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Integrity Pact+ 2016: Monitoring Public Procurement of Infrastructure

Policy Dialogue
November 25, 2016

Integrity Pact+ 2016:
Monitoring Public Procurement of Infrastructure

BACKGROUND



Anti-corruption in public procurement of infrastructure



Reasons for focus on procurement of infrastructure:

- SDG 9 calls for developing quality, sustainable and resilient infrastructure
- Big infrastructure gaps that need to be addressed
- Efficient public procurement system determines quality of infrastructure
- Public procurement accounts for a high proportion of total government expenditure
- Transparent and efficient procurement will generate savings that can be reinvested for development

Why is infrastructure sector vulnerable?

- Large sums of public resources involved
- Technical capacity gaps
- Weaknesses in accountability and transparency mechanisms

Impact of corruption in public procurement:

- Misallocation of resources to projects that are unnecessary and not economical
- Poor quality of infrastructure
- Increased public spending, lost public revenue and reduced competitiveness



Current situation in Rwanda



Number of national development projects stalled due to corruption and gross mismanagement:

75

Total value of projects stalled:

125

billion RWF

Percentage of current total government projects delayed due to suspected corruption:

8%

Examples of stalled national projects:

- Construction of modern hospital in Muhanga District (6 billion RWF)
- Irrigation project in Ngoma District (36 billion RWF)
- Construction of regional ICT center (37 billion RWF)
- Construction of industrial parks in secondary cities (4 billion RWF)
- Construction of road linking Rusizi, Karongi and Rubavu (61 million \$)

Corruption and mismanagement are an **obstacle** for Rwanda to achieving national goals in **poverty alleviation and infrastructural development**. Corrupt officials must be **apprehended and assets recovered**.

Outlook:

All public procurement services are to go online. The government rolls out an electronic procurement system called Umucyo.



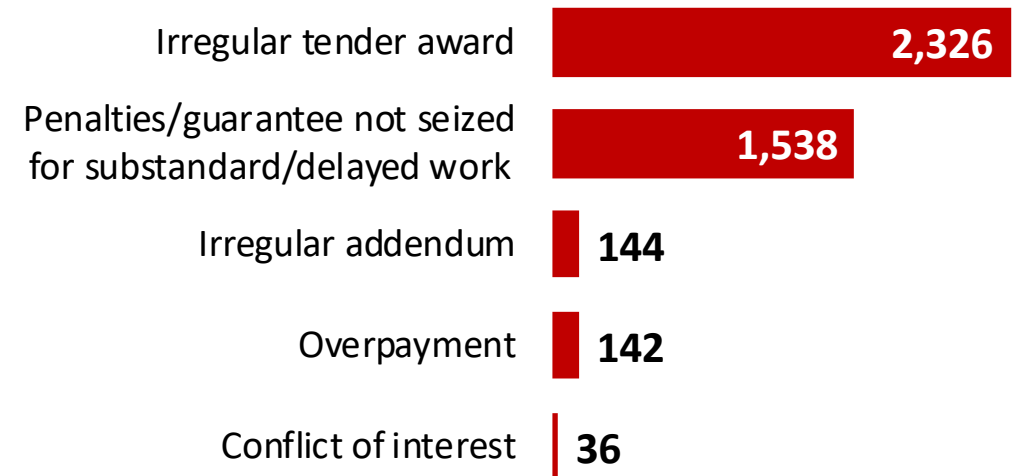
Analysis of OAG's FY2014-15 reports of Districts & City of Kigali



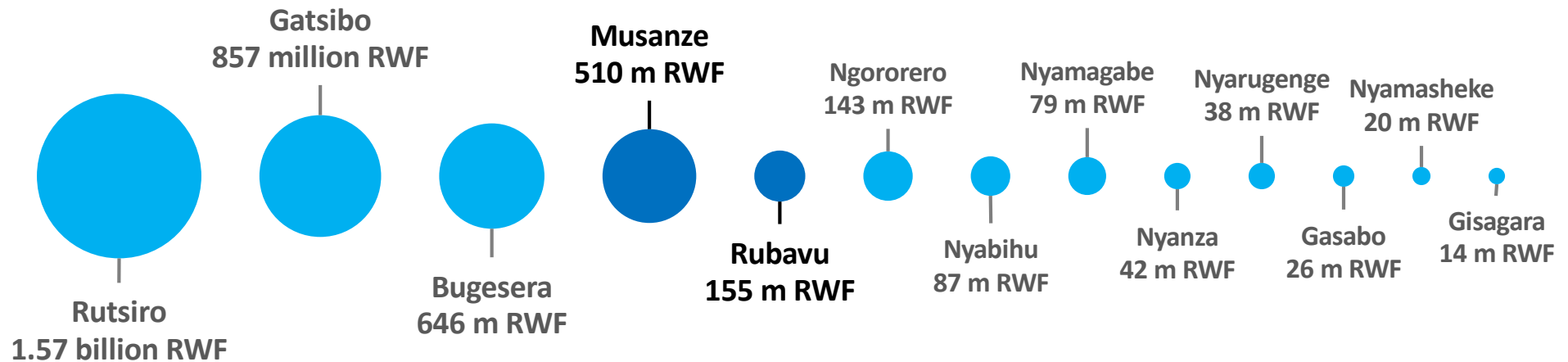
Every year, TI-RW publishes an **analysis of the Office of Auditor General's (OAG) audit reports of the Districts** and the City of Kigali. The current edition covers financial year (FY) **2014-15**.

