (CRDI)
7.	Nile Raid Ltd	ASESA East Africa
8.	BDO	Doshnut (U) Ltd

10. On 20th December 2023, the Procurement Unit made a submission to the Contracts Committee to approve the expression of interest evaluation report dated 20th December 2023 and approve shortlists for the different regions. All the seven regions were included in the single consolidated evaluation report. On 19th January 2024, the Contracts Committee approved the evaluation report and recommendation of a shortlist per region following the evaluation of the expressions of interest as shown in Table 12 below:

Table 12: Recommended Shortlist from evaluation of EOI

Bukedi Region	Busoga Region	Bugisu Region	Mid-Western	West Nile Region	Northern Region	Teso Region
Eastern Private Sector Development Company Ltd & CARD Uganda Agribusiness Centre Consortium	South Eastern Private Sector Promotion Enterprise Ltd	Poverty Alleviation & Community Development Foundation	Uganda National Farmers Federation	West Nile Private Sector Development Promotion Centre Ltd	Acholi Private Sector Development Company Ltd (APSDEC)	Soroti Catholic Diocese Integrated Development Organisation

South Eastern Private Sector Promotion Enterprise Ltd	PECLA Investments Ltd	Nile Raid Ltd	Rural Efforts for Action in Development	BDO East Africa, Shoreline Services, Queensland and Leeds Consulting Engineers Ltd	Nile Fresh Produce International Ltd	Uganda National Farmers Federation
		BDO East Africa, Shoreline Services, Queensland and Leeds Consulting Engineers Ltd	International Institute of Rural Reconstruction	AgriFarm Uganda Limited	Equator Seeds Limited	International Institute of Rural Reconstruction
			AgriFarm Uganda Limited			

11. Between 25th to 29th January 2024, IFAD gave a No Objection to the shortlists for Bugisu and West Nile Regions.
12. On 12th February 2024, the evaluation process for the expressions of interest was concluded and a report signed. The results of the evaluation exercise are shown Table 12 above:

B. Request for Proposals Stage

13. On 22nd February 2024, the Contracts Committee (CC) approved the Requests for Proposals (RFP's) for the seven regions and the revised EOI evaluation/shortlist report. The revision included the addition of BDO East Africa, Shoreline Services, Queensland and Leeds Consulting Engineers Ltd in all regions where the firm was not shortlisted in the previous approval, i.e. in Bukedi, Busoga, Midwestern, Northern and Teso Regions and the addition of AgriFarm Uganda Ltd to the Northern Region shortlist.
14. The shortlist notices for the different regions were displayed as shown in the Table 13 below:

Table 13: Display of Shortlist Notices

No.	Region	Date of Display	Removal Date
1.	Bugisu	29 th January 2024	9 th February 2024
2.	West Nile	30 th January 2024	12 th February 2024
3.	Busoga	4 th March 2024	18 th March 2024
4.	Teso		
5.	Northern		
6.	Bukedi	7 th March 2024	21 st March 2024
7.	Mid-Western	11 th March 2024	22 nd March 2024

15. On 7th March 2024, the RFP was issued to the shortlisted firms in all the seven regions. A pre-proposal meeting was held with short listed firms on 19th March 2024.
16. On 8th April 2024, the proposals were received and opened and recorded on Form 22 as shown in Table 14 below:

Table 14: Record of Receipt and Opening of Technical Proposals

Bukedi Region	Busoga Region	Bugisu Region	Mid-Western Region	West Nile Region	Northern Region	Teso Region
Eastern Private Sector Development Company Ltd & CARD Uganda Agribusiness Centre Consortium	South Eastern Private Sector Promotion Enterprise Ltd	Poverty Alleviation & Community Development Foundation	Rural Efforts for Action in Development	West Nile Private Sector Development Promotion Centre Ltd	Acholi Private Sector Development Company Ltd (APSEDEC)	Soroti Catholic Diocese Integrated Development Organisation
South Eastern Private Sector Promotion Enterprise Ltd	PECLA Investments Ltd	Nile Raid Ltd	International Institute of Rural Reconstruction	BDO East Africa, Shoreline Services, Queensland and Leeds Consulting Engineers Ltd	Nile Fresh Produce International Ltd	International Institute of Rural Reconstruction
		BDO East Africa, Shoreline Services, Queensland and Leeds Consulting Engineers Ltd			Equator Seeds Limited	

17. On 9th May 2024, the Evaluation Committee signed the technical evaluation reports for all the seven regions.

18. On 15th May 2024, the Procurement Unit made a submission to the CC to approve the technical evaluation report and to approve the opening of financial proposals for all the firms that scored above 70points. On 23rd May 2024, CC deferred the submission because of inconsistencies in the technical evaluation reports for the seven regions.
19. On 29th May 2024, the Procurement Unit made a revised submission with the following results in Table 15:

Table 15: Results of the Technical Evaluation of Proposals

Bukedi Region	Technical Score
Eastern Private Sector Development Company Ltd & CARD Uganda Agribusiness Centre Consortium	74.38
South Eastern Private Sector Promotion Enterprise Ltd	90.13
Busoga	
South Eastern Private Sector Promotion Enterprise Ltd	74.38
PECLA Investments Ltd	87.88
Bugisu	
Poverty Alleviation & Community Development Foundation	93.25
Nile Raid Ltd	Failed at the preliminary stage for failure to submit a power of attorney
BDO East Africa, Shoreline Services, Queensland and Leeds Consulting Engineers Ltd	70.88
Midwestern	
Rural Efforts for Action in Development	88.8
International Institute of Rural Reconstruction	74
West Nile	
West Nile Private Sector Development Promotion Centre Ltd	85.75
BDO East Africa, Shoreline Services, Queensland and Leeds Consulting Engineers Ltd	70.25
Northern Uganda	
Acholi Private Sector Development Company Ltd (APSDEC)	92.63
Nile Fresh Produce International Ltd	Did not submit a Power of Attorney
Equator Seeds Limited	81.25
Teso Region	
Soroti Catholic Diocese Integrated Development Organisation	91.5
International Institute of Rural Reconstruction	76.38

20. On 30th May 2024, the Contracts Committee approved the technical scores captured in Table 15 above and the opening of financial proposals.
21. On 18th June 2024, the entity received a No Objection approval of the technical evaluation report from the funder for all the seven regions.

22. On 28th June 2024, a public opening of the financial proposals was conducted and the following prices were read out as shown in Table 16 below:

Table 16: Opening of Financial Proposals

Bukedi Region	Price FIN 1-Submission	Price FIN 2-Price Summary
Eastern Private Sector Development Company Ltd & CARD Uganda Agribusiness Centre Consortium	9,488,772,900	9,488,772,900
South Eastern Private Sector Promotion Enterprise Ltd	6,592,725,000 Exclusive of taxes	6,592,725,000
Busoga		
South Eastern Private Sector Promotion Enterprise Ltd	6,493,790,000	6,493,790,000
PECLA Investments Ltd	9,999,964,848	5,293,614,848
Bugisu		
Poverty Alleviation & Community Development Foundation	4,463,050,700 Inclusive of taxes	5,268,090,058
BDO East Africa, Shoreline Services, Queensland and Leeds Consulting Engineers Ltd	4,780,727,473 VAT inclusive	4,780,727,473
Midwestern		
Rural Efforts for Action in Development	5,997,200,000 Exclusive of taxes	5,997,200,000
International Institute of Rural Reconstruction	8,703,721,427 Inclusive of taxes	8,703,721,427
West Nile		
West Nile Private Sector Development Promotion Centre Ltd	6,322,410,145 Exclusive of VAT	6,322,410,145
BDO East Africa, Shoreline Services, Queensland and Leeds Consulting Engineers Ltd	5,725,806,400 VAT Inclusive	5,725,806,400
Northern Uganda		
Acholi Private Sector Development Company Ltd (APSEDEC)	4,497,938,350 VAT Exclusive	4,497,938,350
Equator Seeds Limited	4,752,693,958 VAT Inclusive	4,752,693,958
Teso Region		
Soroti Catholic Diocese Integrated Development Organisation	6,700,000,000 Inclusive of taxes	6,700,000,000
International Institute of Rural Reconstruction	8,713,738,454	8,713,738,454

