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INCEPTION REPORT

**CONSULTANCY TO ASSIST IN THE DESIGN OF
MANAGEMENT SYSTEMS FOR THE GOVERNMENT OF
KENYA PUBLIC PROCUREMENT OVERSIGHT AUTHORITY
(PPOA)**

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PROCUREMENT OVERSIGHT AUTHORITY (PPOA)**

Contract No. AFP-I-00-04-00002-00 Order no. 08

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SECTION I – INTRODUCTION

Background

The United States Agency for International Development (USAID), USAID/Kenya, Program Development and Analysis requires support to assist in the design of management systems for the Government of Kenya Public Procurement Oversight Authority as detailed in this Inception Report and the Scope of Works.

Chemonics International consultancy team was fully mobilized in Nairobi on 16 April 2007 and started initial work under this assignment. The team members are listed below:

- Lead Consultant: Manmohan Ruprai
- Organizational Development Specialist: Michael Wanyoike, and
- ICT Specialist: Regina Mutoko

Purposes and Activities

The Government of Kenya (GOK), with the support of Cooperating Partners, embarked on a Public Procurement Reform program as early as 1997. As part of the reforms, new Public Procurement Regulations were issued that came into effect on 1st March 2001 after which the Government of Kenya embarked on drafting a procurement law.

The goal of having in place a proper legal and regulatory framework has been achieved as the Public Procurement and Disposal Act, 2005 has been enacted into law by Parliament. One of the provisions of this Act is the establishment of the Public Procurement Oversight Authority (PPOA).

The establishment of PPOA is significant in that a good procurement system requires a good policy oversight institution to set the Government's overall procurement strategy and also to monitor ongoing performance and compliance with the law. It is the intention to set up the PPOA as a premier, first class public institution in the way it is managed, its focus on results, and the use of modern information and communications technology (ICT) for communication and other operations.

The process of establishing the PPOA is already well underway. A significant amount of preparatory work has been carried out. The Public Procurement Directorate (PPD) in the Ministry of Finance and the Directorate of Personnel Management (DPM) in the Office of the President have prepared initial drafts of the relevant constituent documents for the Authority. PPOA is also in the initial process of putting in place a modern ICT management system.

The Primary Objectives

The primary objectives of this consultancy are to:

1. Obtain support in refining and improving the draft constituent documents in order to develop an optimum organizational/management structure and other necessary institutional documents that are commensurate with modern management practices and that are in line with internationally accepted standards.
2. Obtain advice in establishing a comprehensive ICT management system for; (i) efficient internal management (e-management of Human Resources and accounting functions, etc.), (ii) effective internal and external communications, (iii) handling large volumes of information flows between PPOA, procuring entities, development partners, other stakeholders and the public in general.

Existing Legal and Regulatory Framework

Up to March 2001, the procurement system was fragmented. It consisted of the Central Government system, the Local Authorities system, the State Corporations system, and the Procurement of Consultants Services for Civil Works. The systems were contained in the Supplies Manual of 1978, and supplemented by circulars from the treasury. The Director of Government Supplies was responsible for ensuring the proper observance of the provisions of the Manual. The Manual created various tender boards including the Central Tender Board, Ministerial Tender Board, and District tender Board.

A review of the country's public procurement system undertaken in 1999 revealed many shortcomings of the system including non-uniformity of the system, absence of sanctions or penalties against violators (apart from internal disciplinary action), non-inclusion of directives on the procurement of works, and inadequate provision for the settlement of disputes. In addition, there were institutional weaknesses leading to poor coordination, and teamwork among ministries. Another review of the country's procurement system under donor-funded projects pointed to other weaknesses such as lack of project procurement plans, poor capacity, and insufficient transparency in bid opening.

In view of the weaknesses, the government has instituted important reforms. One of such reforms was the Public Procurement Regulations (Legal Notice No. 51) which came into force in March, 2001. That regulation created the Public Procurement Directorate (PPD) and the Public Procurement Appeals Board (PPAB). It also unified all circulars that had previously governed procurement. This was Kenya's first attempt to create a uniform, clear and consistent procurement system for the entire public sector.

In the year 2005, further procurement reforms were undertaken when the law came into effect in October the same year. The Act has established the Public Procurement Oversight Authority (PPOA) with two bodies, namely, the Advisory Board and the Review Board. PPOA was established as a body corporate to guarantee its autonomy as it is not directly under the Ministry of Finance. Despite the legal, administrative reforms in procurement, the PPOA will not be effective without appropriate support, management structures and facilities.

The Minister of Finance as mandated by the Public Procurement and Disposal Act, 2005 passed the supplement legislation by passing the Public Procurement and Disposal Regulations 2006 which came into effect on 1 January 2007.

The Client

The Client is USAID/Kenya represented by Program Economist as the principal contact for the consultancy and the USAID/Washington Cognizant Technical Officer (as appropriate), from whom all necessary approvals will be obtained.

