Making All Voices Count
Enhancing Transparency, Probity, Efficiency and Citizen Participation in Public Procurement

Global Pivotal Solutions
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Abstract

Kenya dropped 2 percentage points between 2013 and 2014 (the latest year in which the transparency International corruption perception index is available) - indicating that the country is considered more corrupt now than it was before.[1]

In this proposal we outline three interventions that we believe will make a significant dent into the culture and practice of corruption in Kenya:

1. An public procurement mobile application
2. A crowd sourced database of products and prices to augment and enhance IFMIS
3. A repository of free/open source software and best practice How-To's customized for government use

The systems and processes we will design, develop and deploy address the root causes of corruption by changing the entire operational environment. It is our view that merely reporting, detecting, punishing or alleviating the effects of corruption are insufficient to stamp it out, as has been proven time and time again over the years. We propose to eliminate the opportunity to be corrupt, not merely to deter it.

In our theory of corruption, corruption occurs when a "gate-keeper" has leverage, power or discretion - by systematically reducing the discretion, leverage and power of "gate-keepers" we reduce their opportunity to convert public resources to private advantage.

1 Background

Corruption is a prevalent and endemic problem in Kenya afflicting all sectors of society and the economy. The Transparency International corruption perception index indicates that whereas Kenya had an overall rating of 27% in 2013, in 2014 it dropped to 25%. This two point percentage drop indicates that despite a concerted effort by the administration, government corruption has worsened. The deleterious consequences of widespread corruption on the economy, political establishment, governance and democracy are well known and widely articulated - something must be done.

In order to develop counter measures it is necessary to understand the mechanics, rationale and taxonomy of corruption. Here under we give a brief overview of, as it were the the-

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[1] https://www.transparency.org/cpi2014/results

ory of corruption:

1.1 Rationale

While, in the main, it is agreed that corruption is a bad thing, to many actors and others it is not entirely obvious - normally law abiding citizens justify their defalcation of public funds with many arguments, some of which are:

Argument of Necessity: The organization is not paying a living wage. (i.e. a wage on which one can reasonably expect to cover the cost of the basic necessities of life) The person needs to live. The organization owes them a living since they are working for it and so they are obliged to take from the organization to live.

Argument of Evolution: Bureaucracies are inherently inefficient and slow, more so unstructured, long-standing bureaucracies. Effective well capitalized, well-funded businesses can by means of paying bribes locally and temporarily optimize the processes of the bureaucracy and achieve results much faster. Inefficient, ineffective organizations which are not well-funded and are less capable of paying bribes (and thus weaker and less likely to survive) will get results slower and thus die out quicker. Letting weak organizations die is good for the entrepreneurial gene pool and this is a good for society.

Argument of Appropriate Taxation: This circular argument goes like this: inefficient bureaucracies are ineffective at collecting taxes. Corporations have a duty to pay taxes to support the provision of government services. Since the corporations make every effort to avoid paying taxes, they should pay for services at the point and time of delivery hence bribery is merely taxation under another name.

Argument of Culture: The culture requires the giving of gifts and the saying of thank you when somebody does something for you. What you call a bribe is merely a mandatory gift.

Argument of Innocuity: Government services are under priced and so by paying a bribe you are merely paying market rates for the service you are receiving. An efficient market is a good thing, and paying the correct price is a good thing thus you must pay a corrected price for the service or good that you want from government.

etc, etc: There are myriad justifications for bribery, graft, patronage and embezzlement.

1.2 Structural Requirements for Corruption

In trying to understand the structural requirements for corruption in government it is useful to picture the government as a system within a larger social system. Think of it as a circle within a larger circle. The two circles are occupied by citizens. The people within the smaller circle are civil servants, politicians and persons of power and influence. A significant part of national value is managed within the smaller concentric circle. The civil servant is a dot on the periphery of the inner circle, an interface if you will with government. For purposes of discussion let us call the citizen or corporation wishing to get a service or good from government the accessor, let us call the civil-servant the interface and the seat of value, the institution (it could be a government, organization, institution). In order for corruption to thrive, we can deduce the following requirements from this model:

Value: The inner circle (institution) must have some value that the citizens wish to

access. Without this value, there will be no need for citizens/corporations to seek services or goods from the government. The greater the value, the larger the number of people who will want access.

Interface: The narrower the access interface the greater the possible stringency of the requirements. Thus the fewer the channels of access to the inner circle good the higher the chances of corruption. The higher the specialization of the interface the greater the potential for corruption. The larger the number of equivalent interfaces the smaller the possibility of corruption.

Numerosity: The larger the number of people that the government serves the more frequent the access and the more intense the pressure on the interface. The larger the pressure, the more likely it is that discriminants such as bribery will emerge as filters and buffers on the pressure.

