

REPUBLIC OF KENYA



NATIONAL TREASURY AND PLANNING



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

**2018/2019 ANNUAL REPORT**  
*(1<sup>st</sup> July 2018- 30<sup>th</sup> June 2019)*

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## ACRONYMS

|                  |   |
|------------------|---|
| 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 Accountant 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                             |

|       |   |
|-------|---|
| 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                         |
| 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                                |

## **EXECUTIVE SUMMARY**

The Program for Results (PforR) to strengthen Governance for Enabling Service Delivery and Public Investment in Kenya (GESDeK) is a GoK/World Bank/AFD funded programme. The objective of the programme 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 programme focuses on the result areas namely Prioritized Public Investments, Reliability of Funding for Service Delivery, Procurement, Consolidating HR data, Financial Statements and External Audit and Transparency and Fiduciary Assurance.

In terms of the specific Disbursement Linked Results (DLRs) that were planned to be achieved by the end of June 2019, eight DLRs have been achieved, subject to verification (\$11.5m of WB and €6m of AFD resources respectively). This includes DLR1a: PIM unit established in National Treasury (IDA=\$2.5m, AFD=€1m), DLR 1b: Approved PIM Manual & user requirements for electronic Project Management Information System (e-ProMIS) which addresses key challenges in PIM including prioritization, costing and transparency (IDA=\$2.5m, AFD=€1m), DLR 2.1a: UAT of cash management and exchequer systems (IDA= \$1.5 m), DLR 5.1: 2016/17 Consolidated accounts submitted on time and, for 15% of (4) MDAs the National Treasury has reviewed the quality of Annual Financial Statements generated from IFMIS and has submitted to the OAG within 4 months (IDA = \$1m), DLR 5.2a: Approval of audit codes that classify risk clusters to enable efficient targeting of audit resources (IDA=US\$1m, AFD=€1m), DLR 5.2b: Enhanced Audit methodology and Quality assurance framework approved (IDA=\$0.5m, AFD=€1m), DLR5.2c: OAG completes 5 MDAs financial statement audits within 3 months after OAG receives final FS using an improved methodology (IDA= US\$2m, AFD=€1m), and DLR 5.2d: eight(8) Months or fewer between receipt of final consolidated financial reports by OAG and submission of the audited FS to Parliament (IDA=\$0.5m, AFD=€1m).

Going forward, to ensure timely implementation of the programme, the process of preparation, consolidation and approval of comprehensive PFMR strategy work plans needs to be expedited as a mechanism for disciplining program expenditures. Further, there is need for the PFMR Secretariat to secure additional budget allocations for 2019/20 to ensure smooth programme implementation.

## 1.0. INTRODUCTION

The Program for Results (PforR) to strengthen Governance for Enabling Service Delivery and Public Investment in Kenya (GESDeK) is a GoK/World Bank/AFD funded programme. The Programme is anchored on the Public Financial Management Reforms (PFMR) Strategy 2018-2023.

The objective of the programme 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 programme focuses on the result areas namely Prioritized Public Investments, Reliability of Funding for Service Delivery, Procurement, Consolidating HR data, Financial Statements and External Audit and Transparency and Fiduciary Assurance.

## 2.0. KEY HIGHLIGHTS

In terms of the specific Disbursement Linked Results (DLRs) that were planned to be achieved by the end of June 2019, the status can be summarized as follows:-

Eight DLRs have been achieved, subject to verification (\$11.5m of WB and €6m of AFD resources respectively). This includes:-

- i. **DLR 1a:** PIM unit established in National Treasury (IDA-\$2.5m, AFD=€1m)
- ii. **DLR 1b:** Approved PIM Manual & user requirements for electronic Project Management Information System (e-ProMIS) which addresses key challenges in PIM including prioritization, costing and transparency(IDA=\$2.5m, AFD=€1m)
- iii. **DLR 2.1a:** User Acceptance Testing(UAT) of cash management and exchequer systems (IDA= \$1.5 m)
- iv. **DLR 5.1:** Consolidated accounts for 2016/17 submitted on time and, for 15% of (4) MDAs the National Treasury has reviewed the quality of Annual Financial Statements generated from IFMIS and has submitted to the OAG within 4 months (IDA = \$1m)
- v. **DLR 5.2a:** Approval of audit codes that classify risk clusters to enable efficient targeting of audit resources (IDA=US\$1m, AFD=€1m)
- vi. **DLR 5.2b:** Enhanced audit methodology and quality assurance framework approved (IDA=\$0.5m, AFD=€1m)
- vii. **DLR 5.2c:** OAG completes 5 MDAs financial statement audits within 3 months after OAG receives final financial statements (FS) using an improved methodology (IDA= US\$2m, AFD=€1m)
- viii. **DLR 5.2d:** Eight(8) months or fewer between receipt of final consolidated financial reports by OAG and submission of the audited FS to Parliament (IDA=\$0.5m, AFD=€1m)

Six DLRs were not achieved by end of June 2019 (\$9.5m of WB and €2m of AFD resources respectively). This includes:-

- i. **DLR 2.3a:** In year borrowing plan consistent with delivering cash for Ministries, Departments and Agencies (MDAs) based on a compilation of the cash plans using the new system (IDA=\$2m, AFD=€1m)
- ii. **DLR 2.1b:** Guidelines adopted by NT require that revised MDA cash plans protect service and infrastructure budget priorities (IDA= \$1.5 m)
- iii. **DLR 3a:** Roadmap agreed for upgrading e-procurement system including State Procurement Portal (SPP), aligned to requirements of Public Procurement and Asset Disposal Act (PPADA) and attendant regulations (IDA= \$2m,AFD = €1m)
- iv. **DLR 4a:** Plan adopted for Government Human Resource Information System (GHRIS) to be enhanced to handle consolidated Human Resource (HR) data from MDAs which interfaces with Integrated Financial Management Information System (IDA = \$2m)
- v. **DLR 6.1a:** MDAs can access multi-year itemized and facility level budget and outturn data for all MDAs in searchable form via the budget module in IFMIS (IDA= US\$1m)
- vi. **DLR 6.2a:** Complete Diagnostic Study of Internal Audit (IDA= 1m)

### **3.0. ACHIEVEMENT OF RESULTS**

The Programme comprises of result areas namely Prioritized Public Investments, Reliability of Funding for Service Delivery, Procurement, Consolidating HR data, Financial Statements and External Audit and Transparency and Fiduciary Assurance. Progress by results area can be summarized as follows.

#### **3.1 Results area 1: Prioritized Public Investments**

##### ***3.1.1 DLI 1: Prioritized Public Investments***

- i. Public Investment Management (PIM) Unit formed and evidence of DLI being met provided to PFMR
- ii. Draft regulations developed based on guidelines updated following consultations and approved by PS in November 2018.
- iii. Subsequent revisions made and discussions ongoing with Parliament on going prior to formal submission by NT.
- iv. With Technical Assistance (TA) support from World Bank, Government prepared draft user requirements and report finalized in May. On this basis, PIM Department prepared TORs.

#### **3.2 Results area 2: Reliability of Funding for Service Delivery**

##### ***3.2.1 DLI 2.1: Reliable Funding for Service Delivery and Investment Projects***

- i. UAT Report in place against original user requirements.
- ii. Further automation of exchequer process including Controller of Budget (COB) authorization agreed and under pilot implementation ready for full roll out in 2019/20.
- iii. Budget implementation circular included reference to priority service delivery programs (PSDPs).
- iv. PSDP's replaced as "category 2" under proposed cash management framework
- v. Proposals include MDA cash limits by category linked to cash available in the aggregate cash plan.
- vi. Interim definition of category 2 and specific guidance on preparing cash plans within limits and requesting exchequer drafted but not communicated to MDAs.

##### ***3.2.2 DLI 2.2. Improved Revenue Projections***

- i. Kenya Revenue Authority (KRA) performed in at 91.6 % of 2017/18 supplementary budget.
- ii. Training on revenue forecasting by IMF taken place
- iii. Baseline and targets for DLI 2.2 agreed to be based on printed estimates.



### **3.2.3 DLI 2.3: Reliability of domestic financing**

- i. No approved consolidated cash plan for 2018/19 and DLR cannot be achieved in 2018/19.
- ii. Original Public Debt Management Office (PDMO) borrowing plan based on fiscal framework and not linked to an approved cash plan and therefore, it was not in compliance with DLR.
- iii. ASD with WB support, developing framework for Cash Management, including aggregate cash planning tool, and TORs for a Cash Management Committee and Technical Team responsible for overseeing cash plans.
- iv. Tools for PDMO to link borrowing plan to cash plan developed.

