

**THE EFFECTS OF DECENTRALIZATION ON TENDER AWARD SYSTEM
IN LOCAL GOVERNMENTS:**

A CASE STUDY OF KAMPALA CITY COUNCIL- CENTRAL DIVISION

BY

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DECLARATION

I LEMATIA LENNIS WYCLIFFE declare that the work submitted in this report is my original work and has in any way never been submitted to any other institution of higher learning for the award of a bachelor's degree or any other related academic award.

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DEDICATION

My heartfelt dedication of this work goes to Mr Okuonzi Ronald and Mrs Ndezo Perry okuonzi whose entire support to me including my education from childhood will always be my foundation for whatever success I achieve in life, dad and mom, I assure you that I did not miss anything under your care, My late mother Ms Badaru J Carolline, My grandfather Mr Nyai smei and grandmother Mrs Abiria Dorcus Nyai whose parental love kept smile on my face throughout regardless of problems that come by.

May the blessings of Almighty God be upon you forever.

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ABSTRACT

The study was aimed at examining the effects of Decentralization on the Tender award systems in Local Governments, Kampala City Council-Central Division.

The objectives of the study were to establish the extent to which the general public (beneficiaries) benefit from services tendered to private bidders, to examine whether or not the suppliers/ providers have executed the services for which they are tendered and to find out whether the award of tenders to the private bidders is free and fair.

Data for the study was gathered using both primary and secondary sources. Primary data was collected from respondents selected from the contracts committee of Kampala City Council, managements of both Uganda Taxi operators and Drivers Association and Victoria International Trading Company as providers for services in the city taxi park and St Balikudembe market respectively and the beneficiaries such as; drivers, conductors, passengers, customers, traders among others. Data was gathered using a combination of questionnaires which were open ended and closed interviews and direct observation with the analysis of companies' documents.

It was hypothesized that the loopholes in the tender system were influenced by silent issues among which is the political influence, the tender system however has apparently increased the revenue collection and Decentralization has failed to improve service delivery to the beneficiaries.

Findings indicate that the award of tenders to the private providers were not free and fair, providers had exceeded the expectations of the contractors in execution of their duties and tendering had tremendously improved service delivery to the beneficiaries.

The conclusion was that with practice of proper tendering procedures and following of the stipulated procurement guidelines provided by the Public Procurement and Disposal of Public Assets (PPDA), the European Union

directives, more value for money would be realised with more improved service delivery.

Among the recommendations proposed were the need to exercise competitiveness and transparency during tendering, the need for Kampala City Council to work closely with the providers and above all was the need to invest in research and development.

CHAPTER ONE

INTRODUCTION

1. O Background of the study

Procurement refers to the acquisition of goods and or services at the best possible cost of ownership, in the right quality and quantity, at the right time, in the right place, from the right source for direct benefit or use of corporations, individuals or governments, generally via a contract or it can be same way selection for human resource. Simple procurement may involve nothing more than repeat purchasing. On the other hand, complex procurement involves finding long term partners or even co-destiny suppliers that might fundamentally commit one organization to another.

Supply chain refers to the network of organizations that are involved through upstream and downstream linkages, in the different processes and activities that produce value in form of products and services in the hands of the ultimate customer or consumer.

Supply chain and procurement approach developed from Logistics, initially a military term dating from Napoleonic wars, which refers to the total management of the key operational functions in the supply chain – procurement, production and distribution.

In Uganda, Public Procurement and Disposal of Public Assets (PPDA) was established in 2003 as a regulatory body to monitor all public procurement and disposal of public assets activities in the various local governments in the country under Decentralization policy.

Uganda is one of the countries practicing the policy of decentralization as a pillar of public sector reform. The policy is designed to devote powers and responsibilities for administration, planning and financing to the local levels where local government people can participate in decision making in respective areas.

Decentralization is one of the major policy initiatives of the current government. The policy was introduced in the country more than ten years ago with the main objective to empower the people demonetize state power and facilitate the modernization of the communities. This has been introduced in the country after realizing that the centralization approach to management of public affairs and development planning that were adopted by most African countries including Uganda at independence in the 1960's and 1970's had not been effective in reducing poverty and improving on people's welfare and delivering good governance.

Decentralization is therefore a system where the political administration and financial powers are transferred from the central government to the local government downwards to administrative units with increased grants from the central government to local government, the local government have become more important as they engage in the procurement of workers, goods and services required, implementing nationally funded programs. Local government now handles large funds to procure contracts such as feeder roads and tax collections among others.

Privatization is one of the key features of Uganda's decentralization reforms where the private sector does not provide services to the public but is contracted out to perform services which include construction works, provision of office supplies, repairs works and consultancy services.

Section 92 of the Local Governments Act (1997) provides for establishment of local government tender board which is responsible for the procurement of goods and services by mainly soliciting bids from the private sector and contracts them to supply goods and services. Now changed into the District Contracts Committee provides for the Local Government Act Cap 243 as at 15th Feb 2006 which performs in section 27 and 28 of the public Procurement and Disposal of public Assets (PPDA) is contested by the Associated Taxi Operators and Drivers of Uganda (UTODA). More so, UTODA has also increased the taxi fees from 3500 to 4000sh (on increment of 500 shillings per taxi) parking per day.

The traders of St. Balikudembe market commonly known as Owino market, also complained of over increasing taxes, the poor methods of collecting them and the filth lack of space and poor market facilities.

It has been against this background that the researcher intends to investigate the effects of decentralization on the tender award system in Kampala city council, central division in Kampala district.

1.1 Statement of the problem

Decentralization which has been introduced as a means of correcting the loopholes in the local government because the centralization spelt out in the 1967 constitution seemed not to be meeting fully its intended goals and objectives such as the practice of efficient and effective procurement.

In Kampala central division, which was the study area, there had been cases of conflicts between Kampala city council, providers, and the beneficiaries over city park and St. Balikuddembe market, complaining about the increased taxes and their poor methods of collection, poor management and wrongful award of tenders.

It was therefore, from the above background that the researcher investigated the likely causes and the effects of Decentralization on the tender award system.

1.2 Purpose of the study

The purposes of the study was to find out whether Decentralization has improved service delivery in Kampala City Council in terms of the tenders awarded to the private bidders.

1.3 Objectives of the study

The objectives of the study were;

- (i) To find out the extent to which providers/suppliers have executed the services for which they are tendered.
- (ii) To find out whether the award of tender to private providers/bidders is free and fair.
- (iii) To find out the extent to which Kampala City Council benefits from services tendered out.

1.4 Study questions

- (i) To what extent does the general public (beneficiaries) in Kampala benefit from services tendered?
- (ii) To what extent do the suppliers execute the services for which they are tendered?
- (iii) Is the award of tenders to private bidders free and fair?

1.5 Scope of the study

1.5.1 Study scope

The study was based on the effects of decentralization on the markets and taxi tenders of Kampala City Council. The study was therefore, confined to

Kampala City Council operations focusing mainly on award of tenders to the private bidders of the specific areas above.

1.5.2 Geographical scope

The study area was within Kampala Central Division, Kampala district. The areas included were city Taxi Park, St Balikudembe market and Kampala City Council. City Park is located between Ben Kiwanuka Street and Burton Street, St Balikudembe market is between Kafumbe, Mukasa road and Nakivubo news and Kampala City Council is located on parliamentary Avenue near the parliament of Uganda.

1.5.3 Period scope/time scope

The study covered tenders awarded by Kampala city council to Uganda Taxi Operators and Drivers Association (UTODA) and Victoria International trading company. Therefore, the study was executed within a period of about two months from start to the end.

1.6 Significance of the study

The study was intended to;

- (i) Guide the general public on how to efficiently and effectively use the services that are provided
- (ii) Help in identification of the loopholes that exist in contract management
- (iii) Help procurement officers to improve on their professional practices
- (iv) Offer information on tender systems which will be helpful to policy makers at national and institutional levels

CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION

This chapter constitutes an analysis frame work on decentralization and tender award system. In the literature review, the researcher looked at definitions of decentralization, various forms of decentralization, the forms of decentralization in Uganda, the advantages and disadvantages of decentralization and Uganda's objectives for decentralization. As the research was based on the effects of decentralization on the tender award system, throughout the review, the term "tender" was defined by different scholars. The researcher looked at the types of tendering, the tender process, disadvantages of tendering, and the European Union directives on public sector purchasing, procurement procedures, the legal frame work and the qualifications of the tender Board members/contracts committee members.

