

Specific agreement

between

the Government of Kenya, represented by the National Treasury of Kenya ("the Government")

and

Sweden, represented by the Swedish International Development Cooperation Agency ("Sweden").

for support to the "Data Warehouse and Business Intelligence Project (DWBI) 2014-2017" implemented by the Kenya Revenue Authority (KRA)

The Government and Sweden are hereinafter called the Parties.

The Parties, considering that:

- The Government has requested Sweden to contribute to the implementation of the Strategy for Public Financial Management Reforms in Kenya 2013-2018 through the financing of the DWBI 2014-2017, (contribution no. 51110081) (the "Project") during the following activity period 1 July 2014 to 31 December 2017.
- The Government level of funding to the Project is reflected in the state budget of the Government and reflects a minimum of 210 000 000 KES corresponding to minimum 15% of the total Project costs, and Sweden will make available support to the Project by providing financial assistance up to a maximum amount of 35 000 000 SEK as requested by the Government.

Have agreed as follows:

Article 1 – Objectives of the Project and scope of the Specific Agreement

The overall objective of the Project is to *increase tax revenue, tax base and level of compliance with tax regulations through: 1) Improved data on and analysis of the tax payers; 2) Increased efficiency in the tax administration; 3) Identification and treatment of risks; 4) Increased customer focus* as described in the Project document annex 1 dated April 2014. The Project document including results framework as well as the budget will be updated through amendments in writing whenever major changes in the Project results framework are required for effective implementation, taking into account results achieved, implementation pace, effectiveness and efficiency.

Total maximum contribution 35 000 000 SEK

4.3.1 The financing provided by Sweden shall be paid in instalments upon receipt and approval by Sweden of written payment requests signed by the Commissioner General of KRA. Disbursements are conditional upon the fulfilment of the requirements in this Specific Agreement, progress in relation to Project objectives and expected results, as well as actual cash flow needs in accordance with presented annual work plans including budgets.

Each disbursement is linked to the successful conclusion of a specific procurement of hardware, services and/or software. The disbursements are conditional on that the external procurement experts have submitted a report approving that the procurement has been conducted without irregularities and according to the Public Procurement and Disposal Act.

4.3.2 Formal requirements: The request shall be sent in one original to the Embassy of Sweden with information on the title of the Agreement and the contribution ID 51110081. The request shall be signed by the Commissioner General of KRA. The requested amount shall be stated in the currency of Swedish Kronor (SEK), independent of which currency the payment shall be effectuated in. The payment will be effectuated in the preferred currency as indicated by the Government in the request.

- a) The payment will be made in a convertible currency other than SEK provided it has been clearly stated in the request and provided that the account can receive the currency indicated. The exchange of the SEK will be made by Sida's bank following the payment instructions from Sida.

The following complete bank details have to be included in the request for both alternatives (a) and (b) above:

- bank account holder,
- bank account number,
- IBAN (if applicable),
- SWIFT/Bic-code,
- Currency of the account

4.3.3 The first request shall be accompanied by a letter sent from the bank to Sida including an assurance regarding the following: bank account holder, bank account number, IBAN (if applicable), SWIFT/Bic-code as well as the currency of the account. Subsequent disbursement requests need to be accompanied by a new bank letter only if the Government has made any changes regarding any of the above mentioned bank details.

4.4 The financing provided by Sweden shall be deposited by the Government in an interest bearing foreign exchange account held in the Central Bank of Kenya. The Government will

Article 8 – Narrative reporting

8.1 The Government will furnish to Sweden in writing a semi-annual and annual narrative report. The narrative report shall contain an analysis of progress of the Project activities and expected results, following the structure of the Project document and the results framework as further elaborated in the annual work plans. The semi-annual report will cover the period from July to December and will be delivered latest on 15 March. The annual report will cover the previous fiscal year and will be delivered latest on 1 September. The semi-annual and annual reports shall contain an account on a cumulative basis covering the entire Project period, of

- activities achieved during the period of reporting,
- achieved outputs compared to planned outputs,
- achieved outcome objective(s) compared to planned outcome objective(s) (or progress towards achieving the outcome objective(s) and an assessment of the likelihood of achieving the planned outcome objectives,
- an assessment of risk factors that may affect the achievement of the objectives, and
- an assessment of possible adjustments in the Project implementation, including risk management.

