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## Press Release

### **Auditor General's findings on the Social Health Authority (SHA): Corruption in the Health Sector is Murder!**

**5th March 2025.**

Our attention has been drawn to the *Report of the Auditor General on National Government Ministries, Departments and Agencies for the Year 2023/24*.<sup>1</sup> We are particularly concerned about the findings on the *procurement of the healthcare information technology digitization system*, the system currently in use by the Social Health Authority (SHA).

We have previously expressed concerns that corruption in the health sector is negatively impacting on the realisation of the rights to health. We have time and again called upon investigation agencies to act against those robbing the country of resources meant for the health sector.<sup>2</sup> We are saddened that people who have stolen, mismanaged and misappropriated funds meant to provide critical health services still walk free. From #Covid-19millionaires, architects of #MafyaHouse scandal, #MES scandal to loss of donor funds. With no action taken, the architects have been emboldened and are now collapsing the health sector and contributing to deaths of people. The recent withdrawal of funding by the US government is a wake-up call for us to safeguard the available resources in the health sector.

Guided by the findings of the Auditor General, we express concern about lack of transparency and accountability in the procurement of a healthcare system that costs taxpayers Kenya Shillings 104 billion. It is particularly concerning that government advisors have expressed personal opinion to the effect that "*GoK has not spent one Ksh on it*"<sup>3</sup> insinuating that "GoK" has not felt any pinch in procuring the system. Truth is that the pinch is felt by honest, hardworking tax paying Kenyan citizens.

The Auditor General's report establishes that unbudgeted procurement of SHA system breached the law by using uncompetitive procurement procedure, single sourcing a service provider of the digital system violating Article 227 of the Constitution which requires fairness, transparency and cost effectiveness. The procurement contracts also did not provide the scope of the work, number of healthcare facilities where the technology system was to be installed. Furthermore, it is not clear of the Ksh. 7 billion set aside for training of healthcare workers, how much was used on the training, how many healthcare workers were trained, what was the mode of training and in what specific regions the training happened.

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<sup>1</sup> [National-Government-MinistriesDepartments-And-Agencies-2023-2024.pdf](#)

<sup>2</sup> See previous open letter: [Open-Letter-on-Corruption-in-Health-Sector\\_Delivered-copy\\_21092020.pdf](#)

<sup>3</sup> (1) David Ndi on X: "[The UHC digital platform is fully outsourced. GoK has not spent one Ksh on it. Sh104b is user fees payable over 10yr contract period. For comparison we paid Safaricom Sh77b mpesa fees last year. The platform will provide similar capability at Sh10b/year ~Sh50 per hospital visit.](#)" / X

### **Financial Transparency and Public Participation**

No public participation was done as the government unilaterally committed to allow 2.5% of members contributions to be payment to the “faceless owners” of this system – with this money being transferred to an Escrow account daily.

Why was such a critical public health program launched without a financial viability assessment? SHA’s 2.5% and 5% deduction on members contributions and healthcare claims, respectively, effectively imposes an additional expense on vulnerable Kenyans seeking medical care since the cost will be passed to patients. This contradicts the constitutional principle of affordability in healthcare. What justification exists for further monetizing access to essential health services?

### **Lack of Transparency in Fund Management**

The report reveals that SHA funds are to be held in an escrow account controlled by a private agent with no disclosure on the identity of signatories or oversight mechanisms. How can such a critical public fund be placed under an opaque structure? Who are the individuals responsible for managing this escrow account? What measures are in place to prevent corruption and misuse of these funds?

Similarly, it is a shame that government, with all its legal experts, committed its citizens by accepting unfavourable contract terms - that bars the state department of Health from developing a competing healthcare IT system. This raises questions of monopolization and conflicts of interest.

### **Demands for Immediate Action**

Considering these alarming revelations, we demand that

1. **Parliamentary inquiry-** That the National Assembly Health Committee commences immediate investigation to scrutinize the procurement process, financial sustainability and governance structure of SHA. In the long run, both the National Assembly and the Senate in exercise of their legislative authority should commence the process of reviewing the Social Health Insurance Act, 2023 and related legislations to safeguard the public from SHA’s chaotic roll out, corruption and loss of funds.
2. **Full public disclosure-** The Ministry of Health and the Social Health Authority should immediately release and publish, in the Kenya Gazette, all agreements, feasibility studies and financial assessments related to SHA’s funding model and contractual obligations.

3. **Investigation and prosecutions** - That the Ethics and Anti Corruption Commission, the Directorate of Criminal Investigations, and the Office of the Director of Public Prosecutions respectively commence investigations and prosecution of all people who breached the law in procuring of this system. Those individuals responsible for bypassing legal procurement channels, regulations, policies and undermining financial transparency must be held accountable.
4. **Suspension of unfair deductions**- That the 2.5% and 5% deduction from members contributions and healthcare claims be stopped until a transparent and public-friendly alternative is developed to stop the cost being passed to patients.
5. **Public participation in healthcare policy**- That future reforms must involve Kenyans through open forums and consultations to ensure their voices shape policies that directly impact them.

For more information about this statement contact us on [info@kelinkenya.org](mailto:info@kelinkenya.org)

**Statement by:**

1. Kenya Legal and Ethical Issues Network on HIV and AIDS (KELIN).
2. National Integrity Alliance