Although decentralization surfaced in many developing countries in Asia, Latin America and Africa as early as 1970, Uganda adopted the policy in 1993.

Rondineli and cheema (1983) argue that developing nations decentralized their governments because of the following three converging forces;

First the disillusionment with the result of central planning and control of development activities during the 1950s and 1960s.

Secondly, the implicit requirements for new ways of managing development programs and projects that were embedded in growth with equity strategies that emerged during the 1970s.

Thirdly, the growing realization that as societies become complex and government activities begin to expand, it becomes increasingly difficult to plan and administer all developing activities effectively and efficiently from the centre.

While the above three converging forces made many third world nations to rush for decentralization, it is yet to be proved whether there are any marked changes caused in the lives of the peasants by decentralization.

2.2 Definitions of Decentralization

Though many scholars have defined decentralization in various ways, they all talk of one common issue thus the transfer of political, administrative and economic power or resources from the central government to the lower local governments.

Brian C. Smith (1985) defined decentralization as reversing the concentrations of administration at a single centre and concerning powers of local government. Decentralization involves the delegation of power to lower levels in a territorial hierarchy.

Rondineli and Cheema (1983) defines decentralization as transfer of planning, decision making or administrations authority from the central government to its field organization, local governments or non local governmental organizations

Muwonge Kewaza (1995) in a seminar paper presented to district education officer (DEO) in Bishop Thucker Theological college Mukono defines decentralization as the transfer of legal, political, administrative and financial authority to plan, make decision and manage public functions and services. The transfer is normally from the central government and its agencies to lower levels of administration.

Galose Mutahaba (1989) defines decentralization and the transfer of legal, administrative and political authority to make decisions and manage public functions from the central government to subordinate units of government

The 1995 constitution of the republic of Uganda, Uganda's decentralization policy is outlined in chapter 11 of the 1995 constitution and is operationalised by the local government Act 1997. Therefore, the overall objective of decentralization policy is to make local governments effective canthers of self governance, participation, local decision making, planning and development.

2.3 TYPES OF DECENTRALIZATION

Dennis A Rondineli and Shabbir Cheema (1983) observe that the different forms of decentralization can be distinguished primarily by the extent to which authority is to plan, decide and manage as transferred from the central government to the local governments.

However, even though these forms of decentralization defer in their characteristics and applications, they are mutually exclusive in reality, all governments use some combination of these forms of decentralized planning, decision making and administration.

a]Deco centralization

This involves minimum power transfer. It entails shifting work load from the centre to local authorities but the functions at the local level are controlled by the officials from the centre. The shifting of work load from central government ministry or in the offices outside the national capital without transferring them to the authority to make decision or exercise discretion in carrying them out is meaningless. if deco centralization is to be meaningful, decentralization as stated by Rondineli and cheema, the shifting of work

load must be accompanied by the transfer of some decision making discretion to field staff, giving them some powers to plan, make routine decisions and adjust the implementation of central directives to local conditions within the guidelines set by the central ministry.

b] Delegation

This is a form of decentralization where decision making and management authority for specific functions are given to organisations that are not under direct control of central government ministries. As stated by Rondineli and cheema, delegation implies the transfer or creation of broad authority to plan and implement decisions concerning specific activities or a variety of activities within specific boundaries to an organisation that is technically and administratively capable of carrying them out without direct supervision of higher authority.

C] Devolution

In this form of decentralization, there is transfer of power to geographical units of local Government outside the command structure of central government. In other words, the central government passes functions and authority to the lower government councils. In devolved systems, responsibilities for a range of operations covering more than one sector are assigned to local Governments, to the extent that local governments have discretionary authority.

d] Privatization

This form of decentralization involves delivery of certain services by the private organisations. There is transfer of some planning and administrative responsibility or of the public functions from the government to voluntary or non governmental institutions.

2.4 The advantages of decentralization

The advocates of decentralization have offered a long list of reasons for transferring more responsibility for development planning and administration to local governments, voluntary organizations and regional authorities.

Rondineli identified some arguments that have been made for decentralizing development planning and administration in third world countries.

- i. Decentralization is a means of overcoming the service limitations of centrally controlled national planning by delegating authority for development planning and management to officials who are working in the field closer to problems.
- ii. Decentralization allows officials to disaggregate and tailor development plans and programs to the needs of heterogeneous regions and groups.
- iii. Decentralization cuts through enormous amounts of red tape and the highly structured procedures, characteristics of centralized planning and management in developing nations that result in participation from the over concentration of powers, authority and resources of the centre of government in national capital.
- iv. Decentralization functions and re-assigning central government officials to local level knowledge and sensitivity of these officials to local problems and needs can be increased. Closer contact between government officials and the population would allow both to obtain better information with which to formulate more realistic and effective plans for government projects and programs.
- v. Decentralization also allows better political and administration “penetration” of national government policies into areas remote from the National capital city, where the central government plans are

often unknown or ignored by the rural people or undermined by local elites, and where support for National Development plans are often weak.

- vi. Decentralization management allows greater representation for various political, religious, ethical and tribal groups in decision making that could lead to greater equality in the allocation of government resources and investments.
- vii. Decentralization could also lead to development of greater administration capability among local government and private institutions in the regions and provinces, thus making them to take over functions that are not normally performed by central ministries such as maintenance of roads in rural areas, the opportunity to develop their managerial and technical skills.
- viii. Decentralization increases the efficiency of central government through relieving management officials from routine tasks that could be more effectively performed by field staff or officials. The time released from routine administration would help political and administration leaders to plan more carefully and supervise more effectively the implementation of development policies.
- ix. By creating alternative means of decision making, decentralization might off set the influence or control over development activities by entrenched localities that are often unsympathetic to national development policies and insensitive to the needs of the poorer groups in rural communities.
- x. Decentralization can lead to more flexible, innovative and creative administration. Regional, provincial or district administrative units may have greater opportunities to test innovations and to experiment with new policies and programs in selected areas without having to

justify them for the whole country. If the experiments fail, their impacts are limited to small jurisdictions, if they succeed, then can be replicated in other areas of the country.

2.5 DISADVANTAGES OF DECENTRALIZATION

Much as several scholars argue that decentralization is advantageous, a number of disadvantages have been stretched. Brian C Smith (1993) listed some of the disadvantages that include;

- i. Decentralization is parochial and separatist. It threatens national unity by reinforcing narrow sectional interests, perhaps based on ethnicity. One of the strong reasons for central authority was to contain centrifugal forces and these have not diminished in most parts of the world.
- ii. Decentralized institutions when endowed with significant resources can fall captive to local elites which then benefit from yet another set of institutions to strengthen and hold on the local community and to often programs and interventions target at the rural poor benefiting the better off members of rural society.
- iii. The complexity of development planning, economically and technically are too great for local institutions to cope up with. Their administrative capacities are too limited, planning for industrialization and rapid economic growth can only be done nationally.
- iv. Decentralization kills the initiative for local revenue collection in the developing countries as local authorities in less developed countries seem increasingly to be dependent on the revenue collected at higher levels of government (Brian C Smith 1985)

2.6 THE BASIS FOR DECENTRALIZATION

Decentralization which has several objectives and benefits would be meaningless if favourable conditions are not created for its effective implementation. Therefore the bases for its success are;

- i. There must be support and commitment from all people in the process.
- ii. There must be trained bureaucrats at local levels to handle the decentralized resources.
- iii. The relationship between the bureaucrats and the elected representatives must be smooth. Brian C Smith argued that decentralization programs have not been noted for smooth relationship between bureaucrats and the elected representatives.
- iv. The rule of law must be observed, in this paper, former Hon. Minister for Local Government Bidandi Ssali in the Decentralization policy and its philosophy 1993 emphasized that; *“it will be extremely important for the local leadership to conduct yourself in accordance with the rule of law and natural justice unless this is done, decentralization will be a recipe for chaos. The basic tenet of democratic decentralization is the rule of law.”*

2.7 The forms of decentralization in Uganda

Though the forms of decentralization in Uganda are mutually exclusive, Uganda is putting much emphasis on devolution. David Pasteur (1996) states that among the country cases, Uganda stands out as the most radical, ambitious example of devolution and he argues that;

“Uganda has adopted the radical approach in which simply stated, the control of the centre is removed and replaced with control of the local electorate. The power of the minister of local government to suspend or dissolve a council has gone. There is no central control over budgets, staff appointments, and the level of taxes, rates and charges or over the raising of loans. Uganda is relying on structure of local accountability rather than of central control”

Apart from devolution, Uganda is also practicing privatisation to some extent which is the transfer of provision of certain functions and services from government to the private sector/providers.

