



REPUBLIC OF KENYA

**NATIONAL TREASURY
PROGRAM OPERATIONS MANUAL**

FOR THE

**PROGRAM FOR RESULTS TO STRENGTHEN GOVERNANCE FOR ENABLING SERVICE
DELIVERY AND PUBLIC INVESTMENT IN KENYA (GESDeK)**

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Acronyms/Abbreviations

AFD	Agence Française de Développement (French development agency)
AFROSAI	African Organization of Supreme Audit Institutions
AMS	Audit Management System
CoA	Chart of Accounts
CPS	Country Partnership Strategy
DL	Disbursement Letter
DLI	Disbursement Linked Indicators
DPO	Development Policy Operation
EACC	Ethics and Anti-Corruption Commission
EACRC	East African Compliant Recycling Company
e-GP	Electronic Government Procurement
e-ProMIS	Electronic Project Monitoring Information System
GESDeK	Governance for enabling service delivery and public investment in Kenya
ESSA	Environmental and Social Systems Assessment
FA	Financing Agreement
FY	Fiscal Year
GAC	Governance and Anti-Corruption
GDP	Gross Domestic Product
GHRIS	Government Human Resource Information System
GoK	Government of Kenya
GRS	Grievance Redress Service
ICPAK	Institute of Certified Public Accountants of Kenya
ICR	Implementation Completion Report
ICT	Information and Communication Technology
IDA	International Development Association
IFMIS	Integrated Financial Management Information System
INTOSAI	The International Organization of Supreme Audit Institutions
IPF	Investment Project Financing
IPPD	Integrated Payroll and Personnel Database
KDSP	Kenya Devolution Support Program for Results
KES	Kenyan Shilling
M&E	Monitoring and Evaluation
MDA	Ministries, Departments and Agencies
MoPSYGA	Ministry of Public Service, Youth and Gender Affairs
MTEF	Medium Term Expenditure Framework
NEMA	National Environment Management Authority
OAG	Office of the Auditor General
OCDS	Open Contracting Data Standards
PAP	Program Action Plan
PDMO	Public Debt Management Office
PDO	Program Development Objective
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PFM SWG	PFM Sector Working Group
PFMR Secretariat	Public Financial Management Reform Secretariat

PFMR Strategy	Public Financial Management Reform Strategy
PFMR Strategy	PFM Reform Strategy
PforR	Program-for-Results
PIM	Public Investment Management
POM	Project Operations Manual
PPADA	Public Procurement and Asset Disposal Act
PPDR	Public Procurement and Asset Disposal Regulations
PPP	Public Private Partnerships
PS	Permanent Secretary
PSC	Public Service Commission
PBT	bio-accumulative toxins
RAS	Reimbursable Advisory Services
RIFF	Reform Implementation Facilitation Facility
SPP	State Procurement Portal
SRC	Salaries and Remuneration Commission
TSC	Teachers Service Commission
US\$	United States Dollars
QA	Quality Assurance
VA	Verification Agent

PART I: INTRODUCTION

I. Rationale for the Program Operational Manual (POM)

1. The objective of the POM is to provide strategies, rules, procedures and guidance for the implementation of the Program-for-Results to Strengthen Governance for Enabling Service Delivery and Public Investment in Kenya (GESDeK). In particular, the POM sets out to:
 - Enable stakeholders understand the scope, content, organization and activities of the Program.
 - Indicate the performance expected by management and stakeholders.
 - Guide the operation of the functions performed under the Program to ensure consistency, timeliness, accuracy and maximize the intended outputs and outcomes.
 - Harmonize reporting, monitoring and evaluation procedures.
2. The POM serves as rules of the game for the Program and provides a one-stop-shop for templates, TORs, funds flow, M&E and reporting, etc.
3. The POM should read alongside the
 - i. World Bank Financing Agreement (FA), Disbursement Letter (DL) and Program Appraisal Document (PAD) and where there are any inconsistencies between the POM and the FA, DL the provisions of the FA and DL should prevail; and
 - ii. The AFD Credit facility Agreement (CFA) and where there are any inconsistencies between the POM and the CFA, the provisions of the CFA should prevail with respect to AFD financing.
 - iii. Other relevant Programme documents for other development partners which may co-finance and/or support GeSDeK in different ways. Where there are inconsistencies between the POM and the financing agreements of other DP Programmes then the provisions of the financing agreements will prevail in the context of the individual DP programs.

II. Users of the Manual

4. The main users of the manual are:
 - (a) Implementing Agencies i.e. National Treasury (NT), Ministry of Public Service, Youth and Gender Affairs (MoPSYGA) and the Office of the Auditor General (OAG)
 - (b) The PFMR Secretariat of NT as the coordinating agency.
 - (c) Beneficiary Agencies i.e. Service delivery MDAs who are beneficiary agencies under the Program as annually determined and listed in Annex 6.

- (d) Consultants and service providers who provide services in areas such as management, training, technical assistance support or act as verification agents under the Program.
- (e) Development Partners supporting GESDeK
- (f) Internal Auditor General and internal auditors of the Implementing MDAs
- (g) Auditors from the Office of the Auditor General auditing the Implementing MDAs
- (h) External Auditors as may be appointed to audit the Office of the Auditor General
- (i) The Independent Verification Agent

III. Structure of the Program Operational Manual

5. The POM is divided up into three main sections:
 - (i) Part I- Introduction which outlines the rationale, users, structure and amendments to the POM
 - (ii) Part II - Overall program description, including the Program Development Objectives, key results, overall expenditure framework, DLIs, disbursement arrangements and verification protocols
 - (iii) Part III - Overview of the GESDeK implementation arrangements which includes Verification of Results and Disbursement Arrangements, Fiduciary and Safeguards (Planning and Budgeting, Financial Management, Procurement, Governance Fraud and Anticorruption, Environmental and Social Safeguards), M&E framework and reporting, institutional arrangements (roles and responsibilities of each stakeholder and the audit procedures) and overall calendar (timelines) for implementation of GESDEK activities.
6. The POM encompasses several important annexes, which should not be overlooked as they are the practical tools for implementation including guidelines and specifications, templates and reporting frameworks, verification framework and TORs for various institutional arrangements.

IV. Amendments to the POM

7. The POM is ultimately a living document that may further be reviewed and refined, in consultation with relevant stakeholders. It is expected that this manual may be reviewed and revised by National Treasury PFMR Secretariat (in consultation with all other implementing agencies and departments) within 31 days of the beginning of each financial year (i.e. July 31). The Revised POM (as adopted by GoK) will be formally submitted to the WB and AFD for concurrence. The World Bank, AFD and other DPs will concur within two weeks of receipt of the amended POM.

PART II: PROGRAM DESCRIPTION

I. Government Program Overview

8. **The Government program objective is formulated in the PFMR Strategy.** The objective is to “ensure a public finance system that promotes transparency, accountability, equity, fiscal discipline and efficiency in the management and use of public resources for improved service delivery and economic development”. The Programme Development Objective (PDO) of the PforR is closely aligned with this objective while reflecting that the operation will only support part of the Strategy. The PDO for the PforR is *“to improve utilization and transparency of resource management in selected service delivery MDAs.”*
9. The PFMR Strategy has seven substantial thematic areas and program management as a crosscutting element. The GESDeK supports five out of the seven thematic areas of the Strategy as indicated in Table 1 below, and this defines the program boundary.

Table 1: PFMR Strategy themes and PforR support

Theme in the PFMR Strategy	Included in the PforR?	PDO Indicator/DLI/results area
Theme 1- Macro-Economic Management and Resource Mobilization	Yes	2 and 6
Theme 2 – Strategic Planning and Resource Allocation	Yes	1,2 and 6
Theme 3 – Budget Execution, Accounting and Reporting and Review	Yes	2, 3, 4 and 6
Theme 4 – Independent Audit and Oversight	Yes	5
Theme 5 – Fiscal Decentralization and Intergovernmental Fiscal Relations	No	2
Theme 6 – Legal and Institutional Framework	No	n/a
Theme 7 – IFMIS and other PFM Systems	Yes	All
Cross cutting: Program Management	Yes	All

II. Program Development Objective (PDO) and key results

10. The PDO will be achieved through six Key Results Areas (KRAs) to be measured through PDO Indicators. All PDO Indicators are Disbursement Linked Indicators (DLIs). The DLIs at PDO level are designed to measure implementation of reforms in line MDAs responsible for service delivery and public investment and thus the functional deployment of the intended reforms. Accordingly, they are set at a level between outputs and outcomes as shown in Table 1A below

Table 2: Results Areas and PDO Indicators

No	Results Area	Measured by PDO Indicator
1	Prioritized Public Investments	Number of projects with capital allocations above KES 100 million which are in compliance with procedures in the PIM manual.

No	Results Area	Measured by PDO Indicator
2	Reliable Funding for Service Delivery and Public Investment	Average under-release of priority operational service delivery budget allocations expressed as a percentage of revised in-year cash plans on a quarterly then monthly basis. Annual exchequer releases to GoK capital budget allocations as a % of the approved budget.
3	Efficient and Transparent Procurement	Number of MDAs using the e-Procurement System in full compliance with the PPADA 2015 and attendant Regulations for the full fiscal year and procurement data disclosed in State Procurement Portal (SPP) following Open Contracting Data Standards (OCDS).
4	Consolidated Staff Data	Number of MDAs whose payroll data has been uploaded to GHRIS and are up to date.
5	Timely and Quality Financial Statements and Audits	% of MDAs whose audits have been completed within 3 months after OAG receipt of financial statements using an improved methodology, undergone quality assurance; and number of months between receipt of final consolidated financial reports by OAG and submission of audited financial statements to Parliament.
6	Strengthened Fiduciary Assurance and Transparency	Number of MDAs where information is publicly available online in searchable form on a) program expenditure, b) project expenditure and c) transfers to service delivery units is available ¹ . Annual and quarterly MDA Internal Audit Reports have been prepared and undergone Quality Assurance (QA) in line with enhanced procedures for assurance, risk management and audit follow up.

III. Program Expenditure Framework

Expenditures

11. The Government’s program includes the PFMR Strategy and related Sub-Strategies as funded by the GoK budget and Development Partners (DPs). DPs, including the World Bank through this PforR, are expected to fund the bulk of the “variable inputs” associated with implementation of the PFMR Strategy. The Government is funding “fixed inputs” in terms of staff salaries and overheads associated with anchoring, designing and implementing reforms. These two elements (“variable” and “fixed” inputs) associated with implementing the PFMR Strategy define the program boundaries and thereby the expenditure framework:

- “Variable costs”: These include allocations for the implementation of reform inputs identified in the Government program as formulated in the PFMR Strategy using the established mechanism of the PFM Reform project, which is included in the GoK Development Budget as a budget line in the chart of accounts. Expenditure types include consultancy services, hardware and software, training, etc.
- “Fixed costs”: These include allocations for the operational costs of the relevant Budget Programs in the National Treasury, MoPSYGA and OAG. These allocations enable the three MDAs to manage and enforce the new processes and systems. Expenditure types include salaries and overheads.

12. **The Government’s program is set out in the PFMR Strategy with a combined “fixed” and “variable” budget of US\$630 million.** The PFMR Strategy is budgeted to cost US\$124 million in “variable” costs². Implementation of the program is also supported by departments in the implementing agencies; first in the design phase and subsequently in the implementation

¹ “Searchable” means that the data can be searched with the help of an online “search function”.

² The costing of the strategy assumes that it will be extended or succeeded after 2018.

phase. Government departments involved in design and implementation of the Program has a planned total GOK expenditure of US\$506 for the period 2017/2018 - 2021/2022.

13. **The GESDeK supports a subset of the PFMR Strategy, as outlined above, which amounts to US\$282 million and constitutes the expenditure framework for the PforR.** This constitutes US\$55 million in variable costs and US\$ 227 million in fixed costs³ for the period 2017/2018-2021/2022. Of this US\$282 million, IDA will fund a total of US\$150 million and AFD a total of Euro30 million. Program variable costs from other Development Partners to PFMR are estimated to amount to \$10m and existing GoK contributions \$5m which implies a deficit of \$40m. Whilst the proceeds from the PforR can be allocated flexibly by GoK and allocations are not binding during implementation, it is important that adequate resources are allocated to implementing agencies to enable the relevant DLIs to be achieved. Budget allocations to variable costs will therefore be increased to cater adequately for the costs of the implementation of GeSDEK. Further details are provided in Annex 11.1 f the POM.

Table 3: Program Financing, 2016/2017 to 2021/2022

Source	Amount (US\$M)	Share
GOK	87	31 percent
IDA	150	53 percent
AFD	35	12 percent
DP Support to PFMR	10	4 percent
Total	282	100 percent

IV. Results and Disbursement Linked Indicators

14. **The Program has six Key Results Areas.** For each results area, results chains have been identified and DLIs have been developed along the results chains: The first years relate to the steps necessary to bring about change. These are at the output level of reforms and relate to business processes, procedures and systems. The indicators for the outer years of the PforR measure success in the implementation of reforms by MDAs, with compliance enforced by the implementing agencies. The Key Steps initially represent reform actions and subsequently in the first two years of the operation. In subsequent years, these indicators relate to keeping the implemented reforms in place. The Success indicators will come about after putting in place the initial key steps. Accordingly, they will materialize from year 2 of the operation in each results area and with expectations of increasing delivery.

Result Area 1: Prioritized Public Investments

- *Goal:* The PforR will contribute to achieving the following long-term goal: Projects are selected by MDAs based on established guidelines including sound appraisal criteria, alignment to economic and strategic priorities and realistic projections of their returns.

³ The fixed costs supported by GESDeK are defined as the non-salary current expenditures for the relevant sub-programs in the budget.

This is anticipated to result in strong returns to public investment, with minimal delays, cost overruns, value-for-money, and strong accountability.

- *Feasible Steps:* The Program will support feasible steps which will involve: (i) the development of a PIM manual which includes, inter alia, project identification, appraisal, budgeting, implementation, reporting and M&E; (ii) the establishment of a dedicated PIM unit with basic staff in place and trained to perform the National Treasury gate-keeping role; (iii) the enhancement of e-ProMIS⁴ to deliver requirements of the PIM manual, with interface between e-ProMIS and IFMIS tested and live.
- *Success Indicator:* Success will be measured in terms of number of projects with capital allocations above KSh.100 million which are budgeted for in full, and are in compliance with PIM Procedures, using the upgraded e-ProMIS System.

Result Area 2: Reliable Funding for Service Delivery

- *Goal:* The PforR will contribute to achieving the following long-term goal: Budgeted funding is planned for and provided in full when required to priority service delivery MDAs and major infrastructure projects that allows implementation to proceed as planned.
- *Feasible Steps:* The Program will support feasible steps which include: (i) encouraging greater realism in revenue forecasting used in the budget; (ii) supporting the preparation of borrowing plans consistent with delivering cash for MDAs based on their cash plans; (iii) introducing a new cash management and exchequer system which ensures all GoK releases to MDA bank accounts are made automatically following MDA approvals in IFMIS; and (iv) the development and implementation of guidelines that require that revised MDA cash plans protect service delivery and infrastructure budget priorities;.
- *Success Indicators:* Success will be measured by the average under-release of priority operational service delivery budget allocations expressed as a percentage of revised in-year cash plans on a monthly basis and annual exchequer releases to GOK capital budget allocations as a share of the approved budget.

Result Area 3: Efficient Procurement

- *Goal:* Procurement policies, systems and processes are fully integrated, transparent, operationalized and enforced. Appropriate technical expertise is used. This ensures services are delivered to specification and on time and represent value for money.
- *Feasible Steps:* The Program will support feasible steps relating to the upgrading and implementation of the e-procurement system to enable it deliver on the requirements of procurement entities, oversight institutions and suppliers in line with the law and regulations. It will also support the establishment of mechanisms for encouraging compliance with the PPAD Act, 2015, and regulations in the context of the upgraded

⁴ The program results and associated DLIs are based on e-ProMIS. However, if results are achieved through an equivalent electronic system with the same specified functionality, results will be considered achieved.

system and greater transparency through the State Procurement Portal. Finally, it will ensure that the e-procurement system and SPP is up to date and includes appropriate information on tenders, awards, contract implementation, and complaints follow-up by disclosing procurement data by following OCDS.

- *Success Indicators:* Success will be measured in terms of MDAs using the e-Procurement System in full compliance with the PPAD Act 2015 and Regulations for the full fiscal year and procurement data disclosed in the State Procurement Portal (SPP) following OCDS.

Result Area 4: Consolidated Staff Data

- *Goal:* Public Service Human Resource (HR) data is consolidated and consistent which improves value-for- money and accountability by enabling sound decision-making on wage bill management, human resource management and budget planning.
- *Feasible Steps:* The program will support feasible steps related to: (i) increased GHRIS⁵ functionality to handle consolidated HR data from MDAs and interfacing with IFMIS; (ii) the development and issuance of regulations and standards on itemized payroll details consistent with enhanced GHRIS functionality and sharing of data; (iii) restructuring and uploading of data from different payroll systems across service delivery MDAs; and (iv) publishing of basic wage bill data by administrative / service delivery unit, consistent with the CoA.
- *Success Indicators:* Success will be measured in terms of number of MDAs where up-to-date payroll data has been uploaded to GHRIS.

Result Area 5: Timely and Quality Financial Statement and Audits

- *Goal:* The PforR will contribute to achieving the following long-term goal: There is capability to issue timely quality and relevant financial statements and audit reports. Audit reports are presented in a way that facilitates stakeholders' ability to understand and interrogate its impact on service delivery.
- *Feasible Steps:* The Program will support feasible steps related to the: (i) Approval of audit codes that classify risk clusters to enable efficient targeting of audit resources; and (ii) revision of Audit methodologies and Quality assurance framework in line with international standards; and (iii) ability of the IFMIS to generate reconciled MDA financial statements;
- *Success Indicators:* Success will be measured by the reduction in number of months between receipt by OAG of consolidated accounts from the Accountant General to submission of national government audited accounts to Parliament as well as progress towards Accountant General submitting timely and quality assured MDA financial statements to the OAG.

⁵ The Program results and associated DLIs are based on GHRIS. However, if results are achieved through an equivalent system with the specified functionality, results will be considered achieved.

Result Area 6: Strengthened Fiduciary Assurance and Transparency

- *Goal:* Stakeholders inside and outside government have access to appropriate and relevant information on service delivery. Information is timely, reliable, trusted and used in decision-making and accountability processes.
- *Feasible Steps:* The Program will support feasible steps which include: (i) MDAs and increasingly the public can access multi-year itemized and facility level budget and outturn data for all MDAs in searchable form through the budget module of IFMIS; and (ii) Updated manuals and QA framework for internal audit in place to strengthen assurance and risk management are in place.
- *Success Indicators:* Success will be measured by the number of MDAs where information is publicly available online in searchable form on a) program expenditure, b) project expenditure and c) transfers to service delivery units. Success will also be measured by quality assurance of annual and quarterly MDA Internal Audit Reports

15. The implementing agencies and departments responsible for each Results Area and related DLIs are shown in the table 3 below.

Table 4: Lead Implementing Agencies and Departments Responsible for DLIs

No	Results Area	DLI	Lead Implementing agency and department
1	Prioritized Public Investments	DLI 1- Prioritized Public Investments	Lead: Budget Department, NT
2	Reliable Funding for Service Delivery	DLI 2.1- Average under-release of priority operational service delivery budget allocations expressed as a percentage of revised in-year cash plans on a quarterly then monthly basis Annual exchequer releases to GOK capital budget allocations as a % of the approved budget.	Lead: Accounting Services, NT
		DLI 2.2: Improved Revenue Projections- Actual domestic (tax plus non-tax) revenue collections as a percentage of the annual budget.	Lead: Macro and Fiscal Affairs Department, NT
		DLI 2.3: Reliability of domestic financing- Average under performance of quarterly net domestic borrowing as a percentage of what is planned in revised in year cash plans.	Lead: PDMO, NT
3	Efficient and Transparent Procurement	DLI 3- Number of MDAs using the e-Procurement System in compliance with the Act, 2015 and Regulations for the full fiscal year and procurement data disclosed in SPP following OCDS.	Lead: Procurement Department, NT

No	Results Area	DLI	Lead Implementing agency and department
4	Consolidated Staff Data	DLI 4- Number of MDAs whose payroll data has been uploaded to GHRIS and are up to date.	Lead: MoPSYGA
5	Timely & Quality Financial Statements and Audits	DLI 5.1: The percentage of MDAs the National Treasury has reviewed the quality of annual Financial Statements generated from IFMIS and has submitted to the OAG within 4 months.	Lead: Accounting Services, NT
		DLI 5.2: a) % of MDAs whose financial statement audits have been completed within 3 months after OAG receipt of final financial statements using an improved methodology, undergone quality assurance. b) Months between receipt of final consolidated financial reports by OAG and submission of the audited financial statements to Parliament	Lead: OAG
6	Strengthened Fiduciary Assurance and Transparency	DLI 6.1: Number of MDAs where information is publicly available online in searchable form on a) program expenditure, b) project expenditure and c) transfers to service delivery units.	Lead: Budget Department, NT
		DLI 6.2: Annual and Quarterly MDA Internal Audit Reports have been prepared and undergone QA in line with enhanced procedures for assurance, risk management and audit follow up.	Lead: Internal Audit, NT

PART III: IMPLEMENTATION ARRANGEMENTS

I. Verification of Results and Disbursement Arrangements

A. Verification Protocols

16. Implementing Agencies/departments will provide evidence of achievement of their respective DLIs to the PFM Reform Secretariat on the first working day after July 15 annually for periods covering the previous fiscal year (i.e. July 1 – June 30) via Results Team Reports using the reporting format in Annex 7.1. The PFMR Secretariat will compile the information on the status of achievement of results (as provided by the responsible implementing agencies/departments supported by relevant Results Teams) by July 31st of each FY. The reporting templates for each Disbursement Linked Result (under each DLI) is prescribed in Annex 8.
17. An independent verification agent (IVA) will validate achievement of DLRs. ToRs for the verification agent are provided in Annex 4. Validation of results by the IVA will be based on the verification protocol in Annex 2.2 and the templates elaborated in Annex 8. The IVA (hired by the PFMR Secretariat) will conduct the verification of results by the 15th of September of each financial year. The IVA will work closely with the implementing agencies, *first* discussing and attempting to resolve any issues with the implementing agencies *before* submission to the PFMR secretariat.
18. A special meeting of the PFM Technical Committee, which will include implementing agencies, the World Bank and participating Development Partners will then review the report and resolve any outstanding issues. The PS/NT will then submit the report to participating Development Partners by the 15th October. WB and other DPs will communicate their decision on IVA findings by 31st October.
19. As part of the verification process, the PFMR Secretariat will be charged with the responsibility of *inter-alia*: (a) contracting the verification agent (by end of June 2018) (b) facilitating the annual verification process, including information and communication linkages between the implementing agencies/departments responsible for achievement of those results and the IVA (c) quality assurance that the verification protocol has been followed by the IVA (e) timely conduct of the verification process (f) ensuring timely reporting of results by the IVA to the Technical Committee and (g) forwarding the verification reported to the WB and other partners.
20. Some DLRs require further specification during the course of implementation relating to the systems, processes, institutional arrangements and manuals to be put in place to achieve each DLR. At the beginning of each financial year, these specifications will need to be added to Annex 8 of the POM in advance of being assessed during the Verification process. The DLRs to which this applies are set in the table below and details are provided in Annex 8:

Table 5: DLRs Requiring Specification in Future

<p><u>Results Area 1- Prioritized Public Investments</u></p> <ul style="list-style-type: none">• DLR 1c-Basic Specifications for the PIM system based on user requirements and definition of Functional PIM system (once user requirements are defined) - Beginning of FY 18/19• DLR 1d-Checklist of compliance with PIM Manual-Beginning of FY 18/19• DLR 1d-Checklist use of e-Promis- Beginning of FY 19/20 <p><u>Results Area 3: Timely and Efficient Procurement -Data/Systems Specifications</u></p> <ul style="list-style-type: none">• DLR 3b-Checklist of functionality of an e-procurement system-Beginning of FY 17/18• DLR 3c-Checklist for compliance with PPADA and regulations using the e-procurement system- Beginning of FY 19/20 <p><u>Results Area 4: Consolidated Staff Data Specifications</u></p> <ul style="list-style-type: none">• DLR 4b-Checklist defining up to date service delivery payrolls on GHRIS once system has been developed- Beginning of FY 18/19 <p><u>Results Area 5: Timely and Quality Audits</u></p> <ul style="list-style-type: none">• DLR 5.2c-Checklist for compliance with AMS, Risk Clustering and New Methodology in Line with DLI Description- Beginning of FY 18/19 <p><u>Result Areas 6-Transparency and Fiduciary Assurance Institutions: Data/Systems Specifications</u></p> <ul style="list-style-type: none">• DLR 6.1c-Checklist for meeting DLR definition- Beginning of FY 17/18• DLR 6.2c-Checklist for MDA implementation of the new framework-FY 18/19

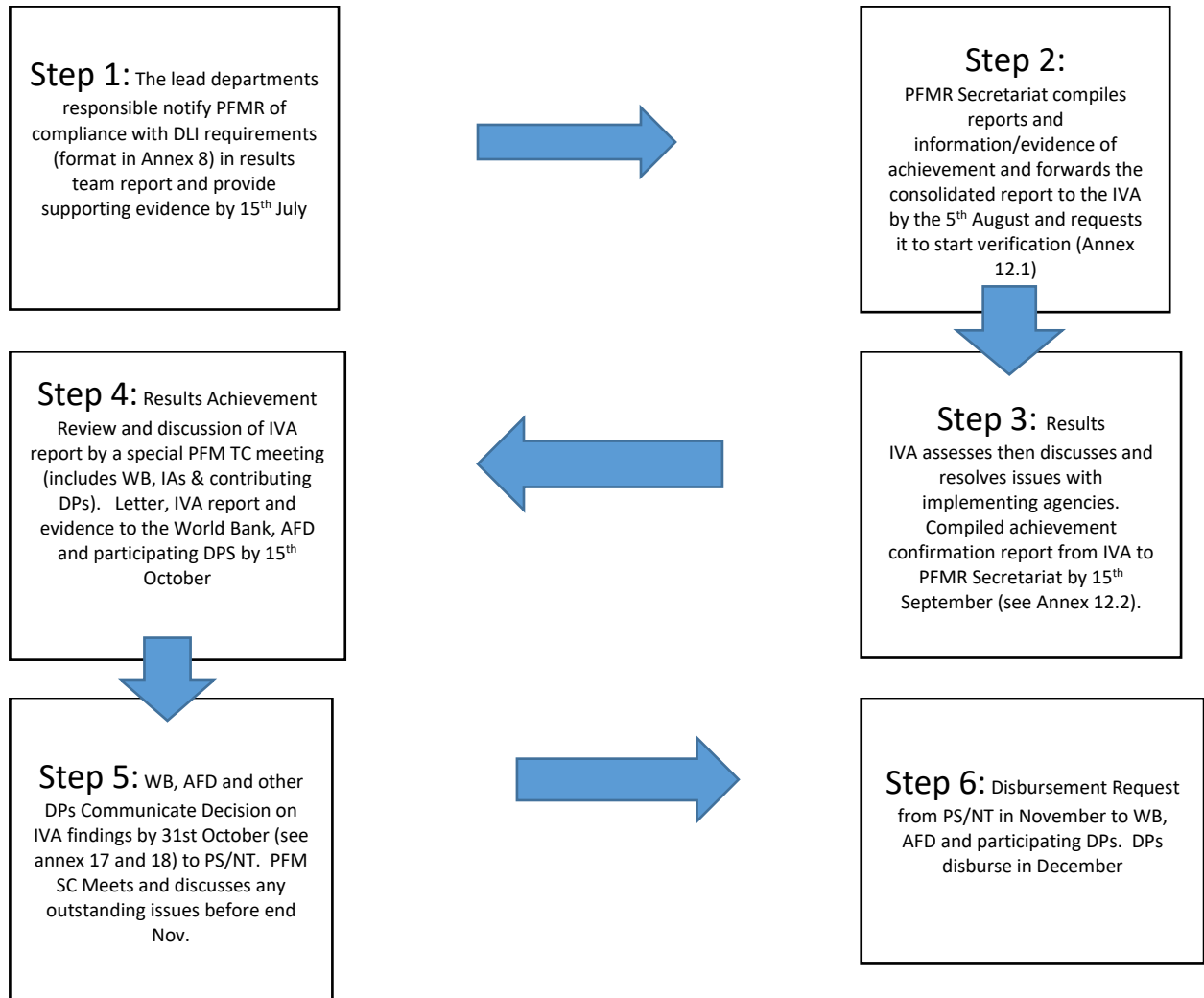
B. Disbursement Arrangements

21. Disbursements under the Program will be made in three circumstances: (i) Advance disbursement against achievement of future disbursement linked results (DLRs), up to the limit specified by the development partner⁶ (ii) Disbursement against DLR achievement (iii) DP specific requirements specified in individual financing agreements.
22. The WB financing agreement for the GESDeK reflects this provision for advances. It is envisaged that advance disbursements will be requested by NT on a rolling basis for the WB funding. The WB will provide rolling advances against future DLRs based on:
- The verification of results from the previous FY (this is not required for the first advance).
 - An assessment of the likely achievement of DLRs for the current and future years *and* allocations to variable costs being provided for in the budget for a) the current FY and b) the medium term consistent with the expenditure framework.

⁶ For the World Bank, a rolling limit of 25% of the credit amount, US\$ 37.5 million applies.

