By Debra Gichio

What do major government projects like the Anglo Leasing, National Social Security Fund (NSSF) funded Tassia II estate project, Independent Electoral and Boundaries Commission (IEBC) Biometric voter register/voter identification kit, Laptop Project and Standard Gauge Railway have in common? They have all been in the limelight for all the wrong reasons. All the mentioned procurement processes were either marred by huge variations between the price announced at opening of the tender and the price at which the tender was awarded or failure to ensure due diligence in the tendering process. Simply put, the procurement process in all instances was shrouded in secrecy, inefficiency, corruption and undercutting which resulted or will result in huge amounts of resources going to waste.

It is estimated that weaknesses in public procurement, including vulnerability to corruption, are a global problem with approximately $400 billion (Kshs 34.9 trillion) reported as being lost to bribery and corruption in procurement globally. In 2007 the Public Procurement Oversight Authority (PPOA) estimated that procuring entities were buying at an average of 60% above the prevailing market price, an indicator that public procurement in Kenya does not receive the benefit of competitive procurement.

Story continued on page 2 and 3
What is public procurement?

By definition, public procurement is the acquisition of any type of works, assets, services and goods by purchase, rental, lease, license, tenancy, franchise, or by any other contractual means\(^1\).

Procurement is a key economic activity of any government that significantly impacts how taxpayers’ money is spent and is a function that remains most vulnerable to corruption.

Ordinarily, the Kenya Government does not use state-owned enterprises to manufacture goods and services that public authorities require to perform their duties. The government therefore has to purchase various goods and services from the supply market.

This purchasing process is regulated by the procurement law and regulations that provide for the conclusion of contracts between public entities and the providers of goods, works and services that set out required standards and procedures, oversight transparency and accountability mechanisms.

Control mechanisms in public procurement in Kenya

To ensure transparency and accountability the integrity and transparency of a public procurement system is premised on a number of control mechanisms. These mechanisms include an effective control and audit system, an efficient appeals mechanism, a comprehensive information sharing system enabling civil society and interested stakeholders to conduct social audits, and effective ethics and anti-corruption measures. Without such control mechanisms, flaws in the procurement system may not be detected and addressed\(^2\).

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1 Section 3(1) of Public Procurement and Disposal Act, 2005
2 Assessment of the Procurement System in Kenya, OECD and Public Procurement Oversight Authority, October 2007 pg 18
3 Assessment of the Procurement System in Kenya, OECD and Public Procurement Oversight Authority, October 2007 pg 3
4 PPPDA, Section 2
To promote competition and ensure that competitors are treated fairly;
• To promote the integrity and fairness of those procedures;
• To increase transparency and accountability in those procedures;
• To increase public confidence in those procedures; and
• To facilitate the promotion of local industry and economic development.

However despite the enactment of the Public Procurement and Disposal Act, 2005 and operationalisation of various regulations, public procurement in Kenya continues to be marred by corruption scandals and losses amounting to billions of shillings.

Cases of procurement malpractice including Anglo Leasing, the National Hospital Insurance Fund civil servants’ medical cover scheme, IEBC BVR kits, the NSSF Tassia estate scandal, the standard gauge railway are among those that have dominated the media and public discourse.

These scandals among others point to inherent weaknesses in the law that that must be addressed through the amendment of the law that allows corruption to thrive and defeat the objectives of procurement.

Further, the procurement Act must be amended to conform to the Constitution (Article 227) which states “When a State organ or any other public entity contracts for goods or services, it shall do so in accordance with a system that is fair, equitable, transparent, competitive and cost-effective” and provides for preference in the allocation of contracts.”

The writer is the Governance and Policy Programme Coordinator

Public procurement in Kenya: An infographic
Public participation and civilian oversight: The key to improving integrity in public procurement

By Ivy Muriungi

Evidence shows that an effective procurement system could save the government approximately 25% of its expenditure. This is a significant amount considering the fact that public procurement accounts for 11% of the GDP.

Public procurement in Kenya is guided by several laws enacted to weed out inefficiencies in the procurement process, remove patterns of abuse, and the failure of the public purchaser to obtain adequate value in return for the expenditure of public funds. Such laws include the Public Procurement and Disposal Act, 2005, Public Finance Management Act, 2012, the Public Officers’ Ethics Act, 2003 among others. The objective of having these laws has never been fully achieved in practice.