23. On 11th and 15th July 2024, the financial evaluation was finalised. The results are shown in the Table 17 below:

Table 17: Results of Financial Evaluation

Region	Date of Evaluation Report	Combined Technical and Financial Score	Evaluated price (VAT Excl)
Bukedi Region			
South Eastern Private Sector Promotion Enterprise Ltd	15 th July 2024	93.091	6,592,725,000
Busoga			
South Eastern Private Sector Promotion Enterprise Ltd	15 th July 2024	82.01	6,493,790,000
Bugisu			
Poverty Alleviation & Community Development Foundation	11 th July 2024	92.54	4,464,483,100
Midwestern			
Rural Efforts for Action in Development	11 th July 2024	92.16	5,997,200,000
West Nile			
West Nile Private Sector Development Promotion Centre Ltd	11 th July 2024	86.15	6,322,410,145
Northern Uganda			
Acholi Private Sector Development Company Ltd (APSDEC)	15 th July 2024	94.84	4,497,938,350
Teso Region			
Soroti Catholic Diocese Integrated Development Organisation	11 th July 2024	94.05	6,700,000,000

24. On 30th July 2024, the Authority launched an inspection into the procurements following receipt of a complaint from a whistle-blower and the Inspectorate of Government relating to the procurements on 3rd July 2024 and 22nd July 2024 respectively. The complainant specifically alleged the following:

- i. Some interested parties in the Entity wanted to have the bidding process restricted to a few consultants. The email and links following the advert for expression of interest were not functional and one had to travel to Kampala offices to physically submit documents which was quite unusual compared to other similar procurements;
- ii. Irregular Shortlisting of Consultants. Some bidders applied for more than one project area contrary to Paragraph 7, line item “b” of the call for Expression of Interest. The advert clearly provided for disqualification on account of conflict of interest. During the pre-bidder’s conference it was noted that service providers applied in more than one area and were still shortlisted. The matter was raised with the Project Management Unit (PMU) team who did not give a clear answer to the dismay of many bidders. Bidders sent multiple electronic mail requests for clarity on the matter but no response was provided;

- iii. At the Expression of Interest stage, bidders were required to submit a 3-year work plan and budget on top of the EOI forms. Although some bidders submitted all the required documents and others did not, the ones that did not comply were still shortlisted for the technical and financial proposal stage.
- iv. During shortlisting, bidders that did not participate at the Expression of Interest stage were also shortlisted. The opening of the technical proposals was marred by some irregularities, like some envelopes of the proposals were not sealed as required.
- v. Officials at the Project Management Unit (PMU) directly contacted some bidders during the process which in one way or the other made the process suspicious. Specifically, a member of the technical evaluation team was contacting bidders to have negotiations so that the process can go in their favor. This person is alleged to have collected money from some bidders at that stage;
- vi. The technical proposal evaluation was not done properly as some bidders who did not have experience in implementation of Agricultural development projects (as required in the call for proposals) were allegedly awarded very high marks of over 80%.
- vii. At the financial proposal stage, there was alleged bid tampering as one bid was opened before the designated opening date. The explanation given by the PMU team was that it was carelessly handled by the evaluation team during transportation yet the same bidder had 2 other applications in different regions that were sealed and intact; and
- viii. There were several cases of irregular evaluation of Financial proposals whereby in some cases the stated bid price on the FIN1, was completely different from the FIN2 - Price summary. However, a number of financial proposals lacked the component of taxes and therefore gave a superficial and apparently low total price.

2.0 OBJECTIVES OF THE INSPECTION

The general objective of this inspection was to inspect the records and proceedings of the procurement to ensure full and correct application of the procurement laws and regulations. The specific objectives were to establish whether:

- i. Some interested parties in the Entity restricted the bidding process to a few consultants;
- ii. Consulting firms were shortlisted irregularly contrary to Paragraph 7, line item “b” of the call for Expression of Interest;
- iii. Consultants that did not participate in the Expression of Interest process were irregularly shortlisted;
- iv. There were irregularities in the opening of technical and financial proposals;
- v. Non-compliant firms were shortlisted for the technical and financial proposal stage;
- vi. Firms without experience were awarded high marks at the technical evaluation stage; and
- vii. There were irregularities in the evaluation of financial proposals.

3.0 LAWS APPLICABLE

- i. Procurement Arrangement Letter, 2023
- ii. IFAD Procurement Handbook December 2019, revised 2020
- iii. The Public Procurement and Disposal of Public Assets Act, Cap 205

- iv. The Public Procurement and Disposal of Public Assets Regulations, 2023
- v. The Request for Expression of Interest documents
- vi. The Request for Proposals documents

4.0 METHODOLOGY

In reviewing the application, the Authority adopted the following methodology:

4.1. Review and analysis of the procurement action file. The records reviewed included the following:

- i. Procurement requisition;
- ii. Call for expressions of interest;
- iii. Minutes of pre-proposal meeting where applicable;
- iv. Record of issue, receipt and opening of expressions of interest;
- v. Expressions of interest;
- vi. Evaluation of expressions of interest report;
- vii. Notification of consultants not shortlisted;
- viii. Request for Proposals (RFP);
- ix. Record of issue of RFP and receipt of proposals;
- x. Record of opening of proposals;
- xi. Proposals submitted;
- xii. Combined Technical and Financial Evaluation Report;
- xiii. Contracts Committee minutes;
- xiv. Notice of best evaluated bidder; and
- xv. Any other correspondences.

4.2. Interviews were held on 8th, 9th and 15th August 2024 with MAAIF/NOSP staff and representatives of select consultants that participated respectively as shown in Table 18 below:

Table 18: List of Persons Interviewed

No	NAME	DESIGNATION
MAAIF/NOSP Officials		
1.	Ms. Penny Kameri	Procurement and Contracts Manager
2.	Ms. Phiona Ninsiima	Value Chain team leader
3.	Mr. Moses Tukei	Agronomist NOSP
Consultants		
4.	Mr. Joseph Byabazaire	Chief Executive Officer, South Eastern Private Sector Promotion Enterprise Ltd
5.	Mr. Patrick Okello	Team Leader, Acholi Private Sector Development Company Ltd
6.	Mr. Tonny Okello	Managing Director, Equator Seeds
7.	Mr. Brenda Ayebare	Manager Management Consulting (Advisory), BDO Advisory Services
8.	Mr. Basir Wabugoya Wanzira	Executive Director, Poverty Alleviation and Community Development Foundation Ltd
9.	Mr. Daniel Ogwang Abwa	Programs Director, International Institute of Rural Reconstruction
10.	Mr. Alfred Otworot	MEAL Officer, Soroti Catholic Diocese Integrated Development Organisation

5.0 FINDINGS BY THE AUTHORITY

A. EXPRESSION OF INTEREST (EOI) STAGE

5.1. Whether some interested parties in the Entity restricted the bidding process to a few consultants

1. The complainant alleged that some interested parties in the Entity wanted to have the bidding process restricted to a few consultants. The Entity run an advert on 18th September 2023 but an addendum was later made for extension of submission date because the earlier provided email and links from the procurement team were not functional and one had to travel to Kampala offices to physically submit documents. This was unusual in comparison to other procurements and could have been that way because some interested parties wanted to restrict the bidding process to a few consultants.
2. That at the time of requesting for clarification on the expression of interest, the email provided at first and the link to the documents were not functional which complicated matters for the bidders and one had to go through the Procurement and Contracts Manager to access this by way of phone. It was not until this matter was raised that an addendum was made.
3. Four out of the seven selected consultants that were interviewed explained that the initial link provided in the call for expressions of interest was not functional and firms could not access the procurement documents. This prompted them seek an alternative link which was provided and they were able to access the Request for Expression of Interest document. However, this did not deter them from submitting their expressions of interest.
4. The Procurement and Contracts Manager explained that on line receipt of EOIs was one of the modes of submission as communicated in the advert/ REOI and the submission email address was procurement@agriculture.go.ug. Clarifications were raised and responded to as and when they came in to the firms that sought clarifications.