- iii. The value allocated to the DLRs expected to be achieved in the Programme in future will be greater than or equal to the value of the advance requested.
23. The verified of DLRs achievement in the previous year will determine any reduction in WB disbursements resulting from lack of achievement of DLRs which will have to be “netted” against expected future achievements.
 24. AFD will support the GESDEK results achieved during the first three years of the program (2017/18, 2018/19, 2019/20) and will disburse according to the achievement of 4 DLIs, using the verification protocols of the GESDEK: (i) DLI 1: Prioritized Public Investments; (ii) DLI 2.3: Reliability of financing and external resources; (iii) DLI 3: Efficient and Transparent Procurement; (iv) DLI 5.2 Timely, Efficient, Quality Audit. Any undisbursed AFD funds from 2018, 2019 and 2020 may be disbursed through in 2020/21 or may be cancelled by AFD if the targets are not met.
 25. The AFD financing will not provide advance disbursements. However, in the first year, AFD will allow withdrawing a fixed disbursement (5M€), right after the signature of the Credit financing agreement and upon request from the Government. This will not be linked with the achievement of DLIs and will enable the implementing structures to launch the activities.
 26. Once the achievement of DLRs is verified and the World Bank, AFD and other DPs concur, the Government makes a disbursement request. Confirmation that a DLI is achieved will be based on agreed verification protocols for each DLI as described in the section B below.
 27. DLIs that measure success are scalable, whilst Intermediate Results DLIs which measure key steps are not. Success indicator DLIs are measured in terms of the number of MDAs, projects or share of expenditures which are compliant with the new processes. Disbursement amounts for each DLI will be computed based on the number achieved relative to the target. For the step indicators in the DLIs must be achieved for disbursement to take place. This is shown in Annex 2.3.

Figure 2 outlines the processing steps of verification



28. WB, AFD and other DP Funds will be disbursed to the Consolidated Fund in December of each Financial Year. At project effectiveness, funds will be disbursed against DLIs an assessment of the likely achievement results in year one of the PforR.

II. Fiduciary and Safeguards Arrangements

A. Planning and Budgeting

29. There is a funding gap for reform inputs in the implementation of the PFMR Strategy (i.e. the “variable costs”) of approximately USD40m. GESDeK will provide fiscal space to enable the GoK to increase funding for the implementation of the PFMR Strategy. This will substantively fill the funding gap for PFM reforms focused on national expenditure management. Over the program period GoK will increase budget allocations for GESDEK variable costs by an amount equivalent to the deficit for implementing GeSDEK. The additional allocations will be made to the implementing agencies through the PFMR Project. Annex table 11 provides the expenditure framework for both fixed and variable costs. In doing so it sets out the proposed budget allocations for variable costs under GeSDEK.
30. The preparation of workplans and budgets will be integrated into the government annual budget process. Workplanning and budgeting for “fixed costs” in the expenditure framework will follow the national budget process, and no special arrangements will be required as these costs are based on existing medium term allocations in the 2017/18 Program Budget.
31. The Work-planning and Budgeting process for Variable Costs will form part of the PFMR Project and will ensure that adequate resources are allocated to achieve GeSDEK results as provided in the steps below:
- a) Step 1: in advance of the start of each budget process (by end of August of each year), each results team will estimate the costs of reform activities related to the achievement of GeSDEK results over the Medium Term (format is provided in Annex 7.1). During this process implementing agencies will identify allocations for inclusion in the existing project “1071100100 Support to Public Financial Management (PFM-R)”.
 - b) Step 2: The PFMR Secretariat will compile the costings and allocations and integrate them into overall PFMR Strategy workplans (format in Annex 7.2). At this stage, PFMR workplans shall be approved by the Technical Committee. The PFMR Secretariat will forward the proposed allocations to the Budget Department in the National Treasury for inclusion in budget ceilings.

- c) Step 3: The Budget Department will ensure these costs are integrated into the initial medium term budget ceilings for the PFMR Secretariat and highlight that these ceilings relate to GESDeK results. The National Treasury, as part of the annual national budgeting process, will undertake to ensure that the GeSDEK elements of the PFMR Strategy remain adequately resourced throughout the stages of the budget process.
 - d) Step 4: PFMR will ensure that all activities relevant to GESDeK results are specified in the PFMR Strategy Workplan.
32. The SCOA will be adjusted/amended as necessary to ensure the following is achieved:
- a) The SCOA distinguishes the GESDeK expenditure framework from the Expenditure Frameworks for other Programs for Results. This specifically applies to the KDSP which is providing funding to support county PFM.
 - b) PFMR Strategy allocations and expenditures are disaggregated at least to the level of major components and/or implementing directorates to enable greater transparency of resource allocation and accounting in the context of the national budget process at least from 2018/19 onwards.
33. The relevant areas of the SCOA will be reflected in Annex 11.1 of the POM If the SCOA codes in the expenditure framework change, Annex 11.1 of the POM will be amended.

B. Treasury Management and Funds Flow Arrangements

34. The disbursement of funds from the World Bank and other DPs supporting GeSDEK will be deposited into the government Consolidated Fund. Funds received from the World Bank will form part of the overall government consolidated fund with no requirement for ring-fencing of the IDA funding or tracing separately to the implementing agencies. Exchequer releases will be made against budgetary allocations, which form part of the GESDeK expenditure framework, to the bank accounts of MDAs at the CBK in line with normal government cash management procedures.
35. The Program activities and budget execution will be tracked using the approved Standard Chart of Accounts (SCoA) codes in IFMIS and the related eligible expenditures recognized, captured, analysed, summarized and reported as part of the Program and the Government program using these SCoA agreed IFMIS codes. These codes are specified in Annex 11.1.
36. During budget execution, the National Treasury will ensure that Exchequer Releases are made to Budgetary Units implementing the PFMR Strategy in line budget allocations and cash plans. This will help enable the implementation of reform activities as planned during the financial year.

37. For funding channeled via the PFMR Secretariat Project, each implementing agency/department (responsible for achievement of relevant DLR) will make a request for funding from the PFMR Secretariat against approved work plans and budget allocations

C. Procurement System

38. The NT, MoPSYGA and the OAG will individually be responsible for procurement of goods and services for purposes of the Program in accordance with the requirements of the Public Procurement and Disposal Act 2015 and regulations.

39. Complaints on the procurement process will be made to the Public Procurement Administrative Review Board (PPARB). The Act provides for administrative reviews of procurement proceedings whereby any aggrieved participant in a procurement proceeding claiming to have suffered or risks suffering loss or damage may submit a request for review to the Review Board through its secretariat.

40. The PPADA provides for different procurement methods and open tender is the preferred method in line with the procurement law and the ministerial orders. The PPRA is responsible for developing various standard tender documents which are available in printed form as well as for down-loading from its website.

41. The Implementing Agencies will be amongst the pilot institutions implementing the enhanced e-Procurement system from FY 2019/20.

42. Both the PPRA and the PFMR Secretariat will share with the implementing agencies, at least on a quarterly basis, the list of firms and individuals which have been debarred or suspended from participating in procurement in Kenya by the World Bank and by AFD. This is to ensure that these individuals or firms are not allowed to bid for contracts or benefit from a contract under the operation during the period of debarment or suspension. In the case of the World Bank, the list of debarred firms and individual can be found at <http://www.worldbank.org/debarr> and www.ppoa.go.ke. In the case of AFD, the lists are the ones established by UN, EU and French financial and commercial sanctions, as set forth in the table below. There is need to ensure that firms or individuals on the World Bank's debarment or suspended list and on the EU, UN and French financial and commercial sanctions lists are not allowed to bid for contracts or benefit from a contract and the overall responsibility of ensuring compliance will rest with the PPRA and implementing agencies. This list will be applied, at least, to expenditures within the expenditure framework for all implementing agencies undertaking procurement with GESDEK funds. PPRA will monitor the application of the lists and notify the World Bank and AFD in the event that they establish an implementing agency has contracted a debarred or suspended firm or individual under the program.

<i>UN financial sanction list</i>	https://www.un.org/sc/suborg/fr/sanctions/un-sc-consolidated-list
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<i>EU financial sanctions list</i>	http://eeas.europa.eu/cfsp/sanctions/consolidated-list_en.htm
<i>French financial sanctions list</i>	http://www.tresor.economie.gouv.fr/4248_Dispositif-National-de-Gel-Terroriste
<i>EU commercial sanctions</i>	https://eeas.europa.eu/headquarters/headquarters-homepage/8442/consolidated-list-sanctions_en

D. Fraud, Corruption and Complaints Handling

43. Multiple channels for reporting public complaints can be used including email/website, telephone, in person, letters and suggestion/anti-corruption boxes. These complaints can be made through the accounting officer. The public can also channel their complaints directly to the CAJ/Ombudsman, EACC, Public Procurement Complaints Review and Appeals Board (PPCRAB), National Environment Management Authority (NEMA) and National Lands Commission (NLC), in terms of complaints on maladministration, F&C, procurement, Environment and Land⁷ complaints respectively. Complaints can also be channeled internally within implementing agencies by way of internal memos.

44. For the avoidance of doubt, all complaints related to alleged fraud and corruption in implementing departments/agencies should be reported to the to EACC.

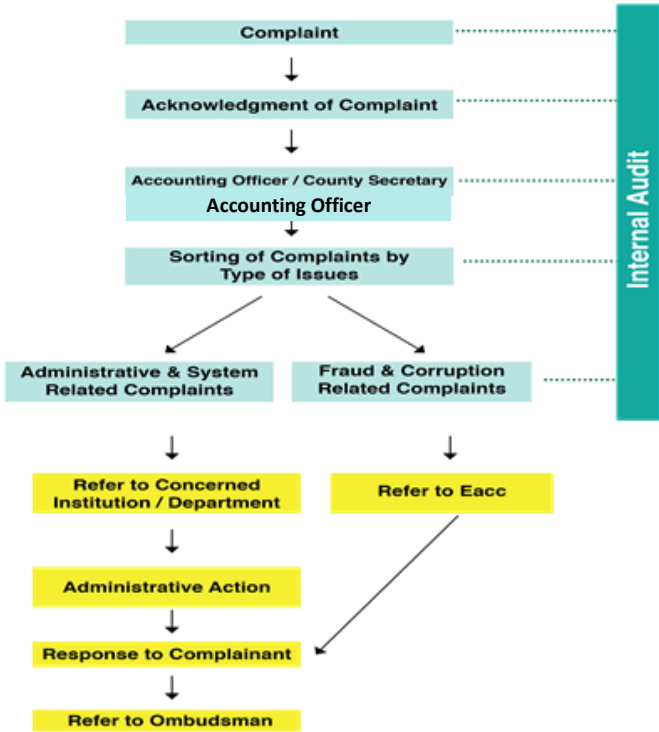
45. Internal arrangements for handling complaints:

- All complaints will be received by or on behalf of the accounting officer. If received at the PFMR Secretariat these shall be received by the Program Coordinator and copies of the complaint forwarded to the Accounting Officer.
- The Accounting Officer or PFMR Project Coordinator (as the case may be) shall promptly acknowledge receipt of the complaint to the complainant using details provided in the complaint form.
- The Accounting Officer shall identify whether the complaint is
 - (a) fraud or corruption related or
 - (b) a complaint that needs to be forwarded to other relevant institution with mandate to handle the type of complaint
 - (c) a complaint to be dealt with internally (e.g. administrative/system, service provision etc.)
- If the complaint is classified as an **administrative** issue related to the GESDEK, the Accounting Officer shall collect the required information and refer it to the

relevant institution/department and provide advice to take preventive and corrective actions. In the case of the receipt of a complaint by the PFMR Coordinator, he/she shall forward it to the Accounting Officer to refer it to the relevant institution/department.

- If the complaint is found to be related to an **allegation of fraud or corruption**, the Accounting Officer will forward the complaint with accompanying data to the EACC.
- After a complaint has been resolved, the PFMR Coordinator shall communicate the results of the investigation and action taken to the complainant.
- If the results of any action taken on any complaint are not satisfactory to the complainant, he/she can report to the Ombudsman.
- The PFMR Coordinator shall maintain an official and up to date record of all complaints received and any action taken on them
- The PFMR Coordinator shall ensure unrestricted access to the Internal Auditor on all records of complaints and actions taken on them.

Figure 4: Internal Process Flow for Channeling Complaints



46. Responsibilities for Reports and Reporting of Complaints:

- (a) The PFMR Secretariat will assume overall responsibility for disseminating and informing implementing or beneficiary institutions of prescribed complaint handling arrangements under the Program.
- (b) Each accounting officer (implementing agencies) shall compile reports of all complaints received (including action taken on them) and submit them to the EACC (corruption), Ombudsman (maladministration), Public Procurement and Regulatory Authority (Procurement) copied to the PFMR Secretariat on a quarterly basis. Reporting format should be in accordance with public service guidelines including annual Performance Contracting Guidelines, annual EACC Performance Contracting Guidelines on Eradication of Corruption Indicator and Commission on Administrative Justice (CAJ) Guidelines on Complaints Resolution Indicator. Where these guidelines are not applicable to an agency, the simple template in Annex 13 should be used
- (c) Every six months, the EACC shall compile into one consolidated report and forward to the WB, all F&C related complaints received (both directly or forwarded from implementing agencies) and any action taken on them.
- (d) The EACC shall inform implementing agencies of complaints under investigation through publishing its quarterly and annual reports.

E. Financial Statements and Audit

- 47. The statutory institutional audits for the three implementing entities (National Treasury (NT), Ministry of Public Service, Youth and Gender Affairs (MPSYGA) and Office of the Auditor-General (OAG) shall be used for the purposes of complying with the audit requirements of GESDEK. For the NT and MPSYGA, statutory institutional audits and audit reports are undertaken by the OAG as prescribed in the supreme law and subsidiary legislations. The institutional audit of the Office of the Auditor General will be conducted by an Auditor appointed by Parliament. These audit reports will be forwarded to the WB not later than June 30th of each financial year. If Parliament fails to appoint an Auditor for the Auditor General within reasonable time, then PFMR through the NT will seek a waiver of audit requirements from the World Bank and other DPs.
- 48. Towards this end, Annual financial statements of all implementing agencies will be prepared with appropriate disclosure notes outlining the annual program budgetary appropriations and related expenditures as provided in the Program Expenditure Framework. Model disclosure notes are set out in Annex 11.2
- 49. If institutional audits of the implementing agencies highlight issues of substance relating to Program Expenditures, implementing agencies will provide a time bound action plan to address and resolve those issues, and that action plan will be monitored as part of the Program Action Plan (PAP).

F. Environmental Safeguards – E- Waste

- 50. The GESDeK, which is to be implemented by the National Treasury (NT), Ministry of Public Service, Youth and Gender Affairs (MPSYGA) and Office of the Auditor-General

(OAG) will entail procurement of electronic equipment including computers, tablets and related accessories. At end-of-life of these devices are likely to lead to adverse impacts associated with e-waste generation.

51. This, electronic waste, also known as E-waste, is an informal term used to describe almost all types of Electronic and Electrical Equipment (EEE) that has entered or could enter the waste stream. It is used for almost any household or business item with circuitry or electrical components with power or battery supply that has reached its end-of-life. E-waste including persistent, bio-accumulative and toxic substances, such as brominated flame retardants, heavy metals (e.g., lead, nickel, chromium, mercury), and persistent organic pollutants (e.g., polychlorinated biphenyls (PCBs), can be a dangerous threat to animal and human health and the biophysical environment. This threat can result from two sources. The first is from the leaching of hazardous substances, in particular lead, mercury, cadmium, and lithium into the soils and groundwater and pollution of ambient air from e-waste that is improperly disposed of in non-engineered landfills and dump sites. The second is from improper recycling techniques, which are in particular employed in the informal recycling sector in developing countries and currently result mainly from the export of e-waste to these countries, including Kenya, but increasingly also from domestic collection, de-manufacturing and disposal.
52. The Program will put in place measures to ensure that all electronic devices are procured from suppliers that are credible, and all e-waste generated during the life of the operation is disposed of effectively. All the e-wastes generated by the program will be recaptured via a “Take Back Scheme” for recycling where these end-of-life devices will be delivered to facilities that recycle e-waste at minimal or no cost such as the East African Compliant Recycling Company (EACRC). The EACRC is operating Kenya’s first e-waste recycling facility, operating to international health, safety and environmental standards and establishing a local, sustainable IT e-waste recycling industry.
53. The Programme will use and follow the existing regulations and protocol provided for by the Environmental Management and Coordination Act 1999, (as amended in 2015), Waste Management regulations as well as draft e-waste management regulations including following an Environmental Code of Practice (ECOP – Annex 9) which has been developed for the management and disposal of e-waste generated from the program. The ECOP involves six strategies:
 - i. **Preparing e-waste disposal procedures.** The Implementing Agencies will prepare policies, procedures and plans to guide in the disposal of the e-waste that is procured under the program, the e-waste disposal procedures will lay down guidelines and procedures in disposing end of use electronic and electric assets and equipment.
 - ii. **Creating awareness and training for Implementing Agencies’ staff on e-waste.** The implementing agency will create awareness among staff on the importance of e-waste management policies and procedures in place for safe disposal of e-waste. Sensitization will focus on significance of e-waste recycling and the need of returning all the obsolete electronic equipment under the project for proper disassembling, recycling and disposal.

The program will ensure that workers handling e-waste are trained on personal protection, handling of hazardous products and e-waste. The program will collaborate with national entities such as NEMA and electronic vendors to help improve e-waste management systems in Kenya.

- iii. **Identifying the e-waste for disposal.** This includes such items as computers, monitors, CPUs, tablets, laptops, printers, copiers, faxes, accessories such as (speakers, keyboards, cables, e.t.c), projectors, cell phones and any chargers
- iv. **Segregation and storage of e-waste.** Workers handling e-waste should be trained to segregate e-waste that can be refurbished for re-use, or donated to schools and other institutions and the rest of e-waste that needs to be disposed/recycled. The e-waste due for disposal should be properly stored to avoid leakage and emission of radioactive materials found within end of use electronic and electric products.
- v. **Identification of licensed recycler and delivery of e-waste to the recycling facility.** The program will identify NEMA accredited e-waste recycling company (ies) in Kenya and establish partnership or collaboration to ensure e-waste generated by the program is disposed appropriately. In Kenya the East African Compliant Recycling Company (EACRC) Limited located on the Mombasa Road in Nairobi, is an example of a private company that has been established with capacity to recycle and treat the e-waste at no cost to the waste generator. The EACRC is operating Kenya's first e-waste recycling facility, operating to international health, safety and environmental standards and establishing a local, sustainable IT e-waste recycling industry. The program can pursue partnerships with the major vendors of electronic and electric equipment for potential 'take back schemes'.

54. In order to implement the ECOP:

- i. Each Implementing Agency will appoint a coordinator who will help ensure that the ECOP is implemented and that all the electronic equipment procured is recorded and ensure that those that become obsolete during Program implementation are taken to any NEMA accredited recycling facility for disposal via recycling⁸ or through vendor take back schemes process. The Implementing Agencies will procure electronic devices from credible suppliers.
- ii. The PFMR secretariat will provide awareness and sensitization to implementing agency coordinators with regard to e-waste management; and linking them with a NEMA accredited e-waste recycling companies in Kenya.

55. Implementing the ECOP will constitute achievement of the actions for safeguards in the Program Action Plan (PAP) (Annex 3)

III. M&E Framework and Reporting

⁸ For example the East African Recycling Company

56. There are six main program specific tools which will be used in Monitoring & Evaluation of the program:

- **Quarterly Results Team Reporting**⁹ which is the key operational level in program management. Each Result Team will collect and provide evidence and compute the status of achievement of DLIs. Results Teams will submit reports (see Annex 7.1) to the Accounting Officer of the lead MDA and copy to the PFMR Program Coordinator.
- **The Results Framework** which sets out the DLIs, IRIs and PDO Indicators (see annex 2.1)
- **The PAP monitoring tool**, which identifies the crosscutting actions required to address Program risk (See Annex 3).
- **Annual Program Report** (see Annex 10.1)
- **Midterm review report** (see Annex 10.2)
- **Program completion report** (see Annex 10.3)

A. Quarterly Results Team Reporting

57. Each Results Area or DLI will be overseen by a Results Team comprising of all the MDAs responsible for implementing actions relevant to the achievement of results and reporting on indicators. The Structure and Departmental Representation of Results Teams are set out in Annex 5.3

58. Each Results Team will report quarterly using templates prescribed in Annex 7.1 to this POM and as indicated below:

- Issues for management attention in the achievement of DLRs
- The planned and actual status of both the Success Indicators, the Key Steps and the associated DLI verification protocols. (see annex 8)
- The planned and actual actions towards resolving bottlenecks and achieving DLIs

59. For purposes of compiling and forwarding the achievement of results, the result teams shall use the templates in annex 7.1 and 8 and the following generic procedure will be followed for collecting information for the preceding financial year¹⁰:

⁹ Provided for under Part IV

¹⁰ Please also see the Disbursement and Verification Protocol Section for the description of the entire process

- The implementing departments will collect and provide to responsible lead agency/departments, the PFMR Secretariat the status of key steps, the values of the success indicators, and supporting evidence on a quarterly basis. by the 15th of the month after the close of each quarter.
 - The chair of the results team will compile the results team report, with the support of the PFMR Secretariat, and submit it to Accounting officer of the lead MDA with a copy to the PFM TC.
60. The PFMR Secretariat will **compile key issues on a quarterly basis** on the achievement of DLIS from the quarterly reports (Section 1 of the Results Team Report) and program management issues for the attention of the PFMR TC, SC and NT senior management.
61. The PFMR Secretariat **will compile the information on the status of DLIs and supporting evidence** from Result Teams by July 31st, for the preceding financial year for transmission to the Verification Agent by the 5th August.

B. Results Framework and Disbursement Linked Indicators

62. The Results Framework for the PforR comprises six PDO Indicators and 18 Intermediate Results Indicators. The Results Framework defines the indicators and the institutional arrangements for data collection. All PDO Indicators are DLI indicators while the 13 of the Intermediate Results Indicators are reflected in the 10 DLIs. All intermediate result indicators are included in DLIs. (See Annex 1).
63. Information on the Results Framework will therefore be compiled from Results Teams Reports.

C. PAP Monitoring Tool

64. This an internal management tool intended to provide an update on each of the actions on the PAP. The PFMR Secretariat will update each of the actions in the PAP. The update is expected to be annually and included as part of the annual report (see annexes 3 and 10.1). Each lead agency/department will report on implementation of required actions to the PFMR Secretariat by 15th July of each financial year for the period of June 1-June 30 of the previous financial year. The PFMR secretariat will compile these submissions into the overall PAP report.

D. Annual Program Report

65. This report is intended to formally inform stakeholders of the status of Program implementation and that the decisions or actions necessary for successful implementation of the Program. Each report shall cover the period of one fiscal year (July 01-June 30), and shall be furnished to the Association (WB) no later than two months after the end period of such a report. See annex 10.1 for the format of these reports. The Annual

Program report will be prepared by the PFMR Secretariat and submitted to the WB by October 30th of each FY (for the preceding FY).

E. Mid-Term Review Report

66. Midterm review will be conducted on the 30th month after effectiveness and this is anticipated to be April 2020. The review is intended to analyze whether the Program is on track, what problems and challenges the project is encountering and what corrective actions are required. For mid-term evaluations, either in-depth evaluations or desk evaluations can be used. At midterm, the Program Coordinator will assess the performance of the program and make a decision whether the program needs to be restructured. Format of the Report is provided in Annex 10.2. The Annual Program report will be prepared by the PFMR Secretariat and submitted to the WB.

F. Program Implementation Completion report.

67. End of project evaluation is undertaken at the end of a Program. This assesses whether the objectives and goals were achieved in an effective and efficient manner, and provides recommendations and lessons learned from Program implementation in order to assist in determining whether to continue, replicate or expand a project. Terminal evaluations can be undertaken as both in-depth and desk evaluations. The end of program evaluation will be conducted no later than six (6) months prior to closing date i.e. by July 31 2022 (see annex 10.3). The Annual Program report will be prepared by the PFMR Secretariat and submitted to the WB.

Table 7: Summary of Implementing agency/department M&E and reporting requirements

Report Type	Preparation Frequency Period	Submit to	By When	Format
Results Team reporting on achievement with DLI Milestones	Quarterly	PFMR Secretariat, Technical Committee and lead agency/department	15 th day after the end of a quarter	Annex 8
PAP Monitoring Tool	Annually	PFMR Technical Committee, WB & DPs supporting GESDeK	July 15	Annex 3
Annual Progress Report	Annually	PFMR Technical Committee, WB & DPs supporting GESDeK	October 30 th	Annex 9
Mid –term report	30 th Month after effectiveness or April 2020	PFMR Technical Committee, WB & DPs supporting GESDeK	February 2020	Annex 10
Program Completion Report	Project closure	PFMR Technical Committee, WB & DPs supporting GESDeK	6 months before project closure i.e. July 31 2022	Annex 11

IV. Institutional Arrangements

68. The institutional arrangements are based on

- i. The prevailing PFMR Strategy Coordinating Structures
- ii. The PFMR Secretariat of NT
- iii. Results Teams
- iv. Implementing Departments
- v. Service Delivery MDAs
- vi. Budget Department of NT

69. In addition development partners, including the World Bank and AFD may plan to provide complementary TA support in the achievement of GESDeK results.

A. PFMR Strategy Coordination Structures

70. The Program will be implemented using the existing institutional arrangements in place for the implementation of the PFMR Strategy 2013-2018. The key elements include: (i) a High Level PFM Sector Working Group (PFM SWG), (ii) a Steering Committee; (iii) a Technical Committee; This structure encompasses stakeholders at both national and county government levels and includes Development Partners.

71. The MoPSYGA is not currently part of the structure but will be coopted by project effectiveness. The detailed ToRs for each level with regard to GESDEK are provided in Annex 5

72. The NT will prepare a successor Strategy to the existing PFMR Strategy. The institutional structures for the Program will be aligned based on the successor PFMR strategy.

B. PFMR Secretariat

73. The PFM Secretariat will be responsible for coordination of the program, including workplanning, M&E, and reporting. The Secretariat will help ensuring that project timelines are adhered to overall and communicating with the actors on timelines. It will also be supporting the results teams and implementing agencies under the Program in a range of areas including workplanning, reporting as well as at technical level.

74. The PFM Secretariat will also be responsible for coordinating the verification of results process, communicating the results to implementing agencies (after WB concurrence) and making public the achievement of those results. The Secretariat will also be responsible for facilitating requests for disbursements upon achievement of DLIs and preparing various program implementation reports. On the reporting, further details are provided below.

75. The Secretariat will also be responsible for coordinating financial management and e-waste and complaints handling and social management;

76. In achieving this the secretariat will appoint new/assign staff (both substantive and alternates) within the secretariat for the following functions and ensure they have adequate time to carry out those functions:
- i. GESDeK Coordinator – responsible for coordinating the reporting and overseeing that program timelines are met under areas 2 and 3 of the TORs above.
 - ii. Complaints and E Waste Lead – responsible for the coordination of Safeguards and Complaints
 - iii. GESDeK Fiduciary Lead – responsible for coordination of Programme Financial Management – responsible for coordinating areas under 4 in the TORs above.
 - iv. Results Team Focal points - who will be members of results teams and provide support as outlined in the TORs under 1 above. An individual will be a focal point for no more than two results teams (and be an alternate for a further one).
77. Individual staff members may play more than one role stated above.

C. Results Teams

78. In addition to the established PFMR Strategy coordination structures, Results Teams, responsible for ensuring the delivery of Program results, will be established and operational. Their TORs are set out in Annex 5.3.
79. Results teams will be structured around results areas or groups of DLIs and depending on the most appropriate working structure. Each DLI has a lead Department who is responsible for ensuring delivery of a DLI.
80. Results teams will include, but not be limited to, a chair from one of the lead departments, a core membership of technical officers from implementing departments, and a member of the PFMR secretariat. In addition, representatives of service delivery MDAs, technical advisors, external partners or any other interested stakeholders may be included. Team members will be appointed by the Accounting Officer of the respective implementing MDAs on the advice of heads of department by relevant heads of department.
81. The main tasks of the results team include identifying the actions required to deliver success and those responsible; coordinating the collective implementation of those actions; briefing heads of department and senior management on progress and challenges; and reporting on the achievement of results collectively.
82. The Results Teams will prepare plans and report quarterly on progress, using the template in Annex 7, to respective heads of department and the PFMR Technical Committee
83. Meetings will be held when needed and at least on a quarterly basis to collectively review progress in implementation, define future feasible steps and address challenges in implementation. The decision-making process will be on a majority vote basis (of members present during the meeting).

D. Implementing Departments

84. Each DLI has a lead implementing department/or agency which is ultimately responsible for leading the delivery of a DLI. The head of department is also responsible for reporting on whether or not a DLI has been achieved and providing supporting evidence in line with the DLI verification protocol.
85. Most DLIS require coordinated actions from more than one department for them to be achieved. It is these departments which carry out the activities that deliver the results. These departments are responsible for a) identifying the actions required b) ensuring resources are allocated to these actions, c) they are reflected in departmental workplans and d) reporting on the achievement of these results to the results teams. Result team members from these departments are the focal point for GESDeK at this level.

E. Service Delivery MDAs

86. **Program beneficiaries will be among approximately 30 identified Service Delivery MDAs.** In all six Results Areas, key reform steps will establish systems and incentives intended for behavioral change in a number of MDAs and/or related expenditures. It is these service delivery MDAs whose change in behaviour will actually deliver success. While the exact number of MDAs may change, a list of Service Delivery MDAs will be maintained by the Budget Department based on the basis of objective criteria applied during the course of the budget process and the list should be included as an annex of the POM by the end of July each year.
87. A **Service Delivery MDA** is defined as a vote that is responsible for delivering a **priority service delivery program**.
88. A **Priority Service Delivery Program** is a program in the Standard Chart of Accounts (SCOA) **which delivers a service** (i) that can be accessed directly by Kenyans; (ii) has direct contribution to economic, human development and/or poverty reduction; and (iii) is aligned with the latest version of the Medium-Term Plan (currently 2013-2017)¹¹, and whose budget allocations meets one of the following
- i. **Major Allocations to Service Delivery Operational Inputs:** Allocations to sub-programs for items for service delivery in the GoK budget greater than KSH.100 million. These would include direct transfers for service delivery facilities and other Government units; conditional transfers for county service delivery; and major centrally procured inputs distributed to service delivery MDAs (e.g. medical supplies, instructional materials; food for prisoners). Service Delivery MDAs with major allocations to operational inputs will be a focus for DLIs relating to reliability in budget execution and transparency.

¹¹ The Second Medium Term Plan 2013-2017, Transforming Kenya: Pathway to Devolution, Socio-economic Development, Equity and National Unity, The Republic of Kenya, The Presidency, Ministry of Devolution and Planning, 2013.