Amongst the weaknesses identified by auditors are procurement related issues amounting to **4.2 billion RWF** (15.4% of all weaknesses).

Procurement related weaknesses (billion RWF)



Procurement related weaknesses per District





TI-RW's Integrity Pact+



Objectives:

- Prevention of corruption, mismanagement and injustice in local public procurement of infrastructure
- Participation of citizens and civil society in planning and monitoring of procurement process

Elements:

- **Integrity pacts:** Commitment to abstain from corruption, ensure transparency and allow monitoring of procurement process signed between procuring entity, bidders and TI-RW
- **Civil Society Procurement Monitoring Tool (CSPMT):** Online tool supporting the monitoring of procurement processes in all phases by TI-RW District Coordinators
- **Social Audits:** In 2016, data collected from 447 neighboring citizens, 117 hired auxiliary workers and 6 supervising engineers
- **Focus Group Discussions (FGD):** In 2016, FGD on corruption risks with bidders/contractors in three Districts (Kayonza, Musanze, Rubavu)
- **Field visits:** Physical visits of construction sites



Projects monitored by TI-RW in 2016



In 2016, **9 infrastructure projects** were monitored in **4 Districts** of the country.

The total project amount is

15.1 billion RWF

Musanze:

- Construction Nyakinama road
- Construction Nyange Health Center

Kayonza:

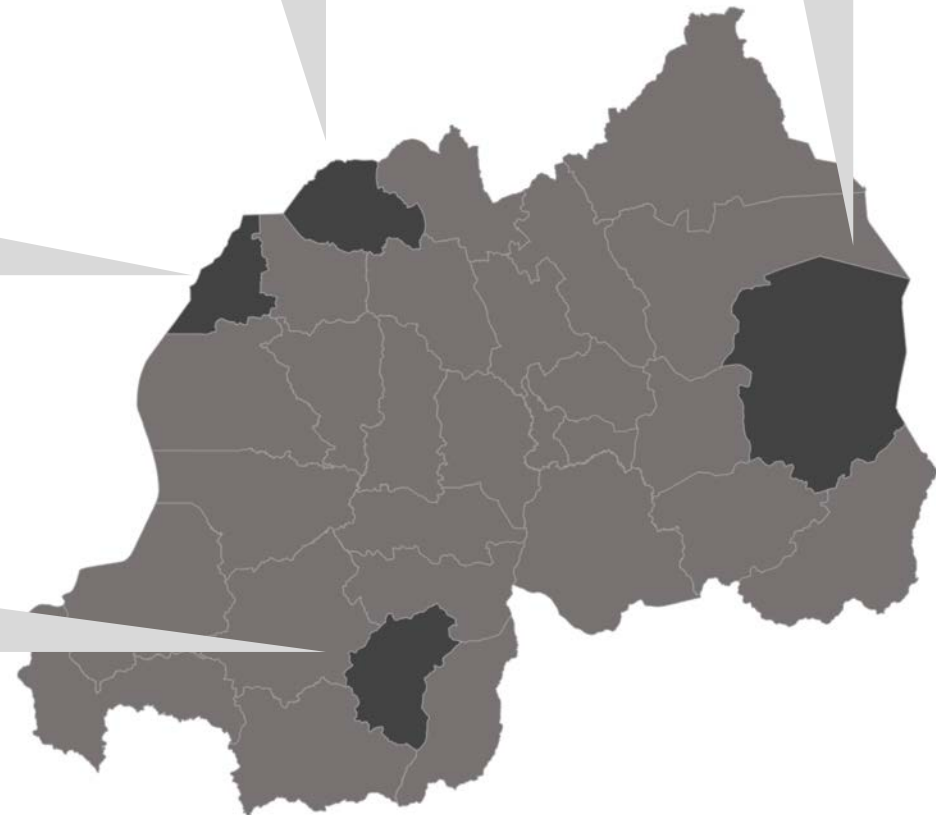
- Construction Fawe-Video-Imbuto z'Amahoro road (Gahini)
- Creation earth roads (Kabarondo)

Rubavu:

- Construction handicraft center (Gisenyi), Phase III
- Rehabilitation feeder road Bihungwe-Kanyundo
- Rehabilitation feeder road Ku Kiraro-Busasamana-Mpuzamahanga

Huye:

- Maintenance Simbi-Kizi road
- Rehabilitation Simbi-Kabakobwa-Digue Mwogo road



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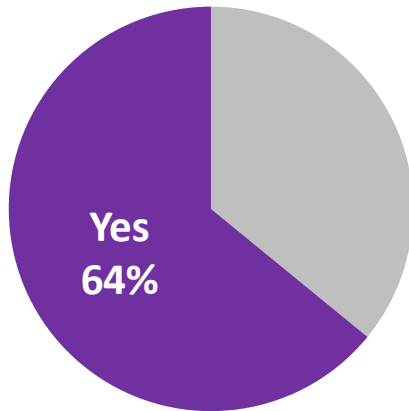
GENERAL FINDINGS



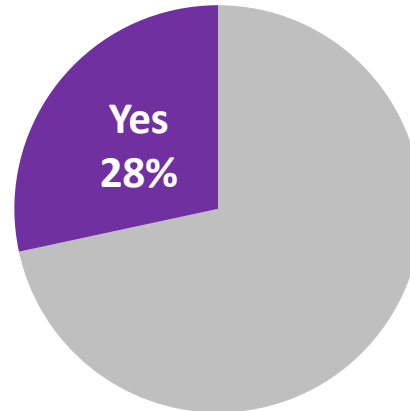
Are citizens informed about the project?



