

**PRESS STATEMENT**

**15<sup>TH</sup> JUNE 2016**

**KCCA TERMINATES PHILIPS CONTRACT FOR SOLAR LIGHTS**

Kampala Capital City Authority has terminated her contract with M/S Philips East Africa to supply, install and commission 750 solar street lights in Kampala.

In preparation for the visit of the Pope on November 27<sup>th</sup>, 2015, KCCA planned to install Solar Street Lights along major roads in Kampala. 40 of these lights were to be integrated with cameras to supplement the existing camera infrastructure. The plan for this work was done in June, 2015. The government, however, secured and availed the funds to KCCA for this project in October, 2015. Funds amounting to UGX 7 billion were availed for this project by the Central Government. In light of the urgency of the preparation and time available, the available possibility for implementation was by direct procurement of a supplier/contractor for these works.

Philips East Africa Limited (Hereafter referred to as "The Contractor") was procured and signed on October 22<sup>nd</sup>, 2015.

Prior to recommendation for contract signing, a post-qualification verification in the form of a pre-shipment inspection was done for the supplies and capacity assessment at the Philips manufacturing premises in Shanghai, China.

The components inspected and verified included;

- a) 482 charge controllers
- b) 482 sets of batteries
- c) 482 sets of battery boxes
- d) 482 sets of solar panels

Philips East Africa further confirmed that an order for the balance of the 268 sets of required components was placed and being manufactured. They further confirmed that the deadline of 20<sup>th</sup> November, 2016 would be achieved. Against this report, a recommendation was made for contract engagement with Philips East Africa Ltd.

The contractor (Philips East Africa) availed a work plan that committed to have the project delivered by 20<sup>th</sup> November, 2015, which was reflected in the signed contract. The contract term, however, was two months ending 22<sup>nd</sup> December, 2015.

However towards the Pope's visit, KCCA noticed discrepancies in the information submitted by the contractor. Most of the information committed to previously was inconsistent with unfolding events. The contractor then went ahead to install temporary street lights as a stop gap measure ahead of the visit.

By the contract end on 22<sup>nd</sup> December, 2015, there were no deliveries yet by the contractor save for some civil works on the installation sites. The contractor requested for an extension of the contract which was granted. This extension was granted for one month expiring on 21<sup>st</sup> January, 2016.

KCCA further noted that the contractor was irresponsible in the supervision of works and was seldom on site. M/s Philips East Africa seldom attended site meetings when invited and neither did he communicate regrets.

During the contract extension, M/s Philips East Africa delivered to KCCA a Bill of Lading of the components to be installed. These were solar panels and batteries. The bill of lading indicated that the components were already delivered at Mombasa Port. However the said components were neither from the Philips manufacturing plant nor ever inspected by the evaluation team. These were not the committed to products in the contract. M/s Philips East Africa, Philips Africa and Philips Global were notified of this anomaly and anticipatory breach of contract.

After several communications, M/s Philips made various commitments to have the project delivered by 4<sup>th</sup> April, 2016, which was not achieved. The contract went into the liquidated damages period and eventually expired on 6<sup>th</sup> April, 2016.

The following was noted;

1. Fraudulent behaviour of the contractor on the product delivery.
2. Irresponsible management of works and public safety by M/s Philips East Africa.
3. Poor performance by Philips on delivery of lighting under the project.

4. Poor project management by Philips.

However no financial losses were made as the entity crystallised the guarantees on the project to recover public funds. In excess was also the recovery of the guaranteed funds on performance from the contractor.

KCCA is working to have the service delivered to the city in the shortest time possible.

***For any inquiries, please contact us on [info@kcca.go.ug](mailto:info@kcca.go.ug) or 0794660003/0794660025.***