8.2 The Government will furnish to Sweden in writing a final completion report. The final completion report shall contain an account on a cumulative basis covering the entire activity period, of

- achieved outputs compared to planned outputs,
- achieved outcome objective(s) compared to planned outcome objective(s),
- an assessment of factors that have affected the achievement of the objectives,
- lessons learned from the Project implementation, and
- an assessment of possible needs for adjustments in a potential new phase of the Project, including risk mitigating actions.

8.3 The Government shall provide Sweden with all such information relevant to the implementation of the Project as may be requested by Sweden

Article 9 – Consultations

9.1 The Parties shall cooperate and regularly communicate with each other on all matters relevant to the implementation of the Project and this Specific Agreement.

national budget process is facilitated and that the need for input into the policy dialogue and decision-making processes of the development partners are accommodated to the extent possible.

Article 12 – Evaluation

If Sweden carries out an (interim or ex post) evaluation or a monitoring mission, the Government shall undertake to provide any document or information which will assist with the evaluation or monitoring mission, and grant the access rights described in Article 13.2.

If either Party carries out or commissions an evaluation in the course of the Project, it must provide the other Party with a copy of the evaluation report.

Article 13 – Audit

13.1 Annual external audits shall be carried out by an external, independent and qualified auditor procured by Sweden. The audit shall be carried out in accordance with international standards issued by the International Organisation of Supreme Audit Institutions (INTOSAI) or the International Federation of Accountants (IFAC) or in accordance with comparable national standards.

Sidas's Standard Terms of Reference for financial audit shall be used as reference for the annual financial audit. The annual audit shall include a procurement audit component.

The audited financial statements shall be submitted to Sweden and the Government no later than 1 September, (e.g.) 14 days before the planned date of the semi-annual consultation meeting specified in sub-paragraph 9.2.

If the audit contains any recommendations, the Government shall furnish Sweden within three weeks of the submission of the audit to Sweden with a Management Response including an Action plan. The Action Plan will be reported on in writing every 6 months.

13.2 Sweden may at any time commission or request any additional audits (such as procurement or forensic audits), follow-ups or financial studies. Additional rolling audits will be carried out at the discretion of Sweden. The Government shall co-operate with and assist Sweden in any such audits.

Costs for the additional audits other than the audits performed by the Office of the Auditor General in Kenya will be financed by Sweden.

Article 14 – Repayment

Sweden shall establish the final amount of the contribution upon receipt and approval of the final report(s) (narrative/financial) and audited accounts of the Project. Funds which have been placed at the Government's disposal and which remain after completion of the Project, including interest earned, shall be returned to Sweden within 60 days after the approval of the financial audit.

departments of the Swedish administration abroad reserve the right to copy and distribute such materials if required.

Article 18 – Termination

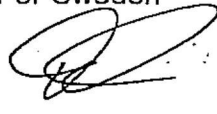
This Agreement shall remain valid until 31 August 2018 unless terminated earlier by six months' written notice by either Party. In case of termination by the Government, no funds shall be made available for activities after six months of the written notice. All rights and obligations of the Parties pursuant to this Agreement shall continue unimpaired until the return of the remaining funds/fund balance to Sweden and fulfilment of the reporting requirements of this Agreement, at which time this Agreement expires.

Article 19 – Entry into force

This Agreement shall enter into force upon signature by both Parties.

This Specific Agreement has been signed in the English language and in two originals one for each Signatory.