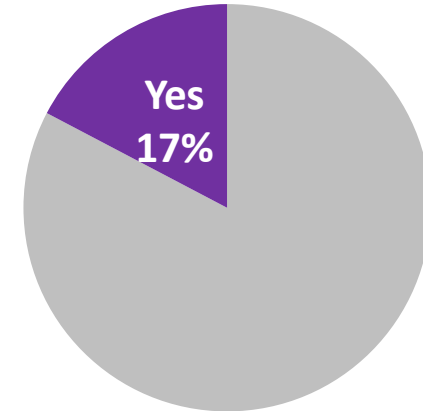
Were you informed about the project planning?



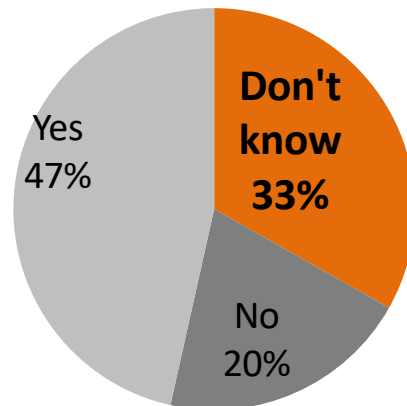
Do you know who the project owner is?



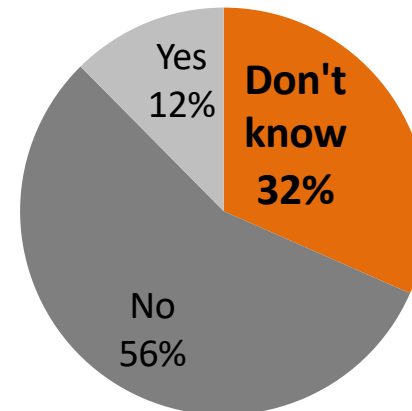
Do you know who won the tender?



Is the project implemented as planned?



Is the project delayed?