The Primary Beneficiaries

The GOK Director General of Public Procurement Oversight Authority (PPOA) will be the principal point of contact for the Consultant with the Government of Kenya and the primary beneficiary of the technical assistance. A Reference Committee comprising of representatives from GOK Treasury and the Directorate of Personnel Management (DPM) has been constituted for consultation purposes, to which the Consultant will be required to make presentations. Any other stakeholders may be invited to the Committee as and when the need arises.

SECTION II – INITIAL REVIEW AND TRANSITIONAL PROVISIONS

Institutional Framework

The Public Procurement and Disposal Act, 2005 establishes the Public Procurement Oversight Authority as a body corporate and provides that the Authority shall have all the powers necessary or expedient for the performance of its functions. The Authority shall have perpetual succession and a common seal and shall be capable of suing and being sued in its corporate name; and holding and alienating movable and immovable property.

Function of the Authority. The Authority shall have the following functions:

- a) To ensure that the procurement procedures established under the Act are complied with
- b) Monitor the public procurement system and report on the overall functioning of it and present to the Minister for Finance such other reports and recommendations for improvements as the Director-General considers advisable
- c) To initiate public procurement policy and propose amendments to the Act or to the regulations
- d) Assist in the implementation and operation of the public procurement system and in doing so:
 - (i) To prepare and distribute manuals and standard documents to be used in connection with procurement by public entities;
 - (ii) To provide advice and assistance to procuring entities on procurement matters;
 - (iii) To develop, promote and support the training and professional development of persons involved in procurement;
 - (iv) To issue written directions to public entities with respect to procurement including the conduct of procurement proceedings and the dissemination of information on procurements; and
 - (v) To ensure that procuring entities engage procurement professionals in their procurement units.
- e) To perform such other functions and duties as are provided for under the Act

Transitional Provisions

Provisions provided by the 2005 Act which are crucial for PPD transition to PPOA are listed below:

No.	Subject	Provisions in the 2005 Act
1	Interim Director - General	(1) The person who, immediately before this Act comes into operation, was the Director of the Public Procurement Directorate shall become the interim Director-General of the Authority upon the establishment of the Authority. (2) The interim Director-General shall cease to be the interim Director-General upon the appointment of a Director- General under section 10. (3) For greater certainty, the interim Director-General shall have and may exercise and perform all the powers and functions of the Director-General until the Director-General is appointed, including being a member of the Advisory Board. (4) For greater certainty, service as the interim Director-General shall not constitute service for a term for the purpose of section 11(2).
2	Interim members of Advisory Board	(1) Before members of the Advisory Board are nominated and appointed under section 22(1) (a), the Minister shall appoint nine

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No.	Subject	Provisions in the 2005 Act
		<p>interim members.</p> <p>(2) The Minister shall designate one of the interim members as the Chairman.</p> <p>(3) The interim members shall cease to hold office upon sufficient members of the Advisory Board being appointed, under section 22(1) (a), to constitute a quorum.</p> <p>(4) While the interim members hold office the Advisory Board shall not recommend the appointment of the Director-General under section 23(c).</p> <p>(5) For greater certainty, service as an interim member shall not constitute service for a term for the purpose of paragraph 2(2) of the First Schedule.</p>
3	Existing procurement Proceedings continued under old law	<p>(1) Procurement proceedings commenced before this Act comes into operation shall be continued in accordance with the law applicable before this Act comes into operation.</p> <p>(2) A procurement proceeding commences for the purpose of subparagraph (1) when the first advertisement relating to the procurement proceeding is published or, if there is no advertisement, when the first documents are given to persons who wish to participate in the procurement proceeding.</p>
4	Existing exemptions continued	If, before this Act comes into operation, the Minister made a decision under Regulation 3(2) of the Exchequer and Audit (Public Procurement) Regulations, 2001 with respect to the use of a different procedure for a procurement, that procurement shall be exempt from this Act.
5	Confidentiality in relation to past proceedings	Section 44 shall apply with respect to procurement proceedings completed before this Act comes into operation.
6	Records of past procurements	<p>(1) Section 45 shall apply with respect to: (a) a procurement that took place before this Act comes into operation; or (b) a procurement, the procurement proceeding for which was terminated before this Act comes into operation.</p> <p>(2) Section 45(2), as it applies under subparagraph (1), does not require the record of a procurement to include anything that was not required before this Act comes into operation.</p>
7	Publication of Existing contracts	Section 46 shall not apply with respect to a contract formed before this Act comes into operation.
8	Amendments to Existing contracts	Section 47 shall apply with respect to a contract formed before this Act comes into operation but not to an amendment to such a contract made before this Act comes into operation.
9	Interest on overdue amounts under existing contracts	Section 48 shall apply to contracts formed before this Act comes into operation and to amounts under such contracts that became overdue before this Act comes into operation
10	Inspections and	Section 49 shall apply to contracts formed before this Act comes