Nairobi 9/7 2014
Place and date

For Sweden


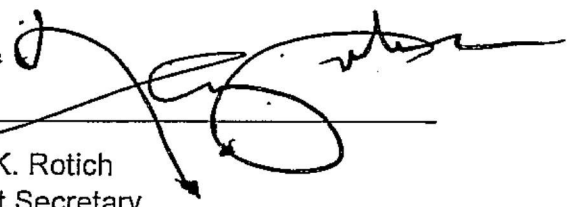
*T. Folkungen
Chargé d'Affaires
for the Ambassador*

Signature
Johan Borgstam
Ambassador

Name and title in block letters

NAIROBI, 22/7/14
Place and date

For the Government of Kenya



Signature
Henry K. Rotich
Cabinet Secretary

Name and title in block letters

Annexes:

1. Project document describing the project including budget and Results Framework
2. Public Procurement and Disposal Act

Sida Contribution No.
51110077

Contribution agreement

Between Sida and the National Treasury in Kenya regarding support to Institutional Cooperation between the Kenya Revenue Authority (KRA) and the Swedish Tax Agency (STA) 2014 – 2017

WHEREAS;

- The National Treasury in Kenya has requested Swedish financial contribution to a program entitled Institutional Cooperation between KRA and STA 2014-2017 (hereinafter referred to as the Program).
- The Swedish International Development Cooperation Agency (hereinafter referred to as Sida) has expressed its willingness to support the Program.
- The National Treasury together with KRA, as the implementing authority, has requested to implement the Program in cooperation with Swedish Tax Agency (STA),
- An agreement of understanding is signed between KRA and STA, Project Agreement Appendix 1, based on the Program Document, Appendix 2.
- A Service Purchase Agreement is signed between Sida and STA Appendix 5, based on the Program Document, Appendix 2.

Sida and the National Treasury have agreed as follows

§ 1 – The program

The National Treasury and Sida agree that the Program shall be carried out in accordance with the Program Document (Appendix 2), entitled “Program Proposal Final, A Cooperation between Kenya Revenue Authority and the Swedish Tax Agency 2014-2017” and dated 9 May 2014.

The overall objective of the Program is to increase tax revenue, tax base and level of compliance with tax regulations through: 1) Improved data on and analysis of the taxpayers; 2) Increased efficiency in the tax administration; 3) Identification and treatment of risks; 4) Increased customer focus.

§ 2 – The Swedish contribution

- A. Sida shall make available a maximum total amount of SEK thirty-seven million two hundred thirty-one thousand five hundred SEK (SEK 37 231 500) for the implementation of the Program.
- B. The Ceiling amounts for payments by Sida shall be limited as follows

	SEK
Fees	19 312 500
Reimbursables	16 319 000

- C. The final date for invoicing to Sida is the expiry date of this Agreement. Sida will not pay invoices submitted after such date.

§ 6 – Reporting

- A. The National Treasury and KRA shall provide relevant and timely input to the Swedish Authority, in order to enable STA to comply with the reporting requirements as outlined in Sida's General Provisions for cooperation with Authorities.
- B. Irrespective of agreed reporting routines, the National Treasury, KRA and Sida shall promptly inform each other if it becomes unlikely that the Program goals will be achieved, or if anything else occurs which may negatively affect the Program implementation or if the scope of the work diverges from agreed plans and time schedules.

§ 7 – Auditing and monitoring

STA shall perform annual audits of the Swedish funds as stipulated in Sidas General Provisions for cooperation with Authorities

The National Treasury and KRA shall assist and cooperate with STA and Sida in monitoring the progress and performance of the Program and shall assist in independent evaluations.

§ 8 – Copyright and information

The National Treasury, KRA and Sida may use documentation produced within the Program and paid for by Sida after consultation with all partners.

§ 9 – Applicable law and disputes

This Agreement shall be governed by the substantive law of Sweden and disputes shall be settled by negotiations between the parties.

§ 10 – Entry into force and termination

This Agreement shall enter into force on the day of signature by both parties and remain in force until 31 August 2018, unless terminated earlier by three months' written notice by either the National Treasury or Sida.

Any prolongation of the period of validity of the Project Agreement or similar document financed under this Agreement, will require Sida's prior written approval.

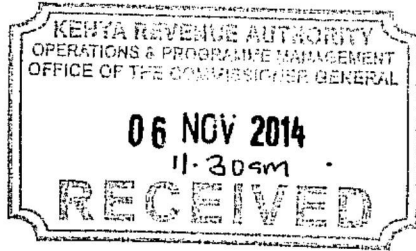
Two originals of the text of this Agreement have been made, of which each Party has taken one copy, and will be shared with STA



EMBASSY OF SWEDEN

Nairobi, 29 October 2014

Nairobi



Henry K Rotich
Cabinet Secretary
National Treasury

Amendment of Specific Agreement for support to the "Data Warehouse and Business Intelligence Project (DWBI) 2014-2017" implemented by the Kenya Revenue Authority (KRA)

Dear CS,

In response to the request for support to KRA for institutional cooperation with the Swedish Tax Agency (STA) and for procurement of a Data Warehouse and Business Intelligence (DWBI) system, agreements were signed on 22 July this year.