- ii. **Projects with Major Fixed Capital Investments:** Annual allocations to service delivery infrastructure and equipment to projects with capital allocations greater than KSH.100 million in service delivery programs. Projects with Major Fixed Capital Investments in Service Delivery MDAs will be a focus of PIM (new projects only) budget execution and transparency DLIs.
 - iii. **Major Service Delivery Staffing:** Personnel emoluments for staff deployed to service delivery facilities/directly involved in service provision under the responsibility of an MDA (e.g. teachers, doctors, police) greater than KSH.500 million. Delivery MDAs with major Service Delivery Staffing will be a focus for the DLI related to consolidation of HR information in GHRIS.
89. While the list of Service Delivery MDAs is not expected to change dramatically from year to year, it is envisioned to be updated when there are reshuffles of Government structure. A list of Service Delivery MDAs, with the types of service delivery expenditures each contain is set out in Annex 6. The lists will be updated if the structure of Government, associated programs and/or the item budget changes. Following the completion of the budget process and by the 1st of July each year the updated list will be inserted into Annex 6 of the POM.

B. Budget Department

90. In addition to its roles in achieving the various DLIs, the Budget Department of the National Treasury has two important roles.
91. The first is to establish and maintain the list of service delivery MDAs as part of the budget process, this involves:
- i. Request MDAs to validate of service delivery MDAs and request for MDAs to validate the list of programs which meet the criteria of service delivery into the relevant budget call circular.
 - ii. Compiling the list of the service delivery MDAs and communicating them to
92. In achieving this the Budget Department plans to introduce functionality in the Hyperion Budget Module to tag these expenditures during the course of budget preparation.
93. The second role is to ensure that Budget Allocations reflect the Expenditure Framework for the program and most importantly that adequate allocations to variable costs to enable implementing agencies to implement activities to deliver GESDeK results:
- i. Reflected in Annual and Medium Term Budget Allocations for the implementing agencies.
 - ii. Are subsequently reflected in implementing agency budget proposals
94. The Budget Department will identify a GESDeK focal point and alternate responsible for ensuring these roles are played effectively and integrated into the budget process as well as liaising with the PFMR Secretariat.

C. Complementary Technical Assistance by DPs

95. Development Partners may provide additional complementary support for program implementation using parallel mechanisms for provision of TA. This will aim to support, behavioral change and will continue to be pursued alongside core GESDEK arrangements through a problem based, collaborative and iterative approach to reform implementation. Support will be focused on either specific results teams and associated areas and/or the PFMR Secretariat. This support will be coordinated by the PFMR Secretariat, which will also ensure complementarities between all the TA initiatives, and the DPG PFM Group.
96. Along with the Sector budget support, AFD will provide technical assistance support funded by a grant of 1.5 million euros. This TA component will aim to provide high level expertise to strengthen the implementation of the PFM reforms, mainly the ones that are targeted by the AFD support to GESDEK program.
97. This TA component will be managed by Expertise France, the French International technical expertise agency, which will ensure the mobilization and the coordination of the technical expertise, according to a TA action plan agreed with the National Treasury.

V. Calendar of GESDEK activities

98. As outlined in the sections (Part I-III) above and in subsequent annexes in Part IV below, during any FY a number of activities must be routinely undertaken according to various timelines prescribed in the FA, PAD and POM. Table 8 below provides an overview of these timelines and activities (the details of which are provided for under relevant parts of the POM). Following from this, Table 9 (also below) highlights special requirements relating to only the first year of implementation.

Table 8: Schedule for implementation of GESDEK activities in a Normal Year

Date (in FY_t)	Activity	Responsibility
July 01	Communication to PFMR for incorporation in the POM of any adjustments to a) Service Delivery MDAs, Major Capital Projects Staffing, Budget Lines for FY _t and b) budgetary units included in the expenditure framework from FY _t onwards.	Budget Department
July 01	Contributions to Annual results team reports prepared and submitted to the Chair of Results team and PFMR Secretariat (FY _{t-1} progress, alongside final costed plans for FY _t and indicative costed plans for FY _{t+1}) Results Teams Meet to review and agree Annual Results Team Reports (compiled by PFMR) and future DLIS specifications. Annual report submitted.	Implementing departments, Chairs Results Teams PFMR Secretariat
July 15	Annual reporting on PAP actions for FY _{t-1}	PFMR, PAP implementing agencies/departments

Date (in FY_t)	Activity	Responsibility
July 15	Annual Results Team reports and supporting agencies (from lead implementing agencies/departments) submitted to PFMR	Chair Results Team PFMR Secretariat
July 31	POM with proposed revisions for assessment of FY _{t+1} , incorporating list of MDAs and Definitions for FY _t ; and required specifications for DLIS, submitted to WB, AFD and other DPs	PFMR Secretariat
August 5 th	PFMR Secretariat compiles reports and information/evidence of achievement and forwards the consolidated report to the IVA and requests it to start verification.	PFMR Secretariat
August 15	Integration of costed of reform inputs related to achievement of GESDEK into initial PFMR Workplans for Y _{t+1} and forwarding to the Budget Department	PFMR Secretariat
August 30	Calculation of cost implications by budgetary unit and integration into Implementation Agency budget ceilings for Y _{t+1} and the medium term which accompany budget preparation circular	Budget Department
September 15	Completion of verification process and submission of verification report to PFMR Secretariat	IVA
September 15	Draft Annual Program Report prepared for FY _{t-1}	PFMR Secretariat
September 15-30	Meeting of PFM TC to review Verification Report, Program report for FY _{t-1} implementation issues in FY _t and initial plans for FY _{t+1} .	PFM TC
September 30	Preparation of institutional financial statements	NT, MoPSYGA and OAG
September 30	Implementing Agencies ensure that required GESDEK reform inputs are included in departmental and PFMR budget proposals in Sector Reports submitted to NT.	NT, MoPSYGA and OAG
October 15 th	Submission of all validated and verified results to the WB and other DPs for FY _{t-1}	PFMR Secretariat
October 15 th	Contributions to Q1 Results Team Reports prepared and submitted the PFMR Secretariat. Results Teams Meet to review progress and identify issues for Senior Management. Results team report completed.	Implementing Departments, Chair Result Team
October 15 th - December 31 st	a. Confirmation of achievement of results b. Disbursement Request c. Disbursement Confirmation d. Funds disbursed to Consolidated Fund for achievement of Results	a) WB, AFD, other DPs b) NT c) WB, AFD, other DPs d) WB, AFD, other DPs
October 30 th	Final Annual Program Report incorporating verified Results	PFMR Secretariat
November 30	PFMR SC – review of results and emerging challenges	PFM SC
December 31	Implementing Agency Audit reports submitted to the WB, AFD and other DPs	PFMR Secretariat
January 15	Contributions to Half Year Results Team Reports prepared and submitted the PFMR Secretariat. Results Teams Meet to review progress and identify issues for Senior Management. Results team report completed.	Implementing Departments, Chair Result Team

Date (in FY_t)	Activity	Responsibility
January 31	Half Year Results Team Reports submitted to Accounting Officers	Chair Results Team through PFMR Secretariat
February 15	PFMR Strategy Workplans Drafted Incorporating GESDEK reform Inputs	PFMR Strategy Component Managers, PFMR Secretariat
February 28	PFM Technical Committee Meets to Review Progress and PFMR Strategy Workplans for FY _{t+1}	PFM TC
March 15	Implementing Agencies departmental budget and workplan proposals, incorporating required GESDEK reform inputs, submitted to NT	NT, MoPSYGA and OAG
March 31	Review of Implementing Agency budget proposals and workplans to ensure that GESDEK reform inputs are planned and budgeted for.	Budget Department, PFMR Secretariat
March 31	PFMR SC – review of results and emerging challenges	PFM SC
April 15	Contributions to Q3 Results Team Reports prepared and submitted the PFMR Secretariat. Results Teams Meet to review progress and identify issues for Senior Management. Results team report completed.	Implementing Departments, Chair Result Team

Table 9: Schedule for Implementation of GESDEK in first year and other one off activities¹²

Date	Activity	Responsibility
First Year Activities		
January 15th 2018	Program Effectiveness Declared	World Bank
January 2018	Approval of additional budget allocations for PFMR Project	CS NT
April 15th 2018	Final POM submitted to the WB and AFD for concurrence	PFMR Secretariat
April 30 th 2018	Incorporation of PFMR allocations in 2018/19 MTEF and budget	PFMR, Budget Department
April 30 th 2018	Cooptation of the MoPSYGA into the PFMR implementation arrangements	PFMR Secretariat
April 30 th 2018	Results team reports finalized and submitted to PFMR Secretariat (actions and costed plans for 2017/18)	Heads of Department
April 30 th 2018	Formal constitution of Results Teams Completed	Accounting Officers, PFMR Secretariat
June 30th 2018	Completion of procurement/appointment of the IVA for verification of FY_{t-1} results	PFMR Secretariat
Mid Term and Completion Reports		
April 30 2020	Mid-Term Report	PFMR Secretariat
July 31 2022*	Program Completion Report	PFMR Secretariat

¹² This is in addition to the requirements of Table 8

ANNEXES

Annex 1: Results Framework Matrix

Results Areas Supported by PforR	PDO/Outcome Indicators (Key indicators to measure the achievement of each aspect of the PDO statement)	Intermediate Results Indicators (critical processes, outputs or intermediate outcomes indicators needed to achieve each aspect of the PDO)	DLI #	Unit of Meas.	Baseline (2016/17 unless otherwise stated)	End Target (2021/22)
Result Area 1: Prioritized Public Investments	PDO Indicator 1: Prioritized Public Investments. Projects with capital allocations above KES 100 million which are in compliance with procedures in the PIM manual.		1	Number of Projects	0	30 Projects using e-ProMIS
		IR Indicator 1.1: Dedicated unit established with staff deployed/assigned performing NT PIM roles.	1	Yes/No	No	Yes
		IR Indicator 1.2: Approved PIM Manual which addresses, inter alia, prioritization, costing and transparency	1	Yes/No	No	Yes
		IR Indicator 1.3: Enhanced e-ProMIS automating provisions of PIM Manual	1	Yes/No	No	Yes
Result Area 2: Reliable Funding for Service Delivery and Public Investments	PDO Indicator 2.1: Reliable Funding for Service delivery and investment projects a) Average under-release of priority operational service delivery budget allocations expressed as a percentage of revised in-year cash plans on a monthly basis.		2	%	8% on a quarterly basis for recurrent budgets for 25 service delivery MDAs (2015/16)	Below 8% of monthly service delivery cash plans
	b) Annual exchequer releases to GOK capital budget allocations as a % of the approved budget.		2	%	90.7 % of GOK development Budget allocations (2015/16)	95 % of GoK capital allocations

Results Areas Supported by PforR	PDO/Outcome Indicators (Key indicators to measure the achievement of each aspect of the PDO statement)	Intermediate Results Indicators (critical processes, outputs or intermediate outcomes indicators needed to achieve each aspect of the PDO)	DLI #	Unit of Meas.	Baseline (2016/17 unless otherwise stated)	End Target (2021/22)
		IR Indicator 2.1: Guidelines which require that revised MDA cash plans protect service delivery and infrastructure budget priorities	2	Yes/No	No	Yes
		IR Indicator 2.2: Annual domestic (tax plus non-tax) revenue collections as a percentage of the annual budget.	2	% of Approved Budget	91.87% (2015/16)	94%
		IR Indicator 2.3: Average under-performance of quarterly net domestic borrowing as a percentage of what is planned in revised in year cash plans	2	% of Plan	70% (2015/16)	Under 25 %
Result Area 3: Efficient Procurement	PDO Indicator 3: Efficient Procurement MDAs using the e-Procurement System in compliance with the PPAD Act, 2015, and attendant Regulations for the full fiscal year and procurement data disclosed in SPP following OCDS		3	Number	n/a	All MDAs
		IR Indicator 3: Upgraded e-procurement system including State Procurement Portal, aligned to requirements of PPAD Act & Regulations operational	3	Yes/No	No ¹³	Yes
Result Area 4: Consolidated Staff Data	PDO Indicator 4: Consolidated Staff Data MDAs whose payroll data has been uploaded to GHRIS and are up to date.		4	Number	0	20 MDAs including 4 with major service delivery payrolls

¹³ IFMIS procurement module operational and aligned with 2005 procurement act

Results Areas Supported by PforR	PDO/Outcome Indicators (Key indicators to measure the achievement of each aspect of the PDO statement)	Intermediate Results Indicators (critical processes, outputs or intermediate outcomes indicators needed to achieve each aspect of the PDO)	DLI #	Unit of Meas.	Baseline (2016/17 unless otherwise stated)	End Target (2021/22)
		IR Indicator 4: GHRIS enhanced to handle consolidated HR data from MDAs and interfaces with IFMIS	4	Yes/No	No	Yes
Result Area 5: Timely and Quality Financial Statement and Audits	PDO Indicator 5: Timely and Quality Financial Statements and Audit a) % of MDAs whose financial statement audits have been completed within 3 months after OAG receipt of final accounts using an improved methodology, undergone quality assurance		5	Number	0	50% of MDAs
	b) Months between receipt of consolidated financial statements by OAG and submission of audited financial statements to Parliament		5	Number	10 Months	3 Months
		IR Indicator 5.1: Audit codes in place that classify risk clusters to enable efficient targeting of audit resource	5	Yes/No	No	Yes
		IR Indicator 5.2: Enhanced audit methodology and quality assurance framework in place	5	Yes/No	No	Yes
		IR Indicator 5.3: The percentage (%) of MDAs the National Treasury has reviewed the quality of Annual Financial Statements generated from IFMIS and has submitted to the OAG within 4 months.	5	Yes/No	10%	50%, generated from IFMIS

Results Areas Supported by PforR	PDO/Outcome Indicators (Key indicators to measure the achievement of each aspect of the PDO statement)	Intermediate Results Indicators (critical processes, outputs or intermediate outcomes indicators needed to achieve each aspect of the PDO)	DLI #	Unit of Meas.	Baseline (2016/17 unless otherwise stated)	End Target (2021/22)
Result Area 6: Strengthened Fiduciary Assurance and Transparency	PDO Indicator 6a: Transparent Institutions Number of MDAs where information is publicly available online in searchable form on a) program expenditure, b) project expenditure and c) transfers to service delivery units.		6	Number	0	All MDAs, including education, health and infrastructure
		IR Indicator 6.1: MDAs can access multi-year itemized and facility level budget and outturn data for all MDAs in searchable form through the budget module of IFMIS	6	Yes/No	No	Yes
		IR Indicator 6.2: Functional online public interface which provides information in a searchable form on programs, projects and transfers to service delivery unit	6	Yes/No	No	Yes
	PDO Indicator 6b: Strengthened Fiduciary Assurance and Risk Management Annual and quarterly MDA Internal Audit Reports have been prepared and undergone quality assurance in line with enhanced procedures for assurance, risk management and audit follow-up.		6	Number	0	20 MDAs
		IR Indicator 6.3: Updated manuals and QA framework for internal audit in place to strengthen assurance and risk management are in place	6	Yes/No	No	Yes

Results Areas Supported by PforR	PDO/Outcome Indicators (Key indicators to measure the achievement of each aspect of the PDO statement)	Intermediate Results Indicators (critical processes, outputs or intermediate outcomes indicators needed to achieve each aspect of the PDO)	DLI #	Unit of Meas.	Baseline (2016/17 unless otherwise stated)	End Target (2021/22)
		IR Indicator 6.4: Complete diagnostic Study of internal audit				
			6	Yes/No	No	Yes

Indicator Description

Indicator Name (#)	Description	Frequency	Data Source/ Methodology for data collection	Responsibility for Data Collection	DLIs	
					Responsibility for Data Verification	Scalability of Disbursement (Yes/No)
PDO Indicator 1: Prioritized Public Investments. Projects with capital allocations above KES 100 million which are in compliance with procedures in the PIM manual.	Number of projects with capital allocations above KES 100 million in MDAs for which requirements in the PIM Manual have been fulfilled. The project has been budgeted for in the MTEF	Annual	PIM ICT platform such as e-ProMIS Project book and development budget estimates (IFMIS).	Results Team	IVA	Yes
IR Indicator 1.1: Dedicated unit established with staff deployed assigned performing NT PIM roles.	Establishment of a dedicate unit (at a minimum) that has been approved by PS/NT that includes functional responsibility for PIM. The unit has a specified structure which includes a head and staff. Staff have been deployed/assigned to work in the unit in line with the structure.	Once	PIM Manual National Treasury	Results Team	IVA	No
IR Indicator 1.2: Approved PIM Manual which addresses, inter alia, prioritization, costing and transparency	A PIM Manual has been drafted which includes specified processes and formats and the use of e-ProMIS	Once	PIM Manual	Results Team	IVA	No

Indicator Name (#)	Description	Frequency	Data Source/ Methodology for data collection	Responsibility for Data Collection	DLIs	
					Responsibility for Data Verification	Scalability of Disbursement (Yes/No)
	and IFMIS in delivering processes and reports.					
IR Indicator 1.3: Upgraded e-ProMIS and IFMIS automating provisions of PIM Manual	A functional interface between the IFMIS and the e-ProMIS. This includes a mechanism for catering for changes to SCOA codes for projects over time and introduction of static SCOA project codes. E-ProMIS has functionality to support delivering processes and reports as specified in the approved user requirements.	Once	National Treasury / e-ProMIS	Results Team	IVA	No
PDO Indicator 2.1: Reliable Funding for Service delivery and investment projects a) Average under-release of priority operational service delivery budget allocations expressed as a percentage of revised in year cash plans on a monthly basis.	The average value of revised monthly cash plans minus monthly exchequer releases for operational service delivery budget allocations where releases are below planned amounts for the 12 months in the financial year expressed as a percentage of revised monthly cash plans.	Annual	Annual budget and revised cash plans. Exchequer Release data (IFMIS)	Results Team	IVA	Yes
b) Annual exchequer releases to GOK capital budget allocations as a % of the approved budget.	The total value of exchequer releases for capital allocations in the list of service delivery MDAs divided by the total value of approved budget allocations to those allocations. GOK funds only.	Annual	Annual budget and revised cash plans. Exchequer Release data (IFMIS)	Results Team	IVA	Yes
IR Indicator 2.1: Guidelines which require that revised MDA cash plans protect service delivery and infrastructure budget priorities in budget execution	The NT has issued guidance in a circular which set the modalities for prioritizing service delivery and project budget lines in the revision of cash plans when there are revenue shortfalls.	Once	Cash management guidelines/circulars	Results Team	IVA	No

Indicator Name (#)	Description	Frequency	Data Source/ Methodology for data collection	Responsibility for Data Collection	DLIs	
					Responsibility for Data Verification	Scalability of Disbursement (Yes/No)
IR Indicator 2.2: Annual domestic (tax plus non-tax) revenue collections as a percentage of the annual budget increases over time.	Total domestic tax and non-tax revenue collected as a % of the total approved annual budget for domestic tax and non-tax revenue.	Annual	Annual revenue forecasts and collections	Results Team	IVA	Yes
IR Indicator 2.3: Average under performance of quarterly net domestic borrowing as a percentage of what is planned in revised in year cash plans	The average value of revised monthly planned minus actual net domestic financing where such financing is below planned amounts for the four quarters in the financial year expressed as a percentage of revised quarterly plans.	Annual	Cash plan and borrowing outturn data	Results Team	IVA	Yes
PDO Indicator 3: Efficient Procurement MDAs using the e-Procurement System in compliance with the PPAD Act and Regulations for the full fiscal year and procurement data disclosed in SPP following OCDS	MDAs for which the following has been carried out in line with the PPDA Act and Regulations: a) All procurement is carried out in the e-procurement system, the required information is provided; and the appropriate procurement method and approvals in place; b) Required information made public via the State Procurement Portal tender portal	Annual	National Treasury Procurement system; budget estimates; expenditure reports.	Results Team	IVA	Yes
IR Indicator 3: Upgraded e-procurement system including State Procurement Portal, aligned to requirements of PPAD Act & Regulations operational	Upgraded e-Procurement system operational, aligned to requirements of procurement entities, oversight bodies and suppliers in line with the PPAD Act 2015 and Regulations. The state procurement portal is also in place, following Open Contracting Data Standards.	Once	e-procurement system	Results Team	IVA	No
PDO Indicator 4: Consolidated Staff Data	The number of MDAs where up to date payroll information has been	Annual	IFMIS; Payroll databases;	Results Team	IVA	Yes

Indicator Name (#)	Description	Frequency	Data Source/ Methodology for data collection	Responsibility for Data Collection	DLIs	
					Responsibility for Data Verification	Scalability of Disbursement (Yes/No)
Number of MDAs whose payroll data has been uploaded to GHRIS and are up to date.	uploaded and is available in an integrated GHRIS and data is a) disaggregated by administrative unit (e.g. department), including service delivery unit/facility where appropriate and b) consistent with the payroll system and IFMIS (structure and value).		GHRIS			
IR Indicator 4: GHRIS enhanced to handle consolidated HR data from MDAs and interfaces with IFMIS	GHRIS enhanced to consolidate individual MDA pay-rolls developed in GHRIS is in place. The system includes interfaces between the individual payrolls, consolidated database in GHRIS and IFMIS with a common data structure.	Once	GHRIS	Results Team	IVA	No
PDO Indicator 5: Timely and Quality Financial Statements and Audit A) % of MDAs whose financial statement audits have been completed within 3 months after OAG receipt of final accounts using an improved methodology, undergone quality assurance	The number of MDAs for which the following is true for the audit of the previous FY. a) audits are fully documented on an Audit Management Software b) audits have been prepared using the new methodology and risk clustering the audits have undergone quality assurance and	Annual	OAG AMS	Results Team	IVA	Yes
B) Months between receipt of consolidated financial statements by OAG and submission of audited financial statements to Parliament	The targeted number of months for the DLI for the given FY is greater than or equal to the number of complete between a) The date Parliament receives the audited financial statement of individual MDAs from the Auditor General and	Annual	OAG	Results Team	IVA	Yes

Indicator Name (#)	Description	Frequency	Data Source/ Methodology for data collection	Responsibility for Data Collection	DLIs	
					Responsibility for Data Verification	Scalability of Disbursement (Yes/No)
	b) The date the OAG receives the consolidated financial statement from NT					
IR Indicator 5.1: Audit codes in place that classify risk clusters to enable efficient targeting of audit resource	The OAG has issue a new set of audit codes, which are based on guidelines and agreed principles. This has been reviewed by AFROSAI (or equivalent).	Once	OAG	Results Team	IVA	No
IR Indicator 5.2: Enhanced audit methodology and quality assurance framework in place	The OAG has issued a new methodology that includes revised presentation of reports and a quality control and assurance framework. This has been reviewed by AFROSAI (or equivalent).	Once	OAG	Results Team	IVA	No
IR Indicator 5.3: The percentage (%) of MDAs the National Treasury has reviewed the quality of Annual Financial Statements generated from IFMIS and has submitted to the OAG within 4 months.	Share of MDAs for which the NT has reviewed the quality of annual financial statements generated from IFMIS and submitted to the OAG within 4 months after the close of the financial year, where a) they have been generated from IFMIS, b) Review reports are in place the quality of statements, and c) individual vote and consolidated financial statements are made available on the on the National Treasury website.	Annual	Annual Financial Statements	Results Team	IVA	Yes
PDO Indicator 6a: Transparent Institutions Number of MDAs where information is publicly available online in searchable form on a) program expenditure, b) project	Number of MDAs where up-to date information is publicly available online in searchable form on a) program expenditure from the program budget, b) project expenditure from IFMIS and	Annual	Budget Portal, IFMIS, financial statements	Results Team	IVA	Yes

Indicator Name (#)	Description	Frequency	Data Source/ Methodology for data collection	Responsibility for Data Collection	DLIs	
					Responsibility for Data Verification	Scalability of Disbursement (Yes/No)
expenditure and c) transfers to service delivery units.	c) transfers to individual service delivery units from IFMIS.					
IR Indicator 6.1: MDAs can access multi-year itemized and facility level budget and outturn data for all MDAs in searchable form through the budget module in the IFMIS	The analytical repository in the Hyperion budget module linked to IFMIS is expanded so that it includes historical MDA budget and outturn data, including a) the full COA code string/line item; and b) Non-financial data from the program budget	Once	Hyperion IFMIS budget module	Results Team	IVA	No
IR Indicator 6.2: Functional online public interface which provides information in a searchable form on programs and projects and transfers to service delivery unit	Online public interface provides information in a searchable form on d) program expenditure and performance from the program budget, e) project expenditure from IFMIS and f) transfers to individual service delivery units from IFMIS.	Once	Online public interface	Results Team	IVA	No
PDO Indicator 6b: Strengthened Fiduciary Assurance and Risk Management Annual and quarterly MDA Internal Audit Reports have been prepared and undergone QA in line with enhanced procedures for assurance, risk management and audit follow up.	From 2017/19 the number of MDAs which meet the following: a) Annual and Quarterly Internal audit reports use the new methodology and b) These reports have been subject to the new quality assurance framework.	Annual	Internal Audit Reports	Results Team	IVA	Yes
IR Indicator 6.3: Updated manuals and QA framework for internal audit in place to strengthen assurance and risk management are in place	By the end of 2017/18, the NT will have approved: a) Enhanced tools for IAD effectiveness, including new MDA manuals which provide a strengthened framework for	Once	IAD Manuals and QA framework	Results Team	IVA	No

Indicator Name (#)	Description	Frequency	Data Source/ Methodology for data collection	Responsibility for Data Collection	DLIs	
					Responsibility for Data Verification	Scalability of Disbursement (Yes/No)
	assurance and risk management and audit follow up. b) New Internal Quality Assurance & performance improvement framework to ensure enhanced tools are employed					
IR Indicator 6.4: Complete diagnostic Study of internal audit.	The National Treasury has completed a diagnostic Study of the IAD;	Once	Diagnostic Study	Results Team	IVA	No

Annex 2: Disbursement Linked Indicators, Disbursement Arrangements and Verification Protocols DLI Matrix

Annex 2.1: Disbursement-Linked Indicators Matrices

a) World Bank

	Total Financing Allocated to DLI	As percent of Total Financing Amount	DLI Baseline By June 2017	Indicative timeline for DLRs				
				2017/18 - Y1 By June 2018	2018/19 - Y2 By June 2019	2019/20 – Y3 By June 2020	2020/21 – Y4 By June 2021	2021/22 – Y5 By June 2022
Result Area 1: Prioritized Public Investments								
DLI 1: Prioritized Public Investments. Number of Projects with capital allocations above KES 100 million which are in compliance with procedures in the PIM manual. (Lead: Budget Department, NT)	\$25 million	16.7 percent	Project Identification Circulars in place	PIM Unit established in NT Approved PIM Manual and user requirements for e-ProMIS which addresses key challenges in PIM including prioritization, costing and transparency.	5 projects UAT complete for enhanced e-ProMIS automating provisions of PIM Manual	10 Projects	20 Projects using e-ProMIS	30 Projects using e-ProMIS
Allocated amount:				\$ 5 million	\$ 5 million	\$5 million	\$5 million	\$5 million
Allocated amount for results areas 1:	\$ 25 million	16.7 percent		\$ 5 million	\$ 5 million	\$ 5 million	\$5 million	\$5 million

	Total Financing Allocated to DLI	As percent of Total Financing Amount	DLI Baseline By June 2017	Indicative timeline for DLRs				
				2017/18 - Y1 By June 2018	2018/19 - Y2 By June 2019	2019/20 – Y3 By June 2020	2020/21 – Y4 By June 2021	2021/22 – Y5 By June 2022
Result Area 2: Reliable Funding for Service Delivery and Public Investments								
<p>DLI 2.1: Reliable funding for Service Delivery and Investment Projects</p> <p>Average under-release of priority operational service delivery budget allocations expressed as a percentage of revised in year cash plans on a quarterly then monthly basis.</p> <p>(Lead: Accounting Services, NT)</p>	\$ 19 million	12.7 percent	<p>8% of recurrent budgets for 25 service delivery MDAs (2015/16)</p> <p>Cash management system not operational (2016/17)</p>	<p>UAT of cash management and exchequer systems.</p> <p>Guidelines adopted by NT which require that revised MDA cash plans protect service delivery and infrastructure budget priorities.</p>	<p>Below 8% of quarterly service delivery cash plans</p>	<p>Below 5% of quarterly of service delivery cash plans</p>	<p>Below 10% of monthly service delivery cash plans</p>	<p>Below 8% of monthly of service delivery cash plans</p>
<p>Annual exchequer releases to GOK capital budget allocations as a % of the approved budget.</p> <p>(Lead: Accounting Services, NT)</p>			<p>90.7% of GOK Development Budget Allocations (2016/17)</p>		<p>92% of Capital Allocations</p>	<p>93% of capital allocations</p>	<p>94% of capital allocations</p>	<p>95% of capital allocations</p>
Allocated amount:				\$3 million	\$ 4 million	\$4 million	\$4 million	\$4 million

	Total Financing Allocated to DLI	As percent of Total Financing Amount	DLI Baseline By June 2017	Indicative timeline for DLRs				
				2017/18 - Y1 By June 2018	2018/19 - Y2 By June 2019	2019/20 – Y3 By June 2020	2020/21 – Y4 By June 2021	2021/22 – Y5 By June 2022
<p>DLI 2.2: Improved Revenue Projections</p> <p>Actual domestic (tax plus non-tax) revenue collections as a percentage of the annual budget.</p> <p>(Lead: Macro and Fiscal Affairs Department, NT)</p>	\$8 million	5.3 percent	91.87% (2015/16)	92 percent of forecast	92.5% percent of forecast	93.0% percent of forecast	93.5% percent of forecast	94.0% percent of forecast
Allocated amount:				\$0 million	\$2 million	\$2 million	\$2 million	\$2 million
<p>DLI 2.3: Reliability of domestic financing</p> <p>Average under performance of quarterly net domestic borrowing as a percentage of what is planned in revised in year cash plans.</p> <p>(Lead: PDMO, NT)</p>	\$10 million	6.7 percent	70% (2015/16)	In year borrowing plan consistent with delivering cash for MDAs based on a compilation of the cash plans using the new system	Under 40% of plan	Under 35% of Plan	Under 30% of Plan	Under of 25% of Plan
Allocated amount:				\$2 million	\$2 million	\$2 million	\$2 million	\$2 million
Allocated amount for results areas 2:	\$ 37 million	24.6 percent		\$ 5 million	\$ 8 million	\$ 8 million	\$ 8 million	\$ 8 million
Result Area 3: Efficient and Transparent Procurement								