## **3.3 Results area 3: Procurement**

### **3.3.1 DLI 3: Efficient, and Transparent Procurement**

- i. Draft e-Procurement strategy and roadmap reviewed by an NT appointed committee which reported its findings in September 2018. Visit to Rwanda on benchmarking on end-to-end e-Procurement system done in March 2019
- ii. An agreement has been made to enhance the system and develop a standalone system in the medium term.
- iii. Business processes and specifications now to be prepared and strategy finalized with WB support

## **3.4 Results area 4: Consolidating HR data**

### **3.4.1 DLI 4: Consolidated Staff Data**

- i. TA firm was engaged as a consultant to undertake GHRIS assessment. However, the report did not meet the planned requirements
- ii. Agreement to complete GHRIS assessment exercise and develop business processes in-house.
- iii. Interagency task force established by NT and MoPSYGA to automate the payroll interfaced with IFMIS and GHRIS.
- iv. Payroll and HR data consolidation exercises to be coordinated to ensure interoperability

## **3.5 Results area 5: Financial statements and external audit**

### **3.5.1 DLI 5.1: Timely, Quality Assured, Financial Statements**

- i. Consolidated financial statements in place, and ASD review of quality of financial statements took place
- ii. Agreed to limit consistency with IFMIS to receipts and payments for 2016/17
- iii. Four (4) Service Delivery MDA met DLI, with payables and receipts consistent with IFMIS.

### **3.5.2 DLI 5.2: Timely, Efficient, Quality Audits**

- i. Objectives, principles and criteria for risk ranking of all auditable clients has been developed and approved by OAG.
- ii. Audit client risk framework, financial and compliance audit manual, policy control manual, compliance audit manual and Quality Assurance (QA) manual approved by OAG.
- iii. OAG applying new methodology to national MDAs with a view to achieving DLR5.2c a year early.
- iv. Checklist for compliance with new methodology and manuals agreed and being applied to MDAs.
- v. The last MDA audit was submitted to Parliament in May 2018 within 8 months of receipt.

## **3.6 Results area 6: Transparency and fiduciary assurance**

### **3.6.2 DLI 6.1: Transparent Institutions**

- i. Payment of schools not on the system. Consultations started between BD and sector ministries, but progress delayed by budget process.
- ii. Initial meetings held with Ministry of Health and Ministry of Education, but data not yet formally requested and obtained.
- iii. Analytical repository will be developed or information made public in parallel once data obtained.
- iv. The boost has been updated with the 2018/19 budget and the 2017/18 actuals. The standard table and user manual in place.

### **3.6.3 DLI 6.2: Fiduciary Assurance & Risk Management**

- i. The 1<sup>st</sup> draft of the diagnostic study was issued in November 2018. Additional comments provided by the teams.
- ii. Final draft from the diagnostic study is yet to be submitted

## **4.0. PROGRAMME MANAGEMENT**

This section provides a brief summary of activities under each of the following categories:-

### **4.1 Results Verification Process including update on timing of verification**

Implementing agencies/departments will provide evidence of achievement of their respective DLIs to the PFMR Secretariat. The PFMR Secretariat will compile the information on the status of achievement of results (as provided by the responsible implementing agencies/departments and supported by relevant results teams) by end of June, 2018.

An independent verification agent (IVA) will validate achievement of DLIs. Validation of results by the IVA will be based on the verification protocol and the templates elaborated in the Programme Operation Manual. The IVA (hired by the PFMR Secretariat) will conduct the verification of results by end of November, 2019. The IVA will work closely with the implementing agencies, first carrying out a preliminary assessment of each DLR on the basis of the evidence provided, then discussing and attempting to resolve any issues with the implementing agencies before submission to the PFR secretariat.

The PFM Technical Committee, which includes implementing agencies, the World Bank and Development Partners will then review the report and resolve any outstanding issues. The PS/NT will then submit the report to participating Development Partners after which WB and other DPs will communicate their decision on the IVA findings.

As part of the verification process, the PFMR Secretariat will be charged with the responsibility of *inter-alia*: (a) contracting the verification agent (b) facilitating the annual verification process in terms of providing the IVA with the necessary evidence, information and communication linkages between the implementing agencies/departments responsible for achievement of those results) (c) quality assurance that the verification protocol has been followed by the IVA (e) timely conduct of the verification process and (f) ensuring timely reporting of results by the IVA to the Technical Committee and Steering Committee (f) forwarding the verification reported to the WB and other development partners.

### **4.2 Disbursements including schedule of next disbursement deadlines**

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 partner (ii) Disbursement against DLR achievement (iii) DP specific requirements specified in individual financing agreements.

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 under against future DLR based on:-

- i. An assessment of the likely achievement of DLIs for the current and future years and the adequacy of allocations to variable costs for implementing agencies, consistent with the Expenditure Framework, to enable achievement of future

DLRs are provided for in the Budget for the current financial year and the medium term.

- ii. 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.

The verified DLRs achievement in the previous year will determine any reduction in WB disbursements resulting from lack of achievement of DLIs which will have to be “netted” against expected future achievements. In addition, the assessment of expected achievements in the current and future years will be informed by the actual achievement in the previous year and whether adequate resources have been allocated to implementing agencies to achieve the results in the budget.

AFD will support the GESDeK by disbursing according to the achievement of four (4) DLIs, using the verification protocols of the GESDEK. The DLI are (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.

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 agencies to launch the activities.

Once the achievement of DLRs is verified and the World Bank, AFD and other Development Partners (DPs) concur, the Government makes a disbursement request. Confirmation that a DLI is achieved will be based on agreed verification protocols for each DLI.

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

In 2017/18, \$18.35m was disbursed in July based on additional budget allocations for 2017/18 and effectiveness. Further, \$19.15m has been requested after incorporation of GESDeK allocations in 2018/19 budget in line with expenditure framework. The other disbursements will be made against DLIs achieved.

### **4.3 Program Expenditures**

The GESDeK programme had a total funding of Kshs 455,136,733.80 in 2018/19 which was rolled over from 2017/18. The allocation of the funds to result areas were Reform Coordination, Kshs 24,355,552.35, Macro, Kshs 10,197,952.12, Strategic Planning, Resource Allocation & PIM, Kshs 51,569,039.03, PPRA,PPD, Contract Management & Disposal, Kshs 25,000,000.00 , Budget execution Accounting, Reporting & Internal Audit, Kshs 48,718,116.10, PFM Systems, Kshs 200,000,000.00, Independent Audit & Oversight, Kshs 73,419,604.20 and HRM (MoPSYG & TSC), Kshs 21,876,470.00. Details on programme expenditures is in appendix 3.

## **4.4 Program Action Plan Implementation**

### ***4.4.1 Planning and Budgeting***

The 2018/19 supplementary proposal has been coded by PFMRS theme and disaggregated by National & County PFM. The supplementary budget for 2018/19 was approved up to Article 223 level including coding of the PFMR Government of Kenya (GoK) budget aligned with PFMR Strategy thematic areas. The 2019/20 budget and 2020/21 Medium Term Expenditure Framework (MTEF) is 0.2bn below Expenditure Framework levels in POM, annually.

### ***4.4.2 Internal Control***

Audit Committees established in MoPSYGA and NT. The composition of Audit Committee to change for OAG as a result of court ruling that rendered the legislative requirement illegal. Draft MDA templates has been prepared by IAD to establish Risk Registers and Internal Control and Risk Management Framework. PFM standing committees yet to be formed in MoPSYGA and NT.

### ***4.4.3 External Audit***

Disclosure note formats for GESDeK agreed with ASD. The note formats has been adopted by PFMR Secretariat, OAG and MoPSYGA and endorsed by the Public Sector Accounting Standards Board (PSASB). Reports yet to be designed in IFMIS to facilitate generation of reports on program expenditures. The procurement of auditor for the OAG is ongoing

### ***4.4.4 Procurement***

Amendments proposed to the existing business standards to enhance efficiency and shorten contracting lead time. Draft amendments to the Act and Regulations not yet approved. Manuals/ templates/standard forms and guidance notes on procurement filing and records management to be prepared consistent with the provisions of the Public Procurement and Asset Disposal (PPAD) Act 2015 and attendant Regulations. Debarment and suspended list of firms and individuals not shared with implementing entities. Implementation of e-procurement to start once UAT for upgraded e-procurement and State Procurement Portal is completed.

### ***4.4.5 Governance and Anti-Corruption***

Framework for PFMR complaints and reporting system has been set out in the POM. Further amendments necessary in the context of the Strategy POM. Ombudsman has reported that NT has complied with complaints reporting requirements. MoPSYGA has also complied. Anticorruption focal points appointed by the PFMR Secretariat, OAG and MoPSYGA.

### ***4.4.6 Safeguards Treasury Management and Funds Flow***

Unspent funds in 2017/18 carried forward to 2018/19 and approved under Article 223. No further release in 2018/19. Cash plans prepared based on work plans. However, delays in approval of the work plans by the Joint Technical Committee (JTC) and Steering Committee (SC) presented a challenge.

#### **4.5 Fraud and Corruption – including cases and actions taken**

There were no cases of fraud and corruption reported in the year under review

#### **4.6 Grievance Redress – complaints and which ones were submitted to the World Bank**

There were no complains within the programme in 2018/19.

#### **4.7 Capacity Building Activities**

The capacity building activities scheduled for 2018/19 were not undertaken due to lack of funds.