No.	Subject	Provisions in the 2005 Act
	audits relating to prior contracts	into operation including contracts that are no longer in force when this Act comes into operation.
11	Administrative review, etc. for existing proceedings	Parts VII and VIII apply, with necessary modifications, with respect to procurement proceedings commenced before this Act comes into operation.
12	Continuation of existing administrative Review proceedings	Proceedings before the Public Procurement Review, Complaints and Appeal Board established under the Exchequer and Audit (Public Procurement) Regulations, 2001 shall be continued before the Review Board under Part VII and the provisions of that Part shall apply, with necessary modifications.
13	Continuation of existing investigations	An investigation of procurement proceedings by the Public Procurement Directorate shall be continued under Part VIII and the provisions of that Part shall apply, with necessary modifications.
14	Grounds for debarment include previous actions	The grounds for debarment a person from participating in procurement proceedings under section 115 extend to anything done before this Act comes into operation that would constitute a ground under that section.
15	Transfer of staff	<p>(1) Upon the establishment of the Authority each member of the staff of the Public Procurement Directorate, including the Director, shall remain a member of the public service but shall be seconded to the Authority for a one year period.</p> <p>(2) If, within the first year after the Authority is established, a person seconded to the Authority under subparagraph (1) enters into a written contract of service with the Authority the person shall cease to be a member of the public service without right to severance pay but without prejudice to any right to other remuneration or benefits payable on termination or in respect of their public service.</p> <p>(3) A person seconded to the Authority under subparagraph (1) shall cease to be so seconded and shall be redeployed as a member of the public service if: (a) the one year period of secondment under subparagraph (1) expires without the person having entered into a written contract under subparagraph (2); or (b) the person opts, within the one year period of secondment under subparagraph (1), to end his secondment.</p> <p>(4) This paragraph does not apply with respect to staff whose duties are, in the opinion of the Director of the Public Procurement Directorate, primarily concerned with procurement operations rather than with the oversight of public procurement.</p>
16	Transfer of authorized expenditures for 2005/2006	Expenditures that were authorized for the 2005/2006 financial year to be used in relation to the Public Procurement Directorate and that, upon the commencement of this Act, have not been expended, shall be deemed to be authorized for that financial year to be used in relation to the Authority.

No.	Subject	Provisions in the 2005 Act
17	Financing of Authority	The Minister shall facilitate an adequate budget for the Authority upon the commencement of this Act
18	Transfer of assets	The assets of the Directorate of Public Procurement existing before the commencement of this Act shall be transferred to the Authority upon commencement of this Act.

Organizational Development Component

This assignment component is expected to refine the ideas, anchor them well in best practice and produce the final draft documents. The key output of this component of the project will be:

- (i) An organizational structure (organogram) recommending a management structure commensurate with modern management techniques,
- (ii) Job profiles, descriptions, and any human resource competencies required based on experience with similar oversight institutions in the region and elsewhere and in accordance with provisions of the Public Procurement and Disposal Act, 2005.

Appropriate draft Terms and Conditions of Service for the staff of PPOA will be developed.

In addition, the project is required to deliver final drafts of the internal documentation that the PPOA will need in order to be a well managed organization. These will include:

- (i) Human Resources Policy
- (ii) Staff Rules and Regulations (including code of conduct and ethics)
- (iii) Procurement Rules and Regulations (e.g. internal procurement responsibilities of the PPOA itself)
- (iv) Terms of reference for three committees (audit, finance and human resources) of the PPOA Advisory Board
- (v) Terms of reference of the PPOA management committees
- (vi) Employee Handbook
- (vii) Any other documents that may be agreed to with the PPD

A study team has been working on the draft documents for PPOA management and operations and has produced a report dated January 2007. The Team comprised of the PPD (the precursor of PPOA) and Directorate of Personnel Management (DPM). The Team has also developed papers on the various aspects of management operations such as Code of Conduct and Ethics for employees, Service Charter for PPOA, Financial and Accounting Regulations and Procedures Manual, Staff Rules and Regulations, recruitment and Training Policy, Composition and Terms of Reference for Management Committee, Board Charter and Strategic Plan. While the initial review did not include a detailed study of the documents, they are acknowledged as very good effort in this undertaking which will no doubt make a good starting point for this project.

The DPM/PPD Team has outlined or recommended some elements/concepts in the organisation design and human resource capacity building which will be analyzed, refined or substituted with alternatives within the terms of reference of this assignment. It is appreciated that much base work has been done in the organization structure, conceptualization of functional departments, manning levels assessment and the transitional provisions from PPD to PPOA.

This assignment aims at providing recommendations in how to create and manage a working environment that will attract and retain professionally qualified and experienced staff. The staff should have the necessary capabilities that will enable the Authority to achieve its objectives and in this regard, the staff will be multidisciplinary and appropriately qualified.

Key Tasks: The main tasks and stages of this undertaking will entail:

- (i) Developing the organization structure
- (ii) Identifying the optimum staffing and skills needs
- (iii) Writing of the role profiles
- (iv) Recommending the Recruitment Strategy taking into account Staff deployment for 1 year
- (v) Suitability interviews - deployed staff for internal recruitment or surrender back to Ministry of Finance
- (vi) External interviews to fill gaps
- (vii) Identifying skills development needs
- (viii) Developing a strategy for out sourcing of services to consultants, experts and independent investigators (Sec 16 of Act)
- (ix) Developing grading structure, salary and terms and conditions of employment.
- (x) Developing and refining final draft documents as spelt out in the terms of reference.