Interaction Duration: The longer the interaction duration, the greater the control of interface elements over access activities. Thus we can generalize that the longer the provision of a government service takes the higher the probability of corruption occurring.

Process Complexity: The greater the complexity of the process, the greater the control the interface has over the accessor. The more steps, hand-offs, forms, requirements, and technical complexity of input or outcome, the greater the possibility of corruption.

Time Criticality: The more time critical, the greater the control of the interface and the greater the value of the service.

Each of these factors can be enhanced, tweaked or modified to minimize the occurrence and probability of corruption, abuse of office, and fraud. By reducing, say, the number and pressure on interfaces, we can reduce the discretionary power of the office holder and thus limit the chances of corruption taking place.

1.3 Intervention Examples

In these illustrative examples, we address systemic corruption, we do not address the issues relating to:

1. Reporting Corruption
2. Detecting corruption
3. Punishing corrupt persons
4. Alleviating the effects of corruption

We describe and develop means of systemically reducing the possibility of corruption.

Reducing Value: Consider a business license. If it is hard to get, the giver of licenses has leverage to extort the public - by making them easy to get, and thus of low value, we reduce the leverage to extort and thus reduce corruption.

Increasing Interfaces: If there is more than one way to get a valuable service from government - each service point has less leverage and thus a lower ability to extort.

Reducing Service Pressure: By reducing the demand for a service or good, the provider of the service has lower leverage.

2 Operational Context

2.1 Context

The Kenyan government's firm formal position on corruption is one of zero tolerance[2]. There is however a significant disparity between the policy position and the everyday practice in ministries, departments and agencies. The most significant avenue for the misappropriation of public funds is through a distortable public procurement process. The Government of Kenya (GoK) has implemented an automated system (IFMIS)[3] with the intent of enhancing efficiency in planning, budgeting, procurement, expenditure management and reporting in the National and County Governments. The GoK has ordered that all public procurement must mandatorily be performed through the IFMIS System [4]. This notwithstanding there continue to be grave abuse and misuse of public funds in ways that circumvent IFMIS. Specifically, even though most public procurement is now automated, there is no way of bench marking prices and scandalous unit costs of items are approved and paid.

In 2013, the President of Kenya directed that the procurement rules be amended to allow 30 per cent of contracts to be given to youth, women and persons with disability without competition from established firms. The GoK has since established the Access to Government Procurement Opportunities (AGPO) initiative which has established specific funds and reserved specific government procurement types for youth, women and persons with disabilities - these persons are routinely unaware of the existence of such procurement when it arises in MDAs.

[2] http://www.uoeld.ac.ke/newsmodule/downloads/executive_orders/uoe_executive_order6_2.pdf

[3] http://www.ifmis.go.ke/

[4] http://www.the-star.co.ke/news/uhuru-plans-sack-pss-over-tenders-sh200bn-contracts-awarded-outside-ifmis-frozen

The government has made and continues to make significant investment in online and mobile platforms. Systems such as the eCitizen platform have significantly reduced the necessity of physically interacting with government officials, reduced the time it takes to get government service and democratized such things as passports, Higher Education Loans and other services. This opening up of government services is not uniform across all departments and agencies, and in some laggard agencies the bad old ways continue.

2.2 Mobile Focus

To help put or mobile focus in context, consider the the Kenyan statistics as per the Communications Authority of Kenya in the quarter leading up to Dec 31, 2014:[5]

1. Kenya has an estimated population of **46.9 million** as of January 2015 [6]
2. There were approximately **26,163,000 Internet users**, representing **64.3%** of the population. On average, **3% more** of the population become internet users every quarter, and this number is accelerating.
3. There are **33.6M mobile subscriptions**, representing a penetration of 82.6% of the population
4. There are approximately **121,000 mobile money agents** in Kenya growing at almost 5% per quarter
5. There are **26M mobile money subscriptions** in Kenya

[5] pg 23, Quarterly sector statistical report Oct-Dec 2014, Communications Authority of Kenya

[6] http://countrymeters.info/en/Kenya

6. Safaricom has reported that 67% of phones it sold were smart phones [7]

7. In Kenya there are more than 7 Billion SMS sent per quarter (approx 30B/year). SMS is a significant mode of communications for Kenyans.

The numbers make it clear that if we want to have an impact, any strategy or technical intervention will need to have a mobile-first orientation.

3 Scope

We have identified 3 significant intervention opportunities that we believe will have a profound impact on how government business is conducted and substantially reduce the possibility and incidence of corruption. We adumbrate them briefly here-under:

3.1 Mobile Procurement App

Vendor competition and transparency are the bedrock of an efficient and cost effective acquisition and procurement infrastructure. At the moment all government procurement is available on the web [8] (in theory). In order find an opportunity using this list, it is necessary to browse through a list of hundreds of tenders. Should a tender be added to it will be buried somewhere in the middle of the list.