PPDA Findings

1. Clause 11 of the Instructions to Consultants of the Request for Expression of Interest (REOI) for all the seven regions stated the submission procedure for the expressions of interest. The interested consultants were required to submit their expression of interest to the address of the Ministry of Agriculture, Animal Industry and Fisheries or via e-mail to the address; procurement@agriculture.go.ug not later than 25th October 2023 at 11:00am.
2. On 18th September 2023, adverts were placed in the New Vision Newspaper for consultancy services for Agribusiness Development Service provision with a bid submission deadline of 5th October 2023 at 11:00am.
3. The Authority established that between 18th to 30th September 2023, a supervision mission was conducted by IFAD representatives. In the report prepared after the mission, it was agreed that the request for expression of interest process be amended to postpone the deadline of submission in light of the review of the Terms of Reference (TORs). Among the amendments to the TORs were: provision of the number of farmers groups to aid planning and monitoring, embedding clear performance measurement targets to aid monitoring and evaluation, inclusion of support for SACCOs as part of the TOR's for the

consulting firms and selection criteria to factor the specific relevant experience of firms to offer agribusiness extension services in the local context.

4. The Authority confirmed that the Contracts Committee approved a 20-day extension to the submission deadline on 3rd October 2023 from 5th October 2023 to 25th October 2023. To accommodate this change, addenda to the adverts were placed in the New Vision newspaper on 4th October 2023. This adjustment followed a revision of the terms of reference to enable more effective responses to the call for expressions of interest.
5. The Authority reviewed Form 22-record of receipt of expressions of interest and determined that a majority of expressions of interest were submitted using electronic mail. An average of 8 firms submitted expressions of interest. Although Consultants expressed challenges in the initial link provided in the advert, this was rectified. There were no difficulties encountered in the submission of their expressions of interest by electronic mail.
6. The Authority found that the bidding period given to bidders from 18th September 2023 to 5th October 2023 amounted to 15 working days which was a sufficient period as stipulated under Regulation 8 of the PPDA (Procurement of Consultancy Services) Regulations, 2014. An extension of 20 working days was also made following the review of the terms of reference. The Authority further found that bidders were required to submit their proposals either by hard or soft which provided a flexible option for all interested parties.
7. The Authority also found that the extension of the deadline for submission of expressions of interest was a result of changes to the terms of reference and not because of difficulties in submission of documents using email as alleged.

PPDA Decision

The Authority found that there were technical difficulties with the link provided in the advert through interviews with consultants. These issues were resolved and the procurement process continued as planned. However, there was no evidence to confirm the claim that the bidding process was intentionally restricted to a few consultants since an average of eight firms submitted expressions of interest in each region. The technical difficulties did not impact the overall fairness or transparency in the procurement process.

5.2. Whether consulting firms were irregularly shortlisted contrary to Paragraph 7, line item “b” of the call for Expression of Interest

1. The complaint alleged that some bidders applied for more than one project area contrary to Paragraph 7, line item “b” of the call for Expression of Interest. The advert for expression of interest clearly defined what amounted to conflict of interest which would automatically lead to disqualification.
2. The complainant cited paragraph 7 of the call for expression of interest which stated the perceived conflict of interest. Paragraph 7-line item “b” prohibited bidding in more than one project area but bidders that did so were still shortlisted. Although this matter was raised with the Project Management Unit (PMU) team, they did not give a clear answer.
3. One selected consultant informed the Authority that the instructions to bidders clearly stated that participating in more than one EOI would constitute a conflict of interest, leading to disqualification. Furthermore, the preliminary terms of reference embedded in the

Request for Expression of Interest document also barred a consultant from participating in more than two regions.

4. Despite requests for clarification on numerous occasions on the interpretation of Paragraph 7, line item “b” in comparison with the provision in the preliminary terms of reference on expression of interest in not more than two regions/hubs, these were not responded to. Some firms were disadvantaged as a result.
5. The above restriction was unfair since at the time of submission of the expressions of interest consultants submitted more than one EOI contrary to the requirements in the Request for Expressions of Interest document.
6. Two consultants offered differing interpretations of the region application limit. One claimed to have overlooked a clause restricting the number of regions a bidder could apply for. The other consultant asserted that the only restriction was a requirement for separate staff in each region for bidders participating in multiple regions.
7. The Procurement and Contracts Manager explained that each of the seven Requests for Expressions of Interest published were independent procurements/contracts for the different regions. Clarifications were raised and responded to as and when they came in.
8. She further explained that the instructions in the Request for Expressions of Interest were open and any firm could apply for more than one region. BDO Advisory Services East Africa Ltd applied in all the seven regions and was shortlisted in the seven regions. Agrifarm applied in three regions i.e. West Nile, Midwestern and Northern region the firm was shortlisted in the three regions.

PPDA Findings

1. Paragraph 7-line item ‘b’ of the Request for expressions of interest stipulated that consultants shall not have any actual, potential or reasonably perceived conflict of interest. A consultant including their respective personnel and affiliates are considered to have a conflict of interest if they participate in more than one EOI under this procurement action.
2. Paragraph 7-line item ‘b’ means that multiple expressions of interest from a consultant, their employees or affiliated businesses for the same procurement process constitutes a conflict of interest. Such a conflict arises when there is demonstrable controlling interest, ownership or control between the involved consulting firms.
3. Clause 4.0 of the preliminary Terms of Reference in the Request for Expression of Interest documents of each of the seven regions stated that service providers could apply for all regions/hubs but were required to present a separate team of key personnel for each assignment or hub.
4. The Authority found that the procurement for consultancy services for Agribusiness Development Service provision for each of the seven regions was a separate procurement process. Therefore, the submission of expressions of interest in more than one region by a consultant did not amount to conflict of interest. This is because each region was handled as an independent procurement process and any firm could apply for more than one region according to the preliminary terms of reference.

5. The Authority did not access any response from the Procurement Unit on the requests for clarifications on the interpretation of Paragraph 7, line item “b” of the call for Expression of Interest.

PPDA Decision

The Authority found that any firm could apply for more than one region according to the preliminary terms of reference that were part of the Request for Expressions of Interest document. Paragraph 7, line item “b” of the call for Expression of Interest stated that a consultant including their employees or affiliated business were considered to have a conflict of interest if they participated in more than one EOI under this procurement action. However, each region was handled as an independent procurement process therefore the application in more than one region did not amount to a conflict of interest.

5.3. Whether Consultants that did not participate in the EOI process were irregularly shortlisted

1. The complainant alleged that during the shortlisting for the technical and financial proposal stage, some bidders that did not participate during the expression of interest stage were also shortlisted.
2. During interviews, all the selected consulting firms confirmed that they participated in the expression of interest stage and were only shortlisted upon participating in the initial EOI stage.
3. Evaluator, Moses Tukei, affirmed that there was no way a firm that had not submitted EOIs could get a Request for Proposals without clearance from Contracts Committee and a No Objection from IFAD. All shortlisted firms scored above the minimum qualifying mark of 70 points hence their shortlisting.

PPDA Findings

1. Clause 2.3 of Module G: Identifying sources of supply of the IFAD Handbook defines the EOI procedure as a mini-tendering process involving the invitation, receipt and evaluation of applications to pre-qualify. It consists of an evaluation of EOIs using the pre-disclosed criteria in the Request for Expressions of Interest to assess key skills, experience or capabilities required for the assignment and documenting the results of the evaluation in a report containing scores of each applicant.
2. Regulation 29 of the PPDA (Procurement of Consultancy) Regulations, 2023 stipulates that for the consultancy services procured through a notice inviting expressions of interest, a shortlist must be created based in the evaluation of submitted EOIs using the criteria outlined in the EOI notice. The evaluation of the expressions of interest shall be recorded.
3. On 12th February 2024, the evaluation of the expressions of interest was concluded by the signing of the report by the Evaluation Committee. The results of the evaluation exercise are shown Table 12 of the report. The recommendations of the evaluation of the expressions of interest were approved by the Contracts Committee on 19th February 2024 and on 22nd February 2024.