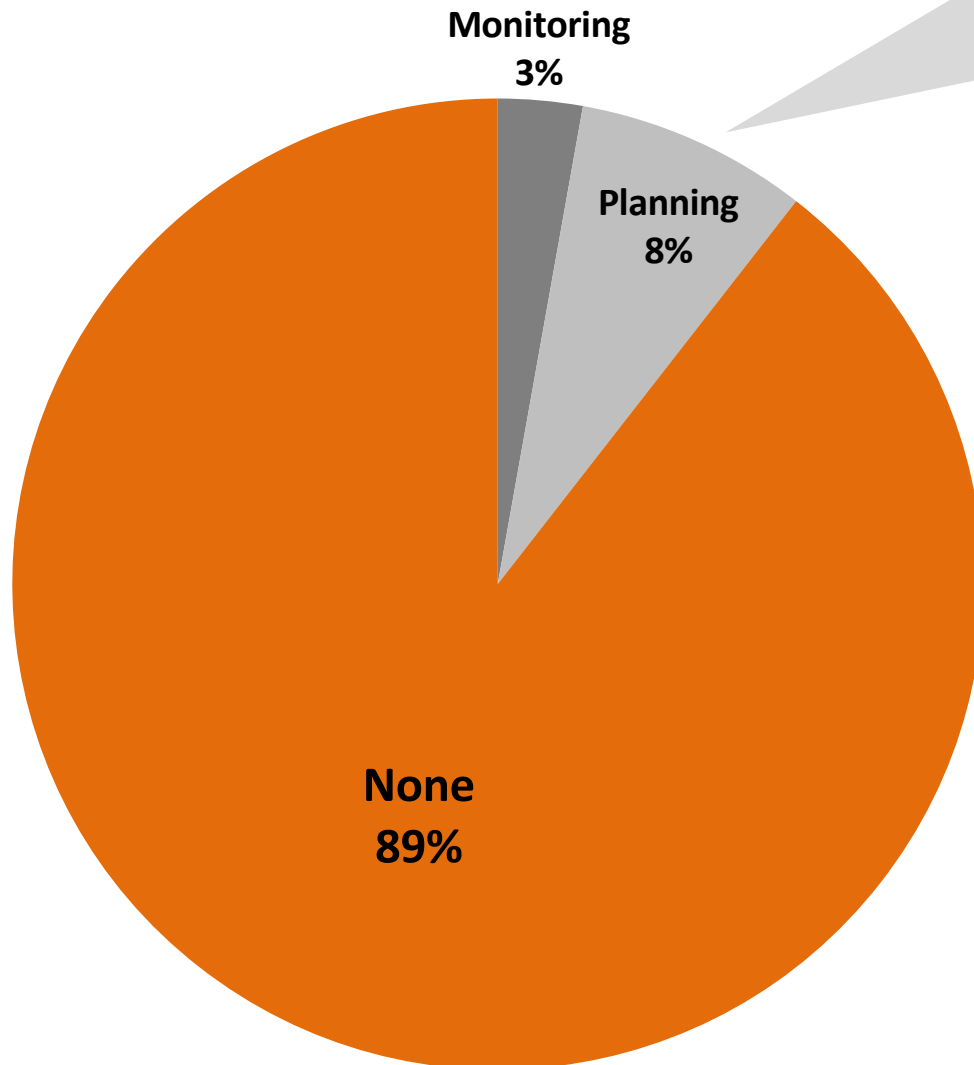




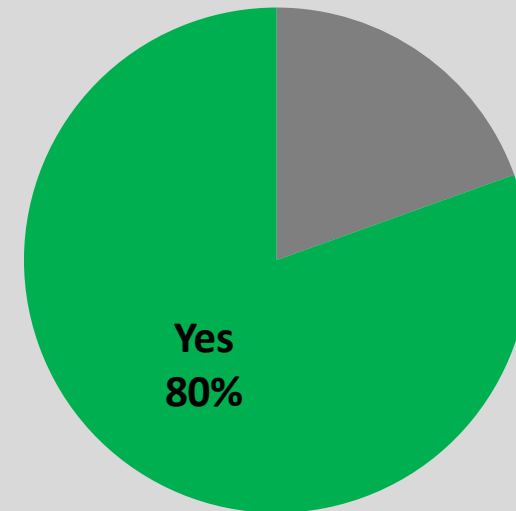
Citizen participation in project planning and monitoring



What was your role in the project?



If you had a role, was it valued?



Citizens must be **provided with information** and be **involved in the planning and monitoring** of local government projects to ensure that projects are selected, designed and implemented **according to the citizens' needs and best interest.**



Problems encountered by citizens



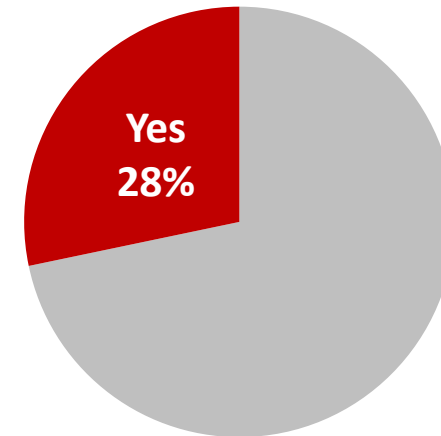
Recurrent problems encountered by citizens:

- Plantations or houses destroyed by works
- Compensation for destroyed or expropriated property not paid or with much delay
- Not enough information on project provided
- Citizens not enough involved in planning and implementation
- Technical shortcomings of project implementation (e.g. no pavement, inappropriate water channeling)

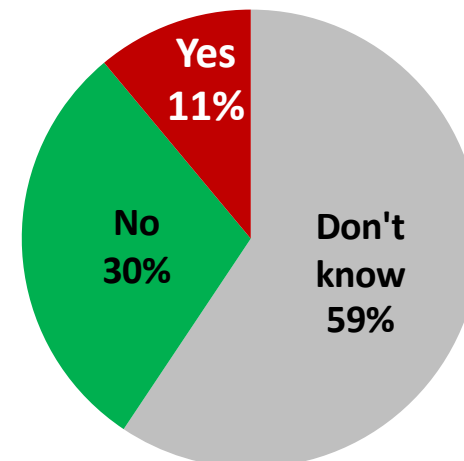
Recruitment process of workers needs to be more **transparent** in order to eliminate any doubt of corruption.

The citizens' **rights to their properties must be respected**. Compensation payments have to be made in time.

Did you encounter any problems in the project implementation?



Corruption in recruitment of workers?

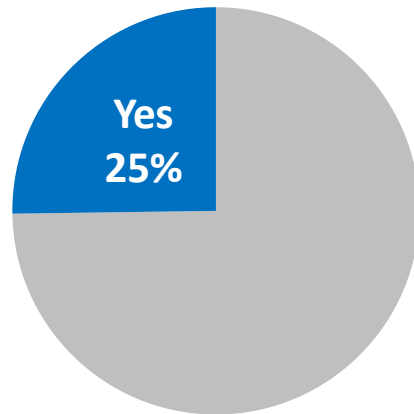




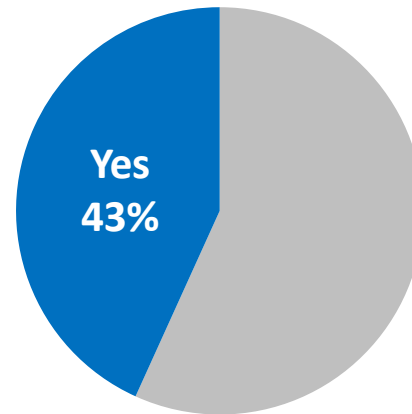
Working conditions for auxiliary workers



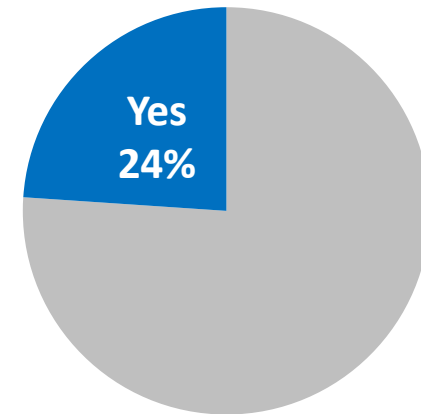
Do you have a work contract?



