E-PROCUREMENT AS A MECHANISM TO INSTITUTIONALISE TRANSPARENCY AND ACCOUNTABILITY IN PROCUREMENT OF PUBLIC COVID 19 RESOURCES

INTRODUCTION

The COVID-19 outbreak started as a single case in December 2019 in Wuhan city in China, where it was reported as just one of the infectious upper respiratory diseases (Gondwe, 2020). However, the disease has since spread across the world to become one of the most serious global health crises. Since the responsibility of dealing with the pandemic mainly lies with central government, a lot of resources have been used to protect public health. Thus, strengthening transparency and accountability in the use of Covid-19 resources also became an interest among civil society organisations (CSOs) whose mandate is mainly to advocate for transparency as well as fight corruption in the use of public resources. This focus became more pronounced after the massive procurement of vaccines and related goods and services in the fight against Covid raised widespread debates over the role of anti-corruption agencies and oversight bodies in preventing grand corruption; as well as the country's procurement process,

and related risks and vulnerabilities within the Covid 19 public procurement cycle.

It is within this context that this policy brief is being prepared. It is intended to contribute towards enhanced transparency and accountability in procurement by exploring the extent to which e-procurement can be enhanced in Zimbabwe as a mechanism to institutionalise transparency and accountability in procurement of Public Covid 19 resources. This is mainly due to the fact that e-procurement is among the various e-government tools which can offer funders an opportunity to impact on public ability to respond to COVID-19 while also promoting transparency, accountability, and participation.

The policy brief is mainly based on a detailed report on e-procurement produced by Transparency International Zimbabwe (TI Z) in 2021 entitled, *"Transparency and accountability in the procurement processes in Zimbabwe: Towards an E-procurement Framework"* which is the core reference for this policy brief.[1]

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[1]   https://tizim.org/E-%20procurement%20research.pdf

SCRUTINY ON PUBLIC PROCUREMENT INCREASES DURING EMERGENCIES SUCH AS COVID-19

Public procurement in most developing countries constitute an average of about 5% of the Gross Domestic Product (GDP) as well as about 20% of public expenditure (Transparency International, 2021). It is due to these huge amounts of resources involved, which is susceptible to corruption, that the public procurement processes are receiving a lot of attention. Public procurement of goods and services generally consume a significant proportion of the government budget, hence the need to ensure that leakages that arise from the public procurement processes are plugged to ensure value for money. For example, in 2019, procurement of goods and services constituted about ZWL$3.94 billion, while capital expenditure was ZWL$7.02 billion (Government of Zimbabwe, 2020). This means that about ZWL$11 billion, representing almost 50% of total expenditure, was disbursed through the country's procurement system.

In this regard the need to enhance efficiency and effectiveness in public procurement becomes paramount, given the need to leverage on the limited fiscal revenues generated. Reforming the public procurement system can result in significant resource savings, which can be a strategy to unlock additional fiscal resources, which can further be used to expand productive capacity elsewhere for economic expansion. This is also true with respect to procurement of COVID-19 related equipment and drugs.

The interest in public procurement also arises naturally within the context of enhancing institutional efficiency. The efficacy of the Procurement Regulatory Authority of Zimbabwe's (PRAZ) administrative system in terms of supervising and monitoring every procurement contract by various government departments has been raised as a concern by stakeholders (Transparency International Zimbabwe, 2022). This lack of confidence happens at a time when numerous state institutions exist with procurement powers alongside PRAZ, which include government ministries, departments and agencies (MDAs), state owned enterprises (SOEs), local authorities, joint venture partnerships between a state agency and private actors and statutory corporate bodies (Transparency International, 2022). The outbreaks of pandemics such as COVID-19 at a time when such institutional effectiveness is limited, becomes an issue of concern.

The public procurement process is also prone to several corruption risks, which threatens to limit the impact of the intervention responses by reducing resources that end up benefiting the end stream beneficiaries. Several corruption risks and vulnerabilities characterize the existing public procurement process, which are not in any way lessened during emergencies in Zimbabwe. These major risks and vulnerabilities are of a systemic, regulatory, or institutional nature, which create opportunities for corrupt activities to take place or pass undetected without sanction by relevant institutions (Transparency International, 2022). This also increases scrutiny in the public procurement process in Zimbabwe, especially during emergencies such as COVID-19.