2.8 Uganda's objectives for decentralization

Uganda's decentralization policy is outlined in chapter 11 of the 1995 constitution and operationalized in the Local Government Act 1997. The overall objective of decentralization policy is to make the local governments effective centres of self governance, participation in local decision making, planning and development.

2.8.1 The specific objectives of the policy

- (i) Transfer real power to the local governments and reduce the work load on remote and under resourced central offices.
- (ii) Bring political and administrative control over services to the point of delivery in order to improve accountability and efficiency.
- (iii) Improve financial accountability by establishing a clear link between the payment of taxes and provision of services.
- (iv) Improve local council capacity to plan, finance and manage service delivery to their constituents.

2.9 THE TENDER SYSTEM

Procurement of goods, services and works in local governments is carried out in accordance with the Local Government Act, section 92 of 1997 and the Local Government Financial and Accounting Regulations 1998 part IX. The local government Act 1997 provides for local Government Tender board, which has now been changed to the Contracts Committee, provided for under the Local Government Act chap 243 as at 15th February 2006, in every district and urban council in order to facilitate the smooth procurement of works, goods and services.

In December 2002, the Public procurement and Disposal of Public Assets Act (PPDA) was assented and came into force on 21st February 2003 developed the central and local governments Tender Regulations.

2.10 Definitions of the Tender

Various scholars have defined tender in many different ways but commonly arrive at the same point of meaning.

For the purpose of this study, tendering is taken to be a formal offer to supply goods and services, carry out works or provision of services.

The offer is carried out within agreed specifications including price.

Kenneth Lysons (2003) defines tendering as a purchasing procedure where by potential suppliers are invited to make a firm and un equivocal offer of price and terms which on acceptance shall be the subsequent basis of the contract.

Edson J mkisi (2004), in procurement News defines a tender as a statement by a bidder stating the willingness to supply the goods and services in accordance to the terms and condition as stated in bid procurement.

According to the contracts law, a tender is an offer upon which acceptance by the procurement entity attracts a legal obligation between the parties.

Baily P.J.H (1987) defines a tender as a written offer to execute work or supply goods at a fixed price and this offer is usually made on a form supplied by the purchaser or the engineer or architect acting on behalf of the purchaser.

Public procurement and Disposal of Public Assets defines tender as an offer to provide or acquire works, services or supplies or any contribution thereof and shall include pre-qualification where applicable.

2.11 Types of tendering

Various scholars identified different types of tenders which include:

2.11.1 Open tender

This is where prospective suppliers are invited to compete for a contract advertised in the press, the lowest bidder normally being accepted although the advertisement usually state that they are not bound to accept the lowest

or any tender, hence an advertisement is published limiting anyone interested to submit tenders.

Open tendering is used mainly by some local authorities perhaps as a way of avoiding criticism as anyone can be called to account for discrimination, favouritism or corruption.

2.11.2 Restricted Tendering

This is where a few selected firms are invited to compete for a contract, the advertising of which is restricted to appropriate technical journals or local Newspaper. In other words bids are obtained by direct invitation without open invitation. This method is used to obtain value for money to the extent possible, where the value or circumstances do not justify or permit the open bidding procedures above.

2.11.3 Selective Tendering

This is where a few selected firms are invited to submit tenders /bids. The buyers invite bids from providers selected for the purpose who are regarded as competent with sound financial background to do the specified work. An adhoc list may be drawn especially or name may be other words, tenders / bids are invited from suppliers on an approved list that have been previously retted regarding their competence and financial standing.

2.11.4 Single tendering

This is a type of tendering where a firm is selected to submit a bid and contract is negotiated with that firm. In this type, tender documents are much reduced and the price is negotiated progressively as the design develops. This can only save time and contribute to early completion of the work.

Single tendering best suits for technical or management reasons, only one supply is suitable but it is also used to make the contractor part of the team from an early stage in the project and this makes full use of the contractor's expertise.

2.11.5 Serial tendering

This is where prospective suppliers are requested on either open or selective basis to bid for an initial scheme on the basis that subjected to satisfactory performance and unforeseen financial contingencies programme of work will be given to a successful provider, the rates and prices for the job being the basis for the rest of the programme.

2.11.6 Negotiated Tenders

Basically this relates to a negotiation with only one supplier so that competition is eliminated. It has unusual type of contract, and in the case of local authority, it would require waiving of standing orders.

2.12 The Tender process

Bidding or tender process in local governments may be divided into mainly four phases;

- a) Analytical and decision making, identification of the type and nature of procurement, assessment of market conditions and choice of procurement procedure.
- b) Preparation of tender documents, invitation to tender and opening of quotations
- c) Evaluation of the bids and the award of contract.
- d) Implementation of the contract.

2.12.1 Need for tendering and its Application

In some instances, public buyers can solicit supplies via telephone and the internet. These processes may be authorised when the value of purchase is very low and for emergency purchasing.

However, most of the public buyers prepare a tendering package and advertise in order to ensure transparency in the procurement process and to guarantee receiving the best value for government money.

Heads of departments in each directorate at the District compile lists of their requirements every year, with clear specifications of the nature of goods,

services or works needed and submit to the council for approval in accordance with the procurement plan and within the annual budgetary provisions.

2.12.2 Pre-qualification Process

After need identification, the firm sends a preliminary enquiry giving brief details of the requirement financial status and other matters useful in drawing up a shortlist. These preliminary enquiries are usually called requests for information (RFI)

2.12.3 Invitation for tender and Quotations

Having prepared a short list of suppliers, the next step is to send out formal inquiries or request for quotation or tender forms.

Types of tender invitations vary from a specific procurement to another as shown in table below;

Procurement procedure	Direct procurement	Open procurement	Restricted procurement	Requests for proposal	Two stage tendering	Request for quotation
Method/ type invitation	Any form confirmed in writing	General procurement notice	Invitation by tender	Invitation by letter	Invitation to pre-qualify by notice	Invitation by letter to as many as possible

In addition to the published tender notice, the local governments provide a tender document and instructions to the providers.

A local government may issue clarifications to the providers including unforeseen situations that might affect the future prices of the tendered services and therefore it should be made in writing and becomes part of the tender document.

2.12.4 Bid/ tender validity

Tender boards/ contracts' committee should give a maximum of 14 days and 45 days to allow providers prepare responsively and submit bids. In cases of open international tenders, a maximum of 90 days should be given from the date of tender notice.

The contracts' committee reserve the right to extend bid submission dates up to 30 days. Such information should be made known to all the bidders.

2.12.5 Receiving bids and Tender Administration

Bidders are required to indicate their names and contact addresses on the envelopes containing tender documents to facilitate the return of unopened bids

Each received bids should be registered number, time and date of delivery all of which should be recorded on each envelope.

The place of receipt of bids should be clearly mentioned such as; council building, rooms and placed in tender box marked "tender for,," and ensure that it is recorded.

On receipt of the bids, the secretary to contracts committee is required to put envelopes in a container (tender box) preferably locked with two locks and marked according to the arrivals.

The tender regulations require that the tender box be locked at the time of invitation of bids, and remain closed or locked until the closing date of invitation to tender. During that time, the tender box should have one opening, wide enough to take the envelopes containing the bids and it

should be closed at the time stated in the bid advertisement, which is usually 10:00am

Sealing of the box should be undertaken by the secretary to the contracts committee witnessed by at least three people one of whom should be a member of the local government contracts committee. Bids that are received after the stipulated time should be rejected or written on the envelope "late submission"

2.12.6 Opening of the Tenders

On the date arranged for the opening of the tenders, appointed officers from procurement department and external departments such as Treasurers department will attend.

