**MAGEGE DISTRICT LOCAL GOVERNMENT ROAD PROCUREMENT CASE.**

Magege District is a newly established district curved out of a larger district in order to provide better services to the people. As an independent district, plans started to have the district start work autonomously. Elections were conducted for the district leadership that form the political wing. The District Service Commission started recruitment and selection of staff. The technical wing was also established, which included technical and support staff to guide the district operations to provide services to the people.

A Department of Works and Technical Services was established to cater for roads, bridges and other civil and engineering works. The department of Finance and Administration was also established to handle planning, administration and management of financial resources, human resources, procurement and Internal Audit among others.

In a recent council meeting with Heads of Department at the district, it was sighted that a nearby market of Kanushu which generates a half of the revenues that run the district in a financial year had one of the worst roads in the district that needed rehabilitation. The traders and the communities around and those coming from the neighbouring district accessed the market with much difficulty. It was observed that if the road was good the district could increase the revenue obtained. The bad road creates frequent delays of the traders and their items to the market. When it rains many trucks bringing in merchandise get stuck for days! Secondly the customers do also find it hard to access the market and have started shunning it. Thirdly, it has been observed that revenues from this market are dwindling as farmers are taking their produce to other markets in the neighbouring districts. This is not good for the district!

Rehabilitation of the market road was therefore made a priority in the District Development Plan. The district was advised to identify funds for development of the road in the following financial year. The Procurement and Disposal Unit with the help of the Works and Technical services department was advised to start preparations for identifying a road contractor to work on the road. However, it was also noted that a specific section measuring 1km was the worst that needed emergency repairs as most of the traders and customers shunned coming to the market because of this section. During the rainy season it was ever water logged, muddy and slippery. Men and boys of the village were now taking advantage of this area and on such occasions solicited money from the traders and customers as they provided body transport to carry people and goods both to and from the market. Some animals would die at this spot as they maneuvered the waters, farmers’ produce would fall off the trucks to the waters, the customers from the market would lose what they had bought from the market at this spot, in the evenings the drunkards would fall in and three had drowned in that muddy clay water in the span of the last two months. On such bad days the district also missed on collection of market dues and taxes. PDU had to urgently look for a contractor who would work on it. Money has been earmarked for this project.

This job was to start immediately in the next financial year 2013/14. A procurement plan had to be drawn with the help of the finance department giving details of the available finances for the districts operations. Works and technical services department was yet to help in the drawing of the technical specifications for this project.

News however has reached the district that His excellence the President intends to visit the district in two months time. As soon as the District Chairman received the news he instructed the PDU to ensure that the road is ready come rain or shine.

PDU realized that amongst, the providers, there were no road works contractors and yet the district leadership kept insisting that indigenous persons should always be given preference for jobs. Hence they decided to pre-qualify contractors for this job through an invitation for Expression of Interest (EOI). EOI advert was published in the local newspapers; Bukedde and the New Vision and read as follows:

To be attached

Respondents were allowed only five days to submit their EOI. Three days after; contractors started submitting EOI. Because of short period only seven companies listed below applied.

* Hillary Contractors Ltd
* YOUNG BUILDING & TECHNICAL SERVICES Ltd
* A.H CONTRACTORS Ltd
* Hyoung & Sons BUILDING SERVICES
* MUNAKU KAMA CONTRACTORS
* KAMA CIVIL & BUILDING CONTRACTORS Ltd
* MUNAKU ENTERPRISES Ltd

**Evaluation of EOI:**

EOI were received, opened and registered in the receipt of bids and bid opening form. An evaluation committee was instituted that included the Procurement Officer, Finance Officer, and a member from the Road Works Department. The team was tasked to evaluate the EOI’s and selected three out of the seven bidders. The Technical Compliance Selection (TCS) criterion was used to evaluate EOIs. During the evaluation it was noticed that three of the respondents were all owned by Mr. Munaku hence two of them were dropped while HILLARY CONTRACTORS Ltd. did not submit a valid tax clearance and was therefore disqualified.

Consequently, three firms A.H CONTRACTORS, Hyoung & Sons BUILDING SERVICES and MUNAKU ENTERPRISES were shortlisted and were invited to bid for the provision of the works. A site visit was arranged for the bidders to establish the state of the site and give bidders a true picture of the costs involved. PDU also prepared the bid documents and informed bidders through their addresses and phone contacts to collect the bid documents from the PDU. The dates and time of submission were also indicated to the bidders. Because of the urgency of the job, only seven days were allowed for bidders to submit bids. Bidders submitted their documents as indicated by the PDU. Only TECHNICAL bids were opened and FINANCIALS were kept safely by PDU to be opened on a day to be communicated to the bidders.

**Evaluation of Bids**

An evaluation committee was formed and constituted by Head of PDU, Senior Finance Officer and the Technical/Engineering representative. They were constantly being reminded to complete the work quickly. The preliminary evaluation of the TECHNICAL proposals was conducted. FINANCIALS were kept by PDU to be opened on the date and time to be communicated to the bidders (pending results of the technical evaluations). The results of the evaluation were submitted to the Contracts Committee. The method of evaluation used was TCS. All the bidders passed the technical evaluation above the required 75%. However it was romoured that one of the councilors was the owner of Hyoung & Sons Building Services while A.H CONTRACTORS belonged to the wife of the LCV Chairman!

These results were published on the PDU Notice Board and each bidder was given a copy which they received with acknowledgement of evaluation report (LG FORM). The bidders were also informed of the date, time and place for opening the FINANCIAL proposals. On the announced date of FINANCIAL opening all the bidders’ representatives came, and the opening done by the Head PDU assisted by four other officers. The results were as follows:

Copies of these forms to be attached

The evaluation committee then proceeded to evaluate the financials. This team made their recommendations and forwarded the results to CC for approval. CC verified and approved the best bidder as MUNAKU ENTERPRISES Ltd and instructed PDU to inform them accordingly. The contractor had indicated that he would start work in 30 days after contract signing. However the Contracts Committee wanted work to start within a week because of the urgency and instructed PDU to call MUNAKU ENTERPRISES for a negotiation.

The best bidder (MUNAKU ENTERPRISES Ltd) was called for negotiations on the following day at 3.00 pm in the Council Hall. MUNAKU ENTERPRISES representatives informed the meeting that *“if we are to start the job within 5 working days after signing the contract, we need an advance payment of 30% of the contract value to mobilize the resources”.* The District Negotiation Committee accepted the proposal and instructed PDU, Legal Department and Finance to proceed and act as per these approved minutes. They also communicated to PPDA, and the meeting ended. The next day the Best Evaluated Bidder (BEB) Notice was put on the PDU notice board and communicated to other bidders also. Later MUNAKU ENTERPRISES was informed that after five working days, the representatives of MUNAKU ENTERPRISES should come to the District for contract signing. A contract was signed on the agreed date.

*The contractor was given an advance of 30% after submission of an advance payment bond as required by the terms of contract.* MUNAKU ENTERPRISES after banking the cheque immediately mobilized the workforce, machinery and setoff to establish the camp area on the site. On the third day MUNAKU ENTERPRISES identified the borrow area and the quarry which belonged to the District Engineer. Cement and lime was secured at EDIE & SONS HARDWARE, a well known supplier in the town who also happened to be the wife to the District Senior Finance Officer. Even iron bars, angle bars, wire mesh and culverts (6000mm) were also purchased at the same hardware.

The next day diversions were secured for traffic, water and mud, after agreeing amicably with the owners of the neighboring lands. The water source was also identified nearby. Fuel and lubricants for the machinery were also secured from TOTAL Masaka. The technicians setup the base camp and samples of materials were picked and taken to Central Materials Laboratory (CML) for the following tests; Sieve Analysis, MDD, CBR, Moistures and STABILISATION. The tests were performed at CML and in a record three days time, MUNAKU picked and presented satisfactory test results.

Excavations, compactions and reinforcement were done and works were completed in a record time of two weeks. In the spar of the rush to have the works completed, Munaku Enterprises asked and was granted variation works increment of 40% of the contract price. The District Engineer in charge of roads had been supervising the works and certified the works with a certificate of Practical Completion for MUNAKU to be paid. MUNAKU ENTERPRISES was paid the remaining 60% (including the variations) while 10% was retained by the district in accordance with the contract.

The road was actually completed in time for the visit of the President who even inaugurated it and showered praises to the District Chairman for his exemplary work. But shortly after the President’s visit the road started having problems and the residents started complaining about the rapid deterioration of the road.

After two months the Engineering team visited the road and certified it. A cheque for the 10% was paid as retention money to Munaku Enterprises Ltd.

The last Council meeting resolved that the District Public Accounts Committee should investigate the procurement and execution of the road works although the Chairman is totally opposed to it. It is also being romoured that one of the bidders has instituted a court case against the District that it did not follow correct procedures to award the road contract to Munaku Enterprises Ltd. One of the councilors is now urging the District Administration to settle the matter out of court by paying damages to the bidder.

While the road works has provided some relief to the business community and residents of the area and also led to an increase in trade and revenue for the District, it has caused bitter quarrels among the political leadership and administrators alike. A group of residents have now petitioned the President to investigate the PDU and the supervising team for over inflating the cost of the road and delivering a shoddy piece of work!