E-PROCUREMENT WILL UNLOCK NUMEROUS ADVANTAGES

E-procurement can be defined as the sourcing of goods and services using electronic means, usually through the internet. The concept of e-procurement gained traction largely in the 1990s when advancements in information technology and the internet were witnessed. The main motivation in e-procurement by the public sector largely lies in the need to reduce administration and transaction costs, improving competition as well as reducing corruption in public procurement (Transparency International, 2021).

The reduction in corruption mainly stems from the minimisation of human contacts in e-procurement. There are several points of human contact between the procuring entities, PRAZ operations departments, senior government officials, officials in other Ministries and SOEs and private suppliers. This happens when there is no electronic compliance and approval system to mitigate this corruption risk (Transparency International, 2022). The increased human factor poses a high corruption risk since checks and oversight mechanisms are not given precedence as results are considered superior to process and procedure.

Manual processes are not only slow, costly and inefficient, but are also characterised by poor data storage and retrieval. An e-procurement process, therefore, which is characterised by robust automated and interlinked systems would be more ideal as it promotes competitiveness and cost effectiveness. It allows for a more transparent as well as efficient information flow which also allows for improved access to information to stakeholders interested in tracking transparency in usage of taxpayers' money. E-procurement also reduces collusion or bid rigging by the suppliers as relevant information is captured into a securely operated electronic system. E-procurement is also associated with efficiency gains in terms of costs and time savings. Increased competition is expected to drive down suppliers' quotations while also reducing transaction costs.

Ensuring that key steps of the procurement system are digitally automated can make public transactions more auditable and reduce the discretionary power of public officials, the grounds for petty corruption and kickbacks (Blackburn, 2021). One main way of siphoning off public resources is the creation of shadowy contracts with shell companies and the provision of a transparent portal displaying timely online publication of key government documents and subjecting tenders and awards to public scrutiny

can minimize them (Blackburn, 2021).

E-procurement also facilitates the flow of information which gives confidence to all the critical stakeholders about the public procurement process. Information, which flows vertically downwards from governments to citizens and horizontally between branches of government on online platforms, is facilitated through e-procurement. This enhanced accountability and more efficient transmission of information is a critical foundation for better utilization of public resources. The advent of the pandemic thus makes more urgent the need for accelerating efficiency in public service delivery while processes are simplified so as to free up more resources (that could have otherwise been lost through inefficiencies, bureaucracy and corruption) for macroeconomic stabilization, which needs not be sacrificed even under COVID-19.

The state of play with adopting Electronic Government Procurement (e-GP) in Zimbabwe

E-procurement in Zimbabwe has already been initiated as part of a broad reform programme with support from the World Bank. The principles of the e-GP model of the World Bank, focusing on the use of ICT by governments in their relationship with suppliers of works, goods and consultancy services required by the public sector (World Bank, 2015), has thus been embraced. According to Transparency International (2021), an e-GP implementation would be characterised by three phases:

1. The disclosure of information, which will include procurement notices publication, contracts awarded, as well as the procurement laws and regulations;
2. The procurement transactions being conducted online. It would be expected that the distribution of the bidding documents and the RFP/RFQ would be distributed electronically while the responses are also

submitted electronically, together with the bid openings.

3 The integration of the procurement system electronically, which includes having the e-GP process being integrated within the tax administration system, financial management system as well as the contract management system in general.

A simplified version of the e-GP process can be represented through a diagram (Figure 1). Countries can adopt e-procurement as a system of sequenced activities, given that embracing e-procurement is a long process. The activities range from the pre-award phase to the post-award phase, with both phases having sub-components which are all done electronically.

FIGURE 1: PHASES OF AN E-PROCUREMENT PROCESS

Pre-award phase

e-notification   e-submission   e-evaluation   e-award

Pre-award phase

e-ordering   e-invoicing   e-payment

e-tendering

Source: Transparency International, 2021

While e-procurement has been embraced by many countries, a number of them have only reached the e-submission stage (World Bank, 2015). Based on the World Bank's e-GP guidelines, only when a country has completed the pre-award phase is it considered to have attained the minimum e-GP service level. It is, therefore, this minimum level that Zimbabwe would be expected to aim for in its initial phase of e-procurement. This would see the country's procurement system characterised by the tender notifications, submissions, evaluations and awarding being done electronically. E-notification is where government conducts online publication of tenders, contracts as well as contract awards notices, that is, tender documents being accessed online on a 24/7 basis (e-access). E-submission occurs when suppliers interested in providing services to government in response to tender notifications can also submit electronically to register their interest. Evaluations, awards, orders, invoices

and payment would also be made online, which are the remaining phases of the e-procurement proces.