Methodology and Approach: The documents in our possession including the Law and Regulations as well as documents developed by the PPOA will be studied and refined accordingly. This will be discussed exhaustively with the PPOA team. Benchmarking with other similar bodies elsewhere outside the country will be done and in Kenya a survey will be conducted to benchmark with other regulatory bodies. In doing so, this exercise will seek to create a premier organisation which will provide effective oversight and stewardship as in the regulation of procurement.

Information, Communications, and Technology Component

A. Detailed Description of ICT Deliverables and ICT Needs Assessment:

This stage will involve the evaluation of PPOA's ICT requirements and will be divided into four sections as described below.

1. ICT Requirements Necessary to Achieve Communication Objectives

- Communication infrastructure – LANs, PABX, e-mail and internet connectivity, fax machines, use of ISDN lines, use of GSM lines etc.
- Operating Systems for servers and client computers
- Computing equipment – desktop computers, UPSs, laptops, printers, photocopiers, scanners, servers, tape drives, air conditioning for the server room, and other peripherals etc
- Personal productivity tools – word processing software, spreadsheet software, simple database software, presentation software
- Corporate Communication Software – e-messaging software, internet connectivity and management software, basic website specifications, website server and database servers
- Security hardware and software – firewalls, enterprise wide antivirus software, anti-spamming software, intrusion detection software, password policy management software, access control systems for the server room and other areas, redundancy for servers, redundancy for LAN components, etc
- Performance management and support systems – helpdesk system for IT, LAN management software, automated software distribution systems, remote control systems,

space management systems for the server, automated backup for client computers on the LAN, etc

2. ICT Requirements Necessary to Achieve All Management Objectives

- Financial Management software – General ledger, chart of accounts, budgeting module, accounts payables, accounts receivables, cash management module, commitment accounting module, and reporting modules
- Purchasing Module – planning and costing, supplier database, requisitioning, order processing, blanket orders, invoices, credit memos, purchase journals, item journals, item reclassification journals etc
- Stock Management software – receipt of consumables, storage of consumables, issue of consumables, stock take module, reports and printing of accountable documents
- Payroll – database of employees, tracking of loans and other advances, statutory deductions, overtime, payslips, statutory deductions etc
- Human Resource Management – management of recruitment, probation, promotions, training history, succession planning, performance evaluation, leave and absence management, documentation management e.g. warnings, recommendations,
- Transport Management System – database of fleet of vehicles, tracking of recurrent activities like service, insurance, licenses, accident reports etc, fuel and spare parts management, mileage management, work schedule for the vehicles, etc
- Facilities and Services Management – database of suppliers for hygiene and sanitation services, air conditioning systems etc, database of contracts, performance indicators, performance evaluation against contract terms module, document management, renewal advice alerts, reports
- Records Management – workflow planning, scanning of documents, searching and filing, output into optical and other media
- File Servers – management of data repository for departments and individuals, rules for storage and access to information, backup of data, archiving of data, security for the data
- Dash Board – database of key performance indicators per section, definition of the various levels of performance (good, average, poor), list of key metrics (financials, training parameters, no. of cases administered by the R&A Board, compliance parameters, resource centre access parameters etc), linkage to the various data sources (financial module, website, Review and Appeals Board System, etc), management reports.
- Computer Assisted Audit Tool – utilities for carrying out queries and analysis of information in all the various business systems from payroll to the Dash Board, reporting module, archiving module

3. ICT Requirements Necessary to Achieve Mandate of PPOA

- Website – dissemination of information, secure information log in, subscription page for PPOA publications and reports, online collection of information from procurement entities, online recruitment, statistics section, etc
- Monitoring and Evaluation – system to manage the coordination of procurement by entities, system to manage information gathered from field visit M&E exercises, annual audit reports for procurement entities etc
- Training and Capacity Building System – database of procurement professionals in the country, database of institutions certified by the Authority to offer courses, database of courses available to professionals that have been certified by the Authority, analysis of performance of registered institutions, course attendance, frequency of courses, attendance of courses, adherence to curriculum etc, Analysis of procurement professionals' continuous education performance, mailing lists to the procurement

professionals (making training materials and other updates available, notifying students of relevant up and coming courses or seminars) etc.

- Review and Appeals Board System – Help Desk system that logs all cases lodged with the R&A Board, tracks the status of each case, the team assigned to each case, dates for each case, rulings of each case, and provides electronic copies of documentation and proceedings, etc
- Resource Center Management – Library management system for books and other hard copy materials, e-library system for materials that are available electronically.