	Total Financing Allocated to DLI	As percent of Total Financing Amount	DLI Baseline By June 2017	Indicative timeline for DLRs				
				2017/18 - Y1 By June 2018	2018/19 - Y2 By June 2019	2019/20 – Y3 By June 2020	2020/21 – Y4 By June 2021	2021/22 – Y5 By June 2022
DLI 3: Efficient and Transparent Procurement Number of MDAs using the e-Procurement System in compliance with the Act, 2015 and Regulations for the full fiscal year and procurement data disclosed in SPP following OCDS. (Lead: Procurement Department, NT)	\$ 21 million	14 percent	IFMIS procurement module operational and aligned with the Public Procurement and Disposal Act, 2005	Roadmap agreed for upgrading e-procurement system including State Procurement Portal, aligned to requirements of PPADA 2015 and attendant Regulations	UAT for upgraded e-procurement and State Procurement Portal Complete	5 MDAs (Comprising of 2 high spending Ministry/State Department and 1 Commission)	10 MDAs (Comprising 5 high spending Ministry/State Departments and 1 Commission)	All MDAs
Allocated amount:				\$ 2 million	\$ 4 million	\$ 5 million	\$ 5 million	\$ 5 million
Allocated amount for results area 3:	\$ 21 million	14 percent		\$ 2 million	\$ 4 million	\$ 5 million	\$ 5 million	\$ 5 million
Result Area 4: Consolidated Staff Data								
DLI 4: Consolidated Staff Data Number of MDAs whose payroll data has been uploaded to GHRIS and are up to date. (Lead: MoPSYGA)	\$ 20 million	13.3 percent	0	Plan adopted for GHRIS to be enhanced to handle consolidated HR data from MDAs which interfaces with IFMIS	2 Pilot MDAs	5 MDAs including 2 with major service delivery payrolls	10 MDAs including 3 with major service delivery payrolls	20 MDAs including 4 with major service delivery payrolls
Allocated amount:				\$ 2 million	\$ 3 million	\$ 5 million	\$ 5 million	\$ 5 million
Allocated amount for results area 4:	\$ 20 million	13.3 percent		\$ 2 million	\$ 3 million	\$ 5 million	\$ 5 million	\$ 5 million
Result Area 5: Timely & Quality Financial Statements and Audits								

	Total Financing Allocated to DLI	As percent of Total Financing Amount	DLI Baseline By June 2017	Indicative timeline for DLRs				
				2017/18 - Y1 By June 2018	2018/19 - Y2 By June 2019	2019/20 – Y3 By June 2020	2020/21 – Y4 By June 2021	2021/22 – Y5 By June 2022
<p>DLI 5.1: Timely, Quality Assured, Financial Statements</p> <p>The percentage of MDAs the National Treasury has reviewed the quality of annual Financial Statements generated from IFMIS and has submitted to the OAG within 4 months.</p> <p>(Lead: Accounting Services, NT)</p>	\$9 million	6.0 percent	10%, not generated from IFMIS	15%, generated from IFMIS	20%, generated from IFMIS	30%, generated from IFMIS	40%, generated from IFMIS	50%, generated from IFMIS
Amount allocated				\$ 1 million	\$ 2 million	\$ 2 million	\$ 2 million	\$ 2 million
<p>DLI 5.2 Timely, Efficient, Quality Audit:</p> <p>a) % of MDAs whose financial statement audits have been completed within 3 months after OAG receipt of final financial statements using an improved methodology, undergone quality assurance.</p> <p>(Lead: OAG)</p>	\$ 18 million	12 percent	0% of MDAs (new methodology not in place)	None	Enhanced Audit methodology and Quality assurance framework approved	15% of MDAs	33% of MDAs	50% of MDAs

	Total Financing Allocated to DLI	As percent of Total Financing Amount	DLI Baseline By June 2017	Indicative timeline for DLRs				
				2017/18 - Y1 By June 2018	2018/19 - Y2 By June 2019	2019/20 – Y3 By June 2020	2020/21 – Y4 By June 2021	2021/22 – Y5 By June 2022
b) Months between receipt of final consolidated financial reports by OAG and submission of the audited financial statements to Parliament			10 months (2015/16)	Approval of audit codes that classify risk clusters to enable efficient targeting of audit resource	8 months	6 months	4 months	3 months
Amount allocated				\$1 million	\$ 1 million	\$ 4 million	\$ 6 million	\$ 6 million
Allocated amount to results area 5:	\$ 27 million	18.0 percent		\$ 2 million	\$ 3 million	\$ 6 million	\$ 8 million	\$ 8 million
Result Area 6: Strengthened Fiduciary Assurance and Transparency								
DLI Indicator 6.1: Transparent Institutions Number of MDAs where information is publicly available online in searchable form on a) program expenditure, b) project expenditure and c) transfers to service delivery units. (Lead: Budget Department, NT)	\$12 million	8.0 percent	0 MDAs	MDAs can access multi-year itemized and facility level budget and outturn data for all MDAs in searchable form through the budget module in IFMIS	UAT of online public interface which provides information in a searchable form on programs and projects and transfers to service delivery unit 2 pilot MDAs, including education	5 MDAS, including education and health	15 MDAs including education, health and infrastructure	All MDAs including education, health and infrastructure
Amount allocated				\$1 million	\$ 2 million	\$ 3 million	\$ 3 million	\$ 3 million

	Total Financing Allocated to DLI	As percent of Total Financing Amount	DLI Baseline By June 2017	Indicative timeline for DLRs				
				2017/18 - Y1 By June 2018	2018/19 - Y2 By June 2019	2019/20 – Y3 By June 2020	2020/21 – Y4 By June 2021	2021/22 – Y5 By June 2022
DLI 6.2: Strengthened Fiduciary Assurance and Risk Management Annual and Quarterly MDA Internal Audit Reports have been prepared and undergone QA in line with enhanced procedures for assurance, risk management and audit follow up. (Lead: Internal Audit, NT)	\$ 8 million	5.3 percent	Audit Management and Data Analysis Software, Internal Audit Manuals & Guidelines in place	Complete diagnostic Study of internal audit	Updated manuals and QA framework for internal audit to strengthen assurance and risk management are in place	10 MDAS	15 MDAs	20 MDAs
Amount allocated				\$ 1 million	\$ 1 million	\$ 2 million	\$ 2 million	\$ 2 million
Allocated amount to result area 6:	\$20 million	16 percent		\$ 2 million	\$ 3 million	\$ 5 million	\$ 5 million	\$ 5 million
Total Financing Allocated:	\$150 million	100 percent		\$ 18 million	\$ 26 million	\$ 34 million	\$ 36 million	\$36 million

b) AFD

	Total AFD Financing Allocated to DLI	As percent of Total AFD Financing Amount	DLI Baseline By June 2017	Indicative timeline for DLRs		
				2017/18 - Y1 By June 2018	2018/19 - Y2 By June 2019	2019/20 – Y3 By June 2020
Result Area 1: Prioritized Public Investments						
DLI 1: Prioritized Public Investments. Number of Projects with capital allocations above KES 100 million which are in compliance with procedures in the PIM manual. (Lead: Macro & fiscal Affairs Department, NT)	€ 10 million	33 percent	Project Identification Circulars in place	PIM Unit established in NT Approved PIM Manual and user requirements for e-ProMIS which addresses key challenges in PIM including prioritization, costing and transparency.	5 projects UAT complete for enhanced e-ProMIS automating provisions of PIM Manual	10 Projects
AFD allocated amount:				€ 2 million	€ 4 million	€ 4 million
AFD allocated amount for results areas 1:	€ 10 million	33 percent		€ 2 million	€ 4 million	€ 4 million
Result Area 2: Reliable Funding for Service Delivery and Public Investments						
DLI 2.3: Reliability of domestic financing Average under performance of quarterly net domestic borrowing as a percentage of what is planned in revised in year cash plans. (Lead: PDMO, NT)	€ 4 million	13 percent	70% (2015/16)	In year borrowing plan consistent with delivering cash for MDAs based on a compilation of the cash plans using the new system	Under 40% of plan	Under 35% of Plan
AFD allocated amount:				€ 1 million	€ 1 million	€ 2 million
AFD allocated amount for results areas 2:	€ 4 million	13 percent		€ 1 million	€ 1 million	€ 2 million
Result Area 3: Efficient and Transparent Procurement						

	Total AFD Financing Allocated to DLI	As percent of Total AFD Financing Amount	DLI Baseline By June 2017	Indicative timeline for DLRs		
				2017/18 - Y1 By June 2018	2018/19 - Y2 By June 2019	2019/20 – Y3 By June 2020
DLI 3: Efficient and Transparent Procurement Number of MDAs using the e-Procurement System in compliance with the Act, 2015 and Regulations for the full fiscal year and procurement data disclosed in SPP following OCDS. (Lead: Procurement Department, NT)	€ 6 million	20 percent	IFMIS procurement module operational and aligned with the Public Procurement and Disposal Act, 2005	Roadmap agreed for upgrading e-procurement system including State Procurement Portal, aligned to requirements of PPADA 2015 and attendant Regulations	UAT for upgraded e-procurement and State Procurement Portal Complete	5 MDAs (Comprising of 2 high spending Ministry/State Department and 1 Commission)
AFD allocated amount:				€ 1 million	€ 3 million	€ 2 million
AFD allocated amount for results area 3:	€ 6 million	20 percent		€ 1 million	€ 3 million	€ 2 million
Result Area 5: Timely & Quality Financial Statements and Audits						
DLI 5.2 Timely, Efficient, Quality Audit: a) % of MDAs whose financial statement audits have been completed within 3 months after OAG receipt of final financial statements using an improved methodology, undergone quality assurance. (Lead: OAG)	€ 5 million	17 percent	0% of MDAs (new methodology not in place)	None	Enhanced Audit methodology and Quality assurance framework approved	15% of MDAs
b) Months between receipt of final consolidated financial reports by OAG and submission of the audited financial statements to Parliament			10 months (2015/16)	Approval of audit codes that classify risk clusters to enable efficient targeting of audit resource	8 months	6 months
AFD amount allocated				€ 1 million	€ 2 million	€ 2 million
AFD allocated amount to results area 5:	€ 5 million	17 percent		€ 1 million	€ 2 million	€ 2 million

	Total AFD Financing Allocated to DLI	As percent of Total AFD Financing Amount	DLI Baseline <i>By June 2017</i>	Indicative timeline for DLRs		
				<i>2017/18 - Y1 By June 2018</i>	<i>2018/19 - Y2 By June 2019</i>	<i>2019/20 – Y3 By June 2020</i>
AFD fixed disbursement	€ 5 million	17 percent		€ 5 million		
Total AFD financing Allocated:	€ 30 million	100 percent		€ 10 million	€ 10 million	€ 10 million

Annex 2.2: Verification Protocol

DLI	Definition	Scalable (Yes/No)	Protocol to Evaluate Compliance of the DLI and Data/Result Verification		
			Data source	Verification Entity	Procedure
Result Area 1: Prioritized Public Investments					
DLI 1: Prioritized Public Investments.	<p><i>DLR1a: PIM unit established in NT.</i></p> <p>Establishment of a dedicated unit (at a minimum) that has been approved by PS/NT that includes functional responsibility at minimum for</p> <ul style="list-style-type: none"> a) the development of and oversight of implementation of the PIM manual, b) review of project appraisals, c) e-ProMIS system management. <p>The unit has a specified structure which includes a head and staff. Staff have been deployed/assigned to work in the unit in line with the structure.</p>	No	Formal letter/memo signed by PS/NT / from PS National Treasury	PFMR Secretariat supported by independent verification agent.	<p>Y1 Formal letter/memo signed by PS/NT / from PS approving the structure of the new unit.</p> <p>Results Team collects formal documentary evidence of minimum basic staff specified for the unit have been deployed/ assigned and remain in place (e.g. memos, appointment letters).</p>

DLI	Definition	Scalable (Yes/No)	Protocol to Evaluate Compliance of the DLI and Data/Result Verification		
			Data source	Verification Entity	Procedure
	<p><i>DLR 1b: Approved PIM Manual & user requirements for e-ProMIS which addresses key challenges in PIM including prioritization, costing and transparency</i></p> <p>A PIM Manual has been drafted which includes, processes and formats for at least:</p> <ul style="list-style-type: none"> a) Project Identification and the Project pipeline b) Project design, costing and sequencing c) Project appraisal and appraisal review. d) Budgeting for projects. e) M&E and Reporting <p>The PIM manual specifies the use of e-ProMIS and IFMIS in delivering processes and reports.</p> <p>The PIM Manual which meets the above criteria has been approved by the Principal Secretary in the National Treasury.</p> <p>User requirements for e-which will address prioritization, costing and transparency.</p>	No	PIM Manual	PFMR Secretariat supported by independent verification agent.	<p>POM The POM provides more elaborate specification of the PIM manual and its composition.</p> <p>Y1 Results Team verifies that a PIM manual has been issued by the National Treasury.</p> <p>User Requirements for e-ProMIS PIM functionality approved by PS/NT.</p>
	<p><i>DLR 1c: UAT complete for enhanced e-ProMIS and IFMIS</i></p> <p>A functional interface between the IFMIS and the e-ProMIS. This includes a mechanism for catering for changes to SCOA codes for projects over time.</p> <p>e-ProMIS has functionality to support the delivering processes and reports in line with the approved user requirements.</p>	No	National Treasury / e-ProMIS	PFMR Secretariat supported by independent verification agent.	<p>POM POM sets i) basic specifications for the PIM system based on user requirements and ii) definition of functional PIM system once user requirements are defined.</p> <p>Y2</p>

DLI	Definition	Scalable (Yes/No)	Protocol to Evaluate Compliance of the DLI and Data/Result Verification		
			Data source	Verification Entity	Procedure
					Results Team reports whether system has been developed in line with the requirements POM
	<p><i>DLR 1d: Projects with capital allocations above KES 100 million which are in compliance with procedures in the PIM manual.</i></p> <p>Number of projects with capital allocations above KES 100 million in MDAs for which requirements in the PIM Manual have been fulfilled, including at least:</p> <p>a) Appraisal reports are available</p> <p>b) The National Treasury has reviewed the appraisal report and the review states that the project at least meets appraisal criteria.</p> <p>c) The project has been budgeted for in the MTEF; and</p> <p>d) From Y4 onwards, compliance requires the use of e-ProMIS</p>	Yes	<p>Appraisal Reports</p> <p>MTEF</p> <p>NT</p>	<p>PFMR Secretariat supported by independent verification agent.</p>	<p>POM</p> <p>POM Provides i) List of applicable MDAs (along the lines of table annex 3.3) ii) definition of capital items in the SCOA and iii) checklist of compliance with PIM manual incorporating a to c. and iii) checklist for use of e-ProMIS</p> <p>Y2 onwards</p> <p>Results Team reports on compliance with PIM manual using checklist for use of PIM Manual set out in the POM.</p> <p>Y4 onwards</p> <p>Results Team reports on compliance with e-ProMIS using checklist for use of e-ProMIS set out in the POM.</p>
Result Area 2: Reliable Funding for Service Delivery and Public Investments					
DLI 2.1: Reliable Funding for Service Delivery and Investment Projects	<p><i>DLR 2.1a: UAT of cash management and exchequer systems</i></p> <p>UAT of systems, the functionality of which include:</p>	No	UAT report for the cash management module and	PFMR Secretariat supported by independent	Y1 Results Team provides approached UAT report.

DLI	Definition	Scalable (Yes/No)	Protocol to Evaluate Compliance of the DLI and Data/Result Verification		
			Data source	Verification Entity	Procedure
	<p>Automation of cash planning;</p> <ul style="list-style-type: none"> • A system of annual MDA cash planning and in year revisions • Aggregation of MDA cash plans <p>Automation of exchequer requisitioning and release process:</p> <ul style="list-style-type: none"> • Request for exchequer by MDAs; • Approval of exchequer by COB and NT; • Release of funds to MDA bank accounts. 		automated exchequer system	t verification agent	
	<p><i>DLR2.1b Guidelines adopted by NT which require that revised MDA cash plans protect service delivery and infrastructure budget priorities.</i></p> <p>The NT has issued standalone guidelines or guidance in a relevant circular which set out:</p> <p>a) Priority service delivery and project budget lines which need to be protected during execution, which include those specified in the POM</p> <p>b) The process for revising cash plans in year when there are revenue shortfalls including the protection of priority budget lines for service delivery</p>	No	<p>BSD/Cash Management Committee if constituted/established</p> <p>Official Annual Guidance on Cash Management</p> <p>In year circulars adjusting monthly cash allocations.</p>	PFMR Secretariat supported by independent verification agent.	<p>POM POM provides specifications of the guidelines and circulars</p> <p>Y1 onwards Results Team compiles guidelines and circulars issued by National Treasury to MDAs. And verifies requirements to protect budget lines is in place</p>
	<p><i>DLR 2.1c: Average under-release of priority operational service delivery budget allocations expressed as a percentage of</i></p>	Yes	Revised Cash Plans from the new cash		<p>POM POM Provides i) List of applicable MDAs (along the lines of table annex 3.3) ii) definition of priority</p>

DLI	Definition	Scalable (Yes/No)	Protocol to Evaluate Compliance of the DLI and Data/Result Verification		
			Data source	Verification Entity	Procedure
	<p>revised in year cash plans on a quarterly then monthly basis.</p> <p>For all priority operational service delivery budget lines to which exchequer releases apply as specified in the POM:</p> <p>For Y2 and Y3: The average value of four quarters in the FY of</p> <ul style="list-style-type: none"> a) the planned expenditure from revised quarterly cash plans <i>minus</i> b) actual exchequer releases <i>expressed as a percentage of</i> the c) expenditure from the revised cash plan for the quarter <i>where</i> d) releases are below what is planned; and 0% in quarters where exchequer releases are greater than what is planned for in revised cash plans. <p>For Y3 and Y4: The average value for the 12 months in the FY of</p> <ul style="list-style-type: none"> a) the planned expenditure from revised monthly cash plans <i>minus</i> b) actual exchequer releases <i>expressed as a percentage of</i> the c) expenditure from the revised cash plan for the month <i>where</i> d) releases are below what is planned; and 0% in months where exchequer releases are greater than what is planned for in revised cash plans. 		<p>management system</p> <p>Actual exchequer releases from IFMIS</p>		<p>operational budget lines and iii) further guidance for data collection and methodology for computing indicator.</p> <p>Y2 onwards Results Team obtains data from the systems for eligible MDAs and expenditures and reports on the achievement of indicators using guidance from the POM.</p>

DLI	Definition	Scalable (Yes/No)	Protocol to Evaluate Compliance of the DLI and Data/Result Verification		
			Data source	Verification Entity	Procedure
	If in the final period (q4/June) cumulative planned expenditures in revised cash plans are below 95% of the original approved annual budget, then cumulative exchequer releases by the end of q4/June will be expressed as a % of 95% of the annual budget and the average calculated using this value.				
	<p><i>DLR2.1d: Annual exchequer releases to capital budget allocations as a % of the approved budget (GOK component only).</i></p> <p>The total value of exchequer releases for fixed capital allocations to major capital projects in the list of service delivery MDAs <i>divided by</i> the total value of approved budget allocations to those allocations.</p>	Yes	<p>Approved Annual budget</p> <p>Approved revised cash plans from the cash management system.</p> <p>Line item exchequer release data (IFMIS)</p>	<p>PFMR Secretariat supported by independent verification agent.</p>	<p>POM POM Provides i) List of applicable MDAs (along the lines of table annex 3.3) ii) a definition of capital projects with the largest capital allocations and iii) further guidance for data collection and methodology for computing indicator.</p> <p>Y2 onwards Results Team obtains data from the systems for eligible MDAs and expenditures and reports on the achievement of indicators using guidance from the POM.</p>
DLI 2.2: Improved Annual Revenue Projections	<p><i>DLR 2.2: Annual domestic (tax plus non-tax) revenue collections as a percentage of the annual budget</i></p> <p>Total domestic tax and non-tax revenue collected as a % of the total approved annual budget for domestic tax and non-tax revenue.</p>	Yes	<p>Published Domestic Revenue Outturns,</p> <p>Approved Budget</p>	<p>PFMR Secretariat supported by independent verification agent.</p>	<p>POM POM provides guidance on the collection of data, computation and reporting.</p> <p>Y2 onwards Results Team obtains data and reports on the achievement of indicators using guidance from the POM.</p>

DLI	Definition	Scalable (Yes/No)	Protocol to Evaluate Compliance of the DLI and Data/Result Verification		
			Data source	Verification Entity	Procedure
	Non-tax revenue is defined as domestic revenue which is not collected by KRA which funds the exchequer. This excludes Appropriation in Aid, Grants, the Railway Development Fund, the Road Maintenance Fund, and the Petroleum Development Levy				
DLI 2.3: Reliability of domestic financing	<p><i>DLR 2.3a: In year borrowing plan consistent with delivering cash for MDAs based on a compilation of the cash plans using the new system</i></p> <p>An aggregate cash plan for FY1 has been approved by the PS NT before the end of the first month of the FY which sets out by month:</p> <p>c) The value of the aggregated MDA cash plans and revenue projections by month from the system;</p> <p>d) The type and quantity of borrowing to be taken by month during the year is prepared; and</p> <p>e) Any differences between aggregated revenue and expenditure plans nationally are explained and justified</p>	No	<p>CM Module and cash plan</p> <p>Aggregate cash plan approved by PS/NT</p>	<p>PFMR Secretariat supported by independent verification agent.</p>	<p>Y1</p> <p>Results Team obtains borrowing plan approved by cash management committee and checks it meets the specified definition.</p>
	<p><i>DLR 2.3b: Average under performance of quarterly net domestic borrowing as a percentage of what is planned in revised in year cash plans</i></p> <p>An aggregate cash plan is in place for the FY as specified in DLR 2.3a. The revised cash plan is the most recent aggregate cash plan revised for a quarter based on actual outturns preceding each quarter.</p>	Yes	<p>PDMO</p> <p>Aggregate cash plan approved by PS/NT</p> <p>Revised in year borrowing plans approved by CMC</p> <p>NT and CBK Financing Data</p>	<p>PFMR Secretariat supported by independent verification agent.</p>	<p>POM</p> <p>POM provides guidance on the collection of data, computation and reporting</p> <p>Y2 Onwards</p> <p>Results Team obtains borrowing plan approved by cash management committee, borrowing outturns and any subsequent revised cashflow</p>

DLI	Definition	Scalable (Yes/No)	Protocol to Evaluate Compliance of the DLI and Data/Result Verification		
			Data source	Verification Entity	Procedure
	<p>Revised aggregate cash plans must a) balance cash inflows and outflows, b) be consistent with prioritizing priority service delivery budget lines, and v) be approved by the Cash Management Committee¹⁴ at least 2 months prior to the end of the quarter in question.</p> <p>The average value of four quarters in the FY of</p> <ul style="list-style-type: none"> • The planned net domestic financing (face value: cost) from revised quarterly cash plans <i>minus</i> b) actual net domestic financing (face value: cost) <i>expressed as a percentage of</i> the c) the planned net domestic financing (face value: cost) from revised quarterly cash plans for quarters <i>where</i> d) outturns are below what is planned; • 0% in quarters where net domestic financing greater than what is planned for in revised cash plans. 				plans and computes indicator using guidance in POM.
Result Area 3: Efficient Procurement					
DLI 3: Efficient, Compliant and Transparent and Procurement	<i>DLR3a: Roadmap agreed for the e-procurement system including State Procurement Portal, aligned to requirements of 2015 A Act & Regulations</i>	No	Plan agreed by National Treasury (Department of Public Procurement and	PFMR Secretariat supported by independent	POM The POM i) provides basic specifications of an e-procurement system and ii) checklist of functionality of an e-

¹⁴ If the Cash Management has not been constituted, then the revised cash plan must be approved at a minimum by the DG Accounting Services

DLI	Definition	Scalable (Yes/No)	Protocol to Evaluate Compliance of the DLI and Data/Result Verification		
			Data source	Verification Entity	Procedure
	An agreed plan for upgrading the e-procurement system and developing the procurement portal that will fully deliver on the requirements of procurement entities, oversight bodies and suppliers in line with the A Act 2015 and Regulations (including business processes and information / data approvals and reporting requirements). The plan will propose either upgrading IFMIS or a new system integrated with IFMIS.		IFMIS) and PPRA to State Procurement Portal	t verification agent.	procurement system once developed Y1 The Results Team provides evidence that a plan is in place and that it has been approved at a minimum by NT and PPRA.
	<p><i>DLR 3b: UAT for upgraded e-procurement system and state procurement portal complete</i></p> <p>Enhanced e-procurement system tested and ready for pilot implementation for the new FY 2018/2019, which includes:</p> <p>The state procurement portal is also in place, following Open Contracting Data Standards which has at the minimum information on:</p> <ul style="list-style-type: none"> - publication of appropriate information on tenders, awards, contract implementation from the e-procurement system. - procurement plan associated with each MDA. <p>User acceptance testing reports demonstrating functionality against all aspects of the user requirements</p>	No	Signed UAT Reports	PFMR Secretariat supported by independent verification agent.	Y2 The Results Team provides UAT reports that confirm that e-procurement system is in line with requirements, and this is confirmed approved at a minimum by NT and PPAD Act
	<i>DLR3c: Number of MDAs using the e-Procurement System in compliance with the PPAD Act and Regulations for the full fiscal</i>	Yes	National Treasury:	PFMR Secretariat supported	POM POM Provides i) List of applicable MDAs (along the lines of table

DLI	Definition	Scalable (Yes/No)	Protocol to Evaluate Compliance of the DLI and Data/Result Verification		
			Data source	Verification Entity	Procedure
	<p><i>year and procurement data disclosed in SPP following ODCDS.</i></p> <p>Number of MDAs for which the following has been carried out in line with the PPDA Act and Regulations:</p> <ul style="list-style-type: none"> • All GoK and eligible donor procurements are carried out in the e-procurement system • All required standard tender documents have been uploaded onto the system. • The appropriate procurement method has been applied. • Approvals have been granted on the system by the appropriate officials • Required information been provided on contract implementation • Required information made public via the State Procurement Portal tender portal • Any other requirements specified in the POM <p>This applies to goods works and services procured under multi-year contracts in the current financial year starting with procurements initiated the year the enhanced e-Procurement system became operational.</p>		e-procurement system; budget estimates; expenditure reports.	by independent verification agent.	<p>annex 3.3), ii) Checklist for compliance with Act and Regulations using the e-procurement system and portal once developed</p> <p>Y3 onwards Results Team make estimates of using guidance and tools set out in the POM.</p>
Result Area 4: Consolidated Staff Data					

DLI	Definition	Scalable (Yes/No)	Protocol to Evaluate Compliance of the DLI and Data/Result Verification		
			Data source	Verification Entity	Procedure
DLI 4: Consolidated Staff Data	<p><i>DLR4a: Plan for GHRIS adopted by the MoPSYGA to be enhanced to handle consolidated HR data from MDAs which interfaces with IFMIS</i></p> <p>An agreed plan is in place for a human resource data management system which consolidates individual MDA pay-rolls developed in GHRIS.</p> <p>This plan includes user requirements which specify; business processes, information requirements and interfaces between the individual payrolls, consolidated database in GHRIS and IFMIS with a common data structure.</p>	No	Endorsed plan by relevant stakeholders such as the National Treasury; PSC Salaries and Remuneration Commission Teachers Service Commission and MoPSYGA	PFMR Secretariat supported by independent verification agent.	<p>POM The POM provides basic specifications of GHRIS</p> <p>Y1 Results Team provides a) the approved plan in line with the description, b) evidence that it has been approved</p> <p>Y2 Results Team verifies that GHRIS meets user requirements and infrastructure is in place.</p>
	<p><i>DLR4b: Number of MDAs whose payroll data has been uploaded to GHRIS and are up to date.</i></p> <p>The number of MDAs where up to date payroll information has been uploaded and is available in an integrated GHRIS as follows:</p> <ul style="list-style-type: none"> - Data from the second most recent monthly salary payment has been uploaded - Data is disaggregated by administrative unit (e.g. department), including service delivery unit/facility where appropriate <p>Data is consistent with the payroll system and IFMIS (structure and value) – i.e. the total value of staff paid by service delivery</p>	Yes	IFMIS Payroll databases. Enhanced GHRIS	PFMR Secretariat supported by independent verification agent.	<p>POM POM Provides i) List of national MDAs (along the lines of table annex 3.3) and ii) checklist defining up to date service delivery payrolls on GHRIS once system has been developed.</p> <p>Y2-4 Technical reports on this DLI using the checklist in the POM for MDAs with service delivery payrolls.</p>

DLI	Definition	Scalable (Yes/No)	Protocol to Evaluate Compliance of the DLI and Data/Result Verification		
			Data source	Verification Entity	Procedure
	and administrative unit in the IFMIS and the payroll system is consistent with GHRIS.				
Result Area 5: Timely and Quality Financial Statement and Audits					
DLI 5.1: Timely, Quality Assured, Financial Statements	<p><i>DLR 5.1: The percentage (%) of MDAs the National Treasury has reviewed the quality of Annual Financial Statements generated from IFMIS and has submitted to the OAG within 4 months.</i></p> <p>The percentage (%) of MDAs the National Treasury has reviewed the quality of Annual Financial Statements generated from IFMIS and has submitted to the OAG within 4 months. where the following is true.</p> <p>a) Financial statements are consistent with IFMIS data in applicable MDAS</p> <p>b) Review reports/checklists are in place the quality of vote Annual Financial Statements for list of MDAs in the POM.</p> <p>c) Evidence of the date that the OAG received consolidated Annual Financial Statements</p> <p>d) Individual vote and consolidated financial statements are made available on the on the National Treasury website or equivalent</p>	Yes	NT Annual Financial Statements Review Reports IFMIS	PFMR Secretariat supported by independent verification agent.	<p>POM POM provides i) list of applicable MDAs (along the lines of table annex 3.3) and ii) checklist for compliant annual financial statements.</p> <p>Y1 onwards The Results Team prepares a report consistent with that specified in the POM</p>
DLI 5.2: Timely, Efficient, Quality Audits	<p><i>DLR 5.2a: Approval of audit codes that classify risk clusters to enable efficient targeting of audit resources</i></p>	No	OAG AFROSAI	PFMR Secretariat supported by independent	<p>Year 0 The Results Team provides a) the audit codes, guidelines and principles as outlined in the POM and b) AFROSAI (or equivalent) confirms in writing that it has peer</p>