## 5.0. LESSONS LEARNED AND WAY FORWARD

The following are lessons learnt and the way forward:-

- i. Work plans:** The work plans for 2018/19 were finalised late in November, 2019. This affected the timely implementation of programme activities. The process of preparation, consolidation and approval of comprehensive PFMR strategy work plans needs to be expedited as a mechanism for disciplining program expenditures.
- ii. Budget Allocations:** There is need to secure additional budget allocations for the programme. The additional balances carried forward were accordingly appropriated in financial year 2018/19.

## 6.0. RISKS FOR PROJECT PROGRESS

The key risks to programme implementation are as follows:-

- i. Financial Statements:** The institutional financial statements for 2018/19 for the NT, MoPSYGA and OAG should be prepared reflecting outturns against budget for the GESDEK Program Expenditure Framework in disclosure notes as outlined in the POM.
- ii. External Auditor for OAG:** The recruitment of the external auditor to undertake the delayed external audit for the OAG as outlined in the Constitution and Audit Act 2012 ongoing.
- iii. Internal Control Frameworks:** Implementing MDAs are yet to put in place internal control frameworks in line with the Public Financial Management Act (PFMA). Procurement and grievance redress mechanism need to be operationalized in full.
- iv. E-Waste:** Provisions for management and disposal of e-waste need to be aligned with the provisions of procurement legislation. The recently replacement of IFMIS servers highlights the importance of action in this area.



## 7.0. APPENDICES

### *Appendix 1: Results Framework Matrix, DLIs Matrix*

#### *Appendix 1a: 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)                            |
|--|--|--|-------|--------------------|--|---|
| <b>Result Area 1: Prioritized Public Investments</b>                               | <b>PDO Indicator 1: Prioritized Public Investments.</b> 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   |
| <b>Result Area 2: Reliable Funding for Service Delivery and Public Investments</b> | <b>PDO Indicator 2.1: Reliable Funding for Service delivery and investment projects</b><br>a) Average under-release of priority operational service delivery budget allocations expressed as a percentage of |  | 2     | %                  | 8% on a quarterly basis for recurrent budgets for 25 service delivery MDAs (2015/16) | Below 8% of monthly service delivery cash plans |

| 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)            |
|---|---|--|-------|----------------------|--|---------------------------------|
|   | revised in-year cash plans on a monthly basis.  |  |       |                      |  |                                 |
|   | 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 |
|   |   | 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 %                      |
| <b>Result Area 3: Efficient Procurement</b> | <b>PDO Indicator 3: Efficient Procurement</b><br>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                        |

| 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 3: Upgraded e-procurement system including State Procurement Portal, aligned to requirements of PPAD Act & Regulations operational | 3     | Yes/No        | No   | Yes  |
| Result Area 4: Consolidated Staff Data                           | <b>PDO Indicator 4: Consolidated Staff Data</b> 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 |
|  |  | 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 | <b>PDO Indicator 5: Timely and Quality Financial Statements and Audit</b>  |   |       |               |  |  |
|  | 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   | 5     | 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)                                     |
|---|--|--|-------|---------------|--|--|
|   |  | enable efficient targeting of audit resource   |       |               |  |  |
|   |  | 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                                |
| <b>Result Area 6: Strengthened Fiduciary Assurance and Transparency</b> | <b>PDO Indicator 6a: Transparent Institutions</b><br>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  |

| 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) |
|----------------------------------|--|--|-------|---------------|--|----------------------|
|                                  | <p><b>PDO Indicator 6b: Strengthened Fiduciary Assurance and Risk Management</b></p> <p>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</p> |  | 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                  |
|                                  |  | IR Indicator 6.4: Complete diagnostic Study of internal audit  | 6     | Yes/No        | No   | Yes                  |

**Appendix 1b: 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  |
| <b>Result Area 1: Prioritized Public Investments</b>  |                                  |                                      |   |  |  |                           |                            |                            |
| <p><b>DLI 1: Prioritized Public Investments.</b></p> <p>Number of Projects with capital allocations above KES 100 million which are in compliance with procedures in the PIM manual.</p> <p>(Lead: Macro &amp; fiscal Affairs Department, NT)</p> | \$25 million                     | 16.7 percent                         | Project Identification Circulars in place | PIM Unit established in NT<br><br>Approved PIM Manual and user requirements for e-ProMIS which addresses key challenges in PIM including prioritization, costing and transparency. | 5 projects<br><br>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                |
| <b>Allocated amount for results areas 1:</b>  | <b>\$ 25 million</b>             | <b>16.7 percent</b>                  |   | <b>\$ 5 million</b>  | <b>\$ 5 million</b>  | <b>\$ 5 million</b>       | <b>\$5 million</b>         | <b>\$5 million</b>         |
| <b>Result Area 2: Reliable Funding for Service Delivery and Public Investments</b>  |                                  |                                      |   |  |  |                           |                            |                            |

|   | 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><b>DLI 2.1: Reliable funding for Service Delivery and Investment Projects</b></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>  |   |  |   |   |   |
| 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><b>DLI 2.2: Improved Revenue Projections</b></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><b>DLI 2.3: Reliability of domestic financing</b></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               |
| <b>Allocated amount for results areas 2:</b>  | <b>\$ 37 million</b>             | <b>24.6 percent</b>                  |                           | <b>\$ 5 million</b>   | <b>\$ 8 million</b>       | <b>\$ 8 million</b>       | <b>\$ 8 million</b>       | <b>\$ 8 million</b>       |
| <b>Result Area 3: Efficient and Transparent Procurement</b>   |                                  |                                      |                           |   |                           |                           |                           |                           |



|   | 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><b>DLI 3: Efficient and Transparent Procurement</b></p> <p>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.</p> <p>(Lead: Procurement Department, NT)</p> | \$ 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 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   |
| <b>Allocated amount for results area 3:</b>   | <b>\$ 21 million</b>             | <b>14 percent</b>                    |   | <b>\$ 2 million</b>  | <b>\$ 4 million</b>  | <b>\$ 5 million</b>   | <b>\$ 5 million</b>  | <b>\$ 5 million</b>                                      |
| <b>Result Area 4: Consolidated Staff Data</b>   |                                  |                                      |   |  |  |   |  |  |
| <p><b>DLI 4: Consolidated Staff Data</b></p> <p>Number of MDAs whose payroll data has been uploaded to GHRIS and are up to date.</p> <p>(Lead: MoPSYGA)</p>   | \$ 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   |
| <b>Allocated amount for results area 4:</b>   | <b>\$ 20 million</b>             | <b>13.3 percent</b>                  |   | <b>\$ 2 million</b>  | <b>\$ 3 million</b>  | <b>\$ 5 million</b>   | <b>\$ 5 million</b>  | <b>\$ 5 million</b>                                      |
| <b>Result Area 5: Timely &amp; Quality Financial Statements and Audits</b>  |                                  |                                      |   |  |  |   |  |  |

|  | 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><b>DLI 5.1: Timely, Quality Assured, Financial Statements</b></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><b>DLI 5.2 Timely, Efficient, Quality Audit:</b></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  |
| <b>Allocated amount to results area 5:</b>   | <b>\$ 27 million</b>             | <b>18.0 percent</b>                  |                           | <b>\$ 2 million</b>   | <b>\$ 3 million</b>   | <b>\$ 6 million</b>                    | <b>\$ 8 million</b>                                    | <b>\$ 8 million</b>                                     |
| <b>Result Area 6: Strengthened Fiduciary Assurance and Transparency</b>  |                                  |                                      |                           |   |   |  |  |   |
| <b>DLI Indicator 6.1: Transparent Institutions</b><br><br>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.<br><br>(Lead: Budget Supplies 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<br><br>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 |
| <b>6.2: DLI Strengthened Fiduciary Assurance and Risk Management</b><br>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.<br><br>(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              |
| <b>Allocated amount to result area 6:</b>  | <b>\$20 million</b>              | <b>16 percent</b>                    |   | <b>\$ 2 million</b>                         | <b>\$ 3 million</b>  | <b>\$ 5 million</b>       | <b>\$ 5 million</b>       | <b>\$ 5 million</b>       |
| <b>Total Financing Allocated:</b>  | <b>\$150 million</b>             | <b>100 percent</b>                   |   | <b>\$ 18 million</b>                        | <b>\$ 26 million</b>   | <b>\$ 34 million</b>      | <b>\$ 36 million</b>      | <b>\$36 million</b>       |