4. The Authority found that all the shortlisted firms participated in the expression of interest process and were shortlisted thereafter upon approval by the Contracts Committee and the Funder.
5. The Authority however found some irregularities in the evaluation of the expressions of interest contrary to the regulations and the IFAD Procurement Handbook which state that the evaluation of expressions of interest shall determine the capacity of a consultant to perform the assignment successfully.
6. Clause 2.3 of the General Evaluation Procedures for consulting Services (Firms) in the IFAD Handbook mandates that each technical evaluation committee member must individually evaluate the technical proposals on the basis of the evaluation and qualifications criteria specified in the Request for Expressions of Interest. The Evaluation Committee should independently assess the expressions of interest and record the score and take detailed notes of specific strengths and weaknesses that will substantiate the individual ratings for each evaluation criterion.
7. The qualification and evaluation criteria under Annex 2 of the Request for Expressions of Interest (REOI) had the following criteria:
 - a. Legal status recognised by the Government of Uganda;
 - b. General experience (Proven and verifiable corporate experience of the organization in agriculture extension and farmer outreach services of not less than 12 years; and experience working with Central and or Local Government programmes/projects); and
 - c. Specific experience (At least 5 years of implementing agriculture projects in the targeted regions; and at least 5 years' experience in facilitating linkages between farmers and other value chain actors (like off-takers, input dealers and financial service providers).

The general and specific experience were allocated each a score of 50 marks. The minimum marks required to pass and be shortlisted were 70 points.
8. Form EO1-3 of the Request for Expression of Interest document required firms to demonstrate that they possessed a proven track record of successful experience in executing projects similar in substance, complexity, value, duration, and volume of the services sought in these procurements.
9. To enhance objectivity in scoring firms during the evaluation process, the technical evaluation committee developed specific sub-criteria for assessing both the general and specific experience.
10. The Authority found discrepancies in the evaluation process. While the technical evaluation committee members utilized the individual score sheets for each region and firm, they failed to document specific strengths and weaknesses to support their ratings. Instead, generic statements were provided such as "demonstrated experience with central or local government," and "company has demonstrated experience in value chain

development.” Furthermore, the committee did not thoroughly analyze attached contracts to assess their relevance in terms of complexity, scope, duration, and volume compared to the current procurement contrary to the requirement in the Request for Expression of Interest.

11. One evaluator admitted that the evaluation process underemphasized project complexity, focusing primarily on contract scope and alignment with capacity building for small holder farmers and agribusiness development. The evaluator further noted that the value and number of beneficiaries in the previous contracts were overlooked in favour of contract type and project activities.
12. The Authority found that under Bugisu region, Poverty Alleviation and Community Development Foundation was scored highly earning a total score of 83 points despite the fact that the firms’ experience did not meet the criteria under Annex 2 of the REOI as explained below:
 - i. Based on the assignments attached in the EOI, the firm did not demonstrate continuous and consistent implementation of agricultural projects within the 12 years. The firm was registered in 1998, however, the assignments attached to the EOI under FORM EOI-3 did not demonstrate a consistent service delivery from at least 12 years prior to the submission of the EOI. The assignments submitted covered the period Feb 1998 to January 1999, July 2011 to March 2011 and May 2015 to March 2015. Therefore, 12 years ago, i.e. from 2011 to 2023, the firm only had two assignments. The score of 16 marks out of 20 was therefore not justified.
 - ii. The sub-criteria required firms to have 10 assignments evidencing at least 5 years of implementing agriculture projects in the targeted regions in order to earn 20 marks. The firm submitted a total of 5 assignments of which only four were implemented in Bugisu region. Out of these four, only three could be related to agriculture in the broader perspective.
 - iii. The sub-criteria demanded evidence of 10 assignments of successfully linking farmers to value chain actors in order to earn 30 marks. While the firm submitted 5 assignments, only one directly demonstrated such linkages. The remaining contracts described capacity building programs, which, though relevant, did not fulfill the specific requirement of proven farmer-to-value chain connections. However, the firm scored 27 marks out of 30 marks.
 - iv. The contracts attached were not comparable/ similar in substance, complexity, value, duration, and volume of services sought in this procurement. The total value of the five contracts attached under the EOI was USD 202,149. When compared to the estimated cost of this procurement (UGX 5,509,408,212 for three years), it falls far below in terms of value, volume and complexity. Among the 5 contracts attached, only one worth UGX 375,477,020 was implemented over a 5-year period while the rest were short term contracts of 3 months and 11 months.

13. Under the Northern Region, Acholi Private Sector Development Company Ltd (APSEDEC) was scored marks in areas where the firm submitted a smaller number of assignments than required as shown below:
- i. The sub-criteria required firms to have 10 assignments evidencing at least 5 years of implementing agriculture projects in the targeted regions in order to earn 20 marks. The firm submitted a total of 5 assignments in the Expression of Interest but the evaluation team scored the firm 16 marks instead of 10 marks.
 - ii. The sub-criteria demanded evidence of 10 assignments of successfully linking farmers to value chain actors in order to earn 30 marks. While the firm submitted 5 assignments, the evaluation team scored the firm 21 marks instead of 15 marks. Notably, one of the assignments cited by the evaluation committee was an ongoing contract with the National Oil Palm Project (NOPP) signed in 1st March 2023. This contract commenced seven months prior to the submission of the expression of interest on 25th October 2023, raising concerns about the validity of the evidence. An ongoing contract might not demonstrate the firm's experience at the time of expression of interest submission as it had not yet been completed. The evaluation committee should have focused on completed projects since they provide an accurate representation of the firm's capabilities.

PPDA Decision

A comprehensive review of the expression of interest records and the record of receipt and opening of expressions of interest confirmed that all the shortlisted consultants actively participated in the EOI stage and met the prescribed preliminary/eligibility criteria. However, the evaluation committee inadequately assessed the complexity and scale of the previous experience relative to the current procurements. Notably one firm in Bugisu region was awarded high scores for possessing at least 12 years of proven agriculture extension and farmer outreach experience, five years of facilitating farmer linkages with value chain actors and five years of implementing agriculture projects in the target regions despite falling short of these requirements. Such instances gave firms an advantage to progress to the next stage of the procurement process. This irregularity cannot be cured by a re-evaluation at the Request for Proposals stage.

REQUEST FOR PROPOSALS STAGE

5.4 Whether there were irregularities in the opening of technical and financial proposals

1. The complainant alleged that the opening of the technical proposals was marred by some irregularities for instance some envelopes of the proposals were not sealed as required.
2. That at the financial proposal stage, there was alleged bid tampering as one bid was opened before the designated opening date. The explanation given by the PMU team was that it was carelessly handled by the evaluation team during transportation yet the same bidder had two other applications in different regions that were sealed and intact.
3. During interviews, some of the selected consulting firms narrated that during proposal opening at the Request for Proposal stage, a firm attended the opening of technical proposals with an envelope of the financial proposal that was unsealed in one of the

regions. However, this was brought to the attention of the meeting and the bidder was provided with an envelope to seal their bid. No one turned a page to view the document's content.

4. Bidders were required to submit one envelope containing the technical and financial proposal both sealed in separate envelopes. They were also required to submit a soft copy of only the technical proposal which most submitted on a flash disc. None submitted the technical and financial proposals using electronic email since the Request for Proposal document required physical submission of the proposals.
5. Most participants reported that the process ran smoothly overall, despite the above minor setback. One of the interviewed firms expressed discontent in the way the opening of the technical proposals was handled. Whereas the summary details were read out, the activity was rushed and the bidder did not get enough time to confirm the eligibility documents submitted by each firm. This created a risk of firms submitting these documents at a later stage.
6. The Procurement and Contracts Manager explained that submission of technical and financial proposals was physical and no firm submitted their proposal using electronic mail. The submission using electronic mail was allowed at the expression of interest stage only. She also clarified that there were no visibly damaged/ improperly sealed proposals during the opening of proposals.
7. During interviews, Moses Tukei, the member of the User Department that participated in the opening of proposals, explained that on the submission deadline, the financial proposal for Nile Raid under Bugisu region was not sealed. However, no one had accessed the document since it was submitted at the last minute. One bidder proposed that the Entity provides an envelope which was agreed upon by all. The proposal was sealed and witnessed by all persons present and process continued smoothly.