DLI	Definition	Scalable (Yes/No)	Protocol to Evaluate Compliance of the DLI and Data/Result Verification		
			Data source	Verification Entity	Procedure
	<p>The OAG has issue a new set of audit codes, which are based on guidelines and agreed principles.</p> <p>This has been reviewed by AFROSAI (or equivalent) as compliant and consistent with international standards</p>			verification agent.	reviewed the guidelines, principles and codes.
	<p><i>DLR 5.2b: Enhanced Audit methodology and Quality Assurance framework approved</i></p> <p>The OAG has issued a new methodology that includes revised presentation of reports and a quality control and assurance framework.</p> <p>This has been reviewed by AFROSAI (or equivalent) as compliant and consistent with international standards.</p>	No	OAG AFROSAI	PFMR Secretariat supported by independent verification agent.	<p>Year 1</p> <p>The Results Team provides a) the new methodology and guidelines as outlined in the POM and b) AFROSAI (or equivalent) confirmation in writing that it has peer reviewed the new methodology and associated guidelines, principles and codes and confirms they are compliant with international standards.</p>
	<p><i>DLR5.2c: percentage of MDAs whose financial statement audits have been completed within 3 months after OAG receipt of final financial statements using an improved methodology, undergone quality assurance</i></p> <p>The number of MDAs for which the following is true for the audit of the previous FY.</p> <p>c) financial statements and audits are fully documented on an Audit Management Software (for example Teammate),</p>	Yes	OAG AFROSAI	PFMR Secretariat supported by independent verification agent.	<p>POM</p> <p>POM provides i) list of applicable MDAs (along the lines of table annex 3.3) and ii) a checklist for compliance with AMS, risk clustering and new methodology in line with DLI description.</p> <p>Year 2 onwards</p> <p>The Results Team completes checklists for MDAs and then reports of the number of MDAs which are compliant.</p>

DLI	Definition	Scalable (Yes/No)	Protocol to Evaluate Compliance of the DLI and Data/Result Verification		
			Data source	Verification Entity	Procedure
	<p>d) audits have been prepared using the new audit methodology, risk clusters have been applied and audits are presented in the revised format,</p> <p>e) the audits have undergone quality assurance and</p> <p>All required documentation has been uploaded onto the Audit Management Software.</p>				
	<p><i>DLR 5.2d: Months between receipt of consolidated and quality assured financial statements by OAG and submission of the audited financial statements to Parliament</i></p> <p>The targeted number of months for the DLI for the given FY is greater than or equal to the number of complete between</p> <p>c) the date Parliament receives the audited financial statement of individual MDAs from the Auditor General (as evidenced by a letter acknowledging receipt from Parliament or submission from OAG stamped by Parliament) and</p> <p>d) The date the OAG receives the consolidated financial statement from NT (as evidenced by a letter acknowledging receipt from the OAG and/or a submission from individual MDAs stamped by the OAG)</p>	Yes	OAG AMS	PFMR Secretariat supported by independent verification agent.	<p>Y1 onwards</p> <p>The Results Team compiles audit reports and provides evidence as set out in the DLI description.</p> <p>POM – provides list of 112 MDA against which the DLI will be applicable in a scalable manner.</p>
Result Area 6: Strengthened Fiduciary Assurance and Transparency					

DLI	Definition	Scalable (Yes/No)	Protocol to Evaluate Compliance of the DLI and Data/Result Verification		
			Data source	Verification Entity	Procedure
DLI 6.1: Transparent Institutions	<p><i>6.1a MDAs can access multi-year itemized and facility level budget and outturn data for all MDAs in searchable form through the budget module in the IFMIS</i></p> <p>The analytical repository in the Hyperion budget module linked to IFMIS is expanded so that it includes historical MDA budget for the current and forthcoming year and outturn data for the previous year. The data includes</p> <ul style="list-style-type: none"> a) Expenditure for full COA code string/line item b) Data by service delivery unit for major service delivery budget lines (outturn only). <p>The complete Hyperion analytical repository containing data for all MDAs is made available in searchable form to all MDA users of Hyperion.</p>	No	Hyperion analytical repository	PFMR Secretariat supported by independent verification agent.	<p>POM POM elaborates basic specifications for the online interface.</p> <p>Y0 Results Team confirms Hyperion analytical repository has specified information, is up to date as specified in the definitions</p>
	<p><i>6.1b UAT of online public interface which provides information in a searchable form on programs and projects and transfers to service delivery unit</i></p> <p>User Acceptance Testing of an online public interface is established (either as part of an existing website or stand-alone) which provides interactive/user-friendly interfaces for</p> <ul style="list-style-type: none"> a) Program plans and performance information b) transfers to or expenditure by service delivery units; and 	No	Budget Portal, national treasury GHRIS, IFMIS, PIM system	PFMR Secretariat supported by independent verification agent.	<p>POM POM elaborates basic specifications online interface</p> <p>Y2 The Results Team confirms that the budget portal is functional and up to date in line with specifications in the POM</p>

DLI	Definition	Scalable (Yes/No)	Protocol to Evaluate Compliance of the DLI and Data/Result Verification		
			Data source	Verification Entity	Procedure
	c) financial and non-financial information on capital infrastructure projects.				
	<p><i>DLR 6.1c: Number of MDAs where information is publicly available online in searchable form on a) program expenditure and performance, b) project expenditure and performance and c) transfers to service delivery units</i></p> <p>Number of MDAs where up-to date information is publicly available online in searchable form on</p> <p>a) program expenditure and performance from the program budget, b) project expenditure from IFMIS and c) transfers to individual service delivery units from IFMIS.</p> <p>The information should be up to date (the latest information being not more than four months old), and fully consistent with the IFMIS and other information systems. Program performance information should be available at a minimum from Y2 onwards.</p>	Yes	Online public interface	PFMR Secretariat supported by independent verification agent.	<p>POM POM Provides i) List of service delivery MDAs and ii) checklist for meeting DLI definition.</p> <p>Y2 onwards The Results Team reports on the status of the DLI using the guidance in the POM</p>

DLI	Definition	Scalable (Yes/No)	Protocol to Evaluate Compliance of the DLI and Data/Result Verification		
			Data source	Verification Entity	Procedure
DLI 6.2: Strengthened Fiduciary Assurance and Risk Management	<p><i>6.2a: Complete Diagnostic Study of Internal Audit</i></p> <p>The National Treasury has completed a diagnostic Study of the IAD;</p>	No	Diagnostic study	PFMR Secretariat supported by independent verification agent.	Y1 Results Team confirms diagnostic Study has taken place and provides study.
	<p><i>6.2b: Updated manuals and QA framework for internal audit in place</i></p> <p>By the end of 2018/19, the NT will have approved:</p> <p>c) Enhanced tools for IAD effectiveness, including new MDA manuals which provide a strengthened framework for assurance and risk management and audit follow up.</p> <p>d) New Internal Quality Assurance & performance improvement framework to ensure enhanced tools are employed</p>	No	Enhanced guidelines and QA framework signed by the PS and CS, NT and relevant tools in place/operational	PFMR Secretariat supported by independent verification agent.	POM POM sets out basic requirements of reformed internal audit processes and QA following the diagnostic study. Y1 Results Team provides evidence enhanced guidelines, tools and QA in place and approved confirms they are in line with POM specifications
	<p><i>6.2c Annual and quarterly MDA Internal Audit Reports have been prepared and undergone QA in line with enhanced procedures for assurance, risk management and audit follow up.</i></p> <p>From 2019/20 the number of MDAs which meet the following:</p> <p>c) Annual and Quarterly Internal audit reports use the new methodology and</p> <p>d) These reports have been subject to the new quality assurance framework.</p>	Yes	MDA Annual Internal Audit Reports QA Reports or equivalent.	PFMR Secretariat supported by independent verification agent.	POM POM sets out i) list of MDAs (along the lines of table annex 3.3), ii) a checklist for MDA implementation of new framework once it is established. Y2 Onwards The Results Team reports on the number of MDAs implementing the new IA methodology using the checklists in the POM.

Annex 2.3: Disbursement Tables

(a) Disbursement table For the World Bank

#	DLI	Bank financing allocated to the DLI	Deadline for DLI Achievement ¹	Minimum DLI value to be achieved to trigger disbursements of Bank Financing ²	Maximum DLI value(s) expected to be achieved for Bank disbursements purposes ³	Determination of Financing Amount to be disbursed against achieved and verified DLI value(s) ⁴
Result Area 1: Prioritized Public Investments						
1	<i>DLR1a:</i> PIM Unit established in NT	2.5	June 2018	Yes	Yes	Pass/Fail
1	<i>DLR1b:</i> Approved PIM Manual & user requirements for e-ProMIS which addresses key challenges in PIM including prioritization, costing and transparency	2.5	June 2018	Yes	Yes	Pass/Fail
1	<i>DLR1c:</i> UAT complete for enhanced e-ProMIS automating provisions of PIM Manual	2.5	June 2019	Yes	Yes	Pass/Fail
1	<i>DLR1d:</i> Projects with capital allocations above KES 100 million which are in compliance with procedures in the PIM manual.	17.5	June 2022	5 projects	30 Projects using e-ProMIS	In 2018/19: 1 million per project In 2019/20: 0.5 million per project. In subsequent years: USD 0.5 million for each additional project above the previous year's target up to the target for the year.
Result Area 2: Reliable Funding for Service Delivery						

#	DLI	Bank financing allocated to the DLI	Deadline for DLI Achievement ¹	Minimum DLI value to be achieved to trigger disbursements of Bank Financing ²	Maximum DLI value(s) expected to be achieved for Bank disbursements purposes ³	Determination of Financing Amount to be disbursed against achieved and verified DLI value(s) ⁴
2.1	DLR 2.1a: UAT of cash management and exchequer systems.	1.5	June 2018	Yes	Yes	Pass/Fail
2.1	DLR 2.1b: Guidelines adopted by NT which require that revised MDA cash plans protect service delivery and infrastructure budget priorities	1.5	June 2018	Yes	Yes	Pass/Fail
2.1	DLR2.1c: Average under-release of priority operational service delivery budget allocations expressed as a percentage of revised in year cash plans on a quarterly then monthly basis.	8.0 (USD 2 million per annum)	June 2022	8% of service delivery budgets, Quarterly	8% of service delivery budgets, Monthly	\$2m minus USD 0.4 million for every 1 % point above the target. Deterioration from one year to another does not result in reimbursement.
2.1	DLR2.1d: Annual exchequer releases to GoK capital budget allocations as a % of the approved budget	8.0 (\$2m per annum)	June 2022	90% of capital budget allocations	97% of capital budget allocations	\$2m minus USD 0.4 m for every 1 %-point increment below the target. Deterioration from one year to another does not result in reimbursement.
2.2	DLR 2.2: Actual domestic revenue collections as a % of the Annual Budget.	8.0 (2.0 per annum)	June 2022	90%	97%	\$2m minus USD 1m for every 1%-point increment below the target. Deterioration from one year to another does not result in reimbursement.
2.3	DLR 2.3a: In year borrowing plan consistent with delivering cash for MDAs based on a	2.0	June 2018	Yes	Yes	Pass/Fail

#	DLI	Bank financing allocated to the DLI	Deadline for DLI Achievement ¹	Minimum DLI value to be achieved to trigger disbursements of Bank Financing ²	Maximum DLI value(s) expected to be achieved for Bank disbursements purposes ³	Determination of Financing Amount to be disbursed against achieved and verified DLI value(s) ⁴
	compilation of the cash plans using the new system					
2.3	<i>DLR 2.3b</i> : Average under performance of quarterly net domestic borrowing as a percentage of what is planned in revised in year cash plans	8.0 (\$2m per annum)	June 2022	60%	30%	\$2m minus USD 0.4 m for every 1 %-point increment above the target. Deterioration from one year to another does not result in reimbursement.
DLI 3: Efficient and Transparent Procurement						
3	DLR 3a: Roadmap agreed for upgrading e-procurement system including State Procurement Portal, aligned to requirements of PPDA Act, 2015 & Regulations	2	June 2018	Yes	Yes	Pass/Fail
3	DLR 3b: UAT for upgraded e-procurement and State Procurement Portal Complete	4.0	June 2019	Yes	Yes	Pass/Fail
3	DLR 3c: Number of MDAs using the e-Procurement System in compliance with the Act, 2015 and Regulations for the full fiscal year and procurement data disclosed in SPP following OCDS.	15.0	June 2022	5 MDAs (Comprising of 2 high spending Ministry/State Department and 1 Commission)	All MDAs	June 2020: USD 1 million for each MDA up to a maximum of 2. USD 1 million for each additional high spending MDA up to a maximum of 3. June 2021: 2020 MDA target is met. USD 1 million for additional MDA up to a maximum of 2. USD 1 million for each additional high spending MDA up to a maximum of 3. June 2022: USD 5 million minus 1m for each MDA below 25 or the full number of MDAs whichever is lower.

#	DLI	Bank financing allocated to the DLI	Deadline for DLI Achievement ¹	Minimum DLI value to be achieved to trigger disbursements of Bank Financing ²	Maximum DLI value(s) expected to be achieved for Bank disbursements purposes ³	Determination of Financing Amount to be disbursed against achieved and verified DLI value(s) ⁴
Result Area 4: Consolidated Staff Data						
4	DLR 4a: Plan adopted for GHRIS to be enhanced to handle consolidated HR data from MDAs which interfaces with IFMIS	2	Jun 2018	Yes	Yes	Fail/Pass
4	DLR 4b: Number of MDAs whose payroll data has been uploaded to GHRIS and are up to date.	18	June 2022	2 Pilot MDAs	20 MDAs including 4 with major service delivery payrolls	<p>June 2019: USD 1.5 million for each MDA on GHRIS up to a maximum of 2.</p> <p>June 2020: 2019 MDA target is met. USD 2 million for each MDA with major service delivery payroll on GHRIS up to a maximum of 2. USD 1 million for one additional MDA on GHRIS.</p> <p>June 2021: 2020 MDA target is met. USD 2 million for one additional MDA with a major service delivery payroll on GHRIS plus USD 0.75 million for each additional MDA on GHRIS up to a maximum of 4</p> <p>June 2022: 2021 MDA target is met. USD 2 million for one additional MDA with major service delivery payroll on GHRIS. USD 0.33 million for each additional MDA on GHRIS up to a maximum of 9.</p>
Result Area 5: Timely & Quality Financial Statements and Audits						
5.1	DLR 5.1: The percentage (%) of MDAs the National Treasury has reviewed the	8.0	June 2022	10%, not generated from IFMIS	50%, generated from IFMIS	Disbursement proportional to progress towards meeting annual target over base line.

#	DLI	Bank financing allocated to the DLI	Deadline for DLI Achievement ¹	Minimum DLI value to be achieved to trigger disbursements of Bank Financing ²	Maximum DLI value(s) expected to be achieved for Bank disbursements purposes ³	Determination of Financing Amount to be disbursed against achieved and verified DLI value(s) ⁴
	quality of Annual Financial Statements generated from IFMIS and has submitted to the OAG within 4 months.					
5.2	DLR 5.2a: Approval of audit codes that classify risk clusters to enable efficient targeting of audit resource	1	June 2018	Yes	Yes	Pass/Fail
5.2	DLR 5.2b: Enhanced Audit methodology and Quality assurance framework approved	0.5	June 2019	Yes	Yes	Pass/fail
5.2	DLR 5.2c: % of MDAs whose financial statement audits have been completed within 3 months after OAG receipt of final financial statements using an improved methodology, undergone quality assurance.	8.0	June 2022	15% of MDAs	50% of MDAs	June 2020 - \$2m minus \$0.2m for every 1 %-point increment below the target. Thereafter - \$3m minus 0.3m for every 1 %-point increment below the target. Deterioration from one year to another does not result in reimbursement.
	DLR 5.2d: Months between receipt of final consolidated financial reports by OAG and submission of the audited financial statements to Parliament	8.5	June 2022	8 months	3 months	- June 2019: USD 0.5 on a pass/fail basis. - June 2020: USD 2 million minus 1 million per month behind target - June 2021: USD 3 million minus 1.5 million per month behind target - June 2022: USD 3 million minus 1.5 million per month behind target Deterioration from one year to another does not result in reimbursement.
Result Area 6: Strengthened Fiduciary Assurance and Transparency						

#	DLI	Bank financing allocated to the DLI	Deadline for DLI Achievement ¹	Minimum DLI value to be achieved to trigger disbursements of Bank Financing ²	Maximum DLI value(s) expected to be achieved for Bank disbursements purposes ³	Determination of Financing Amount to be disbursed against achieved and verified DLI value(s) ⁴
6.1	DLR 6.1a: MDAs can access multi-year itemized and facility level budget and outturn data for all MDAs in searchable form through the budget module in the IFMIS	1	June 2018	Yes	Yes	Pass/Fail
6.1	DLR 6.1b UAT of online public interface which provides information in a searchable form on programs and projects and transfers to service delivery unit	0.8	June 2019	Yes	Yes	Pass/Fail
6.1	DLR 6.1c: Number of MDAs where information is publicly available online in searchable form on a) program expenditure, b) project expenditure and c) transfers to service delivery units.	10.2	June 2022	5 MDAs, including education and health	All MDAs including education, health and infrastructure	<p>June 2019: USD 0.6 million for 1 MDA in the Education Sector plus 0.6m for 1 additional pilot MDA.</p> <p>June 2020: 2019 MDA target is met. USD 1 million for one MDA in the Health Sector. USD 1 million for each additional MDAs up to a maximum of 2.</p> <p>June 2021: 2020 MDAs' target is met. USD 0.3 million for one MDA in the Infrastructure Sector. USD 0.3 million for each additional MDAs up to a maximum of 9.</p> <p>June 2022: USD 3 million minus 0.5m for each MDA below the full number of MDAs</p>
6.2	DLR 6.2a: Complete diagnostic Study of internal audit	1	June 2018	Yes	Yes	Pass/Fail
6.2	DLR 6.2b: Updated manuals and QA framework for internal	1	June 2019	Yes	Yes	Pass/Fail

#	DLI	Bank financing allocated to the DLI	Deadline for DLI Achievement ¹	Minimum DLI value to be achieved to trigger disbursements of Bank Financing ²	Maximum DLI value(s) expected to be achieved for Bank disbursements purposes ³	Determination of Financing Amount to be disbursed against achieved and verified DLI value(s) ⁴
	audit to strengthen assurance and risk management are in place					
6.2	DLR 6.2c: Annual and Quarterly MDA Internal Audit Reports have been prepared and undergone QA in line with enhanced procedures for assurance, risk management and audit follow up.	6	June 2022	10 MDAS	20 MDAs	<p>June 2020: USD 0.2 million per MDA up to a maximum of 10.</p> <p>June 2021: Minimum of 5 MDAs. USD 0.2 million per additional MDA above 5 up to a maximum of 10.</p> <p>June 2022: Minimum of 10 MDAs. USD 0.2 million per MDA above 10 up to a maximum of 10.</p>

¹If the DLI is to be achieved by a certain date before the Bank Financing closing date, please insert such date. Otherwise, please insert the Bank Financing closing date.

² If the DLI has to remain at or above a minimum level to trigger Bank disbursements (e.g. DLI baseline), please indicate such level.

³ Please insert the DLI value(s) above which no additional Bank financing will be disbursed.

⁴Specify the formula determining the level of Bank financing to be disbursed on the basis of level of progress in achieving the DLI, once the level of DLI achievement has been verified by the Bank. Such formula may be of various types, including pass/fail, linear, or other types as may be agreed between the Bank and the borrower.

(a) Disbursement table For AFD

#	DLI	AFD financing allocated to the DLI	Deadline for DLI Achievement	Minimum DLI value to be achieved to trigger disbursements of AFD Financing	Maximum DLI value(s) expected to be achieved for AFD disbursements purposes	Determination of Financing Amount to be disbursed against achieved and verified DLI value(s) ⁴
Result Area 1: Prioritized Public Investments						
1	<i>DLR1a</i> : PIM Unit established in NT	1	June 2018	Yes	Yes	Pass/Fail
1	<i>DLR1b</i> : Approved PIM Manual & user requirements for e-ProMIS which addresses key challenges in PIM including prioritization, costing and transparency	1	June 2018	Yes	Yes	Pass/Fail
1	<i>DLR1c</i> : UAT complete for enhanced e-ProMIS automating provisions of PIM Manual	1.5	June 2019	Yes	Yes	Pass/Fail
1	<i>DLR1d</i> : Projects with capital allocations above KES 100 million which are in compliance with procedures in the PIM manual.	6.5	June 2020	5 projects	10 Projects using e-ProMIS	In 2018/19: 0,5 million € per project In 2019/20: 0.4 million € per project
Result Area 2: Reliable Funding for Service Delivery						
2.3	<i>DLR 2.3a</i> : In year borrowing plan consistent with delivering cash for MDAs based on a compilation of the cash plans using the new system	1	June 2018	Yes	Yes	Pass/Fail
2.3	<i>DLR 2.3b</i> : Average under performance of quarterly net domestic borrowing as a percentage of what is planned in revised in year cash plans	3	June 2020	60%	30%	2018/19: € 1m minus € 0.2 m for every 1 %-point increment above the target.

#	DLI	AFD financing allocated to the DLI	Deadline for DLI Achievement	Minimum DLI value to be achieved to trigger disbursements of AFD Financing	Maximum DLI value(s) expected to be achieved for AFD disbursements purposes	Determination of Financing Amount to be disbursed against achieved and verified DLI value(s) ⁴
						2019/20: € 2m minus € 0.4 m for every 1 %-point increment above the target. Deterioration from one year to another does not result in reimbursement.
DLI 3: Efficient and Transparent Procurement						
3	DLR 3a: Roadmap agreed for upgrading e-procurement system including State Procurement Portal, aligned to requirements of PPDA Act, 2015 & Regulations	1	June 2018	Yes	Yes	Pass/Fail
3	DLR 3b: UAT for upgraded e-procurement and State Procurement Portal Complete	3	June 2019	Yes	Yes	Pass/Fail
3	DLR 3c: Number of MDAs using the e-Procurement System in compliance with the Act, 2015 and Regulations for the full fiscal year and procurement data disclosed in SPP following OCDS.	2	June 2020	5 MDAs (Comprising of 2 high spending Ministry/State Department and 1 Commission)	5 MDAs (Comprising of 2 high spending Ministry/State Department and 1 Commission)	June 2020: € 0,4m for each MDA up to a maximum of 2. € 0,4m for each additional high spending MDA up to a maximum of 3.
Result Area 5: Timely & Quality Financial Statements and Audits						
5.2	DLR 5.2a: Approval of audit codes that classify risk clusters to enable efficient targeting of audit resource	1	June 2018	Yes	Yes	Pass/Fail
5.2	DLR 5.2b: Enhanced Audit methodology and Quality	1	June 2019	Yes	Yes	Pass/fail

#	DLI	AFD financing allocated to the DLI	Deadline for DLI Achievement	Minimum DLI value to be achieved to trigger disbursements of AFD Financing	Maximum DLI value(s) expected to be achieved for AFD disbursements purposes	Determination of Financing Amount to be disbursed against achieved and verified DLI value(s) ⁴
	assurance framework approved					
5.2	DLR 5.2c: % of MDAs whose financial statement audits have been completed within 3 months after OAG receipt of final financial statements using an improved methodology, undergone quality assurance.	1	June 2020	15% of MDAs	15% of MDAs	June 2020 - € 1m minus € 0.1m for every 1 %-point increment below the target. Deterioration from one year to another does not result in reimbursement.
	DLR 5.2d: Months between receipt of final consolidated financial reports by OAG and submission of the audited financial statements to Parliament	2	June 2020	8 months	6 months	- June 2019: € 1m on a pass/fail basis. - June 2020: € 1 m minus € 0,5 m per month behind target Deterioration from one year to another does not result in reimbursement.

Annex 3: Program Action Plan Monitoring Tool and Risk Register

The following table acts as both a tool for monitoring implementation of actions to address risks identified in the Program Action Plan and as register for the identification of new risks and actions when and as required.

NB: the table should always include PAP risks and ongoing PAP actions.

Risk sources	Actions required to meet the DLIs and address other major weakness that will support the overall PFMR Strategy	Responsible MDA	Due by	Objectives /Results & DLI linkages	Status	Comments
<p>Planning and Budgeting Arrangements Overall FM objective: The Program budget is realistic, is prepared with due regard to government policy, and is implemented in an orderly and predictable manner</p>						
PAP: Budgeting provisions in the annual appropriations are not commensurate to the cost estimates for the program activities.	Annual budget provisions under the respective implementing entities are matched to the annual estimated costs for the planned program activities to pre-finance inputs contributing to the achievement of the Disbursements Linked Results.	National Treasury (Budget Supply Department) in consultation with Directorate Accounting Services, PFMR Secretariat and OAG.	Budget provisions- Annually	All DLIs and results areas		
<p>Treasury Management and funds flow Overall FM objective: adequate and timely funds are available to finance program implementation</p>						

Risk sources	Actions required to meet the DLIs and address other major weakness that will support the overall PFMR Strategy	Responsible MDA	Due by	Objectives /Results & DLI linkages	Status	Comments
PAP: Cash management and plans	Timely release of exchequer funds commensurate to the request (as reflected in implementing agency cash plans) from the implementing agencies to pre-finance inputs to achieve the Disbursements Linked Results. Requests	National Treasury (Exchequer Department and Accounting Services) in consultation with the Implementing agencies/ departments	Exchequer Releases – Monthly	All DLIs and results areas		
Accounting and Financial Reporting Arrangements Overall FM objective - adequate program records are maintained, and financial reports produced and disseminated for decision-making, management, and Program reporting						
PAP: IFMIS system configuration	Design specific reports in line with the expenditure framework to facilitate generation of program expenditures directly from IFMIS, to generate consolidated program, budget execution reports directly from IFMIS. The reports shall be used as additional supporting documentation to the DLIs verification. In addition, the reports shall form the basis of disclosure notes to the institutional annual financial statements. Reports shall be prepared for each of the implementing agencies.	National Treasury (PFMR and PSASB).	Configuration of IFMIS 31 October 2017. Budget execution reports every 12 months.	All DLIs and results areas		

Risk sources	Actions required to meet the DLIs and address other major weakness that will support the overall PFMR Strategy	Responsible MDA	Due by	Objectives /Results & DLI linkages	Status	Comments
PAP: Institutional Financial Statements	Prepare institutional financial statements for the three implementing agencies with appropriate disclosure notes outlining the program expenditures in line with the agreed expenditure framework	National Treasury (PFMR and PSASB), MoPSYGA and OAG	Annually not later than 30 September 2017	All DLIs and Results Areas		
Internal control (including internal audit) Overall FM element objective: there are satisfactory arrangements to (a) monitor, evaluate, and validate program results; and (b) exercise control and stewardship of program funds						
PAP: Gaps in Internal Control Framework.	Establishment and maintaining of: (i) PFM Standing Committee, (ii) Audit Committees (iii) Internal Risk Management Framework including F&C risks (iv) Risk Registers and Internal Control Framework in line with the PFM Act 2012 and PFM Regulations 2015	Internal Audit Department	Continuously.	All DLIs and results areas		
PAP: Program Risk Management Register	Prepare and maintain an updated program risk management register	PFMR Secretariat	Continuously	All DLIs and results areas		

Risk sources	Actions required to meet the DLIs and address other major weakness that will support the overall PFMR Strategy	Responsible MDA	Due by	Objectives /Results & DLI linkages	Status	Comments
PAP: Independent verification arrangements	Plan and budget resources to finance costs related to the independent verification agent. The budget shall be integral part of the PFMR annual budget. PFMR will institute measures to ensure invoices relating to verification are settled on timely basis.	National Treasury (PFMR Secretariat)	Hiring of verification agent for the duration of the program completed by January 2018.	All DLIs and results areas		
External audit Overall FM element objective: adequate independent audit and verification arrangements are in place, taking into account the country context and the nature and overall risk assessment of the program.						
PAP: External Audit and Oversight	line with the provisions of the PFM regulations, NT and MoPSYGA to submit quality assured financial statements to the Auditor General for external audit in accordance with the statutory time line.	PFMR and IPSAS Board	Annually	All DLIs and results areas		
Procurement						
PAP: Procurement delays, lack of transparency and corruption	Implementation of e-procurement in the three implementing agencies as part of the first phase	All three implementing agencies (Accounting Officers)	June 2020	All DLIs and results areas		

Risk sources	Actions required to meet the DLIs and address other major weakness that will support the overall PFMR Strategy	Responsible MDA	Due by	Objectives /Results & DLI linkages	Status	Comments
PAP: Delays in providing professional opinions	Compliance with the applicable business standards as per the draft Regulations, i.e., 14 days	The Head of Procurement Function	Continuous	All DLIs and Result Areas		
PAP: Lack of structured and efficient filing and records management systems	Establish a filing and records management system in accordance with the provisions of the PPAD Act 2015	(Accounting Officers)	Continuous	All DLIs and Result Areas		
Governance and Anti-Corruption¹⁵						
Incidences of Fraud and Corruption and delays in responding to complaints	Publish annual performance against the “resolution of public complaints” and “corruption prevention indicators” under the Performance Contracting system (including certified compliance with reporting on complaints to the Ombudsman and EACC) In the case of OAG, including this in their annual progress reports on program implementation	National Treasury, MoPSYGA and OAG	Annually	All DLIs and results areas		

¹⁵ The GESDeK Program F&C mitigation measures will be further augmented by WB support to ongoing anti-corruption reform initiatives under the Kenya Governance and Improvement Program. These areas include strengthening complaints management, social audit and strengthening oversight and enforcement roles of CAJ/Ombudsman and EACC.