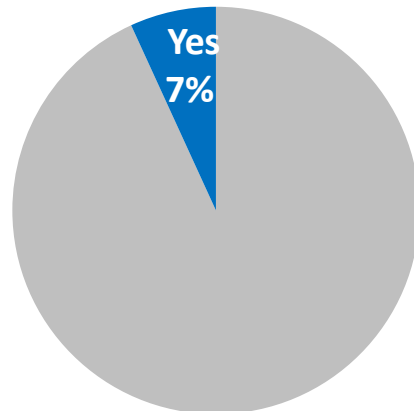
Are you paid on time?



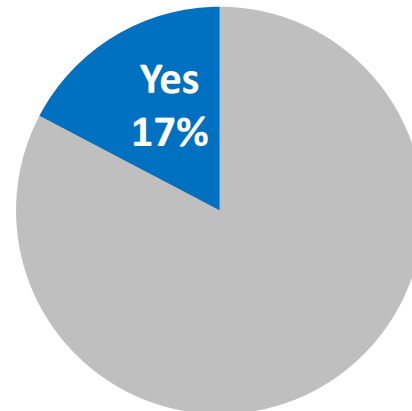
Are you paid for overtime?



Is your social insurance paid?



Were you provided with protective material?



Most **contractors do not respect their obligations** towards auxiliary workers.

Districts should ensure that **contractors follow all rules and regulations.**



Problems encountered by bidders/contractors



Anti-corruption policies:

Contracts between authorities and contractors do not include compliance with AC policies as requirement.

Other corruption risks:

- Unnecessary document requirements
- Delay of payment by authorities leading to “negotiations”

Privileged access to information:

Some bidders are informed about the tender long before publication.

For others, even minimum time for bid preparation is sometimes not respected (down to 3 days instead 1 month)

Mandatory site visits:

Some bidders are not informed in time about mandatory site visits and thus cannot fulfill the bidding requirements.

Other bidders never visit the site and are given letters of proof nevertheless.



Independent monitors:

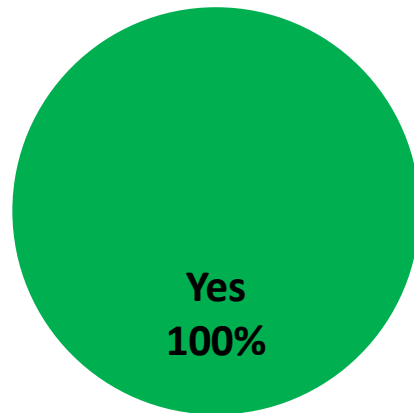
None of the bidders are aware of the role of CSOs as independent monitors.



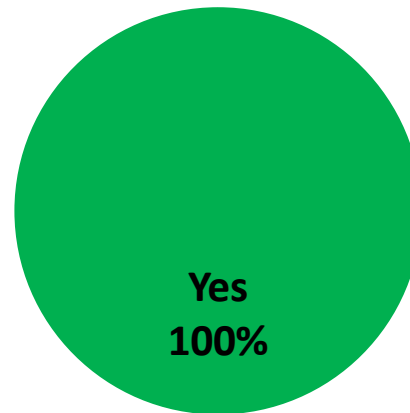
Perspective of supervising engineers



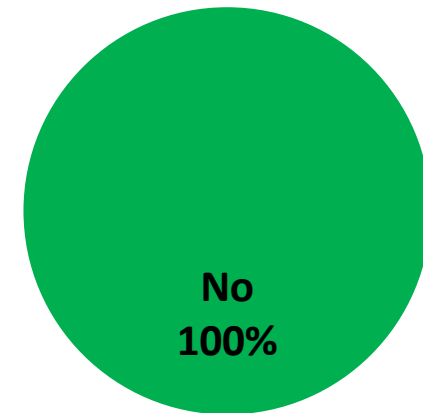
All materials in place?



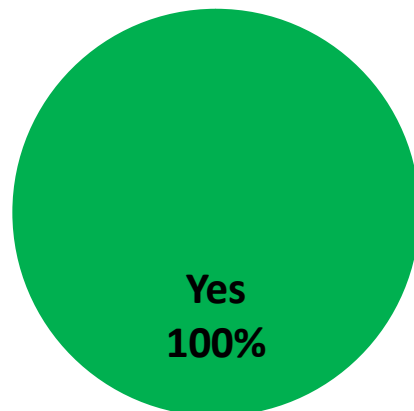
Materials in conformity with project document?



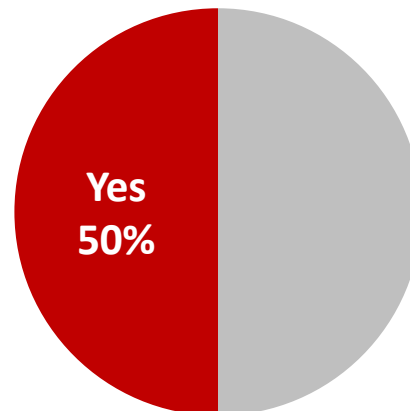
Any problems with land owners?



Project well implemented?



Project delayed?



In opposition to information gathered through CSPMT and social audits of citizens, supervising engineers hardly report any problems.

This illustrates **the need for independent monitoring** by citizens and civil society.