A first meeting at technical level was held on 20 August. It was then agreed that the Specific Agreement concerning the financing of the DWBI would benefit from a certain number of clarifications and it was proposed that it be amended in line with these. Please find attached to this letter two copies of the amendment for your signature.

We look forward to a continuous fruitful collaboration regarding the support to KRA.

Best regards,

Anders Rönquist
Head of Section

Cc: Jackson Kinyanjui ERD; Wesley K Too ERD, Ruth Wachira KRA and Kenneth Karani
PFMR Secretariat

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Kiptalam
Kindly bring
this to the
attention of
DC-OPM after
reviewing
B
07/11/14

Amendment to the Agreement for support to the “Data Warehouse and Business Intelligence Project (DWBI) 2014-2017” implemented by the Kenya Revenue Authority (KRA)

Sweden represented by the Swedish Embassy in Nairobi and the Government of Kenya represented by the National Treasury of Kenya “the Government” entered into Agreement on 22 July 2014 regarding support to the “Data Warehouse and Business Intelligence Project (DWBI) 2014-2017” implemented by the Kenya Revenue Authority (KRA). The parties have now decided to amend the agreement as stipulated in the articles below. Unamended conditions in the mentioned Agreement will continue unimpaired.

Amendments of the agreement

Articles 4.3.1, 4.3.2, 4.4, and 13.1 of the above mentioned Agreement shall be amended as follows.

Article 4.3.1

Instead of:

“The financing provided by Sweden shall be paid in installments upon receipt and approval by Sweden of written payment requests signed by the Commissioner General of KRA. “

Read:

“The financing provided by Sweden shall be paid in installments upon receipt and approval by Sweden of written payment requests made by the Commissioner General of KRA through the National Treasury”.

Otherwise the rest of the Article should hold as currently drafted.

Article 4.3.2

Instead of first paragraph:

“...The request shall be signed by the Commissioner General of KRA”.

Read:

“...The request shall be made by the Commissioner General of KRA through the National Treasury”.

Otherwise the rest of the Article should hold as currently drafted.

Article 4.4

Instead of:

“The financing provided by Sweden shall be deposited by the Government in an interest bearing foreign exchange account held in the Central Bank of Kenya. The Government will immediately acknowledge the receipt of the funds in writing to Sweden. The statement shall include the received amount in the received currency as well as the equivalent amount credited in local currency and a copy of the certified bank statement.”

Read:

“The financing provided by Sweden shall be deposited by the Government in a foreign exchange account held in the Central Bank of Kenya. The National Treasury shall thereafter transfer the funds to the interest bearing commercial bank account operated by the PFMR Project. The Government will immediately acknowledge the receipt of the funds i) on the designated account and ii) on the account operated by the PFMR Project in writing to Sweden. The statements shall include the received amount in the received currency as well as the equivalent amount credited in local currency and a copy of the certified bank statements.”

Article 13.1

Instead of paragraph 3:

“The audited financial statements shall be submitted to Sweden and the Government no later than 1 September, (e.g.) 14 days before the planned date of the semi-annual consultation meeting specified in sub-paragraph 9.2.”

Read:

“The audited financial statements shall be submitted to Sweden and the Government at the earliest convenience possible after the submission by the Government of the annual financial statements, and reports covering the Kenyan fiscal year (sub-paragraph 7.1.).”

Otherwise the rest of the Article should hold as currently drafted.

Two originals of this Agreement have been signed, of which the parties have taken one each.

Nairobi, 29th October 2014

Place and date

For Sweden



Signature

Johan Borgstam

Ambassador

(First name / last name / title)

Place and date

For the Government of Kenya

Signature

Henry K. Rotich

Cabinet Secretary

(First name / last name / title)

for: