Introduction
Information Communication Technology (ICT) is an important tool that provides access to people, services, information and technologies (Dutton et al, 2003). However, in spite of much discourse, concrete evidence of the effects of ICT on governance, especially on ICT and governance in local government, is rare. Nonetheless, the findings in this policy brief show that application of ICT in local governance has mixed, albeit, overall positive effects on participation, responsiveness, transparency, accountability, efficiency and effectiveness. These variables are important for evaluating e-governance in local government, and are part of an e-governance outcome evaluation framework that is being developed by the Local Governance and ICTs Research Network for Africa (LOG-IN Africa).

The findings emanate from the Kenya case study of the LOG-IN project whose overall objective was to assess the influence of computerized Local Authority Integrated Financial Operational Management Systems (LOIFOMS) on local governance using two Local Authorities (LAs) - Nyeri and Mavoko Municipal Councils. Data for the Kenya case studies were collected between February and September 2007 using survey questionnaires, key informant interviews, focus group and round table discussions, as well as a review of relevant documents from the two municipal councils. The focus was on the perspectives of both the consumers of the services, and the council officials. Data was analyzed using both qualitative and quantitative methods.

LAs in Kenya face challenges relating to the governance of resource, in particular, financial governance. The financial base and the management is the backbone of any institution. Thus, the financial management in LAs affects the provision and management of services. The file-based information storage system, which most LAs use, is cumbersome and often not up to-date. In isolated cases where LAs have begun embracing ICT, it is limited to financial management and secretarial word processing services. Poor financial management in LAs is largely due to poor revenue and expenditure documentation, and tracking.

This shortcoming, results in unpaid revenues, and has been exploited by officials and service consumers since it attracts corrupt practices by the officers and consumers who collude to distort collection and bills. In most cease, records are never readily available and where they are available, they are difficult to access and, are often incorrect. The few honest consumers take months and years to have their billing complaints attended and concluded.

Adoption of full-fledged ICT services has the potential of promoting and supporting routine business service needs, promoting trade and investment, and joint planning and development cooperation. In recognition of this strength of ICT, the Kenya LOB-IN Africa case study investigated the scope, usage, successes and challenges of automation of the financial management function in LAs; the influence of the automated financial management system on internal organizational processes, including improvement of accountability and transparency, reduction of financial transactions costs, and enhanced overall institutional efficiency; and effects of the automated financial management system on access to information and service delivery and interaction with stakeholders.

GOVERNANCE AND ICT
Governance: The Government of Kenya emphasizes “good governance”, but the country has no governance policy. The chances of coming up with a policy lie with the constitution review, review of the Local Government Act Chapter 265 and the finalization a devolution policy initiated by the Ministry of Planning and National Development. The Draft Constitution proposed a devolved system that shifts not only planning and administrative power but also fiscal and political responsibilities from central government to local level structures. The Draft puts emphasis on elected leadership; both LAs and Parliamentary Constituencies have potential for devolution with three basic tenets of decentralization: political, administrative and fiscal.

The Political tenet will give citizens and their elected leaders more power in decision making while the administrative will redistribute authority, responsibility and

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financial resources for providing services among different levels of government. The review of the Local Government Act aims at providing for LAs that are accountable, responsive, participatory and able to deliver efficient and effective services to their inhabitants. These three initiatives have potential of empowering local communities to take control of their own destiny and share benefits by exploiting local and natural resources.

ICT

Kenya did not have a national ICT policy until March 2006, when the first national ICT policy was approved (KIC, 2006). This policy highlights the overall goal of e-Government which is to make the Government more result-oriented, efficient and citizen-centered. The e-Government strategy in this policy focuses on redefining the relationship between Government and citizens with the objective of empowering the latter through increased and better access to government services.

The E-government Strategy (2003-2007) (GOK, 2004) was developed before there was a national ICT policy in 2004. This demonstrated the disjointed approach to policy and strategy in ICT. The strategy was designed to achieve a set of goals and objectives; to efficiently deliver government information and services to the citizens; to promote productivity among public servants; to encourage participation of citizens in government; and to empower all Kenyans in line with the development priorities in the Economic Recovery Strategy for Wealth and Employment Creation (GOK, 2003). Nowhere does the E-government strategy address ICT in local authorities. Local authorities were to be addressed through the parent ministry of Local Government. However, the Ministry did not have a sectoral ICT strategy.

The E-government strategy was due for review in 2007. It is noted that most of the planned activities were not achieved by the end of the strategy life. It is hoped that the new e-government strategy to be developed for the next government planning cycle will be in line with the national ICT policy and the universal access strategy and that it will highlight the role of LAs in service delivery to citizens and effecting of local social and economic development.