Recurrent red flags identified



Delay of works

Dates for provisional
reception not
respected

Unnecessary
requirements in the
bidding document

Decreasing
participation of bidders
during the bidding
phase



Poor project design

Delay of approbation
of project cross-
checking by successful
bidder

Delay of approbation
of contract extensions

Delay of payment

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Monitoring Public Procurement of Infrastructure

KEY FINDINGS PER PROJECT



Construction of handicraft center Gisenyi, Phase III (Rubavu District)



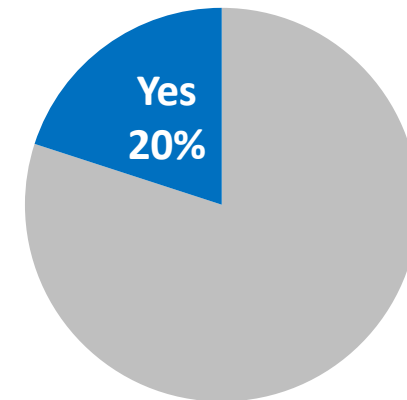
Total value of project:

375 million RWF

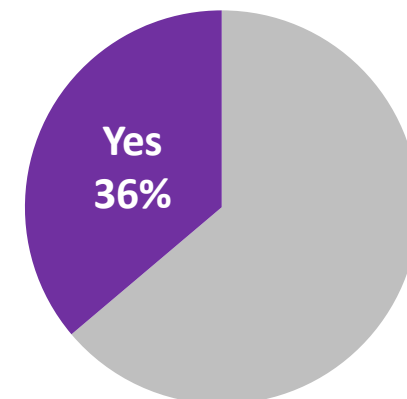
Implementation phase

Project extended until
March 2017 (originally
planned for October 2016)

**Workers paid on time
(n=15)**



**Informed about project
planning (n=47)**



Red flags:

- Participation of bidders decreased strongly during bidding phase
- Action plan and contract duration not respected
- Some work items ignored
- Lack of material
- Cross-checking of project by successful bidder not approved
- Project design not respected
- Integrity pact not signed
- Workers not paid on time
- Citizens not involved in planning phase
- Delay of bill payment



Rehabilitation feeder road Ku Kiraro- Busasamana-Mpuzamahanga (Rubavu District)



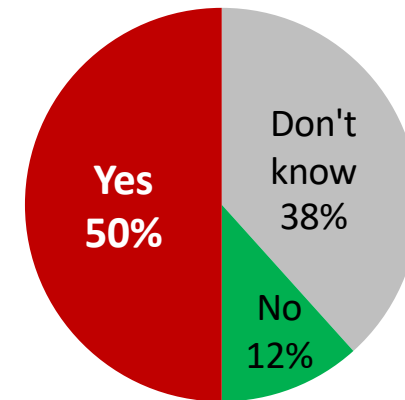
Total value of project:

654 million RWF

Implementation phase

Provisional acceptance
postponed to Nov 17, but
not done

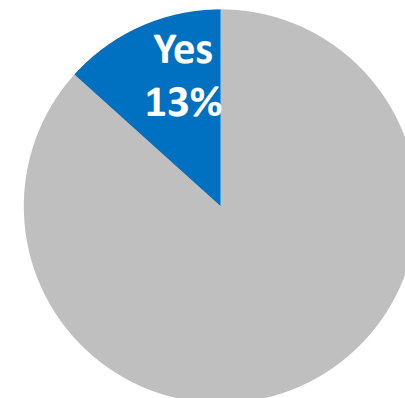
**Corruption in worker
recruitment? (n=60)**



Red flags:

- Participation of bidders decreased strongly during bidding phase
- Contract duration not respected
- Some items forgotten during study of the project
- Delay of payment of bills
- Delay of approbation of the project cross-checking by successful bidder
- Original date of provisional acceptance not respected
- Integrity pact not signed
- Very high perception of corruption in recruitment of auxiliary workers
- Citizens not involved in planning phase

**Protective equipment
for workers? (n=15)**





Rehabilitation feeder road Bihungwe-Kanyundo (Rubavu District)



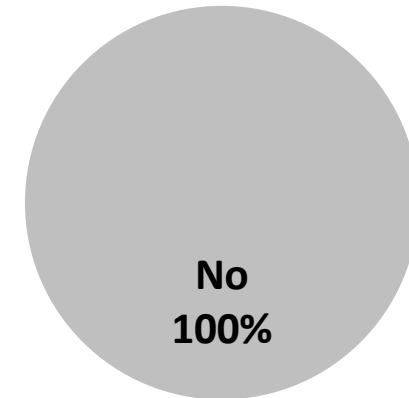
Total value of project:

290 million RWF

Implementation phase

Provisional acceptance
conducted on July 21

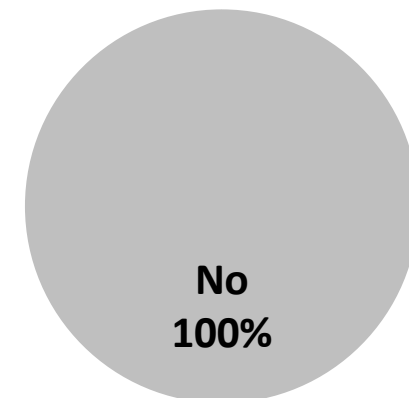
**Work contract?
(n=15)**



Red flags:

- Participation of bidders decreased strongly during bidding phase
- Contract duration not respected
- Delay of payment of bills
- Date of provisional acceptance not respected
- Integrity pact not signed
- Auxiliary workers without contract
- Citizens not involved in planning phase and not informed about winner of the tender