Beyond being a constitutional requirement, public participation and civilian oversight remains one of the most powerful tools in demanding for increasing transparency, accountability and efficiency in public procurement.

The procurement cycle

There is opportunity for public participation in the entire procurement cycle. The cycle typically involves a planning and preparation stage, advertisement, evaluation, award and post-contracting evaluation. Citizens can detect, prevent and reduce wastage and corruption in public procurement by getting involved throughout the whole cycle.

Public hearings

Public hearings are one way of encouraging citizen participation. Citizens and experts can discuss the planned procurement, assess the needs of the intended beneficiaries to ensure that procurement is responsive to their needs, make suggestions for improvement or objections and enhance transparency in the process.

Access to information

However, public participation can only be effective when the public has access to relevant information in order to objectively evaluate procurement. Information should be made available in a simple and easily understandable manner. In countries with advanced use of ICT, e-procurement systems have been used to publicly disclose information and users can compare prices and terms.

In Kenya, the tenders website http://www.tenders.go.ke/ can be expanded to provide additional information. Local solutions such as notice boards, local radio stations and community forums can be used to increase reach of such information.

Further, in order for citizens to optimally use the information they acquire, they would require a medium to report grievances be it at the authority itself or other responsible agencies such as the Public Procurement Oversight Authority (PPOA). It naturally follows that such agencies should be easily accessible and have a clear and user friendly process with subsequent feedback.

Integrity pacts

Integrity pacts are another tool used to facilitate public oversight in procurement. Integrity pacts are a form of contract signed between an authority and the bidding candidates. The pact binds the parties to put in place reciprocal controls to prevent any form of corruption between the parties.

The pact also creates measures for grievance redress which can be used by the bidders or citizens. The overall effect of the pact is that it allows citizens, businesses and civil society to monitor the procurement process and evaluate the performance of the contract.

The integrity pact concept has been tested in public procurement in Rwanda between 2012 and 2013, and findings indicated that indeed the integrity pact improved transparency and accountability in procurement and contract performance. It also provided room for citizens to participate in the process, which stakeholders felt ought to be expanded.

The writer is a former intern at the Governance and Policy Programme, TI-Kenya.

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Weaknesses in the present public procurement regime in Kenya and what needs to be improved

By Elijah Ambasa

Nearly all grand corruption scandals in Kenya had a public procurement and disposal of assets component.

It is estimated that 25% of public expenditure could be saved through the proper implementation of procurement and disposal of assets laws. A reform of the legal framework for public procurement is indeed long overdue.

Article 227 of the Constitution of Kenya 2010

The Constitution of Kenya 2010 sets new standards with regard to procurement. Article 227 requires public procurement systems to be fair, equitable, transparent, competitive and cost effective. Article 227 also requires Parliament to pass procurement regulations that will provide for preferential allotment of contracts, protection of disadvantaged categories of persons and sanctions against non-performing contractors, and those guilty of corrupt practices, tax violations and labour laws.

New realities

Above and beyond the provisions of Article 227, the procurement law needs to conform to other realities such as the devolved system of governance. This should be done not just through devolution of the functions of oversight authorities but also through creating a framework for procurement at the county level.

The principles enshrined in Article 227 of the Constitution have been absent under the regime of the Public Procurement and Disposal Act, 2005. Article 227 provides for a procurement regime that is fair, equitable, transparent, and competitive and cost effective. It also provides for the protection or advancement of persons, categories of persons or groups previously disadvantaged by unfair competition or discrimination. The Public Procurement and Disposal Act, 2005 lacks in these principles comprehensively as well as its enforcement.

The legal framework to guide procurement at both levels of government must also comply with the constitutional provision of non-interference in financial management. This principle has been recognised by the Public Finance Management Act, 2012.

The need therefore, is not to realign the Public Procurement and Disposal Act, 2005 by making amendments to include county governments but to realign the procurement framework to be in line with the Constitution of Kenya 2010 and post-promulgation legislation such as the Public Finance Management Act 2012 which also provides guidance on the running of county and national governments.

Affirmative action for youth, women and people living with disabilities

The requirement to protect disadvantaged groups is affirmed by Article 21 of the Constitution of Kenya. This article calls for affirmative action for vulnerable people who may not meet the competitive standards of procurement regimes for various reasons. This includes the youth, women and people living with disabilities who are entitled to 30% of government procurement.