4. Procurement and Implementation Strategy

- Development of hardware specifications – for servers, desktops, printers, scanners, photocopiers, UPSs, and other peripherals
- Development of software specifications – for operating systems, personal productivity tools, business automation applications (financial management systems, payroll, procurement systems etc), and other applications
- Development of infrastructure specifications - bandwidth requirement, optimum server capacity, etc. both intranet and internet requirements that can support the system, PABX specifications, routers, switches, firewalls, diverse routing for redundancy requirements, etc
- Development of technical evaluation score sheets for hardware, software and infrastructure – This will indicate what parameters are evaluated through proposals, demonstrations and site visits. It will indicate which items need to go through the demonstration and if necessary the site visit evaluation stage
- Development of implementation and configuration parameters for hardware and software – security settings, functional settings, redundancy settings, backup settings, and customizations to suit the Kenyan environment
- Development of commissioning checklist for hardware and software implementations – provision of installation CDs, cloning CDs, license and warranty documents, documentation of network, inventory list of equipment, documentation of configuration parameters, basic administrator training for equipment like the PABX, photocopiers etc, system manuals handed over, documentation of customizations, etc
- Development of critical parameters to be captured in service level agreements (SLAs) for hardware and software maintenance – turn around times, replacement of equipment, escalation matrixes, incident management procedures, reporting parameters, priority equipment, Quality of Service (QoS) parameters (for internet connectivity), Denial of Service (DoS) penalties etc
- Development of disaster recovery management (DRM) parameters for hardware and software – Backup plans, off-site backup, DRM testing schedules, synchronization between onsite and offsite equipment, synchronization between live and standby equipment, etc

B. Development of Business Process Diagrams

The objective of this exercise is to identify all the business processes required to operationalize an effective PPOA. This phase of the assignment will be undertaken in three phases as described below.

1. Establish Currently Existing Business Processes

This will be in the form of an interview of existing officers of the PPOA and is intended to:-

- Obtain a full understanding of which processes are currently being undertaken,
- Obtain an appreciation of the volume of work in each process,

- Understand the complexity, repetitiveness, and routine nature of each process
- Identify the existing data and information that will need to be catered for in the transition from manual systems to automated business systems.

2. Design of Required Business Process for an Effective PPOA

Based on the first exercise, the consultant will then identify the gap between existing business processes and required business processes. These other processes will be outlined and discussed with PPOA for basic harmonization with current processes and existing policies and procedures. Once common understanding of business processes has been achieved, the final list of business processes will be developed.

3. Development of the Final Business Process Diagrams

For each business process identified above, the ICT Consultant will develop business process diagrams that will indicate the work flow process as well as the information flow process across the various business application platforms. This will be important for the development of specifications for the various business systems to ensure that they deliver the functionality that is required.

C. Development of ICT Staff Training Framework

The development of the ICT Staff Training Framework will be divided into two sections as described below. One section will cater to the requirements of the ICT Department and other will look at the requirements of the End Users.

1. ICT Staff Training Framework for ICT Department – Administrators

The ICT Department will be the facilitator of business process applications (BPA). They will be responsible for managing the implementation of projects. This will require that they have knowledge in the areas of:-

- Communication of user requirements to successful vendors and service providers,
- System testing in conjunction with users,
- Ensuring system documentation is available and comprehensive,
- Original licenses are provided,
- Warranties and other manuals are available and
- First level of staff training

Over and above these project related tasks, the ICT Department will be responsible for every day activities which will necessitate knowledge in the areas of:-

- Management of change requests (permissions, configuration parameters),
- Incident management and resolution (help desk),
- Backup of systems,
- Disaster recovery,
- Updating of system documentation,
- Application of service packs and other patches, etc

All the areas pertaining to the business process systems will be identified and specific ICT Department training needs will be highlighted for consideration during implementation of systems. Training will also consist of refresher courses to keep information current.

2. ICT Staff Training Framework for End Users

- End users are the owners of the business process applications and they will require extensive training on how to best utilize the systems that will be implemented. This training will be designed to ensure that end-users are not only aware of what they need to do in their respective functions, but also how the information that they receive from other functions is generated, and how the information they produce is utilized by the next function in the process.
- This ‘more-than-you-do’ knowledge transfer system is recommended for developing a knowledge oriented organization, where the staff will engage their minds when undertaking tasks as a result of understanding their role in the bigger picture.
- All the business process areas will be identified and the staff that need to receive training in each of the areas will also be stated.

Methodology and Approach

The approach to achieve the specific objective of the assignment is to assist the PPOA in the following ways:

1. Hold initial meeting with USAID and full consultancy team with the Public Procurement Directorate, the Directorate of Personnel Management, and other relevant offices;
2. Analyze institutional structures, human resource needs, and ICT frameworks for comparable institutions worldwide and in the region;
3. Evaluate steps already undertaken to establish an ICT management system.
4. Conduct a comprehensive analysis of PPOA’s anticipated functions and responsibilities in consultation with GoK partners, coming to consensus on an organization chart for the PPOA;
5. Complete IT needs assessment and begin ICT framework, including ICT procurement needs and specifications (hardware and software);
6. Develop business process diagrams to show the benefits of incorporating recommended technologies to reduce task completion time while increasing collaboration and productivity;
7. Refine financial rules and regulations, including internal procurement rules and regulations, and terms of reference for the PPOA advisory board and management committees based on the draft documents prepared by the DPM/PPD Team;
8. Draft job profiles and required competencies, as well as refining staff rules and regulations to be incorporated into the human resources policy manual and employee handbook, as required, in partnership with the DPM.