**Citizens know who won
tender? (n=59)**





Construction Nyange Health Center (Musanze District)

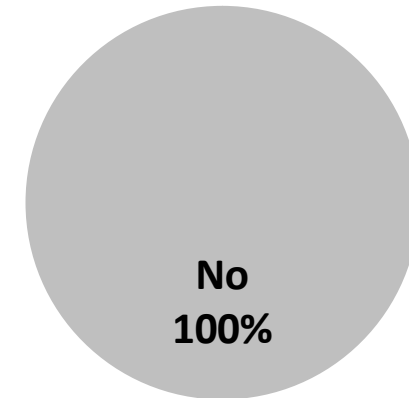


Total value of project:

468 million RWF

Implementation phase
Contract signed in January
2016

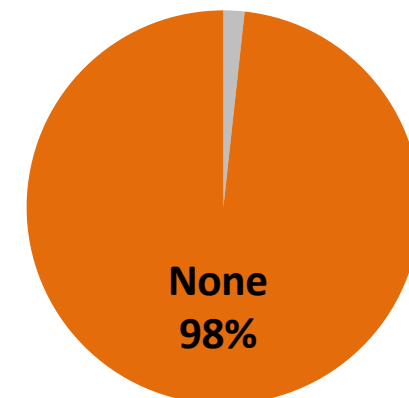
Work contract?
(n=13)



Red flags:

- Provisional reception for phase I made with 8 months delay after expiration
- Contractor started with execution of phase II before reception of phase I due to delay
- Bidding document too demanding, required experience for topographer too high
- Manpower staff is not paid social security
- Very low citizen participation
- Auxiliary workers without contract

Citizen's role in the project? (n=58)





Construction Nyakinama road (Musanze District)

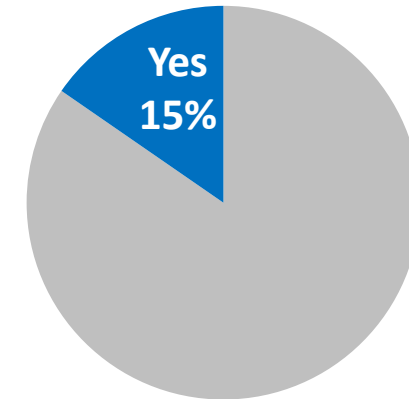


Total value of project:

12.3 billion RWF

Implementation phase
Provisional reception made
on Sep 17

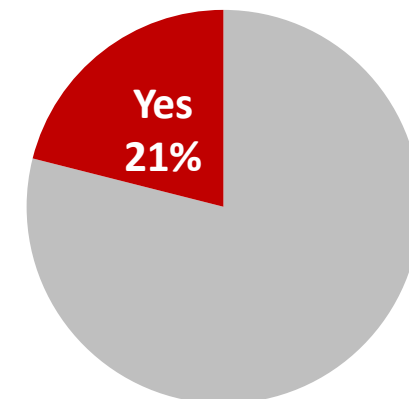
Workers paid on time?
(n=13)



Red flags:

- Bad planning, road's length was miscalculated
- Thus, signed contract was not proportional to the works and had to be amended
- Execution took 17 instead of 12 months
- NPD staff not paid social security, salary often delays
- Auxiliary workers not paid in time
- Citizens' houses destroyed due to works
- Technical gaps identified on provisional reception: missing water channels, speed bumps, pavement etc.

Problems in execution?
(n=57)





Rehabilitation Simbi-Kabakobwa-Digue Mwogo road (Huye District)



Total value of project:

337 million RWF

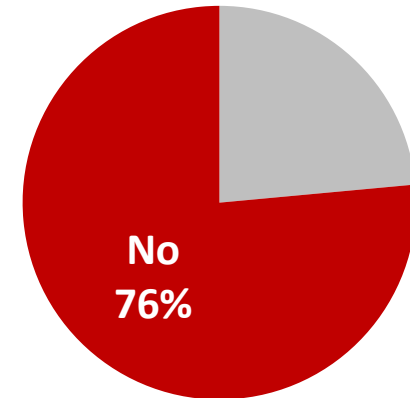
Implementation phase



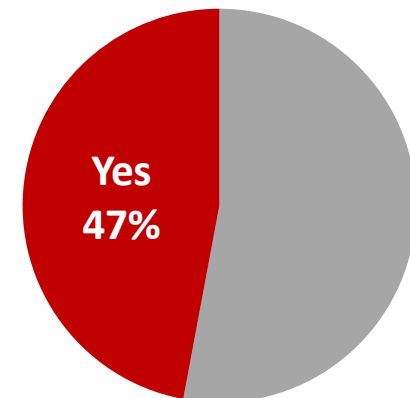
Red flags:

- Workers two months without payment and not provided with insurance or safety material
- Citizens' properties (plantations, houses) destroyed
- Citizens did not receive compensation for destroyed properties
- High proportion of citizens has seen problems in execution of project and indicates that it is not implemented as planned

Project implemented as planned? (n=17)



Problems in execution? (n=17)





Maintenance Simbi-Kizi road (Huye District)