Risk sources	Actions required to meet the DLIs and address other major weakness that will support the overall PFMR Strategy	Responsible MDA	Due by	Objectives /Results & DLI linkages	Status	Comments
	Establishment of complaints and reporting system at the PIU	PFM Reform Secretariat, National Treasury, OAG and MoPSYGA	Within 6 months of effectiveness	All DLIs and results areas		
Weak internal risk assessment of factors leading to Fraud and Corruption C	Establishment of risk register for the program	PFM Reform Secretariat	Within 6 months of effectiveness	All DLIs and results areas		
	Updating F&C indicators in the risk register (above)	PFM Reform Secretariat	Annually	All DLIs and results areas		
	Reporting on recommendations made to mitigate against risks identified in the risk registers	PFM Reform Secretariat	Annually	All DLIs and results areas		
Safeguards						
Poor management of e-waste generated from electronic devices	Managing and mitigating impacts associated with e-waste by implementing the requirement of the 1999 Environmental Management and Coordination Act (EMCA) (as amended in 2015), Waste Management Regulations, E-waste Management Guidelines and draft E-waste regulations	National Treasury (NT), MPSYGA and OAG	Annually			

Risk sources	Actions required to meet the DLIs and address other major weakness that will support the overall PFMR Strategy	Responsible MDA	Due by	Objectives /Results & DLI linkages	Status	Comments
Additional Program Risks						

Annex 4: TORS for the Independent Verification Agent

A. Background

These are terms of reference for the Independent Verification Agent (IVA) for GESDeK. The Independent Verification Agent Supports the PFMR Secretariat, as Verification Agent, to ascertain whether Disbursement Linked Results have been achieved under the program. Each Disbursement Linked Results are mapped to the respective Disbursement Linked indicators which is the responsibility of a lead departments. The DLIs are set out in Annex 2.1 of the POM. The means of verification mechanisms of each DLR is set out in the DLI verifications table (Annex 2.2 of the POM) as follows:

- Definition of achievement/compliance; and
- The protocol for evaluating compliance which include a) the data source, b) the verification entity; and c) the procedure for evaluating compliances d) verification benchmarks and protocols.

The Results Verification process for GESDeK is set out in Part III1b of the POM. It summary it involves:

- Each implementing agency responsible for DLR within a results teams will collect the evidence ascertaining the DLI has been met and the results teams will report to the PFMR on compliance using the template and formats in Annexes 7 and 8 of the POM by the 15th of July each year. These reports will be compiled by the PFMR by the end of July.
- An Independent Verification Agent, working on behalf of the PFMR which is the verification entity, validates whether the DLI has been met in line with the definition of compliance and verification procedures. To the extent possible, the PFMR Secretariat will take lead in resolving with the implementing agents any resulting outstanding issues relating to the achievement of the results. The verification process shall be completed within one month of the IVA receiving the compiled results from PFMR Secretariat.
- The PFMR Secretariat will then forward the IVA report to the PFMR Technical Committee to review the report and address any outstanding issues, if possible. Following further adjustments, the IVA report will be finalised for transmission to GESDeK financing partners by the NT.

At the start of the program DLRs relate to implementation of key reform steps by the three implementing agencies – NT, MoPSYG and the OAG. Over the life of the programme DLRs will increasingly shift towards those that involve compliance of Service Delivery MDAs with newly established procedures. As this occurs, the volume of work in verification of results is expected to progressively increase. In addition, DLRs which relate to new systems will further be defined on the POM. These are set out in Annex 8.7.

Objectives

B. The overall objective

The overall objective of the IVA is to provide technical support to the PFMR Secretariat undertake verification of the GESDeK Disbursement Linked Results (DLRs) using the verification protocol as outlined in the Project Operations Manual (POM). The IVA support is expected to be provided over the entire life of the Project (5 years).

C. Scope of Work of the IVA

The Independent Verification Agent will be engaged by the PFMR Secretariat over the life of the project [five year]. On day to day basis, the IVA will report to the PFMR Secretariat Coordinator. The verification of results will be carried out on an annual basis between July to December each year. The IVA will carry out the verification as follows:

Preliminary Step – IVA Annual Workplan

At the beginning of each year the IVA will prepare a workplan for the activities to be carried out

- Schedule of activities/meetings with implementing agencies
- Approach to any newly defined DLIs in the POM
- Division of roles and responsibilities across IVA team and lead implementing entities as well as the PFMR Secretariat.

The workplan will be prepared in consultation with the PFMR Secretariat

Step 3a – Preliminary assessment of DLRs

The IVA will carry out a preliminary assessment of the achievement of DLRs as reported in the results teams submitted to PFMR Secretariat. This will involve three elements:

- Validation of the supporting evidence – confirming that the supportive evidence/data required has been collected and is available and reviewing the completeness and accuracy of that evidence
- Verification through application of the verification protocols – check whether the definition, results achievement benchmarks, verification procedures for compliance have been adhered to as stated in the verifications protocols table.
- Confirmation of results achieved and/or identification of issues to be resolved. These issues may include requests for a) corrections to the supporting evidence and/or b) adjustments to the DLI reports on DLI compliance and/or c) changes to the DLR achievements reported.
- Statement of budget and expenditures incurred in the achievement of the DLRs.

The preliminary assessments of each DLR, once complete will be communicated to the implementing departments via PFMR Secretariat.

Step 3b – Resolution of outstanding issues for DLRs with implementing agencies/results teams

Following this, the IVA will hold discussions with Implementing agencies and results teams to agree the adjustments to be made to a) the results teams reports and b) the supporting evidence c) additional information as may be necessary. These agreements will be documented.

The Implementing Agencies will then commit to adjust the results teams reports and the IA update their preliminary assessments.

Step 4 – Draft IVA Report

The IVA will then prepare its IVA report within 45 days of receipt of compiled results and evidence from PFMR Secretariat. This will include:

A *summary report* confirming the DLRs achieved, outstanding issues to be resolved and activities carried out by the IVA.

A *detailed report*, which sets out, for each DLR:

- Confirm whether a DLR has been achieved or not or whether the IVA was unable to reach a conclusion on the achievement of the results.
- Statement of the validity of supporting evidence and methodology and tasks undertaken by the IVA in the verification of the supporting evidence.
- Confirmation of application of DLI protocols by implementing agencies and statement of the activities carried out by the IVA to do so
- Statement of any outstanding issues, responsibilities, timelines and documentation of the process of resolving any issues with implementing agencies

The report will be submitted to the PFMR Secretariat within one month of receiving the consolidated results reports and supporting evidence by the IVA.

Step 5 – Final IVA Report

The IVA will present the report to the PFM technical committee and participate in discussions. Following:

- a) The receipt of the review by the PFM technical committee and subsequent agreed actions/revisions to the IVA report
- b) The final results reports from results teams incorporating any agreed adjustments

The Independent Verification Agent will finalise the report within one week or any other period as shall be directed by the PFMR TC.

D. Deliverables

The main IVA deliverables which shall be prepared annually over the life of the project (five years)

- a) Individual preliminary DLR assessment reports,
- b) Draft IVA report and

c) Final IVA assessment report.

In addition to these deliverables, at the beginning of the assignment the IVA will prepare an inception report and a work plan which will set out the IVA's:

- Understanding of the TORs;
- Approach to verification of DLRs and quality assurance;
- Structure/templates for deliverables; and
- Division of roles and responsibilities amongst the team, lead implementing entities and the PFMR Secretariat.

The table below sets out the deliverables under assignment.

	When	Frequency
Inception report	Within 30 days of contract signing	Once
Annual IVA Workplan	15 th July each year	Annually
Preliminary Assessment of results team DLRs	Within 30 days of receipt of consolidated results reports and evidence from PFMR	Annually
Draft IVA report	Within 45 days of receipt of consolidated results reports and evidence from PFMR	Annually
Final IVA report	Within 1 week of receipt of PFMR TC review and results reports.	Annually

E. IVA and Inputs

The IVA will assemble a team which includes at least five individuals. The overall days input required for the IVA is estimated as follows, taking into account the increasing scale of work over the program period:

Year's results assessed:	2017/18 Inception	+	2018/19	2019/20	2020/21	2021/22
Est Days Input:	70		100	120	140	160

F. Qualifications of IVA Key Staff

The team should be made up of the following skills – team members can have more than one skill.

- Two team members who are Public Financial Management (PFM) Professionals.
- One team member with economic and budget analysis skills
- One team member with expertise in procurement
- One team member with expertise in human resource management /payroll
- One team member with experience in automated public financial and/or HR systems

More details are provided below

Position	Educational Requirements	Experience required
Overall Team Leader	A minimum of M.Sc. Degree in Accounting, Economics, Public Financial Management or Related Disciplines	A minimum of 10 years' work experience in public financial management out of which 3 years in public sector finance, planning and budgeting
<i>A team of 5 people (including the team leader) with combined experience of</i>		

Position	Educational Requirements	Experience required
Public Financial Management Specialist (at least 2 members)	A certified professional accountant with a minimum of Master's Degree in Accounting, Financial Management or Related Disciplines	A minimum of 5 years' work experience in public financial management out of which 3 years in public sector finance, planning and budgeting
Economic and Budget Analysis (at least 1 member)	A minimum of M.Sc. Economics, Accounting, Financial Management or Related Disciplines	A minimum of 5 years' work experience in public financial management out of which 3 years in LG finance, planning and budgeting
Procurement (at least 1 member)	A minimum of Masters in Economics, Public Administration, Procurement, Business Administration or Related Disciplines	A minimum of 5 years' work experience out of which 2 years in procurement processes and systems
HR (at least 1 member)	A minimum of Masters Economics, Public Administration, Human Resource Management or Related Disciplines	A minimum of 5 years of work experience out of which 2 years related with HR administration, payroll systems consultancy or similar.

G. Annexes

- POM
- PAD
- PFMR Strategy

Annex 5: Terms of Reference for Institutional Arrangements

Annex 5.1: Terms of Reference for PFMR Strategy Coordination Structures with respect to GESDeK

TERMS OF REFERENCE FOR THE PFMR SWG

Background The PFM SWG is a forum for dialogue, broad consultation, information sharing and coordination. The PFM SWG is chaired by the Cabinet Secretary of the National Treasury and comprising of CS Ministry of Devolution and Planning; DPs Representatives; Chair Council of Governors; PS National Treasury; PS State Department of Planning and Statistics; Chair CRA; Controller of Budget; Commissioner General of KRA; Chair SRC; Secretary/CEO TSC; Director General PPRA; Clerk of National Assembly and PFMR Secretariat. Membership of the CS of MoPSYGA will be coopted.

Objectives of the PFM SWG: The main objectives of the PFM SWG are to promote mutual accountability in the management of PFM policies, mobilize resource for sector programs and projects and promote the use of Country PFM systems by Development Partners.

Meetings of the PFM SWG: The PFM SWG will meet at least once a year

Tasks of the PFM SWG vis-à-vis GESDEK include:

- Provide the authorizing environment for achieving reform implementation and functional change.
- Facilitate allocation of adequate resources towards achieving result as part the Program
- Take decisions and monitor follow up actions in the solving challenges in the achievement of GESDeK results.

THE PFMR STEERING COMMITTEE (SC)

Background: The PFM SC is the top decision making organ for the Program in charge of the policy setting and overall guidance on the delivery of the Program. The PFM SC is chaired by the PS National Treasury and comprises of PS Devolution, PS Planning and Statistics; DPs; DG Budget; DG Accounting Services; DG Public Debt; CEO SRC; CEO CRA; Auditor General; CoB and PFMR Secretariat. Membership of the Directorate of Personnel Management will be coopted.

The PFM SC Steering Committee is chaired by the Principal Secretary of the National Treasury who is responsible for implementation of the GESDEK. However, for purposes of GESDeK, each implementing agency is responsible for achievement of the results and DLIs and the overall implementation responsibility will be shared and the Permanent Secretary of the National Treasury will only be assuming a “first among equals” position.

Objectives of the PFM Steering Committee (PFM SC): The PFM SC will be the overall policy and the strategic decision making organ of the program and in charge of the overall supervision of the program. The decisions to be made by the steering committee shall be final and will be implemented by the Technical Committee and the PFM Secretariat.

Meetings of the PFM SC : The meetings will be convened by the PS NT (or in his or her absence the PS MoPSYGA or equivalent officer in the OAG). The secretariat of the PFM SC shall be the PFMR Secretariat. The PFMR Secretariat will keep records of the committee and financing of the cost of the committee meetings from the secretariat operation funds. These records and minutes shall form part of the Program progress reports submitted by the secretariat. The committee will meet at least twice a year.

Tasks of the PFM SC visa vis GESDeK:

- Providing overall strategic and policy decisions for the program in terms of allocation of funds, execution, management and planning
- Review progress on achievement of GESDeK results and agree follow up actions
- Providing the authorizing environment for achieving reform implementation and functional change and ensuring cooperation across implementation agencies and departments.
- Approve annual work plans of implementing agencies which provide adequately for the achievement of GeSDeK results

THE PFM TECHNICAL COMMITTEE

Background: The TC provides technical guidance to the Program. It is the supervisory organ to the secretariat to ensure that the operations of the secretariat are going on without disruption. Through the chair of the Technical Committee (PFMR Strategy Coordinator), the TC will facilitate the establishment and operationalization of Results Teams for each Results Area of the Program.

Meetings of the Technical Committee: The TC will meet at least once every quarter and the meetings will be chaired by the Coordinator of the PFMR Secretariat. The PFM Secretariat (secretariat of the Program) will provide both technical and operational support to the committee and will be in charge of keeping the records and communicating the decisions of the committee. The decisions of the TC will be by consensus failure to which it will be by voting and approval will be by simple majority present.

The Chairs of the Results Teams and Lead Departments will be members of the results teams alongside component managers. The PFMR Coordinated may also make decisions which are to be made by the committee in exceptional circumstance, i.e. if it is a situation that requires urgent measures in order to safeguard the running of the Program. The Coordinator will then report back to the Committee for review and subsequent approval.

Tasks of the PFMR TC visa vis GESDeK:

- Ensuring that resources are allocated to implementing agencies and departments for implementing activities required to achieve steps set out in the Result Team action plans;
- Review PFMR annual work plans to ensure the include actions to achieve GESDeK results before submitting for approval by the Steering Committee;
- Facilitate cooperation and collaboration among the various implementing agencies and departments implementing the GESDEK;
- Monitor and review progress of program plans and implementation based on Results Team Reports and agree actions to address implementation issues;

- Participate in and facilitate program review, evaluations and other diagnostic exercises.
- Ensure establishment of Results Teams and that the membership comprises of all MDAs that will implement and report on results and feasible steps as required under the Program
- Review IVA report verifying disbursement linked results and agree actions resolve any outstanding issues in the verification process.

Annex 5.2: TERMS OF REFERENCE FOR THE PFMR SECRETARIAT

Background

The PFM Secretariat is an important element in the institutional arrangement for the Program, and will be supporting the overall coordination of the implementation of the activities. The Secretariat will report to the top management level in the NT, MoPSYGA and OAG and be guided by the Technical Committee (TC) and PFM SC and coordinate the activities or the results teams.

Objectives of the Secretariat

The PFM Secretariat will provide administrative and technical support to the operation of the Program and to the overall PFM Steering Committee (bringing to its attention those issues arising that require executive policy and decision-making), the Technical Committee and Results Teams.

Task of the Secretariat include:

The PFM Secretariat will be responsible for coordination of the program and supporting the results teams and implementing agencies under the Program in a range of areas including workplanning, reporting, financial management, procurement, and environmental and social management;

The PFM Secretariat will also be responsible for coordinating the verification of results process, communicating the results to implementing agencies (after WB, AFD and other DPs concurrence) and making public the achievement of those results. The Secretariat will also be responsible for facilitating requests for disbursements upon achievement of DLIs and preparing various program implementation reports. On the reporting further details are provided below.

In fulfilling these responsibilities, the Secretariat will undertake the following tasks:

- **1 - Support to the functioning of Results Teams:**
 - Supporting the implementation by each Result Team and monitoring progress on achievement of actions in the action plan and DLISs.
 - Supporting the preparation of action plans, MT costing of those plans and reporting against action plans and results using the templates set out in the POM. This includes ensuring that evidence is compiled in line with DLI verification protocols and reporting.
 - Identification of emerging issues which need follow up, and supporting the communication of those to senior management by results team members and/or via the PFMR secretariat.
 - Provision logistical support to operations of Results Teams,
 - Liaise with World Bank/DP results team focal points and parallel TA support as and when required.

- **2 - Overall Coordination of Workplanning, Reporting and M&E for GeSDEK**
 - *PFMR Strategy Work planning and Reporting:* Coordinate the consolidation and integration of results team workplans and PFMR Strategy workplans and reports, result team costings into budget proposals.

- *GESDeK Program Reporting and Review:* The compilation of annual, mid term and Program completion reports for the Program (as specified in the POM) and coordination of review processes.
 - *Communication:* Internal communication to senior management and results teams on emerging issues on the program, with development partners and external communication with the public, press, media in line with PFMR communications strategy.
 - *Convening:* The PFMR will provide a convening function for the structures in the PFMR Strategy (e.g. the PFMR SC and TC) and day-to-day coordination of activities under the Program bringing together relevant actors (Results Teams, senior management) as and when required to ensure the smooth operation of the program.
 - *Secretariat services:* Establishment of, administrative, logistical & secretarial services support to and effective operations of the overall Program, the PFM SC and PFM TC;
 - *Timelines:* Monitoring and ensuring that project timelines are adhered to overall and communicating with the actors on timelines.
 - *Guidelines and manuals:* Development, publication, dissemination (hard copy, workshops & website download), training, updating of the Program Operations Manual (POM); monitoring and reporting on implementing agencies compliance with the POM;
 - *Coordination of and Communication with Development Partners:* Support for and participation in Development partner supervision missions; coordination of complementary development partner TA and other support aligned to GESDeK results
- **3 – Management and Coordination of the Process of Verification of Results:**
 - *Compiling of the information on results achieved:* The PFMR secretariat will oversee the reporting of the achievement of results and provision of evidence in line with DLI verification protocols and ensure that this is available to the IVA.
 - *Timely Appointment/Procurement of the Independent Verification Agent:* The PFMR secretariat will ensure the timeline appointment/procurement of the IVA in line with the procedures and TORs set out in the POM.
 - *Coordination of activities of the IVA:* The PFMR will ensure the coordination of the IVA with results teams to ensure a smooth process of verification.
 - *Reporting on results achievement to the DPs:* Once the IVA has produced its report, communicating the IVA results and supporting evidence to the WB and other DPS supporting GESDeK
- **4 – Coordination of Programme Financial Management, Procurement and Safeguards:**
 - *Allocation of Resources:* Coordinate the compilation for allocation of budget for the achievement of results by results teams, implementing agencies and departments.
 - *Financial Accounting and Reporting:* Consolidate program financial accounts and financial statements from implementing agencies as well as facilitating audit and review of the same
 - *System development:* Develop systems and procedures in implementing agencies where required social management system, financial management and reporting and monitoring, evaluation and reporting systems
 - *Procurement:* Securing and disseminating the World Bank Listing of Ineligible Firms & Individuals (debarred list) to all implementing agencies undertaking procurement with GESDEK funds every six months (in June and December).
 - *Complaints Handling:* The PFMR secretariat will oversee the process of complaints handling.

- *Management of E-waste:* The PFMR will coordinate and monitor the disposal of e-waste by implementing agencies.

In achieving this the secretariat will appoint new/assign staff (both substantive and alternates) within the secretariat for the following functions and ensure they have adequate time to carry out those functions:

- *GESDeK Coordinator* – responsible for coordinating the reporting and overseeing that program timelines are met under areas 2 and 3 of the TORs above.
- *GeSDeK Fiduciary and Safeguards Coordinator* – responsible for coordination of Programme Financial Management, Procurement, Safeguards and Complaints – responsible for coordinating areas under 4 in the TORs above.
- *Results Team Focal points* - who will be members of results teams and provide support as outlined in the TORs under 1 above. An individual will be a focal point for no more than two results teams (and be an alternate for a further one).

The PFMR will be supported by a long-term technical assistance financed by the AFD grant. The TORs of this technical assistance will be agreed upon between the PFMR and DPs and will comprise some of the above-listed tasks.

Annex 5.3: TERMS OF REFERENCE FOR RESULTS TEAMS

Background and Objective

In addition to the established PFMR Strategy Structures, Results Teams will be responsible for ensuring the delivery of Program results, will be established and operational. Results teams will be structured around results areas groups of DLIs and depending on the most appropriate working structure.

Each DLI has a lead department identified, which will be responsible for overseeing the delivery of that DLI. Implementing departments will be responsible for delivery associated feasible actions to address PFM bottlenecks in service delivery and enable the achievement of DLRs. Results teams will be made up of Lead and Implementing Departments. The Results Team will report to Heads of Lead Departments responsible for the achievement of DLIs.

The results teams will be chaired by one of the lead departments. The lead department chairing the results team will report to the PFMR Secretariat, and the PFM Technical Committee and PFM Steering Committee on plans and the actual delivery of results.

Structure of Results Teams

The results teams will follow the following structure:

Name	Team Lead Department	DLIs for which Results Team Responsible	DLI Lead Department
Public Investment Management	Budget Department	DLI 1: Prioritized Public Investments	Budget Department, NT
Cash Management	Accounting Services, NT	DLI 2.1: Reliable funding for Service Delivery and Investment Projects	Accounting Services, NT
		DLI 2.2: Improved Revenue Projections	Macro & fiscal Affairs Department, NT
		DLI 2.3: Reliability of domestic financing	PDMO, NT
Procurement	Procurement Department, NT	DLI 3: Efficient and Transparent Procurement	Procurement Department, NT
HR	MoPSYGA	DLI 4: Consolidated Staff Data	MoPSYGA
Financial Statements and External Audit	Accounting Services, NT	DLI 5.1: Timely, Quality Assured, Financial Statements	Accounting Services, NT
	OAG	DLI 5.2 Timely, Efficient, Quality Audit:	OAG
Transparency and Fiduciary Assurance	Budget Department, NT	DLI Indicator 6.1: Transparent Institutions	Budget Department, NT
	Internal Audit, NT	DLI 6.2: Strengthened Fiduciary Assurance and Risk Management	Internal Audit, NT

Membership and Appointment of Members

Results teams membership will include, but not be limited to, a core membership of:

- Technical officers responsible for delivering feasible steps within respective implementing departments and reporting on their implementation.

- A chair, who will be from one of the lead departments. Where there is more than one lead department the other lead departments will be co-chairs. He/she will chair meetings and help ensure collaboration in each results area/DLI between implementing departments within/across MDAs
- A member of the PFMR Secretariat, who will provide the secretariat to meetings, and help ensure coordination in planning, budgeting, implementation, and reporting.

In addition, teams may also include:

- Representatives from service delivery MDAs involved in the implementation of the new processes and systems and the achievement of success indicator targets.
- Any other institutions with a direct interest in the reform process
- Technical advisors and external partners supporting the reform process and development/implementation of new systems.

Team members will be appointed by the Accounting Officer of the respective implementing MDAs on the advice of heads of department by relevant heads of department.

Tasks of the Results Teams include

- Identify feasible actions which are oriented towards resolving bottlenecks to service delivery and achieving DLIs, including key steps and success indicator targets.
- Ensure that relevant departments are assigned from each implementing MDA for the delivery of each feasible action within each result area and DLI.
- Collectively work through achievement of feasible actions, identifying risks and challenges, and adapting actions to ensure they remain oriented towards success.
- Ensure that variable reform inputs related to feasible actions are costed, budgetary units identified, and that these are integrated into a) departmental annual workplans b) PFMR annual workplans and c) budget allocations for the relevant budgetary units.
- Ensuring that heads of department and senior management (authorizers) and the PFMR secretariat are updated on progress towards achievement of results, and any challenges faced as implementation progresses
- As implementation progresses and the team's understanding evolves, updating the bottlenecks, underlying causes behind those problems, and the changes in behavior required to address those problems.

Reporting by Results Teams

- Implementing departments will report to the lead department on the planned and Implemented Actions oriented towards resolving bottlenecks and achieving DLIs and the costs of those activities before the end of each quarter.

- Each lead department will prepare elements of the summary quarterly report for the DLI under its responsibility, using the template in Annex 7 on:
 1. Issues for management attention in the achievement of DLRs
 2. The planned and actual status of DLIs.
 3. Planned and Implemented Actions oriented towards resolving bottlenecks and achieving DLIs.
 4. Evidence of compliance in the achievement of Disbursement Linked Results as specified in verification protocols and set out in Annex 2.2 and 8

- In addition, using the template in Annex 7 the implementing department will also prepare, at least on an annual basis:
 1. The Result team members
 2. The systems to be developed, adapted and used in achieving results and their status
 3. The costs of variable reform inputs for the current and subsequent financial year and the medium term

- In results teams where there are more than one lead department, the head of each lead department will submit their contributions to the report to the head of the department chairing the results team. The chair of the results team, with the support of the PFMR secretariat, will compile inputs from the different lead departments into a results team report.

- The head of the department chairing the results team will then submit the report to the PFMR Secretariat and the PFMR Technical Committee (and other governance arrangements as the case may be) on or before the 15th day after the close of each quarter.

Meetings of the Results Teams

Meetings will be held when needed and at least on a quarterly basis to collectively review progress in implementation, define future feasible steps and address challenges in implementation. The decision-making process will be on a majority vote basis (of members present during the meeting).

The PFMR secretariat will support the chair of the results team to organize meetings and facilitate the process.

Annex 6: Service Delivery MDAs and definition of Major Staffing, Operating Budget Lines and Capital Allocations

Annex 6.1 – Summary Definition and List of eligible MDAs and definition of Projects with major capital allocations and payrolls

Votes with Priority Programs	Major Staff Allocations	Major Allocations to Priority Operating Budget Lines	No. Service Delivery Projects with Major Capital Allocations
<i>Sub Program/Project Threshold (KES)</i>	<i>500,000,000</i>	<i>100,000,000</i>	<i>100,000,000</i>
1021 State Department for Interior	Yes	Yes	5
1023 State Department for Correctional Services	Yes	Yes	5
1032 State Department for Devolution	No	Yes	2
1063 State Department for Basic Education	No	Yes	10
1064 State Department for Vocational and Technical Training	No	Yes	4
1065 State Department for University Education	No	Yes	39
1081 Ministry of Health	Yes	Yes	14
1091 State Department of Infrastructure	Yes	Yes	127
1092 State Department of Transport	No	Yes	13
1094 State Department for Housing & Urban Development	No	No	14
1103 State Department for Water Services	No	Yes	32
1104 State Department for Irrigation	No	Yes	9
1105 State Department for Environment	No	Yes	7
1106 State Department for Natural Resources	No	Yes	12
1112 Ministry of Lands and Physical Planning	Yes	Yes	7
1122 State Department for Information Communications and Technology & Innovation	No	Yes	8
1123 State Department for Broadcasting & Telecommunications	No	Yes	2
1152 State Department for Energy	No	Yes	40
1161 State Department for Agriculture.	No	Yes	6
1162 State Department for Livestock.	Yes	Yes	5
1164 State Department for Fisheries and the Blue Economy	No	Yes	2
1185 State Department for Social Protection	No	Yes	4
1252 State Law Office and Department of Justice	No	Yes	0

1291 Office of the Director of Public Prosecutions	Yes	No	0
2091 Teachers Service Commission	Yes	No	0
No. Votes 25	8	22	367

Note: This list is to be updated annually in this POM

Source: Based on the Kenyan Approved Budget for Fiscal Year 2017/2018

Annex 6.2 – List of Service Delivery Programs

VOTE CODE TITLE	PROGRAMME CODE AND TITLE
1112 Ministry of Lands and Physical Planning	0101000 P. 1 Land Policy and Planning
1094 State Department for Housing & Urban Development	0102000 P.2 Housing Development and Human Settlement
1094 State Department for Housing & Urban Development	0105000 P 5 Urban and Metropolitan Development
1161 State Department for Agriculture.	0108000 P2: Crop Development and Management
1161 State Department for Agriculture.	0109000 P3: Agribusiness and Information Management
1164 State Department for Fisheries and the Blue Economy	0111000 P5: Fisheries Development and Management
1162 State Department for Livestock.	0112000 P 6: Livestock Resources Management and Development
2021 National Land Commission	0113000 P1: Land Administration and Management
1091 State Department of Infrastructure	0202000 P.2 Road Transport
1092 State Department of Transport	0203000 P3 Rail Transport
1092 State Department of Transport	0204000 P4 Marine Transport
1092 State Department of Transport	0205000 P5 Air Transport
1123 State Department for Broadcasting & Telecommunications	0208000 P2: Information and Communication Services
1122 State Department for Information Communications and Technology & Innovation	0210000 P4: ICT Infrastructure Development
1152 State Department for Energy	0212000 P2 Power Generation
1152 State Department for Energy	0213000 P3 Power Transmission and Distribution
1152 State Department for Energy	0214000 P4 Alternative Energy Technologies
1081 Ministry of Health	0401000 P.1 Preventive, Promotive & RMNCAH
1081 Ministry of Health	0402000 P.2 National Referral & Specialized Services
1063 State Department for Basic Education	0501000 P.1 Primary Education
1063 State Department for Basic Education	0502000 P.2 Secondary Education
1065 State Department for University Education	0504000 P.4 University Education
1064 State Department for Vocational and Technical Training	0505000 P.5 Technical Vocational Education and Training
1064 State Department for Vocational and Technical Training	0507000 P.7 Youth Training and Development
2091 Teachers Service Commission	0509000 P.1 Teacher Resource Management
1021 State Department for Interior	0601000 P.1 Policing Services
1023 State Department for Correctional Services	0604000 P1 Correctional services
1252 State Law Office and Department of Justice	0606000 P.1 Legal Services
1291 Office of the Director of Public Prosecutions	0612000 P.1 Public Prosecution Services
1321 Witness Protection Agency	0615000 P.1 Witness Protection

VOTE CODE TITLE	PROGRAMME CODE AND TITLE
1032 State Department for Devolution	0712000 P7: Devolution Services
1185 State Department for Social Protection	0908000 P 1: Social Development and Children Services
1185 State Department for Social Protection	0909000 P 2: National Social Safety Net
1105 State Department for Environment	1002000 P.2 Environment Management and Protection
1106 State Department for Natural Resources	1003000 P.3 Natural Resources Management and Protection
1104 State Department for Irrigation	1014000 P.4 Irrigation and Land Reclamation
1104 State Department for Irrigation	1015000 P.1 Water Storage and Flood Control
1103 State Department for Water Services	1017000 P.4 Water and Sewerage Infrastructure Development

Annex 6.3 – Definition of Budget items for Staffing, Service Delivery Operational Funding and Capital Allocations

Full Code	Description	PE	Fixed Capital	Operational
2110000	Wages and Salary Contributions	1	0	0
2120000	Social Contributions	1	0	0
2211000	Specialized Materials and Supp	0	0	1
2630000	Grants and Other Transfers to Other Government Units	0	1	1
2630100	Current Grants to Government Agencies and other Levels of Government	0	0	1
2630200	Capital Grants to Government Agencies and other Levels of Government	0	1	0
2640500	Other Capital Grants and Trans	0	1	0
3110000	Acquisition of Fixed Capital Assets	0	1	0
3120000	Acquisition of Inventories, Stock and Commodities	0	1	0

Annex 7: Annual Workplan and Reporting Templates

Annex 7.1 –Results Teams Reporting and Workplan Template

Summary Workplan and Quarterly Report

1. Key Issues for Management Attention

<i>DLRs to be achieved in current FY</i>		<i>Key Issues for Management Attention</i>
DLI x.x	DLR x.x.x	
DLI x.x	DLR x.x.x	
DLI x.x	DLR x.x.x	

2. Key Steps towards success

The table below sets out cumulative progress against the disbursement Linked indicators, which represent key steps and subsequent achievement of success indicators.