Bidders will be invited, listed and entered on an analysis sheet or spread sheet showing details of prices, rates, carriage charges, delivery, settlement and other information necessary for evaluation.

2.12.7 Evaluation of Tenders

Tenders will be evaluated on agreed bases such as lowest bid or most economically advantageous tender (MEAT), but the public body is under no obligation to accept the lowest or any other tenders received.

The evaluation of tenders is done by the technical evaluation committee. A copy of the request for quotation is kept in a pending file until the closing date. The quotations are then compared and analysed. The number and name of the selected supplier are entered on the form before filing away indicating the reason why the specific supplier was selected.

2.12.8 Contracting

The successful bidder will be unified. A contract document will be submitted to the successful tender/ bidder for signature/ the contract document is prepared after the secretary to the contracts committee in consultation with the chief executive, relevant heads of department. The contents of the

contract documents are determined by contents of the tender document and the nature of the tender.

2.12.9 Debriefing

The secretary of the tender board is authorised by the law to officially inform both the successful and unsuccessful bidder.

In the case of unsuccessful bidders, the secretary is requested to return their respective financial proposals and guarantees where applicable.

Furthermore, the secretary may avail each bidder with a comprehensive list of firms that were involved in the tendering including the proposed amounts, for purposes of transparency and accountability and a notice of tender , contracts committee award should be fixed on council notice boards for everyone to see.

2.13 Disadvantages of tendering

Though many scholars argue that tendering is worth undertaking, it has disadvantages some of which are stated by Kenneth Lysons below;

1. Bidders may quote prices which are too low leading to subsequent disputes if the goods or services supplied are unsatisfactory.
2. Tendering is unsuitable for certain contracts with plant contracts for example consultation with one or more of the favorable bidders is often essential to clear up technical points.

This offer results in the bidder making suggestions that will result in cheaper running and maintenance cost. The extent to which technical changes can be allowed without affecting the validity of open competition is a matter of difficulty.

3. Tendering procedure is too slow for emergencies; this is usually recognized by standing order.
4. Where tenders are accepted on the principle of the lowest price, credit may not be given to supplies for past performance.

5. Tendering procedures, particularly with open tendering, may be expensive from the stand point of clerical, stationary and postage costs.
6. Tendering is expensive to the contractors.

2.14 The European Union directives on public sector purchasing

The European Union only recognizes three forms of tendering;

1. Open tender

All suppliers that respond to the contract notice are invited to tender.

2. Restricted tender

Only those suppliers that have been invited by the contracting authority may submit tenders, but restricted procedures will only apply where;

- a) The contract value does not justify the procedural costs of an open tender
- b) The product required is highly specific in its nature.

3. Negotiated tender

Allow the terms of the contract to be negotiated with one or more suppliers without prior publications of the tender notice, but the negotiated procedure is only available in certain defined circumstances such as;

- a) Where bids were irregular or unacceptable or suitable supplier has been found by open or restricted tender procedure.
- b) Where such product is manufactured purely for research and development or experimental purposes.
- c) Where for technical or artistic reasons or the existence of exclusive rights, there is only one supplier.

2.15 Procurement procedures

The Local Government Act, 1997, section 92 provides for how local governments are to procure works, goods and services through the District contracts committees. More details of Local Government procedures are

contained in the Local Governments Financial and Accounting Regulations (LGFAR) 1998 part IX categories are as follows;

(1) Open Competitive International Tenders

International tenders are invited in addition to local tenders if necessary.

(2) Open Competitive National Tenders National advertisement of tenders is carried out.

(3) Selective and Competitive National Tenders.

These can be used for minor works, major contracts if qualified suppliers or contractors are available.

(4) Single Tender Negotiation

This involves a sole source where competition is not possible. The practice calls for quotations from a few (about three) suppliers to quote for the supply of a given item. The method can be used by local Governments for minor maintenance works and repairs contracts for services.

(5) Direct procurement

Direct procurement may be from manufacturers directly.

(6) Emergency procurement situation.

Emergency situations may not need the use of international tenders and competition methods.

(7) Force accounts

This is where the local Governments' own employees may be applied.

A summary of procurement methods and monetary thresholds according to local Government tender regulation draft 2003

ITEM		THRESHOLD(SHS)
Major works	Over 150 million.	Open competitive National Tender Open competitive International tender Where qualified contractors are not available Selective competitive international tender for works of highly specialised nature.
Minor works	Between 20 million not exceeding 150 million	Selective National Tender Force on Amount.
Minor Maintenance and repair contracts	Between 20 million	Local tender in area of instruction of the local Government. Single tender negotiations on basis of previous pre-qualification. Selective Competitive international tender. Selective Competitive National Tender qualified National suppliers are available.
Major supply contracts	Above 50 million	Selective Competitive International Tender Selective Competitive National Tender qualified National suppliers are available.
Minor supply contracts	Between 10 million but not exceeding 50 million	Selective Competitive national tender Local tendering procedure.

Other supply contracts	Below 10 million	Local tendering Local purchasing order(LPO)
Contracts for services	Above 50 million	Open Competitive National tender or Open Competitive International tender.
Contract for services	Between 10 to 50 million	Selective Competitive National Tender.
Contracts for services	Below 10 million	Single source may be sufficient.

2.1.6 The choice of procurement procedure/method

The procurement procedure choice and subsequently the type of contract in local Governments depend on the following categories of procurement;

a) Works

Design, construction, rehabilitation, maintenance and repair of buildings, factories, roads, plants, bridges, and other temporary or permanent.

b) Supplies

Installation, testing, commissioning, maintenance, repair, training, provisioning of expertise, supervision.

c) Services

Studies, designs, provision of technical assistance and training by a consultant.

In contracts for services tendering may be restricted to competition. Single tender negotiations may be used for short term contracts and contract of a limited amount.

2.2.17 Influence on procurement procedure

A number of procurement methods can be employed within a local Government. The guiding factor for the choice of a given method is mainly determined by the estimated value of the procurement requirement and the circumstances connected to the requirement. Regulations of the LGFARs1998 states that;

- a) The local Government Tender Board (LGTB) shall award all contracts for works, services and goods.
- b) Each financial year, the ministry shall determine the maximum amount which the chief Executive may award outside tender Board Authority.
- c) Contracts below the limits set by the ministry may be entered into by the chief Executive and reported to the local Government Tender Board after next regular meeting for minting and ratification.

In financial year 2003 12004 the maximum amount of works was 1,000,000 while for goods and services it was shs 50000.

Section (i) of regulations 78 forbids excessive purchases of an item to avoid limits determined by the Ministry and over ride the powers of Local Government tender Board.

Regulation 78 also requires that;

- a) For foodstuffs and similar regular purchases in schools, Hospitals etc. all purchases shall be made under "call off" awarded after advertisement;

The circumstances related to the requirement include;

Whether the procurement is major or minor,

Nature of procurement and works supplies or services, complexity of the procurement for example highly specialized in a very technical area.

2.18 The legal frame work

The major legal frame work requirements are contained within public procurement and disposal of public. Asset Act (PPDA).2003, the local Government Act 1997, the local Government financial and accounting regulations 1998 and the local Government tender Regulations (2003).

2.18.1 Disposal of public Assets Act 2003

This law came into force on the 21th February, 2003, and is yet to be synchronized with the local Government Act of 1997. This governs public procurement for the whole sector in Uganda. All public entities, including Local Governments have to follow the relevant provisions of this Act. The Act is divided into eight parts which are themselves divided into 99 sections.

The institution frame work based on this Act consists of two key bodies;

- a) The public procurement and disposal of public Assets Authority.
- b) The procuring and disposal Entities.

Part V of this act spells out the bidding process, activity and methods.

The authority replaced the Reformed Central Tender Board under the Local Government Act 1997 Section 92 (7) and regulations 73 of the local Government financial and Accounting Regulations (LGFARs), 1998, every Local Government is required to abide by the standards of the Central tender Board (Non of the Authority) the authority has Apolitical, regulatory, data management and capacity-building function.

Procuring and disposing entities consist of ministries, commissioners, statutory bodies and other Government departments.