PPDA Findings

1. Clause 2.2 of Module I5-Receipt of bids and 2.3 of Module I6-Bid opening of the IFAD Procurement Handbook on receipt and opening of proposals/bids outlines the procedures for bid submission and handling. Bidders must deliver their sealed bids to the designated location as specified in the bidding document.
2. Upon receipt, bids should be securely held by designated officials until the opening of bids. To confirm timely receipt, bidders should be given a receipt. A copy of this receipt should be kept, recorded, and handed over to the bid opening team to verify that all the bids are accounted for.
3. Human resources should be sufficient to ensure an efficient opening. The bid opening team/committee should comprise a minimum of three members.
4. The bid opening team/committee may include members of the designated technical evaluation committee (TEC), though where possible, it is preferable for the identity of the TEC to remain unknown to the bidders. In addition to the committee, some administrative staff should be present to record all the information read out, re-pack bids in their original packaging and ensure that the attendance record is completed.

5. The committee should, during opening of proposals, check to ensure that the bid packaging shows no signs of tampering, among other activities. If there is damage, it must be stated and included in the minutes.
6. The Handbook outlines the procedures for opening of proposals under the two-envelope process of bid submission. Bidders submit one outer envelope containing two envelopes with separate technical and financial tenders. The envelope containing the tenders received on time is opened publicly to obtain the separate technical and financial proposals within. The technical proposals are also opened and summary details read out and recorded. Financial proposals remain sealed until the technical evaluation has been completed and approved.
7. The Authority observed that a committee of two persons managed the bid opening. These included the Procurement and Contracts Manager and the Agronomist-NOSP, a User Department representative, who was equally a member of the technical evaluation committee. The committee utilized PPDA Forms to record the receipt and opening of the technical proposals.
8. The Authority reviewed the Request for Proposals document and found that firms were required to submit technical and financial proposals physically. ITC 20.3 mandated firms to submit a single original and three copies of the combined technical proposal and financial proposals in a sealed envelope. Additionally, a digital copy of the technical proposal was required as part of the overall submission sealed in the envelope for the technical proposal. The process did not allow for electronic submission of the entire proposal.
9. The Authority found that the committee that handled the receipt and opening of proposals had differing statements on whether any proposal was unsealed. The Procurement and Contracts Manager and the representative of the user department provided conflicting accounts of whether certain proposals were unsealed.
10. The Procurement and Contracts Manager indicated no visible damage or improper sealing whereas the user department representative stated that the financial proposal of Nile Raid under Bugisu region was unsealed at the proposal submission deadline which was also confirmed by two participating firms.
11. A participating firm under Bugisu region noted that the financial proposal envelope for BDO East Africa, Shoreline Services, Queensland and Leeds Consulting Engineers Ltd was not properly sealed at the opening of the financial proposals and requested that this be documented in the opening minutes.
12. The Authority found that the minutes prepared after the financial proposal opening session dated 28th June 2024 did not capture this information. The minutes were not forwarded to each of the bidder's addresses contrary to Clause 4.1 of Module I6-Bid opening of the IFAD Procurement Handbook.

PPDA Decision

The Authority deduced from the statements of key witnesses that one envelope containing the financial proposal was unsealed at the time of submission of the technical and financial proposals. However, there was no evidence to indicate that the document was opened by the

Entity before the designated date and time. The Authority also observed that the persons managing the receipt and opening of expressions of interest and were below the minimum of three members required under the IFAD procurement Handbook. While the Authority did not find evidence of direct bid tampering, inconsistencies arose regarding the handling of proposals. The conflicting accounts raise questions about the adherence to procurement procedures and transparency of the process.

5.5. Whether non-compliant firms were shortlisted for the technical and financial proposal stage

1. The complainant alleged that at the Expression of Interest stage, bidders were required to submit a 3-year work plan and budget on top of the EOI forms. Although some bidders submitted all the required documents and others did not, the ones that did not comply were still shortlisted for the technical and financial proposal stage. This was not fair as those who did not submit all these documents were still shortlisted for the technical and financial evaluation stages. The complainant requested that all submissions be revisited in order to properly verify the issue.
2. The consultants interviewed by the Authority clarified that the Request for expression of interest document did not mandate a 3-year workplan or budget. While these were outlined in the preliminary terms of reference, they were considered informational rather than compulsory at the EOI stage. The EOI's primary objective was to assess the firm's overall capabilities and experience. The workplans and budgets are documents submitted at the next stage upon shortlisting.
3. The Procurement and Contracts Manager further clarified that preliminary terms of reference are part of the Request for Expressions of Interest (REOI) template. The terms of reference as part of the EOI are to provide information to the firms on the assignment to be undertaken. They are preliminary terms of reference because the final terms of reference are the ones in the approved Request for Proposal Document.

PPDA Findings

1. The National Oilseeds Project advertised the recruitment of consulting services through the issuance of Request for Expression of Interest from which a shortlist would be obtained. The funds for the service were received from the International Fund for Agricultural Development (IFAD) and procurement was to be handled in accordance with the conditions in the financing agreement as well as IFAD's rules, policies and procedures.
2. The IFAD Procurement Handbook defines the EOI as a procedure used to obtain and assess information on the qualifications and experience of potential bidders in order to restrict actual tendering to a list of qualified bidders. This is achieved by issuing the Request for Expressions of Interest (REOI), the receipt of expressions of interest and their assessment against predetermined criteria, and the compilation of a shortlist of three to six consultants, based on scoring and ranking.
3. The IFAD Request for Expression of Interest template requires the inclusion of preliminary terms of reference. When developing this specific Request for Expression of Interest,

preliminary terms of reference were incorporated, requiring potential service providers to submit a methodological note, a three-year work plan, and a budget.

4. Clause 8 of the Instructions to Consultants of the Request for Expressions of Interest (REOI) provided the selection procedure. The document stated that the selection process would be conducted using the Quality Cost Based Selection as laid out in the IFAD Procurement Handbook and evaluation of the expressions of interest from consultants would be provided in Annex 2 of the REOI. Only shortlisted candidates would be provided with the detailed TORs and asked to submit a detailed technical and financial offer.
5. The qualification and evaluation criteria under Annex 2 of the Request for Expressions of Interest (REOI) had the following criteria:
 - a. Legal status recognised by the Government of Uganda;
 - b. General experience (Proven and verifiable corporate experience of the organization in agriculture extension and farmer outreach services of not less than 12 years; and experience working with central and or local government programmes/projects); and
 - c. Specific experience (At least 5 years of implementing agriculture projects in the targeted regions; and at least 5 years' experience in facilitating linkages between farmers and other value chain actors (like off-takers, input dealers and financial service providers).
6. The Authority reviewed the expressions of interest submitted by consultants and compared them to the results in the EOI evaluation report and found that none of the consultants was evaluated on the 3-year workplan and budget at the Expressions of Interest stage. EOIs were evaluated based on the criteria under Annex 2 of the REOI.

PPDA Decision

The requirement to submit a 3-year work plan and budget on top of the EOI forms was not part of the evaluation criteria under the EOI process. The evaluation of EOI submissions was solely based on the general and specific experience of the firms, independent of the preliminary terms of reference which would be assessed during the request for proposal stage.

5.6. Whether firms without experience were awarded high marks at the technical evaluation stage

1. The complainant alleged some bidders who did not have experience in implementation of agricultural development projects, as required in the call for proposals, were allegedly awarded very high marks of over 80%.
2. That the process of awarding marks during the technical evaluation proposal needs to be reviewed and done by an impartial committee.
3. Interviewed firms asserted their strong qualifications and experience for the assignment, emphasizing their specialized expertise in this area. Many highlighted that they provided the same service under Vegetable Oil Development Project (VODP), a predecessor to NOSP noting that the scale/scope of the service under the latter was broader.

4. One of the evaluators, Moses Tukei, disagreed with the allegation that more marks were awarded to their companies of interest. IFAD and the Contracts Committee were so keen at all stages of the procurement process and the evaluation team remained objective at all levels.

