

Development and implementation of the Electronic Government Procurement (E-GP) system

In an effort to reduce corruption, improve transparency and efficiency, and minimize potential collusion among suppliers and bidders, the Government, through the National Treasury, embarked on developing the electronic government procurement systems, also known as e-GP systems.

Accordingly, Electronic Government Procurement (e-GP) is the use of information technology (especially the Internet) by governments in procuring works, goods, and services requested by the public.

Significant progress has been made in developing the E-GP system. We had a chance to have a sit-down with the National Treasury, Director of Public Procurement, Erick Korir, to learn more on the progress, the salient features of the system, the challenges they have faced so far and the expected impact once the system is up and running.

What is the rationale behind development of the E-GP System?

Section 7 (c) and (f) of the Public Procurement and Asset Disposal Act (PPADA), 2015 has mandated The National Treasury to design and prescribe an efficient procurement management system for the National and County governments to ensure transparent procurement and asset disposal as contemplated by Article 227 of the Constitution.

The National Treasury entered into a financing agreement with the World Bank towards the support of the Program to Strengthen Governance for Enabling Service Delivery and Public Investment in Kenya (GESDEK) in 2017. One of the objectives of the program is to ensure Ministries, Departments, Agencies and Counties (MDACs) are using an end-to-end e-procurement system that is in compliance with the PPADA 2015 and attendant Regulations for a full fiscal year and that procurement data generated by the system is disclosed in the Public Procurement Information Portal (PPIP) following Open Contracting Data Standards (OCDS).



National Treasury Public Procurement Workshop to Integrate E-GP System with Other PFM Systems

The National Treasury with technical support of the World Bank, reviewed the current Procure-to-Pay module in (IF-MIS) in order to identify its functionalities and deficiencies with a view to developing an end-to-end e-procurement system, and further develop an e-Government Procurement (e-GP) Implementation Strategy.

The Draft Review Report of the Procure-to-Pay module in IF-MIS was submitted in March 2018 and it highlighted the following capabilities of in the module: procurement planning, supplier management, requisition management, quotation management, purchase order, receipt management, invoicing and payment management, use of the United Nations Standard Products and Services Code (UNSPSC) for goods and services during preparation of the procurement plan. Further the system was integrated with the i-Tax system from Kenya Revenue Authority (KRA) for PIN and business name verification and validation of supplier information. The system also had a repository of procurement information and data from past procurements transactions.

However, the major challenge identified was that the module was not aligned to the provisions of PPAD Act, 2015 and its attendant Regulations, 2020. Specifically, the module did not cater for the following procurement processes; consolidation

of procurement plans, accommodation of disposal planning, generation of reports on implementation of consolidated procurement; generation of tender opening minutes, accommodation of all procurement methods as the system had one standard bidding template (request for quotation) that was applied to all categories and methods of procurement; support on-line preparation and approval of professional opinions, provision for e-contract management; keep audit trails, facilitate complaint handling mechanisms, performance monitoring of procuring entities and analytics on public procurement expenditure.

In view of the above, the expected benefits associated with a well-functioning end-to-end e-government procurement system have not been fully realized. The Review Report therefore recommended that the Government should consider acquiring a stand-alone e-procurement system to facilitate ease of implementation, configuration and customization to fit to the country's procurement and asset disposal requirements. This is based on the current global trend where most of the countries across the world have implemented stand-alone e-GP systems owing to the magnitude of transactions processed through the public procurement system.

What are the expected benefits of the E-GP System?

- i. Reduced cost and increased transparency in procurement processes and practices;
- ii. improved efficiency in procurement by minimizing the procurement cycle time, maximizing value for money, and fostering accountability through re-engineered procedures, and built-in process workflows and assist in audit trails;
- iii. Improved confidentiality, integrity and authenticity of transactions between the procurement entities and the suppliers;
- iv. Streamlined procurement procedures across the government through standardization of processes and practices;
- v. Have an in-built procurement management information system as a common procurement database to facilitate proper planning, monitoring, evaluation, reporting, and electronic audit trail.

The Public Procurement and IFMIS Departments concurred with the Review Report and recommended to the Cabinet Secretary vide memo Ref. No. NT/PPD.1/4/08 Vol IV (57) of 11th June, 2019, that the Government, in the medium to long term initiative, should commence the acquisition of a new stand-alone end to end procurement system that will be integrated with IFMIS for processing of payments.

What are the key milestones that we have achieved to enhance realization of the e-Government Procurement?

Enactment of PPADA, 2015 and Regulations 2020

In compliance with the requirements of Article 227 of the Constitution of Kenya, PFM Act, 2012 The National Treasury developed the PPADA, 2015 and its attendant regulations. The PPADA, 2015 and Regulations, 2020 provided for automation of the procurement process by creating the appropriate environment for the implementation of e-procurement.

Development of Public Procurement and Asset Disposal Policy

The National Treasury has also developed the Public Procurement and Asset Disposal Policy, 2020 to guide future legislations in Public Procurement. Clauses (6.0) and (1.5 vii, viii) of the Policy require the Government to continuously leverage on technology for efficient, effective, transparent and accountable procurement system.

3. Strategy for the Implementation of e-GP System

The National Treasury developed the Strategy for the Implementation of an e-GP system for the Government of Kenya in September 2020. The strategy was approved by the Cabinet Secretary, National Treasury and Planning. The PPD at the National Treasury takes the leadership role in the implementation of the strategy in partnership with all other stakehold-

ers in its implementation.