2.18.2 The Local Governments Act, 1997

Section ninety two (92) to ninety six (96) of the Local Act (LGA) deal with Local Government Tender Boards. This law requires among others;

- a) The creation of the District Tender Board in each District to provide services to the Districts, sub counties and Administration units.

- b) The creation of the District Tender Board in each urban Council but an urban Council may opt to use the District Local Tender Board instead of having its own Tender Board.
- c) Each Tender Board must have a secretary who is at the rank of the assistant chief Executive or above.

2.18.3 Local Government (Tender) regulations

The procurement of goods and services by Local Governments are further guided by the Local Government Tender Regulations. These regulations are issued under section 167 of the Local Government Act 1997 and are meant to compliment the Local Government Act (LGX) and the Local Government Financial and Accounting Regulations 1998.

2.18.4 The local Government Financial Accounting.

Regulations 1998. The Financial Regulations concerning the procurement of goods, services and works are given under part x of the Local Government Financial and Accounting Regulations (LGFARs) 1998 which among other things require;

- a) Establishment of Local Tender Boards.
- b) Local Tender Boards to award all contracts for works and services and goods and decide on disposal of assets.
- c) Local Government Tender Boards to be transparent and apply a high degree of integrity.
- d) Maximum amounts which may be awarded by the chief executive outside tender and authority are set annually by the minister.
- e) Maintenance of a list of supplies.
- f) Establishment of a technical evaluation committee.

2.18.5 Qualifications of Local Government Contracts' Committee members

- a) Be of a high moral character.
- b) Work experience of more than seven year in public service or a recognized institution.

- c) Reasonably literate.
- d) Resident within the council.
- e) Have source of income independent from the council of his or her residence.

Convicted criminals, Members of Parliament, councilors, political party executives and these dismissed offices are forbidden to be members of the Local Government Contracts' committee.

2.18.6 The Local Government Act Cap 243

This came into force on 15th February 2006

Section 91 states that;

There shall be a Contracts' committee in each district.

District contracts' committee shall compromise of a chairperson, a member representing the town councils and three other members all of whom shall be nominated by the chief administrative officer from the public officers of the district council and approved by the secretary to treasury.

They perform functions specified in the sections 27 and 28 of the Public Procurement and Disposal of Public assets (PPDA)

Important to note is that the Contracts' Committee has replaced the Tender Boards under the Local Government Act Cap 243 as at 15th February 2006. Only the name has changed but the duties, responsibilities and composition are always same.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter shows the methodology and specifically the various tools/techniques which were used to collect both primary and secondary data. It shows the research design. Samples used in analyzing and interpretation of data as well as the limitations of the study.

3.1 Research Design

The study used a cross-sectional research design because it was appropriate for the findings, which were needed in a short period of time. It also took for qualitative and quantitative analysis.

3.2 Scope of the study

3.2.1 Area scope

The study areas were all found in Kampala District. The areas included in the study consisted of; city taxi park, St. Balikudembe Market and Kampala City Council. City Park is located between Ben Kiwanuka and Burton Street. St. Balikudembe Market is between Kafumbe. Mukasa road and Nakivubo Mews and Kampala city council is located on parliament Avenue near the parliament of Uganda. The researcher opted to choose above geographical area study due to its strategic location for easy accessing data.

3.2.2 Study Scope

The study covered tenders awarded by Kampala City Council to Uganda Taxi operators and Drivers Association (UTODA) and Victoria International Trading Company for the last three years (since 2003 to date). The researcher used above time scope for the last three years since 2003 to date, to establish the effect of decentralization on effective tendering.

3.3 Study Population

The population covered Kampala City Council contracts' committee management, the management of Uganda Taxi Operators and Drivers Association (UTODA) Victoria International Trading Company and the beneficiaries from City Park and Owino Market such as Drivers, conductors, traders, customers, hawkers and passengers. The researcher used above study population to determine the number of parties involved in tendering process as per Kampala city council is concerned.

3.4 Sample Size and Strategy

A representative sample was chosen of which the sample size consisted of 50 respondents. The researcher also used stratified sampling so as to categorize all the respondents.

Table 3.4 shows the stratified sampling

Kampala City Council Contracts Committee Department	6
Uganda Taxi Operators and Drivers Association Officials	7
Victoria International Trading company Management	7
Beneficiaries from Taxi Park	15
Beneficiaries from St. Balikuddembe Market	15
TOTAL	50

3.5 Measuring Variables

The variables of the study were decentralization and tendering. They constituted the independent variable and the dependent variable respectively.

A two point scale (YES/NO) was mainly used but other point scales of three and four were also used. The open ended questions were used in measuring these variables.

3.6 Sources of Data

The major sources of data were both primary and secondary data.

3.6.1 Primary data

This was collected from questionnaires, interviews and observation of activities of Kampala City Council. Uganda Taxi Operators and Drivers Association. Victoria International Trading Company, St. Balikuddembe Market and the city taxi Park. The researcher used primary data because it was the only simple means of collecting data from different targeted parties.

3.6.2 Secondary data

This was obtained from various documents, such as newspapers, text books, pamphlets and magazines. The researcher used secondary data because it was the cheapest means of collecting data since the researcher had access to above various documents.

3.7 Data Collection Instruments

The researcher used questionnaires, interviews company records and observations. The methods used largely depended on both the type of people and the nature of data required. The researcher was able to use data collection instruments because it helped the researcher to obtain required data from different types of people.

3.8 Validity and Reliability of Instruments

The data collection instruments were tested on colleagues and the research experts were consulted whenever possible.

3.9 Data Analysis

Findings from the study were quantified and interpreted in line with the research objectives and literature reviewed.

Data was analyzed using tables. Therefore, the researcher used data analysis because it made data obtained easily understood.

3.1.0 Administration of the methods and instruments

The researcher distributed questionnaires to sample groups of the contracts' committee departments in Kampala City Council, Uganda Taxi Operators and Drivers Association (UTODA) Management, the management of Victoria International Trading Company and the general public/beneficiaries of the Taxi Park and St. Balikuddembe.

Questionnaires

The researcher used different types of questionnaires such as dichotomous and open ended questionnaires. These allowed the respondents to fill the answers according to their views.

The researcher gave the respondents enough time to fill the questionnaires which were then collected and edited to ensure minimal errors.

Interviews

The researcher also conducted face to face interviews. The oral approach helped to find extra information and certainly supplement observation.

The researcher used observation method to trace how the City Park and St. Balikuddembe Market operated.

The researcher read and analyzed company records so as to get data that was not provided in all the above methods. Therefore, the researcher noted

some difficulties especially during time of carrying out the research as stated from 3.9(a)-(e)

Investigation procedure

The researcher got an introductory letter from the dean of the faculty of business administration coupled it with a written application letter stating the subject of conducting a study and these were addressed to the contracts' committee/tender board of Kampala City Council after management granted permission to the researcher who went on to locate the respondents.

The researcher used investigation procedure to seek permission from relevant authorities in order to build trust between the researcher and respondents.

3.11 Limitations of the study

During this study, the researcher faced the following problems;

- a) Communication problem because of the different languages spoken by the different people.
- b) Limited information because the respondents feared that the information would be used for other purposes than academic.
- c) Poor participation by the respondents because they were busy.
- d) Limited time to carry out research.
- e) Limited funds because the research had to collect data from more than one place.

The following are the solutions brought forward by the researcher to overcome the above problems faced during the course of the research 3.9(a)-(e);

- a) The communication/language problem was addressed by the researcher through hiring different specific people who understand the languages where the researcher was carrying out the research. Therefore, such different classes of people were used in different places to bridge the gap

between researcher and respondents so that required information was obtained.

- b) The problem of limited information obtained by the researcher during the research was through presenting valid identity card, an introductory letter from the relevant university authorities such as faculty dean that helped to qualify researcher as a student that all brought about trust between researcher and respondents which made them believe that the information required was only for academic purpose rather than any other purpose.
- c) The problem of poor participation by the respondents was solved through humbly requesting for their time and expressing and convincing the respondents by clearly revealing the purpose/objective to carry out the reasons.
- d) The problem of limited time was overcome through use of mobile phone, internet distribution of questionnaires to save time especially on ground that it helped the researcher to avoid movement from one place to another to seek for data which was required.
- e) The problem of limited funds was solved through borrowing funds from relatives and friends to facilitate the research.