**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 |
| <b>Result Area 1: Prioritized Public Investments</b> |                                      |  |                           |                              |                           |                           |

|   | 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 |
| <p><b>DLI 1: Prioritized Public Investments.</b></p> <p>Number of Projects with capital allocations above KES 100 million which are in compliance with procedures in the PIM manual.</p> <p>(Lead: Macro &amp; fiscal Affairs Department, NT)</p> | € 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<br><br>UAT complete for enhanced e-ProMIS automating provisions of PIM Manual | 10 Projects               |
| AFD allocated amount:   |                                      |  |   | € 2 million   | € 4 million  | € 4 million               |
| <b>AFD allocated amount for results areas 1:</b>  | <b>€ 10 million</b>                  | 33 percent                               |   | <b>€ 2 million</b>  | <b>€ 4 million</b>   | <b>€ 4 million</b>        |
| <b>Result Area 2: Reliable Funding for Service Delivery and Public Investments</b>  |                                      |  |   |   |  |                           |
| <p><b>DLI 2.3: Reliability of domestic financing</b></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>                           | € 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               |
| <b>AFD allocated amount for results areas 2:</b>  | <b>€ 4 million</b>                   | 13 percent                               |   | <b>€ 1 million</b>  | <b>€ 1 million</b>   | <b>€ 2 million</b>        |
| <b>Result Area 3: Efficient and Transparent Procurement</b>   |                                      |  |   |   |  |                           |

|   | 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   |
| <p><b>DLI 3: Efficient and Transparent Procurement</b><br/> 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.</p> <p>(Lead: Procurement Department, NT)</p> | € 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 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   |
| <b>AFD allocated amount for results area 3:</b>   | <b>€ 6 million</b>                   | <b>20 percent</b>                        |   | <b>€ 1 million</b>   | <b>€ 3 million</b>   | <b>€ 2 million</b>  |
| <b>Result Area 5: Timely &amp; Quality Financial Statements and Audits</b>  |                                      |  |   |  |  |   |
| <p><b>DLI 5.2 Timely, Efficient, Quality Audit:</b><br/> 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.<br/> (Lead: OAG)</p>             | € 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   |
| <b>AFD allocated amount to results area 5:</b>  | <b>€ 5 million</b>                   | <b>17 percent</b>                        |   | <b>€ 1 million</b>   | <b>€ 2 million</b>   | <b>€ 2 million</b>  |

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

## Appendix 2: Programme Action Plan and Program Management

| Area                                  | Provisions in the POM/PAP  | Status and Issues  | Follow Up action   | Responsible   | Timing                              |
|---------------------------------------|--|--|--|---|-------------------------------------|
| <b>PROGRAM ACTION PLAN</b>            |  |  |  |   |                                     |
| <b>Budget Allocations</b>             | <ul style="list-style-type: none"> <li>Annual budget provisions under the PFMR Secretariat and respective implementing entities are matched to the Program Expenditure Framework which caters for annual estimated costs for the planned program activities to pre-finance inputs contributing to the achievement of the Disbursements Linked Results.</li> <li>Plan and budget resources to finance costs related to the independent verification agent.</li> </ul>                           | <ul style="list-style-type: none"> <li>2018/19 supplementary proposal coded by PFMR theme and disaggregated by national &amp; county PFM.</li> <li>Supplementary budget for 2018/19 approved up to Article 223 level including coding of the PFMR Government of Kenya (GoK) budget aligned with PFMR Strategy thematic areas.</li> <li>2019/20 budget and 2020/21 Medium Term Expenditure Framework (MTEF) 0.2bn below Expenditure Framework levels in POM, annually.</li> </ul> | <ul style="list-style-type: none"> <li>Program expenditure framework updated, which is aligned to the costing of thematic areas in the draft PFMR Strategy 2018-2023 for national PFM and MTEF.</li> <li>2019/20 budget for support to the PFMR Secretariat approved at printed estimates levels (GoK at KES 1.2b).</li> </ul> | PFMR,<br>CFO NT<br><br>PFMR,<br>CFO NT                    | Jun 19<br><br>Jun 19                |
| <b>Cash Management</b>                | <ul style="list-style-type: none"> <li>Timely release of exchequer funds commensurate with requests (as reflected in implementing agencies cash plans) from the implementing agencies to pre-finance inputs to achieve the Disbursements Linked Results.</li> </ul>  | <ul style="list-style-type: none"> <li>Unspent funds in 2017/18 carried forward to 2018/19 and approved under Article 223. NO further release in 2018/19</li> <li>Cash plans prepared based on work plans. However, delays in approval of the work plans by the Joint Technical Committee (JTC) and Steering Committee (SC) presented a challenge.</li> </ul>  | <ul style="list-style-type: none"> <li>PFMR Secretariat to prepare cash plan for 2019/20 linked to work plans and make exchequer requests on a quarterly basis.</li> </ul>   | PFMR  | Jul 19                              |
| <b>Financial Statements and Audit</b> | <ul style="list-style-type: none"> <li>Design specific reports in line with the expenditure framework to facilitate generation of program expenditures from IFMIS.</li> <li>Prepare Institutional financial statements with disclosure notes for program expenditure framework</li> <li>The three implementing agencies prepare institutional annual financial statements, which are quality assured, on time, with appropriate disclosure notes outlining the program expenditures</li> </ul> | <ul style="list-style-type: none"> <li>Disclosure note formats for GESDeK agreed with ASD. PFMR Secretariat adopted the note formats and adopted by PFMR Secretariat, OAG and MoPSYGA and endorsed by the Public Sector Accounting Standards Board. (PSASB).</li> <li>Reports yet to be designed in IFMIS to facilitate generation of reports program expenditures</li> <li>Procurement of auditor for the OAG ongoing</li> </ul>  | <ul style="list-style-type: none"> <li>Reports for notes designed on IFMIS</li> <li>OAG, MoPSYG and NT provide additional disclosure notes in financial statements.</li> <li>Appointment of OAG auditor completed</li> </ul>   | IFMIS,<br>ASD<br>OAAG,<br>MoPSYG,<br>NT<br><br>Parliament | Jul 19<br><br>Sep 19<br><br>Sept 19 |



| Area                              | Provisions in the POM/PAP   | Status and Issues  | Follow Up action   | Responsible  | Timing   |
|-----------------------------------|---|--|--|--|--|
|                                   | <p>in line with the agreed expenditure framework</p> <ul style="list-style-type: none"> <li>The auditor for the OAG has been appointed.</li> </ul>  |  |  |  |  |
| <b>Internal control framework</b> | <ul style="list-style-type: none"> <li>Implementing Agencies (MoPSYG, NT, OAG) Establish and maintain: (i) PFM Standing Committee; (ii) Audit Committees; (iii) Internal Risk Management Framework including F&amp;C risks; (iv) Risk Registers and Internal Control Framework in line with the PFM Act 2012 and PFM Regulations 2015</li> </ul>  | <ul style="list-style-type: none"> <li>Audit Committees Established in MoPYSG and NT. Composition of Audit Committee to change for OAG as a result of court ruling that rendered the legislative requirement illegal.</li> <li>Draft MDA templates prepared by IAD to establish Risk Registers and Internal Control and Risk Management Framework</li> <li>PFM standing committees yet to be formed in MoPSYG and NT.</li> </ul>   | <ul style="list-style-type: none"> <li>Templates issued by Cabinet Secretary (CS) to MDAs.</li> <li>Circular to IDs to establish (i)-(iv).</li> <li>MDAs (IAD, NT, OAG) to establish (ii)-(iv), writing memos etc. Government to seek legal guidance on the necessity of the committee in light of the Audit Committees that assume similar role.</li> </ul> | <p>IAD<br/>IAD<br/>MoPSYG,<br/>NT,<br/>OAG<br/>NT,<br/>PFMR,<br/>OAG,<br/>MoPSYG</p> | <p>Aug 19<br/>Aug 19<br/>Dec 19<br/><br/>Dec 19</p>  |
| <b>Procurement</b>                | <ul style="list-style-type: none"> <li>Implementing Agencies - compliance with the applicable business standards as per the Regulations</li> <li>Implementing Agencies establish a filing and records management system in accordance with the provisions of the PPAD Act 2015 and attendant Regulations</li> <li>PPRA shares on a quarterly basis with Implementing Departments the list of firms on the WB, UN, EU and French Financial Sanctions Lists.</li> <li>Implementation of e-procurement in the three implementing agencies as part of the first phase.</li> </ul> | <ul style="list-style-type: none"> <li>Amendments proposed to the existing business standards to enhance efficiency and shorten contracting lead time. Draft amendments to the Act and Regulations not yet approved.</li> <li>Manuals/ templates/standard forms and guidance notes on procurement filing and records management to be prepared consistent with the provisions of the Public Procurement and Asset Disposal (PPAD) Act 2015 and attendant Regulations.</li> <li>Debarment and suspended list of firms and individuals not shared with implementing entities.</li> <li>Implementation of e-procurement to start once UAT for upgraded e-procurement and State Procurement Portal is completed</li> </ul> | <ul style="list-style-type: none"> <li>Publish regulations in line with the original Act</li> <li>Expedite parliamentary approval of critical amendments.</li> <li>PFMR Secretariat communicates with MDAs the location debarred lists and the responsibilities of MDAs not to procure MDAs those lists. PPRA shares deon website.</li> </ul>                | <p>NT<br/>NT<br/><br/>PFMR<br/>Secretariat<br/>PPRA</p>                              | <p>Dec 19<br/>Dec 19<br/><br/>Aug 19<br/>Monthly</p> |