E-Governance and Provision and Management of Services

The research findings show that majority of local authority residents have good knowledge of almost all types of ICTs. Among the nine listed ICTs, the mobile phone was known by all and used by over 90% of respondents. However, computers were found to be out of reach of many residents, including middle class household. This implies that initiatives on ICTs use have to address the cost of computers including the availability of and access to computer infrastructure within the households. Access to ICTs, in particular computers, mobile phones and the Internet are pre-requisites for e-readiness. It will enable consumers to effectively interact with councils and to provide inputs and feedback.

Participation: Participation in the activities of LAs is crucial for provision and management of services. The increase in participation is largely attributed to the introduction of LASDAP as a requirement for LATF rather than to implementation of LAIFOMS. Overall, there is low participation in council affairs with a significant percent limiting their participation to clean up activities; meetings called by residents and interaction with social workers. Few residents engage with the mayor and councilors, council department, and engage in local Authority Service Development Action Plans (LASDAPS). Further, majority of residents are not aware of how councils get inputs and feedback from residents. In both municipal councils nevertheless, internal participation by staff, as well as participation by residents increased in the period following the introduction of LAIFOMS, although this is largely attributed to the LASDAP process.

While the nature of participation cannot directly be linked to LAIFOMS, findings reveal that the implementation of LAIFOMS had facilitated processes that improve participation. This is more prevalent at the council level, where internal participation in decision-making has tremendously improved. Decision-making, in particular matters relating to the budgetary process, is more consultative, the accountants and audit clerks not only serve as advisors but actually participate in decisions relating to budgetary matters.

At the consumer level, increased participation is attributed to the LASDAP process, although the LAIFOMS have improved the availability of financial information and processing payment of bills which in turn enhances participation. This has increased the confidence of consumers, as demonstrated in neighborhood meetings, and the participation and contribution of other stakeholders to council affairs.

Responsiveness: The level of responsiveness was assessed by examining the number of staff who are direct users of LAIFOMS, number of users accessing LAIFOMS, percentage of users accessing financial services, number of complaints and compliments per month on finance and other services, turnaround time in being serviced and the degree of satisfaction with services provided using LAIFOMS. The findings reveal that the number of complaints on billing errors, and turnaround in issuance of business permits had reduced. Consumers had begun complimenting the councils for efficient services, in particular the turnaround time. Although the awareness of the system among consumers was low, there were positive changes in responsiveness due to improvements in access to financial information and a drastic reduction in complaints relating to billing errors.

Transparency: The indicators of transparency included: financial policies and procedures documented and disseminated; feedback from residents; access to information, corruption cases in procurement, and openness in tendering. All officers in both Nyeri and Mavoko acknowledged that computerization had
improved financial transparency. Both officers and consumers noted that there was no transparency and feed back prior to the introduction of LAIFOMS.

Although the increased feedback cannot be totally attributed to the implementation of the LAIFOMS, it is largely attributed to the LASDAP process. The situation changed dramatically with the implementation of the LAIFOMS. The officers indicated that the Councils had become more transparent and accountable to residents with the introduction of LAIFOMS. Due to computerization, the budget is available and popularized within the Municipalities and interested residents can access it at a fee. Prior to the implementation of LAIFOMS, most residents did not know their entitlements, or what to expect from the Councils. While most feedback is in the form of complaints, Mavoko has established a customer care desk within the from office of the Council, that has become a major source of feedback. Further, all payments are accompanied by receipts; there are clear procedures for issuance of business permits and access to financial information has improved.

Over-spending by staff without approval is also difficult, and it is now easier to identify and deal with corrupt practices. In both Councils, there has been increased openness in the tendering process, and all major tenders are advertised in leading newspapers. Although this is not directly related to LAIFOMS, it can be attributed to the implementation of public procurement guidelines under the direct supervision of the Ministry of Local Government rather than the computerization of financial functions.

In spite of the improved level of transparency, the full engagement of the residents in Council affairs is still wanting, as most consumers registered their dissatisfaction with the changes. Only half of the consumers were of the view that there has been improvement in access to budgets and other financial information. This is an indication that more work still remains to be done for the consumers to be convinced of the high levels of transparency in Councils.

Accountability: The Effect of LAIFOMS on accountability was assessed using the number of reports per year on effectiveness of internal control systems and the number of people aware controls. Although the changes in accountability cannot be directly attributed to LAIFOMS, 90% of the officers thought that LAIFOMS had raised the accountability of the Council to residents. However, there were few consumers holding the same view.

It was noted that the introduction of the Revenue Enhancement Plan, the LASDAP process and the availability of internal control reports to more members of staff had increased the level of accountability as compared to the period prior to LAIFOMS. The system had enabled all business permit licenses and payments, made by the Council, from the authorizing persons to the recipient to be tracked easily. The system has enabled Councils to have the exact count of all properties under their jurisdiction (since each property has a unique identifier); revenue collection to be monitored, payroll of all employees to be tracked, thus ensuring that there are no ghost workers, as has been common in many LAs.