		DLI Baseline <i>By June 2017</i>	Indicative timeline for DLRs				
			<i>2017/18 - Y1 By June 2018</i>	<i>2018/19 - Y2 By June 2019</i>	<i>2019/20 – Y3 By June 2020</i>	<i>2020/21 – Y4 By June 2021</i>	<i>2021/22 – Y5 By June 2022</i>
			<i>Key Steps</i>			<i>Success</i>	
DLI x: xxxx	Plan	Disbursement:					
		- WB - AFD	\$ x million EUR x million	\$ x million EUR x million	\$ x million EUR x million	\$x million EUR x million	\$x million EUR x million
	Actual						

	DLI Baseline <i>By June 2017</i>	Indicative timeline for DLRs				
		2017/18 - Y1 <i>By June 2018</i>	2018/19 - Y2 <i>By June 2019</i>	2019/20 – Y3 <i>By June 2020</i>	2020/21 – Y4 <i>By June 2021</i>	2021/22 – Y5 <i>By June 2022</i>
		<i>Key Steps</i>			<i>Success</i>	
		Disbursement: - WB - AFD	\$ x million EUR x million	\$ x million EUR x million	\$ x million EUR x million	\$x million EUR x million

3. Summary Action Plan and Report

The table below shows a summary of planned feasible actions and the responsible departments over the next two years, and the progress in the current and previous year.

Resolved Problem	Actions						
	Completed by end June Y-1	Resp.	Planned by end June Y0	Achieved to date	Resp.	Planned by end June Y1	Resp.

4. Reporting on Disbursement Linked Results

Reports on specific DLRs to be achieved during the FY will be inserted in these sections, using formats from Annex 8 of the POM

Results Team Annexes - To be updated at least on an annual basis

Annex 1. Stakeholders to Deliver Success

Next it is important to identify the stakeholders required to deliver change and their roles, these include:

- The core team responsible for delivering the technical work and managing processes and systems associated with change
- The coalitions of actors that need to be built in support of reform
- The conveners and team leaders who will bring together the core teams and coalitions required
The authorizers who will provide and protect the space for achieving progress;

	Members	Role
Authorizers:		
Team Leaders:		
Results Team:		
Coalition Members:		

The results team will be composed of xxx members from the following departments:

Department	Number	Roles

The names and contacts of the Results Team are set out below:

Name	Designation	Department	Email	Tel.

Annex 2. Systems to Delivery Success

It is also important to identify the systems required for success. The table below shows the role of the system in success, the requirements to develop and adapt systems, and actions to ensure systems are complied with so that they contribute towards success

System	Role in Success	System Development & Adaptation	Ensuring Compliance

Annex 7.2 – Template for PFMR Strategy Workplans

Activities with cost implications from Results Team plans should appear in PFMR Strategy workplans with full costs allocated.

PFMRS				Activity Details					Timeframe				Budget			
PFMRS Theme / Subhead	County/National	PFMRS Result (GESDeK)	Responsible Department	Activity Number	Name of Activity	Description of Actions to be Carried Out	Modality to be used	Annual Milestone	Q1	Q2	Q3	Q4	Time Line (start and end dates)	Non-GoK Budget	Total budget	Non GoK Funding Source
Theme from PFMRS	C/N	Reference to PFMRS or GESDeK Result	Lead dept Any contributing depts	Ref no.	Name	Description of key activities	Standards provided by NCBP ie (guidelines, structured Learning, Technical Assistance etc)	Annual performance target for activity	x		x		Activity start and end dates	Of which donor	Of which GoK	GoK or name of donor

Annex 8: Formats for Results Team Reporting on Compliance with DLRs

Annex 8.1: DLI 1: Prioritized Public Investments

DLR 1a: PIM unit established in the National Treasury

	Yes/No	Brief Description and evidence of compliance provided
Structure Approved by the PS Treasury		
Staff formally assigned/and or recruited to work in the Unit		
PIM Unit assigned functional responsible for the development of the PIM Manual		
PIM unit assigned and undertaking functional responsibility for review of program appraisals		
PIM unit assigned and undertaking functional		

responsibility for e-promis,		
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DLR 1b: Approved PIM Manual and User Requirements for e-Promis which addresses key challenges in PIM including prioritization, costing and transparency

Minimum criteria in the PIM Manual	Yes/No	Brief Description/Comments and evidence provided
Project Identification and the Project Pipeline		
Project Design, costing and sequencing		
Project appraisal and appraisal review		
Budgeting for Projects in full over the medium term		
Reporting and M&E		
Approved by the PS		
Disseminated by NT to relevant MDAs		
User requirements for automation of the PIM system in place		

DLR 1c: UAT complete for upgraded e-Promis and IFMIS automating provisions of the PIM Manual

Format to be completed based on user requirements and definition of functional PIM systems on completion of DLR 1b at the beginning of FY18/19

Minimum PIM ICT Platform Capabilities	Yes/No	Brief Description/Comments and evidence provided

**DLR 1d: Projects with capital allocations above KES 100 million which are in compliance with procedures in the PIM Manual
Checklist for use of PIM Manual and E-PROMIS**

Format for checklist of use of PIM Manual to be defined and inserted here at the beginning of 2018/19 FY, which includes

- Appraisal reports are available
- The National Treasury has reviewed the appraisal report and the review states that the project at least meets appraisal criteria.
- The project has been budgeted for in the MTEF

Format for checklist on use of e-Promis in compliance with PIM Manual defined and inserted here at beginning of FY 19/20

Completed checklists will be prepared by results team and made available for all MDAs assessed.

Summary of results from Checklist for use of PIM Manual and E-PROMIS

No	Name of Project	Overall compliance with DLR (Yes/No)	Compliance with PIM manual based on checklist	Reasons for non-compliance	Compliance with e-Promis based on checklist	Reasons for non Compliance

DLR performance over time

Description	2018/19	2019/20	2020/21	2021/22
Projects with capital allocations above KES 100 million which are in compliance with procedures in the PIM Manual				

Annex 8.2: KRA 2: Reliable Funding for Service Delivery and Public Investment

DLI 2.1: Reliable Finding for Service Delivery

DLR 2.1 a: UAT of cash management and exchequer systems

UAT system functionalities	Yes/No	Brief Description/Comments and evidence provided
Automation of cash planning including: a system of annual MDA cash planning and in year revisions; aggregation of MDA cash plans		
Automation of exchequer requisitioning and release process including: Request for exchequer by MDAs; approval of exchequer by the COB and NT; Release of funds to MDA Bank Accounts		

DLR 2.1b: Guidelines adopted by the NT which require that revised MDA cash plans protect service delivery and infrastructure budget priorities

Minimum Requirements of guidelines	Yes/No	Brief Description/Comments and evidence provided
Definition of priority service delivery and project budget lines which will to be protected during execution (which include those prescribed in the POM)		
The process for revising cash plans in the year when there are revenue shortfalls including the protection of priority budget lines for service delivery		

DLR 2c: Average under-release of priority service delivery budget allocations expressed as a percentage of revised in year cash plans on a quarterly then monthly basis

Quarter/Month MDA under-release

A table produced for each quarter (FY 2018/19 and 2019/20) / month (2020/21 onwards)

List of applicable MDAs	Original Approved Budget (Printed Estimates)	Cash plan for Qx/Mx (a)	Exchequer Releases for Qx/Mx (b)	Q1 Under Release (c) = (a-b) where (a > b) otherwise 0	% Qx/Mx Under release (c)/(a)
Total for Qx/Mx					

Total Quarter/Monthly and Average Annual under-release

table produced broken down by quarter (FY 2018/19 and 2019/20) then by month (2020/21 onwards)

Period	Total Cash plan for Qx/Mx (a)	Total Exchequer Releases for Qx/Mx (b)	Q1 Under Release (c) = (a-b) where (a > b) otherwise 0	% Qx/Mx Under release (c)/(a)
Qx/Mx				
Qy/My				
Etc				
Q4/June	If cumulative revised cash plans < 95% of the annual budget then (95%-cumulative cash plans)			
Total				N/a
			Average Annual under-release of priority service delivery budget allocations expressed as a percentage of revised in year cash plans	Average of 4 Qs/ 12 months

DLR performance over time

Description	2018/19	2019/20	2020/21	2021/22
Average Annual under-release of priority service delivery budget allocations expressed as a percentage of revised in year cash plans – quarterly				
Average Annual under-release of priority service delivery budget allocations expressed as a percentage of revised in year cash plans - monthly				

DLR 2.1d: Annual exchequer releases to capital budget allocations as a % of approved budget (GoK component only)

Annual exchequer releases to capital budget allocations for year being assessed

List of applicable MDAs	Capital Budget Allocation as defined in POM	Annual Exchequer Releases	% Approved budget releases
Total			

DLR performance over time

Description	2018/19	2019/20	2020/21	2021/22
Annual exchequer releases to capital budget allocations as a % of approved budget				

DLI 2.2: Improved Annual Revenue Projections

DLR 2.2. Actual Revenue Collection as a % of the Annual Budget

Actual Domestic Revenue collection in the year being assessed

Domestic Revenue Head	Original Approved Budget (Printed estimates)	Domestic revenue collected	% Approved budget collected
Total			

DLR Performance over time.

Description	2017/18	2018/19	2019/20	2020/21	2021/22
Percentage of actual revenue collection as a % of the Annual Budget					

DLI 2.3: Reliability of Domestic Financing

DLR 2.3a In year borrowing plan (BP) consistent with delivering cash for MDAs based on a compilation of the cash plans using the new system

Minimum Requirements	Yes/No	Brief Description/Comments and evidence provided
Borrowing plan (BP) approved by Cash		

Minimum Requirements	Yes/No	Brief Description/Comments and evidence provided
Management Committee and PS		
BP sets out the value of the aggregated MDA cash plans and revenue projections by month from the system		
The type and quantity of borrowing to be taken by month during the year is prepared		
Any differences between aggregated revenue and expenditure plans nationally are explained and justified		

DLR 2.3b Average underperformance of quarterly net domestic borrowing as a percentage of what is planned in revised in year cash plans. *In year borrowing plan (BP) consistent with delivering cash for MDAs based on a compilation of the cash plans using the new system*

Minimum Requirements	Yes/No	Brief Description/Comments and evidence provided
Borrowing plan (BP) approved by Cash Management Advisory Committee and PS		
BP sets out the value of the aggregated MDA cash plans and revenue projections by month from the system		
The type and quantity of borrowing to be taken by month during the year is prepared		
Any differences between aggregated revenue and expenditure plans nationally are explained and justified		

Verification of Most Recent Revised aggregate cash plans in place for quarter

Period	Most Recent Aggregate Cash Plan used (date)	Balanced Cash inflows and outflows (Yes/No)	Outflows for Service delivery budget lines prioritised (yes/no)	No months prior to the end of the quarter plan approved by the Cash Management Committee ¹⁶ (must be at least 2 months).	Value of planned domestic financing for quarter
Q1					
Q2					
Q3					
Q4					

Average underperformance of quarterly net domestic borrowing as a percentage of what is planned for in most recent revised in year cash plan

Period	Total planned domestic financing in Most recent Revised cash plan for Quarter (a)	Total actual domestic financing in Quarter (b)	Under Performance (c) = (a-b) where (a > b) otherwise 0	% Under Performance (c)/(a)	Revised aggregate Cash Plan used
Q1					
Q2					
Q3					
Q4					
			Average Annual under-release of priority service delivery budget allocations expressed as a percentage of revised in year cash plans	Average of 4 Qs/ 12 months	

DLR performance over time

Description	2018/19	2019/20	2020/21	2021/22
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¹⁶ If the Cash Management has not been constituted, then the revised cash plan must be approved at a minimum by the DG Accounting Services

In year borrowing plan (BP) consistent with delivering cash for MDAs based on a compilation of the cash plans using the new system (yes/no)				
Average underperformance of quarterly net domestic borrowing as a percentage of what is planned in revised in year cash plans				

Annex 8.3: RA 3: Efficient Procurement

DLI 3: Efficient, Compliant and Transparent Procurement

DLR 3a) Roadmap agreed for the e-procurement system including State Procurement Portal, aligned to requirements of PPDA Act 2015 and regulations

Requirements	Yes/No	Brief Description/Comments and evidence provided
Agreed plan for upgrading e-procurement system and developing procurement portal that will deliver on requirements of procurement entities		

DLR 3b) UAT for upgraded e-procurement system and state procurement portal complete tested and in place following Open Contracting Data Standards

Checklist of functionality of an e-procurement system below completed at the beginning of FY 17/18 based on requirements set out in road map (DLR3a)

Area	Functionality in place and tested as recorded in UAT Report Yes/No	Brief Summary of compliance and evidence provided
Publication of appropriate information on tenders, awards, contract implementation from E-GP (Yes/No)		

Area	Functionality in place and tested as recorded in UAT Report Yes/No	Brief Summary of compliance and evidence provided
Information on complaints follow up and is linked to complaints handling data base (Yes/No)		
The site shows procurement plan associated with each MDA [e.g. link to budget portal or IFMIS] (Yes/No)		
Approvals have been granted on the system by appropriate officials (Yes/No)		
Required information made via the State Procurement Tender Portal (Yes/No)		
<i>Other areas from user requirements - 1</i>		
<i>Other areas from user requirements – 2</i>		
<i>Other areas from user requirements - etc</i>		

DLR 3c: MDAs using e-procurement system in compliance with the PPDA and regulations for the full fiscal year and procurement data disclosed in SPP following ODCDS¹⁷

Checklist for compliance with e-Procurement, PPADA and regulations

Checklist for compliance with PPADA and regulations using the e-procurement system presented here beginning of FY 19/20, which includes:

- All GoK and eligible donor procurements are carried out in the e-procurement system
- All required standard tender documents have been uploaded onto the system.
- The appropriate procurement method has been applied.
- Approvals have been granted on the system by the appropriate officials
- Required information been provided on contract implementation
- Required information made public via the State Procurement Portal tender portal

¹⁷ This applies to goods works and services procured under multi-year contacts in previous as well as the current financial year starting with procurements initiated the year the e-procurement system became operational.

- Any other requirements specified in the POM

Completed checklists will be prepared by results team and made available for all MDAs assessed.

Summary of MDA Compliance with MDA e-Procurement, PPADA and regulations

No	Name of MDA	Overall Compliance	Checklist area 1	Checklist area 2	Checklist area 3	Checklist area 4	etc	Comments

DLR performance over time

Description	2018/19	2019/20	2020/21	2021/22
No. MDAs using e-procurement system in compliance with the PPDA and regulations for the full fiscal year and procurement data disclosed in SPP following ODCDS	n/a			

Annex 8.4: RA 4: Consolidated Staff Data

DLI 4: Consolidated Staff Data

DLR 4a: Plan for GHRIS adopted by the MoPSYGA to handle consolidated HR Data

Requirements	Yes/No	Brief Description/Comments and evidence provided
Agreed plan in place for a human resource data management system which consolidates individual MDA payrolls developed in GHRIS		
Plan includes business processes, information requirements and interfaces between individual payrolls, consolidated database in		

Requirements	Yes/No	Brief Description/Comments and evidence provided
GHRIS and IFMIS with a common data structure		
Plan endorsed by relevant stakeholders such as the National Treasury; PSC Salaries and Remuneration Commission Teachers Service Commission and MoPSYGA		

DLR 4b: Number of MDAs whose payroll data has been uploaded to GHRIS and are up to date

Checklist for assessment of MDAs whose payroll data has been uploaded to GHRIS and are up to date

Checklist defining up to date service delivery payrolls on GHRIS once system is presented here beginning of FY 19/20

Checklist includes

- Data from the second most recent monthly salary payment has been uploaded
- Data is disaggregated by administrative unit (e.g. by department), including service delivery unit/facility where appropriate
- Data is consistent with the payroll system and IFMIS (structure and value)- i.e. the total value of staff paid by service delivery and administrative unit in the IFMIS and payroll system is consistent with GHRIS

Completed checklists will be prepared by results team and made available for all MDAs assessed.

Number of MDAs whose payroll data has been uploaded to GHRIS and are up to date

No	Name of MDA	Major Service Delivery Payroll (yes/no)	Overall Compliance	Checklist area 1	Checklist area 2	Checklist area 3	Checklist area 4	etc	Comments

DLR performance over time

Description	2018/19	2019/20	2020/21	2021/22
Number of MDAs whose payroll data has been uploaded to GHRIS and are up to date				
<i>Of these number of MDAs with major service delivery payrolls</i>	n/a			

Annex 8.5: RA 5: Timely and Quality Financial Statements and Audits

DLI 5.1-Timely, Quality Assured, Financial Statements

DLR 5.1 The percentage (%) that the National Treasury has reviewed the quality of MDA Annual Financial Statements consistent with IFMIS and has submitted consolidated accounts to the OAG within 4 months following end of the Government financial year

The national treasury has submitted consolidated accounts to the OAG within 4 months for the prior FY

	Status	Justification
Number of months after the close of the FY that the NT submits consolidated financial statements to the OAG		
Evidence that the OAG received consolidated statements (Yes/No)		
Consolidated financial statements are on the NT website or equivalent (Yes/No and link)		

Checklist for review of consistency of MDA annual financial statements and IFMIS by IVA

The IVA will compile the following table for all MDAs assessed by reviewing the Annual Financial Statements and IFMIS reports. The Director Accounting Services will provide/ensure appropriate access to the IFMIS is available to the IVA to compile these checklists.

Ref	Category of Economic Item	Amount in Financial Statement	Amount in IFMIS	Difference (if any)	Explanation for the variance (<i>Note: detailed supporting documentation to the variance to be maintained in file for review and verification</i>)
1	Receipts				
2	Payments				
3	Financial Assets				
4	Financial Liabilities				

For the assessment of the 2016/17 financial statements the DLR will be achieved if 1. receipts and 2. payments are consistent with the IFMIS. For subsequent years the DLR will be considered achieved if in addition to receipts and payments 3. financial assets and 4. Financial liabilities are also consistent with the IFMIS. MDA will be deemed to have fully complied if the variance between amounts in the financial statements and IFMIS is zero (variance = Kshs 0)

Checklist for review of quality of annual financial statements by NT

The IVA will establish whether review reports/checklists are in place the quality of vote Annual Financial Statements for list of MDAs in the POM signed by the reviewing officer and the Director of Accounting Services. The checklists will take the following form:

Quality Review Checklist for MDAs				
The National Treasury – Directorate of Accounting Services and Quality Assurance				
Entity :				
Quality review areas	Y	N	N/A	Comment
A) Non-Financial Information				
Review that:				
1) The correct template has been adopted and recommended reporting framework adopted as provided through the National Treasury Website: http://www.treasury.go.ke/downloads/category/38-financial-reporting-templates.html				
2) The financial statements are well-formatted and aligned.				
3) The financial statement line items including their respective notes that are not applicable in the template are removed /deleted. The numbering in the revised template has also been realigned.				
4) The financial statements are duly approved by the Accounting Officer and the Principal Accounts Controller and signed off in the: <ul style="list-style-type: none"> • Statement of Entity Management Responsibilities • Statement of Receipts and Payments • Statement of Assets and Liabilities • Statement of Cash Flows • Summary Statement of Appropriation: Recurrent and Development Combined • Summary Statement of Appropriation: Recurrent • Summary Statement of Appropriation: Development • Progress on the Follow-up of Auditor Recommendations 				
B) Entity Information and Overall Performance				
1) The key entity information and entity management has been completed. <ul style="list-style-type: none"> • The term "Entity" has been replaced with the name of the MDA in the entire document 				
2) The forward by the Cabinet Secretary of the parent Ministry has been included and signed off				
3) The statement of management responsibilities has been populated.				
C) Statement of Receipts and Payments				

Quality Review Checklist for MDAs				
The National Treasury – Directorate of Accounting Services and Quality Assurance				
Entity :				
Quality review areas	Y	N	N/A	Comment
Review that:				
1) The prior period balances agree to the audited financial statements.				
2) A breakdown listing the Transfers to and from Other Government Agencies has been provided.				
3) The Transfers to and from Other Government Agencies have been fully reconciled with the recipient/disbursing entity and the duly acknowledged (stamped) confirmations have been attached to the financial statements as an appendix.				
4) The statement of receipts and payments is in agreement to the GOK IFMIS Receipts and Payments Statement generated from IFMIS.				
5) Exchequer releases recognized in the financial statements are in agreement to the summary from the National Treasury's Exchequer Release Report.				
6) The balances tie to the notes.				
7) Casting has been done.				
D) Statement of Assets & Liabilities				
Review that:				
1) The prior period balances agree to the audited financial statements				
2) The statement of asset and liabilities is in agreement to the GOK IFMIS Statement of Financial Position generated from IFMIS				
3) The balances tie to the notes.				
4) Casting has been done.				
5) The fund balance carried forward from prior financial year agrees to the fund balance brought forward in the current financial year.				
6) The fund balance brought forward (in note 25) is supported by the assets and liabilities in the prior financial year.				
7) If the expense returns relating to prior years have been made in the current year, a prior year adjustment has been introduced to the Statement of Assets and Liabilities (in the "REPRESENTED BY" category) to capture these adjustments. Consequently, the fund balance brought forward in the current financial year will remain unchanged and will be the same as the fund balance carried forward from prior financial year.				

Quality Review Checklist for MDAs				
The National Treasury – Directorate of Accounting Services and Quality Assurance				
Entity :				
Quality review areas	Y	N	N/A	Comment
8) Correction of errors in the prior years has been captured through a prior year adjustment. This adjustment should be adequately supported and explained in the notes to the financial statements.				
9) The Net Financial Assets equals the Net Financial Position.				
E) Statement of Cash flows				
Review that:				
1) The opening balances agree to the audited accounts.				
2) The prior period balances agree to the audited financial statements.				
3) The statement of cash flow is in agreement to the GOK IFMIS Statement of Cash Flows generated from IFMIS				
4) Casting has been done.				
5) Cash and cash equivalent balance at END of the year agrees to the cash and cash equivalent balance in the Statement of Assets and Liabilities.				
F) Summary Statement of Appropriation: Recurrent and Development Combined				
Review that:				
1) Casting has been done.				
2) The summation of the totals in the respective recurrent and development appropriations agree to the combined appropriation.				
3) A commentary has been provided for any significant underutilization (below 90% of utilization) and any overutilization (above 100%).				
4) The "Actual on comparable basis column in the Combined Statement of Appropriation agrees to the Statement of Receipts and Payments.				
G) Summary Statement of Appropriation: Recurrent				
Review that:				
1) Casting has been done.				

Quality Review Checklist for MDAs				
The National Treasury – Directorate of Accounting Services and Quality Assurance				
Entity :				
Quality review areas	Y	N	N/A	Comment
2) A commentary has been provided for any significant underutilization (below 90% of utilization) and any overutilization (above 100%).				
H) Summary Statement of Appropriation: Development				
Review that:				
1) Casting has been done				
2) A commentary has been provided for any significant underutilization (below 90% of utilization) and any overutilization (above 100%).				
I) Notes to the Financial Statements:-				
Review that:				
1) The notes are complete and casted.				
2) In addition to financial information, further information in form of narratives has been provided to enrich the disclosures for the understanding of the users of the financial statements.				
3) The note numbers are correctly assigned and refer to the same line items in the primary financial statements.				
4) The prior period balances agree to the audited financial statements.				
5) Details of the various bank accounts have been disclosed including bank name, branch and account number				
6) Related party transactions have been disclosed by way of a note.				

Quality Review Checklist for MDAs				
The National Treasury – Directorate of Accounting Services and Quality Assurance				
Entity :				
Quality review areas	Y	N	N/A	Comment
J) Appendices to the Financial Statements:-				
1) Progress on the auditor’s recommendations has been completed. If the entity received a clean audit opinion, kindly indicate that.				
2) The pending bills have been disclosed (if applicable), including the date, beneficiary, description, amount and the reason why the amount was not settled by the due date. If the entity does not have pending bills, it should mark this disclosure as non-applicable and explain why.				
3) Summary of fixed asset register has been disclosed and the purchases in the year agree to the amount spent as reported in the Statement of Receipts and Payments.				
4) Detailed listings of accounts payable and accounts receivable are provided as applicable				
5) The financial data included in the “Forward by the Cabinet Secretary” is supported by and reconciled to the financial statements?				
6) The imprest balance is supported by and reconciles to the imprest register.				
7) The Board of Survey schedules including bank reconciliation statements have been attached for each of the bank account operated and reported in the Statement of Assets and Liabilities.				
8) Cash count certificates have been included an appendix, supporting any cash in hand balances as at year end.				
9) The following IFMIS generated reports have been attached to the financial statements:				
• GOK IFMIS Comparison Trial Balance				
• GOK IFMIS Receipts and Payments Statement				
• GOK IFMIS Statement of Financial Position				
• GOK IFMIS Statement of Cash Flows				
• GOK IFMIS Notes to the Financial Statements				
• GOK IFMIS Bank Reconciliation (F.0.30 Report) for all bank accounts				
• GOK IFMIS Statement of Budget Execution				
• GOK IFMIS Statement of Deposits				
• GOK IFMIS Budget Execution by Programmes and Sub Programmes				
• GOK IFMIS Budget Execution by Programmes and Economic Classification				
• GOK IFMIS Budget Execution by Heads and Programmes				

NB: This checklist was used for reviewing 2016/17 financial statements, prior to GESDEK effectiveness. If the checklists is changed for future years, the changed checklist will be included in the POM by NT in advance of the review of financial statements and this will be communicated to DPs financing GESDeK.

Completed checklists will be shown to the IVA by the Director Accounting for all MDAs assessed. As these checklists are internal documents, they need not be submitted to the PFMR or the World Bank, AFD and other Development Partners as supporting evidence.

Summary list of MDAs with annual financial statements that the National Treasury has reviewed the quality and which are consistent with IFMIS

Name of MDA	Overall compliance (yes/no)	Financial statements are consistent with IFMIS data in applicable MDAS (Yes/No)	Review reports/checklists are in place for the quality of AFS for eligible MDAs signed by the review and the Director Accounting Services (Yes/No)	Vote financial statements are on the NT website or equivalent (Yes/No and link)	Comments/Justification

DLR performance over time

Description	2017/18	2018/19	2019/20	2020/21	2021/22
The national treasury has submitted consolidated accounts to the OAG within 4 months after GoK year end (yes/no)					
<i>Total Number of service delivery MDAs</i>					
No. of MDAs annual financial statements that the National Treasury has reviewed the quality of and which are consistent with IFMIS					
% of MDAs annual financial statements that the National Treasury has reviewed the quality of and which are consistent with IFMIS					

DLI 5.2: Timely, Efficient, Quality Audits

DLR 5.2(a): Approval of audit codes that classify risk clusters to enable efficient targeting of audit resources

Requirements	Yes/No	Brief Description/Comments and evidence provided
OAG has issued a new set of audit codes, which are based on guidelines and agreed principles		
Audit codes have been reviewed by AFROSAI (or equivalent) as compliant and consistent with international standards		

DLR 5.2(b) Enhanced audit methodology and Quality Assurance Framework Approved

Requirements	Yes/No	Brief Description/Comments and evidence provided
The OAG has issued a new methodology that includes revised presentation of reports and a quality control assurance framework		
Audit methodology and quality assurance framework reviewed and approved reviewed by AFROSAI (or equivalent) as compliant and consistent with international standards		

DLR5.2c: percentage of MDAs whose financial statement audits have been completed within 3 months after OAG receipt of final financial statements using an improved methodology, undergone quality assurance

Checklist for MDA financial statements audits compliance with AMS, risk clustering and new methodology

Checklist for assessing compliance with AMS, risk clustering and new methodology in MDA financial statement audits presented here at beginning of 2019/20, which includes:

- financial statements and audits are fully documented on an Audit Management Software (for example Teammate),
- audits have been prepared using the new audit methodology, risk clusters have been applied and audits are presented in the revised format,

- the audits have undergone quality assurance and
- All required documentation has been uploaded onto the Audit Management Software.

Completed checklists will be prepared by results team and made available for all MDAs assessed.