CHAPTER FOUR

PRESENTATION AND ANALYSIS OF MAIN FINDINGS

4.0 Introduction

This chapter presents and analyses the findings of the study basing on the objectives of the study and the literature review. The frequency tables were used to analyse data got from questionnaires and face to face interviews and a brief explanation was given on each table as shown below.

4.1 Tabular on the findings

Table4 .1 Showing the number of respondents

Details	Frequency	Percentage
Kampala City Council	4	88%
UTODA	6	13.3%
Victoria International Trading Company	5	11.1%
City Taxi Park	15	33.3%
St. Balikuddembe	15	33.3%
Total	45	100%

Source: KAMPALA CITY COUNCIL

According to the table above, of the intended 50 respondents to whom the questionnaires were distributed, only 45 respondents managed to return filled questionnaires.

Table4.2 Showing the number of bidders who usually compete for the tender

Tender	Frequency	Percentage
City Taxi Park	2	40%
St. Balikuddembe	3	60%
Total	5	100%

Source: KAMPALA CITY COUNCIL

From the above information, 40% and 60% participated in the tendering process for the City Taxi Park and St. Balikuddembe market.

Results in table 4.2 show that there were just a few participants in the bidding process for both city taxi Park and St. Balikuddembe Market. This may mean that other participants who would like to take part fear that the winner is known before the process is carried out so why waste their resources.

Table4.3 showing the contracts period for the tender

Details	Number of years
City Taxi Park	5 years
St. Balikuddembe Market	4 years
Total	100%

Source: KAMPALA CITY COUNCIL

From the above information 5 and 4 years are the contract period for the City Taxi Park and St. Balikuddembe Market respectively.

Results in table4.3 show that the contract period for the City Taxi Park and St. Balikuddembe Market respectively.

Results in table4.3 show that the contract period for both the City Taxi Park and St. Balikuddembe Market tenders is longer than expected and more than financial year provisions which obviously does not give a chance for the other providers to also participate.

Table4. 4 Showing whether unsuccessful bidders complain

Details	Frequency	Percentage
Yes	10	66.6%
No	5	33.3%
Total	15	100%

Source: KAMPALA CITY COUNCIL

From the table, 66.6% of the respondents said that the unsuccessful bidders complain when they lose the contract. This implies that the unsuccessful bidders are not satisfied with the process leading to the award of tenders.

Table4.5 shows whether the contract period is extended when it ends.

Details	Frequency	Percentage
Yes	4	100%
No	0	0
Total	4	100%

Source: KAMPALA CITY COUNCIL

From the above, 100% of the respondents form the contracts' committee agreed that the contract is extended when it ends.

Results in table4.5 show that the contract period for the City Taxi Park and St. Balikuddembe Market is usually extended when it ends. This greatly affects those who would like to bid because they do not have a chance and also it could mean that here might be conspiracy that decision to always extend the tender to the same tendered.

Table4.6 Showing the number of years which tendered have been contracted by Kampala City Council for the provision of these services.

Details	Frequency
UTODA	10
Victoria International Trading Co.	4
Total	14

Source: KAMPALA CITY COUNCIL

From the above, 10 and 14 are the numbers of years for which Kampala City Council has contracted Uganda Taxi Operators and Drivers Association and Victoria International Trading Company respectively.

Results in Table4.6 shows that Kampala City Council has contracted Uganda Taxi Operators and Drivers Association for the last ten years which is such a long time. This implies that they could have established a sort of relationship which does not allow the others a chance. Victoria International Trading Company Limited has for the last four years maintained the contract for provision of the market services. Though these seem to be few years, it is because Victoria International Trading Company has only existed for those years but from the look of things they have a driving power behind them and as such the contract period will not likely always be extended.

Table4. 7 Showing whether the unsuccessful bidders go as far as expressing their dissatisfaction in public.

Details	Frequency	Percentage
Yes	10	66.6%
No	5	33.3%
Total	15	100%

Source: KAMPALA CITY COUNCIL

From the above table 66.6%of the respondents said that the unsuccessful bidders complain publically.

Results to the table4.7 show that the unsuccessful bidders go as far as expressing their dissatisfaction in public. This means there is a lot of dissatisfaction in the way tenders are awarded and extended. In an interview with the secretary of the contracts' committee, it was revealed that they had gone as far as suing them in courts of law. This was confirmed by the secretary to Uganda Taxi Operators and Drivers Association.

Table4.8 showing the relationship between tenders and Kampala City Council generally.

Details	Frequency	Percentage
Friends	2	18.2
Business friends	9	81.8
Partners	0	0
Total	11	100%

Source: KAMPALA CITY COUNCIL

From the above table 81.2 % of the respondents are business friends with the contracts while 18.2% are just friends with them too.

Results in table4.8 Shows that tenders are business friends with Kampala City Council generally, but there is the 18.2% which shows they are just friends. This value looks like it's insignificant, but could have far reaching effect on the way a contractor decides who wins the contract because he won't leave out a friend for someone new and this may explain why the same tendered have continued to win these tenders.

Table4.9 Showing the extent to which tenderers have performed their work.

Details	Frequency	Percentage
Satisfaction	1	25%
Un satisfactory	0	0
Exceeded expectations	3	75%
Total	4	100%

Source: KAMPALA CITY COUNCIL

From the table 75% of the respondents said the tenders have their expectations of their duties.

Results in table4.9 Show that the providers have exceeded the expectations of the contractors in permanence of their work. In an interview, the town clerk of Kampala City Council said that the suppliers/providers had always

performed their duties and paid them in time and in the right amounts. This means that the providers do whatever possible to collect the taxes on behalf of government and yet make money/profits too because they are profit making organisations and so there is fear that they could be draining the lower class people.

Table4.10 Showing whether or not tendering has increased revenue collection

Details	Frequency	Percentage
Yes	4	100%
No	0	0
Total	4	100%

Source: KAMPALA CITY COUNCIL

From the above table 100% of the respondents from the contracts' committee said tendering has increased revenue collection.

Results from table4.10 shows that tendering has increased revenue collection since decentralized to huge amounts. This is because suppliers/providers have to pay a specified amount of money every financial year to the contractors' committee until the contract period elapses. Tendering may have increased revenue collections, but it would be much more if it were not for these 'mediators' the providers. All they collect must be divided to ensure they make profits because it's a company and as such if all this money was reserved and added together, too much collection would be made.

Table4.11 Showing whether or not the providers/suppliers are satisfied with the collection.

Details	Frequency	Percentage
Yes	1	25%
No	3	75%
Total	4	100%

Source: KAMPALA CITY COUNCIL

From the above information, 75% of the respondents were not dissatisfied with the collections.

Table4.11 Shows that the suppliers are not satisfied with the collection through they are much. In an interview, the secretary contracts' committee said that the collections would be much bigger if it was not for tendering.

Table4.12 Showing whether or not Kampala City Council would prefer to do the work providers are doing.

Details	Frequency	Percentage
Yes	3	75%
No	1	25%
Total	4	100%

Source: KAMPALA CITY COUNCIL

From the table above information, 75% of the respondents prefer to do the work the suppliers/providers are doing.

Results from the table4.12 shows that the suppliers would prefer to do work suppliers are doing given authority and resources like manpower. They argue that this can save alloy of the resources and at the same time increase revenue collections without making it difficult for the users to do their work.

Table4.13 Showing whether or not the general public (beneficiaries) of Kampala City Council instead of private providers.

Details	Frequency	Percentage
Yes	23	92%
No	2	8%
Total	25	100%

SOURCE: KMPALA CITY COUNCIL

According to the table above 92% of the respondents would prefer working directly with Kampala City Council to tendered providers.

Table4.13 Shows that the beneficiaries (stakeholders) in both the City Taxi Park and Market would prefer to work directly with Kampala City Council instead of tendered providers. In this regard, the stakeholder argued that working with Kampala City Council would lessen the problems they are finding with tendered providers. Besides they would pay less than what they give to tendered providers and as such their business would blossom.

Table4.14 showing whether or not tendering has improved has improved service delivery to the stakeholders in both the park and market.