PPDA Findings

1. Clause 2.3 of the IFAD Procurement Handbook states that the detailed evaluation must be conducted only for proposals that have been determined to be substantially responsive during the preliminary examination. Regulation 60 of the PPDA (Procurement of Consultancy Regulations) 2023 states that an Evaluation Committee shall conduct a detailed evaluation of a proposal that passes the preliminary examination using the evaluation criteria in the request for proposals and based on the contents of a proposal.
2. The detailed evaluation shall compare the details of the proposal with the criteria stated in the request for proposals. The detailed evaluation of proposals shall use a merit point evaluation system as specified in the request for proposals and a proposal which does not achieve the minimum score required in the request for proposal shall be rejected at the detailed evaluation stage.
3. Clause 2.3 of the IFAD handbook and Regulation 61 of the PPDA (Procurement of Consultancy Services) Regulations 2023 states that the members of the Evaluation Committee shall at a meeting of the Evaluation Committee discuss the criteria and any sub-criteria and the relative importance of each criteria and sub-criteria. Each member of the Evaluation Committee shall independently conduct an evaluation by considering each proposal and awarding scores for the set criterion and record the scores in the score sheet.
4. Clause 1 (f) of the above regulation states that the members of the Evaluation Committee shall compare the scores of each member of the Evaluation Committee for each proposal to determine whether there was consistency of approach to the evaluation and a common understanding of the criteria and of each proposal, by all the members of the Evaluation Committee.
5. The Authority noted that the Evaluation Committee utilized the evaluation criteria outlined in the Request for Proposals Document (RFP). Under the criterion of specific experience, consultants were required to show evidence of having worked with central or local government programs/projects as the primary/main criteria with specific criteria requiring at least eight years of experience in agricultural extension/community development services and five years implementing agriculture projects in the targeted regions. The specific experience had an allocation of 10 marks. The minimum marks required to pass to the financial evaluation stage were 70 points.
6. The Authority noted that an assessment of the legal status of the consulting firms first before proceeding to the technical evaluation stage was conducted. Firms that failed at the preliminary stage did not progress to the technical evaluation stage.
7. The Evaluation Committee assessed each consultant's experience against the specified sub-criteria, maintaining individual score sheets for each consultant under each region. The Authority did not find glaring differences in the scoring by the evaluators at the RFP stage for the 6 regions apart from Bugisu region. Poverty Alleviation and Community

Development Foundation was scored highly earning a total score of 10 points on specific experience despite the fact that the firm did not meet the criteria. The contracts attached by the firm were not comparable/ similar in substance, complexity, value, duration, and volume of services sought in this procurement as required in the RFP document.

8. The Authority found that whereas experience in implementation of agricultural projects was considered as part of the evaluation criteria at the Request for Proposals stage, it was not the sole determining factor in the scoring process. The evaluation also considered the consultants proposed methodology (35 points) and key personnel (55 points) to generate the total technical score.

PPDA Decision

The Authority found that under Bugisu region, Poverty Alleviation and Community Development Foundation did not have at least 5 years' experience of implementing agriculture projects in the targeted region. The experience presented by the firm relates to short term contract spanning of approximately 6 months whose complexity does not match the assignment at hand. Of these small contracts, only four of them totaling to 3 years and two months were implemented in the targeted region in the districts of Bulambuli, Sironko and Mbale. The contracts attached were not comparable/ similar in substance, complexity, value, duration, and volume of services sought in this procurement contrary to the requirement in the Request for Proposal. However, the firm scored all the 10 marks for specific experience.

5.7. Whether there were irregularities in the evaluation of financial proposals

1. The complainant alleged that there were several cases of irregular evaluation of financial proposals whereby in some cases the stated bid price on the proposal submission sheet was completely different from the price summary sheet. This showed there could have been complicity in adjusting the figures after the official deadline for submission. For instance, in Bugisu region, one bidder's proposal submission sheet had value of UGX 4,463,000,057 against the price summary sheet of UGX 5,293,614,848. In Busoga region, one bidder's proposal submission sheet had a cost of UGX 9,999,964,848 against the price summary which had a value of UGX 5,293,614,848.
2. Furthermore, a number of financial proposals lacked the component of taxes and therefore gave a superficial and apparently low total price. The payment of taxes is a legal requirement.
3. Five of the seven interviewed consultants confirmed receiving requests for financial proposal clarification, particularly regarding the inconsistencies in their stated prices and Value Added Tax. The remaining two consultants indicated that while they didn't receive direct requests, they were included in the communications addressed to firms with financial proposal inconsistencies.

PPDA Findings

1. Clause 6 of the letter of invitation requesting proposals of the RFP document stated that consultants would be selected using Quality Cost Based Selection (QCBS) evaluation procedure in accordance with the IFAD Procurement Handbook dated 2020.

2. Clause 2.7 of Module K5: General Evaluation Procedures for Consulting Services (Firms) of The IFAD Procurement Handbook outlines recommended good practices for conducting financial evaluations. These practices should be followed unless otherwise required by a national procurement system adopted for the project.
3. The PPDA (Procurement of Consultancy) Regulations, 2024 outline the procedures for evaluating financial proposals during the procurement of consultancy services which align with the good practices that should be followed during the conduct of financial evaluation provided under the IFAD Procurement Handbook.
4. During financial evaluation, the evaluation committee should determine whether the proposals are complete, cost any missing items and add them to the proposal price; correction of any arithmetical errors such as where there is a discrepancy between the unit price and the total price obtained by multiplying the unit price by the quantity and the notification of any such errors to the consulting firms.
5. The Authority found that the financial proposal for Poverty Alleviation and Community Development Foundation under Bugisu region presented two different prices. The Proposal Submission Sheet had a cost of UGX 4,463,000,057 inclusive of taxes worth UGX 800,770,806 while the Price Summary had a cost of UGX 5,293,614,848 inclusive of taxes. No arithmetic errors were observed by the Evaluation Committee.
6. On 9th July 2024, the Chairperson Evaluation Committee requested Poverty Alleviation and Community Development Foundation to confirm and accept the total price of UGX 5,268,090,058 inclusive of taxes worth UGX 803,606,958. In the letter, the committee recognized that the consultant's proposal price was the figure in the price summary. On 10th July 2024, the firm confirmed that total price of their proposal was UGX 5,268,090,058 inclusive of taxes worth UGX 803,606,958.
7. The financial proposal for PECLA Investments Ltd in Busoga region also proposed two different prices. The Proposal Submission sheet had a cost of UGX 9,999,964,848 inclusive of taxes worth UGX 587,264,848 and the Price Summary had a cost of UGX 5,293,614,848. No arithmetic errors were observed by the Evaluation Committee.
8. On 9th July 2024, the Chairperson Evaluation Committee requested PECLA Investments Ltd to confirm the total indirect taxes on their proposal. In the letter, the committee recognized that the consultant's proposal price was UGX 9,999,964,848, which was the figure in the proposal submission sheet. On 11th July 2024, the firm confirmed that total indirect taxes were worth UGX 1,799,993,673. The Evaluation Committee thereafter determined that the evaluated price was UGX 11,799,958,521 inclusive of taxes.
9. The Authority was unable to justify the evaluation committee's decision to use the price from the Price Summary for Bugisu region and the price from the Proposal Submission Sheet for Busoga Region. In Busoga region, PECLA Investments Ltd, despite having a higher technical score of 87.88 compared to South Eastern Private Sector Promotion Enterprise Ltd.'s 74.38, was ultimately outbid due to the latter's lower quoted price of UGX 6,493,790,000. The use of the higher price from PECLA Investments Ltd.'s proposal gave South Eastern Private Sector Promotion Enterprise Ltd a competitive advantage. Since PECLA Investment Ltd.'s proposal included two figures- UGX

9,999,964,848 and UGX 5,293,614,848 and the evaluation committee did not identify any arithmetical errors, there was no clear justification for selecting the higher figure.