GOVERNMENT REFORMS IN SUPPORT OF E-PROCUREMENT

The Reforms in Public Procurement culminated in the drafting of a new Public Procurement Bill which was enacted into law as the Public Procurement and Disposal of Public Assets Act [Cap 22:23] in October 2017 (hereafter the Act). The Act became operational starting 1 January 2018 through SI 152 of December 2018. The Procurement Regulations, Public Procurement and Disposal of Public Assets (General) Regulations, 2018 were gazetted through S.I. 5 of 2018 of 19 January, 2018.

The Act regulates procurement activities by all State institutions at all stages in the procurement cycle for all types of procurement, including

COVID-19 associated expenditure. PRAZ is a regulatory and oversight body, only responsible for standard setting, guidelines issuance as well as monitoring compliance with the legislation. PRAZ is not involved in the actual adjudication and awarding of tenders. In addition to awarding of tenders, PRAZ's oversight also extends to the disposal of public assets in Zimbabwe, the aim being to ensure that both procurement and disposal are done in a transparent, fair, cost effective and competitive manner.[2]

The award of tenders is now an exclusive role of Accounting Officers in the regulated procuring entities, with PRAZ only playing supervisory and monitoring roles to ensure that the procuring entities are in compliance with the Act. As a result, every procuring entity is now responsible for their own procurement while following the laid down guidelines. Given the reliance of manual systems and human interface, the opportunities for corruption are magnified at each of these entities. The reliance on paper-based transactions is not only tedious but also shrouded in transparency challenges which could also breed corruption avenues at the procuring entity level. The acquisition of COVID-19 related equipment, done under emergency conditions with relaxed oversight, would only worsen the challenges.

THE SCOPE FOR E-PROCUREMENT IN ZIMBABWE UNDER COVID-19

The case for e-procurement for Zimbabwe mainly lies in the advantages that the process has compared to manual methods, most of which are ideal for the fast process required under COVID-19. Electronic procurement increases openness and transparency which can also promote speedy conclusion of transactions. The cost advantage also arises from the fact that paper-based procurement systems undermine administrative efficiency and are generally associated with high administrative and transaction costs. Adoption of electronic procurement systems would also ensure openness, transparency and curtail corruption by reducing human interaction in the procurement cycle, thereby reducing opportunities for bribes.

The Act has already embraced e-procurement within the legislation. This means that the legal framework already exists partially and this can be leveraged upon to fast track the adoption of e-procurement in Zimbabwe. PRAZ has also been given some functions which had e-procurement in mind. For example, PRAZ has the role of implementing electronic means of monitoring and supervising procuring entities and to develop the use of electronic tools for procurement, including a public procurement website and statistical databases containing information on public procurement in Zimbabwe, specifying the conditions under which such databases will be availed to the public.[3]

The Act also provides for free access to bidding documents when they are done by electronic means, while also providing for the procuring entities to establish an electronic system through which bidding documents can be accessed.[4] The Act has also provided room for PRAZ to come up with an e-procurement policy which should guide the submission of bidding documents by e-mail,[5] after which the opening of such bids would be done using a

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[2] Section 6 of the Public Procurement and Disposal of Public Assets Act

[3] Section 6 of the Act

[4] Section 40 of the Act

[5] Section 43 of the Act

procedure to be prescribed by PRAZ.[6] In terms of section 69 of the Act, PRAZ must establish an electronic system for the purpose of record of procurement proceedings and specify the conditions under which access to electronic data in the system is open.

Thus, there is a case for e-procurement in Zimbabwe, given that the legal foundation has already been laid. However, for a successful e-procurement programme, there are several key success factors and pillars which play a facilitatory role. The extent to which such factors exist in Zimbabwe would be instrumental in determining the ease at which the transition from paper based to electronic methods can take place.