Summary List of MDAs whose financial statement audits completed on time using an improved methodology, undergone quality assurance

Table format to be completed at beginning of 2019/20

Name of MDA	Overall compliance (yes/no)	Checklist area 1	Checklist area 2	Checklist area etc.	Comments/Justification

DLR performance over time

Description	2019/20	2020/21	2021/22
<i>Total Number of service delivery MDAs</i>			
No. MDAs whose financial statement audits have been completed within 3 months after OAG receipt of final financial statements using an improved methodology, undergone quality assurance			
% MDAs whose financial statement audits have been completed within 3 months after OAG receipt of final financial statements using an improved methodology, undergone quality assurance			

DLR 5.2d: Months between receipt by OAG of draft consolidated accounts from the NT to submission of national government audited accounts to Parliament

Date of receipt of consolidated financial statements from the NT	Date of submission of the Consolidated Statements to Parliament	No. of Months between receipt by OAG of draft consolidated accounts from the NT to submission of national government audited accounts to Parliament	Comments (including evidence attached).

DLR performance over time

Description	2017/18	2018/19	2019/20	2020/21	2021/22
Date of receipt of consolidated financial statements from the NT					
Date of submission of the Consolidated Statements to Parliament					
No. of Months between receipt by OAG of draft consolidated accounts from the NT to submission of national government audited accounts to Parliament					

Annex 8.6: RA 6-Strengthened Fiduciary Assurance and Transparency

DLI 6.1 Transparent Institution

DLR 6.1(a) MDAs can access multi-year itemized and facility level budget and outturn data for all MDAs in a searchable form through the budget module

Expanded user requirements of the Hyperion Module	Yes/No	Brief Narrative on compliance and evidence available (attached)
Expenditure for full COA code		
Non-financial data from the program budget		
Data by service delivery unit for major service delivery budget lines (outturn only)		
Available to all MDA users of Hyperion		

DLR 6.1 (b) UAT of online public interface which provides information in a searchable form on programs and projects and transfers to service delivery unit

User Requirements	Functionality in place and specified in User Acceptance Testing Yes/No	Brief Narrative on compliance and evidence available (attached)
Website available to provide data on projects and transfers to service delivery units		
User friendly interface for program plans and performance information		
Transfer to expenditure by service delivery unit		
Financial and non-financial information on capital infrastructure projects		

User Requirements	Functionality in place and specified in User Acceptance Testing Yes/No	Brief Narrative on compliance and evidence available (attached)
Information on website is up to date (not more than four months old)		
Fully consistent with IFMIS and other information systems		

DLR 6.1(c) Number of MDAs where information is publicly available online in searchable form on a) program expenditure and performance, b) project expenditure and performance and c) transfers to service delivery units

No	Name of MDA	Overall Compliance (Yes/No)	Program budgets and performance targets for the new FY	Program Expenditure and performance against target for up to Q3 of the previous FY	Project budgets for the new FY	Project expenditures up to Q3 of the previous FY	Transfers to individual service delivery units	Comments on compliance and evidence available (attached)
	Total							

DLR performance over time

Description	2018/19	2019/20	2020/21	2021/22
Number of MDAs where information is publicly available online in searchable form on a) program expenditure and performance, b) project expenditure and performance and c) transfers to service delivery units				

DLI 6.2-Strengthened Fiduciary Assurance and Risk Management

DLR 6.2(a) Complete Diagnostic Study of Internal Audit

Date of official submission of Internal Audit Diagnostic Study	Date of official acknowledgement of final report	Evidence of final report provided (Yes/No)

DLI 6.2(b): Updated Manuals and Q&A framework for internal audit in place

Table completed below at the beginning of 2018/19 based on recommendations of IAD study, which includes implementation of agreed proposals for:

- Enhanced tools for IAD effectiveness, including new MDA manuals which provide a strengthened framework for assurance and risk management and audit follow up .
- New Internal Audit Quality Assurance and Performance Improvement Framework to ensure enhanced tools are employed.

User Requirements – By close of 2017/2018 NT will have approved	Yes/No	Brief Narrative on compliance and evidence available (attached)

DLR 6.2(c) Annual and quarterly MDA internal Audit Reports have been prepared and undergone QA in line with enhanced procedures for assurance, risk management and audit follow up (2019/2020)

Checklist

Checklist completed below at the beginning of 2019/20 based on updated guidelines and tools which assesses whether

- MDAs have prepared Annual and Quarterly Internal Audit reports using the new methodology; and
- Reports have been subjected to the new QA framework

Completed checklists will be prepared by results team and made available for all MDAs assessed.

Annual and quarterly MDA internal Audit Reports have been prepared and undergone QA in line with enhanced procedures for assurance, risk management and audit follow up

Name of MDA	Overall Compliance	Annual and Quarterly Internal Audit reports se the new methodology Yes/No	Reports subjected to the new quality assurance framework	Comments
Total				

DLR performance over time

Description	2019/20	2020/21	2021/22
Annual and quarterly MDA internal Audit Reports have been prepared and undergone QA in line with enhanced procedures for assurance, risk management and audit follow up			

Annex 9: ENVIRONMENTAL CODES OF PRACTICE (E-WASTE)

INTRODUCTION

Project Description

The vision is to create “a public financial management system that is efficient, effective, and equitable for transparency, accountability and improved service delivery”. The overall goal of this Reform Strategy is to ensure ‘A public finance management system that promotes transparency, accountability, equity, fiscal discipline and efficiency in the management and use of public resources for improved service delivery and economic development”.

The PDO is to improve utilization and transparency of resource management in selected service delivery MDAs. Compared to the overall objective of the Government’s program, this PDO reflects that the operation does not facilitate expenditure prioritization between sectors or expenditure categories (which is why it does not include references to “use of public resources” and “Equity”). It also reflects that the operation does not directly target wider issues of “service delivery and economic development” but focuses on the enabling environment. Many additional reform actions would be needed along the results chain to achieve impact on economic development, amongst others

Program Objective

The objective is to “ensure a public finance system that promotes transparency, accountability, equity, fiscal discipline and efficiency in the management and use of public resources for improved service delivery and economic development”. The PDO of the PforR is closely aligned with this objective while reflecting that the Program will only support part of the Strategy. The PDO for the PforR is to improve utilization and transparency of resource management in selected service delivery MDAs

Rationale of this ECOP

The main environmental issues associated with the Program will be the recycle/disposal of obsolete electronic and electric equipment’s at the end of their useful lives (3-5years). Since regulations on disposal of e-waste in Kenya, is ongoing, this program-specific ECOP has been developed for the collection, transport, storage and disposal of e-waste from the program. It is anticipated that this program-specific ECOP will supplement and accompany more detailed national legislation and regulations for disposal of hazardous waste. The Implementing Agencies will need to ensure that they have procedures in place to meet the requirements of this ECOP, whether they are through private sector recycler or vendor take back schemes processes.

LEGAL AND POLICY FRAMEWORK

The Constitution of Kenya

Kenya has a supreme law in the form of the New Constitution which was promulgated on the 27th of August 2010 and which takes supremacy over all aspects of life and activity in the New Republic. The Constitution is the supreme law of the Republic and binds all persons and all State organs at all levels of government. This 2010 Constitution of Kenya provides the broad framework regulating all existence and development aspects of interest to the people of Kenya, and along which all national and sectoral legislative documents are drawn.

In relation to the environment, Article 42 of Chapter Four, The Bill of Rights, confers to every person the right to a clean and healthy environment, which includes the right to have the environment protected for the benefit of present and future generations through legislative measures, particularly those contemplated in Article 69, and to have obligations relating to the environment fulfilled under Article 70. Chapter 5 of the 2010 Constitution provides the main pillars on which the 77 environmental statutes are hinged.

Environmental Management and Coordination Act, 1999 amended 2015

The Environmental Management and Coordination Act of 1999 (EMCA) amended 2015 is an Act of Parliament that provides for the establishment of an appropriate legal and institutional framework for the management of the environment. The Act allows the Cabinet Secretary in charge of environment to gazette standards, regulations and guidelines for the proper management, conservation and protection of the environment.

EMCA, 1999 amended 2015 has a general definition of hazardous waste in the Fifth Schedule which describes e-wastes as having five distinct characteristics i.e. explosivity, flammability, oxidizivity, toxicity and corrosivity. The e-waste contains compounds of metals classified as hazardous wastes by virtue of its constituents. Section 5 of the e-waste Management Guidelines requires the e-waste generator to minimize e-waste and eliminate e-waste altogether as well as identifying and eliminating potential negative impacts of the product, enabling the recovery and reuse of the product, reclamation and recycling and incorporating environmental concerns in the design and disposal of a product. Sections 17-23 require the generators of hazardous waste to conduct an environmental and impact assessment (EIA) and labelled clearly the “hazardous waste”. The Designated National Authority uses Basel Convention guidelines, and NEMA over sees the entire transport of such materials.

The EMCA has introduced what is in effect is a parallel system for managing hazardous chemicals and hazardous waste. Section 91 provides the characteristics of hazard. The Act provides that hazardous waste and substances and chemicals shall not be imported into Kenya or exported from Kenya or transported through Kenya without a valid permit issued by the authority (NEMA). Where the e-wastes are being exported from Kenya the written consent of the receiving country must also be obtained. This is a requirement under the Basel Convention on the transboundary movement of hazardous waste, it is a 1989 convention and it imposes a system, which is known as prior informed consent requirement.

Under Section 93 the Act prohibits the discharge of hazardous substances or chemicals into any waters or other segments of the environment. A person who is responsible for the discharge shall pay the cost of removing the substance or chemicals including the cost incurred by the government in restoring the environment which has been damaged.

Part II of the Environment Management & Coordination Act, 1999 states that every person in Kenya is entitled to a clean and healthy environment and has the duty to safeguard and enhance the environment. In order to partly ensure this is achieved, Part VI of the Act directs that any new program, activity or operation should undergo environmental impact assessment and a report prepared for submission to the National Environmental Management Authority (NEMA), who in turn may issue a license as appropriate. The Act provides for the setting up of the various EIA (ESIA) Regulations and Guidelines, which are discussed below.

Environmental Impact Assessment and Audit Regulations, 2003

This regulation provides guidelines for conducting Environmental Impact Assessments and Audits. It offers guidance on the fundamental aspects on which emphasis must be laid during field study and outlines the nature and structure of Environmental Impact Assessments and Audit reports. The legislation further explains the legal consequences of partial or non-compliance to the provisions of the Act.

Environmental Management Co-ordination (Waste Management Regulations):

The regulation provides that a waste generator shall use cleaner production methods, segregate waste generated and the waste transporter should be licensed. The notice further states no person shall engage in any activity likely to generate any hazardous waste without a valid Environmental Impact Assessment license issued by the National Environment Management Authority (NEMA). The Environmental Management and Co-ordination (Waste Management) Regulations 2006, is the government’s legal instrument that deals with waste management in Kenya. Although there is no direct provision for e-waste, the e-waste Management Regulations 2006 apply to electronic waste by virtue of their composition, which includes several of the substances listed as hazardous waste.

Draft E-Waste Regulations

Kenya prepared draft guidelines for e-waste management in 2013, which are yet to come into force. Further, the Environmental Management and Co-ordination (Waste Management Regulations) regulations 2006, may apply to electronic waste where they can be classified as hazardous waste. In 2013, Kenya completed the development of e-waste regulations, which are still considered draft pending official gazette before enactment into law. Key highlights of the regulations include among others:

ENVIRONMENTAL CODE OF PRACTICE REQUIREMENTS

Electronic Waste and Potential Environmental Impacts

Electronic Waste (e-Waste) comprise of electronic/electrical goods which are not fit for their originally intended use or products that have reached their end-life. E-waste in this program will comprise computers, monitors, CPUs, tablets, laptops, printers, copiers, faxes, accessories such as (speakers, keyboards, cables, e.t.c), projectors, cell phones, chargers and other accessories. The e-waste contains hazardous substances present in the items when such wastes are dismantled and processed. E-waste if not managed properly, can be a dangerous threat to human health and the environment including persistent, bio-accumulative and toxic substances, such as brominated flame retardants, heavy metals (e.g., lead, nickel, chromium, mercury), and persistent organic pollutants (e.g., polychlorinated biphenyls (PCBs)). This threat can result from two sources. First, through leaching of hazardous substances, lead, mercury, cadmium, and lithium into the environment from e-waste that is disposed of in normal (non-engineered) landfills and refuse dumps. Second, through improper recycling techniques, which are employed in the informal recycling sector and improper domestic disposal.

Effective management of e-waste can ensure that these potential negative impacts are not realized because of this program. Indeed, through the increased awareness activities, it is expected that the program, guided by this ECOP, will have long-term positive impacts on public health.

E-Waste Management Approach

The approach adopted seeks to avoid the potential environmental impacts created by improper management of e-waste. Mitigation measures proposed comprise five fundamental stages or approaches namely (i) preparing e-waste disposal procedures, (ii) creating awareness and training of IAs on e-waste (iii) identifying e-waste for disposal, (iv) segregation of the e-waste (v) identification of licensed recycler and delivery of e-waste to the recycling/treatment facility.

- i. Preparing e-waste disposal procedures.** The Implementing Agencies will prepare procedures to guide the disposal of the e-waste that is procured under the program. The e-waste disposal procedures will lay down guidelines and procedures in disposing end of use electronic and electric assets and equipment consistent with this ECOP and involve the maintenance of checklists of compliance at least on an annual basis. These will be approved by the accounting officer of the implementing agency or an appropriate officer with authority to do so.
- ii. Creating awareness and training for Implementing Agencies staff on e-waste.** The program will create awareness among staff on the importance of e-waste management and, policies and procedures in place for safe disposal of e-waste. The program will ensure that workers handling e-waste are trained on personal protection, handling of hazardous products and handling e-waste. The program will collaborate with national entities such as NEMA and electronic vendors to help in improve e-waste management systems in Kenya.

- iii. **Identifying the e-waste for disposal.** This includes such items as computers, monitors, CPUs, tablets, laptops, printers, copiers, faxes, accessories such as (speakers, keyboards, cables, e.t.c), projectors, cell phones and any chargers
- iv. **Segregation and storage of e-waste.** Workers handling e-waste should be trained to segregate e-waste that can be refurbished for re-use, or donated to schools and other institutions and the rest of e-waste that needs to be disposed/recycled. The e-waste due for disposal should be properly stored to avoid leakage and emission of radioactive materials found within end of use electronic and electric products.
- v. **Identification of licensed recycler and delivery of e-waste to the recycling facility.** The program will identify NEMA accredited e-waste recycling company(ies) in Kenya and establish partnership or collaboration to ensure e-waste generated by the program is disposed appropriately. In Kenya the East African Compliant Recycling Company (EACRC) Limited located on the Mombasa Road in Nairobi, is an example of a private company that has been established with capacity to recycle and treat the e-waste at no cost to the waste generator. The EACRC is operating Kenya's first e-waste recycling facility, operating to international health, safety and environmental standards and establishing a local, sustainable IT e-waste recycling industry. The program can pursue partnerships with the major vendors of electronic and electric equipment for potential 'take back schemes'.

Capacity-Building and Monitoring of ECOP Implementation

As part of the capacity building to be provided for implementation of the proposed operations, the Implementing Agencies and relevant staff will receive training in the ECOP's application. The World Bank will monitor and provide guidance in the implementation of the ECOP. For this purpose, PIU will establish a monitoring mechanism as part of the program management system as part of its POM.

PUBLIC DISCLOSURE

This ECOP will be shared with all relevant stakeholders, relevant Implementing Agencies, and development partners. Subsequently, it will be disclosed on Ministries websites.

CHECKLIST FOR E-WASTE

The checklist below is designed for each implementing agency to maintain and update, at least on an annual basis, as a record of its implementation of the ECOP.

A: Background Information:

Name of the Agency:

B: E-waste disposal checklist

	Yes	No	Comments
Type of electronic and electric equipment to be purchased under Programme			
Quantity of e-equipment to be purchased			
Expected 'lifespan' for the electronic and electric equipment?			
Agency maintains up-to date registry of electronic and electric equipment purchased which includes equipment purchased under programme.	<input type="checkbox"/>	<input type="checkbox"/>	
Equipment Purchased from reputable vendor(s)	<input type="checkbox"/>	<input type="checkbox"/>	
Quantity and Description of obsolete e-equipment			
Obsolete equipment returned to the vendor	<input type="checkbox"/>	<input type="checkbox"/>	
E-waste segregated from other forms of waste	<input type="checkbox"/>	<input type="checkbox"/>	
Quantity and Description of e-waste for disposal			
Agency identified licensed 'recycler' for disposal and treatment of e-waste	<input type="checkbox"/>	<input type="checkbox"/>	
Does the recycling facility have appropriate health and safety, environmental, hazardous materials and quality materials management system	<input type="checkbox"/>	<input type="checkbox"/>	
E-waste delivered to recycling or treatment facility	<input type="checkbox"/>	<input type="checkbox"/>	

Annex 10: Formats for Program Reports

Annex 10.1: Annual Progress Report

Progress Report for period from To

1. EXECUTIVE SUMMARY
2. INTRODUCTION
3. KEY HIGHLIGHTS
4. ACHEIVEMENT OF RESULTS
5. PROGRAM MANAGEMENT

This section will provide a brief a summary of activities under each of the following categories:

- Results Verification Process – including update on timing of verification
- Disbursements including schedule of next disbursement deadlines
- Program Expenditures
- Financial Management
- Program Action Plan Implementation (by subset of activities: Planning and Budgeting; Internal Control; External Audit; Procurement; Governance and Anti-Corruption, Safeguards Treasury Management and Funds Flow)
- Fraud and Corruption – including cases and actions taken
- Grievance Redress – complaints and which ones were submitted to the World Bank
- Capacity Building Activities

6. LESSONS LEARNED
7. RISKS FOR PROJECT PROGRESS

APPENDIXES

- Results Framework Matrix, DLIs Matrix;
- Financial Management Report
- PAP Matrix
- Details of Program Expenditures
- Individual reports by each Results Team responsible for each DLI and feasible steps
- Copies of Verification letters and Disbursement requests

Annex 10.2: Mid-term Review Report

PROJECT IMPLEMENTATION

- a. Overall Achievement of Program Objectives
- b. Implementation Issues at Program Level
- c. Implementation Issues by non-DLI Result Areas
- d. Achievement by DLI and IRIs
- e. Program Expenditures
- f. Achievements of Program Action Plan
- g. Technical Assistance
- h. Monitoring and Evaluation and Reports.

FINANCIAL MANAGEMENT AND CONTROLS

- a. Planning and Budgeting
- b. Funds flow
- c. Financial reporting
- d. Internal Control

OTHER FACTORS AFFECTING IMPLEMENTATION

LESSONS LEARNED

FUTURE CHALLENGES AND THE WAY FORWARD

RECOMMENDATIONS AND AGREEMENTS

Annex 10.3: PROGRAM IMPLEMENTATION COMPLETION AND RESULTS REPORT

EXECUTIVE SUMMARY (2 pages) to give a summary of the main report

COUNTRY CONTEXT

SECTORAL AND INSTITUTIONAL CONTEXT

PROJECT IMPLEMENTATION

- a. Overall Achievement of Program Objectives
- b. Implementation Issues by Result Area
- c. Achievement by DLI
- d. Program Expenditures
- e. Achievements of Program Action Plan
- f. Technical Assistance
- g. Monitoring and Evaluation.

FINANCIAL MANAGEMENT AND CONTROLS

- a. Planning and Budgeting
- b. Funds flow
- c. Financial reporting
- d. Internal Control

LESSONS LEARNED

FUTURE CHALLENGES AND THE WAY FORWARD

RECOMMENDATIONS AND AGREEMENTS

ANNEXES

Annex 11- Program Expenditure Framework

Annex 11.1 Program Expenditure Framework

SCOA Codes relevant to the Program Expenditure Framework

<u>Codes for “Variable Costs”</u> <i>Non PE Current and Development Allocations</i>	<u>Codes for “Fixed Costs”</u> <i>Non PE Current Allocations</i>
<u>National Treasury</u>	
<p>0718000 P2: Public Financial Management</p> <ul style="list-style-type: none"> - 0718060 SP 2.6 National Public Financial Management Reforms <p><i>NB: following SP created to cater for KDSP</i></p> <ul style="list-style-type: none"> - 0718070 SP 2.7 County Public Financial Management Reforms <p>Head 1071100100: PFM Reform Project</p> <ul style="list-style-type: none"> Sub head 1071100101 – Reform Coordination Sub head 1071100102 – Macroeconomic and Intergovernmental Fiscal Relations Management Sub head 1071100103 – Management of Public Debt and External Resources Sub head 1071100104 – Strategic Planning, Resource Allocation & PIM Sub head 1071100105 – Public Procurement, Contract Management & Disposal Sub head 1071100106 – Budget Execution Accounting, Reporting and Internal Audit, Sub head 1071100107 – Integrated Financial Management Information System Sub head 1071100108 – Independent Audit & Oversight (OAG) Sub head 1071100109 – Human Resource Management (SYG, TSC, SRC) 	<p>All heads relevant to Programs</p> <p>Program2: Public Financial Management</p> <ul style="list-style-type: none"> Sub-Program 2.2 Budget Formulation Coordination and Management Sub-Program 2.3 Audit Services Sub-Program 2.4 Accounting Services Sub-Program 2.5 Supply Chain Management Services Sub-Program 2.7 Government Investment and Assets <p>Program3: Economic and Financial Policy Formulation and Management</p> <ul style="list-style-type: none"> Sub-Program 3.1 Fiscal Policy Formulation, Development and Management Sub-Program 3.2 Debt Management
<u>Ministry of Public Service, Youth and Gender Affairs, State Department for Public Service and Youth Affairs</u>	
	<p>Program 5: Public Service Transformation</p> <ul style="list-style-type: none"> Sub-Program 5.1 Human Resource Management Sub-Program 5.2 Human Resource Development Sub-Program 5.6 Public Service Reforms
<u>Auditor General</u>	
	<p>Program 1. Audit Services</p> <ul style="list-style-type: none"> Sub-Program 1.4 National Government Audit

Government program Expenditure Framework, “variable inputs”, KES million

0718060 SP 2.6 National Public Financial Management Reforms	2017/18	2018/19	2019/20	2020/21	2021/22	Total	Total (US\$M)
Head 1071100100: PFM Reform Project							
Sub head 1071100101 – Reform Coordination	20	50	50	33	33	187	1.8
Sub head 1071100102 – Macro-Economic and Fiscal Management	25	60	60	40	40	225	2.2
Sub head 1071100103 – Management of Public Debt and External Resources	-	40	40	27	27	134	1.3
Sub head 1071100104 – Strategic Planning, Resource Allocation & PIM	55	110	110	74	74	422	4.1
Sub head 1071100105 – Public Procurement, Contract Management & Disposal	55	220	220	147	147	790	7.6
Sub head 1071100106 – Budget Execution Accounting, Reporting and Internal Audit,	118	160	160	107	107	652	6.3
Sub head 1071100107 – Integrated Financial Management Information Systems	200	250	250	167	167	1,035	10.0
Sub head 1071100108 – Independent Audit & Oversight	100	100	100	67	67	434	4.2
Sub head 1071100109 – Human Resource Management	34	229	230	154	154	801	7.7
Total GoK GEDeK	607	1,219	1,220	817	817	4,680	45
Total DP support to PFMR Reform Project	416	416	416	416	416	2,130	20
50% DP and other GoK Allocations relevant to GESDEK	208	208	208	208	208	1,040	10
Total GesDeK	815	1,427	1,428	1,025	1,025	5,720	55

The Program Expenditure Framework for the program Supported by the PforR, “fixed inputs”, million

	Estimates	Projections				Total	
	2017/18	2018/19	2019/20	2020/21	2021/22		
Budget Item	KSH million	KSH million	KSH million	KSH million	KSH million	KSH million	US\$ million
National Treasury	2,446	2,609	2,550	2,493	2,493	12,591	121
0718000 P2: Public Financial Management	1,519	1,622	1,599	1,577	1,577	7,894	76
0718020 SP 2.2 Budget Formulation Coordination and Management	242	253	244	236	236	1211	12
0718030 SP 2.3 Audit Services	249	278	273	268	268	1,336	13
0718040 SP 2.4 Accounting Services	548	600	592	584	584	2,908	28
0718050 SP 2.5 Supply Chain Management Services	440	446	445	445	445	2,221	21
0719000 P3: Economic and Financial Policy Formulation and Management	927	987	951	916	916	4,697	45
0719010 SP 3.1 Fiscal Policy Formulation, Development and Management	842	893	862	831	831	4,259	41
0719020 SP 3.2 Debt Management	85	94	89	85	85	438	4
1211 State Department for Public Service and Youth Affairs	576	550	562	578	578	2,844	27
0710000 P 5: Public Service Transformation	576	550	562	578	578	2,844	27
0710010 S.P.5.1 Human Resource Management	86	90	97	104	104	481	5
0710020 S.P.5.2 Human Resource Development	367	381	400	420	420	1,988	19
0710060 S.P.5.6 Public Service Reforms	122	79	65	54	54	374	4
2111 Auditor General	1,616	1,654	1,693	1,732	1,732	8,427	81
0729000 P.1 Audit Services	1,616	1,654	1,693	1,732	1,732	8,427	81
0729040 SP. 1.4 National Government Audit	1,616	1,654	1,693	1,732	1,732	8,427	81
Total GESDeK Fixed Inputs	4,598	4,768	4,761	4,760	4,760	23,647	227

Annex 11.2 Disclosure Notes for Annual Financial Statements

The [Implementing Agency name] is an implementing agency under the Governance for Enabling Service Delivery Program for Results. The table below show annual and cumulative expenditures under the Program which form a subset of the [Implementing Agency name] in these financial statements:

Program Budget and Expenditure

Implementing Agency xxxx					
Budget Code	Budget description	Prior Year (audited)		Reporting year	
		Budget	Actual	Budget	Actual

Program cumulative expenditures [include prior years audited expenditures starting with 2017/18] and the reporting year expenditures]

	Implementing Agency	Actual Expenditures					
Budget Code	Description	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	TOTAL

Annex 12: Templates for Communicating Confirmation of Results and Disbursement

Annex 12.1: Request for Independent Verification Agent to Verify Results

Prepared by the PFMR Secretariat

(Name) Independent Verification Agent

Re: Governance for Enabling Service Delivery and Public Investment in Kenya
Results Achievement – Request for Verification

Dear

The purpose of this letter is to request you to carry out the verification of the achieved DLRs. For easy reference, we have attached the reports of DLI achievement and evidence for each DLR from the implementing departments. The POM is attached for reference to the verification protocols and reporting requirements.

Cc:

The World Bank
AFD Nairobi office
Other DPs supporting GESDeK
DG / CEO/ PS

Attachments

1. Reports on DLI achievement from implementing Departments
2. Supporting Evidence for DLI Achievement
3. Program Operations Manual

Annex 12.2 Results Achievement Confirmation – From the Independent Verification Agency

[Verification Agency Letterhead]

To Borrower/PS NT/Resource Mobilization Department
 Attention: [.....]

Re: [*Loan/Credit/Grant number for each DP’s financing agreement*] [*Program name*]
 Results Achievement – Verification Complete

Dear [*Madam/Sir*],

We refer to the [*Loan/Credit/Grant*] Agreement (“[*Loan/Credit/Grant*] Agreement”) between [*name of borrower/recipient*] (“Borrower”/”Recipient”) and the [*International Bank of Reconstruction and Development/International Development Association*] (“World Bank”) dated [*date*] and the [*Loan/Credit/Grant*] Agreement (“[*Loan/Credit/Grant*] Agreement”) between [*name of borrower/recipient*] (“Borrower”/”Recipient”) and the [*Agence Française de Développement*] (“AFD”) dated [*date*] for the above-noted Program.

Achievement of the results listed below has been verified in accordance with the provisions outlined in “DLI Verification Protocol Table” of the Project Operational Manual . Relevant documentation evidencing achievement of the achieved DLRs is attached herewith.

DLI	DLR	Result Achieved Under this Notification		Issues arising
<i>---DLI# {DLI # and description from disbursement table in legal agreement, for each DLI in the borrower’s Results Achievement Notification}</i>	<i>DLR# {DLR# and description from disbursement table in legal agreement, for each DLR in borrower’s Results Achievement Notification}</i>	<i>{insert specific results as submitted by borrower}</i>	<i>{insert specific results as confirmed by the task team}</i>	<i>State any issues relating to DLR reporting, supporting evidence and verification.</i>

Attachment 1: Verification Report

Attachment 2: Results Reports Verified and Evidence of Results Achievements

Annex 12.3: Results Achievement Notification to DPS

*Prepared By the PFMR Secretariat to the World Bank and other DPS
[National Treasury Letterhead]*

Date:

Ms/Mr. XXXXXX
Country Director
The World Bank
Delta Center, Menengai Road, Upper Hill
P.O. Box 30577-00100, Nairobi

Ms/Mr. XXXXXX
Regional Director
AFD Regional office in Kenya
Top Plaza Building, Kindaruma road
PO BOX 45955-00100 Nairobi, Kenya

Other DPS

Dear

GESDEK (CREDITS KE-XXXX AND XXXXXXX)
RESULTS ACHIEVEMENT NOTIFICATION FOR DLRs (XXXXXX)

We refer to the Financing Agreements for

- Credit Number XXXX-KE (GESDeK) between the Republic of Kenya and the International Development Association signed on XX XXXX
- Credit Number CKE XXXX (GESDeK) between the Republic of Kenya and AFD signed on XX XXXX
- Reference to other DP[s].

In accordance with the provisions of these Financing Agreements, we are pleased to inform you that the following Disbursement Linked Results (DLRs) have been achieved by the XXXXXXX

Disbursement Linked Result (DLR) number and description	Status	Disbursement Value

Achievement of these results has been verified in accordance with the provisions outlined in “DLI Verification Protocol Table” of the Project Operational Manual. Correspondence from the verification entity, to that effect and the documentation evidencing achievement of the achieved DLRs is attached herewith.

Yours,

Director General

Public Debt Management Office

FOR: PRINCIPAL SECRETARY/NATIONAL TREASURY

Attachments: Correspondence from Verification Agent
Evidence of achievement for each of the DLRs

CC. **PS Implementing Agencies**

Annex 13: COMPLAINTS LOG

MDA.....

Complaint No	Date Received	Details of Complaint	Responsible Department/Agency	Description of Progress	Results/Outcome	Feedback to complainant provided (dates)