10. In Bugisu region, Poverty Alleviation and Community Development Foundation outperformed BDO East Africa, Shoreline Services, Queensland and Leeds Consulting Engineers Ltd with a higher technical score of 93.25 compared to 70.88. Although the firm's proposal contained two figures, i.e., UGX 4,463,050,700 and UGX 5,268,090,058 and no arithmetic errors were identified, the evaluation committee's selection of the higher value of UGX 5,268,090,058 (Inclusive of Taxes) lacked a clear justification. The firm would not have been disadvantaged regardless of which price was chosen.
11. During interviews, the representative of Poverty Alleviation and Community Development Foundation notified the Authority of an error in the company's proposal submission sheet. The firm clarified that the accurate figures were provided in the price summary.
12. Soroti Catholic Diocese Integrated Development Organisation quoted a price of UGX 6,700,000,000 which included an estimated UGX 1,340,000,000 in taxes. On 9th July 2024, the Chairperson of the Evaluation Committee requested clarification regarding the tax component of local indirect taxes, noting that the applicable tax rate was VAT at 18%. In response, the firm acknowledged an error in their initial tax calculation, which had included taxes such as Pay as You Earn (PAYE) and Local Service Tax and VAT. The firm corrected their price to UGX 7,906,000,000 inclusive of VAT worth UGX 1,206,000,000.
13. International Institute of Rural Reconstruction quoted for 6% WHT as part of their price while BDO East Africa, Shoreline Services, Queensland and Leeds Consulting Engineers Ltd provided for VAT as part of its financial proposal.
14. On the matter of taxes, Clause 27.4 of the Instructions to the Consultants of the RFP stated that the financial evaluation of proposal prices shall consider the taxes that will be imposed on the consultant in the borrower/recipient's country unless otherwise indicated in the Proposal Data Sheet (PDS).
15. Clause 27.5 of the Proposal Data Sheet stated that taxes payable by the consultant in the borrower/recipient's country shall be presented separately in its financial proposal and the client shall evaluate the consultant's proposal price "non-inclusive" of the taxes.
16. The Authority noted that during financial evaluation, the Evaluation Committee deducted the VAT component from proposals that included VAT in their prices. This was complying to a circular issued by MOFPED on 7th August 2017, stating that VAT on donor funded projects is deemed to have been paid by government.
17. The Authority examined the Circular and found that Section 2 of the VAT (Amendment) Act 2017 provides that the tax payable on a taxable supply made to a government ministry, department or agency by a contractor executing an aid-funded project is deemed to have been paid by the government ministry, department or agency if the supply is for use by the contractor solely and exclusively for the aid-funded project (*See Annex 1*).

18. The circular further explains that the above amendment does not necessarily mean that providers working on aid-funded projects don't quote VAT on their prices. While the government ministry/department/agency is deemed to have paid the VAT, the contractor still needs to include VAT in their invoices. The supplier issues a tax invoice for the full cost including the 18% VAT for the taxable supplies made. However, Ministry/department/agency pays the contractor the invoiced amount excluding the VAT component.
19. The Contractor should issue a tax invoice for the full cost, including 18% VAT, for the taxable supplies. The contractor will report this VAT as a book entry in their monthly VAT return to URA, indicating that it was deemed to have been paid by the Ministry/Department/Agency. The Ministry/Department/Agency would then pay the Contractor the invoiced amount, excluding the VAT.

PPDA Decision

The Authority identified inconsistencies in the pricing information submitted by two firms, one in Bugisu region and another in Busoga region. These discrepancies were found between the prices stated in the proposal submission sheets and the corresponding price summaries. While no arithmetic errors were identified during the evaluation process, the inconsistencies raise concerns about the accuracy and reliability of the prices provided by the firms. In relation to the treatment of taxes, the deduction of VAT from proposals that had quoted VAT following the circular of 7th August 2017 by the Evaluation Committee was erroneous.

6.0. OTHER OBSERVATIONS

1. The Authority did not find justification for the separation/procurement of each region under a different procurement process as explained below:
 - i. Regulation 3 of the PPDA (Procurement of Consultancy Services) Regulations 2014 on initiation of procurements states that a procurement requirement shall be initiated using Part I of Form 18 including the terms of reference, estimated value of the service, confirmation of availability of funds and approval of the requirement. Clause 4 of the regulation states that a specific reference number shall be allocated to each procurement requirement at the initiation stage.
 - ii. The Authority found that the User Department initiated the procurement of nine private service providers to offer extension and agribusiness services estimated at UGX 10,003,520,751.4 inclusive of taxes using a single form 18 for all the nine regions.
 - iii. The Authority determined that the Procurement and Contracts Manager assigned distinct procurement reference numbers to each of the seven regions, treating each as an independent procurement process that would result into a contract for each region. Separate documentation for each region/hub was prepared although all related approvals were granted concurrently.
 - iv. Regulation 11 of the PPDA (Procurement of Consultancy Regulations, 2023 states that a procuring and disposing entity may, at the commencement of a procurement process, divide the procurement requirements for consultancy services into separate lots, where it is anticipated that the award of several separate contracts shall result in optimum value for the procuring and disposing entity.

- v. Where a number of lots are to be procured under the same procurement process, the bidding document shall clearly state the number of lots included in the procurement process, the nature of each lot, the number each bidder may bid for and the method of evaluating each lot or multiple lots.
 - vi. The Authority found no justification for treating each region as a separate procurement process. While the law permits dividing the consultancy services into lots, the entity conducted separate procurement processes for each region despite identical approval requirements, evaluation committee, evaluation criteria and the terms of reference. The only variation was the geographic scope. This approach led to unnecessary advertising costs as each region required a separate newspaper advertisement. Moreover, this separation did not result in reduced timelines or increased efficiency.
2. The Authority identified inconsistencies in the EOI evaluation process for Bugisu and West Nile Regions. Two separate evaluation reports, approved by the Contracts Committee on 19th January and 22nd February 2024, respectively recommended identical shortlists for these regions. The funder gave a No objection approval on 25th and 29th January 2024 for Bugisu and West Nile regions respectively. Given the lack of any substantive changes between the two reports, it raises questions about the necessity for a second evaluation. This raises questions about the necessity and the validity of the subsequent evaluation report, especially given the funder's prior approval. The absence of a clear justification for the second report, coupled with the timing of the No Objection approval by IFAD for the two regions, suggests the possibility that the initial evaluation report may have been retrospectively prepared to align with the approval dates of the funder. This casts a doubt on the entire EOI evaluation process.
 3. The initial procurement requisition dated 13th June 2023 as seen in Table 1 was UGX 10,003,520,751 for one year in nine regions. However, on 2nd October 2023, a new requisition was raised amounting to UGX 15,860,417,580 per year for seven regions (*see Table 4*). The cost per region decreased significantly from UGX 6,946,889 to UGX 3,975,042. Moreover, despite the decrease in the cost per region and a reduction in the number of regions, the total cost increased significantly from UGX 10,003,520,751 to UGX 15,860,417,580.

The user department explained that during the IFAD supervision mission in September 2023, it was recommended that the TORs for the project be revised to expand its scope. This included increasing the number of targeted farmer groups from 1,440 to 4,601, expanding the project area from 69,015 to 207,045 acres and extending the project duration from 12 to 36 months. These changes necessitated an increase in the overall cost of the consultancy.

6.1. CONCLUSION AND RECOMMENDATIONS

In light of the above findings, the inspection report findings on the allegations from the whistleblower and the Inspectorate of Government show that there was no merit in some of the allegations raised in the complaint except for the irregularities in the evaluation of expressions of interest which compromised the fairness and integrity of the procurement process. This irregularity cannot be cured by a re-evaluation under a two-envelope quality cost evaluation

methodology since financial proposals have already been opened. The intended purpose of a two staged approach to evaluation of proposals under consultancy services will not be achieved under a re-evaluation.

The Authority therefore recommends that;

- i. The current procurement processes be cancelled given the irregularities identified at the evaluation stage of the expressions of interest.
- ii. The Ministry of Agriculture, Animal Industry and Fisheries expedites the new procurement process and nominate a different evaluation committee.

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In any correspondence on
This subject please quote No. TPD 137/167/08

7th August, 2017

All Accounting Officers (Central and Local Government Votes), and
All Chief Executive Officers of State Enterprises

VALUE ADDED TAX (VAT) ON AID-FUNDED PROJECTS

This Ministry has received requests from various stakeholders seeking clarification of policy changes in the VAT (Amendment) Act 2016 and the VAT (Amendment) Act 2017 regarding VAT treatment of taxable supplies made under aid-funded projects. The purpose of this Circular is to clarify the following aspects of this policy.