The PPOA as a body corporate is expected to consist of ___ Government professionals full time staff with administrative, IT and secretarial support.

Consultancy Team Inputs

Chemonics International under this task order proposal for consultancy will assist in the design of management systems for the Government of Kenya Public Procurement Oversight Authority (PPOA). This consultancy will enable the Authority and GoK to efficiently perform its core functions of financial oversight and human resources management, and will ensure adherence to procurement rules and regulations.

The consultant’s team, which was fully mobilized on 16 April 2007 in Nairobi will rely on Kenyan expertise, led by lead consultant, Manmohan Ruprai. Mr. Ruprai will assist the Government of Kenya in implementing public procurement reforms. He has advised on establishment of oversight offices, human resources management, organizational design, financial management, and information and communication management systems. Mr. Ruprai is working with two Kenyan consultants: organizational development specialist Michael Wanyoike, and ICT specialist Regina Mutoko. Both

have been instrumental in moving the Kenya Medical Supplies Agency from a legal mandate to a fully operational entity responsible for procurement and distribution of medical commodities. Mr. Wanyoike helped define organizational structure and supporting policies and procedures while Ms. Mutoko assisted in the design of its ICT management systems.

Chemonics is maximizing the use of local knowledge and expertise by partnering with AfriNet Commerce Ltd. (e-sokoni). They are leaders in procurement solutions and change management, and with the team leader, form a project team with in-depth knowledge of the Kenyan environment and a deep understanding of international best practices. The development of a collaborative relationship through a participatory approach with the client and the Government of Kenya is critical to providing high-quality sustainable development solutions. Chemonics International provides contract management necessary to fulfill all the requirements of this task order. This includes cost and quality control under this contract.

Coordination

The assignment activities are closely coordinated by the USAID-Kenya Office Nairobi and Chemonics International in Washington DC. Excellent support and advice has been provided by Ms. Lisa Whitley (Program Economist USAID-Kenya), Mr. Al Smith (Deputy Country Representative USAID-Kenya), Mr Robert Hunja, Director General PPOA, Mr. E.M Kinyangui, Chief Procurement Officer PPOA and the Working Group Members. Excellent cooperation, team work and good partnership has been established to complete the tasks.

PPOA Office

The PPOA current offices are located:

Ministry of Finance
 Treasury Building, Harambee Avenue
 Public Procurement Oversight Office (PPOA)
 P.O Box 30007
 Nairobi
 Kenya

Work Plan Reporting Obligations and Deliverables

A detailed implementation plan based on the purposes and activities to be carried out during the first six weeks has been made and is attached in **Annex 1**. The implementation plan provides the scheduled weekly start and end dates for each week and the tasks and sub-tasks under this assignment.

The work plan is also shown as a bar chart in **Annex 2**.

The following are the expected reporting obligations deliverables of the consultancy, which incorporate the expected outputs described in Scope of Works, delivered in the following reporting times to the USAID and PPOA.

Deliverables	Completion Week As From Signing of Contract
Inception report that includes a detailed work program showing the activities to be performed on a weekly basis for the duration of the consultancy Meeting with the Reference Committee	Week 1

Deliverables	Completion Week As From Signing of Contract
1st Interim report, including all outputs of initiatives outlined Section 3 Meeting with the Reference Committee	Week 3
2nd Interim report, including the updated 1st Interim Report Meeting with the Reference Committee	Week 4
Draft Final Report	Week 5
Final Report	Week 6

Future strategy

The aim is to continue public procurement development and to ensure long term sustainability of national procurement management, training programs and capacity building countrywide. The progress made to date is noteworthy, but can only be viewed as a beginning. Given the limited resources of MOF/PPOA, the priority areas where it will focus should be carefully identified in the Strategic Plans. Many of the staff will be newly recruited and their knowledge and experience of public procurement may still be inadequate to effectively conduct management and monitoring functions in public procurement. In addition, the demand for public procurement is likely to increase during the country's transition to a legislated procurement process with well established oversight functions. To build PPOA's capacity, a longer term program will need to be undertaken. Given the achievement in developing the legal framework and institutional set-up the next logical steps would be to help carry out effective and quality public procurement countrywide. Continuity is needed to ensure the sustainability of the gains made and allow for continuation of progress made so far in public procurement.

SECTION III - ANNEXES

The following list of Annexes are attached:

1. The Work Plan – 6 Weeks
2. The Work Plan Bar Chart – 6 Weeks
3. Scope of Work

Annex 1 – Draft Work Plan: 6 Weeks

The proposed work plan was discussed in detail and agreed upon with the PPOA working group this week. The six-week consultancy is described below, and will be refined with USAID and government partners as required during the progress of the works.