Such a significant decision ought not to be made without a legal framework to guide the process. Additionally, there must be a balance between affirmative action and protection of consumer rights which are enshrined in the Bill of Rights. This implies some capacity building initiatives by oversight bodies. This would in turn require an expansion of the mandate of such oversight by law.

The procurement appeals board

The quasi-judicial function of the procurement appeals board is subject to provisions on access to justice, fair trial and judicial independence. In ensuring access to justice, it is necessary to amend the law to provide for a reasonable application of fees and the removal of non-monetary barriers to access. The law also ought to ensure the procedures of the Public Procurement Complaints Review and Appeals Board conform to the principles of fair trial as espoused by Article 50 of the Constitution where applicable.

Some procurement procedures also need to conform to the constitutional requirement for fair administrative action. Beyond the Constitutional push for reforms in the procurement law, there are real legislative gaps that need to be addressed to provide mechanisms for emergency procurement. Such gaps increase the time spent in responding to emergencies; particularly in pharmaceutical procurement and disaster response.

Stronger enforcement mechanisms

The Public Procurement and Disposal Act, 2005 also fails to provide strong enforcement mechanisms, resulting to non-compliance with the laws. This would necessitate restructuring of the regulatory arm of the Public Procurement Oversight Authority. While it is suggested that restructuring of the entire system to separate the policy making and regulatory arms is necessary, participants at discussion forums organised by Transparency International Kenya on the amendment of the Public Procurement and Disposal Act 2005 felt that such a restructuring should not be used as an avenue to increase bureaucracy.

It is evident that there is a need to amend the procurement laws to ensure efficiency and effectiveness in public spending.

The writer is the Programme Officer, Governance and Policy, TI-Kenya.
Transparency International Kenya and 13 government and non-governmental partners launched a complaints referral service dubbed ‘Uwajibikaji Pamoja’ in Lodwar town, Turkana County in April 2014.

‘Uwajibikaji Pamoja’ will enable members of the public to submit complaints or feedback concerning aid and service delivery through three channels: a toll-free SMS line, a web-based portal, or by filling out paper forms. People with no access to a mobile phone or internet can visit the nearest office of a participating organisation to lodge their complaints.

The walk-in option will also allow people who cannot read or write to report their cases. The launch was marked by a procession in Lodwar town followed by a football match at the prisons grounds.

The launch was preceded by a high-level consultative forum to showcase the initiative and give stakeholders an opportunity to understand the system. Turkana Deputy Governor Peter Ekai Lokoel, the Chief Executive Officer of the National Drought Management Authority James Oduor, TI-Kenya Board Member Ikal Angelei and Executive Director Samuel Kimeu are among those who attended the event.

The creation of ‘Uwajibikaji Pamoja’ was one of the recommendations TI-Kenya’s 2012 Food Assistance Integrity Study (FAIS), which identified the lack of accountability mechanisms to people affected by calamities such as the 2011 drought as a key challenge in humanitarian operations. This project will be rolled out in Wajir and West Pokot counties in the coming months.


Member of TI-Kenya Board of Directors Ms. Ikal Angelei delivers a speech during the ‘Uwajibikaji Pamoja’ launch ceremony.

PHOTO/TI-KENYA

Workshop participants at the ‘Uwajibikaji Pamoja’ pre-launch stakeholders’ workshop.

PHOTO/TI-KENYA

TI-Kenya Executive Director signs the memorandum of understanding during the ‘Uwajibikaji Pamoja’ launch ceremony.

PHOTO/TI-Kenya

‘Uwajibikaji Pamoja’ stakeholders and members of the public from Lodwar town hold a procession to mark the launch of ‘Uwajibikaji Pamoja’.

PHOTO/TI-Kenya
In 2011/2012, the community in the Shika Adabu area in Kwale County suffered a double loss. They lost a community centre as well as the piece of land the centre was built on.

The Shika Adabu area in the defunct County Council of Kwale is not demarcated. It is unalienated public land and therefore no individual titles have been issued for it. The residents of this area have openly, peacefully and uninterruptedly lived on the land since the 1950s and have constructed both permanent and semi-permanent makuti houses.