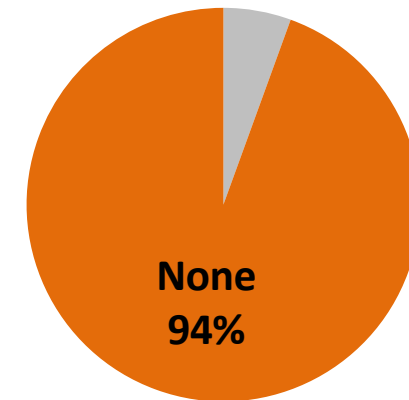


Total value of project:

220 million RWF

Implementation phase
Waiting for final reception

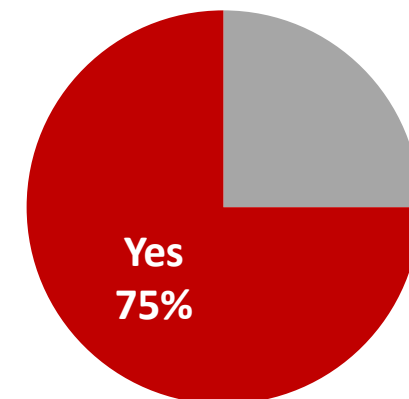
Citizen's role in the project? (n=36)



Red flags:

- Very high proportion of citizens has seen problems in execution of project
- Low citizen participation
- Some houses destroyed

Problems in execution? (n=44)





Construction Fawe-Video-Imbuto z'Amahoro road (Kayonza District)

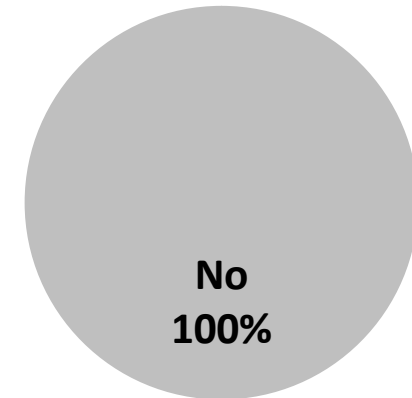


Total value of project:

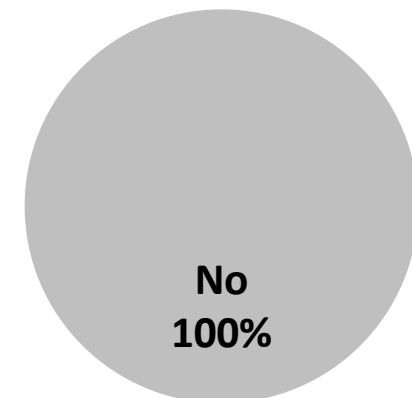
418 million RWF

Implementation phase
Planned project end was
June 18

Work contract?
(n=15)



Protective equipment for workers? (n=15)



Red flags:

- Delay of works
- Delay in finalizing works on canalization system poses a threat to houses, plots and the road itself when the rains set in
- Low level of participation and information of citizens in planning and implementation
- Compensation not paid for destroyed properties
- Auxiliary workers without contract, social insurance and protective equipment



Creation earth roads Kabarondo (Kayonza District)

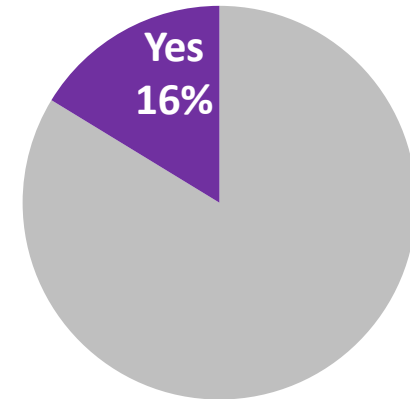


Total value of project:

58 million RWF

Implementation phase
Waiting for final reception
(next year)

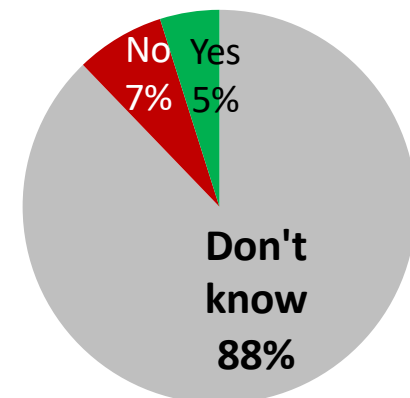
**Informed about project
planning? (n=43)**



Red flags:

- Citizens were not compensated for expropriated land. According to local authorities, citizens had agreed in a meeting that land would be their contribution to the project. However, not all concerned citizens had attended the meeting.
- Citizens not well informed about the project and its implementation
- Auxiliary workers without contract, social insurance and protective equipment

**Project implemented
as planned? (n=41)**



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CONCLUSIONS



Conclusions



1. Corruption in procurement of infrastructure has a negative impact on poverty alleviation and infrastructural development. Stakeholders need to **join forces for better prevention**, government authorities need to **ensure that perpetrators are apprehended and assets recovered**.
2. **Citizens** need to be **informed** and to be given the opportunity to **participate in the planning and monitoring** of infrastructure projects.
3. Procuring entities need to do more to ensure that **contractors fulfill their obligations towards auxiliary workers**, make **compensation payments** in time and conduct a **transparent and corruption-free recruitment** process.
4. Independent monitoring of local administration procurement processes by citizens, civil society and government authorities is a necessity to ensure that problems are identified. All interested **stakeholders are invited to use the Civil Society Procurement Monitoring Tool (CSPMT)**!



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