Day/Week	Activities/Tasks	Deliverables/Benchmarks
Week One 16-21 April	<ol style="list-style-type: none"> 1. Chemonics home office arranges travel for Mr. Ruprai and finalizes subcontract with e-sokoni; 2. Mr. Ruprai begins review of PPOA legislation and internal documentation upon contract signature while awaiting flight to Kenya; 3. Mr. Ruprai arrives in Kenya and holds initial meeting with USAID and full consultancy team; 4. Full team holds initial meetings with the Public Procurement Directorate, the Directorate of Personnel Management, and other relevant offices; 5. Full team conducts an analysis of institutional structures, human resource needs, and ICT frameworks for comparable institutions worldwide and in the region; 6. ICT Specialist, Ms. Regina Mutoko, meets with relevant personnel to evaluate steps already undertaken to establish an ICT management system. 	<ol style="list-style-type: none"> 1. Inception report detailing weekly work plan for remainder of consultancy, as well as summary of research results during week one; 2. Initial meetings held with USAID, PPOA, & Reference Committee (Working Group) held. 3. Meetings arranged with comparable institutions in Kenya with the assistance of PPOA. 4. Draft documents developed by DPM/PPD Team collected on 19 April 2007 from PPOA 5. Initial review of available documents commenced.
Week Two 23-28 April	<ol style="list-style-type: none"> 1. Full team conducts a comprehensive analysis of PPOA's anticipated functions and responsibilities in consultation with GoK partners, coming to consensus on an organization chart for the PPOA; 2. Ms. Mutoko completes IT needs assessment and begins drafting ICT framework, including ICT procurement needs and specifications (hardware and software); 3. Ms. Mutoko develops business process diagrams to show the benefits of incorporating recommended technologies to reduce task completion time while increasing collaboration and productivity; 4. Mr. Ruprai begins refining financial rules and regulations, including internal procurement rules and regulations, and terms of reference for the PPOA advisory board and management committees; 	<ol style="list-style-type: none"> 1. ICT needs assessment and business process diagrams complete; 2. Proposed organization chart complete, including description of management structure and draft job profiles. 3. Detailed analysis and comprehensive review of available management documents commenced.

Day/Week	Activities/Tasks	Deliverables/Benchmarks
	5. Mr. Wanyoike begins drafting job profiles and required competencies, as well as refining staff rules and regulations to be incorporated into the human resources policy manual and employee handbook, as required, in partnership with the DPM.	
Week Three 30 April - 5 May	1. Mr. Wanyoike, in close collaboration with Mr. Ruprai, refines documents initiated during week two based on continuing consultations with government partners; 2. Ms. Mutoko, with assistance from Chemonics home office ICT and procurement specialists and Mr. Ruprai, finalizes ICT specifications and procurement and installation & implementation plans; 3. Team meets with Reference Committee to present documentation refinements.	1. First interim report, summarizing tasks completed and other findings, with the following annexes: <ul style="list-style-type: none"> ▪ Draft financial rules and regulations, including internal procurement rules; ▪ Draft staff rules and regulations, including refinement to employee handbook and HR manual; ▪ Draft terms of reference for PPOA management committees and Advisory Board committees; 2. Draft Report on ICT specifications, based on further refinement of needs assessment, including: <ul style="list-style-type: none"> ▪ Software, hardware, and connectivity requirements; ▪ Network capacity requirements; ▪ ICT procurement plan and implementation strategy, based on careful review of locally available products to ensure rapid deployment and local technical support; ▪ Staff training plan and plan to keep technologies up-to-date and ensure sustainability 3. Full team meets with reference committee to present progress and seek feedback.
Week Four	1. Full team fills in gaps and makes other needed adjustments to draft	1. Second interim report with refinements to all

Day/Week	Activities/Tasks	Deliverables/Benchmarks
7-12 May	<p>documentation completed in week three, and conducts further validating documentation with government partners, including comparison of plans and documentation with international standards and approaches;</p> <ol style="list-style-type: none"> 2. Team meets with reference committee to present changes to previous drafts and collect feedback; 3. Team develops a human resources development and training plan to introduce PPOA staff functions, required competencies, and ethics, as defined during the consultancy, to ensure sustainability. 	<p>annexes (see week three);</p> <ol style="list-style-type: none"> 2. Human resources development plan complete
Week Five 14-19 May	<ol style="list-style-type: none"> 1. The team will engage in continuing consultations with government partners, including PPOA’s executive committee and Ministry representatives, as appropriate, to resolve any final issues; 2. The team will put all documentation in “camera-ready” format and arrange for reproductions as needed by USAID and the PPOA. 	<ol style="list-style-type: none"> 1. Draft final report including all final documentation for organizational structure and ICT framework.
Week Six 21-26 May	<ul style="list-style-type: none"> • The team will refine, finalize complete all requirements as appropriate, to resolve any final and outstanding issues; • The team will finalize all documentation in “camera-ready” format and arrange for reproductions as needed by USAID and the PPOA. 	<ol style="list-style-type: none"> 1. Final report including all final documentation for organizational structure and ICT framework.