| Area                        | Provisions in the POM/PAP  | Status and Issues  | Follow Up action  | Responsible                                    | Timing                                    |
|-----------------------------|--|--|---|--|---|
| <b>Fraud and Corruption</b> | <ul style="list-style-type: none"> <li>Establishment of complaints and reporting system at the PFMR Secretariat</li> <li>Implementing agencies publish annual performance against the “resolution of public complaints” and “corruption prevention indicators” under the Performance Contacting system.</li> </ul> | <ul style="list-style-type: none"> <li>Framework for PFMR complaints and reporting system set out in the POM. Further amendments necessary in the context of the Strategy POM</li> <li>Ombudsman has reported that NT has complied with complaints reporting requirements. MoPSYG has also complied</li> <li>Anticorruption focal points appointed the PFMR Secretariat, OAG and MoPSYG</li> </ul>   | <ul style="list-style-type: none"> <li>Amend PFMR POM for all implementing MDAs to submit summary of complaints received and how they were handled in their quarterly reports.</li> <li>Check with the ombudsman with compliance with reporting</li> <li>Implementing departments provide reports to PFMR on a quarterly basis on relevant complaints in line with POM.</li> <li>PFMR compiles report in line with POM</li> </ul> | PFMR<br><br>PFMR<br>Implementing MDAs.<br>PFMR | Jun 19<br><br>Jul 19<br>Jul 19<br>July 19 |
| <b>Risk management</b>      | <ul style="list-style-type: none"> <li>Establish and maintain risk register for the program</li> <li>Reporting on recommendations made to mitigate against risks identified in the risk register</li> </ul>  | <ul style="list-style-type: none"> <li>Program risk register based PAP set in the POM</li> <li>PFMR to update its risks management framework and register integrating GESDeK and PFMR Strategy risks into the institutional risk management framework</li> <li>The PAP matrix represents first report against actions to address the risks identified.</li> <li>Updating of the PAP matrix done.</li> <li>Risk register will be updated based on actions completed and emerging MDA risks as they are identified.</li> </ul> | <ul style="list-style-type: none"> <li>PAP Status updated every 3 months in line with POM</li> <li>PAP Integrated with risk management framework for PFMR Strategy including GESDeK in POM.</li> </ul>  | PFMR<br><br>PFMR                               | Oct 19<br><br>Dec 19                      |
| <b>E-waste</b>              | <ul style="list-style-type: none"> <li>Managing and mitigating impacts associated with e-waste</li> </ul>  | <ul style="list-style-type: none"> <li>Framework (handling e-waste for ICT related e-waste) set out in POM but yet to be put into operation.</li> <li>The framework needs alignment with PPAD Act and regulations</li> </ul>   | <ul style="list-style-type: none"> <li>PFMR to request implementing agencies to complete checklist</li> <li>Implementing MDAs complete updated checklists</li> </ul>  | PFMR<br>S<br>Implementing MDAs.                | Jun 19<br>Jul 19                          |
| <b>PROGRAM MANAGEMENT</b>   |  |  |   |  |   |

| Area                                | Provisions in the POM/PAP   | Status and Issues  | Follow Up action  | Responsible  | Timing   |
|-------------------------------------|---|--|---|--|--|
| <b>Work-planning</b>                | <ul style="list-style-type: none"> <li>POM provides for work plan using PFMRS work plans</li> </ul>   | <ul style="list-style-type: none"> <li>Strategy work plans prepared for 18/19</li> <li>JTC approved work plans but not SC</li> </ul>   | <ul style="list-style-type: none"> <li>Approval of Strategy and 2018/19 Work plans by SC</li> <li>PRMR Strategy Matrix and work plans and prepared for 2019/20 and consolidated, covering all GoK and DP funded expenditures and distinguishing national and county. Consolidated PFMR Strategy Matrix and Work plans approved by TC, SC</li> </ul>   | PFMRS<br>SC<br>PFMR Secretariat<br>PFMRS<br>JTC and SC | Jul 19<br>Aug 19<br>Sep 19 (JTC)<br>Dec 19 (SC)          |
| <b>Results Teams</b>                | <ul style="list-style-type: none"> <li>Results teams are formally constituted</li> <li>POM requires results teams prepare action plans for the FY and quarterly reports on progress</li> <li>Results teams provide evidence on the achievement of DLRs</li> </ul> | <ul style="list-style-type: none"> <li>Most GESDeK results teams completed satisfactory action plans and costed 2018/19 activities.</li> <li>PFMR Strategy Results teams formally replaced GESDEK after adoption of the Strategy by JTC.</li> <li>Reporting on status of DLIs in progress</li> </ul> | <ul style="list-style-type: none"> <li>Report on status of DLRs achieved to date, with evidence completed.</li> <li>Report on additional DLIs achieved</li> <li>Formal appointment of Strategy Results teams following the approval by the SC.</li> </ul>   | Lead MDAs<br>Lead MDAs<br>PFMRS /MDAs                  | Jun 19<br>Aug 19<br>Aug 19                               |
| <b>Reporting on GESDeK Progress</b> | <ul style="list-style-type: none"> <li>PFMR Secretariat briefs senior management and technical committee quarterly on overall progress towards results</li> <li>PFMR Secretariat compiles Annual Progress Reports</li> </ul>                                      | <ul style="list-style-type: none"> <li>Annual progress for 2017/18 finalized and to be shared. Annual Progress report drafting for 2018/19 in progress.</li> <li>Initial GESDeK Report on DLIs Verification not under preparation.</li> </ul>  | <ul style="list-style-type: none"> <li>2017/18 and 2018/19 GESDeK progress reports shared with partners</li> <li>GESDeK POM updated to rely on Strategy Progress Reports with minimal GESDeK Specific reporting.</li> <li>GESDeK DLI matrix to be shared with PS/NT, PAS/MoPSYG and Auditor General and Senior Managers with covering note on key issues.</li> <li>PFMR Strategy Matrix and covering note to be shared with Accounting Officers and Senior Managers on a quarterly basis</li> </ul> | PFMR S<br>PFMR S<br>PFMR S<br>PFMR S                   | Aug 19<br>Jul 19<br>Jul 19<br>Oct 19<br>Jan 19<br>Apr 20 |
| <b>Verification of Results</b>      | <ul style="list-style-type: none"> <li>Independent verification takes place annually</li> </ul>   | <ul style="list-style-type: none"> <li>IVA contract in the process of being signed</li> <li>Verification to start in July which will enable results teams to catch up.</li> </ul>  | <ul style="list-style-type: none"> <li>Agree with IVA a verification schedule which allows DLRs achieved to be verified in July and August 2019.</li> <li>IVA to commence in July and verify results achieved for 2017/18 and 2018/19</li> </ul>  | PFMRS,<br>IVA<br>IVA<br>IA, PIMD,<br>OAG               | Jun 19<br>July 19<br>July 19                             |

| Area                                | Provisions in the POM/PAP  | Status and Issues  | Follow Up action  | Responsible                     | Timing                             |
|-------------------------------------|--|--|---|---------------------------------|------------------------------------|
|                                     |  |  | Reporting formats for a) compliance with new audit manuals b) PIM regulations, c) internal audit manuals and d) any other updates identified and included in GESDeK POM.  |                                 |                                    |
| <b>PFMR Coordination Structures</b> | <ul style="list-style-type: none"> <li>PFMRS technical Committee and Steering Committee meet regularly in line with the POM to review progress towards achievement of results.</li> </ul>  | <ul style="list-style-type: none"> <li>MoPSYGA and TSC included in PFMR SC and TC and in the development of the new PFMR strategy.</li> <li>Technical Committee met once in FY 2018/19. The SC expected to meet after presentation of the National Budget.</li> </ul>  | <ul style="list-style-type: none"> <li>PFMRS JTC reviews IVA report</li> <li>PFMRS SC reviews IVA report</li> </ul> <p>PFMR JTC meets quarterly and SC twice yearly subsequently.</p>   | JTC<br>SC<br>JTC, SC            | Sep 19<br>Oct 19                   |
| <b>Program Disbursements</b>        | <ul style="list-style-type: none"> <li>The WB will provide rolling advances against future DLRs based on: <ul style="list-style-type: none"> <li>i. The verification of results from the previous FY.</li> <li>ii. 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 MT consistent with the expenditure framework.</li> <li>iii. The value of DLRs expected to be in future will be greater than or equal to the value of the advance requested.</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>Up to \$37.5m available from WB as advance disbursements against future results. <ul style="list-style-type: none"> <li>\$18.35m was disbursed in July based on additional budget allocations for 2017/18 and effectiveness</li> <li>\$19.15m available after incorporation of GESDeK allocations in 2018/19 budget in line with expenditure framework. Awaiting supplementary budget proposal</li> <li>€5M being requested from AFD</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>NT to request second advance disbursement of \$19.15m from WB following approval of additional budget allocation for 2018/19 using agreed coding structure.</li> <li>Further advance request to WB equal to the value of verified of results Between €0M and €5M available as variable disbursement depending on the achievement of DLRs to be disbursed during 2018/19 budget.</li> </ul> | PFMRS<br><br>PFMRS<br><br>PFMRS | Jun 19<br><br>Nov 19<br><br>Nov 19 |
| <b>PFMRS and GESDeK POMs</b>        | <ul style="list-style-type: none"> <li>POM Updated Annually to incorporate <ul style="list-style-type: none"> <li>updated list of Service Delivery MDAs,</li> <li>updates to reporting on achievement of results</li> <li>other agreed changes required</li> </ul> </li> </ul>   | <ul style="list-style-type: none"> <li>POM updates for 2018/19 being compiled</li> <li>PFMR POM adopted by JTC and awaiting approval by SC. GESDeK is aligned to the draft POM.</li> <li>Draft list of Service Delivery MDAs in place but not formally communicated</li> </ul>   | <ul style="list-style-type: none"> <li>Formal communication of list of Category 2/PSDP MDAs</li> <li>PFMRS POM adopted by SC</li> </ul> <p>GESDeK POM revised to align with strategy and update verification protocols and reporting formats.</p>   | BD/AS<br>PFMRS,<br>SC<br>PFMRS  | Jul 19<br>Jul 19<br>Jul 19         |

