



ALLEGED IRREGULARITIES IN THE AWARD OF TENDER FOR THE SUPPLY OF INTERLOCKING STABILIZED BLOCK MAKING MACHINES TO HYDRAFORM INTERNATIONAL (PTY) LTD BY MINISTRY OF ENERGY & MINERAL DEVELOPMENT (MEMD) AND ALLEGED LOSS OF PUBLIC FUNDS IN THE IMPLEMENTATION OF THE 2009 FRAMEWORK CONTRACT BETWEEN THE OFFICE OF THE PRIME MINISTER (OPM) AND HYDRAFORM INTERNATIONAL (PTY) LTD.

This office received a complaint in which the following allegations were made:

1. A company in the names of Hydraform International (PTY) Limited was announced as the Best Evaluated Bidder yet it did not participate in the bidding process for the Supply of Interlocking Soil Stabilization Block (ISSB) equipment under Procurement Ref. No. MEMD/SUPLS/14-15/000097/ERD by Ministry of Energy and Mineral Development (MEMD).
2. There are two companies registered by the Uganda Registration Services Bureau (URSB) in the names of Hydraform (U) Limited and one of them fraudulently participated as an agent for Hydraform International (PTY) Limited in the procurement Ref. No. MEMD/SUPLS/14-5/000097/ERD in the Ministry of Energy & Mineral Development.
3. Mr. Edgar Agaba, the former Executive Director of PPDA is a lawyer for Hydraform (U) Ltd and he uses his influence to manipulate the

system and block any interventions so that Hydraform can continuously defraud Government on the pretext of winning tenders.

4. There is a Framework Contract No: OPM/SUPLS/2008-2009/000197 for the supply, delivery, and maintenance of Hydraform Machines and related services, which was signed between the office of the Prime Minister and Hydraform International (PTY) Ltd for 18 months but no value for money has been realized. And that in its subsequent renewal and addenda, Hydraform International (PTY) Ltd and its agent Hydraform (U) Ltd were contracted for the Kiryandongo Housing Project but the results have been disastrous.

Investigations were conducted and the following were the findings:

1. Hydraform International (PTY) Ltd did not buy the bid and should have been rejected at the preliminary stage of evaluation in accordance with Regulation 48 (a) of the Public Procurement and Disposal of Public Assets Regulations, 2014.
2. Hydraform (U) Ltd was inadvertently incorporated at the Uganda Registration Services Bureau, Certificate no. 149594 contrary to Section 40(2) of the Companies Act, 2012. It was ordered to change its name but the 30 days within which it was ordered to change its name expired.
3. Mr. Edgar Agaba, the former Executive Director PPDA is the legal representative of Hydraform (U) Ltd but there is no evidence to show that he uses his previous position to influence Government tenders in favour of Hydraform (U) Ltd.
4. The renewed Framework contract of 2012 and execution of addendum No 2 of the 2012 contract by the office of the Prime Minister were done after the contract period had elapsed, which is against the general principles of the law of contract.

5. The insertion of the construction clause into the renewed Framework Contract of 2012 resulted into awarding of the contract for the construction Project in Kiryandongo to Hydraform International (PTY) Ltd/Hdraform (U) Ltd which limited the use of competitive bidding as required by the PPDA Regulations.
6. Hydraform International (PTY) Ltd and Hydraform (U) Ltd did not construct the houses in Kiryandongo Project themselves, they instead subcontracted a local company to do the work whereby similar companies would have been attracted through competitive tendering.
7. Most of the Hydraform machines supplied to OPM by Hydraform International (PTY) Ltd are abandoned; they are not maintained, serviced or repaired and are not used to their full capacities and as a result there is no value for money realized by Government.

It is therefore recommended that:

1. The Procurement Process for the supply of Interlocking Stabilized Block Making Machines (Procurement Ref. No. MEMD/SUPLS/14-15/000097/ERD) should be repeated by the Ministry of Energy and Mineral Development. Alternatively MEMD should approach the office of the Prime Minister and obtain the two machines that were intended to be procured in order to save public funds worth over 300 millions.
2. Members of MEMD Evaluation Committee namely: Mr. Godfrey Ndawula, Mr. Mike Duncan Tumwikirize, Mr. Michael Ahimbisibwe, Mr. Godfrey Kimuli, Mr. Hatimu Muyanja, Mr. Valeria Ntege, should be cautioned for having evaluated the bid from Hydraform International (PTY) Ltd outside the PPDA regulations.
3. Uganda Registration Services Bureau should ensure that Hydraform (U) Ltd with certificate No.149594 is deregistered.

4. The Framework Contract No. OPM/SUPLS/2008-2009/000197 between office of Prime Minister and Hydraform International (PTY) Ltd should be terminated with immediate effect.
5. Tenders in respect of Construction of houses should always be advertised to allow competition from different bidders.
6. Considering the fact that most of the machines are not being used and are not maintained, no more machines should be imported from Hydaform International (PTY) Ltd. Instead, OPM should put in place a programme of recording (stock taking), repairing and putting to use of all the Hydraform machines so far supplied and should inform this office about action taken.

By copy of this letter, the Permanent Secretary Office of the Prime Minister should implement Recommendations 4, 5 & 6 and the Registrar General Uganda Registration Services Bureau should implement Recommendation 3.