About two years ago, the area MP through the Constituency Development Fund made a call to build a community centre with a fire station and community hall. The project was completed without the approval and/or the knowledge of the community.

The centre was later left unattended and thereafter handed over to the son of a former politician from the area under unclear circumstances. The said individual was supposed to manage it and earn resultant income, actions which were a clear affront to the rights of the local community.

The defunct Kwale Municipal Council also allocated land that was adjacent to the community centre to a private developer. The developer intended to build a petrol station on that plot in the Shika Adabu area.

Even though the community tried to engage the area Member of Parliament and the defunct Kwale Municipal Council to address the issue its queries went unattended until April 2013 when TI-Kenya’s Advocacy and Legal Advisory Centre (ALAC) in Mombasa organised a training forum in the area on civilian oversight.

Following the public forum, members of the local community got interested in the civilian oversight concept and requested ALAC to support them in drawing up a petition to be submitted to the county government and the Constituency Development Fund committee.

The community presented the petition to the then newly established County Government of Kwale and local Constituency Development Fund (CDF) committee.

The CDF committee which had been newly installed directed that the community centre be handed over to the residents of the area, to be managed by the community and all the proceeds of the centre would be used to maintain the centre and bring development to the community.

The county government also revoked the allocation of the land to the private developer. With the assistance of the provincial administration, the developer was requested to move his equipment. The land remains free to date while the community still manages the centre.

However there is need to secure the two public amenities by securing titles for them as community land. The ALAC Mombasa office has so far helped the community to develop and present a petition to the National Land Commission seeking formal allocation of the land as community land. However, the process is hindered as the Community Land Bill has not yet been enacted to provide a legal framework for the process.
Gift giving to public officers as a catalyst for corruption

Mr. David* has been working as a village elder in Njiiru District, Nairobi County for over 5 years. He understands that as a public officer, the services rendered to the people within his village which he administers are given for free, and has served the people as such.

However according to him, being given a gift by the citizens after serving them diligently has been a welcome gesture, and he sees nothing wrong with that. His argument is that as long as he does not request for the gifts after serving them well; and it is done in their own volition, it is well acceptable.

However, after attending a public forum organised by the Advocacy and Legal Advisory Centre (ALAC) Nairobi at Njiiru in March, 2014, he learnt that the Constitution of Kenya in Article 76 provides that any gift given to a state officer on a public or official occasion should be surrendered to the State. He admitted that he was not aware of that provision and that he has been gladly receiving the gifts for his own benefit.

David resolved publicly that he would no longer accept any gifts from citizens while on official duty because these gifts could be interpreted as attempts to influence vested interests. Some of the individuals who have given him gifts in the past have resurfaced to demand for favours from his office. Participants at the forum also got to understand that giving gifts can be a catalyst to corruption whether knowingly or unknowingly.

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The concept of giving gifts is regarded as part of the African culture of appreciating visitors and rewarding people who perform well or give support to members of their communities. It has been perceived as a gesture of respect.

Many Kenyans have thus been socialised to give gifts to public officers as a gesture of respect and appreciation for services rendered. They do not realise that these services offered by public officers are well within their rights and they should therefore demand for them. Public officers should serve citizens freely, and in cases where there are payments to be made in order to be served, the payments should be receipted.

A sustained culture of gift giving results in poor service delivery, and exacerbates corruption as some of the public officers develop unwillingness to serve the citizens unless their palms are ‘oiled’. In other instances, citizens give ‘gifts’ to public officers with the expectation that they will always be favoured in terms of service delivery either by being served faster than other citizens, or creating acquaintances for future engagements for personal gain.

The wisdom behind Article 76 of the Constitution is to deter the concept of gift giving with expectation for future favours. The Article provides that in a case where the gift is given, the same should be delivered to the State. Section 11 2(a) of the Public Officers Ethics Act also prohibits public officers from receiving or requesting for gifts from the public, and where such a gift is given, the same is deemed to be a donation to the office. The proviso to this is in section 11(4) of the said Act which allows a public officer to receive gifts either from a friend or relative where such a gift is given on a special occasion recognised by custom.

Gift giving borders on a thin line between rewarding with pure intentions and being a catalyst for corruption, and with the laws being clear on this practice, it should not be encouraged.