| Area                             | Provisions in the POM/PAP  | Status and Issues  | Follow Up action  | Responsible | Timing  |
|----------------------------------|--|--|---|-------------|---------|
| <b>PFMR Secretariat Staffing</b> | <ul style="list-style-type: none"> <li>• PFMRS appoints focal points and alternates for:</li> <li>• GESDeK results teams.</li> <li>• Program coordination, complaints handling and e-waste.</li> </ul> | <ul style="list-style-type: none"> <li>• PFMR focal points for results team appointed,</li> <li>• Fiduciary, safeguards, complaints handling focal points to be aligned with the new PFMR Strategy once approved.</li> <li>• Recruitment process for GESDeK Coordinator commenced</li> </ul> | <ul style="list-style-type: none"> <li>• GESDeK coordinator appointed (AFD financed)</li> </ul> | PFMRS       | Sept 19 |

*Appendix 3: Details of Program Expenditures*

| <b>GESDeK ACTUAL BUDGET VERSUS EXPENDITURE PER COMPONENT AS AT JUNE 2019</b> |                       |                         |                       |                     |                    |
|--|-----------------------|-------------------------|-----------------------|---------------------|--------------------|
| <b>STATE AGENCIES</b>  | <b>BUDGET 18/19</b>   | <b>ACTUAL EXP 18/19</b> | <b>TOTAL</b>          | <b>BALANCE</b>      | <b>UTILIZATION</b> |
| <b>Reform Coordination</b>   | 24,355,552.35         | 24,355,552.35           | 24,355,552.35         | -                   | 100.00             |
| <b>Macro</b>   | 10,197,952.12         | 3,736,430.00            | 3,736,430.00          | 6,461,522.12        | 36.64              |
| <b>Strategic Planning, Resource Allocation &amp; PIM</b>                     | 51,569,039.03         | 51,569,039.03           | 51,569,039.03         | -                   | 100.00             |
| <b>PPRA</b>  | 25,000,000.00         | 3,886,312.50            | 24,640,881.78         | 359,118.22          | 98.56              |
| <b>PPD, Contract Management &amp; Disposal</b>                               |                       | 20,754,569.28           |                       |                     |                    |
| <b>Budget execution Accounting, Reporting &amp; Internal Audit - GESDeK</b>  | 48,718,116.10         | 22,059,087.50           | 46,535,745.15         | 2,182,370.95        | 95.52              |
| <b>Internal Audit - GESDeK</b>   |                       | 24,476,657.65           |                       |                     |                    |
| <b>PFM Systems</b>   | 200,000,000.00        | 200,000,000.00          | 200,000,000.00        | -                   | 100.00             |
| <b>Independent Audit &amp; Oversight ( OAG )</b>                             | 73,419,604.20         | 73,419,604.20           | 73,419,604.20         | -                   | 100.00             |
| <b>TSC</b>   |                       | 8,962,550.00            |                       |                     |                    |
| <b>HRM ( MoPSYGA )</b>   | 21,876,470.00         | 12,913,920.00           | 21,876,470.00         | -                   | 100.00             |
| <b>TOTAL</b>   | <b>455,136,733.80</b> | <b>446,133,722.51</b>   | <b>446,133,722.51</b> | <b>9,003,011.29</b> | <b>98.02</b>       |

**Appendix 4: Individual reports by each Results Team responsible for each DLI and feasible steps**

|   | <b>DLRs to be achieved by end June 2018</b>   | <b>DLRs to be achieved by end June 2019</b>   | <b>Follow up Actions</b>  | <b>Responsible</b>  | <b>Timing</b>   |                                  |                                       |
|---|---|---|---|---|---|----------------------------------|---------------------------------------|
| <b>DLI 1: Prioritized Public Investments.</b><br>Lead: PIM Department | <i>DLR1a: PIM unit established in NT.</i><br>IDA=\$2.5m,<br>AFD=€1m   | <ul style="list-style-type: none"> <li>Public Investment Management (PIM) Unit formed and evidence of DLI being met provided to PFMR</li> </ul>   | <i>DLR1c: User Acceptance Testing (UAT) complete for enhanced e-ProMIS automating provisions of PIM Manual</i><br>IDA= \$2.5m,<br>AFD=€1.5m                     | <ul style="list-style-type: none"> <li>Decision has been made on the model for upgrading e-promis to automate the PIM processes.</li> <li>The proposed approach in the automation of the PIM process is to layout comprehensive infrastructure and automation sequencing and roll out ready for operationalization in the next 6 months.</li> </ul> | <ul style="list-style-type: none"> <li>Start automation of the PIM workflows with target to complete full automation within 6 months.</li> <li>PIM Department to identify at least 10 projects up front to enable compliance with the new procedures by June 2020, which may include new and existing projects for appraisal. (DLR 1d)</li> <li>WB and PIM Department to agree compliance based on draft regulations for inclusion in POM (DLR 1d)</li> </ul> | PIMD<br><br>PIMD<br><br>WB, PIMD | July 19<br><br>July 19<br><br>July 19 |
|   | <i>DLR 1b: Approved PIM Manual &amp; user requirements for electronic Project Management Information System (e-ProMIS) which addresses key challenges in PIM including prioritization, costing and transparency</i><br>IDA=\$2.5m,<br>AFD=€1m | <ul style="list-style-type: none"> <li>Draft Regulations developed based on guidelines updated following consultations and approved by PS in November 2018.</li> <li>Subsequent revisions made and discussions ongoing with Parliament on going prior to formal submission by NT.</li> <li>With Technical Assistance (TA) support from World Bank, Government prepared draft user requirements and report finalized in May. On this basis,</li> </ul> | <i>DLR1d: 5 Projects with capital allocations above KES 100 million which are in compliance with procedures in the PIM manual.</i><br>IDA=\$2.5 m,<br>AFD=€2.5m | <ul style="list-style-type: none"> <li>WB and Public Investment Management (PIMU) yet to agree on compliance based on draft regulations for inclusion in Program Operations Manual (POM).</li> <li>PIM Department did not identify projects up front to support preparation and enable compliance.</li> <li>Therefore DLR1d cannot be</li> </ul>    |   |                                  |                                       |

|   | DLRs to be achieved by end June 2018  |  | DLRs to be achieved by end June 2019  | Follow up Actions   | Responsible  | Timing  |  |
|---|---|--|---|---|--|---|--|
|   |   | PIM Department prepared TORs.  |   | achieved by June 19.  |  |   |  |
| <b>DLI 2.2. Improved Revenue Projections</b><br>Lead: Macro & Fiscal Affair Department (MFAD)         | n/a   | <ul style="list-style-type: none"> <li>Kenya Revenue Authority (KRA) performed in at 91.6 % of 2017/18 suppl. budget.</li> <li>Training on revenue forecasting by IMF taken place</li> <li>Baseline and Targets for DLI 2.2. agreed to be based on printed estimates.</li> </ul>                   | <i>DLR 2.2: Domestic (tax plus non-tax) revenue collections for 2018/19 at least 92.5% percent of the annual budget IDA= \$2m</i>                           | <ul style="list-style-type: none"> <li>2018/19 under-performing unlikely to be met.</li> <li>MFAD with support from World Bank has undertaken recalibration of projection model and elasticities have been calculated jointly by KRA and NT which can impact on 2020/21 projections.</li> <li>2019/20 printed estimates based on old elasticities.</li> </ul> | <ul style="list-style-type: none"> <li>Investigate options for improving the realism of revenue estimates by Macro Department and Kenya Revenue Authority (KRA) in advance of the Budget Review and Outlook Paper (BROP), including the possibility of applying re-calculated elasticities in informing projections for the BROP</li> <li>Consider options and decide whether to put in place legislative changes to ensure that finance bill is approved before or alongside the appropriation bill.</li> </ul> | MFAD and KRA<br><br>MFAD, BD                                    | Sept 19<br><br>Dec 19                            |
| <b>DLI 2.3: Reliability of domestic financing</b><br>Leads: Accounting Offices Department (ASD), PDMO | <i>DLR 2.3a: In year borrowing plan consistent with delivering cash for Ministries, Departments and Agencies (MDAs) based on a compilation of the cash plans using the new system IDA=\$2m, AFD=€1m</i> | <ul style="list-style-type: none"> <li>No approved consolidated cash plan for 2018/19 and DLR cannot be achieved this FY.</li> <li>Original Public Debt Management Office (PDMO) borrowing plan based on fiscal framework and not linked to an approved cash plan and therefore, it was</li> </ul> | <i>DLR 2.3b: Average under performance of quarterly net domestic borrowing below 40 % of what is planned in revised in year cash plans IDA=\$2m AFD=€1m</i> | <ul style="list-style-type: none"> <li>DLI cannot be achieved by June 19 as not cash plan for the FY in place.</li> <li>DLI verification protocol for 2.3b adjusted to specify the cash plan required by August and not the first month of the FY.</li> <li>PDMO needs to put in place</li> </ul>   | <ul style="list-style-type: none"> <li><b>Constitute and appoint the Cash Management Committee (CMC) and Technical Team (CMTT)</b></li> <li><b>CMTT jointly develops an aggregate cash plan for 2019/20</b></li> <li><b>PDMO develop a debt issuance calendar based on the cash requirements from</b></li> </ul>   | ASD, PDMO, MFAD, BD, PIM<br><br>CMTT<br><br>PDMO<br><br>CMC, PS | Jun 19<br><br>Jul 19<br><br>Jul 19<br><br>Aug 19 |