Efficiency and Effectiveness

Efficiency and effectiveness was assessed by examining various aspects of revenue mobilization and expenditure; turnover transfer of tax collection from tax collectors; proportion of outstanding debt collected; comprehensiveness of information included in budget documentation; turnover time from lodging payment request to payment and in producing standard financial reports; and accuracy of payroll.

The LAIFOM system captures most of the financial information and makes financial management including budget processing easy. It makes it possible to track debtors and enforce compliance and improves the turnaround time from lodging payment request to payment.

The system has resulted in increased revenue and debt collection and the accuracy of the payroll. These improvements have direct benefit to consumers in terms of service provision and management. The staff and consumers of the two Councils rated the improvements that had been realized on delivery of services, in particular paying bills, productivity of finance staff, time of accessing services and overall financial management, as good.

Efficiency and effectiveness of the Councils were very low prior to the introduction of LAIFOM. Implementation of LAIFOMS has enhanced financial management and the efficiency and effectiveness of the council’s operations, and significantly improved billing process and record keeping. The system has enabled a marked increase in revenue collection, businesses registration, customer base, staff productivity, fast issuance of business permits, and reduced unauthorized expenditure; and corruption. Increased revenue is channeled into service provision and management. However, not all increase can be attributed to the implementation of LAIFOMs save for the indicators on increased revenue and outstanding debt collection, reduced turnaround time from lodging payment request to payment and increased accuracy of the payroll.

Apart from the above, the process has also improved the timeliness of preparing documents required by the Ministry of Local Government and for engaging the public such as the LASDAP. For example, the time to prepare budgets had been reduced from 5-8 months to 2-3 months while preparation of quarterly reports had been reduced from months to a few days and hours. There outcomes can be used as rallying ground for engaging consumers and improving participation.

The turnaround time in processing and sending bills for customers had been reduced from 6 to 2 months, following the roll-out of LAIFOMS. In addition, the number of customers the bills are sent to went up remarkably because the system avails an up-to-date list of consumers. This has in turn increased Council revenues since
consumers can no longer hide from view due to availability of records.

There is all indication that the use of ICT has the potential of improving governance in LAs, in particular revenue generation, collection, transparency and accountability. Although ICT programmes are in the infancy stage, in a few LAs in Kenya, its use has the potential of providing a framework for reversing the trend of ineffective governance and improving participation, transparency, accountability, responsiveness, effectiveness and efficiency. Both staff and consumers of LAs acknowledged that computerization had improved financial management and the related provision and management of services. The key areas where computerization had the greatest effect are in availing information to departments, controlling expenditure and in improving services, especially billing and payment of bills.

**RECOMMENDATIONS**

At the policy level, there is need for a national governance policy that spells out the decentralization of power, resources and responsibilities from central government to local governments. In addition, there is need to have a Ministry of Local Government ICT strategy that spells out how the ministry will develop and roll out ICTs in line with the national ICT policy. At the same time, it is necessary to build the basic ICT structures and capacities in both the Ministry of Local Government and individual local authorities as one of the key prerequisites to a successful e-government implementation in the local authorities.

Given the modest improvements in good governance associated with the implementation of the LAIFOMS in the two Municipal Councils, and the governance challenges in implementing a similar system in both local and central government, it is recommended that local governments be used to pilot complex e-government initiatives and lessons learned be upscaled to national level.

The roll-out of an integrated financial management system in central government has had very many challenges and is yet to fully meet its objectives. It is important that the central government study the implementation of the same system in some of the more successful LAs in order to draw lessons to inform further processes of the roll-out. This is perhaps a pointer that e-government applications could first be tried in local governments, and the lessons learned in rolling out modules for central government. Further recommendations include:

**Roll-out of LAIFOMS in other Local authorities:**

Given the remarkable effect of the implementation of LAIFOMS on good governance in the two municipal councils, the Ministry of Local Government in collaboration with other actors should continue facilitating the roll-out of the system to all other LAs.

**Establishment and staffing of ICT Section:**

Local Authorities with the support of the E-Government Directorate should establish and staff the ICT section and build the capacity of all personnel on ICT.

**Involvement of Stakeholders:**

LAs should effectively involve stakeholders, in particular residents throughout the budgetary process and execution using information generated by the LAIFOMS.

**Online Web Information:**

The two municipalities should consider using website and SMS to provide some of the services to their customers and other stakeholders as well as provide them with access to information. Our findings reveal that communication with residents was not affected as highly as the other service areas. This may be partly due to lack of websites for efficient information exchange with consumers as well as lack of use of electronic communication through SMS. Thus, LAs with the support of the Ministry of Local Government must set up websites with up to date dynamic information hosted and integrated with LAIFOMS to facilitate website-based information sharing. Relevant information from LA websites should be posted in public notice boards within the local authorities, in particular, within the wards.

**Footnote**

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