Details	Frequency	Percentage
Yes	4	100%
No	0	0
Total	4	100%

Source: KAMPALA CITY COUNCIL

From the table above, 100% of the respondents agree that tendering has improved service delivery.

Results in table4.14 show that tendering has improved service delivery to the end users in the City Park and market. This was confirmed by the secretary contracts committee who said that the public would not have to follow all the procedures associated with the local government procuring entity and its bureaucratic process. Instead everything is done quickly and fast by the suppliers. On the other hand, working with private providers is also associated with a lot of expenses.

Table4.15 Showing the extent to which the users of the Taxi Park or St. Balikuddembe Market have benefited to a large extent from the services tendered.

Details	Frequency	Percentage
Yes	11	100%
No	0	0
Total	11	100%

Source: Kampala city council

Result in table4.15 Shows that the users of the taxi Park and St. Balikuddembe market have benefited to a large extent from the services tendered. This was confirmed by two officials in UTODA's Accounts section and Victoria International Trading Company

Limited, administrator. They said that they are a lot of business done and as such so many businesses have cropped up in both the taxi park and market giving opportunities to many different people to do different jobs for example there are hawkers, Wheelbarrow pushers, blockers and vendors.

Table4.16 showing whether the general users find or meet problems.

Details	Frequency	Percentage
No	0	0
Yes	30	100%
Total	30	100%

Source: KAMPALA CITY COUNCIL

From the table above, 100% of the respondents find problems while executing their duties in both the city taxi park and the market.

Results on the table4.16 show that the general users of the city taxi park and market find a lot of problems while doing their work. For example, a taxi driver said that the traffic police are so harsh; payment of taxi fees in both the park and the destination takes up a lot of money, limited space. A conductor said that they find problems with passengers, pay Shs. 300 per

day but when it comes at the end of the month the UTODA officials never give them the money back, too much traffic jam and potholes almost everywhere while hawkers in the taxi park said that after a limited period of time they would be sent away. Pay shs.500 per day and Shs. Jays. In the market, the vendors complained that when it rains their property is destroyed because there are improper drainage systems especially the channels around Kisenyi. There are also problems of limited space, too much garbage and filth.

Table4.17 Showing if the end-users have taken their problems to their management.

Details	Frequency	Percentage
Yes	5	16.7%
No	25	83.3%
Total	30	100%

Source: KAMPALA CITY COUNCIL

From the above information, 83.3% of the respondents do not take their problems to their managements. Therefore,83.3% of the respondents do not take their problems to their right due to fear worsen the situation.

Results in table4.17 show that most of the stakeholders don't take their problems to the management. In reaction to this, the most of them said they are blocked: they can't take their problems directly to Uganda Taxi Operators and Driver's Association (UTODA) officials because they have to first report them to their chairmen at their respective stages. As such, if a problem is with the chairmen or a colleague, they will not report themselves to the superiors. They also went ahead to say that for you are complaints to be received you must pay a sum of the money to that official others said they hadn't reported because some of the problems are beyond tendered providers' control while others did not even know who their managers are.

Table 4.18 showing whether or not providers receive complaints from their customers and general public.

Details	Frequency	Percentage
Yes	4	36%
No	7	64%
Total	11	100%

Source: KAMPALA CITY COUNCIL

From the above information, 64% of the respondents received complaints from their customers. Therefore it's clearly evidenced that the general public do not benefit from the services offered by the tendered providers as started in %.

Results in table4.18 show that tendered providers receive just a few compliant; from the end users both in the City Taxi Park and the market. The end users don't forward their problems instead most of the complaints are received from the passengers.

As much as they know that their customers find a lot of problems. They never take the initiative to carry out research to at least find out why they never forward their problems to them. All they (tenders) care about is collection the rest is not a problem to them.

Table 4.19 showing the cost of the services (tenders) do not receive.

Details	Frequency	Percentage
High	30	100%
Fair	0	0
Low	0	0
Total	30	100%

Source: KAMPALA CITY COUNCIL

From the table above, 100% of the respondents said that the services are offered at high prices (costs)

Results in table4.19 shows that the services are offered at very costs. This means that every user or stakeholder goes into an extra cost just to maintain their business. Even passengers incur a lot in transport especially in the morning and evening when the standard prices are ignored and are often doubted.

CHAPTER FIVE

DISCUSSION, SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter focuses on the findings in relation to the objectives which the study intended to achieve. The researcher discusses the results, presents the summary and followed by the conclusion based on the findings and recommendations.

5.1 Discussion of the results

The study was about effects of decentralization on the tender award systems in Kampala district, the central division. The researcher carried out investigations with the intention of finding out whether the award of tenders to private bidders is free and fair, the extent to which tendered providers have executed the work for which they are tendered to and the extent to which the general public benefits from the services tendered.

Results in table 2, shows that there are just a few participants in the bidding process for both City Taxi Park and St. Balikuddembe Market. This may mean that other participants who would participate fear that the winner is known before the process is carried out so why waste their resources.

Results in table 3, shows that the contract period for both the City Taxi Park and St. Balikuddembe Market tenders is somewhat long, more than one financial year which obviously does not give a chance for the others to participate.

Results in table 4, show that the unsuccessful bidders complain then lose the contract. This implies that the unsuccessful bidders are not satisfied with the process leading to the award of tenders.

Results in table 5, show that the contract periods for the City Park and St. Balikuddembe Market is usually extended when it ends. This greatly affects those who would like to bid because they do not have a chance and also it

could mean that there might be conspiracy that influences the decision to always extend the tender to the same tendered providers

Results in table 6, shows that Kampala City Council has contracted Uganda Taxi Park Operators and Drivers Association for the last ten years which is such a long time. This implies that they could have established a sort relationship which does not allow them to give the others a chance. Victoria International Trading Company Limited has for the last four years maintained the contract for provision of the market services. Though these seem to be few years, it is because Victoria International Trading Company has only existed for those years but from the look of things they have a driving power behind them and as such the contract period will not likely always be extended.

Results in table 7, shows that the unsuccessful bidders go as far as expressing their dissatisfaction in the public. This means there is a lot of dissatisfaction in the way tenders are awarded and extended. In an interview with the secretary of the contracts' committee, it was revealed that they had gone even as far as suing them in courts of law. This was confirmed by the secretary to Uganda Taxi Operators and Drivers Association.

Results in table 8, show that tendered providers are business friends with Kampala City Council generally but there is the 18.2% which shows they are just friend. This value looks like it's a significant but could have far reaching affect on the way a contractor decides who wins the contract because he won't leave out a friend for someone new and this may explain why the same tendered providers have continued to win tenders.

Result in table 9, shows that the contracted providers have exceeded the expectations of the contractors in performance of their work. In an interview, the town clerk of Kampala City Council said that the tendered providers had always performed their duties and paid them in time and in the right amounts. This means that the tendered suppliers do whatever possible to collect the taxes on behalf of government and yet make money/profits too

because they are profits making organisations and as such there is fear that they could be draining the lower class people.

Results from table 10, shows that tendering has increased revenue collection since decentralisation to huge amounts. This is because contracted suppliers have to pay a specified amount of money every financial year to the contractors but it would be divided to ensure they not for these 'mediators' the tendered providers. All they collect must be divided to ensure they make profits because it's a company and as such if all this money was reserved and added together, too much collection would be collected.

Table 11, shows that the providers are not satisfied with the collections though they are much. In an interview, the secretary to the contracts' committee said that the collections would be much bigger if it was not for tendering.

Results from table 12, show that Kampala city council would prefer to do the work contracted providers are doing given authority and resources like manpower. They argue that this can save a lot of resources and at the same time increase revenue collections without making it difficult for the users to do their work.

Results in table 13, show that the beneficiaries (stakeholder) in both the City Taxi Park and market would prefer to work directly with Kampala City Council instead of private providers. In this regard, the stakeholder argued that working with Kampala City Council would lessen the problems they are finding with the providers. Besides, they would pay less than what they give to tendered suppliers and as such their business would blossom.

Results in table 14, show that tendering has improved service delivery to the end users in the City Park and Market. This was confirmed by the secretary contracts committee who aid that the public would not have to follow all the procedures associated with the local government procuring entity and its bureaucracy in processes. Instead, everything is done quickly

and fast by the tendered providers. On the other hand, working with the providers is also associated with a lot of expenses.