|  | <b>DLRs to be achieved by end June 2018</b>   |  | <b>DLRs to be achieved by end June 2019</b>  |  | <b>Follow up Actions</b>  | <b>Responsible</b>  | <b>Timing</b>   |
|--|---|--|--|--|---|---|---|
|  |   | <p>not in compliance with DLR.</p> <ul style="list-style-type: none"> <li>• ASD, with WB support, developing framework for Cash Management, including aggregate cash planning tool, and TORs for a Cash Management Committee and Technical Team responsible for overseeing cash plans.</li> <li>• Tools for PDMO to link borrowing plan to cash plan developed.</li> </ul> |  | <p>measures to tracking this indicator, and it will be reviewed.</p>   | <p><b>the cash plan and puts in place mechanism for monitoring achievement of DLI.</b></p> <ul style="list-style-type: none"> <li>• <b>CMC and PS approves cash plan which includes revenue projections and debt inflows and outflows.</b></li> </ul>   |   |   |
| <p><b>DLI 2.1: Reliable Funding for Service Delivery and Investment Projects</b><br/>Lead: ASD</p> | <p><i>DLR 2.1a: UAT of cash management and exchequer systems</i><br/>IDA= \$1.5 m</p>                                 | <ul style="list-style-type: none"> <li>• UAT Report in place against original user requirements.</li> <li>• Further automation of exchequer process including Controller of Budget (COB) authorization agreed and under pilot implementation ready for full for roll out in 19/20.</li> </ul>  | <p><i>DLR2.1c: Average under-release of operational Priority Service Delivery Programs (PSDP) budgets less than 8% of revised in year quarterly cash plans.</i><br/>IDA = \$2m</p> | <ul style="list-style-type: none"> <li>• DLIs 2.1c cannot be met as there is no aggregate cash plan for 2019/20.</li> <li>• If Category 2 definitions for 2018/19 confirmed in POM, DLR 2.1d can be met by releasing exchequer in June.</li> </ul> | <ul style="list-style-type: none"> <li>• <b>Budget execution circular for 2019/20 provides for cash planning within category cash limits and MDAs making exchequer requests by category.</b></li> <li>• <b>Definition of categories approved as part of 19/20 cash plan</b></li> <li>• <b>Specific guidance issued, and MDA training conducted (DLR 2.1b).</b></li> <li>• <b>Deployment and operationalization of fully automated exchequer processes, including COB.</b></li> <li>• User requirements for adjustment of budget and cash</li> </ul> | <p>ASD, BD</p> <p>CMC, PS</p> <p>CMTT, MDAs</p> <p>ASD and All MDAs</p> <p>ASD, IFMIS, BD</p> <p>ASD, IFMIS, BD</p> | <p>Jun 19</p> <p>Jul 19</p> <p>Jul 19</p> <p>Jul 19</p> <p>Dec 19</p> <p>Apr 20</p> |
|  | <p><i>DLR2.1b Guidelines adopted by NT require that revised MDA cash plans protect service and infrastructure</i></p> | <ul style="list-style-type: none"> <li>• Budget Implementation circular included reference to Priority Service delivery programs (PSDPs).</li> <li>• PSDP's replaced as "category 2" under proposed cash</li> </ul>  | <p><i>DLR2.1d: Annual exchequer releases to GoK capital budget allocations at least 92% of the approved budget</i><br/>IDA= \$2m</p>   |  |   |   |   |
|  |   |  |  |  |   |   |   |

|   | <b>DLRs to be achieved by end June 2018</b>   |   | <b>DLRs to be achieved by end June 2019</b>  |   | <b>Follow up Actions</b>  | <b>Responsible</b>                                 | <b>Timing</b>   |
|---|---|---|--|---|---|--|---|
|   | <i>budget priorities. IDA= \$1.5 m</i>  | <p>management framework</p> <ul style="list-style-type: none"> <li>Proposals include MDA cash limits by category linked to cash available in the aggregate cash plan.</li> <li>Interim definition of Category 2 and specific guidance on preparing cash plans within limits and requesting exchequer drafted by not communicated to MDAs.</li> </ul>  |  |   | <p>management modules to allow for categorization of releases</p> <ul style="list-style-type: none"> <li>Development, testing and implementation of system adjustments.</li> </ul>  |  |   |
| <b>DLI 3: Efficient, and Transparent Procurement</b><br>Lead: PPD | <i>DLR3a: roadmap agreed for upgrading e-procurement system including State Procurement Portal (SPP), aligned to requirements of Public Procurement and Asset Disposal Act (PPADA) and attendant regulations. IDA= US\$2m AFD = €1m</i> | <ul style="list-style-type: none"> <li>Draft e-Procurement and Roadmap reviewed by an NT appointed a committee to which reported its findings in September 2018. Visit to Rwanda on benchmarking on end-to-end e-Procurement system in March 2019</li> <li>An agreement has been made to enhance the system and develop a standalone system in the medium term.</li> <li>Business processes and specifications now to be prepared and strategy</li> </ul> | <i>DLR 3b: UAT for upgraded e-procurement and State Procurement Portal Complete IDA = \$4m AFD = €3m</i> | <ul style="list-style-type: none"> <li>Implementation delayed by delays developing roadmap and business process.</li> <li>Interim enhancements being made to IFMIS procurement module and to the Tender Portal to provide for publication of contract awards</li> </ul> | <ul style="list-style-type: none"> <li><b>Follow-up on the formal approval on decision on e-Procurement stand-alone model interfaced with IFMIS and finalization of e-Procurement strategy and Roadmap by NT</b></li> <li><b>Follow up with the World Bank consultant to support the development of e-Procurement business processes and infrastructure specifications</b></li> <li><b>Roadmap and business processes approved by NT and PPRA</b></li> <li>Procurement of the agreed systems</li> </ul> | <p>PPD</p> <p>PPD/WB</p> <p>NT/PPRA</p> <p>PPD</p> | <p>Jun 19</p> <p>Jun 19</p> <p>Jul 19</p> <p>Jan 20</p> |

