

UETCL EXPLAINS EMBATTLED POWER PROJECTS

BY CHRIS KIWAUULO

Uganda Electricity Transmission Company Limited (UETCL) says the company awarded power projects worth \$35m (sh126b) was not a ghost firm, but that it suffered financial problems.

In a statement dated September 13, UETCL managing director, Willy Kobujuna Kiryahika, said whereas it terminated its contract with Isolux Ingenieria S. A, a Spanish firm, UETCL suffered no loss. Isolux Ingenieria S. A is a subsidiary of Isolux Corsan Group.

"We have recovered the advance payment amount and called in the performance bond. We are now working with the project financiers (African Development Bank and Japan International Cooperation Agency) to put measures to complete the project," he said, adding that the project would be complete in six months.

Basing on information from Police, *Sunday Vision* published a story detailing how detectives recorded statements from UETCL top managers over what they suspected to be fraudulent award of two contracts, estimated at \$35m, to Isolux.

According to the CID spokesperson, Vincent Ssekate, UETCL paid \$35m to Isolux to build electricity sub-stations for Uganda-Kenya and Uganda-Rwanda but closed shop and left upon receiving payment.

Ssekate added that Isolux wrote to UETCL informing them that they were bankrupt. At the time, Isolux had sub-contracted three other firms; Johnston Group Limited, STEAM and Solocon, who were doing the work.

The sub-contractors were reportedly not paid, sparking off a stand-off as some are threatening to sue government over unpaid contractual obligations.

"UETCL noticed that whereas Isolux was paid to its accounts in Madrid, Spain, no money was being invested in the Uganda project. As a result, service providers, including local sub-contractors, were not being paid," he stated.

Kiryahika said UETCL had in July 2016 put in place project measures to ensure that this project continued, which included demanding that Isolux opens a project account in Uganda.

"Following this intervention, there was significant improvement in the implementation of the project. The Mbarara sub-station progressed to over 90%, Tororo to 85% and Mirama to 70% completion," said Kiryahika.

He said Isolux' performance deteriorated between March and June 2017, prompting UETCL to terminate the contract.

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therefore, the agreed rate of sh100 applies. Besides, the judge ruled the \$0.50 did not