The strategy provides for a governance structure to support the implementation of e-GP through the following sets of committees:

- i. e-Government Procurement Steering Committee
The e-Government Procurement Steering Committee (e-GPSC) provides an overall leadership in the implementation of the e-procurement strategy. The committee was constituted in November 2019 and is chaired by the Principal Secretary of the National Treasury, and reporting to the Cabinet Secretary of the National Treasury and Economic Planning.
- ii. e-Government Procurement Technical Working Group
The Group is responsible for successful implementation and deployment of the e-GP system. The group was constituted in November 2019 is chaired by the Director, PPD and reports to the e-GPSC.
- iii. e-Government Procurement Project Implementation Unit (e-GPPIU)
- iv. e-Government Procurement Project Implementation Unit in the Public Procurement Department champions and leads in the development and continuous improvement of an end-to-end e-Government procurement system that captures all the business and functional requirements as prescribed in PPADA, 2015, during the implementation period. Currently, the unit is headed by project manager who was deployed in August 2020 from the Public Procurement Regulatory Authority (PPRA).

Business Process Re-engineering

The National Treasury, with support from various stakeholders undertook the documentation of the re-engineered public procurement business and functional processes in July 2020. The re-engineering process involved leveraging on stakeholder's experience, benchmarking exercises and borrowing international best practices in e-GP arena. Every process was discussed and TO-BE processes were designed to conform to the PPADA, 2015.

Acquisition and Development of e-GP System

An open international tender for the acquisition of the e-GP system software was advertised in August 2022 culminating in the signing of a contract with a System Developer for design, development, customize, supply, installation, and commissioning of the e-GP system. The contract for the development of an e-GP system software was signed between The National Treasury and a Joint venture of Sybyl Kenya with iSourcing Technologies PVT India, in May 2022 at a contract amount of USD 2,981,289.00.

The development and adoption of a nationwide end to end e-GP system is one of the key public sector financial manage-

ment reform initiatives of the government as outlined in the Budget Policy Statement of the Financial Year 22/23. The department has strict timelines of having the system ready for piloting in ten(10) select MDACs at the beginning of Quarter four (4) of this financial year.

What is the progress made so far in development of E-GP?

The service provider is onsite and the following activities have already been undertaken:

- i. Contract Implementation Team (CIT) was appointed in line with Section 151 of the Public Procurement and Asset Disposal Act, 2015. The CIT has held several meetings with the Service Provider in regard to e-GP system software development.
- ii. The e-GP project inception report was prepared and approved. The report provides for the e-GP project management structure, project implementation plan and risk management among others.
- iii. Several consultative meetings have been held with the service provider and procuring entities to undertake e-GP requirements analysis which included reviewing existing procurement processes and practices applied by different identified procuring entities.
- iv. System integration analysis meetings have been held for the following system;
 - Business Registration Service
 - i-Tax system (KRA)
 - IFMIS
 - National Construction Authority system
 - Integrated Population Registry System
 - National Public Key Infrastructure (ICT Authority)
 - Government Digital Payment (eCitizen)
 - Access to Government Procurement Opportunities system
 - Public Procurement Information Portal under Public Procurement Regulatory Authority
 - Government Human Resource Management Information System GHRIS)
- v. The e-GP Technical Working Group (eGPTWG) reviewed the System Requirements Specification document (SRS) in October 2022. The SRS is the blueprint of the e-GP system architecture. The Service Provider has submitted the final draft of the SRS for sign off.
- vi. The service provider has submitted a prototype of the e-GP system. The purpose of the prototype is to create a visual image of how the e-GP system would look like. The prototype has been deployed in The National

Treasury and the service provider has made a presentation to the user department (PPD).

- vii. The Service Provider is also currently undertaking a phased e-GP system modules development in readiness for user acceptance testing in Q3 of this financial year.
- viii. The contract for the upgrade of the existing National Treasury data centre which will host the e-GP system was signed in November 2022 between The National Treasury and a Joint venture of M/s Techsource Point Limited with M/s Telenet Solutions Limited at a contract amount of Kshs 371,050,764.65.
- ix. The Public Procurement Department (PPD) with assistance from the State Department for Public Service and Public Service Commission is finalizing on the report for the establishment of the e-GP department in order to provide a permanent solution to management and continuous improvement of the e-GP system.
- x. Consultative meeting held with Kenya Bankers Association held on 16th December, 2022 to discuss automation of bank guarantees used in the public procurement process.
- xi. The Service Provider has submitted the e-GP System Design Document (SDD) for review. The SDD describes the system requirements, operating environment, system and subsystem architecture, files and database design, input formats, output layouts, human-machine interfaces, detailed design, processing logic, and external interfaces.
- xii. The service provider is currently developing the e-GP system integration framework that will set out the requirements, policies and procedures of integrating the e-GP system with other Government systems.
- xiii. Training: The department plans to enhance the skill set of ten (10) officers through training to support the successful implementation and roll out of the e-GP system and has identified key topic areas for officers to be trained on. Crown Agents, an international training institution widely experienced in training on implementation of e-GP systems has been identified to deliver the short course. It is expected that after the training the officer will be well equipped and knowledgeable to drive the implementation and roll out of the e-GP system to all procuring entities. The budget for the training has been allocated in the current FY 2022/23.



Courtesy Visit by PFMRS Communication Team to Inspectorate of State Corporations.