CRITICAL PILLARS FOR A SUCCESSFUL E-PROCUREMENT STRATEGY: LESSONS FROM OTHER COUNTRIES

Given that e-procurement is an important avenue in addressing some of the challenges associated with COVID-19 related public procurement, it is important to ensure that initiatives towards e-procurement are fast tracked in Zimbabwe. Lessons from African countries that successfully initiated e-procurement can be used to identify some of the important pillars that can serve as a foundation for a strong e-procurement system in Zimbabwe. Such countries include Ghana, Rwanda and Tunisia.

Transparency International (2021) identifies the following as some of the critical attributes for a strong e-procurement regime in Zimbabwe based on experiences elsewhere:

Strong e-government reforms should precede the launch of e-procurement.
All public institutions in Zimbabwe must have functional websites and should be familiar with online methods in preparation of e-procurement. Technology advancement and spread across all participating institutions was a critical facilitating factor.

Legislation amendments are needed to legalise the e-procurement process.
Having a procurement legislation that is already cognisant of e-procurement as the case currently in Zimbabwe is a positive step.

Partnership and expertise from experienced countries necessary
Having the World Bank as a technical partner was instrumental in Ghana and Rwanda. It is also critical to ensure that the partnership with World Bank that has achieved the current foundation are leveraged upon to attract other partnerships needed to ensure that the e-procurement reform journey is successful.

Inter-agency coordination and use of common standards is needed
It is important that key government institutions that would matter in e-procurement, including the Deeds Office, the Zimbabwe Revenue Authority (ZIMRA) and the central bank (RBZ) have inter-coordinated mechanisms in ensuring that a system where information from them is gathered through a one stop inline facility is possible.

The procurement authority should lead the process
In all the countries, the e-procurement is managed by the procurement authority. It is also critical for PRAZ to start developing expertise in designing e-procurement compliant systems which can be leveraged upon when the programme kicks off.

Data security needs to be strong
The availability of information online has a lot of security risks. To ensure that there are no

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6   Section 46 of the Act

confidentiality breaches and hacking which reduces confidence on the system, it is important to ensure that governments invest in the necessary data protection system. This would give confidence among users that the confidential nature of their information is assured.

Strong commitment from leadership is important
This can be identified as one critical factor for Rwanda's success in this area, as leadership was willing to make the necessary reforms, including legislative changes as well as partnering and following advice by experts on e-procurement.

Transparency in the reform process is critical
Transparency in the whole process also helped, as it enhanced confidence and buy in from all stakeholders.

RECOMMENDATIONS FOR E-PROCUREMENT AS A SOLUTION FOR ENHANCED TRANSPARENCY AND ACCOUNTABILITY UNDER COVID-19

› Government should ensure that the foundation for e-procurement laid under the World Bank supported e-GP strategy be finalised. This would go a long way in ensuring that there is a foundation for enhanced savings, transparency and accountability in all public procurement, including under emergencies such as COVID-19.

› Government should leverage on the notable advancement in the use of ICT in government institutions to ensure that paper-based manual systems are minimised in public procurement. This would also make the migration to full e-procurement smoother when the system is eventually fully embraced in future.

› Government should also prioritise the making of the current public procurement environment conducive for e-procurement. This generally means ensuring that all the pre-requisites are in place in readiness to full migration. The pre-requisites include the required technologies, the development of an E-procurement Strategy, ensuring that the institutional framework for e-procurement is in place as well as enhanced awareness among all the stakeholders about e-procurement and its benefits.

Government should ensure that there is legislative compliance for e-procurement. Although the enabling Act has provisions that allow for e-procurement, legislative compliance extends to all the other legislations which have a bearing on procurement. These need to be harmonised to ensure that there is inter-agency coordination while also avoiding loopholes that can delay the implementation of e-procurement.

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ABOUT TRANSPARENCY INTERNATIONAL ZIMBABWE (TI Z)

Transparency International Zimbabwe (TI Z) is a non- profit, non- partisan, systems-oriented local chapter of the international movement against corruption. Its broad mandate is to fight corruption and related vices through networks of integrity in line with the Global Strategy. TI Z believes corruption can only be sufficiently tackled by all citizens including people at grass root level.

VISION

A Zimbabwean society free from all forms of corruption and malpractices.

MISSION

We exist to be a knowledge-driven and evidence-based anti-corruption civil society organization that practices and promotes transparency, accountability, and integrity in all sectors to achieve good governance.

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