One of the causes of corruption is a ‘corruption opportunity’ which arises to persons who have ‘inclination’ towards corruption. Through giving gifts, some public officers may exploit it and thus an act of corruption occurs. Citizens have a responsibility to ensure that they do not provide an opportunity for public officers to be corrupt. They should refrain from ‘rewarding’ public officers who serve them in their official capacity, as a strategy of fighting corruption.

There are other public officers who could be unaware and several citizens are not conversant with the provisions of the Law, hence the need for more awareness creation to enlighten and empower them. The government should take the initiative to ensure that its officers are well conversant with the provisions governing public conduct and ethical behavior.

*Name has been changed to protect identity.

The writer is TI-Kenya’s Advocacy and Legal Advisory Centre (ALAC) Officer, Nairobi.
President Uhuru must institute a public inquiry on Anglo Leasing now

By Samuel Kimeu

Questions abound on the handling of the Anglo Leasing cases that have cost Kenya billions of shillings, the latest being the payment of Kshs 1.4 Billion. As Kenyans face a claim of an additional Ksh 3.5 Billion by the same recipients of the last payout, there is urgency in closing the floodgates and holding public officials accountable for these losses with the same speed that the last payment was made.

There have been serious questions on the way the State Law Office defended the suits by First Mercantile Securities Corporation and Universal Satspace. The quality of the defense, the professionalism in the handling of the suits and the timeliness of action are seriously in doubt. Were the officers responsible for the defense deliberately offhand in their treatment of the cases to bequeath the awards to the Anglo Leasing companies? It has come to light that Kenya was not represented at crucial times of the proceedings. There were also serious delays in replying to crucial legal communication. In addition, the Honorable Solicitor General was assigned to represent Kenya in foreign courts yet he did not hold a certificate to practice in those courts. Did all these occur under the Attorney General’s watch?

It is also clear that the defenses of corruption and manipulation of the procurement process in breach of Kenyan laws and regulations were either improperly ventilated or unjustifiably abandoned. But most important is that despite all the reports pointing to corruption and other illegalities in the procurement of these contracts, no action has been taken against those suspected of involvement to date, except the conviction and a slap in the wrist for a former Permanent Secretary.

To gain the confidence of Kenyans, the President must immediately institute a public inquiry to probe the entire Anglo Leasing scam including an audit of the legal processes that led to the payment this week. Although the Ethics and Anti-Corruption Commission is currently investigating the scandal, it has rolled on for far too long, and a public inquiry whose proceedings all Kenyans can monitor, might be our best bet to assail this matter and unravel the identities of the principles in these cases. In addition, an audit of the legal process is an important first step in closing the floodgates of claims that the payment has opened. It is also urgent in order to respond adequately to other claims, including the current one for additional payment of Kshs. 3.5 Billion in respect of another Anglo Leasing type contract, to avoid costly errors in the legal strategy.

Moving forward, the following actions are critical. The Attorney General must inform Kenyans how much of their money has been spent to date on the 18 Anglo Leasing type contracts and in related payments including legal fees and awards. Together with the National Treasury, he must present to the public an assessment of the status of all Anglo Leasing contracts and their potential financial exposure. The AG must in addition make all records of the case, including all the Anglo Leasing contracts, court and arbitration awards and various reports of inquiry public. All information related to the latest claim should be in the public domain. Kenyans have the right to know all these information to enable them engage in this matter from a position of knowledge.

The writer is the Executive Director, Transparency International Kenya.

Responsibility must be apportioned to individuals who should be punished in accordance with the law. Costs incurred in Anglo Leasing related awards and legal costs should be recovered from the individuals. The Government should not fall back to public coffers to honour such payments.

We must also question the process used in making the payments to the Anglo Leasing firms so far. The Principal Secretary, National Treasury has admitted that he conducted the transaction without written authorization from the President, contrary to Article 135 of The Constitution. This is a blatant breach of the Constitution and Parliament must censure the Principal Secretary and other officials concerned. The way this transaction was executed raises reasonable suspicion that these shady deals that were conceived and nurtured under the KANU regime and blossomed under the Narc administration, may have found new patrons in the Jubilee administration. Only decisive, immediate and conclusive action to punish those behind the scandals can effectively rebut this suspicion.

President Uhuru must institute a public inquiry now.
WONDERING WHAT WE HAVE BEEN UP TO?

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