Results in table 15, show that users of the Taxi Park and St. Balikuddembe market have benefited to a large extent from the services tendered. This was confirmed by two officials in UTODA's Accounts section and Victoria International Trading Company Limited, administrator. They said that there is a lot of business done and as such, so many businesses have cropped up in the Taxi Park and market giving opportunities to many different people for various jobs such as hawkers, blockers, vendors and among others.

Results in table 16, show that the general users of the city Taxi Park and market find a lot of problems while doing their work. For example taxi drivers said that payment of the daily taxi fees which is about 4500 Ugandan shillings at the park and additional payments made at the final destination say for example Namuwongo, a city suburb costs a lot of money at the end of the day and yet they are limited with the parking space provided by UTODA at city park, on the other hand a conductor said that they pay 300 shillings to UTODA daily and do not get any benefit in it at the end of the month, more complaints also arose from the countless number of pot holes within the central Division and endless traffic jam almost all corners of the roads in the council.

Hawkers had a common say of being given limited time for business and any time sent away and yet they pay 500 shillings daily. The vendors complained that whenever it rains, their property get destroyed because there are improper drainage system especially the channels around kisenyi. They also complained of much garbage surrounding the market and filth.

Results in table 17, show that most of the stakeholders do not report their problems to the management. In reaction to this, most of them said that they are burred because they first have to report the problems to their various chairpersons before proceeding to the providers of the services, as such, if particular problem arises from the responsibilities of the chairpersons, they look for ways of blocking it further spread to the service

providers and KCC officials. They also reported payment of a certain amount of money to the officials in order to forward problems and others said they had not reported because some of the problems are providers control which only needed KCC's intervention while others did not even know who their managers are.

Results in table 18, show that tenders only receive a few complaints from the end users both in the city Taxi Park and St. Balikudembe market. The end users do not forward their problems but instead the complaints are received from the customers.

As much as they know that their customers find a lot of problems, they never take initiatives to carry research to a least find out why they (customers) never forward their problems to them (providers).

Results in table 19, show that the services are offered at very high costs. This means that every user or stakeholder incurs an extra cost just to maintain their businesses. Even passengers incur a lot of costs in transport fares especially in the morning and evening when the standard prices/fares are ignored and are often doubled.

5.2 Summary of the Findings

The following are the findings of the study;

- a) There are just a few bidders who participate in the tendering process as shown in table 4. 2.
- b) The contract period for the tenders is four and five years which can also be extended under circumstances that justify it, as shown in table 4.3.
- c) UTODA has been contracted for such a long time (10 years) for the management of the city taxi park while Victoria International Trading company as a new company has been given all the years of its existence as shown in table 6.

- d) The unsuccessful bidders complain about the way tenders are awarded and extended and have expressed their dissatisfaction in KCC to the public like use of courts of Law as shown on table 7.
- e) UTODA and Victoria International Trading Company as providers have performed their work satisfactorily though they exceeded the expectations of the contractors. In general, tendering has improved revenue collection since decentralization was established as shown in table 9.
- f) Kampala City Council if given the chance to provide the services tendered to the private providers, would perform better in terms of problem solving and general performance as shown in table 12.
- g) The general public (beneficiaries) have benefited from the services tendered in terms of employment and job creation as shown on table 14 and table 15.
- h) From the findings, it is clear that the end users are the most affected group of people as a result of all the strategies and tactics employed by the providers to execute their duties or carry out their businesses as shown in table 16.

5.3 Conclusions

From the above discussions and summary of findings, the following conclusions have been made. With the practice of proper tendering procedures, processes, European Union (EU) and PPDA directives, more revenue will be realized without affecting the activities of the beneficiaries and stakeholders will benefit equally in terms of service delivery, revenue collection and profit realization.

5.4 Recommendations

Considering the findings and conclusions above, and with the help of Public Procurement and Disposal of Public Assets Act No. 10(2003) that states that all public procurement and disposal of public assets shall be conducted in accordance with basic principles set out in section 44-54 of the PPDA Act, The Local Government Act 1997, cap 243 and PPDA Act 2003, section 27-28

specified the functions of the contracts committee in each local governments/district, Cheema GS and Rondineti D.A (1983), Decentralization and Development; Policy implementation in Developing countries, England sage publications,

Brian C. Smith (1985) Decentralization; The Territorial Dimension of the state, London, Geoge Allan and Union Limited,

Ssekonno (2003) permanent secretary, Ministry of Local Government Procurement and Contracts Management; Participants Handbook for Lower Local Governments October 2003 New Era Printers and stationery Limited, the researcher made the following recommendations;

1. The contracts' committee or the procurement and disposal entity in Kampala city council should encourage competition and fairness; such a move would enable many bidders to participate in tendering.
2. Kampala city council should work closely with the providers to ensure proper supervision and good service delivery.
3. The providers should invest in research and development. This would enable them to identify the magnitude of the problems their customers face thus appropriate solutions would be sought.
4. The current providers (UTODA and Victoria Trading Company) should be alternated; chances should be given to other private providers who might provide better services in order to encourage completion amongst the suppliers.
5. Standard prices should be set especially for taxis with clear restrictions on the taxi fares throughout the day such that the passengers and customers would not be exploited by the taxi operators.

5.5 Suggested Areas for Further Research

The researcher suggests further research on “The Efficiency of tendering system to procurement contracts management”

APPENDIX I
QUESTIONNAIRE

KAMPALA INTERNATIONAL UNIVERSITY
SCHOOL OF BUSINESS AND MANAGEMENT

Dear Respondent,

This questionnaire is intended to facilitate the study on effects of Decentralization on the Tender award system in Kampala City Council, Central Division. It is designed with a view of collecting valuable data that will help in understanding the relationship between Decentralization and the Tender award system in the Division.

You have been selected and rest assured that individual responses will strictly be confidential and only be used for this research.

Your particular responses are crucial and will be highly appreciated, therefore, please spare some time to provide them

The accuracy of this report entirely depends on how honest you answer the questions.

Thank you

RESEARCHER

SECTION A:

1. name of the respondent (optional)

.....
.....

2. what is your educational level?(please tick)

a). primary level ☐

b). junior 3 level ☐

c). secondary level: o level ☐

d).secondary level: A level ☐

☐

e) Certificate holder ☐

f) Diploma holder ☐

g) University graduation

h) None ☐

3. position/ title held at work(please specify)

.....
.....

4. Have you ever attended any training or course in decentralization or tendering process? ☐

Yes

No

☐

If yes, please explain

briefly.....

.....

4. what number of bidders does the management receive who usually compete for;

a) city tax park

I. one bidder

II. more than one

b) St Balikudembe market

I. one bidder

II. more than one

5. How long is the contract period for tenders set by the management;

a) City Taxi Park?

I. 1—5years

II. 5—10 years

b) St Balikudembe market?

I. 1—5 years

II. 5—10 years

6. Does the management receive complaints from unsuccessful bidders?

Yes

No

If yes, on what ground/ basis?

.....

8. Does the management extend contract period when it expires/ ends?

Yes

No

9. How long has management contracted with;

a) UTODA?

.....
.....

b) Victoria international trading company limited?

.....
.....

10. Is there always transparency / free and fair awarding of tenders to the private bidders?

Yes ☐

No ☐

If no, please explain
briefly.....
.....

11. Does the contractor/KCC work closely with the providers?

Yes ☐

No ☐

If no, please give a brief hint

.....
.....
.

12. Do the providers perform their work to the specifications/ standards?

Yes ☐

No ☐

If no, please explain briefly areas of their failure,

.....
.....

13. Has the tendering process increased revenue collection in recent?

Yes

☐

No

☐

14. Does KCC receive complaints from the end users of the taxi park and St Balikudembe market?

Yes

☐

No

☐

If yes, in which

area.....

.....

15 Does KCC always address issues in the tendering process?

Yes

☐

No

☐

If no, which issues are not addressed?

.....

.....

16. Is there any tendency that KCC would prefer providing services tendered to private providers, (UTODA and Victoria international trading company limited) by herself?

Yes

☐

No

☐

If yes, please give the services

briefly.....

.....

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