Annex 2 – Work Plan Bar Chart: 6 Weeks

Description of Major Tasks and Activities	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6
1. Team mobilization						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
2. Conduct Initial meetings with USAID, PPOA, DPM, Reference Committee and other relevant offices						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
3. Conducts analysis of institutional structures for comparable institutions worldwide and in the region;						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
4. Conducts analysis of human resource needs for comparable institutions worldwide and in the region;						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
5. Conducts analysis of ICT Frameworks for comparable institutions worldwide and in the region;						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
6. Conduct meetings with relevant personnel to evaluate steps already undertaken to establish an ICT management system.						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
7. Inception report detailing weekly work plan for remainder of consultancy, as well as summary of research results during week one						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
8. Meeting with the Reference Committee						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
9. Comprehensive analysis of PPOA's anticipated functions and responsibilities in consultation with GoK partners, coming to consensus on an organization chart for the PPOA;						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
10. Completes IT needs assessment						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
11. Begins drafting ICT framework, including ICT procurement needs and specifications (hardware and software);						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
12. Develops business process diagrams to show the benefits of incorporating recommended technologies to reduce task completion time while increasing collaboration and productivity;						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
13. Refines financial rules and regulations, including internal procurement rules and regulations, and terms of reference for the PPOA advisory board and management committees;						

Description of Major Tasks and Activities	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
14. Begins drafting job profiles and required competencies, as well as refining staff rules and regulations to be incorporated into the human resources policy manual and employee handbook, as required, in partnership with the DPM						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
15. ICT needs assessment and business process diagrams complete						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
16. Proposes organization chart complete, including description of management structure and draft job profiles						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
17. Refines documents initiated during week two based on continuing consultations with government partners;						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
18. Finalizes ICT specifications and procurement and installation & implementation plans						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
19. Meets with Reference Committee to present documentation refinements						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
20. Drafts first interim report, summarizing tasks completed and other findings, with the following annexes						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
21. Drafts report on ICT specifications, based on further refinement of needs assessment						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
22. Conducts Meetings with reference committee to present progress and seek feedback						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
23. Fills in gaps and makes other needed adjustments to draft documentation completed in week three, and conducts further validating documentation with government partners, including comparison of plans and documentation with international standards and approaches						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
24. Conducts meetings with reference committee to present changes to previous drafts and collect feedback						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
25. Develops a human resources development and training plan to introduce PPOA staff functions, required competencies, and ethics, as defined during the consultancy, to ensure sustainability.						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						

Description of Major Tasks and Activities	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6
26. Drafts second interim report with refinements to all annexes						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
27. Completes human resources development plan						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
28. Engages in continuing consultations with government partners, including PPOA's executive committee and Ministry representatives, as appropriate, to resolve any final issues						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
29. Puts all documentation in "camera-ready" format and arrange for reproductions as needed by USAID and the PPOA						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
30. Drafts Final report including all final documentation for organizational structure and ICT framework.						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
31. Refines, finalizes, and completes all requirements as appropriate, to resolve any final and outstanding issues;						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
32. Finalize all documentation in "camera-ready" format and arrange for reproductions as needed by USAID and the PPOA						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
33. Completes final report including all final documentation for organizational structure and ICT framework.						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						

Annex 3 - Scope of Work

The general scope of works for the six week assignment

- The Consultant is expected to in consultations with the PPD/PPOA design an institutional structure and an ICT framework for the PPOA that will enable it to efficiently perform its core functions. Specifically, the Consultant will be required to carry out, but not limited to, the tasks described below in order to achieve the objectives of the assignment:
- Considering the duties and responsibilities of the PPOA, prepare the final draft of an organizational structure (organogram) recommending; (i) a management structure commensurate with modern management techniques, (ii) job profiles and descriptions and any human resource competencies required based on experience with similar oversight institutions in the region and elsewhere and in accordance with provisions of the Public Procurement and Disposal Act, 2005.

Outputs and results

The outputs resulting from the activities under this assignment are listed below:

Further develop the final drafts of the internal documentation that the PPOA will need in order to be a well managed organization. These will include:

- (i) Financial Rules and Regulations
- (ii) Human Resources Policy
- (iii) Staff Rules and Regulations (including code of conduct and ethics)
- (iv) Procurement Rules and Regulations (e.g. internal procurement responsibilities of the PPOA itself)
- (v) Terms of reference for three committees (audit, finance and human resources) of the PPOA Advisory Board
- (vi) Terms of reference of the PPOA management committees
- (vii) Employee Handbook
- (viii) Any other documents that may be agreed to with the PPD

Develop appropriate draft Terms and Conditions of Service for the staff of PPOA.

Provide appropriate technical advice on the ICT requirements of PPOA based on the following key areas:

- (i) Software requirements necessary to achieve all management and communication objectives
- (ii) Hardware requirements that can support the recommended system and workload
- (iii) Level of connectivity necessary to facilitate the work of the Authority
- (iv) Network capacities (bandwidth requirement, optimum serve capacity, etc.), both intranet and internet requirements that can support the system
- (v) A procurement and implementation strategy to ensure installation of the proposed system

The expected results are to have a designed functional procurement management system for PPOA to manage public procurement in accordance with the current legislation.

The realisation of results will require timely approvals, appointments and actions by all partners.

Indicators of achievement

The indicators to be used to measure progress are reports and draft documents prepared under the assignment are accepted and approved by USAID and PPOA and later adopted by PPOA for management, establishment and preparation of its detailed charter, job functions and responsibilities