|  | <b>DLRs to be achieved by end June 2018</b>  |  | <b>DLRs to be achieved by end June 2019</b>  |  | <b>Follow up Actions</b>  | <b>Responsible</b>  | <b>Timing</b>                          |
|--|--|--|--|--|---|---|--|
|  |  | finalized with WB support/   |  |  |   |   |  |
| <b>DLI 4: Consolidated Staff Data</b><br>Lead: MoPSYG                      | <i>DLR4a: Plan adopted for Government Human Resource Information System (GHRIS) to be enhanced to handle consolidated Human Resource (HR) data from MDAs which interfaces with Integrated Financial Management Information System (IFMIS) IDA = \$2m</i> | <ul style="list-style-type: none"> <li>TA Firm was engaged as a consultant to undertake GHRIS assessment. However, the report did not meet the planned requirements</li> <li>Agreement to complete GHRIS assessment exercise and develop business processes in-house.</li> <li>Interagency task force established by NT and MoPSYG to automate the payroll interfaced with IFMIS and GHRIS.</li> <li>Payroll and HR data consolidation exercises to be coordinated to ensure interoperability</li> </ul> | <i>DLR 4b: 2 MDAs have payroll data uploaded to GHRIS and data are up to date. IDA= \$3m</i>   | <ul style="list-style-type: none"> <li>Delays in development of Plan and business processes mean upgrading GHRIS delayed and so payrolls cannot be uploaded.</li> </ul>                            | <ul style="list-style-type: none"> <li><b>Establish an inter-agency technical team to undertake the development plan and implementation.</b></li> <li><b>Carry out assessment, develop implementation plan, business processes, technical and user requirements for upgraded GHRIS in house consistent with plans for payroll system linked to IFMIS, with TA support from WB.</b></li> <li><b>Plan/Strategy and Business process discussed, finalized and endorsed by stakeholders.</b></li> </ul> | MoPSYGA,<br><br>MoPSYGA, WB, SRC<br><br>MoPSYGA, NT, PSC, SRC, TSC, PSPMU. PD | Jun 19<br><br>Aug 19<br><br>Aug 19     |
| <b>DLI 5.1: Timely, Quality Assured, Financial Statements</b><br>Lead: ASD | <i>DLR 5.1: 2016/17 Consolidated accounts submitted on time and, for 15% of (4) MDAs the National Treasury has reviewed the quality of Annual</i>  | <ul style="list-style-type: none"> <li>Consolidated financial statements in place, and ASD reviewed quality of financial statements took place</li> <li>Agreed to limit consistency with IFMIS to receipts and payments for 2016/17</li> <li>4 Service Delivery MDA met DLI,</li> </ul>  | <i>DLR 5.1: 2017/18 Consolidated accounts submitted on time and, for 20% of (6) MDAs the National Treasury has reviewed the quality of Annual Financial Statements</i> | <ul style="list-style-type: none"> <li>Financial statements from 30 MDAS currently reconciled by Income and Expenditures against reconciliation balances in IFMIS, but financial assets</li> </ul> | <ul style="list-style-type: none"> <li><b>Enhancement of Cash module to ensure auto reconciliations is functional</b></li> <li>For the target MDAs, full reconciliation between the Financial Statements and IFMIS balances (revenue, receipts, financial assets and liabilities)</li> </ul>  | ASD: FRU and PSASB<br><br>ASD,IFMIS, FRU and PSASB<br><br>ASD: FRU and PSASB  | Aug 19<br><br>Aug 19<br><br>Quarterly. |

|  | <b>DLRs to be achieved by end June 2018</b>   |   | <b>DLRs to be achieved by end June 2019</b>  |  | <b>Follow up Actions</b>  | <b>Responsible</b> | <b>Timing</b> |
|--|---|---|--|--|---|--------------------|---------------|
|  | <i>Financial Statements generated from IFMIS and has submitted to the OAG within 4 months. IDA = \$1m</i>                                 | with payables and receipts consistent with IFMIS.   | <i>generated from IFMIS and has submitted to the OAG within 4 months. IDA = \$2m</i>   | and liabilities not yet reconciled.<br><ul style="list-style-type: none"> <li>DLR requires reconciliation of MDAs annual financial statements by income, expenditures, assets and liabilities for 2017/18 and therefore DLR not met.</li> <li>Auto-reconciliation challenges still outstanding and expected to be resolved before end of June 2019.</li> </ul> | <ul style="list-style-type: none"> <li>Consistently ensure Financial Statements review evidence maintained by the ASD Financial Reporting Unit (FRU)</li> </ul>                                   |                    |               |
| <b>DLI 5.2: Timely, Efficient, Quality Audits</b><br>Lead: Office of the Auditor General (OAG) | <i>DLR 5.2a: Approval of audit codes that classify risk clusters to enable efficient targeting of audit resources IDA=US\$1m, AFD=€1m</i> | <ul style="list-style-type: none"> <li>Objectives, principles and criteria for Risk Ranking of all auditable clients has been developed and approved by OAG.</li> </ul>   | <i>DLR5.2c: OAG completes 5 MDAs financial statement audits within 3 months after OAG receives final FS using an improved methodology IDA= US\$2m, AFD=€1m</i>       | <ul style="list-style-type: none"> <li>OAG applying new methodology to national MDAs with a view to achieving DLR5.2c a year early.</li> <li>Checklist for compliance with new methodology and manuals agreed and being applied to MDAs.</li> </ul>  | <ul style="list-style-type: none"> <li>OAG applies checklist to MDAs where new methodology applied to measure achievement of DLR 5.2c</li> <li>Evidence of achieving DLR 5.2d applied.</li> </ul> | OAG                | Jun 2019      |
|  | <i>DLR 5.2b: Enhanced Audit methodology and Quality assurance framework approved IDA=\$0.5m, AFD=€1m</i>                                  | <ul style="list-style-type: none"> <li>Audit client risk framework, financial and compliance audit manual, policy control manual, compliance audit manual and Quality Assurance (QA) manual approved by OAG.</li> </ul> | <i>DLR 5.2d: 8 Months or fewer between receipt of final consolidated financial reports by OAG and submission of the audited FS to Parliament IDA=\$0.5m, AFD=€1m</i> | <ul style="list-style-type: none"> <li>The last MDA audit was submitted to Parliament in May 2018 within 8 Months of receipt.</li> </ul>   |   | OAG                | Jun 2019      |

|  | DLRs to be achieved by end June 2018  |   | DLRs to be achieved by end June 2019  |  | Follow up Actions  | Responsible | Timing |
|--|---|---|---|--|--|-------------|--------|
|  |   |   |   |  |  |             |        |
| <b>DLI 6.1: Transparent Institutions</b><br>Lead: Budget Department (BD) | <i>6.1a MDAs can access multi-year itemized and facility level budget and outturn data for all MDAs in searchable form via the budget module in IFMIS IDA= US\$1m</i> | <ul style="list-style-type: none"> <li>• Payment of schools not on the system. Consultations started between BD and Sector Ministries, but progress delayed by budget process.</li> <li>• Initial meetings held with Ministry of Health (MoH) and Ministry of Education (MoE), but data not yet formally requested and obtained.</li> <li>• Analytical repository will be developed or information made public in parallel once data obtained.</li> <li>• The boost has been updated with the 2018/19 budget and the 2017/18 actuals. The standard table and user manual in place.</li> </ul> | <i>DLR 6.1b UAT of online public interface that provides information in a searchable form on programs, projects and transfers to service units IDA=\$1 m</i>    | <ul style="list-style-type: none"> <li>• Mockup of portal prepared and consultations within Budget department ongoing.</li> <li>• Maintaining functional Hyperion programming team is important to deliver results.</li> </ul> | <ul style="list-style-type: none"> <li>• <b>Formal communication with MoH and MoE on collecting data on transfers service delivery facilities (schools and national health facilities) for data repository</b></li> <li>• <b>Develop service delivery data repository in Hyperion or make facility data publicly available online and enable access to MDAs for this and the analytical repository.</b></li> <li>• Training of MDAs and counties on AR by end of August.</li> <li>• User requirements for online public budget interface completed</li> <li>• Developer engaged to develop Portal</li> </ul> | BD          | Jun 19 |
|  |   |   | BD  |  |  | Aug 2019    |        |
|  |   |   | BD  |  |  | Aug 2019    |        |
|  |   |   | BD  |  |  | Jul 2019    |        |
|  |   |   | <i>DLR 6.1c: info publicly available online for 2 MDAs on a) program and b) project spend and performance and c) transfers to service facilities IDA = \$1m</i> |  |  | BD          | Sep 19 |

|  | <b>DLRs to be achieved by end June 2018</b>                                       | <b>DLRs to be achieved by end June 2019</b>  | <b>Follow up Actions</b>   | <b>Responsible</b>  | <b>Timing</b>  |  |
|--|---|--|--|---|--|--|
| <b>DLI 6.2: Fiduciary Assurance &amp; Risk Management</b><br>Lead: Internal Audit Department (IAD) | <b>DLR 6.2a:</b><br><i>Complete Diagnostic Study of Internal Audit</i><br>IDA= 1m | <ul style="list-style-type: none"> <li>The 1<sup>st</sup> draft of the diagnostic study was issued in Nov 2018. Additional comments provided by the teams.</li> <li>Final draft from the diagnostic study is yet to be submitted.</li> </ul> | <b>DLR 6.2b:</b><br><i>Updated manuals and QA framework for internal audit to strengthen assurance and risk management are in place</i><br>IDA= \$1m | <ul style="list-style-type: none"> <li>New Manuals issued by IAD, training carried out and under implementation.</li> <li>Draft quality assurance framework in place but requires input from the diagnostic report.</li> <li>2 out of the 3 diagnostic study reports submitted to IAD for review and approval. Submission of the pending study report and QA framework finalized</li> </ul> | <ul style="list-style-type: none"> <li><b>Finalize diagnostic report and verification of achievement of DLI</b></li> <li><b>Develop the Quality Assurance framework based on the outcome of the diagnostic study.</b></li> </ul> | Deloitte/IAD<br><br>IAD<br><br>Jun 2019<br><br>July 2019 (1 month after report submission) |

|  |   |
|--|---|
|  | DLR cannot be achieved  |
|  | DLR can be achieved but is delayed and/or there are significant risks to it not being achieved. |
|  | DLR on track for being achieved on time.  |
|  | DLR is reported by responsible department as achieved (subject to verification)                 |