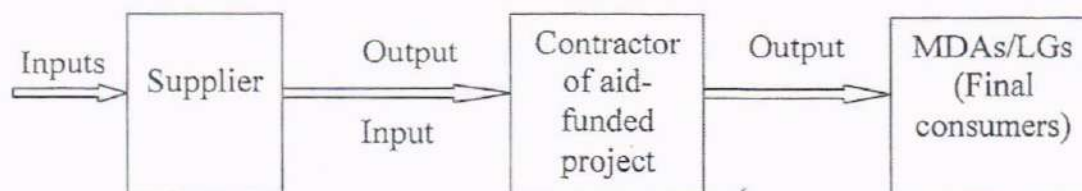
Section 4 of the VAT (Amendment) Act, 2016 provides that:

“For purposes of this section, the tax payable on a taxable supply made by a supplier to a contractor executing an aid-funded project is deemed to have been paid by the contractor provided the supply is for use by the contractor solely and exclusively for the aid-funded project”.

Section 2 of the VAT (Amendment) Act, 2017 provides that:

“For purposes of this section, the tax payable on a taxable supply made to a Government ministry, department, or agency by a contractor executing an aid-funded project is deemed to have been paid by the Government ministry, department, or agency if the supply is for use by the contractor solely and exclusively for the aid-funded project”.

Assume a Ministry/Department/Agency (MDA) contracts a service provider to implement an aid funded project and the contractor procures taxable goods from a local supplier for the purposes of executing the project. This supply chain may be represented diagrammatically as follows:



Mission

“To formulate sound economic policies, maximize revenue mobilization, ensure efficient allocation and accountability for public resources so as to achieve the most rapid and sustainable economic growth and development”

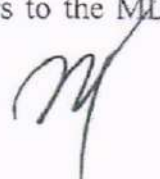
The implication of Section 4 of the VAT (Amendment) Act, 2016 and Section 3 of the VAT (Amendment) Act, 2017 read together is that;

A. SUPPLIES TO A CONTRACTOR OF AID FUNDED PROJECT.

- i. The supplier to the contractor of an aid-funded project will issue a tax invoice for the full cost (including 18% VAT) for taxable supplies made to the contractor. The supplier will account to Uganda Revenue Authority in their monthly VAT return the VAT deemed to have been paid by the contractor as a book entry but will not be required to pay the tax.
- ii. The contractor will pay the supplier the invoiced amount referred to in (1) above **excluding the VAT** component because the VAT would be deemed to have been paid pursuant to Section 4 of the VAT (Amendment) Act, 2016.
- iii. The **supplier** will account to Uganda Revenue Authority in their monthly VAT return the VAT deemed to have been paid by the **contractor** but will not pay this tax. The supplier will be entitled to take a credit for any VAT which they incurred to make taxable suppliers to a Contractor of an aid-funded project in respect of which the VAT-deeming applied.

B. SUPPLIES BY A CONTRACTOR TO MDA EFFECTIVE 01/07/2017.

- i. The contractor of an aid funded project will issue a tax invoice for the full cost (including 18% VAT) for taxable supplies made to the **MDA**. The contractor will account to Uganda Revenue Authority in their monthly VAT return the VAT deemed to have been paid by the MDA as a book entry but will not be required to pay the tax.
- ii. The **MDA** will pay the contractor the invoiced amount referred to in (1) above **excluding the VAT** component because the VAT would be deemed to have been paid pursuant to Section 3 of the VAT (Amendment) Act, 2017.
- iii. The **contractor** will be entitled to take credit for any VAT which they incurred to make taxable suppliers to the MDA in respect of an aid-funded project.



Mission

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The effect of Section 3 of the VAT (Amendment) Act, 2017 is to remove from Ministries/Departments/Agencies with effect from 1st July 2017, the obligation to budget and pay VAT on supplies received from their contractors who execute aid-funded projects, which burden remained after the coming into force of the VAT (Amendment) Act, 2016.

The MDA would have to budget within their MTEF ceiling, for the VAT payable to other contractors other than contractors for aid funded projects effective 01/07/2017. VAT in respect of tax invoices for periods prior to 01/07/2017 should be settled in full.

Therefore, MDAs which procured taxable supplies for implementing aid-funded projects prior to 1st July 2017 should have budgeted for the VAT within their MTEF ceiling for the respective financial years and paid the VAT to the contractors.

This is therefore to request you to accordingly follow this guidance. In case you require further clarifications on any of the aforementioned issues, please liaise with the Commissioner General, Uganda Revenue Authority.



Keith Muhakanizi

PERMANENT SECRETARY/SECRETARY TO THE TREASURY

CC Commissioner General,
 Uganda Revenue Authority,
 KAMPALA

Mission

"To formulate sound economic policies, maximize revenue mobilization, ensure efficient allocation and accountability for public resources so as to achieve the most rapid and sustainable economic growth and development"



Uganda Revenue Authority
OFFICE OF THE CHIEF EXECUTIVE OFFICER

PUBLIC NOTICE

VALUE ADDED TAX (VAT) ON AID-FUNDED PROJECTS

Uganda Revenue Authority would like to notify the General Public, Suppliers, Contractors, and Ministries, Departments & Agencies (MDAs) that the treatment of Value Added Tax related to Aid-funded projects will be as follows:

Section 24(6) of the VAT Act provides that the tax payable on a taxable supply made by a supplier to a contractor executing an aid-funded project is deemed to have been paid by the contractor provided the supply is for use by the contractor solely and exclusively for the aid-funded project. This was effective 1st July 2016.

Section 24(7) of the VAT Act further provides that, "the tax payable on a taxable supply made to a government ministry, department or agency (MDA) by a contractor executing an aid-funded project is deemed to have been paid by the ministry, department or agency if the supply is for use solely and exclusively for the aid-funded project". This was effective 1st July 2017.

Section 24(8) of the VAT Act defines an "aid-funded project" to mean a project financed by a foreign government or a development agency through loans, grants and donations.

From the above provisions, the following tax treatment shall apply.

1. Effective 1st July 2016, Suppliers shall invoice CONTRACTORS of Aid-funded projects with VAT in the normal way, but CONTRACTORS shall NOT pay the VAT so invoiced. This is because the law deems that this tax has been paid by the CONTRACTOR.
2. Suppliers shall account for the deemed VAT as provided for in the VAT return;
3. Suppliers shall claim any input tax incurred in the course of making supplies to a CONTRACTOR in the normal way;

In the case of supplies made to Government Ministries, Government Departments, and Agencies,

1. Effective 1st July 2017, the CONTRACTOR shall invoice the MDA with VAT in the normal

way, but the MDA shall NOT pay the VAT so invoiced. This is because the law deems that this tax has been paid by the MDA.

2. The CONTRACTOR is required to solely and exclusively apply the supplies on which VAT is deemed to be paid ONLY on the Aid-funded project;
3. The CONTRACTOR shall account for the deemed VAT as provided for in the VAT return.

In order to implement the above provisions, Uganda Revenue Authority shall require the following from the suppliers and contractors in respect to Aid-funded projects:

- I. Copies of contracts duly stamped indicating that stamp duty has been paid;
- II. Bills of quantities (BOQs);
- III. Procurement plan with details including but not limited to names of supplier, TIN, Location, nature and description of goods and services to be procured from each supplier and quantities of each supply;
- IV. Keep proper records of all supplies including but not limited to purchase orders or pro-forma invoices, delivery notes, stock movement and utilisation at the concerned project(s).

NOTE: Uganda Revenue Authority shall issue letters to specific suppliers confirming qualifying projects and quantities to be procured by the contractor on a project by project basis.

Contractors including those who have already received confirmation from URA, that their contracts are Aid-funded and VAT in respect of supplies for purposes of the contracts is deemed paid are required to comply by submitting the above requirements to the Commissioner Domestic Taxes for validation.

Suppliers to aid-funded projects and the General Public are hereby informed to take note of the above and ensure that all supplies to aid-funded projects conform to the above with effect from 1st March 2018.

Commissioner General
Uganda Revenue Authority

For more information, please call our toll free line 0800117000 or visit <https://ura.go.ug>