We propose to build a freely available mobile app that sends a notification to the user when a tender of interest (specified by location, type, designation or activity) becomes available. It should be possible to receive an SMS in the event that a person does not have a smart phone. The app will allow the comparison of tender results for transparent bid comparison and to eliminate opaque tendering processes. In the app, a tenderer can lodge a complaint about unfair tendering that will be received and investigated by the Public Procurement Oversight Authority.

We propose to make available:

National Tenders: A listing of all tenders from National Government MDAs

County Tenders: A listing of tenders from all counties.

3.1.1 Activities

Mobile App Development: Develop a robust, scalable, responsive mobile app, web portal and SMS interface to the tenders database.

Database Development: Develop the software scaffolding and systems to handle real time data.

Data Acquisition: Partner with government agencies, regulatory bodies and other organizations to develop a list of all tenders and procurement activity in Kenya. Develop, deploy and agree on a framework for data interchange.

Instrument the System: Work closely with the Public Procurement Oversight Authority, the treasury and Ministry of Finance, The Ethics and Anti-Corruption Commission and other stakeholders to embed the data analytics in their workflow.

Drive Public Adoption: Design, develop and prosecute social media and public awareness campaigns to enlist the business community, youth, women and people with disabilities.

[7] http://www.humanipo.com/news/42985/kenyas-smartphone-penetration-at-67-safaricom/

[8] http://supplier.treasury.go.ke/site/tenders.go/index.php/public/tenders/page:6/type:new

3.2 Crowd Sourced Product Pricing Database

Myriad government regulatory agencies maintain lists of goods, products and devices that may be used in Kenya:

Kenya Bureau of Standards: maintains UPC codes and product certifications of all consumable goods allowed to be sold in Kenya

Communications Commission of Kenya: licenses and type-approves all communications and computing equipment to be used in Kenya.

Pharmacy and Poisons Board: Maintains a register of all drugs that can be used in Kenya.

Etc. Other agencies maintain other lists such the Insurance Regulatory Authority, Institute of Quantity Surveyors of Kenya, Architectural Association of Kenya, etc.

None of these lists is priced, nor can they be used to provide guidance on procurement.

The Public Procurement Oversight Authority maintains a market price index [9] that is woefully inadequate and inaccurate, with wildly varying prices for the same item in different places.

We propose to develop and maintain a publicly available crowd sourced database of goods, their uniform national codes, and their prices in various parts of Kenya. We will assist the government to integrate the public price database into the IFMIS evaluation workflow. This will prevent the incidence of "government price" goods from being procured.

[9] http://www.ppoa.go.ke/index.php?option=com_content&view=article&id=87&Itemid=163

3.2.1 Activities

Mobile App: Develop mobile apps to access, update and comment on the product database.

Database Development: Develop and host a publicly available database and user interface to the database of products and prices.

Data Acquisition: Partner with relevant government and regulatory bodies, manufacturers, the business community and the general public to acquire comprehensive, up-to-date listings of all allowed products and goods.

Advocacy, Outreach and Awareness: Design, develop, implement and support programmes to drive awareness and utilization of the product database. Evangelize the benefits to individuals, the private sector and the public sector.

Embedding: Work with the Office of the President, Ministry of Finance, Ministry of Devolution (wherein the OGP is currently housed) and other stakeholders to embed the data in government work flows.

3.3 Best Practice Repository

In order to get government to:

1. Adopt open source solutions (and avoid the current horrendous cost of system implementations)
2. Implement, operate and support existing systems
3. Develop and implement standards for public facing solutions

We propose to develop a publicly available repository of best practice for government system implementations, a reference guidebook

and self paced capacity development resources, and to provide gratis technical consultancy on the implementation of public facing solutions for MDAs.

3.3.1 Activities

Problem Areas: Document public facing problem areas for each MDA.

Develop Solutions Menu: Develop F/OSS cross-sectoral solutions

How-To's: Develop detailed how-to's for each solution

Advocacy, Outreach and Awareness: Proselytize the solutions to each MDA at the highest level. Get government buy-in and adoption.

Support: Develop reproducible schemes, blueprints, and technical community creation programmes. Involve universities in providing evolution and support.

4 Project Budget

No	Item	Amount (GBP)
A	Program Inputs	19,000.00
B	Personnel Costs	159,000.00
C	Non-Personnel Costs	63,200.00
D	M and E/Audit	5,200.00
	TOTAL	246,400.00

5 About Global Pivotal Solutions

Global Pivotal Solutions is a technology strategy and delivery design practice. We partner with you to develop your technology strategy and assist in designing programmes and projects to implement the strategy.

5.1 Contact Information

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